

PUBLIC-PRIVATE PARTNERSHIP: REQUESTS FOR FEASIBILITY STUDY & FINANCIAL ANALYSIS

**CITY COUNCIL
JANUARY 29, 2019**



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P3 GENERAL DESCRIPTION

**A contract between
a public entity and a private entity
that outlines the provision of assets
and the delivery of services**

- Alternative procurement practice specific to public infrastructure
- Outcome based
- Offers financing options

PROPOSAL GOAL & OBJECTIVE

Goal

To increase downtown and County Administrative Center land availability for housing and mixed use development through the consolidation of government services into denser, more potent land use, thus providing streamlined access to services.

Objective

To opportunistically use downtown City land for housing and mixed use development resulting from the need to replace and consolidate City administrative buildings and services, which in turn stabilizes costs and resiliency over time.

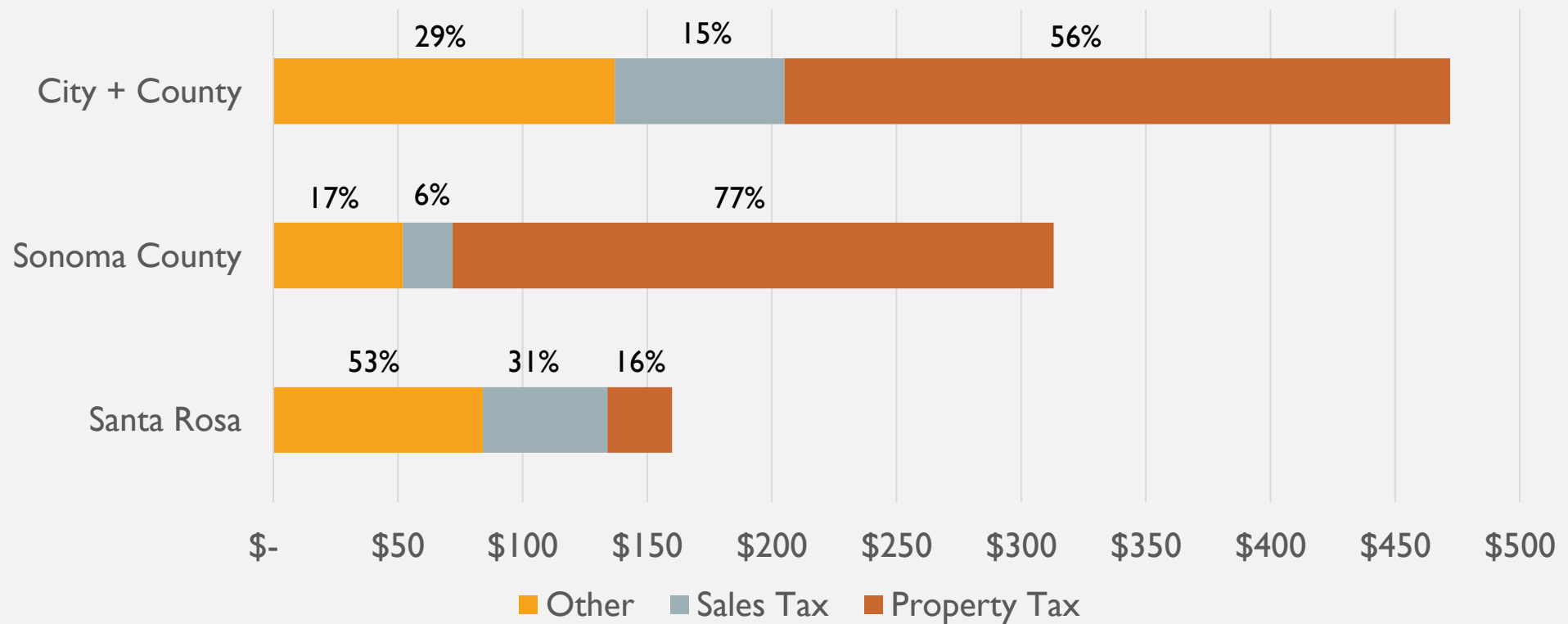
VALUE OF P3

Housing Development | Community Benefits Economic Impacts | Cost Management Speed to Build | Delivery of Service

- Leverage real estate for housing & commercial development
- Improve economic vitality & community vibrancy
- Consolidate administrative functions & service delivery
- Reduce growing deferred maintenance expense obligations
- Establish a financially-viable approach to space & operational needs

CURRENT GENERAL FUND REVENUE

General Fund Revenues
FY18-19 Projected



GENERAL FUND REVENUE POTENTIAL

NEW CITY TAXES
VALUE/ACRE

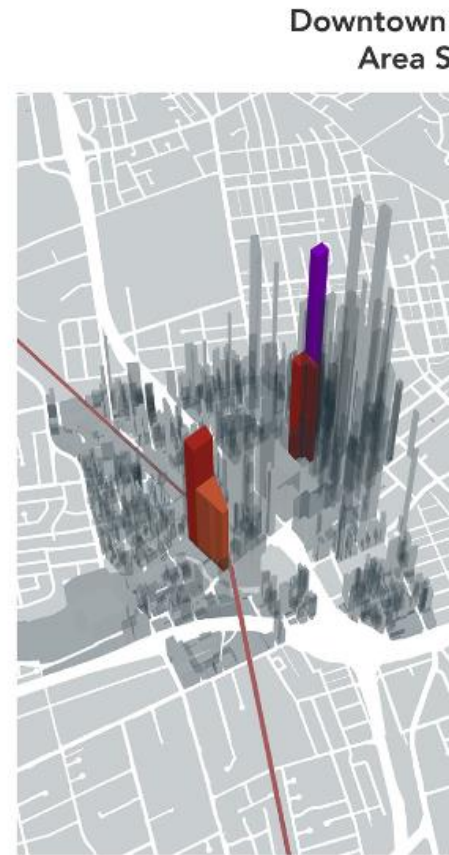
Urban3
Tax Value per Acre
Comparing Station Area Buildout



CURRENT CONDITIONS

\$0

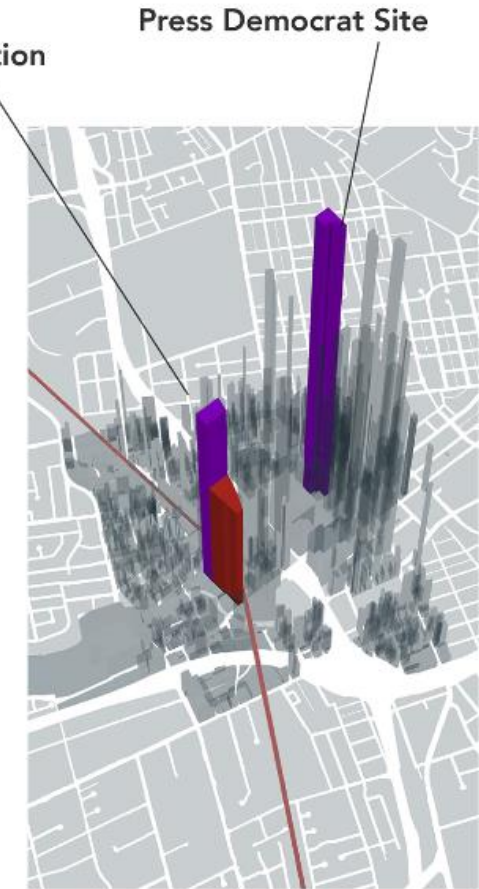
\$6M/acre



MODERATE BUILDOUT

\$361,830

\$20.8M/acre

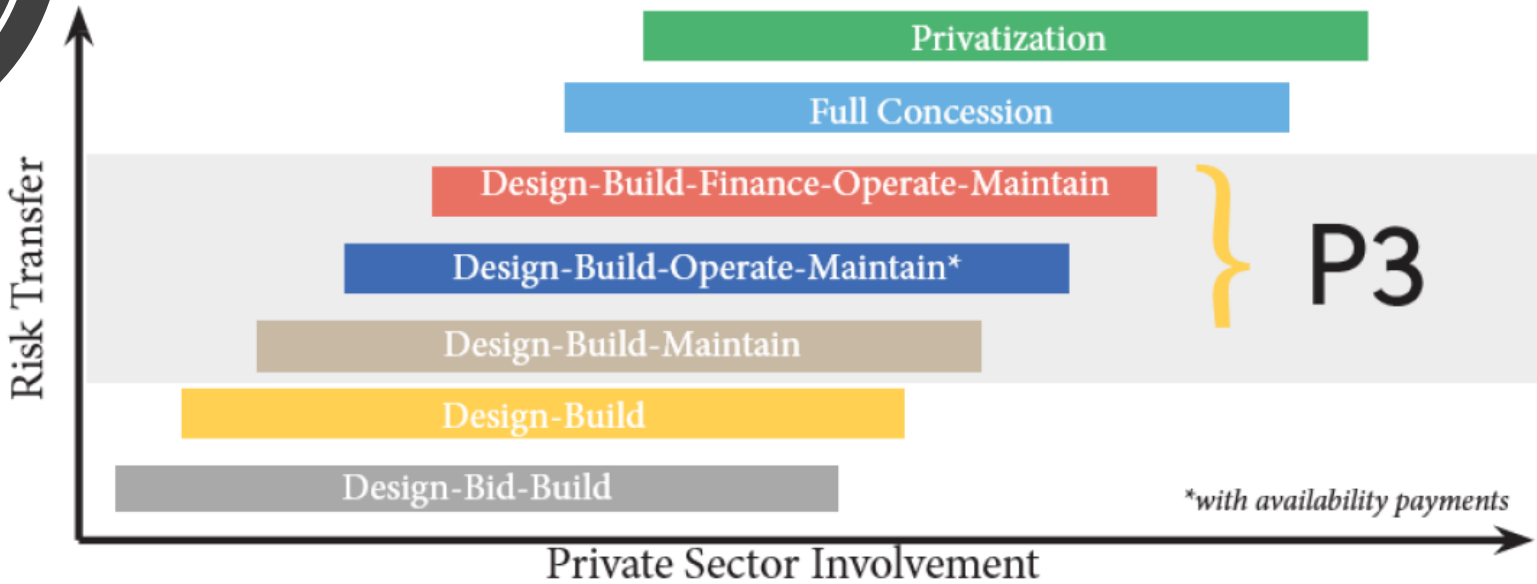


HIGHEST BUILDOUT

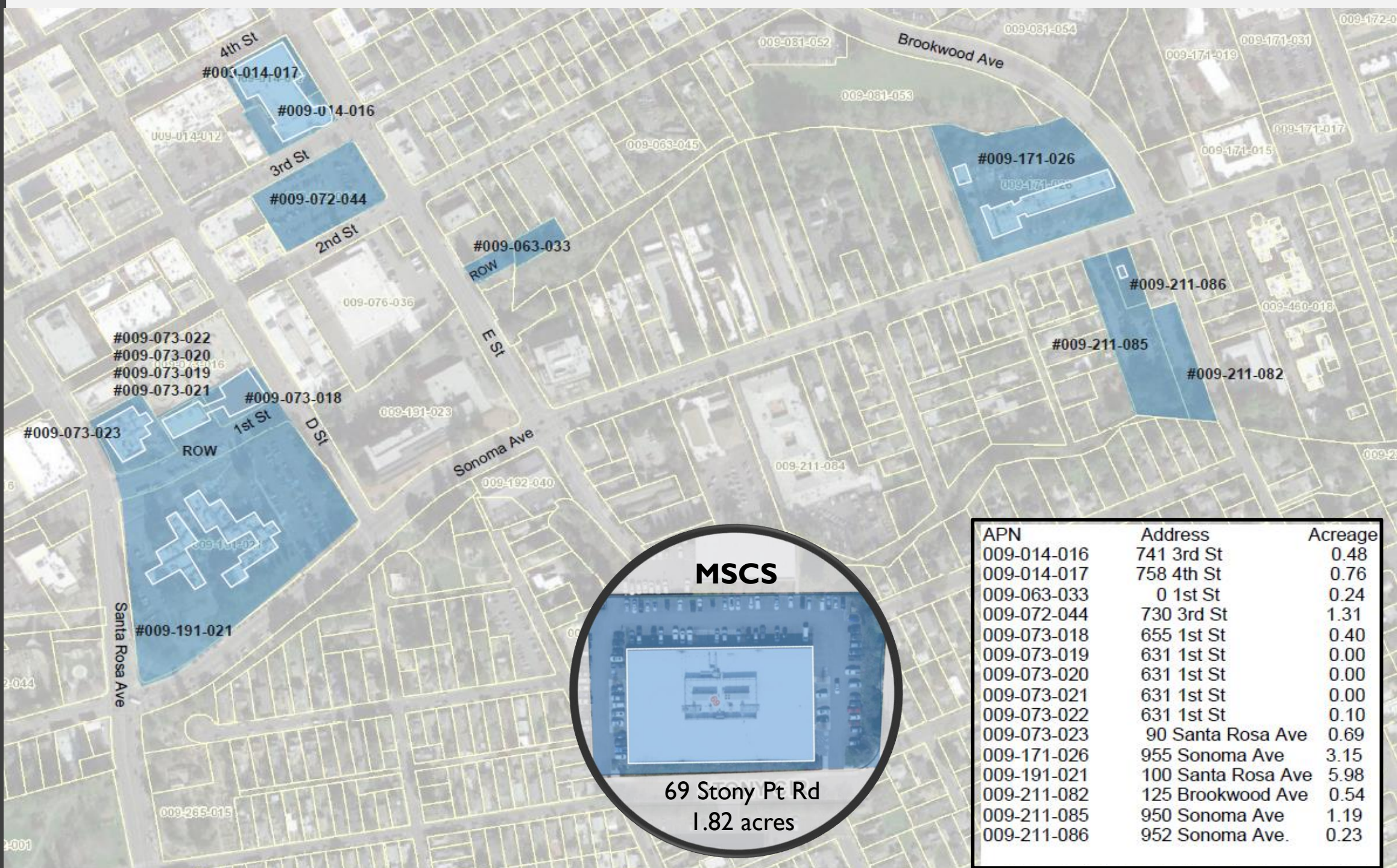
\$818,715

\$60.5M/acre

P3
RISK
CHART

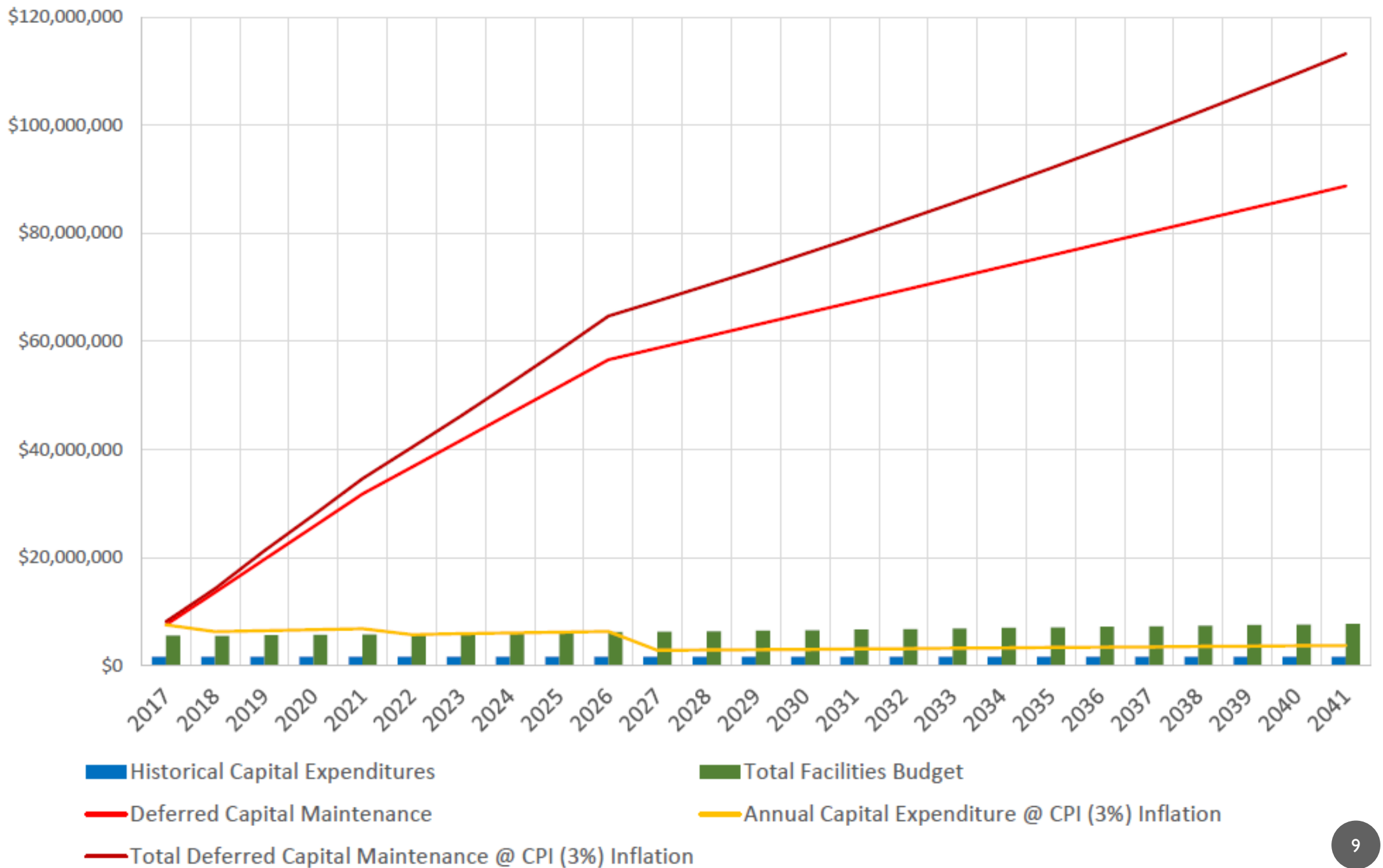


FACILITY NEEDS & OPPORTUNITY SITES

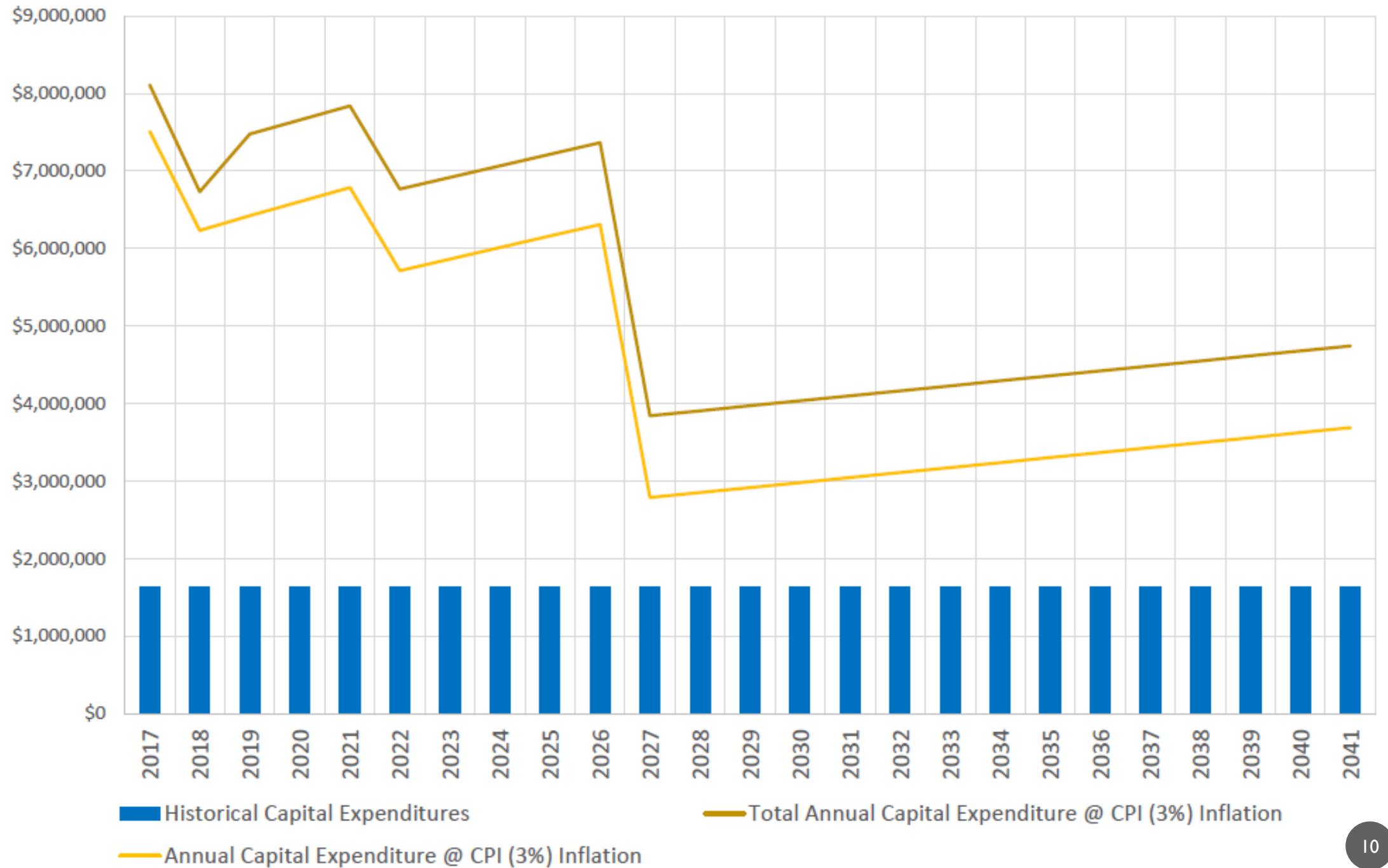


| APN | Address | Acreage |
|-------------|--------------------|---------|
| 009-014-016 | 741 3rd St | 0.48 |
| 009-014-017 | 758 4th St | 0.76 |
| 009-063-033 | 0 1st St | 0.24 |
| 009-072-044 | 730 3rd St | 1.31 |
| 009-073-018 | 655 1st St | 0.40 |
| 009-073-019 | 631 1st St | 0.00 |
| 009-073-020 | 631 1st St | 0.00 |
| 009-073-021 | 631 1st St | 0.00 |
| 009-073-022 | 631 1st St | 0.10 |
| 009-073-023 | 90 Santa Rosa Ave | 0.69 |
| 009-171-026 | 955 Sonoma Ave | 3.15 |
| 009-191-021 | 100 Santa Rosa Ave | 5.98 |
| 009-211-082 | 125 Brookwood Ave | 0.54 |
| 009-211-085 | 950 Sonoma Ave | 1.19 |
| 009-211-086 | 952 Sonoma Ave. | 0.23 |

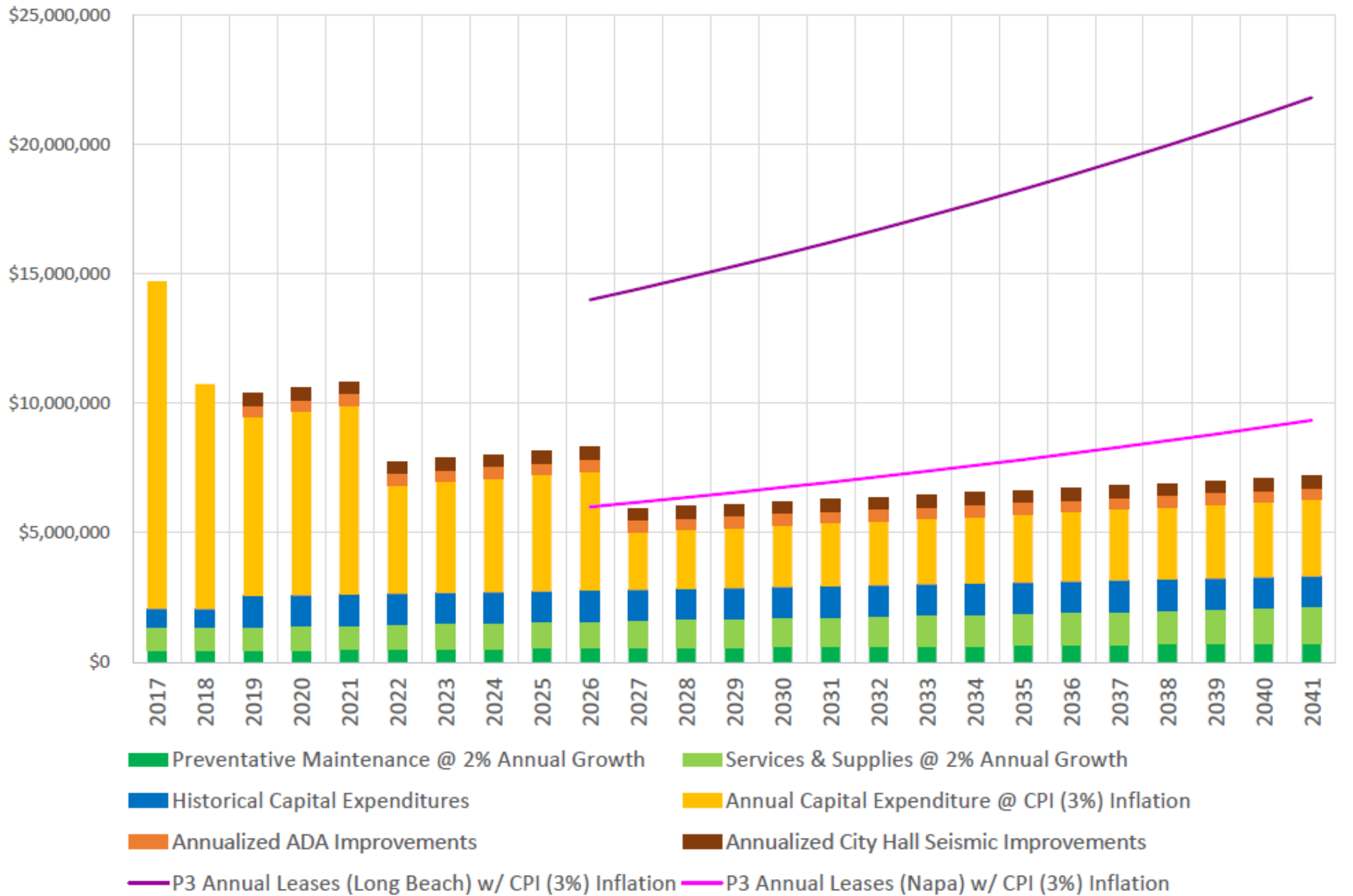
DEFERRED CAPITAL MAINTENANCE ALL FACILITIES



TOTAL ANNUAL CAPITAL PROPOSED VS ACTUAL



TOTAL MAINTAIN COSTS VS. P3 INVESTMENT



COMPARATIVE STUDY

CITY OF NAPA

- **Civic Buildings:**
130,000 SF
- **P3 Financing:**
JPA bond financing
- **Total cost:**
\$110 million
- **General Fund Annual Payment:**
\$6 million

CITY OF LONG BEACH

- **Civic Buildings:**
260,000 SF
- **P3 Financing:**
Tax Exempt Bonds
- **Total Cost:**
\$118 million
- **General Fund Annual Payment:**
\$14 million



CITY OF NAPA

Developer:

Plenary Group, Los Angeles

Architect:

Woods Bagot San Francisco

Notes:

- ✓ Used a technical advisor
- ✓ Engaged stakeholders early
- ✓ RFQ/RFP process



- Port Authority
- City Hall
- Residential
- Hotel
- Market Place
- Library
- Lincoln Park
- Civic Plaza Corridor

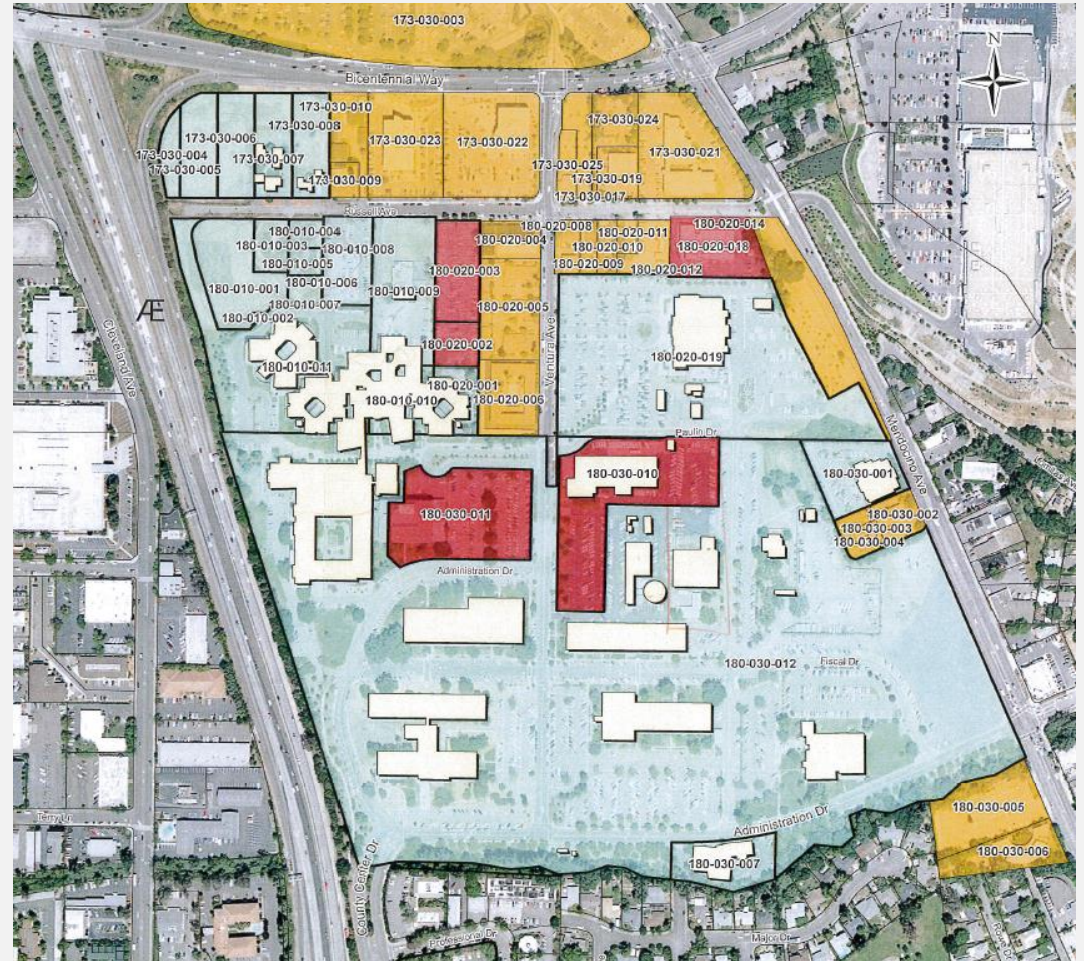
CITY OF LONG BEACH

Developer:
Plenary-Edgemoor Civic Partners

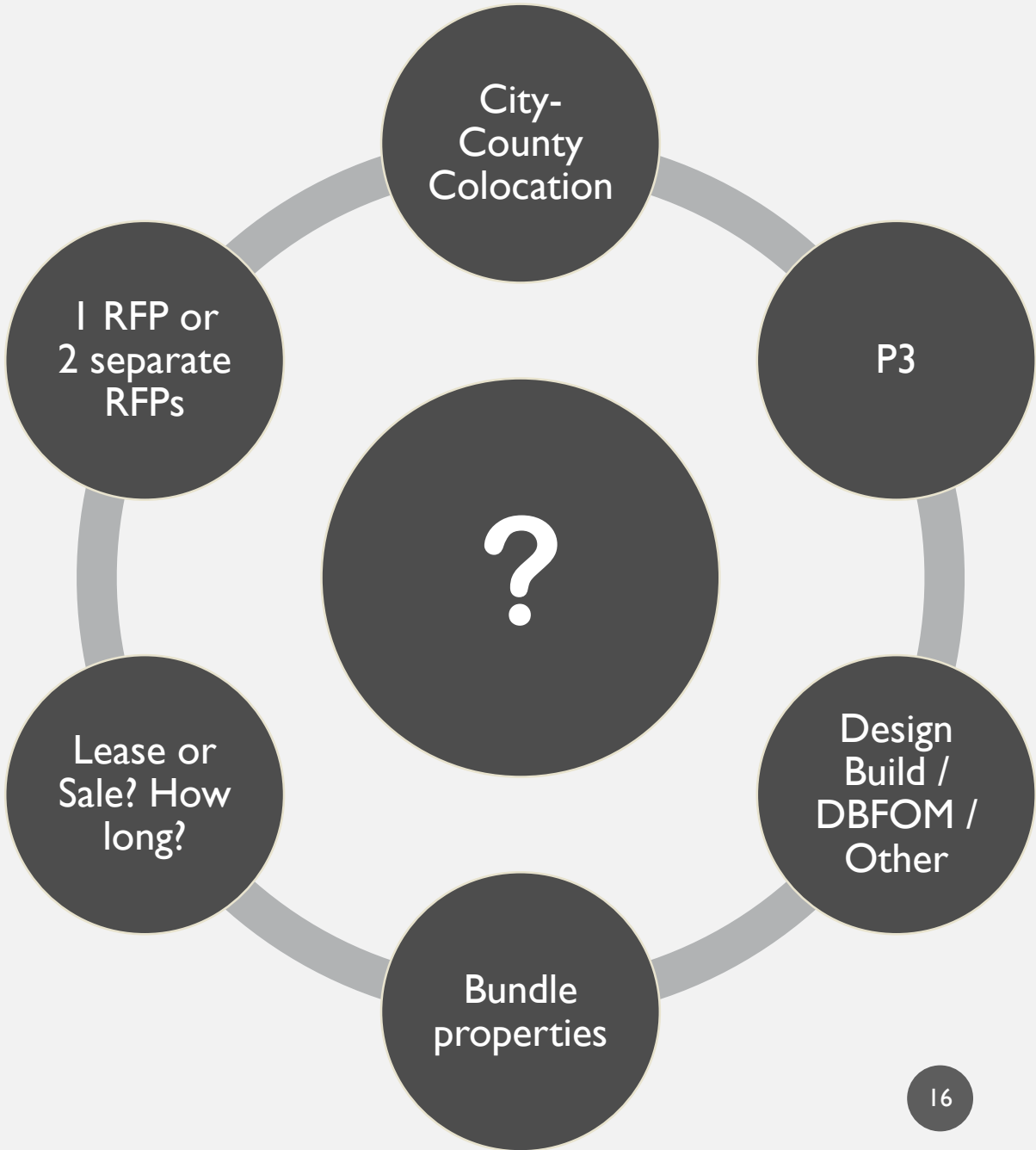
Architect:
SOM (Skidmore, Owings & Merrill)

- Notes:**
- ✓ Surplus land
 - ✓ Dedicated project staff
 - ✓ Public-private uses incorporated

SONOMA COUNTY PROJECT & OPTIONS



SURVEY



SURVEY PARTICIPANTS

Firms Surveyed:

- Email Invites - 395
- Surveys Completed - 69
 - Bay Area – 49%
 - Sonoma/Napa – 22%
 - California – 15%
 - US – 12%
 - Outside US – 2%
- Firms Interviewed - 25

Expertise of Participating Firms:

- Developers - 16
- Builders - 22
- Architecture Firms - 25
- Real Estate Consultants - 20
- Financial Firms - 8

SURVEY TAKEAWAYS

- Likely to bid 86%
- Interested in joint procurement 81%
- Increased interest if permitting expedited 93%



SURVEY TAKEAWAYS

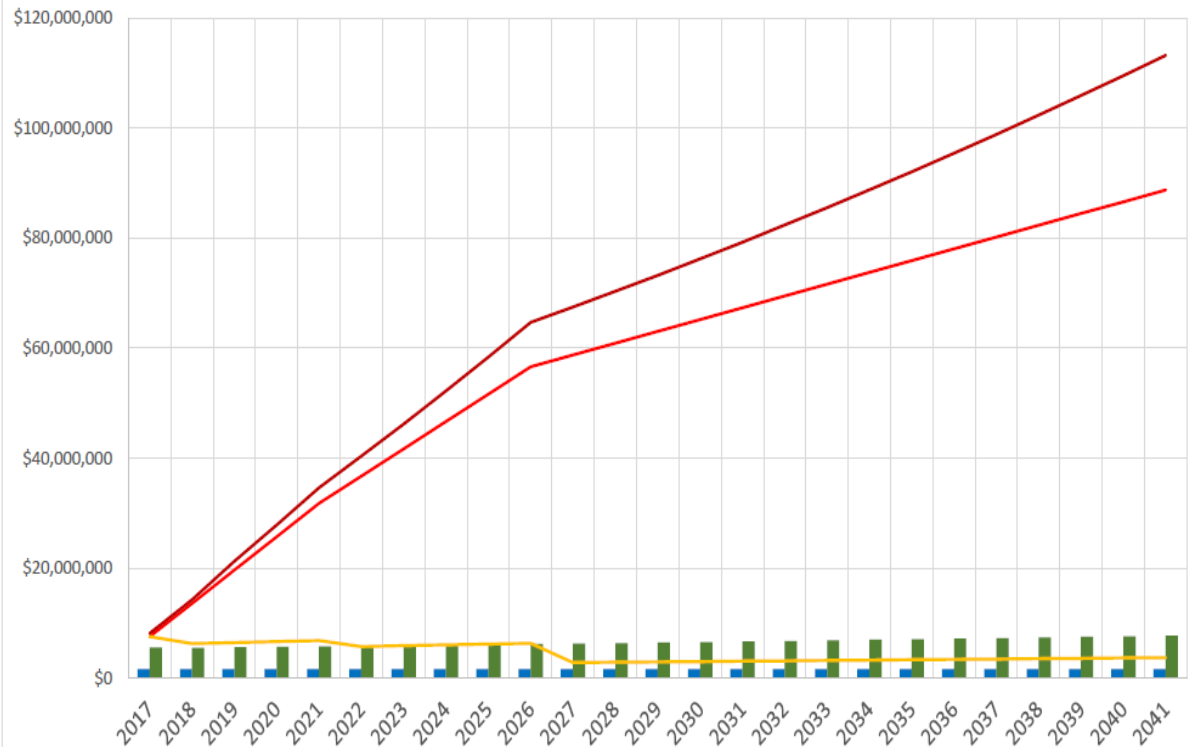
- Determine service delivery goals before selecting location
- Hire a technical advisor
- Have dedicated project staff
- Clearly define goals & objectives
- Buy in from elected helpful
- 2-phased solicitation approach increases success
- Long-term lease vs. sale
- Clear financial resources & defined budget
- Objectives-driven vs. being prescriptive

NEXT STEPS

Option 1

Option 2

Deferred Capital Maintenance
All Facilities

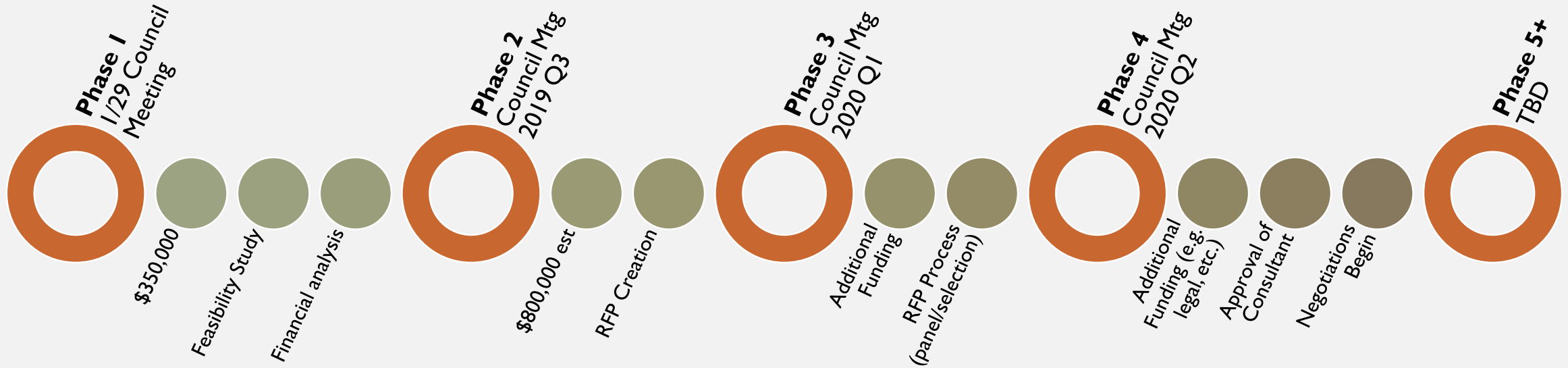


P3 Phase One - Feasibility Study
hire consultant for:

- Economic feasibility
- Facility and operational needs
- Community goals
- Site capacity

Estimated Phase I Cost: \$350,000

TIMELINE



RECOMMENDATION

It is recommended by the Planning and Economic Development and Transportation and Public Works Department that Council, by Motion, authorize Staff to initiate phase one of the Public-Private Partnership (P3) procurement process, which includes engaging a professional consultant through a competitive solicitation process to assist in a feasibility analysis of location, financing and Request for Qualifications/Proposals (RFQ/RFP).

QUESTIONS