

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JASON NUTT, ASSISTANT CITY MANAGER
SUBJECT: APPROVAL TO FURTHER EXTEND THE TERM OF THE
EXCLUSIVE NEGOTIATION AGREEMENT, AS AMENDED,
BETWEEN THE CITY OF SANTA ROSA AND ROGAL PROJECTS
FOR THE REAL PROPERTY LOCATED AT 625 AND 637 3RD
STREET, SANTA ROSA, CALIFORNIA

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by Real Estate Services that the Council, by resolution, approve an amendment extending the term of the Exclusive Negotiation Agreement dated September 14, 2023, as amended, between the City of Santa Rosa and Rogal Projects, a sole proprietorship, for an additional ninety (90) days beyond August 9, 2024, for the potential disposition and development of the real property located at 625 and 637 3rd Street, Santa Rosa, California, also known as Assessor Parcel Numbers 009-013-011 and 009-013-012 or Garage 5 (collectively, the "Property").

EXECUTIVE SUMMARY

In September 2023, Council approved entering into an Exclusive Negotiation Agreement (as amended, the "ENA") with Rogal Projects, a sole proprietorship ("Developer"), and over the past several months staff and Developer negotiated a non-binding term sheet for purposes of entering into a Disposition and Development Agreement ("DDA") for potential disposition and development of the real property located at 625 and 637 3rd Street, Santa Rosa, CA. The parties reached a preliminary agreement on the non-binding term sheet and are seeking additional time during which to draft and finalize the DDA and bring it back to Council in open session for approval.

BACKGROUND

Developer and City entered into an Exclusive Negotiation Agreement ("ENA") dated September 14, 2023, as amended by that certain (i) First Amendment to Exclusive Negotiation Agreement dated December 12, 2023, and (ii) Second Amendment to Exclusive Negotiation Agreement dated May 10, 2024, and are in the process of preparing a DDA. Due to the complexities of the negotiations and additional studies that

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need to be performed, Staff is seeking an additional ninety (90) days beyond August 9, 2024 during which to draft and finalize the DDA and bring it back to Council in open session for approval.

PRIOR CITY COUNCIL REVIEW

On September 12, 2023, the City Council, by Resolution No. RES-2023-162: 1) approved entering into an Exclusive Negotiation Agreement with Developer for the potential disposition and development of the Property, 2) authorized the City Manager to execute an Exclusive Negotiation Agreement and any amendments thereto, subject to approval as to form by the City Attorney's Office; and 3) directed staff to initiate negotiations to enter into a Disposition and Development Agreement for the Property.

On May 7, 2024, the City Council, by Resolution No. RES-2024-064 approved amending the ENA to extend the term for an additional ninety (90) days until August 9, 2024.

ANALYSIS

The City and Developer entered into an ENA dated September 14, 2023. The initial period of the ENA ran for ninety (90) days, and was extended by the City Manager pursuant to the First Amendment to Exclusive Negotiation Agreement dated December 12, 2023, for an additional 90 days, in accordance with the terms of the ENA. The parties reached a preliminary agreement on the non-binding term sheet by the deadline set forth in the ENA and sought an additional ninety (90) day extension in which to prepare a mutually acceptable Disposition and Development Agreement ("DDA") for consideration and action by the Council. On May 7, 2024, the City Council, by Resolution No. RES- 2024-064 approved amending the ENA to extend the term for an additional ninety (90) days and the parties entered into that certain Second Amendment to Exclusive Negotiation Agreement dated May 10, 2024, pursuant to which the term was extended until August 9, 2024. The parties are seeking an additional ninety (90) day extension beyond August 9, 2024, until November 7, 2024 in order to prepare the DDA due to the complexities of the negotiations and additional studies that need to be performed. Once a tentative agreement has been reached, the DDA will be brought to Council in open session for approval.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment,

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pursuant to CEQA Guidelines Section 15378.

In the alternative, if this action is deemed to be a project, it is statutorily exempt from CEQA pursuant to California Government Code section 65457 and CEQA Guidelines Section 15182 (c) as a potential residential project implementing the Downtown Station Area Specific Plan, and pursuant to California Public Resources Code Section 21155.4 and CEQA Guidelines Section 15182 (b) as a mixed use project that is consistent with the local Sustainable Communities Strategy, located within a transit priority area and consistent with the Downtown Station Area Specific Plan. The Environmental Impact Report for the Downtown Station Area Specific Plan was certified by the City Council in October 2020, and no events described in CEQA Guidelines Section 15162 have occurred to require additional environmental analysis.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

PRESENTER

Jill Scott, Acting Deputy Director/Real Estate Manager