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To: [Scott, Jill](#); [CityCouncilListPublic](#)
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Subject: [EXTERNAL] Re: Item 15.1 REQUEST THAT THE CITY COUNCIL DECLARE THAT PARKING GARAGE 5 IS NON-EXEMPT SURPLUS LAND SUBJECT TO THE RETENTION OF PUBLIC PARKING
Date: Saturday, April 9, 2022 6:30:01 PM
Attachments: [Parking%20Overview%20and%20Policy%20Overview%20%28PDF%29.pdf](#)

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April 9, 2022

TO: THE MAYOR AND CITY COUNCIL, CITY MANAGER, JILL SCOTT, REAL ESTATE MANAGER, SUE GALLAGHER, CITY ATTORNEY

Re: Item 15.1 REQUEST THAT THE CITY COUNCIL DECLARE THAT PARKING GARAGE 5 IS NON-EXEMPT SURPLUS LAND SUBJECT TO THE RETENTION OF PUBLIC PARKING

I am the owner of 96 Old Courthouse Square, located immediately adjacent to Garage 5.

I would offer the following points for the Council's consideration, and I have attached* two documents from previous City Council studies and discussions on the matter of 'privatization' and Parking District policy that are the basis for the observations that follow.

Before the City declares "its" property as surplus, please remember that the purchase and construction of this parking structure [and all other downtown parking facilities] was paid for by the property owners within the Central Parking Service Facilities District, aka the Parking District.

This raises the question of whether this, or any Parking District property, can be defined as 'Surplus' to the City of Santa Rosa, when it is owned by the Central Parking Service Facilities District. The District currently owns and operates 5 parking garages and 7 surface parking lots.

The purpose of the Parking District, formed by the City Council of Santa Rosa in the 1950's is solely to develop, maintain, and operate parking facilities (on and off street), and carry out an effective parking program.

The City Council serves as the Board of Directors for the District and is responsible for implementation and administration of those [limited] purposes.

I would suggest that the City and the property owners within the district first evaluate the legal status of the City's ability to dispose of Parking District properties. It would seem imprudent to proceed without agreement by the property owners that paid for the facilities, and a review and consideration of the commitments between the parties that were made at the District's formation.

I would also note that there are already several residential projects proposed for the downtown area by the private sector. These including 1 Santa Rosa Avenue [119 units], 420 Mendocino [116 units], 528 B Street [24 units], Ross Street [109 units], SMART Village [110 units]. These are in addition to those already under construction, located at 888 Fourth Street [107 units] and Carnitas Village.

Accordingly, until the projects currently in the pipeline are constructed and occupied, it is very hard to argue that any immediate action by the City to demolish an existing parking structure is required to stimulate the production of more housing in the downtown core.

It is also important to consider exactly what the City would be proposing to prospective residential developers in

their RFP, which would be described as:

A project where the developer will first demolish an existing parking structure, build a new parking structure with at least 200 spaces for [non-residential] public use, PLUS all the additional spaces that are required to support the new residential project, AND to build their residential project on top of that new parking structure.

The economics of such a project are clearly infeasible today or in the foreseeable future, and I believe that the City will look 'irrationally unrealistic' for soliciting such a RFP, to attempt to put it diplomatically.

Respectfully submitted for your consideration,

Charles Evans

*** SUPPORTING DOCUMENTATION**

Parking District and Policy Overview - May 17, 2011

Note highlighted areas on pages 3, 5 and 7

Walker Parking Consultants

Sale of Parking District Assets - December 2006

Note section next to red arrow:

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: PARKING DISTRICT MANAGEMENT STUDY
STAFF PRESENTER: CHERYL WOODWARD, DEPUTY DIRECTOR - PARKING
DEPARTMENT OF TRANSIT AND PARKING

AGENDA ACTION: MOTION

ISSUE(S)

Shall the Council of the City of Santa Rosa accept the *Parking System Financing and Management Alternatives Analysis*, prepared by Walker Parking Consultants, and direct staff to analyze and bring back recommendations for an in lieu fee?

BACKGROUND

The Department of Transit and Parking contracted with Walker Parking Consultants (Consultant) to perform an analysis of the Downtown Parking District (District) and make recommendations on how to fund and manage the District for the future. The study considered key issues, including parking system privatization; third party management; parking permits; parking financing alternatives; residential parking standards; and expansion of the District. The consultant's findings and recommendations are being brought forward for Council consideration and direction.

ANALYSIS

1. Walker Parking Consultants conducted an analysis of management and financing policy options to determine whether or not adoption of new practices would be advantageous to the City. As part of its analysis, Consultant surveyed other California cities (including Beverly Hills, Glendale, Mountain View, Redwood City, Sacramento, Santa Monica and Walnut Creek) to learn how they were dealing with the challenges of financing and managing their parking systems.
2. Consultant reached the following conclusions:

- **Parking System Privatization:** As a practical matter, privatization of the parking system is not a viable option. Sale of District assets (that have been paid for by property owners) would raise the threat of loss of parking supply, which would likely lead to falling property values and result in lawsuits against the District. Potential advantages of privatization would be few, as the result

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of such an action would likely be a significant increase in parking rates. Privatization of the parking system is not recommended.



PARKING DISTRICT AND POLICY OVERVIEW



May 17, 2011



OVERVIEW

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About the Parking District:

The Parking District was formed by the City Council of Santa Rosa in the 1950's for the purpose of acquiring and improving off-street parking places in the downtown area. The District, which includes approximately 143 acres, consists of most of the core business area of downtown, including City Hall, the main library, banks and savings and loan offices, State and Federal offices, a major newspaper, and retail stores. Properties located within the Parking District boundaries are exempt from the zoning code requirement to provide parking (except residential development which is required to provide one parking space per unit). The responsibility to provide parking for the commercial and office development falls to the Parking District, rather than to individual property owners.

The City Council is the Board of Directors for the District. The Parking District is a Special Assessment District (development, improvement, and maintenance). The role of the District is to develop, maintain, and operate parking facilities (on and off street), and carry out an effective parking program. The facilities of the District are supervised by the City's Department of Economic Development and Housing. The District currently owns and operates 5 parking garages and 7 surface parking lots. As well, the District currently operates 3 surface parking lots on property that is leased in Railroad Square. There are over 4,700 public parking spaces to choose from in downtown.

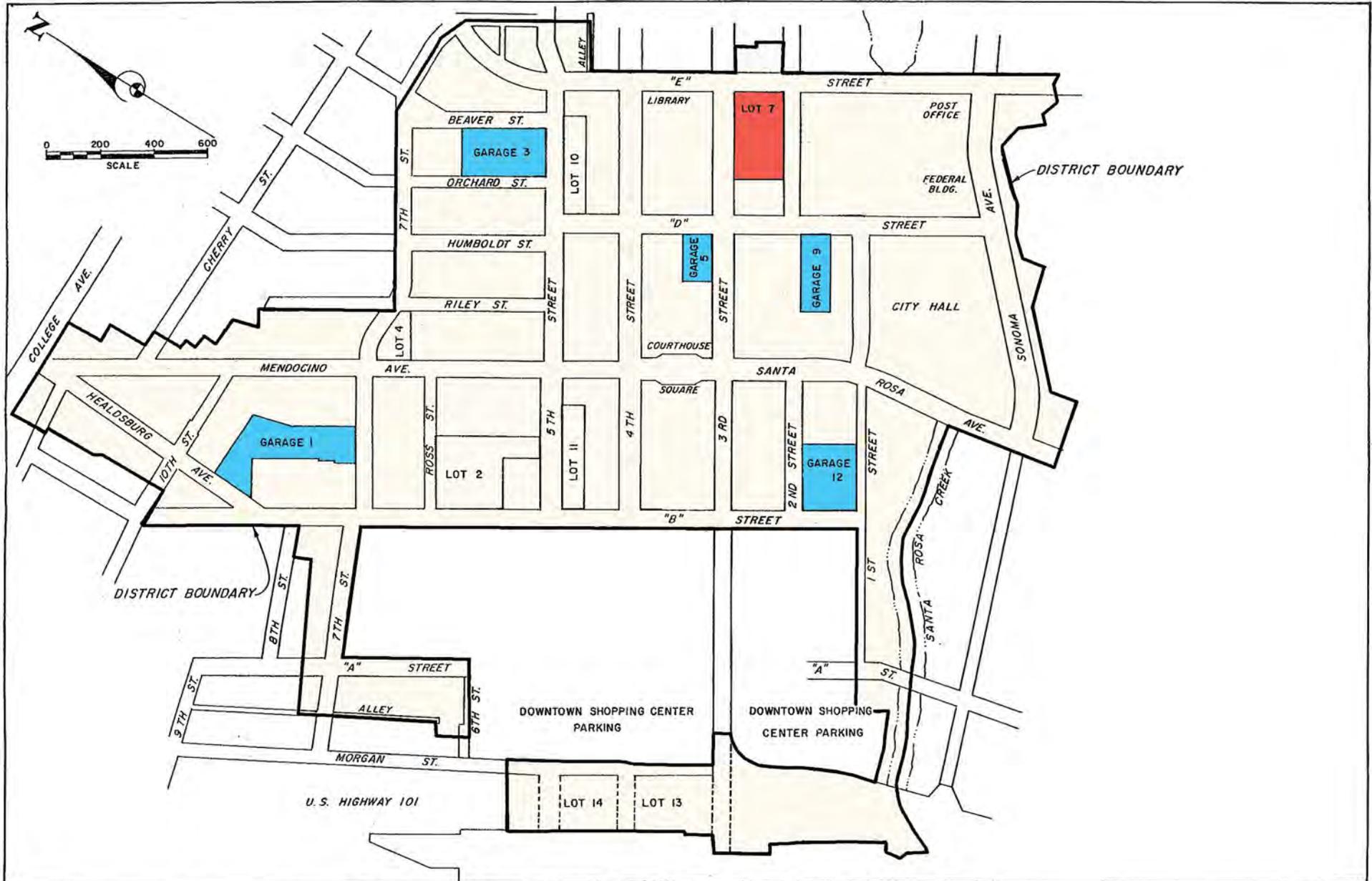
The Parking District is an enterprise fund within the City, which means that it operates like a business. Use of revenue collected from parking user fees is restricted to the operations, maintenance and development of parking. The District is managed and operated within the revenue constraints of the District.

Benefits of the Parking District to a Property Owner:

- Exempt from zoning code requirement to provide parking.
- Able to fully utilize property for development.
- Relieved of obligation to construct and maintain private parking spaces.

Benefits of the Parking District to the Community:

- Opportunity to create a more walk-able community with fewer curb cuts and dead spaces through development of centralized structured parking (as opposed to numerous privately owned surface lots).
- Ability to park once to patronize multiple office and/or business establishments.



CITY OF SANTA ROSA PARKING DISTRICT

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: PARKING DISTRICT AND POLICY OVERVIEW
STAFF PRESENTER: CHERYL WOODWARD, DEPUTY DIRECTOR - PARKING
DEPARTMENT OF TRANSIT AND PARKING

AGENDA ACTION: MOTION

ISSUE(S)

Shall the Council of the City of Santa Rosa, by motion, provide direction regarding (1) the future role of the Parking District in meeting the parking needs of Downtown development, (2) affirmation or modification of prior Council direction regarding the number of public parking spaces required for the White House Site Mixed-Use Project, and (3) options for continuation or termination of the Exclusive Right to Negotiate currently in force with MetroPacific Properties, LLC?

BACKGROUND

The City of Santa Rosa formed a parking district (the "Central Parking Service Facilities District") in the early 1950's for the purpose of providing off-street parking spaces within the downtown area. A map depicting the Parking District boundaries is provided as Exhibit A to this staff report. Parking improvements have typically been financed by assessments on properties within the Parking District. Development occurring on these properties is exempt from the City's zoning code requirements to provide on-site parking.

In June 2000, the City commissioned Wilbur Smith Associates to prepare a Parking District Master Plan and Study Update. The study focused on current demand and parking supply, projected growth and the impact of intensive development, recommendations for future parking structures, review of the District's financial resources, and determination of the effectiveness of the City's parking program. The study concluded that there is an existing need for additional parking in the downtown area, as well as a need for substantial new parking to encourage City-centered growth. The study further concluded that through a program of rate increases the City could generate enough funds to build one (1) parking structure of approximately 600 – 700 spaces, which comes close to the 841 space estimate required for full development of the Downtown Station Area Specific Plan.

The Council received the Wilbur Smith report in September 2001, at which time they were asked to provide direction regarding (1) amendment of the Parking Ordinance to modify or eliminate the requirement for the Parking District to provide parking for new development within the District's boundaries; (2) the Parking District Master Plan and Study Update; (3) uses to be included in the development of a mixed-use parking facility; and (4) development and implementation of a revenue plan to finance construction of a mixed-use parking facility. Council deferred action until the Downtown Mixed-Use Opportunity Sites Analysis study, prepared by Seifel Consulting, was completed in April 2002, at which time staff was directed to proceed with a Request for Qualifications / Proposals (RFQ/P) for mixed-use development on the White House site. The chronology of events related to development of the White House site is detailed in Exhibit B to this staff report.

On December 11, 2007, the Council authorized a new RFQ/P process for the White House site that included, among other things, a minimum of 545 public parking spaces plus additional spaces to serve the development proposed for the White House Site Mixed-Use Project.

On February 24, 2009, the Council requested that staff return and provide an overview of the Parking District and how parking interrelates with economic development downtown. This item will discuss the history of the Parking District, provide information regarding parking policies, and allow the Council to discuss and provide direction regarding the future direction of the City's Downtown Parking District.

ANALYSIS

Central Parking Service Facilities District

1. The Parking District has conducted its local improvement proceedings under Ordinance No. 709 (March 23, 1949), an Improvement Procedure Code, and Ordinance No. 773 (November 5, 1952), which added a parking district procedure and authorized the issuance of bonds. In 1956, this bond plan was amended to make applicable provisions of the Improvement Bond Act of 1915. These statutes provide a method of financing facilities in which debt service may be met with revenues from off-street parking facilities, from parking meters in the District and from assessments. (Refer to Santa Rosa City Code Title 4, Local Improvements and, more specifically, Chapter 4-16, Parking Place Procedure.)

An assessment district is not a separate political agency or authority (Redevelopment Agency or Parking Authority), rather, it is a financing tool available to most existing legislative bodies (cities, counties, special districts), that allows that agency to construct desired and authorized public improvements. Costs and expenses of the project are apportioned and spread against the benefited properties within the boundaries of a designated area (assessment district), with costs and expenses being directly proportioned in accordance with the special and direct benefits that each parcel receives from the works of

improvement. The assessment liens are financed through the issuance of bonds payable over a period of years, thus providing the advantage to the property owners of a loan or deferred funding for the improvements.

Revenue received through these property assessments and parking user fees (parking meters, parking permits, and garage hourly rate) are restricted in use to installing, operating and maintaining public parking spaces, and paying debt service costs. Under current City Code and bond covenants, these funds cannot be directed to other purposes.

2. City Code Chapter 20-36 (Zoning Requirements), Parking and Loading Standards, establishes regulations to ensure that sufficient off-street parking facilities are provided for all uses and that parking facilities are properly designed, attractive, and located to be unobtrusive yet meet the needs of the specific use. Section 20-36.020 (B) specifies that the parking requirements of this Chapter do not apply within any City parking assessment district, except for residential uses (which are required to provide one parking space per unit).
3. Benefits of the Parking District include the following:

For property owners:

- Exempt from zoning code requirement to construct on-site parking
- Able to fully utilize property for development
- Relieved of obligation to operate and maintain private parking spaces

For the community:

- Opportunity to consolidate and share parking to create a more walkable community with fewer curb cuts (driveway entries) and dead spaces which interrupt pedestrian activity along the downtown sidewalks
- Ability to park once to patronize multiple office and/or business establishments

4. Since the formation of the Parking District, the City has constructed five (5) parking garages in Downtown Santa Rosa:

<u>Garage</u>	<u>Location</u>	<u>Year</u>	<u># of Spaces</u>	<u>Financed By</u>
5	Third & D Streets	1965	208	Assessment
9	Second & D Streets	1970	440	Assessment
3	Fifth & Beaver	1982	680	Assessment
12	First Street	1986	720	Cash
1	Seventh Street	1991	750	Assessment

5. In recommending development of a new garage, the Wilbur Smith report took into consideration available information on planned and potential development in

Downtown Santa Rosa and projected the impact of this development on the available parking supply in the near term (less than 5 years) and long range (5 – 10 years). A near-term need of 550 spaces for the Downtown core and 100 spaces for Railroad Square was identified. Long term need identified 1,575 spaces for the Downtown core and 250 spaces for Railroad Square. The selection of the White House site as the location at which to develop a new parking structure was guided by the location of existing and projected parking space deficiencies.

6. The existing City garages, located within the core area of downtown, do not have capacity to serve any significant new development. The two garages closest to the White House site have waiting lists for people seeking monthly permits as an alternative to paying for parking on an hourly basis. Due to the current economic downturn, there are approximately 80 permits available at the Fifth and Beaver Street Garage (this garage had a waiting list in 2008). There are approximately 125 permits available at the garage on First Street, next to the Roxy Theater.

White House Site Development

7. One of the development program goals for the White House site is to promote an active, 24-hour downtown. The *Market for Retail, Residential, and Office Space in Downtown Santa Rosa* study, prepared by Gruen Gruen + Associates in December 2005, states the primary challenge for the Downtown is to strengthen the concentration of the mix of retail, cultural, restaurant, market-rate housing and offices uses. Improving the retail, cultural, and restaurant base will be needed to attract and reinforce market rate housing. As the retail base improves and market rate housing is developed, demand for Downtown office space will follow as the mixed-use environment becomes more attractive to new and existing office tenants.
8. The number of parking spaces to be developed as part of a project on the White House site has changed several times as Council gave direction to include a mix of uses with the parking garage.
 - In 2002, Council directed that the selected developer provide a minimum of 426 public parking spaces plus additional private spaces to serve the retail and housing component of the development. The 426 spaces were derived from the existing spaces on the surface lot (116), the current parking deficit identified in the Wilbur Smith analysis (40), and additional parking to support development of one project of approximately 100,000 square feet (270).
 - In 2003, Council directed that the City proceed to design and construct an 800 – 900 space parking garage with ground floor commercial/retail activity, utilizing the entire White House site. The number of spaces was

reduced to approximately 700 spaces in 2004 to bring estimated project costs in line with available Parking District funding.

- In 2005, Council directed staff to negotiate a Disposition and Development Agreement (DDA) with Monahan Pacific incorporating Monahan Pacific's revised development proposal, which included 545 public parking spaces.
- In 2007, Council was provided with a range of possible development options for the White House site, after which they directed staff to proceed with an RFQ/P process that required, among other things, a minimum of 545 public parking spaces plus additional spaces to serve the proposed development. (The staff report for the White House Site Development Options, September 25, 2007, is attached as Exhibit C; the staff report for the White House Site RFQ/P, December 11, 2007, is attached as Exhibit D.)

MetroPacific Properties, LLC / Exclusive Right to Negotiate

9. In August 2008, the Council selected MetroPacific Properties, LLC as the developer with whom to negotiate a DDA for mixed-use development of the White House site and authorized a six-month Exclusive Right to Negotiate (ERN) period. The ERN agreement provides that staff will work exclusively with MetroPacific Properties to develop detailed plans and negotiate a DDA consistent with the RFQ/P, and will have no discussions with other development parties during this period.

In February 2009, the developer requested a six-month extension to the ERN period. In considering this request, the Council expressed reservations about the number of parking spaces to be constructed as part of the project and directed staff to schedule an additional report item that would allow the Council to consider and provide direction regarding the future role of the Parking District in meeting the parking needs of Downtown development. A two-month extension to the ERN period was approved to allow time for this discussion to occur.

10. The hotel project proposed by MetroPacific Properties will require approximately 180 parking spaces to serve the hotel guests, retail and restaurant uses, and employees. The City and developer have agreed that the off-peak parking demand of the hotel allows an opportunity to share the 545 public parking spaces to be included in the City garage. This arrangement will be financially beneficial to both parties. A proposed change to reduce the number of public parking spaces may require the developer to construct and fund private parking spaces, which has the potential to jeopardize the financial feasibility of the project.
11. Should the Council desire to significantly modify the number of parking spaces required by the current RFQ/P, it may be necessary to terminate the ERN process with MetroPacific Properties and reopen an RFQ/P process to other

developers who may desire to propose on a project with a lesser public parking requirement based upon a reduced parking ratio per square foot of nonresidential space or per residential unit or different assumptions regarding build-out intensity of downtown.

Potential Parking Space Demand

12. Monahan Pacific has submitted plans for a six-story retail and commercial office building at 700 Third Street (adjacent to the White House site). The project includes 13,700 square feet of street-level retail and approximately 114,100 square feet of commercial office space. The developer proposes to provide 140 on-site parking spaces in two subterranean levels (85 single spaces, 18 tandem spaces and 37 potential valet spaces). The projected parking need for this development, based on 2.7 spaces per 1,000 square feet of development, is 345 spaces. Excluding the 140 spaces proposed for development on-site, there is an additional need for 205 spaces.
13. The joint EIR that was prepared and certified by the City for development of the White House, Rises, and Ledson sites anticipated that the Ledson project would include 20,000 square feet of retail space and 120,000 square feet of office space. A total of 378 parking spaces will be required to serve the retail and office uses at such time as this project moves forward. As well, it should be noted that the project will be constructed on the site of an existing private parking lot. When construction begins, the 80 spaces on this lot will be lost and the parking demand will move to adjacent public parking facilities. Total project impact is 458 additional spaces.
14. The Downtown Station Area Specific Plan applied development density prototypes to opportunity sites within the Plan Area and considered market projections to calculate the potential for development in the Plan Area. The Specific Plan assumes that up to 147,500 square feet of office/public institutional uses and 164,090 square feet of retail uses could be developed over the next twenty (20) years. The Plan recognizes that some opportunity sites may not develop as anticipated and that other unidentified sites may develop. Assuming development of the square footage identified in the Specific Plan, approximately 841 additional parking spaces will be required.

Parking District Revenues and Financing

15. With the passage of Proposition 218 in 1996, any new assessment financing requires voter approval by two-thirds of the property owners within the District, weighted on square footage of the parcel. The two-thirds approval threshold is difficult to meet and the City has no expectation that assessment financing will be approved by voters for construction of any future parking facilities within this District.

16. In accordance with recommendations made by Wilbur Smith Associates (2001) and Walker Parking Consultants (2004), increases in parking user fees were developed to meet the expected net income requirement for revenue bonds that would be sold to finance construction of the mixed-use project on the White House site. Revenue from parking user fees (meter rates, parking permits, and garage hourly rate) would be pledged to the repayment of these bonds.

In an effort to reduce the cost of financing, a survey of property owners was conducted in 2004 to determine whether there was sufficient support to provide "land-secured backing" for the revenue bonds. Support for this option would allow the Parking District to obtain a more favorable interest rate when compared to revenue bonds, which in turn would decrease the overall cost of the project. Based on the results of the survey, the City determined that there was insufficient support from property owners to pursue a land-secured financing option.

In 2005, as a result of project delays and the escalation of concrete and steel prices, revenue bonds were no longer a viable financing option as the Parking District's revenue stream will be inadequate to meet the revenue requirement of a larger bond sale. As a result, the Parking District will enter into a general fund lease where the leased asset is the garage to be constructed. Security for the lease financing is the City's General Fund (with a reimbursement from the Parking District's net revenues), rather than the Parking District net revenues only.

17. As identified in Walker Parking Consultants' report (2006), there are a limited number of financing options available to construct new parking structures. It is important to note that most financing of parking structures is backed by the general fund, as its strength and security provides for a lower interest rate than typically could be obtained using any other source. Most parking structures are paid for by one or a combination of the following revenue sources:

- Net revenues generated by the parking facility being financed
- Net revenues generated by other parking facilities in the system
- On-street meter net revenues
- Parking in-lieu fees
- Tax increment financing on the part of the Redevelopment Agency

A summary of available financing alternatives is attached as Exhibit E to this staff report.

18. In lieu fees are a mechanism for financing parking that is used in cities throughout the country. The in lieu fee creates a reasonable nexus between the need for and construction of new parking spaces. A city charges parking in lieu fees to a developer for each required parking space that the developer does not build. The in lieu fees go into a fund that the City uses to fund the development of public parking facilities. Walker Parking Consultants identified the following

cities that charge in lieu fees: Berkeley, Beverly Hills, Carmel, Claremont, Concord, Davis, Hermosa Beach, Mill Valley, Mountain View, Palm Springs, Palo Alto, Pasadena, Redwood City, Santa Monica, and Walnut Creek.

19. Walker Parking Consultants has recommended that the City consider a system of in lieu fees, whereby developers who build within the Parking District may pay a set fee to the City per required parking space, in lieu of providing the space itself, as a means of funding the public parking system in the future. Whether or not payment of the fees is mandatory or developers may choose between providing the spaces or paying the fees would be a policy decision based on the City's planning and land use goals.
20. Further analysis is required to develop and recommend an in lieu fee program. The assistance of a financial advisor will be required to determine the appropriate rate to fund construction and cover operating costs. Funding for this study is included in the Department's FY 2009-10 budget request.
21. The City of Santa Rosa, like many municipalities, manages its parking operations through a parking enterprise fund. The parking enterprise fund is separate from the City's general fund and its main purpose is to preserve parking revenues, establish a parking operation budget, and segregate parking expenses. The revenue stream of the Parking District is collected from a limited number of sources, including parking meters, permit fees, and garage hourly fees.
22. Use of parking revenues is restricted by ordinance and bond covenants. City Code Section 11-24.150, Parking meter revenue, specifies that the cost of placing and maintaining lines or markings designating parking spaces in parking meter zones, the cost of the project supervision, protection, inspection, installation, operation, maintenance, control and use of the parking meters installed under this chapter, and the cost of maintaining, acquiring by purchase, lease or otherwise, and operating suitable areas for off-street parking of vehicles, and the special funds in which such fees are placed, shall be devoted exclusively to those purposes provided hereunder or as otherwise designated by ordinance providing for such parking place improvements.
23. The Parking District currently has assessment bonds outstanding (Refunding Improvement Bonds, Series 1998) that were sold to finance construction of the Fifth and Beaver Street and Seventh Street garages. The amount outstanding at the end of FY 2008-09 is \$3,000,000. The annual debt service cost is approximately \$515,000 with the final payment due on July 2, 2015. The Official Statement, which sets forth information in connection with the sale of the bonds, states that these bonds are secured by the levy of the Annual Benefit Assessments. In addition, the City Council historically has, and pursuant to Resolution No. 23475 (which authorized the bond sale), intends to continue to pay a portion of the annual debt service on the bonds from the proceeds of parking revenues generated within the boundaries of the District; however, said parking

revenues are not pledged to the payment of the bonds and the City Council therefore is not required to continue this policy.

Management Options, Permit Policy, and Other Considerations

24. In 2006, Walker Parking Consultants conducted an analysis of management options to determine whether or not adoption of new practices would be advantageous to the City. As part of its analysis, Consultant surveyed other California cities (including Beverly Hills, Glendale, Mountain View, Redwood City, Sacramento, Santa Monica and Walnut Creek) to learn how they were dealing with the challenges of financing and managing their parking systems. The report looked at parking system privatization, third party parking operations, allocation of permits, financing alternatives, parking system self-sufficiency, residential parking and expansion of the District. The study did not recommend privatization or third party operations; however, it did conclude that the District should study a system of in lieu fees as a strategy to help finance new parking facilities. A summary of the options and consultant's conclusions is attached as Exhibit F to this staff report.
25. The Council Policy on Parking Permit Sale, Policy Number 400-02, which provides guidelines for the sale, renewal and administration of parking permits, is attached for reference as Exhibit G.
26. Public comment received during the parking report item on February 24, 2009, reflected a concern that parking garages are expensive and the City's proposal to use parking user fees to pay for the construction places an unreasonable burden on those people who pay for parking. Donald Shoup, author of *The High Cost of Free Parking*, states that "market-priced curb parking will reduce traffic congestion, air pollution, and energy consumption caused by cruising and also make curb parking more convenient. Eliminating the need for off-street parking requirements will, in turn, reduce development costs, make the land market more efficient, and improve urban design."
27. Shoup offers three answers for how cities can "undo the damage wrought by their disastrous parking policies":
 - Remove zoning requirements for off-street parking.
 - Charge fair market prices for curb parking.
 - Use revenue from curb parking to pay for public improvements in the neighborhoods that generate it.

It should be noted that Santa Rosa's parking model already has in place the zoning code exemption and charging of higher meter rates for on-street parking, as well as a strategy to use meter revenue (and revenue from other parking user fees) to pay for parking improvements in the Downtown.

Requested Council Direction

28. The Department of Transit and Parking is requesting Council direction regarding:

- a) Affirmation or modification of City Code Section 20-36.020 (B) which specifies that the parking requirements of Chapter 20-36 (Zoning Requirements), Parking and Loading Standards, do not apply within any City parking assessment district, except for residential uses.
- b) Affirmation or modification of prior Council direction regarding the number of public parking spaces required for the White House site. If direction is to modify the number of spaces, staff requests direction regarding whether a new parking evaluation should be conducted giving consideration to SMART development; public transit, bicycle and pedestrian alternatives; and parking ratios applied to development.
- c) Preferred development option for the White House site
 - Extend the current ERN and continue negotiations under the RFQ/P established and approved by the prior Council.
 - Allow the current ERN to expire and issue a new RFQ/P with a lesser public parking requirement.
 - Allow the current ERN to expire and do nothing for now; continue to operate the site as a public surface parking lot.

RECOMMENDATION

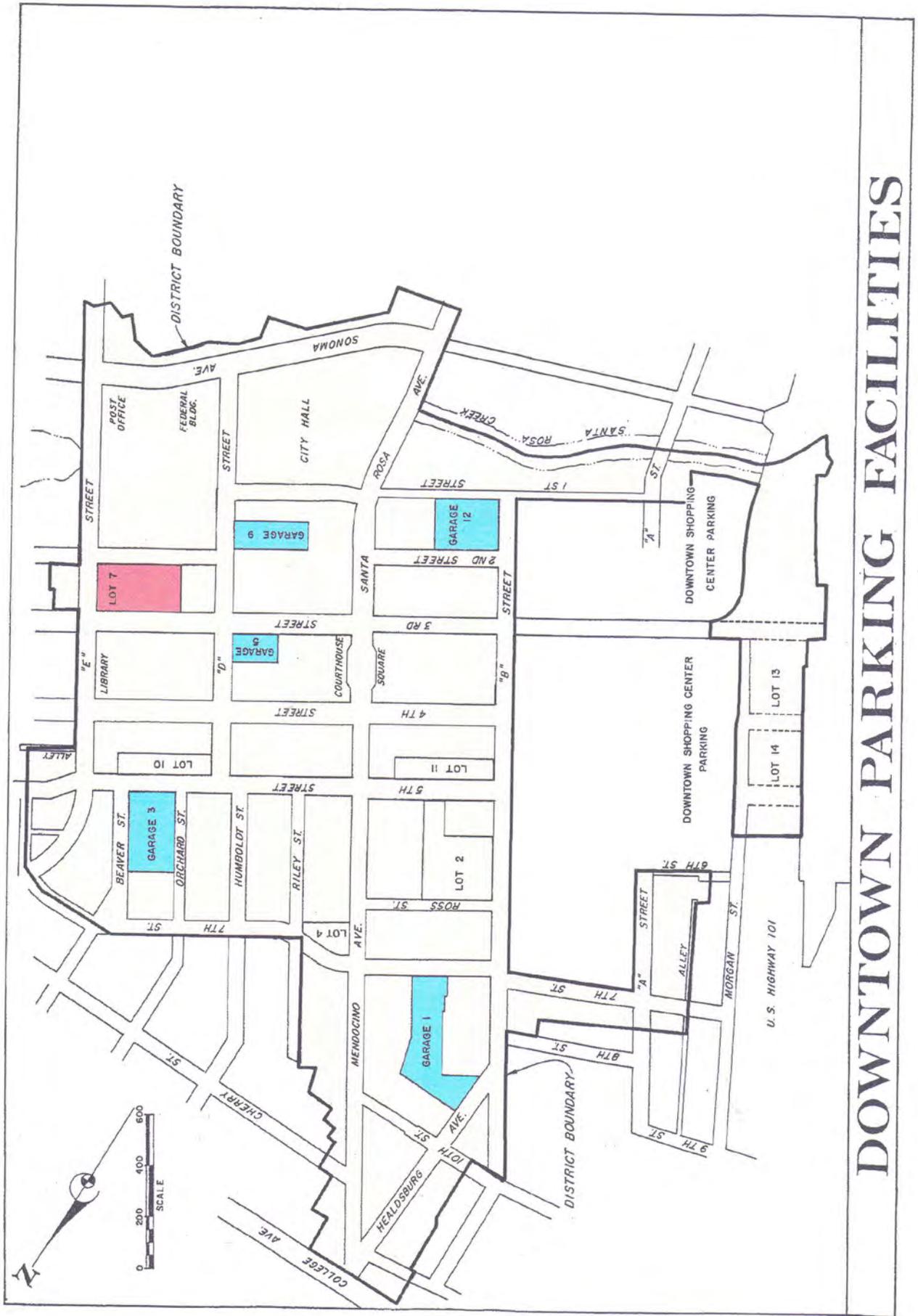
It is recommended by the Department of Transit and Parking that the Council, by motion, provide direction regarding (1) the future role of the Parking District in meeting the parking needs of Downtown development, (2) affirmation or modification of prior Council direction regarding the number of public parking spaces required for the White House Site Mixed-Use Project, and (3) options for continuation or termination of the Exclusive Right to Negotiate currently in force with MetroPacific Properties, LLC.

Author: Cheryl Woodward

Attachments:

- Exhibit A – Map of Parking District Boundaries
- Exhibit B – White House Site Chronology
- Exhibit C – Staff Report: White House Site Development Options, 9-25-07
- Exhibit D – Staff Report: White House Site RFQ/P, 12-11-07
- Exhibit E – Parking Facilities Financing Alternatives
- Exhibit F – Parking System Management Alternatives Analysis
- Exhibit G – Council Policy: Parking Permit Sale Policy

EXHIBIT A



DOWNTOWN PARKING FACILITIES

EXHIBIT B WHITE HOUSE SITE CHRONOLOGY

FISCAL YEAR 2001 – 02

On September 11, 2001, a study session was held to review the findings and recommendations detailed in the *Downtown Santa Rosa Parking District Parking Needs and Financing Study* prepared by Wilbur Smith Associates. The study concluded that there is an existing need for additional parking in the downtown area, as well as a need for substantial new parking to support the continued growth of the downtown. The study further concluded that through a program of rate increases the City could generate enough funds to build one parking structure of approximately 600 – 700 spaces.

On April 9, 2002, Council accepted the report from Seifel Consulting on the *Downtown Mixed-Use Opportunity Sites Analysis* and directed staff to return with a draft Request for Qualifications for mixed-use development of the White House site. Among other things, the study concluded that the White House site is well located for mixed-use development, but noted that rents (at that time) could only support lower density wood frame construction. The consultant recommended that the City proceed with development of a parking garage that incorporated ground floor retail as the preferred mixed-use development on the White House site. Development of the public parking garage would allow and encourage mixed-use development to occur on nearby privately owned sites, with lesser (or potentially minimal to no) subsidy requirements.

On April 30, 2002 Council approved criteria for a Request for Qualifications/Request for Proposals (RFQ/RFP) process and directed staff to proceed with the RFQ/RFP. Minimum criteria included 30 residential units, 426 public parking spaces plus additional private spaces to serve the retail and housing component of the development, and ground floor activity other than parking.

On June 11, 2002, Council directed staff to further examine the issue of maximum parking spaces on the White House site, do a master plan for the entire block from D to E and Second to Third Streets, and enter into exclusive negotiations with the Pauley team for a stated period.

FISCAL YEAR 2002 – 03

On August 6, 2002, Council directed staff to discontinue pursuit of an Agreement to Exclusively Negotiate with the Pauley team and reestablish the RFQ/RFP process for mixed-use development on the White House site. In addition, Council directed staff to pursue preparation of a joint EIR including the White House site, the Rises property, and the Ledson property.

On October 21, 2002, RFQ submittals were received from three (3) developer teams. The City's Selection Committee members evaluated the submittals and invited the two

most qualified developer teams (Regis Homes of Northern California, Inc. and The Olson Company) to submit proposals.

On March 14, 2003, the City entered into a professional services agreement with Walker Parking Consultants to determine the rate structure that will be required to support debt service costs associated with construction of a new garage and provide an adequate revenue stream for on-going operation and maintenance costs and capital repairs. Work under this agreement was suspended in June 2003, pending a determination of the number of parking spaces to be included in the proposed garage.

On June 24, 2003, Council received a staff report on the mixed-use development proposals submitted by Regis Homes of Northern California, Inc. and The Olson Company. Both proposals reflected an opinion that the market was not strong enough to support retail or commercial uses on the street level. Council postponed action on the White House site proposals pending presentation of the Economic Development Strategy Plan and the joint EIR.

On June 25, 2003, Regis Homes withdrew its proposal for the White House site based on their assessment that the City and Regis Homes' project objectives were too far apart and that Regis Homes could not meet the height and density goals desired by Council. As the White House site project is a small project with tight margins, it was not Regis Homes' interest to wait through another nine months of process.

FISCAL YEAR 2003 – 04

On August 12, 2003, Council accepted the *Economic Development Strategy Plan* prepared by Economic Research Associates. The Plan recommended fourteen strategies to increase employment opportunities. A key step identified for project implementation is the development of parking, potentially in a new structure on the White House site and in a rebuilt structure on the Garage 5 site (3rd and D Streets).

On October 7, 2003, Council received a report that detailed a recommendation by Main Street and the Economic Development Subcommittee that the City proceed to design and construct an 800 – 900 space parking garage with ground floor activity on the White House site, reserving a 35-foot parcel fronting E Street for future mixed-use development. Council directed staff to proceed with an 800 – 900 space garage with ground floor commercial/retail activity, which utilizes the entire White House site.

On February 10, 2004, a study session was held to review the methodology, findings and recommendations detailed in the *Santa Rosa Parking System Financial Analysis*, dated January 22, 2004, prepared by Walker Parking Consultants. The purpose of the consultant's work was to determine the rate structure that will be required to support debt service costs associated with construction of a new garage and provide an adequate revenue stream for on-going operations and maintenance costs and capital repairs.

On February 17, 2004, Council conducted a public hearing to receive input and take action on increases in meter rate, permit rates, and garage hourly rates recommended by Walker Parking Consultants. Council voted to move forward with the recommendation to increase parking rates in two phases, excluding the proposed increase in Railroad Square meter rates. Council directed that the revenue shortfall from this exclusion be made up by further increases to reserved parking rates in all garages, and non-reserved rates in Garage 1 (7th Street) and Garage 3 (5th and Beaver Streets).

On February 24, 2004, Council adopted the modified parking rate increases, to be effective May 1, 2004 and July 1, 2005.

On March 19, 2004, the City released an RFQ for architectural and technical services for the White House Site Mixed-Use Parking Structure Project. An informational meeting, attended by representatives from 17 firms, was held on April 8, 2004. The City subsequently received nine (9) submittals in response to the RFQ and invited the four (4) teams who presented the most relevant experience to make a presentation to the Selection Committee.

On March 25, 2004, the Planning Commission certified the Downtown Mixed-Use Project Final Environmental Impact Report (EIR). The Downtown Mixed-Use Project is comprised of three separate but interrelated parcels, the Rises, the White House, and the Ledson sites.

On May 26, 2004, a survey was mailed to 149 property owners within the Downtown Parking District to determine whether there was sufficient support to provide "land-secured backing" for revenue bonds that would be sold to finance construction of the mixed-use parking structure project. Support of a land-secured financing option would allow the Parking District to obtain more favorable financing when compared to revenue bonds, and would reduce the overall cost of the project. The results of the survey indicated there was insufficient support to pursue this option.

On June 22, 2004, Council selected Watry Design, Inc. to provide full service architectural and technical services for the White House Site Mixed-Use Parking Structure Project, and authorized a Professional Services Agreement in the amount of \$985,050. Watry Design, Inc. was selected based on their extensive experience in designing parking structures (having completed 125+ projects); the project team's knowledge, experience and recommendations regarding retail space design; and their collaborative approach of involving stakeholders in the project design.

FISCAL YEAR 2004 - 05

In December 2004, the City received letters from three (3) developers each requesting to enter into an Exclusive Right to Negotiate period for development of a residential

component to the White House site project. At the same time, work under the Professional Services Agreement with Watry Design, Inc. was suspended pending Council direction regarding the developer requests.

On January 25, 2005, Council authorized an RFQ process to select a developer with whom to negotiate a Disposition and Development Agreement (DDA) for residential development in an air-rights parcel above the White House site garage. The RFQ required a minimum of fifty (50) high quality residential condominium units.

On January 26, 2005, the RFQ was released to the public and interested developers were given three (3) weeks to submit statements of qualifications and evidence of financial capacity.

On February 17, 2005, submittals were received from four (4) developer teams, each of whom was subsequently invited to make a presentation to the City's Selection Committee. The Committee recommended selection of Monahan Pacific Corporation (MPC) based on the firm's relevant experience with significant mixed-use projects having residential, above and below-grade parking, and retail components; the opportunity to consider integration of the White House site and the adjacent Rises project; and a project concept that allowed for the greatest number of for-sale residential units.

On March 8, 2005, Council selected MPC as the developer with whom to negotiate a DDA for residential development on the White House site and authorized the Department of Transit and Parking to commence a five-month Exclusive Right to Negotiate (ERN) period. The ERN period was scheduled to conclude on July 31, 2005.

On April 26, 2005, Council was asked to provide direction regarding a request by MPC to amend the City's General Plan to allow development on the White House block in excess of the ten-story height limitation. Council did not vote on the matter as there was insufficient support to initiate the General Plan Amendment process.

On May 17, 2005, Santa Rosa Main Street submitted a letter to Council presenting five recommendations describing how they believed the City could move forward successfully with the White House project while rescinding the parking fee increases scheduled for July 1, 2005. The recommendations requested consideration of:

- Value of the air-rights parcel;
- Revenue from retail space;
- Revenue stream from Garage 7 (the new White House site garage);
- Cost savings from re-examining project cost estimate and design concept; and
- Cost savings from examining bond transaction costs.

On June 14, 2005, Council directed that implementation of the approved FY 2005-06 parking user fee increases be delayed to September 1, 2005, pending conclusion of the

ERN period with MPC. At that time, additional information would be available regarding the value of the air-rights parcel and the revenue stream from the retail space.

FISCAL YEAR 2005 - 06

On August 2, 2005, Council authorized a three (3) month extension to the ERN period, to November 1, 2005, and directed staff to prepare a DDA incorporating MPC's revised development proposal, dated July 15, 2005. The proposal included:

- 545 public parking spaces for a fixed City contribution of \$14,715,000;
- MPC purchase of an air-rights parcel for \$1.8 million;
- MPC purchase of ground level commercial/retail space (approximately 15,000 square feet) for \$1.2 million;
- 183 high-quality market-rate residential condominium units; and
- 183 dedicated residential parking spaces.

In addition, Council directed that staff bring back, for Council's consideration, use of the Fourth allowable General Plan Amendment for calendar year 2005 for the MPC proposal.

In a separate action, Council adopted a revised schedule of parking user fees to recognize the \$509,000 reduction in financing costs resulting from construction of a smaller garage and sale of two air-rights parcels. The increases originally approved by Council for FY 2005-06 were expected to generate approximately \$875,000 annually; the revised schedule of user fees would generate approximately \$366,000 annually. Implementation of the parking user fee increases was delayed to January 1, 2006, and conditioned on the City entering into a DDA with MPC prior to January 1, 2006.

On August 23, 2005, Council authorized MPC to use the Fourth allowable General Plan Amendment for 2005 for consideration of the height of their two building proposals.

On November 1, 2005, Council affirmed their approval of the development proposal presented to them on August 2, 2005, and denied MPC's request to modify its proposal to increase the number of residential units from 183 to 207, and the maximum height of the project from 120 feet to 130 feet. In addition, Council extended the term of the ERN period to December 13, 2005.

On December 13, 2005, Council authorized an extension to the ERN period with MPC to January 24, 2006, and delayed implementation of the approved parking user fee increases to February 1, 2006.

On January 24, 2006, Council approved a DDA with MPC for mixed-use development on the White House site.

On February 1, 2006, the revised schedule of parking user fees was implemented.

FISCAL YEAR 2006 – 07

On February 2, 2007, the City served MPC with a Notice of Default which identified items in the Schedule of Performance (Exhibit C to the DDA) which MPC was required to cure.

On March 21, 2007, the City approved a time extension to May 8, 2007, for the purpose of curing the Notice of Default.

On May 1, 2007, the City approved a second time extension, to June 29, 2007, for the purpose of curing the Notice of Default. The additional time extension was to accommodate review and analysis of the project economics by the City's redevelopment team.

On June 25, 2007, MPC requested a further time extension to develop a revised proposal for the project that would reduce the budget shortfall; have demonstrated financial and market support; and achieve the goals established in the City's RFQ, issued in 2005.

On June 26, 2007, Council instructed staff to proceed with granting a time extension for cure under the City's Notice of Default, subject to MPC agreeing to accept the City's conditions for a time extension.

FISCAL YEAR 2007 – 08

On July 6, 2007, the City terminated the DDA as its sole and exclusive remedy to MPC's default of the DDA, after the deadline for the City to receive a signed consent from MPC accepting the conditions for a time extension had passed with no action.

On October 2, 2007, Council was provided with a range of possible development options for the White House site, including:

- Issue a new RFQ for mixed-use development which requires residential, ground level retail space, and public and private parking spaces.
- Issue an RFQ for mixed-use development which requires office space, ground level retail space, and public parking spaces.
- Reinstate the previously approved contract with Watry Design Inc. for a mixed-use parking structure that includes ground level retail space.
- Do nothing for now; continue to operate the site as a public surface parking lot.

Council directed that staff move ahead with an RFQ for mixed-use development of the White House site that includes a parking garage, commercial/retail on the ground floor and "combinations of whatever the developer sees fit" for the rest of the project. Vice Mayor Pierce and Council Member Bender were appointed to a subcommittee responsible for developing the RFQ/P process.

On December 11, 2007, Council authorized an RFQ/P process to select a developer with whom to negotiate a DDA for mixed-use development of the White House site. The RFQ/P specified the following development program objectives:

- Ground floor commercial/retail activity (not parking) facing 2nd, 3rd and E Streets;
- Residential units, Class A office space, and/or other uses that will assure a viable project and promote an active and vital downtown; and
- Minimum of 545 public parking spaces plus additional spaces to serve the proposed development.

On December 14, 2007, the RFQ/P was released to the public and interested developers were given until January 28, 2008 to submit statements of qualifications and evidence of financial capacity. Postcards announcing the release of the RFQ/P were mailed to approximately 850 developers, architects, real estate professionals, and other interested parties. The City received qualification submittals from three (3) developer teams, each of whom was subsequently invited to submit a development proposal for the site. Proposals were received from two (2) teams; one (1) team withdrew from the RFQ/P process without submitting a proposal.

FISCAL YEAR 2008 - 09

On August 26, 2008, the Council selected MetroPacific Properties, LLC as the developer with whom to negotiate a DDA for mixed-use development on the White House site and authorized the Department to commence a six-month ERN period. The developer's proposal includes a 151 room select service 4 ½ star hotel, approximately 8,200 square feet of ground floor retail space, a 545 space public parking garage, and 90 private parking stalls on the roof level for the exclusive use of the hotel.

On February 24, 2009, the developer requested a six-month extension, to September 1, 2009, in which to complete the negotiations and bring forward a DDA for Council consideration and approval.

EXHIBIT C

Agenda Item # _____

For Council Meeting of: September 25, 2007

CITY OF SANTA ROSA CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: WHITE HOUSE SITE DEVELOPMENT OPTIONS
STAFF PRESENTER: CHERYL WOODWARD, DEPUTY DIRECTOR - PARKING
DEPARTMENT OF TRANSIT AND PARKING

AGENDA ACTION: MOTION

ISSUE(S)

Shall the Council of the City of Santa Rosa, by motion, provide direction regarding the preferred development option for the White House site?

BACKGROUND

In January 2006, the City entered into a Disposition and Development Agreement with Monahan Pacific Corporation for development of a mixed-use project on the White House site. The project included 183 market-rate residential units and associated private parking, approximately 15,000 square feet of ground level commercial/retail space, and 545 public parking spaces. As a result of increasing construction costs and a softening housing market, the project economics became such that the developer determined the project was no longer financially feasible. The City terminated the agreement with the developer on July 6, 2007.

The Department of Transit and Parking is bringing forward a range of possible development options for the White House site for Council consideration and direction. Options include:

- Issue a new RFQ for mixed-use development which requires residential, ground level retail space, and public and private parking spaces.
- Issue an RFQ for mixed-use development which requires office space, ground level retail space, and public parking spaces.
- Reinstate the previously approved contract with Watry Design Inc. for a mixed-use parking structure that includes ground level retail space.
- Do nothing for now; continue to operate the site as a public surface parking lot.

To provide context for this discussion, the Department has summarized the chronology of events that have occurred relative to this site since the need for a garage was first identified by Wilbur Smith Associates in 2001. [Detailed separately in Exhibit B]

ANALYSIS

1. Development options for the White House site include the following:
 - Issue a new RFQ for mixed-use development which requires residential, ground level retail space, and public and private parking spaces.
 - Issue an RFQ for mixed-use development which requires office space, ground level retail space, and public parking spaces.
 - Reinstate the previously approved contract with Watry Design Inc. for a mixed-use parking structure that includes ground level retail space.
 - Do nothing for now; continue to operate the site as a public surface parking lot.
2. One of the development program goals for the White House site is to promote an active, 24-hour downtown. The *Market for Retail, Residential, and Office Space in Downtown Santa Rosa* study, prepared by Gruen Gruen + Associates in December 2005, states the primary challenge for the Downtown is to strengthen the concentration of the mix of retail, cultural, restaurant, market-rate housing and offices uses. Improving the retail, cultural, and restaurant base will be needed to attract and reinforce market rate housing. As the retail base improves and market rate housing is developed, demand for Downtown office space will follow as the mixed-use environment become more attractive to new and existing office tenants.
3. ORION Partners Ltd., which provides commercial real estate services, states in its retail market report for mid-year 2007 that:

“Sonoma County is one of the fastest growing retail markets in the Bay Area. Over 400,000 square feet of new retail inventory entered the county in the past two years. Lease rates have climbed above \$3.00 per square foot on a triple net basis in several newer, well-located centers, and vacancy rates remain extremely low. High costs of entry have forced developers to seek increasingly high asking rents. This has raised concerns that local retailers will not be strong enough financially to compete with national tenants for prime locations. Tenant demand remains high, but it remains to be seen how the market responds to increasing development costs and subsequently higher lease rates.”
4. The financial feasibility of the mixed-use project on the White House site was negatively impacted by increasing construction costs and a softening housing market. The developer required an additional City contribution of \$6 million (effectively increasing the cost per public parking space from \$27,000 to \$38,000) to proceed with the project. The City had offered up to an additional \$3

million, subject to certain conditions. These conditions were ultimately not acceptable to the developer and the DDA was subsequently terminated.

5. The *Market for Retail, Residential, and Office Space in Downtown Santa Rosa* study, referenced above, concluded that the Downtown market could support approximately 50 to 100 units per year of housing. There are currently two approved mid-rise development projects which could result in construction of 212 market rate residential units in downtown.
6. The office vacancy rate for Santa Rosa during the second quarter of 2007, as reported by various commercial brokerage firms, was between 11.5% and 12.7%, nearly unchanged from the first quarter. Class A properties, providing office space with the highest level of amenities sought by office users and identified by commercial real estate brokers as constituting the greatest unmet demand, experienced no vacancy rate change from last year, which is viewed as good news given the significant inventory of office space added in the Airport and Fountaingrove areas earlier in the year. The brokers suggest that with the office markets tightening in San Francisco and Marin County, tenants may be open to moving north along the Hwy 101 corridor to take advantage of lower asking rates and more options to choose from.
7. The City has spent approximately \$181,000 with Watry Design Inc., under an existing contract, for preliminary/schematic design of a mixed-use parking structure on the White House site. The project included approximately 700 public parking spaces and 18,000 square feet of ground level commercial/retail space.
8. The cost to develop the public parking component under any of these options will require a combination of bond financing and use of Parking District reserves. The source of funds to repay the bond debt service will be the revenue stream generated from parking user fees, which includes revenue from parking meters, parking permits, and garage hourly fees. Increases in parking user fees, consistent with Walker Parking Consultant's recommendation and Council action taken in February 2004, will likely be required to support the level of bond financing required to construct the project. General Fund backing for the bonds will be required to obtain the most favorable financing terms. Redevelopment assistance may be required to develop the retail space.
9. Reports referenced in this staff report (with the exception of the Gruen Gruen + Associates study) are available for review on the City's web site. Please click the link below to view the available reports:

<http://ci.santa-rosa.ca.us/default.aspx?PagelD=2892>

A copy of the Gruen Gruen + Associates report is on file with the City Clerk and in the Department of Transit and Parking.

RECOMMENDATION

The Department of Transit and Parking recommends that Council, by motion, provide direction regarding the preferred development option for the White House site.

Author: Cheryl Woodward

EXHIBIT D

Agenda Item # [To be inserted by City Clerk's Office staff]
For Council Meeting of: December 11, 2007

CITY OF SANTA ROSA CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
SUBJECT: WHITE HOUSE SITE RFQ/P
STAFF PRESENTER: CHERYL WOODWARD, DEPUTY DIRECTOR - PARKING
DEPARTMENT OF TRANSIT AND PARKING

AGENDA ACTION: MOTION(S)

ISSUE(S)

Shall the Council of the City of Santa Rosa authorize a Request for Qualifications and Proposals (RFQ/P) process to select a developer with whom to negotiate a Disposition and Development Agreement for mixed-use development on the White House site?

BACKGROUND

In January 2006, the City entered into a Disposition and Development Agreement with Monahan Pacific Corporation for development of a mixed-use project on the White House site. The project included 183 market-rate residential units and associated private parking, approximately 15,000 square feet of ground level commercial/retail space, and 545 public parking spaces. As a result of increasing construction costs and a softening housing market, the developer determined that the project was no longer financially feasible. The City terminated the DDA on July 6, 2007.

On September 25, 2007, the Department of Transit and Parking presented Council with a range of development options for the White House site and requested direction regarding their preferred option. Options included mixed-use development with retail space, parking and either a residential or office component; a mixed-use parking structure with retail space; or the option to do nothing at this time. Council directed staff to develop a Request for Qualifications process to solicit development proposals that include ground floor retail, public parking, and any combination of other uses that will allow for a viable project and promote Council's goal for an active and vital downtown. This item brings the proposed RFQ/P document forward for Council consideration and action.

ANALYSIS

1. The City conducted a Request for Qualifications/Request for Proposals (RFQ/RFP) process in 2002, and a Request for Qualifications (RFQ) process in 2005, for mixed-use development on the White House site. The RFQ proposed for 2007 is modeled significantly after the RFQ/RFP used in 2002; however, it

differs in that it allows the City the flexibility to either select two or more finalists from the RFQ process to participate in the RFP phase (as in 2002), or to proceed directly to the Exclusive Right to Negotiate period with the most qualified developer (as in 2005), depending on the quality and responsiveness of the submittals. The Selection Committee (comprised of Jane Bender, Lee Pierce, Bob Dunlavey, Wayne Goldberg, and Dave Gouin) will evaluate the qualifications of the development teams, determine which approach is preferable given the response to the solicitation, conduct interviews, and make a recommendation to City Council for selection.

2. The development program objectives for the RFQ/P require the following:
 - Ground floor commercial/retail activity (not parking) facing 2nd, 3rd and E Streets;
 - Residential units, Class A office space, and/or other uses that will assure a viable project and promote an active and vital downtown;
 - Minimum of 545 public parking spaces plus additional spaces to serve the proposed development.

The document acknowledges that Council understands the current market conditions, but emphasizes that Council is particularly interested in development of residential units, active space on the ground floor, and activities that complement surrounding uses and promote an active 24-hour downtown.

3. Submittals must include a concise narrative regarding the development team's initial project concept that contains information depicting the proposed character and high quality of the development. In addition, the narrative will discuss how the project will incorporate the City's requirement for public art, and how affordable housing and green building practices will be addressed as part of the proposed project.
4. The developer will be required to purchase or lease the air-rights parcel above the public garage at a fair market value.
5. Keyser Marston Associates will evaluate the evidence of financial capacity submitted by each development team and advise the City as to the team's capacity to undertake and complete a project on the White House site.
6. It is anticipated that the RFQ/P process to select a qualified developer will take approximately six (6) months. The subsequent Exclusive Right to Negotiate (ERN) period is also expected to take six (6) months. The schedule of key dates identifies that Council will select a finalist at its meeting on July 1, 2008 and will review and take action on a DDA at its meeting on January 27, 2009.

7. As with the previous RFQ process, the selected developer will be required to pay the City's reasonable expenses incurred in carrying out certain of its obligations under the ERN, including but not limited to third party consultant costs and attorneys' fees for negotiation and preparation of the proposed DDA.
8. The recommended RFQ/P solicitation document has been reviewed by the Selection Committee, Keyser Marston Associates, and the law firm of McDonough Holland and Allen.

RECOMMENDATION

It is recommended by the Department of Transit and Parking that the Council, by motion, authorize the described RFQ/P process to select a developer with whom to negotiate a Disposition and Development Agreement for mixed-use development on the White House site.

Author: Cheryl Woodward

Attachments:

Request for Qualifications and Proposals, White House Site Solicitation

EXHIBIT E

City of Santa Rosa
Department of Transit and Parking

PARKING FACILITIES FINANCING ALTERNATIVES

Financing Alternative	Description	Comments
Parking User Fees	Revenue from parking meters, parking permits, and garage hourly parking. Fees paid by employers, employees, visitors, and patrons of downtown businesses.	Parking user fees finance the operations, maintenance and capital repair of the Parking District's garages, surface lots, and parking meters.
Parking Citation Revenue	Fines and penalties collected from issuance of parking citations.	General Fund revenue used to fund public safety, public works, and other GF responsibilities of City.
Parking Assessments	Assessment placed on tax roll of properties located within Parking District boundaries for debt service costs of bonds sold to construct parking facilities.	Current parking assessment financing is pre-Prop 218. Any new assessment financing requires voter approval by two-thirds of property owners, weighted on square footage of the parcel. Difficult threshold to meet.
Special Tax	A special tax approved by two-thirds of the landowner or registered voter vote for a specific purpose.	Special tax requirement of two-thirds voter approval is difficult threshold to meet.
Tax Increment (Redevelopment)	A financing mechanism that uses the growth in property tax revenues from a designated redevelopment area to finance bonds to pay for redevelopment programs.	Tax increment provides gap financing for private or public improvements on a case-by-case basis.
Public-Private Partnership	A partnership in which a private firm builds and finances the new facility, which it then leases to the City. Ownership of the facility and land reverts back to the City after a period of time.	Partnership reduces the upfront cost of financing; however, the City will ultimately pay more for the facility as it covers the developer's costs and profit. Revenue stream for lease payment (typically from parking user fees) will be required.
General Fund	The chief operating fund of the City. The General Fund accounts for the operations of the City that are financed from taxes and other general revenues.	General Fund revenue used to fund public safety, public works, and other GF responsibilities of City. GF backing of Parking District financing is required to obtain most favorable financing terms.
In Lieu Fee / Buy-In Fee	A set fee paid by developers per required parking space in lieu of providing the space itself.	In lieu fees are used by cities throughout the country. Further analysis is required to develop and recommend an in lieu fee program.

EXHIBIT F PARKING SYSTEM MANAGEMENT ALTERNATIVES ANALYSIS

In 2006, Walker Parking Consultants completed an analysis of management and financing policy options to determine whether or not adoption of new practices would be advantageous to the City. As part of its analysis, Consultant surveyed other California cities (including Beverly Hills, Glendale, Mountain View, Redwood City, Sacramento, Santa Monica and Walnut Creek) to learn how they were dealing with the challenges of financing and managing their parking systems.

Consultant reached the following conclusions:

- Parking System Privatization: As a practical matter, privatization of the parking system is not a viable option. Sale of District assets (that have been paid for by property owners) would raise the threat of loss of parking supply, which would likely lead to falling property values and result in lawsuits against the District. Potential advantages of privatization would be few, as the result of such an action would likely be a significant increase in parking rates. Privatization of the parking system is not recommended.
- Third Party Parking Operations: Contracting of the parking operation could potentially result in minor savings in some areas. However, due to fees paid to a third party operator, private management of the parking system would not likely result in any improvements to the system's bottom line. Third party management of the parking system is not recommended.
- Allocation of Parking Permits within the Parking District: Allocating permits lessens the efficiency with which one can share the supply of parking spaces. If the allocation of parking spaces must take place, the most efficient way, as with any scarce resource, is through pricing.
- Parking Financing Alternatives: There are myriad methods by which municipalities finance their parking systems. Most financing of parking structures is backed by the general fund, but the extent to which this is true depends on how much revenue the system is able to collect. Cities may use one of several funding sources to fill the gap between revenues and expenses, but the use of in lieu fees, a policy by which developers pay the city a fee in lieu of providing the parking, has become increasingly popular among cities in California. The in lieu fees paid by the developers are typically set to fill the gap between the parking system's revenues and expenses. In lieu fees are a good strategy to help finance new parking facilities.
- Parking System Self-Sufficiency: The parking system should operate as much as possible as a self contained entity. Any revenue collected by the system should be used for the benefit of the system and its users.

- Residential Parking Downtown: Shared parking between residential and commercial uses is difficult, if not impossible, as residents typically demand reserved spaces, often on the site of their property. In general, it is best for residential developers to finance their own parking supply. Residential developments therefore need not be charged in lieu fees.
- Parking District Expansion: The additional financial and political demands placed on the parking system as a result of expansion of the District would likely outweigh any additional benefits. If a parking district were needed for the Railroad Square district, it should likely operate separately from the existing District.

The Consultant's findings and recommendations are discussed in more detail in the *City of Santa Rosa, Financing and Management Alternatives Analysis* report, dated November 17, 2006, available at (provide link).

EXHIBIT G

COUNCIL POLICY

Subject:	Policy Number	Effective Date	Number of Pages
PARKING PERMIT SALE POLICY	400-02	6/07/05	1 of 2

PURPOSE

The purpose of this policy is to set forth guidelines for the sale, renewal and administration of parking permits. As stated in City Code §11-24.050, "Paid Parking, Parking Permits and Validation Coupons", the Director of Transit and Parking may establish rules and regulations for use of parking access cards and parking permits. Such rules and regulations shall be made available to the public during normal business hours at the Department of Transit and Parking.

POLICY

A. Parking Facility Space Priority

Priority for use of off-street parking space shall be for customer turnover parking. Parking permits shall be issued on a space available basis. The Director of Transit and Parking shall, when necessary, make adjustments in the number of permits available to provide adequate parking spaces for non-peak hour customer turnover parking.

B. Reserved Space Parking Permits

The number of reserved permits and the facilities where reserved parking shall be available will be determined by the Director of Transit and Parking.

C. Parking Permit Sale

Available parking permits shall be sold on a first-come, first-served basis at rates established by City Council. Permits sold after the 15th day of the month shall be sold at one-half the established monthly rate.

D. Parking Permit Renewal

A permit holder's option to renew shall continue as long as the valid permit is renewed prior to permit expiration. The option to renew is exercised by payment of the next month's parking fee not later than the 23rd day of the current month. Permit holders using facilities not controlled by electronic equipment must surrender a valid permit stub at time of renewal. Permits not renewed shall be made available for sale to the customer at the top of the waiting list, commencing at 8:00 a.m. on the first business day of the month. Permits shall be sold on a first-come, first-served basis if there is no waiting list,

E. Waiting List

Customers desiring to purchase permits for locations sold out shall have their names placed on a waiting list and shall be offered the opportunity to purchase permits for that location as they become available. The waiting list shall be maintained on a first-come, first-served basis by the Department of Transit and Parking. To allow for equitable access to permits, customers shall be limited to requests totaling a maximum of three (3) permits per waiting list.

COUNCIL POLICY

Subject:	Policy Number	Effective Date	Number of Pages
PARKING PERMIT SALE POLICY	400-02	6/07/05	2 of 2

F. Parking Permit Transfer

As a general policy, parking permits are not transferable. However, it shall be permissible for permits controlled by a tenant to be jointly listed in the name of the tenant and building owner to allow for a transfer upon lease termination. A written agreement signed by the tenant and the property owner will be required by the Department of Transit and Parking before listing the property owner's name on the permit.

G. Parking Permits Lost or Stolen

Permits lost or stolen will be replaced upon presenting the purchaser's permit receipt to the Department of Transit and Parking and payment of a replacement fee equal to one-half the original purchase price. The Director of Transit and Parking may establish a lesser fee for replacement of electronic access cards.

H. Parking Permit Use

Use and display of the parking permit is subject to rules and regulations established by the Director of Transit and Parking. Such rules shall be made available to the public at time of permit sale and during normal business hours at the Department of Transit and Parking. Failure to comply with permit rules and regulations will result in a parking citation and/or revocation of the permit.

I. Permit Sales for Disabled Persons

Requests by mail for single or multiple month permits will be honored from disabled persons who qualify and have been issued special vehicle license plates and are entitled to special parking privileges under Sections 9105, 22511, and 22511.5 of the California Vehicle Code. Mail requests must include the valid receipt stub for the current month and the vehicle license number and be received by the Department of Transit and Parking no later than 5:00 p.m. on the 23rd of each month.

**SANTA ROSA CITY COUNCIL MEETING MINUTES
TUESDAY, APRIL 28, 2009
COUNCIL CHAMBER, CITY HALL, 100 SANTA ROSA AVENUE
REGULAR MEETING**

11.5 REPORT – DOWNTOWN PARKING DISTRICT AND POLICY OVERVIEW 6:18:59 PM

Councilmember Sawyer recused himself from the remainder of the meeting.

Cheryl Woodward, Deputy Director – Parking, made the staff presentation, which had been requested by the Council at their February 24, 2009 meeting. She presented an overview of the Parking District and information regarding parking policies.

Wayne Goldberg, Director of Advance Planning and Public Policy spoke regarding downtown planning policies.

Dave Gouin, Director of Economic Development and Housing, discussed how parking interrelates with economic development downtown.

Bob Dunlavey, Director of Transit and Parking, provided an historic overview of Santa Rosa's downtown parking district.

Ms. Woodward provided an overview of the White House site proposal as it currently exists, one requirement being for the mixed use development to construct 545 public parking spaces plus approximately 180 spaces to serve the developer's proposed hotel, restaurant and retail development. MetroPacific Properties had been selected as the developer to enter into an exclusive right to negotiate (ERN) agreement, which would terminate that Friday unless extended by the City. The City Attorney had issued a preliminary opinion that it would be necessary to terminate the ERN with MetroPacific and reopen the RFQ/P process to all developers who may desire to propose on a project with a lesser public parking requirement should the Council reduce the number of required spaces.

Ms. Woodward requested direction regarding the future role of the Parking District in meeting the parking needs of Downtown development; and affirmation or modification of prior Council direction regarding the number of public parking spaces required for the White House Site Mixed-Use Project; and a decision to either continue or terminate the Exclusive Right to Negotiate currently

PUBLIC COMMENT 8:01:09 PM

Robin Abramson asked the Council to keep the project as proposed, to not begin the process again, saying the parking would be needed.

Jim Wilkinson spoke of the history and funding mechanisms for the parking district which he felt was outdated. He referenced the 2006 Walker Report and supported its recommendation for in-lieu fees, and that any new parking demand be met by the developer, not the city. He spoke of the ongoing cost burden carried by parking revenue.

Steve Birdlebaugh, Transportation and Land Use Coalition, said that the need to reduce gasoline use means substantial changes in auto use are imminent, and that this project could become a white elephant creating financial liability to the city, and asked that budgetary projections be developed and analyzed.

Willard Richards said a revenue stream was necessary to coordinate the city vision for transportation that has been put forward by staff. He supported the proposed hotel project and the public garage on the White House site, but urged that the size of the garage be further evaluated.

Peter Tcherneff suggested removing laws.

Paul Schwartz said that every business owner has to evaluate the cost of doing business in any particular area, particularly employee costs. He said that parking overhead is effectively additional rent and that without the parking investment downtown would lose those businesses to the outlying areas.

Hugh Futrell said that there must be a dramatic increase in employment in the downtown core to support the amount of residential development needed and that could not happen without parking infrastructure. He said that garages have been used to bring commercial development downtown; and that in order to attract employment downtown there is a need to increase parking downtown. He said that more than 600 spaces are needed based on the general plan goals. He said that within the downtown core the parking district exemption is fundamental as in-lieu fees would kill projects. He cautioned against raising parking fees and then not use them for parking.

David Petritz spoke of downtown San Francisco's successful reliance upon other means of transportation; supported the SMART train, and cautioned that too much parking would not be cost effective.

Mayor Gorin reordered action on the remaining items as follows:

**SANTA ROSA CITY COUNCIL MEETING MINUTES
TUESDAY, APRIL 28, 2009
COUNCIL CHAMBER, CITY HALL, 100 SANTA ROSA AVENUE
REGULAR MEETING**

**11.6 REPORT -- WHITE HOUSE SITE -
EXTENSION TO EXCLUSIVE RIGHT TO
NEGOTIATE PERIOD**

No further staff remarks were made.

PUBLIC COMMENT

Willard Richards referenced a copy of his memo containing an analysis of a parcel by parcel survey of parking requirements. He recommended getting some current estimates for parking space construction costs and seeking additional consultant expertise.

Jim Wilkinson supported study of in-lieu fees combined with a public discussion. He also wanted more information about the real cost difference between 545 or 400 or 425 spaces.

MOVED by Councilmember Bender, seconded by Councilmember Wysocky, carried 6-0-1 (Councilmember Sawyer abstaining), to adopt and waive reading of the text of the motion in item 11.6 as follows:

MOTION AUTHORIZING A SEVEN-MONTH EXTENSION TO THE TERM OF THE EXCLUSIVE RIGHT TO NEGOTIATE PERIOD APPROVED FOR METROPACIFIC PROPERTIES, LLC, TO DECEMBER 1, 2009.

**11.5 REPORT – DOWNTOWN PARKING
DISTRICT AND POLICY OVERVIEW (continued)**

MOVED by Councilmember Wysocky, seconded by Councilmember Bender, carried 6-0-1 (Councilmember Sawyer abstaining), to adopt and waive reading of the motion in item 11.5 as follows:

MOTION: TO CONTINUE THE DOWNTOWN AREA'S EXEMPTION FROM PARKING REQUIREMENTS ON NON-RESIDENTIAL DEVELOPMENT.

MOVED by Councilmember Wysocky, seconded by Vice Mayor Vas Dupre, carried 5-1-1 (Councilmember Olivares voting NO, Councilmember Sawyer abstaining), to adopt and waive reading of the motion in item 11.5 as follows:

MOTION: TO DIRECT STAFF TO COME BACK WITH MORE COST DATA REGARDING THE CURRENT PROJECT COST OF THE WHITE HOUSE SITE; COST DATA ON THE ESTIMATED COST OF CONSTRUCTING ONE LESS FLOOR OF PARKING ON THE WHITE HOUSE SITE; A COMPLETE ANALYSIS TO ALSO INCLUDE THE LEGAL IMPLICATIONS TO THE PROPOSED PROJECT

From: [Cadance H. Allinson](#)
To: [Rogers, Chris](#); [Alvarez, Eddie](#); [Rogers, Natalie](#); [Fleming, Victoria](#); [Sawyer, John](#); [MacDonald, Dianna](#); [Schwedhelm, Tom](#); [CityCouncilListPublic](#)
Cc: hf@hughfutrellcorp.com
Subject: [EXTERNAL] Item 15.0
Date: Monday, April 11, 2022 1:30:59 PM

Mayor Rogers, Vice Mayor Alvarez and Members of Council:

The DAO wishes to express strong appreciation for the focus that council has put on the economic development of the Downtown core, especially as it relates to housing. We also strongly appreciate recent efforts of staff to include the DAO in discussions and take the feedback of business and property owners into consideration around a variety of topics that impact business in the District. Staff communication on issues related to Downtown development, has been clear and timely.

Earlier this year I sent a memo to council on behalf of the Downtown Action Organization, outlining the board's opposition to the potential declaration of Garage 5 as "non exempt surplus land". At their November 2021 meeting, a majority of the DAO board voted to express opposition to declaring the 3rd Street Garage, as well as lots 10 and 11, as surplus.

The DAO's opposition to this is as follows:

- a. the paralyzing effect on retail and office leasing in the vicinity of these parking assets, potentially over many years while the City considers possible transactions
- b. the removal of parking from these locations during the demolition and construction periods likely to last 24 months or longer
- c. the importance of developing downtown on a balanced basis --- very significant new housing production while protecting and expanding the retail and office employment base downtown

The DAO recognizes that redevelopment of certain parking assets and disposition of air space rights is in the public interest, but believe that conversion of Garage 5 would be a serious error and would have a strong adverse effect on downtown economics.

Thank you,

Cadance Hinkle Allinson

CADANCE HINKLE ALLINSON | Santa Rosa Downtown District, Executive Director
SANTA ROSA METRO CHAMBER
50 Old Courthouse Square, Suite 110, Santa Rosa, CA 95404
MOBILE 310-874-1115 | **P** 707-545-1414 | **F** 707-545-6914
DOWNTOWNSANTAROSA.ORG

From: nbalfour@airportbusinesscenter.com
To: [_CityCouncilListPublic](#)
Cc: [Scott, Jill](#); richardcoombs@comcast.net; "[Larry L. Wasem](#)"; "[Bill Carson](#)"; "[Matt Henderson](#)"; [De La Rosa, Raissa](#)
Subject: [EXTERNAL] RE: ITEM 15.1 - Request that Garage 5 Be Deemed Surplus Land
Date: Monday, April 11, 2022 12:29:49 PM
Attachments: [2022-04-12 SR Council Meeting - Letter to Council -Final.pdf](#)

City Council,

Attached is a letter from Airport Business detailing the unsurmountable impacts 50 Old Courthouse Square will face if Council follows staff's recommended action tomorrow night and deems Garage 5 surplus land.

Natalie Balfour
Asset and Project Manager
Airport Business Center
(707) 217-6252

April 11th, 2022

Santa Rosa City Council
City of Sant Rosa
100 Santa Rosa Avenue
Santa Rosa, CA 95404

Mayor, Vice Mayor, and Council Members,

Airport Business Center owns 50 Old Courthouse Square, which will face insurmountable problems if Garage 5 is deemed surplus land and ultimately developed into housing. Before we elaborate on these problems, we first want to propose the solution: **Deem the White House Lot Surplus Land and Develop It Into Housing Instead.**

The White House Lot wasn't considered for housing because it's a possible City Hall relocation site. The alternative relocation site for City Hall is a portion of the current City Hall site. In previous staff reports, planning reasons were provided explaining staff's preference towards relocating to the White House Lot. However, upon further discussions, we discovered the biggest reason staff is recommending the White House Lot is that it's the most cost-effective option.

Given the highest priority is creating housing downtown, as quickly as possible, the only solution is for Council to take advantage of the White House Lot's cost-effectiveness and use it to help the City's first public-private partnership (P3) project succeed.

The City must first find a developer willing and capable of constructing the project. The White House Lot is desirable because of the following reasons:

- No required demolition.
- Increased efficiency.
- Reduced project duration.
- Reduced overall cost.
- Increased probability of success.

All these benefits would result in saving your future partner time and money. As a City, these are the two most valuable things you could offer when trying to attract quality developers.

This P3 project is just the first of many the City will need to complete to reach its housing goals. If successful, this project will act as a model convincing other developers to partner with the City in the future.

Now, moving on to the problem: The current plan, to deem Garage 5 surplus land and to ultimately develop it into housing, will cause us to face insurmountable problems that are elaborated on below:

Pre-Construction

- Before a shovel even breaks ground, our building will suffer large increases in vacancy. This process will take years. Before construction can begin, the following must be completed: RFP release, community engagement, public meetings, RFP creation process, community engagement, RFP selection process,

environmental review, further community engagement, public meetings, design review, additional public meetings.

- This process creates uncertainty, which creates rumors, which create fear, leading to more uncertainty.
 - As an example, the uncertainty about whether Courthouse Square would ever reunify was the catalyst behind Wells Fargo Advisors terminating their lease and moving to Fountaingrove.
 - The project's unknown parking situation will create even more uncertainty.
- Not only will we risk losing current tenants, but it will be extremely difficult to lease new space. No one will want to lease an office near a development project with an unknown start date or duration.

During Construction

This phase, and the associated impacts, will easily last 2-3 years:

- Rarely does a tenant break their lease. But there are a few things they are willing to lose money over. And they all have to do with quality of life.
- The constant noise, dust, and trash created by massive demolition and construction, especially lasting multiple years, can become unbearable enough for tenants to leave.
- We have been told that parking in Garage 9 would be the “temporary solution” during demolition and construction. However, a big reason our tenants lease from us is their access to Garage 5, not Garage 9.
 - We currently have tenants who refuse to park in Garage 9 because they feel unsafe due to the growing homeless population around Garage 9. This especially applies to our elderly tenants.
- No one will want to lease space next to an active construction site.

Post-Construction

- It will be unacceptable to our tenants if they are forced to park anywhere other than Garage 5, regardless of the number of available spaces. The direct connection between our building and Garage 5 is incredibly unique.
 - 1) Tenants can leave our building and enter Garage 5 without going outside.
 - 2) They have access to their cars without worrying about the weather or risking their safety in the dark, especially given the growing homeless population downtown.
 - 3) Many of our tenants have been with us for decades and have had parking spaces for just as long. Now that they are older, they now rely upon these accessible parking spaces.
 - 4) If forced to park in Garage 9, tenants would have to go outside, cross the street, and travel through Comstock Mall, which is known to be unsafe due to the homeless, especially afterhours.
 - 5) Potential tenants have been requiring permits in Garage 5 to sign a lease in our building. We have offered permits in Garage 9, but they have refused due the homeless problem around Garage 9.

Our request is that Council move in a different direction tonight, taking into consideration the information we and others have presented, and deem the White House Lot surplus land instead of Garage 5. We respect Council's dedication to providing housing downtown. We share that goal and want to help make it become a reality. But we must exist downtown to provide that help, and if Garage 5 is deemed surplus land, and subsequently developed, we will go into foreclosure or bankruptcy.

As the owners of the largest office building downtown, home of the Santa Rosa Metro Chamber, as the owners of the Roxy Stadium 14 building, as one of the companies that was closely involved in the Reunification of Courthouse Square, and as a company that both helped create and currently serves on the board of Santa Rosa's Downtown Action Organization, we are pleading with you tonight not to deem Garage 5 surplus land.

Sincerely,

A handwritten signature in black ink, appearing to read "Natalie Balfour". The signature is fluid and cursive, with the first name "Natalie" written in a larger, more prominent script than the last name "Balfour".

Natalie Balfour
Project Manager
Airport Business Center