SUPPLEMENTAL REPORTS & COMMUNICATIONS I Office of the City Clerk

City Council of the City of Napa Special Meeting

May 30, 2017

FOR THE CITY COUNCIL OF THE CITY OF NAPA:

4. ADMINISTRATIVE REPORTS:

<u>Item 4.A.</u> Public Safety and City Administration Project (JL FC15PW02) to Develop a New Joint Public Safety and City Administration Building and Sell Excess City Land for Private Development.

- Two PowerPoint presentations by City staff & Consultants
- PowerPoint presentation by Strada Scannell
- PowerPoint presentation by Plenary Group
- Email communication from Stuart Marks, Plenary Group to Jack LaRochelle Public Works

PRESENTATION OF PROPOSALS BY BOTH DEVELOPMENT TEAMS



27

Swing Space

- Following developer selection and Exclusive Negotiations Agreement (ENA) some or all of the following facilities may be required to relocate into temporary facilities:
 - CH, CSB, PD/Fire Admin, FS No. 1, Housing, MDF
 (Water Admin, HR and P&R would remain in place until new facility is complete)
- ETA will be determined once development team is selected and project scheduled finalized.
- Pros/Cons currently being analyzed to weigh:
 - A. limited disruption to current operations; versus
 - B. obtaining the highest land sale value and securing tax revenues from private development.



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Affordable Housing Component

- The RFP did not require that the Respondents submit proposals which include construction of affordable units.
 - The evaluation criteria adopted by the Council, included additional points for construction of affordable units.
 - Both development teams have communicated to us that the land value of the downtown properties owned by the City cannot support housing in the affordable range.



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Civic and Public Safety Facility Project

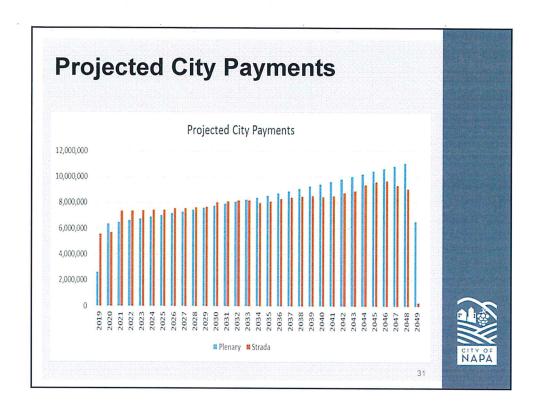
Financial Analysis



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Overview of Payments for each Proposal

- Average annual City payment for Plenary is \$8.256 M for 32 years
- Average annual cost for Strada is \$7.853 M for 31 years.
- Actual annual payments for both proposals are based on an escalating payment structure.



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Overview of Payments for each Proposal

- Plenary's escalating payment structure results in smaller payments in the short-term and larger payments in the long-term.
 Smaller payments in the first five years of the project help to minimize the City's risk of carrying the debt payments prior to the private development being built and the accompanying offsetting tax revenues.
- Strada's payment structure escalates slightly but is more level than Plenary's.



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Overview of Payments for each Proposal

 Total City payments for Plenary are \$255.9 M and for Strada are \$243.5 M.

It is important to note that while the average City payments and total payments are higher under the Plenary proposal, the Plenary project encompasses a wider scope, including 20% more space (23,000 additional square feet and accompanying parking) constructed than the Strada proposal.



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Overview of Payments for each Proposal

 The net public facilities cost for Plenary is estimated to be \$93.5M, while for Strada it is \$100.5 M.

A significant driver in the difference in net cost is the estimate of higher tax revenues for the Plenary proposal due to the differential in their private development proposal.



35

Prior Financial Projections

In 2015, staff presented a preliminary cost estimate of \$54,500,000 with parking estimated to be \$6,250,000, for a total project cost of approximately \$61 million. Factors resulting in higher costs are:

- Construction costs have increased significantly in the region.
- The proposal now includes a newly constructed Fire Station No.1.
- The proposals also include a 30-year operations and maintenance agreement (including capital improvement costs).
- The design and programming needs have been refined since the initial estimates as have the finishes in the public areas and gathering places to reflect the desire to provide a sense of place and reflect the world class nature of Napa.



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Evaluation Criteria

1. Public Facilities (30%)

2. Gateway Enhancement to 1st Street (5%)

3. Project Management Plan (10%)

4. Pricing & Structuring (25%)

5. Economic Impact (15%)

6. Private Development ____(15%)

TOTAL = 100%

Wow Factor

(Bonus 5%)



37

Evaluation Committee

- · Bob Hunt, Real Estate Advisor to the City
- · Jacques LaRochelle, Public Works Director
- Julie Lucido, Deputy Public Works Director, Fairfield
- Dr. Linda Jewell, Professor of Architecture, UC Berkeley
- · Robert Gamble, Financial Advisor to the City
- · Rick Tooker, Community Development Director
- · Steve Potter, Police Chief



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Technical Analysis Provided to Evaluation Committee

- Deep analysis of financial submittals and independent third-party verification of costs & projected revenues
- Extensive analysis of architectural submittals for conformance to program & technical specifications
- Analysis of long-term operations and maintenance proposals to ensure conformance to technical specifications & sufficient capital renewal reserves
- Comparison of private development against earlier feasibility analysis based on current demand



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Overview of Proposal by

STRADA & SCANNELL-BENEFITS/RISKS

- One move for city operations.
- · Modern, efficiently designed facilities.
- Land for future expansion, although costs not included in proposal.
- · Provides more residential units in core downtown.
- Smaller units may lend themselves to workforce housing. No affordable housing commitment.
- Delay in private development means tax payments will be delayed during most critical financing period.
- Provides much less expansion space in the City buildings than Plenary.
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Overview of Proposal by

PLENARY NAPA GROUP BENEFITS/RISKS

- · Striking architecture supporting the downtown gateway.
- Efficient four-floor design includes: 23,000 sq. ft. of expansion space & construction of sufficient parking to support expansion space (cost included).
- Expands parking adjacent to the Clay St Garage & provides added downtown parking for off-hours.
- Accelerates the delivery schedule and revenue generation with concurrent development.
- Includes 11,000 sq ft. in retail/grocery/restaurant.
- Includes 60 market rate condominiums.
- Includes 250 mf units at Soscol/Central. Some affordable units possible but number unknown.
- · Requires an interim move for Super Block & CSB.
- Have not identified staging locations.



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Evaluation Committee Recommendation

- Consensus of the Evaluation Committee found the Plenary proposal stronger than Strada in every area except project management plan & private development categories.
- Point spread was 17%; Plenary (2808) Strada (2323) out of 3500.
- Plenary consistently responded to every question & concern with well-thought out replies & appeared to be poised as an excellent partner over the next 30 years.



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Long Term Forecast Update Related to the Project



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Significant Updates Since January 2017

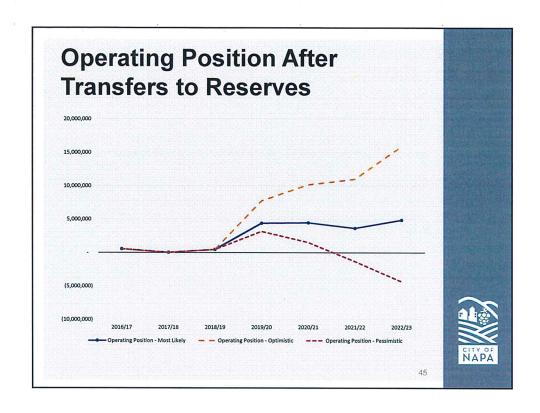
- Forecast reflects proposed 17/18 and 18/19 budgets; with decision packages.
- Modified phase-in of PERS discount rate changes per PERS guidance.
- 2% vacancy factor now included in forecast.
- Modified TOT forecast to be more conservative lower probabilities for certain hotel projects based on current information.

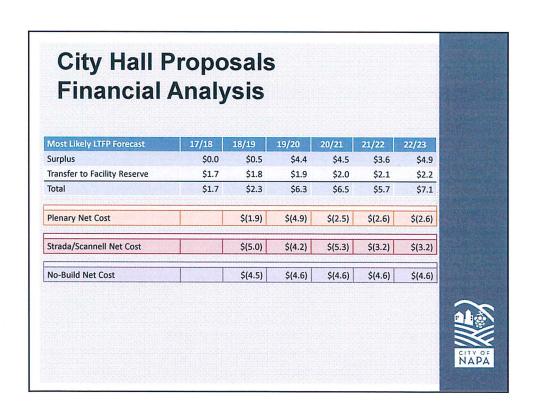


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Special City Council MeetingMay 30, 2017

Financial Analysis

Forecast based on analysis of long-term financial plan.

Finances can support project without affecting services.

The City does not currently have any general fund debt.

There is adequate support capacity in the area for the addition of a hotel without affecting surrounding businesses based upon City & both firms market analysis.



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Financial Conclusion

- No recession built into forecast.
- Overall forecast results driven by TOT growth.
- Most likely forecast shows ongoing surpluses of \$3.5 - \$4.5 each year of the forecast beginning in 19/20.
- Under this scenario, either developer proposal fits within available resources.
 - Plenary appears to be the more affordable of the 2, both short and long term.
 - Next several years, prior to hotel in operation, City may need to use reserves to fund payments in either proposal.



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Financial Conclusion

- Budgeted transfers to facility reserve can also be used to fund the project – intended for construction / renovation of workforce facilities.
- Either proposal is more affordable than "no build" option.



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Next Steps

- Authorize the City's special legal counsel to develop the Exclusive Negotiation Agreement (ENA) with the preferred development team.
 - Negotiated ENA to be reviewed and approved by the Council at a later date.
- Complete the rezone of the Super Block.
- Plan development & approval of public & private components will be subject to the typical public review process.



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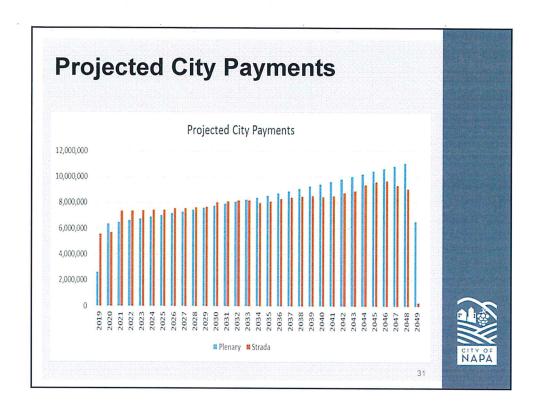
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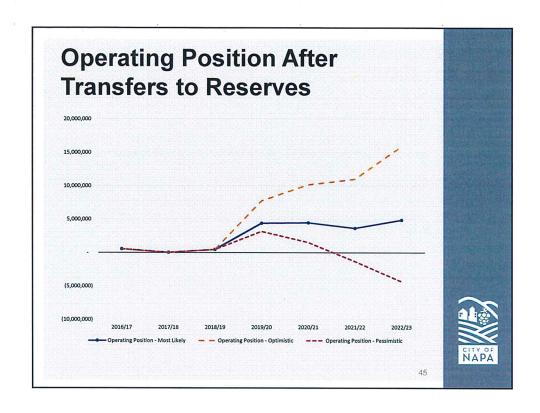
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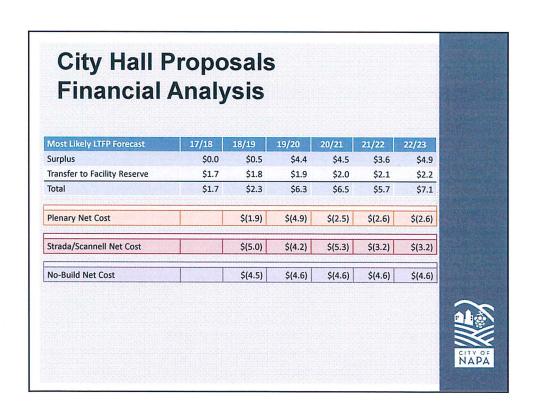


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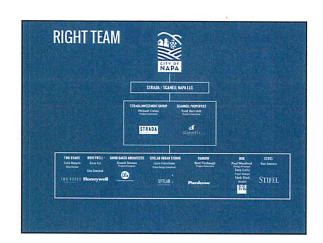
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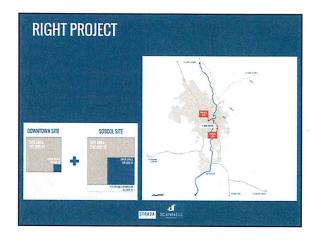
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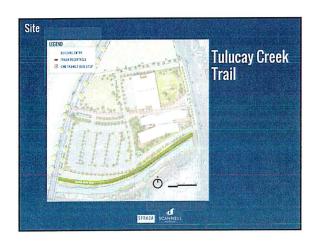


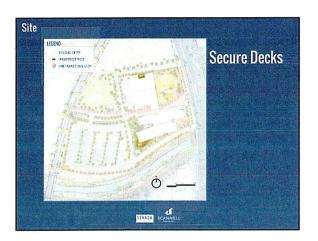




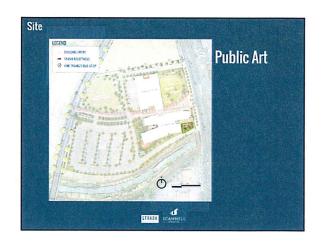










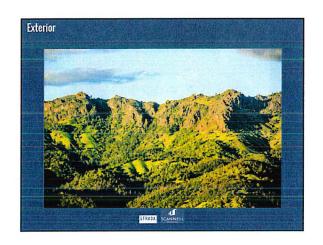
















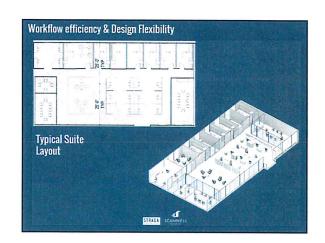


















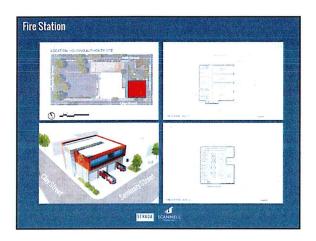


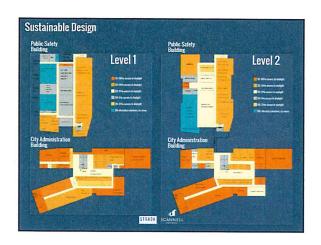




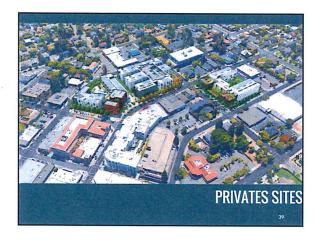












by the numbers
- 199 rooms
- 159,000 S.F.
- Rooms: 89,180 s.f.
- Garage: 20,080 s.f.
- Restaurant: 2,840 s.f.
- 225 parking spaces

by the numbers

Super Block Residential:

149 residential apartments

16 live work spaces

217 parking spaces

286,120 GSF

Residential: 145,130

Retail: 6,880

Live/Work: 8,150

by the numbers

CSB Residential:

122 residential apartments

9 live work spaces

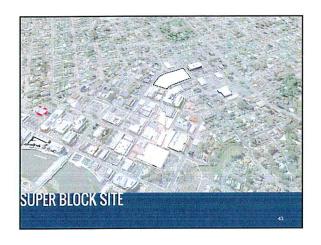
164 parking spaces

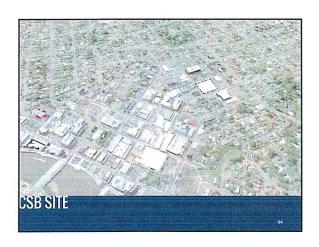
224,140 GSF

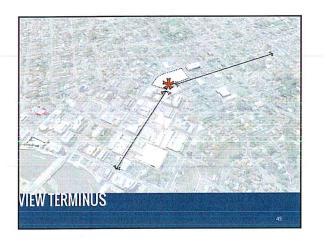
Residential: 121,970

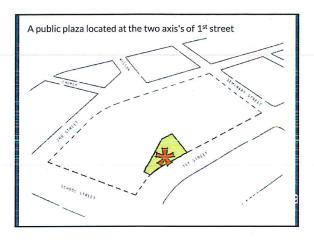
Retail: 2,510

Live/Work: 8,190





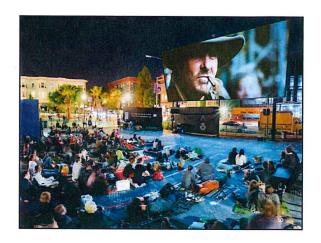


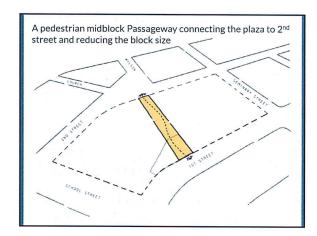








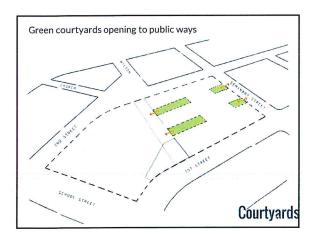










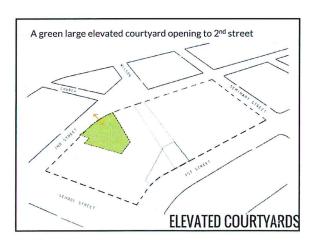


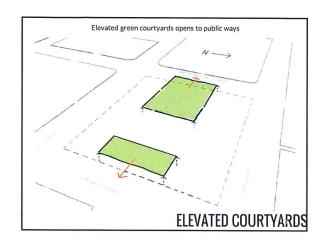


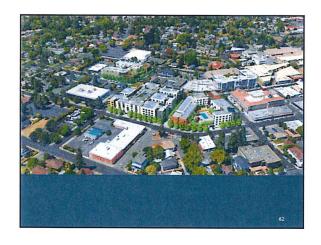








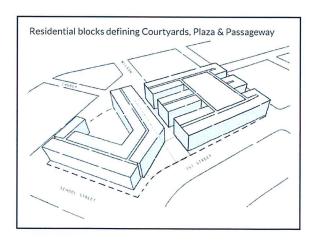


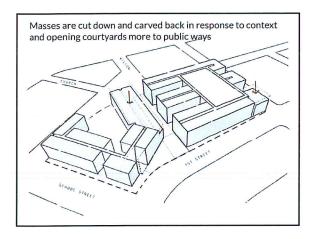


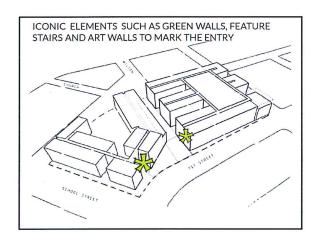


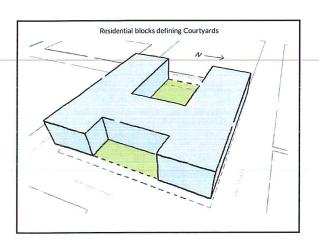


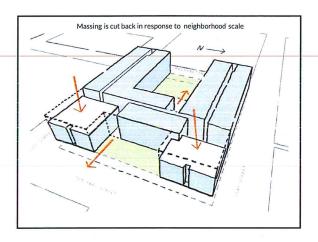


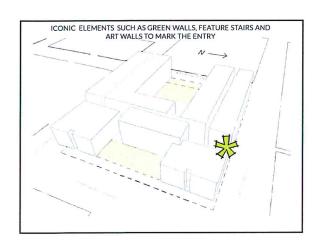


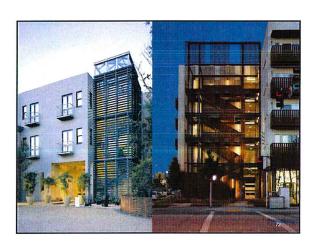


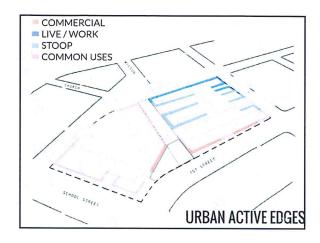


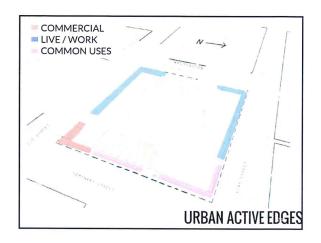


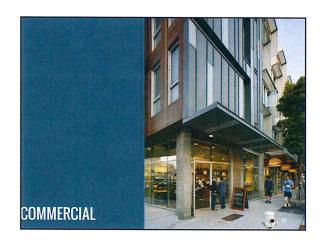


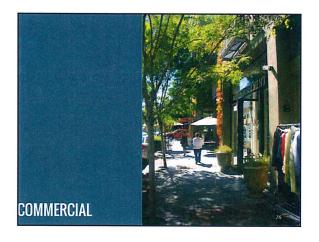






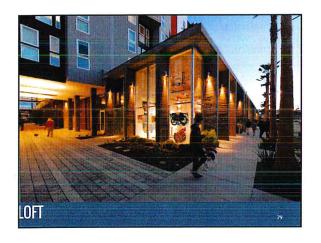


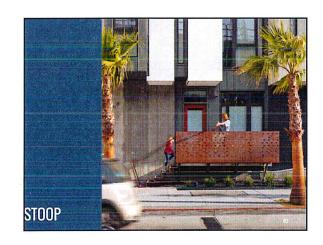










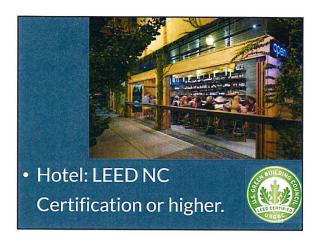


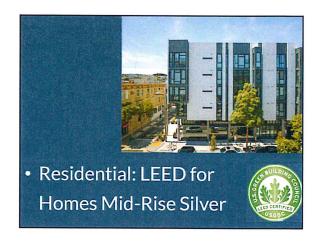


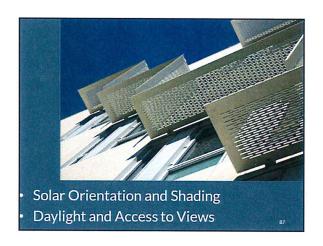




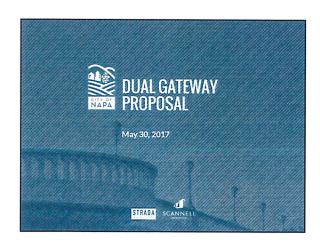


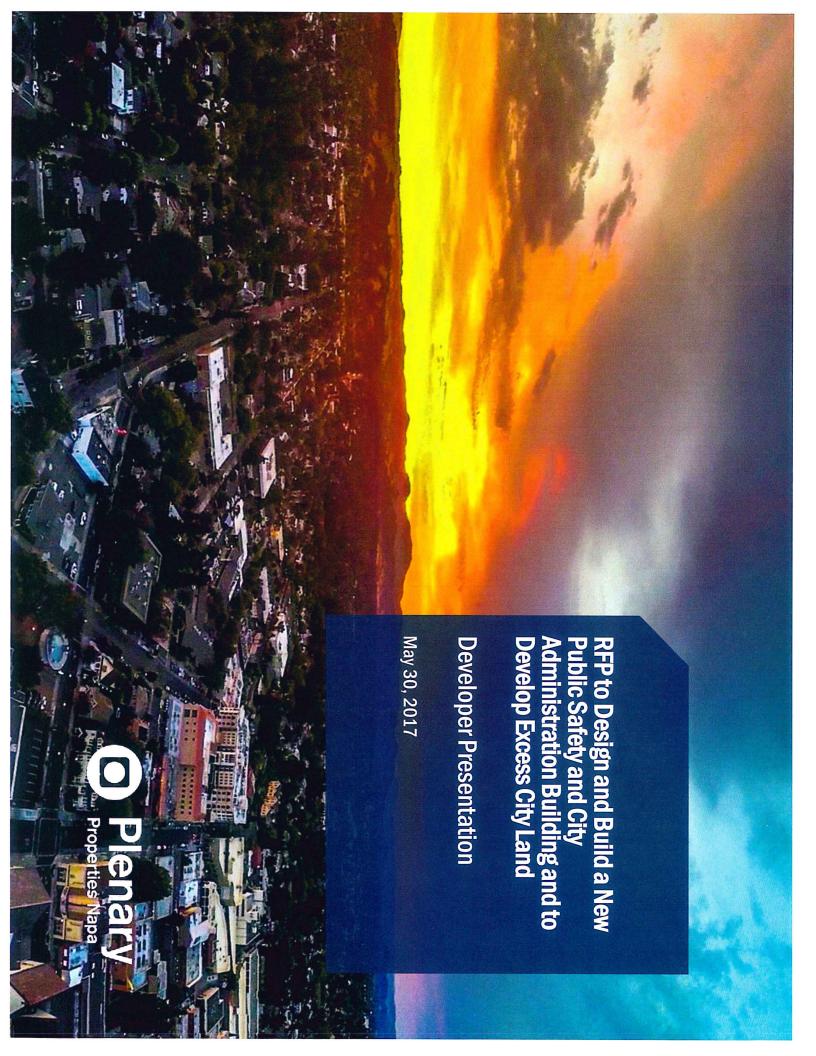


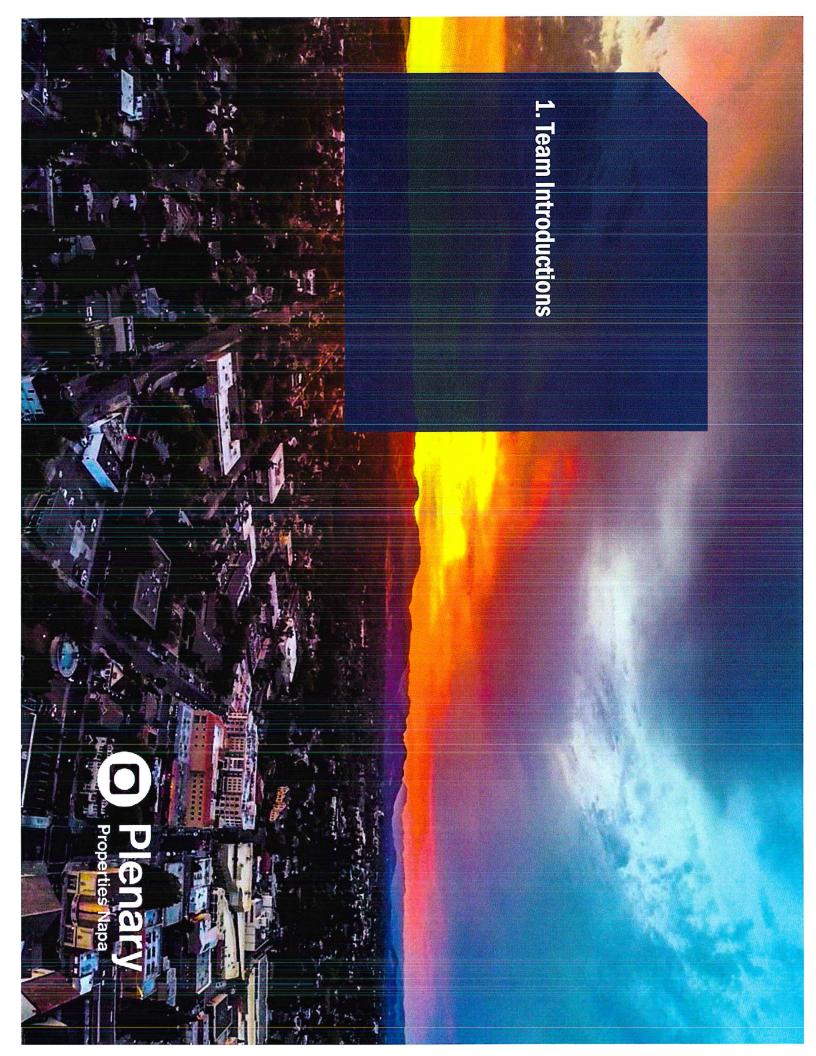




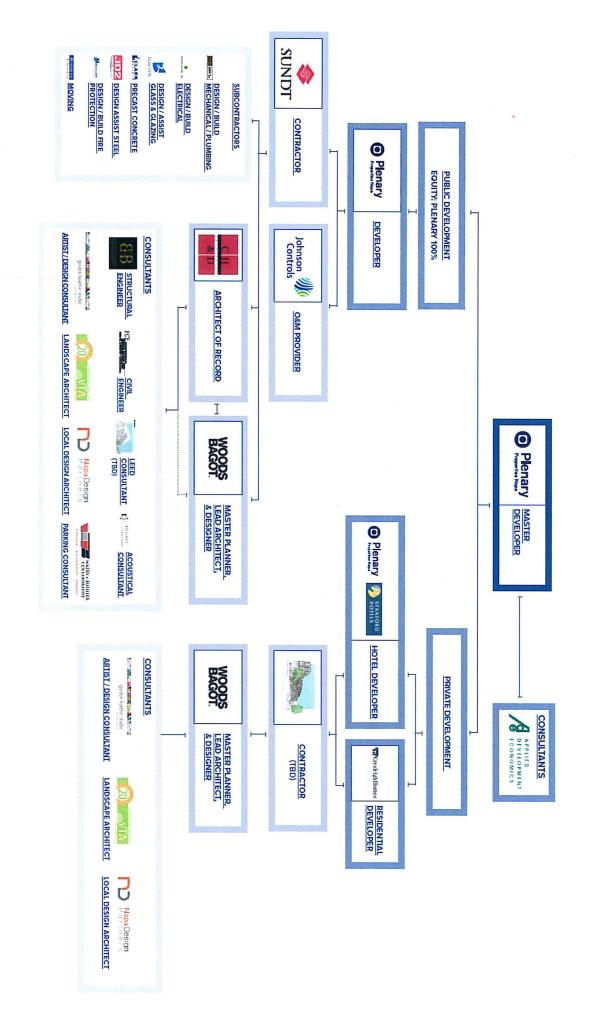






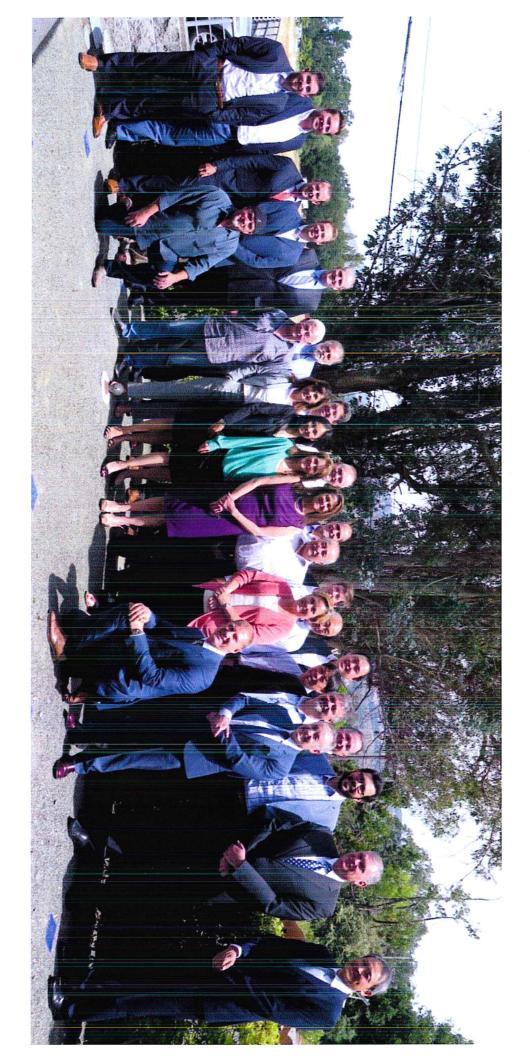


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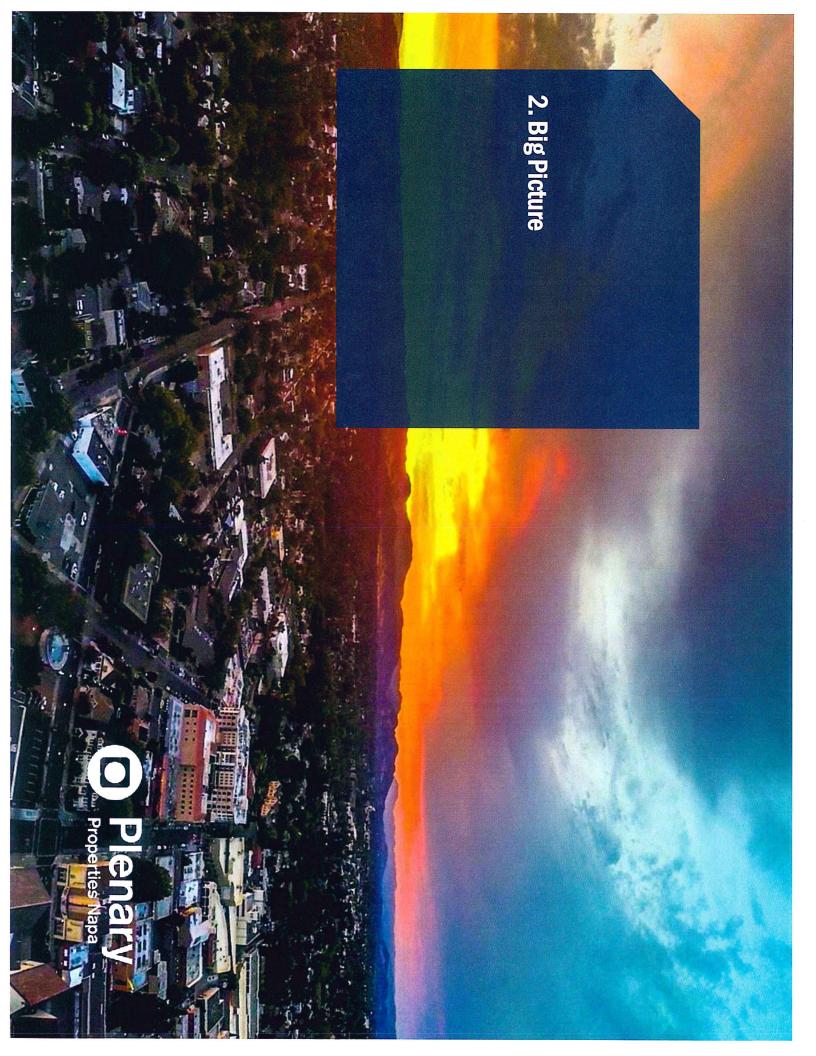




The PPN Team









Plenary Properties Napa

Where Did We Start?



City of Napa General Plan (1998)

along First, Second, and Third Streets" offices as well as the traditional downtown retail center "At the heart of the Central Planning Area is downtown. city, containing most County and City governmental Downtown is the governmental and cultural center of the



Downtown Napa Specific Plan (2012)

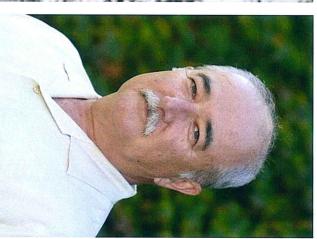
and public facilities" together to enjoy public art and culture, open spaces buildings are concentrated and where people come "Promote Downtown as the primary place where civic

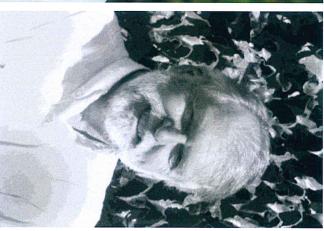


Listened to Local Team Members



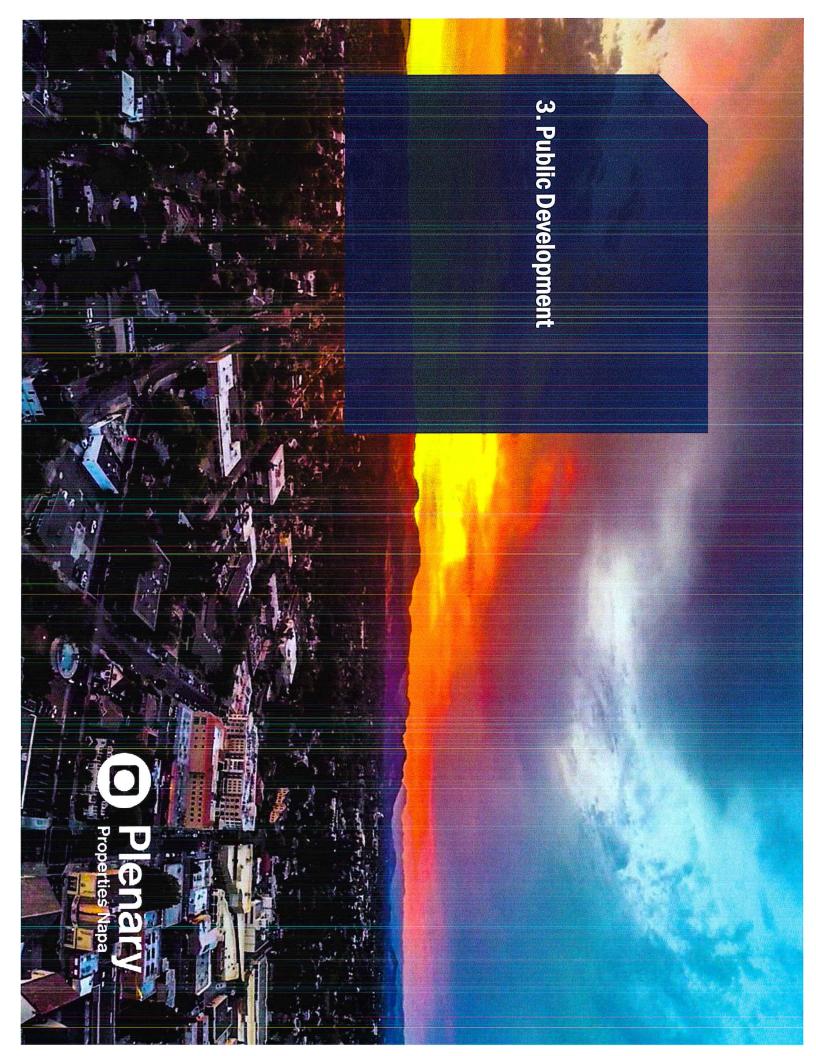














GATEWAY

PUBLIC ART



WEST ELEVATION



SOUTH ELEVATION





EAST ELEVATION

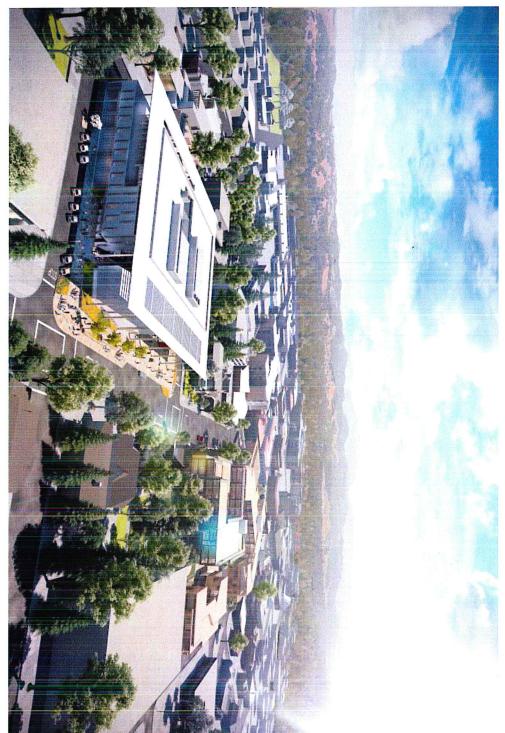


NORTH ELEVATION



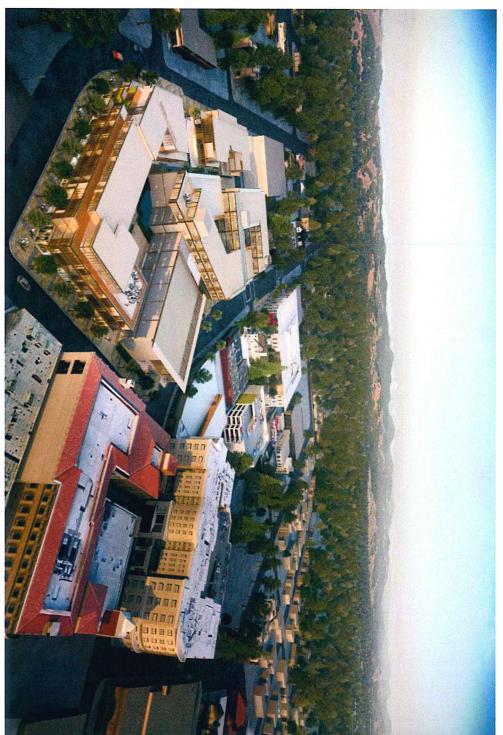


NE Aerial Perspective



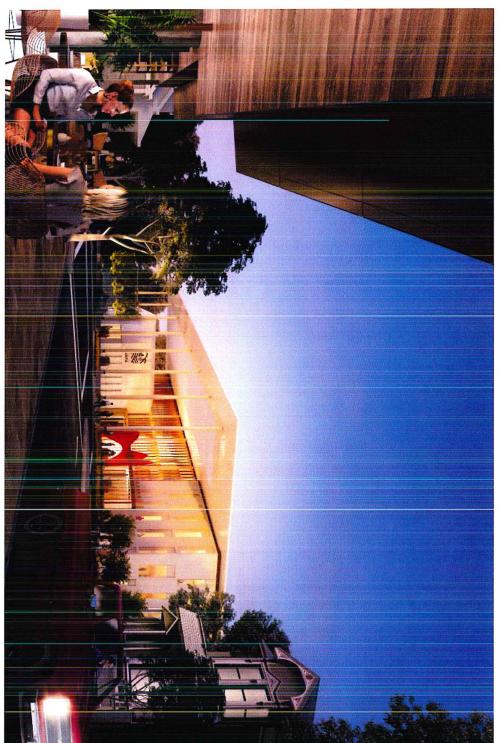


NW Aerial Perspective



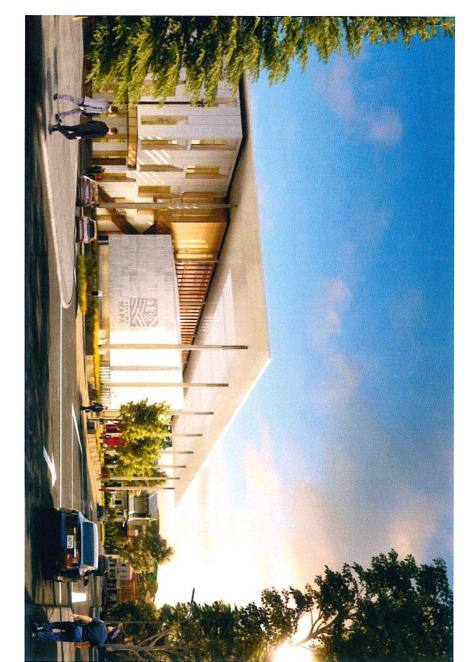


City Hall – West View from Private Development





City Hall – East View towards Downtown





SOUTH ELEVATION





NORTH ELEVATION





WEST ELEVATION



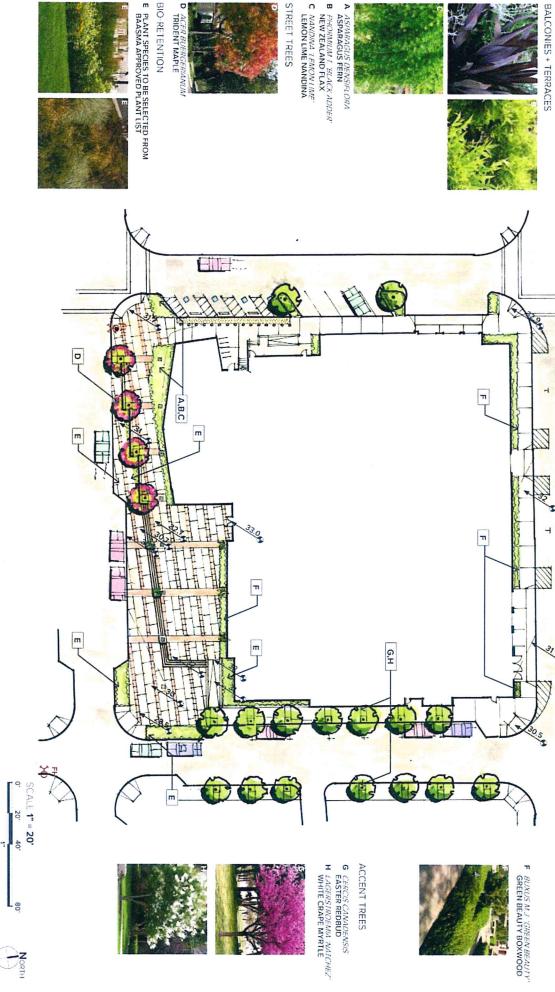


EAST ELEVATION



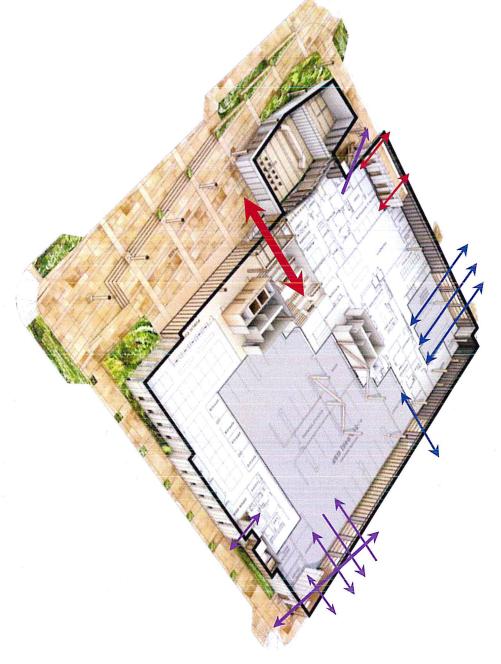








Ingress and Egress

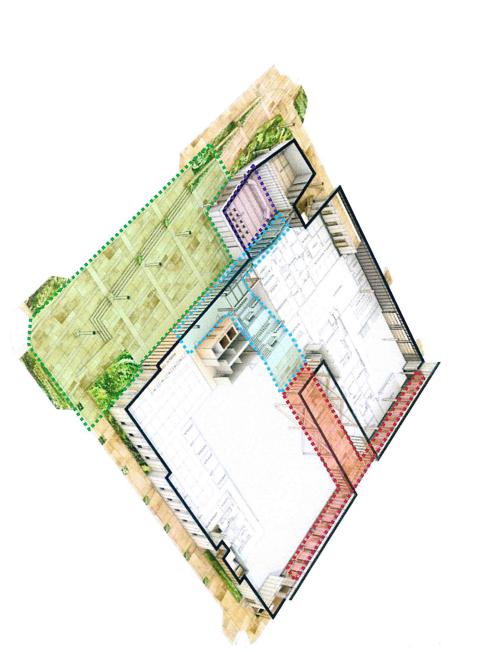




- PUBLIC ACCESS
 PRIVATE ACCESS
- POLICE ACCESS

Safety Public Spaces, Council Chambers, Admin., Public

Activities Supported, Space Characteristics and Adjacencies





Public Spaces, Council Chambers, Admin., Public Safety

Interior Finishes – Council Chambers





TEXTURED BLUE GREY TEXTILE

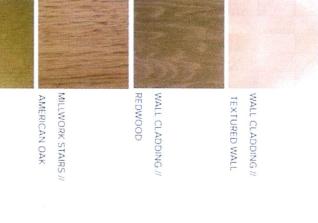


Safety Public Spaces, Council Chambers, Admin., Public

Interior Finishes – Public Lobby

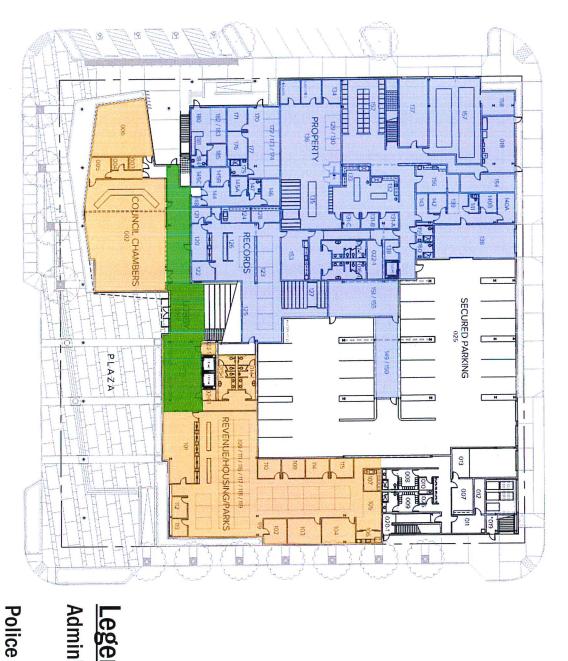
FINISH MATERIALS





Plenary Properties Napa

Level One of Civic Center



Legend

Administration







Level Two of Civic Center



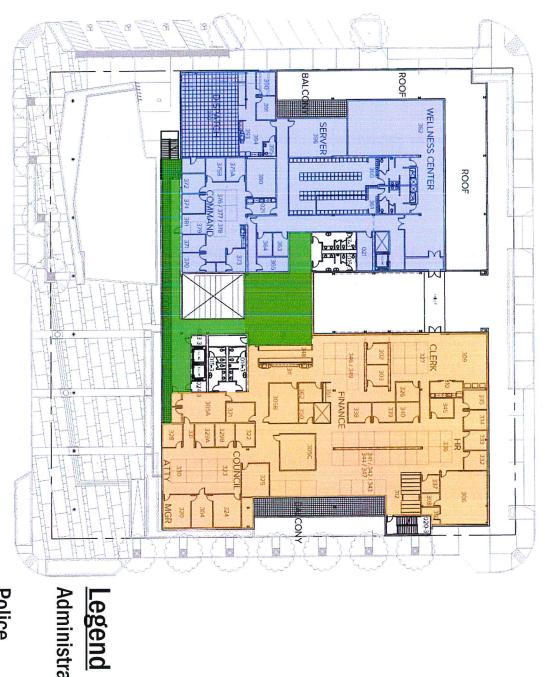
Police

Legend
Administration



Properties Napa

Level Three of Civic Center



Administration

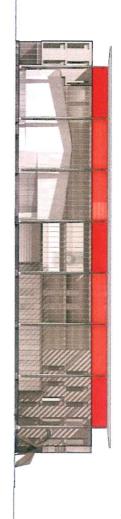
Police

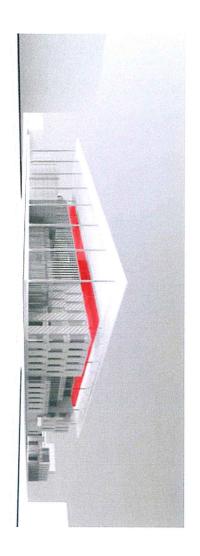


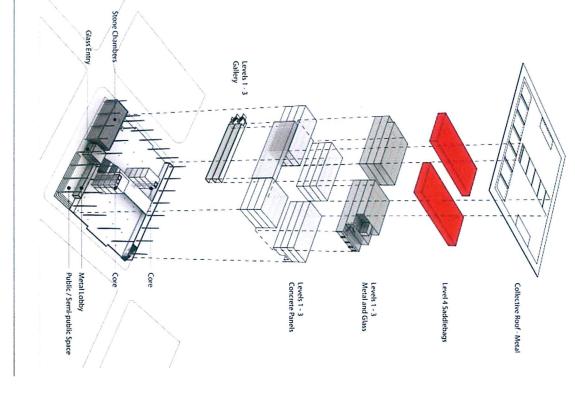


Safety Public Spaces, Council Chambers, Admin., Public

Program "Fit" and Future Expansion – 4th floor









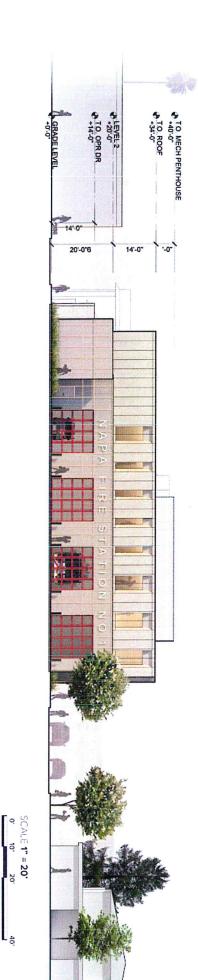
Fire Station



Seminary

LOOKING NORTH AT CLAY ST. AND SEMINARY ST.

SOUTH ELEVATION



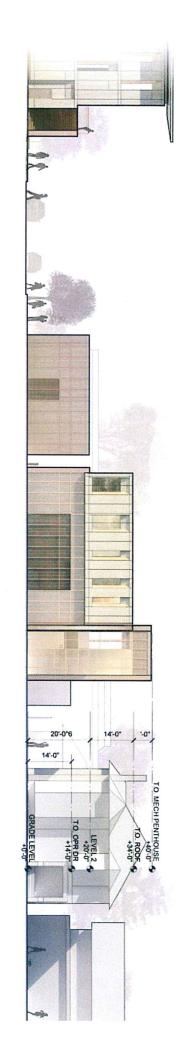


Fire Station

EAST ELEVATION



EAST ELEVATION - WITHOUT PLANTING



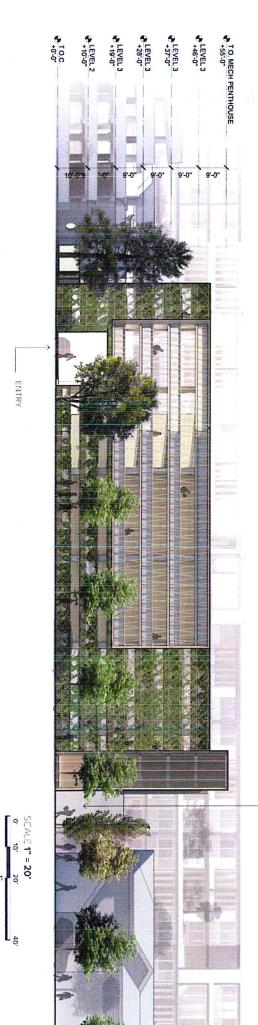


Parking



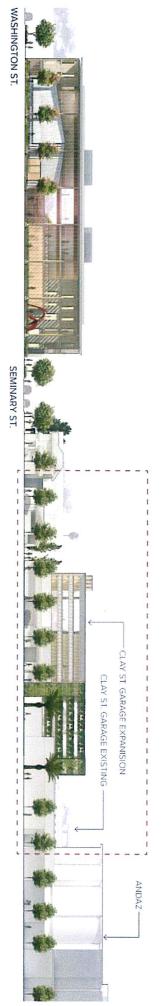
PEDESTRAIN N-S LANEWAY

NORTH ELEVATION



Parking

SOUTH ELEVATION - LONG

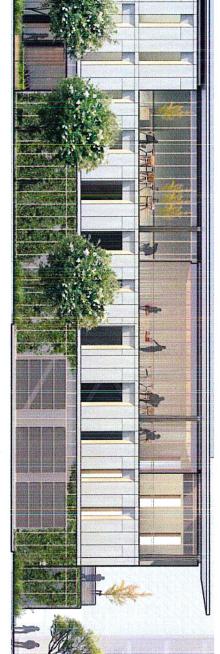


SOUTH ELEVATION





Sustainable Design









Public Art Master Plan



ENA Period - Community Outreach

- We want to hear from the community
- outreach events to specific segments of the community including youth and Community workshops, stakeholder interviews, focus groups and special Latino communities
- Follow up is important
- Led by Jennifer La Liberte



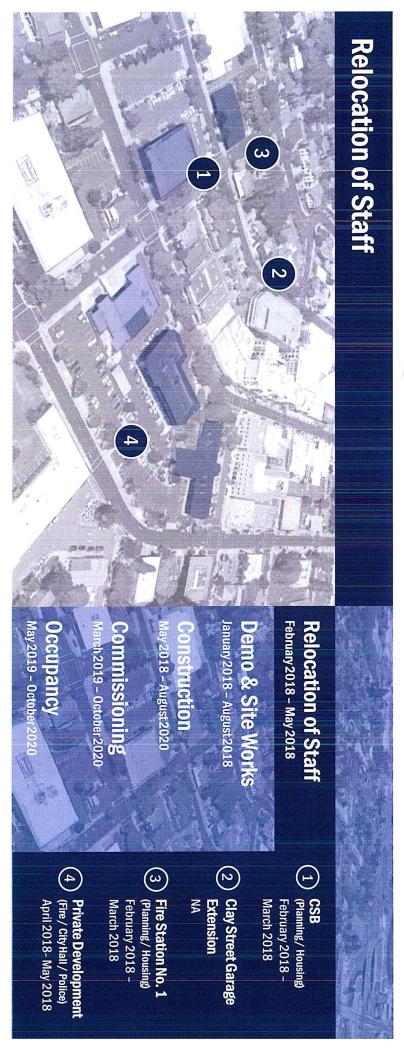


Approach to Swing Space and Staging Locations

- PPN's Proposal contemplates all City departments moving into "swing space" for approximately two years while the Civic Center is constructed
- PPN has identified multiple sites that could be utilized as swing space
- Current preferred sites include County H&HS Building and City Corporation Yard
- Sites meet PPN's "key principles" for swing space

Key Principle	Satisfied?
Within City limits	<
Quality premise(s)	<
Cost efficient	<
Available for two years (with additional flexibility if required)	<
Appropriate size for all employees	<







Private Development (Fire / City Hall / Police)

Fire Station No. 1 (Planning / Housing)

Clay Street Garage Extension - NA CSB (Planning / Housing)

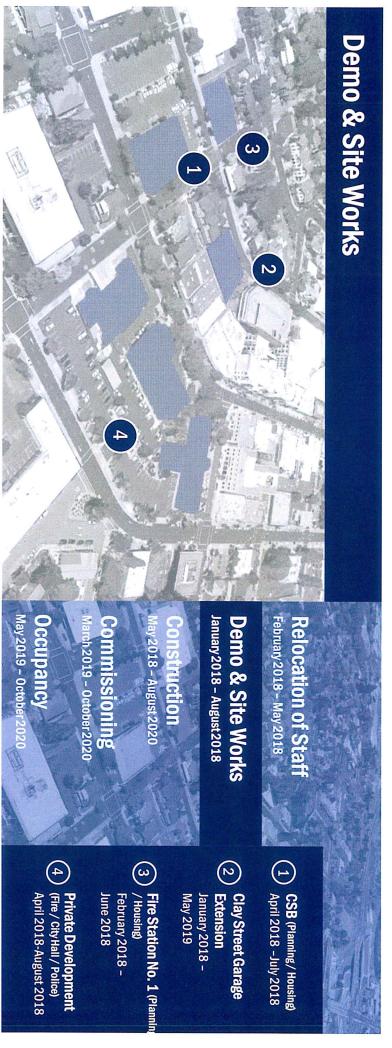
Feb

Mar

Apr

May

2018





	Jan	rep	War	Apr	Apr May	Jun	Jul	Aug
CSB (Planning / Housing)				ၜၣ			_	
ClayStreetGarage Extension	<u>မ</u>				2 8			
Fire Station No. 1 (Planning / Housing)		28				•		
Private Development Fire / City Hall / Police)				27				28



Private Developn (Fire / City Hall / Po





Clay Street Garage Extension

CSB

May

Jun

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Aug Sep Oct

Nov Dec

Jan

Feb Mar

Apr May Jun

<u>L</u>

Aug Sep

Oct

Nov Dec

Jan

Feb

Mar Apr May

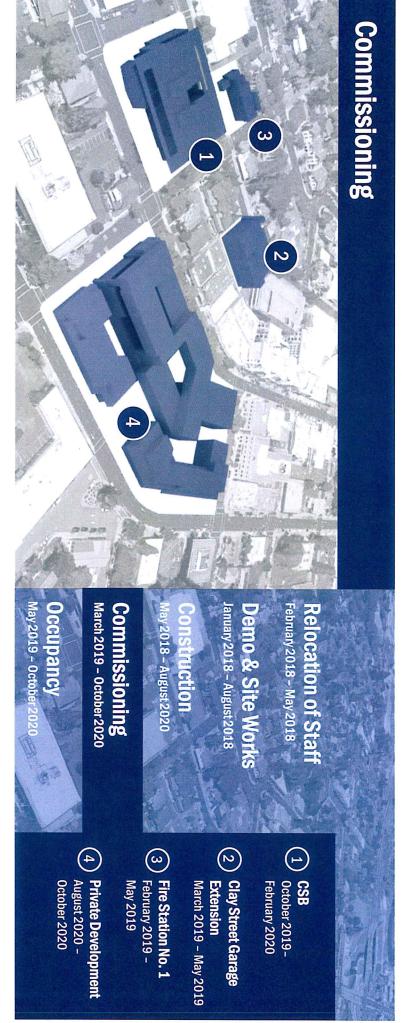
Jun

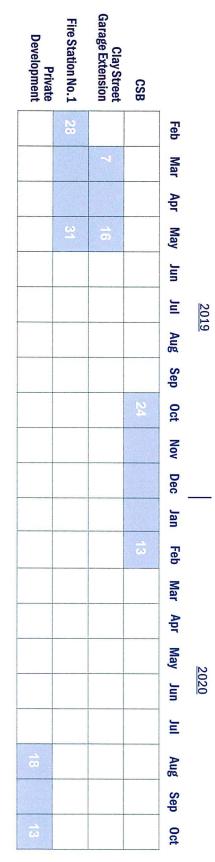
<u>L</u>

Aug

Fire Station No. 1

Private Development











Clay Street Garage Extension

CSB

May Jun

Jul Aug Sep Oct Nov Dec Jan

Feb

Mar Apr May Jun

L

Aug Sep Oct

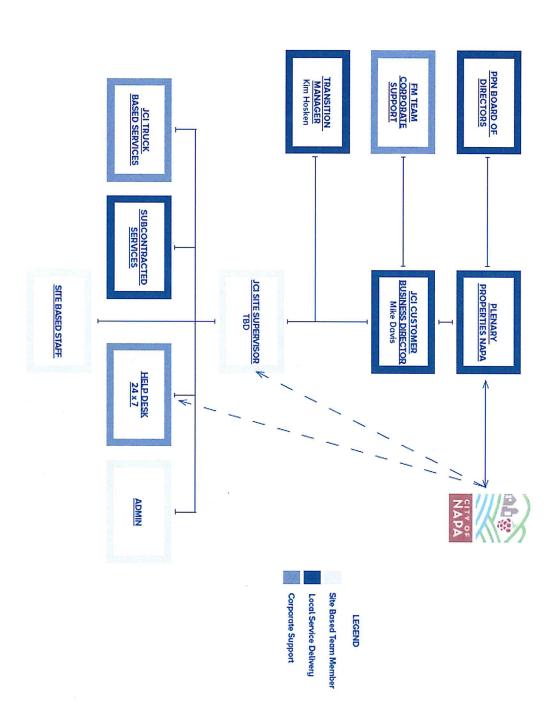
2020

Fire Station No. 1

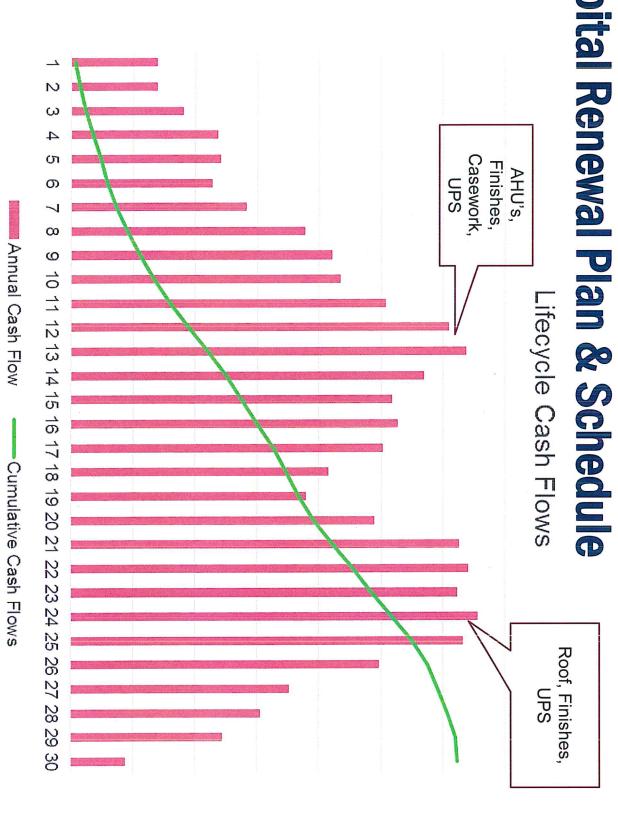
Private Development

Properties Napa

Operations & Maintenance: nteraction with City personnel/workflows

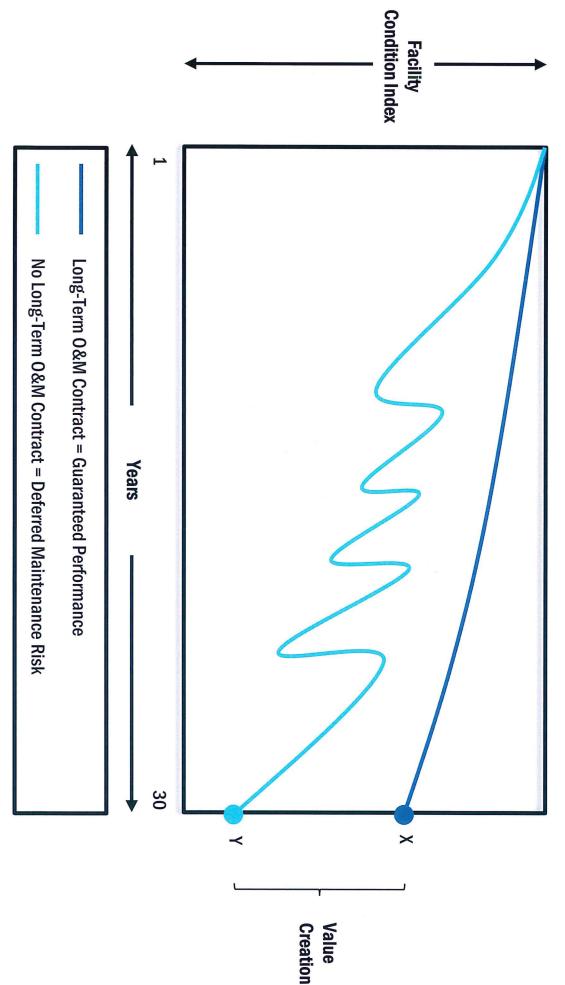








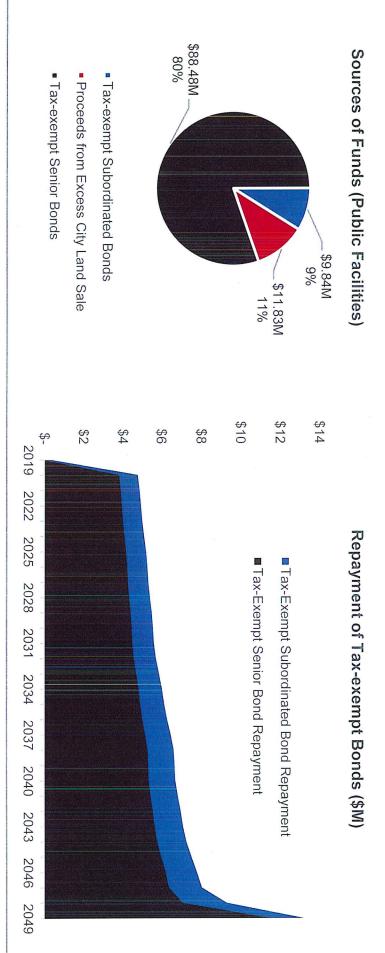
Guaranteed Performance (No Deferred Maintenance)





Overview of Financing Structure

- The Public Facilities will financed using three primary sources of capital:
- Tax-Exempt Senior Bonds
- Tax-Exempt Subordinated Bonds (Plenary capital)
- Proceeds from Excess City Land Sale
- The senior and subordinated bonds will be repaid over the entire operating period through the City's annual payment





Sources and Uses During Construction

Sources During Construction		Uses During Construction
ltem Amc	Amount (\$M)	Item
Senior Tax-Exempt Bond Proceeds	\$88.5	Construction Costs (Direct Costs)
Subordinated Tax-Exempt Bond Proceeds	\$9.8	Construction Costs (Indirect Costs)
Excess City Land Sale Proceeds	\$11.8	Construction Costs (Permit Fees/FF&E)
Total Sources During Construction	\$110.2	Operating Transition Costs

truction	Uses During Construction	
Amount (\$M)	Item	Amount (\$M)
\$88.5	Construction Costs (Direct Costs)	\$62.7
s \$9.8	Construction Costs (Indirect Costs)	\$20.9
\$11.8	Construction Costs (Permit Fees/FF&E)	\$3.1
\$110.2	Operating Transition Costs	\$1.0
	Swing Space Cost	\$4.6
	Financing Costs (Interest, Up-Front Costs)	\$6.4
	DSRA Funding	\$3.6
	Financial Advisory Fee	\$0.4
	Development Fee	\$0.8
	Bid and ENA Cost Recovery Costs	\$4.0
	SPV Costs During Construction	\$2.7
	Total Uses During Construction	\$110.2



Breakdown of Annual City Payment

- Once the Public Facilities are completed, the City will begin making an annual payment to:
- Repay capital (tax-exempt debt) that was borrowed to finance construction period costs
- Pay ongoing operating costs for the facilities
- Pay lifecycle (rehabilitation) costs for the facilities
- repays the senior tax-exempt debt The only portion of the City's payment that is <u>not</u> subject to "performance risk" is the portion that

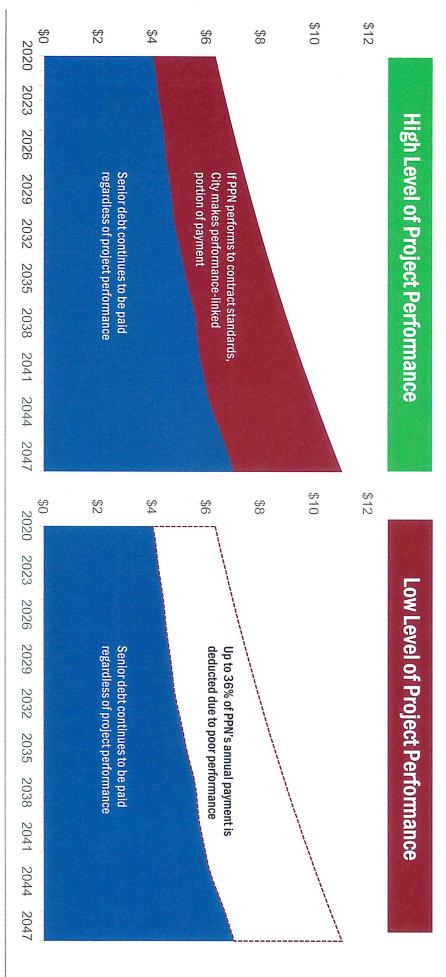
Total Annual City Payments \$260	Ongoing Lifecycle (Rehabilitation) Costs \$9	Ongoing Operating Costs \$48	Tax-Exempt Subordinated Bond Repayment \$41	Tax-Exempt Senior Bond Repayment \$163	Item Amount (\$M)
\$- 2019 2022 2025 2028 2031 2034 2037 2040 2043 2046		\$5			\$15 Tax-Exempt Subordinated Bond Repayment Tax-Exempt Senior Bond Repayment



2049

High Degree of Risk Transfer through Performance-_inked Payment Mechanism

- PPN's subordinated debt (owned by Plenary) and all ongoing operating costs will be directly tied to project pertormance
- If PPN does not perform to the contract standards, the City can reduce its annual payment by up to 36%





The City's annual payment is expected to equal \$6.08M per annum (\$2017)





Source: PPN's BAFO - Revised Financial Model.

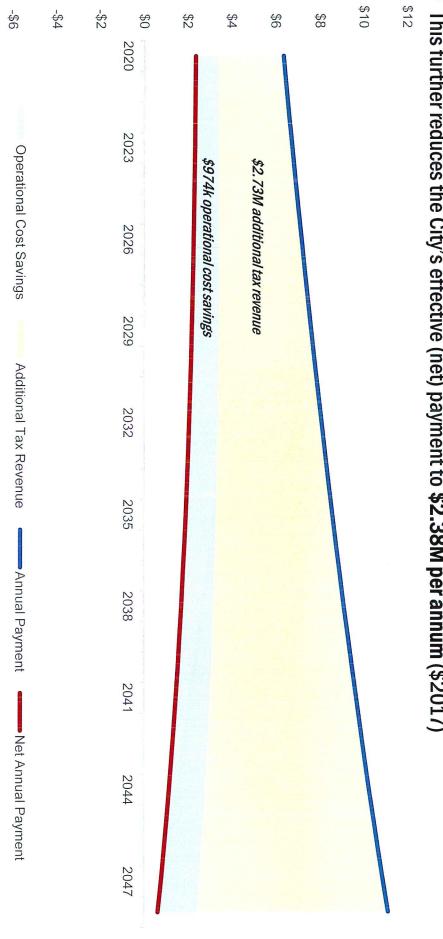
- PPN's proposal is expected to generate approximately \$974k of operational cost savings
- This reduces the City's effective (net) annual payment to \$5.11M per annum (\$2017)



Operational savings based on the City's operational savings assumption of \$700k, p.a. (based on \$8.00/sf), adjusted for PPN's operational cost efficiency (\$5.75/sf).



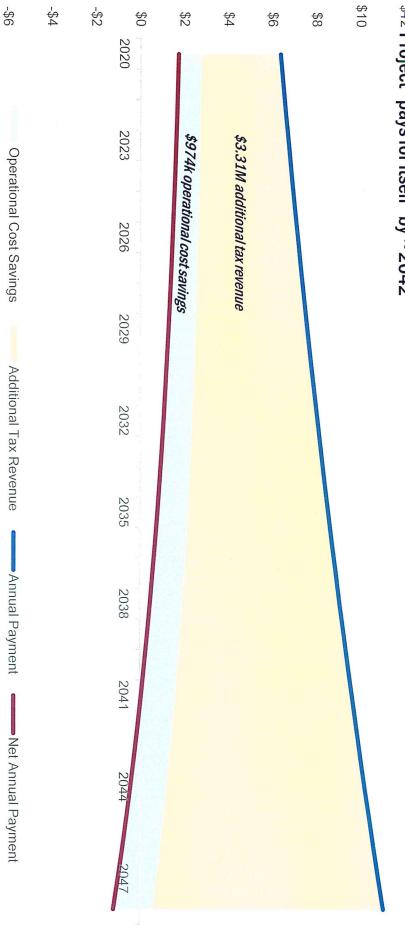
- ADE's "Base Case" private development of a 200 key hotel and 50 residential units is expected to generate approximately \$2.73M of additional revenue per annum
- This further reduces the City's effective (net) payment to \$2.38M per annum (\$2017)



Source: ADE's Economic Analysis of Proposed Downtown Napa Development - 200 Key Hotel.

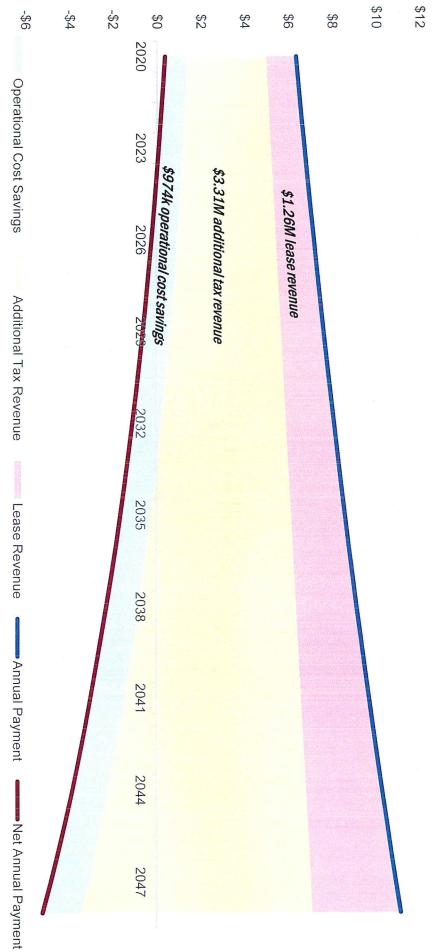


- However, PPN's proposal (250 key hotel and 100 residential units) would increase the City's expected tax revenue by \$582k to \$3.31M per annum
- This further reduces down the City's effective (net) payment to \$1.79M per annum (\$2017)
- \$42 Project "pays for itself" by ~ 2042





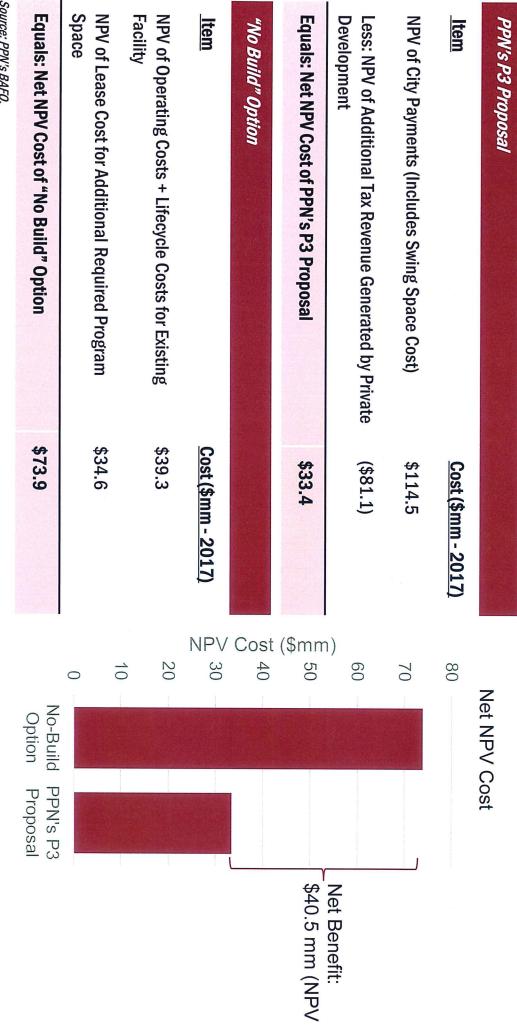
- If the City opts to lease its 4th floor space, this would generate \$1.26M of lease revenue per annum
- This further reduces the City's effective (net) payment to \$0.53M per annum (\$2017)
- Project "pays for itself" by ~ 2024



Additional lease revenue assumes 30,000 GSF * \$3.50/sf rent * 12 months = \$1.26M annual revenue (\$2017)

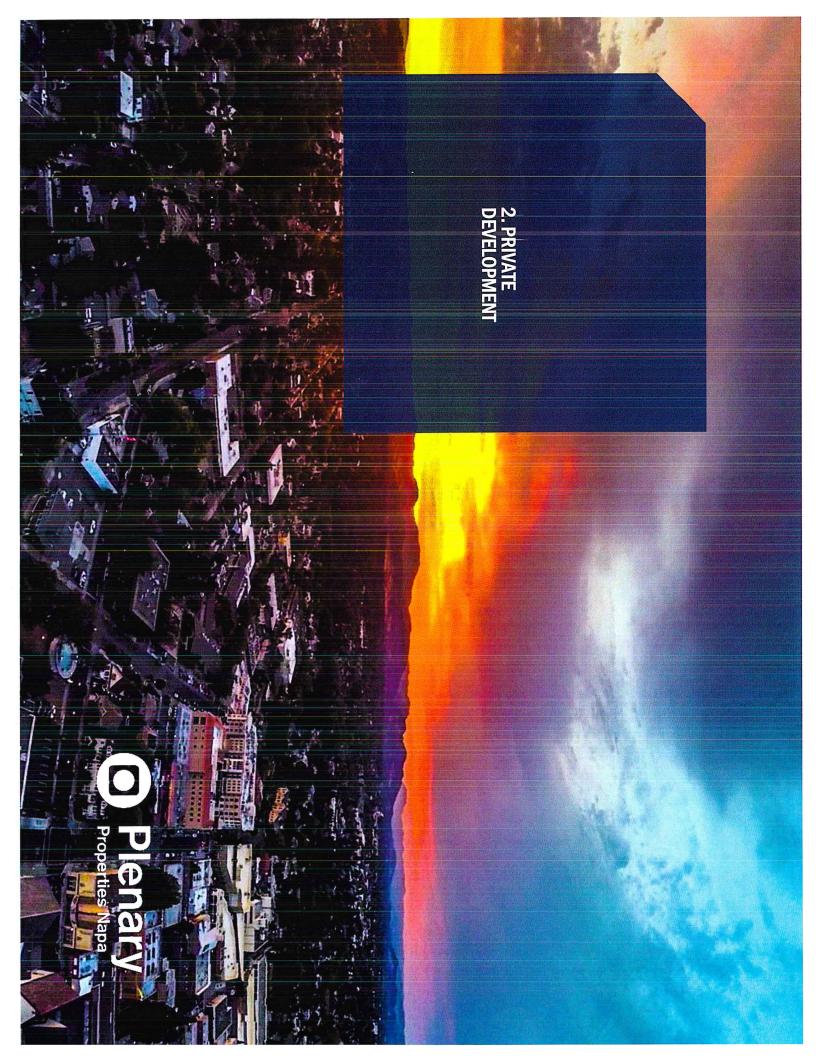


PPN's Proposal is More Economic vs. "No Build" Option



Source: PPN's BAFO.





Stanford Hotels | Cresleigh Homes Napa Team: Focused, Experienced, and Committed

Stanford Hotels and Cresleigh Homes are a real estate development group with internal financing capabilities that is engaged in residential and hotel development on a national scale. The group has recently focused on urban projects transforming neighborhoods



Napa Superblock Site Team



Tim Cresleigh Homes



STANFORD

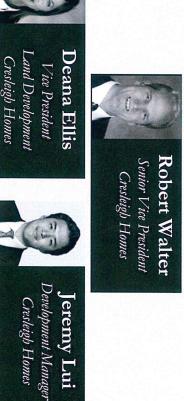
HOTELS



Todd Motoyama

Capital Projects Stanford Hotels

Vice President

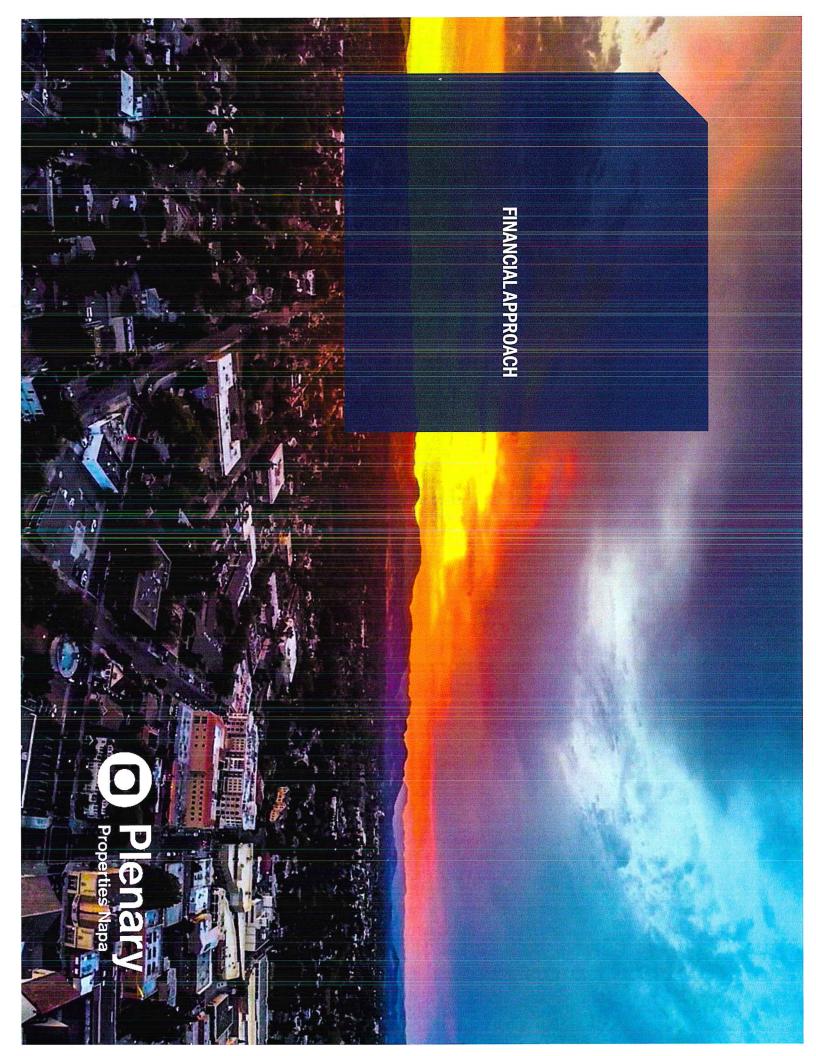


Cresleigh Homes









Strategies to Ensure Performance **Commitments Provided:**

Strategies to Ensure Performance:

- Proposed concurrent schedule makes Superblock available for Private Development sooner
- Expedited ENA period through to Financial Close; and
- Ability to deliver:
- Stanford Hotels: experience in development and operations; 14 hotels nationwide with 3 additional hotels under construction pipeline; and experience in both boutique and branded hotels
- Cresleigh Homes: experienced Californian developer with local Napa City experience; and experienced as developer and operator of for sale and for rent projects

Leadership Through Experience

Master Developer



Hotel Developer



STANFORD HOTELS

Residential Developer





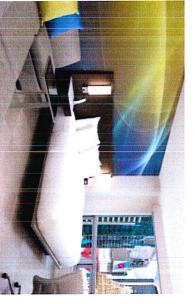


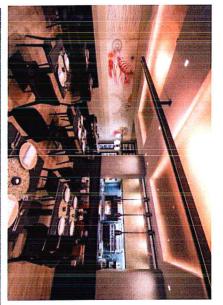


Stanford Hotels: Portfolio Highlights

Luma Hotel, Times Square, New York

- Garces' Ortzi Restaurant 130 Rooms; Celebrity Iron Chef Jose
- 28 Story Concrete Construction
- 4-Star boutique, self-branded hotel
- New Build Opened 2017





Marriot San Diego Gaslamp Quarter

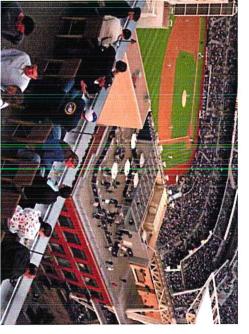
Hilton Washington Dulles

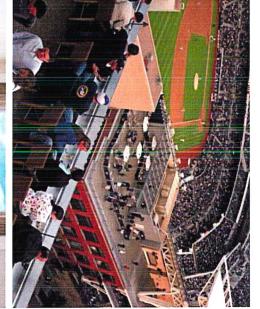
150 Room and 8,000 SF Ballroom

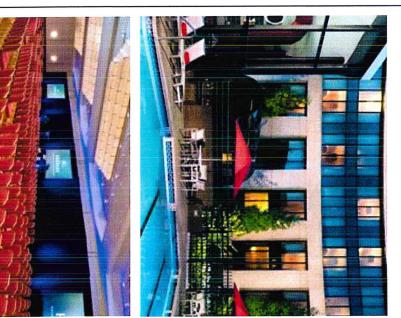
- 306 Rooms
- **Convention and Ballpark Location**
- 9,000 SF Conference and Event Space
- Reconstruction in 2005

5-story concrete construction New Build - Opened 2005 **Conference Center Expansion**

18 month closure

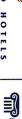








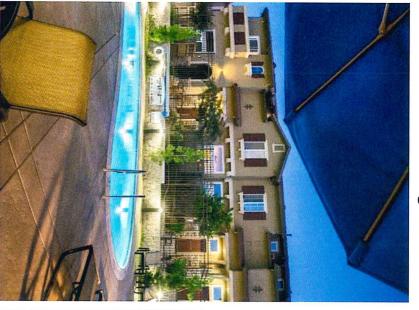




Cresleigh Homes: Portfolio Highlights

Adora

- Roseville, CA
- 103 Units
- Condo Map
- Opened May 2012
- 10% Affordable Housing at Sale



Pearl Creek

- Roseville, CA
- 224 Units
- Recipient of BIA's MAME Award Community of the Year, 2015
- 15% Affordable Housing



Garnet Creek

- Rocklin, CA
- 260 Units
- Multifamily
- Opened December 2016
- 100% Market Rate







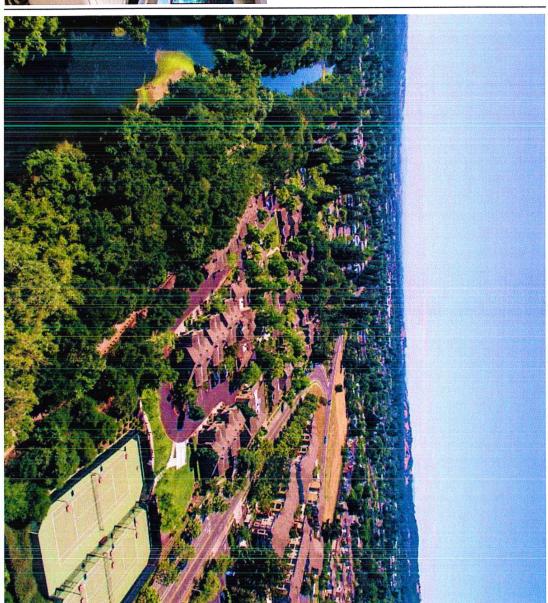


Cresleigh Homes: Towpath Village

Towpath Village Highlights:

- Converted into the most premiere apartment complex in City of Napa
- Adaptive reuse for 59 Units
- Recipient of the California Apartment Association's GEMM Award
- Best Renovated Property, 2014
- Amenities include pool, club house, fitness center, tennis court, and dog run











Cresleigh Homes: SoCo (fka Pietro Place)

SoCo Highlights:

- Acquired entitled site in 2016 for 171 units,
 11 affordable
- 292 parking spaces
- Located in McPherson neighborhood on Central and Soscol Ave
- Three story walk up garden-style apartment with condo map











Vision and Inspiration



- Vision of project to support City's Vision: mix of uses to serve destination stops and locals
- Opportunity for place making and identity building: Live, work, play.
 - Transformative quality complex for downtown community that maximizes social and economic benefits:
 - 4 star, 250 room hotel
- 100 residential units, work with City for affordable housing balance



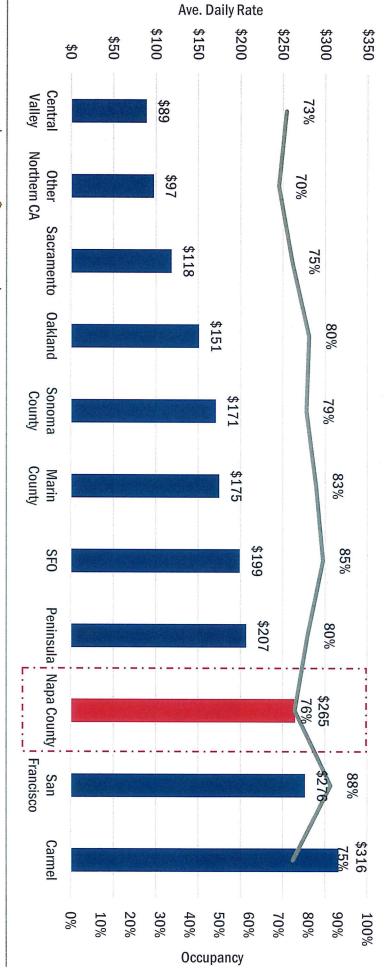




Market Research Supporting Hotel Pro Forma Assumptions

- CBRE Trends Report showing \$265 ADR and 76% occupancy for Napa County
- with 4 star hotel in downtown market at higher rates than County wide, based on current 4 star hotel inventory
- Year 3:
- ADR: \$394
- Occupancy: 78%

Northern California Hotel Fundamental Trends





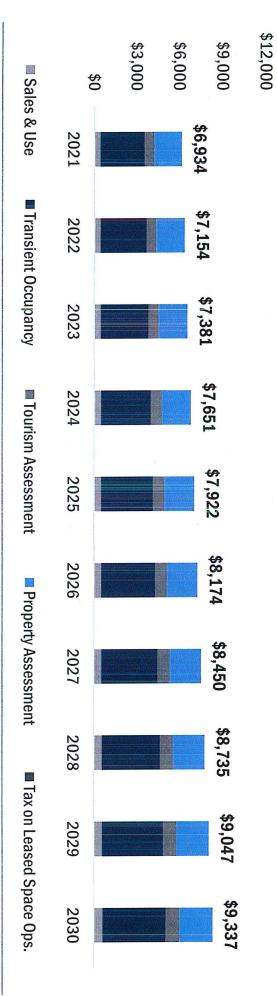




Hotel Tax Generation:

Estimated Tax Collections

80,785	_ 9,337	9,047	8,735	8,450_	8,174	7,922	7,651		7,154	6,934	[Total
21,023	2,295	2,250	2,205	2,162	2,120	2,078	2,038	1,998	1,958	1,920	Property Assessment
8,885	1,011	982	953	925	898	872	847	822	798	775	Sales Tax on Leased Spaces
	631	608	583	561	539	520	498	470	457	443	Sales & Use
8,222	977	942	903	868	835	805	772	728	707	686	Tourism Assessment
37,344	4,424	4,266	4,090	3,933	3,782	3,647	3,497	3,363	3,234	3,109	Transient Occupancy
Total	Year 10	Year 9	Year 8	Year 7	Year 6	Year 5	Year 4	Year 3	Year 2	Year 1	
10 Year					52						



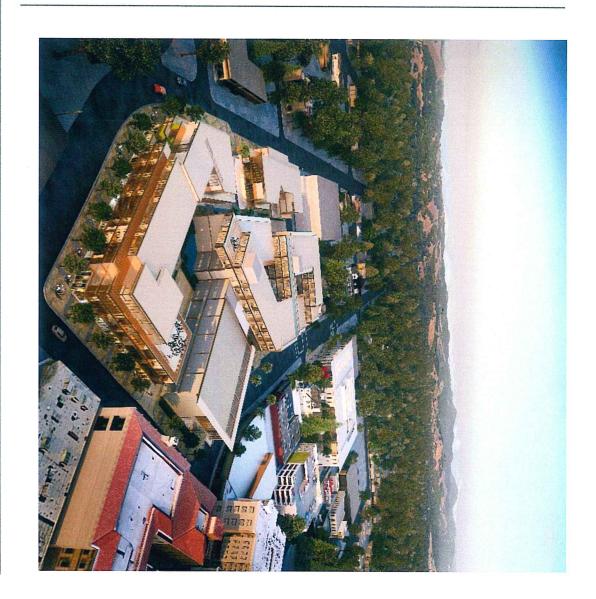




Enhancing Napa: Residential Offering

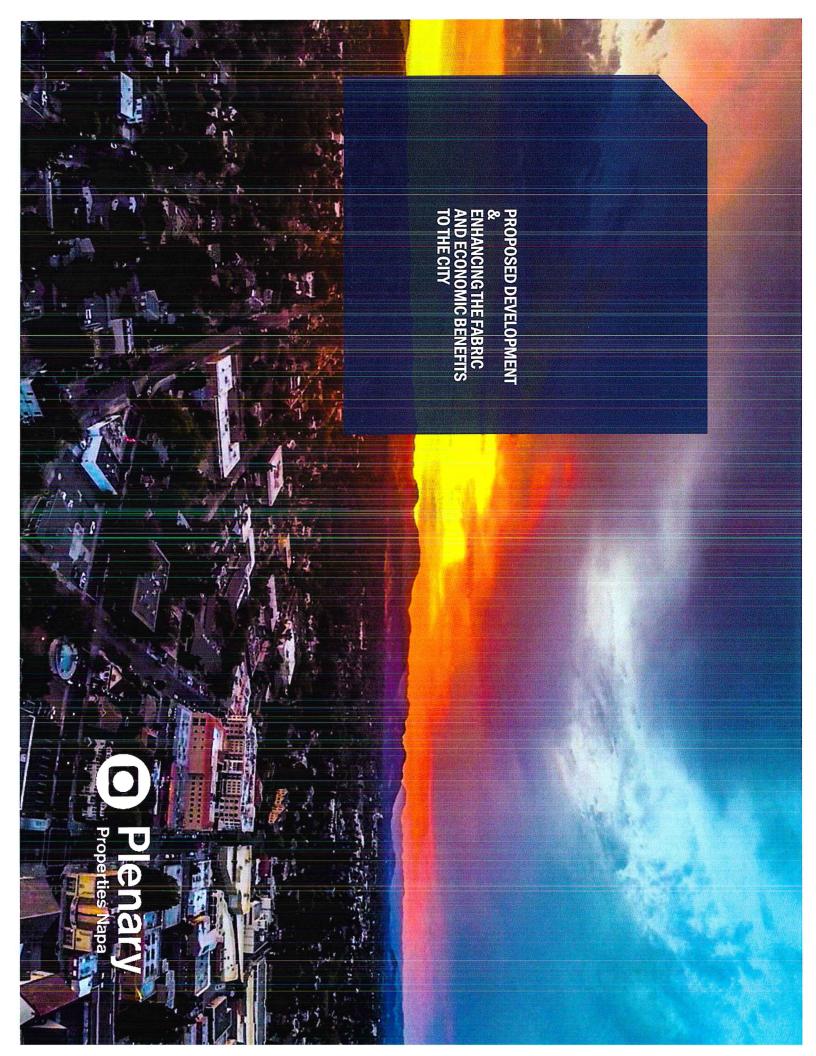
Vision of Downtown Napa

- Vision of downtown Napa as a pedestrian oriented, with neighborhood serving amenities within walking distance.
- Higher unit counts, and access to amenities through the use of efficient design and colocation with the hotel will help Napa work towards a solution for its housing challenges
- Pricing is geared for the Napa workforce, allowing for a range of household sizes and incomes to enjoy and contribute to downtown Napa









Hotel Offerings

- 5,000sf ballroom and 5,000sf
- meeting space
 Rooftop catering and event space
- Rooftop pool
- Rooftop bar
- Restaurants
- Café
- Large Fitness Center



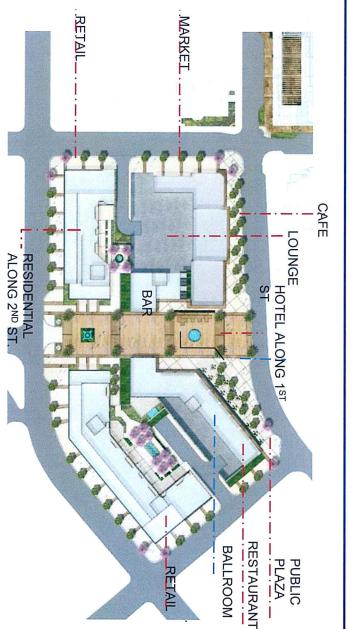
















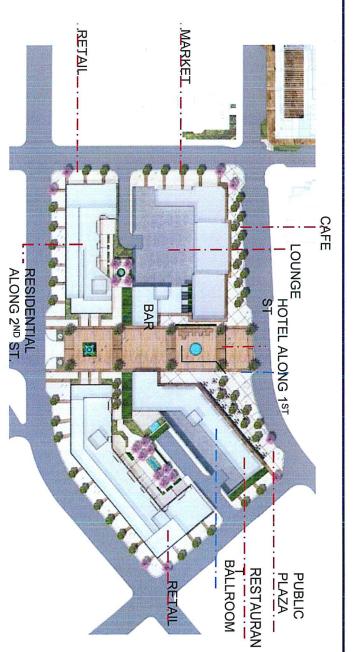


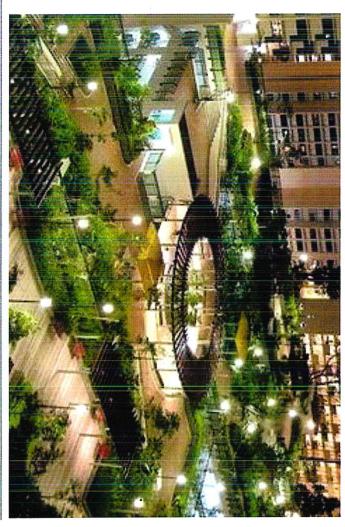


Site Offerings

- Public Plaza
- Market
 Mix of unit types
- Landscaped roofs
- Retail
- Open Space
- **Parking**
- Landscaping and Art Master Plan
- LEED Certification













Development Commitments to Enhance Napa

- Committed to produce a sensitive design that fits within the scale and context of downtown Napa and City's Design Guidelines
- To deliver a quality mixed use complex consistent with the Stanford Hotels and Cresleigh Homes track record
- Economic and Social contribution
- Creation of quality public spaces
- True mixed use, pedestrian oriented design

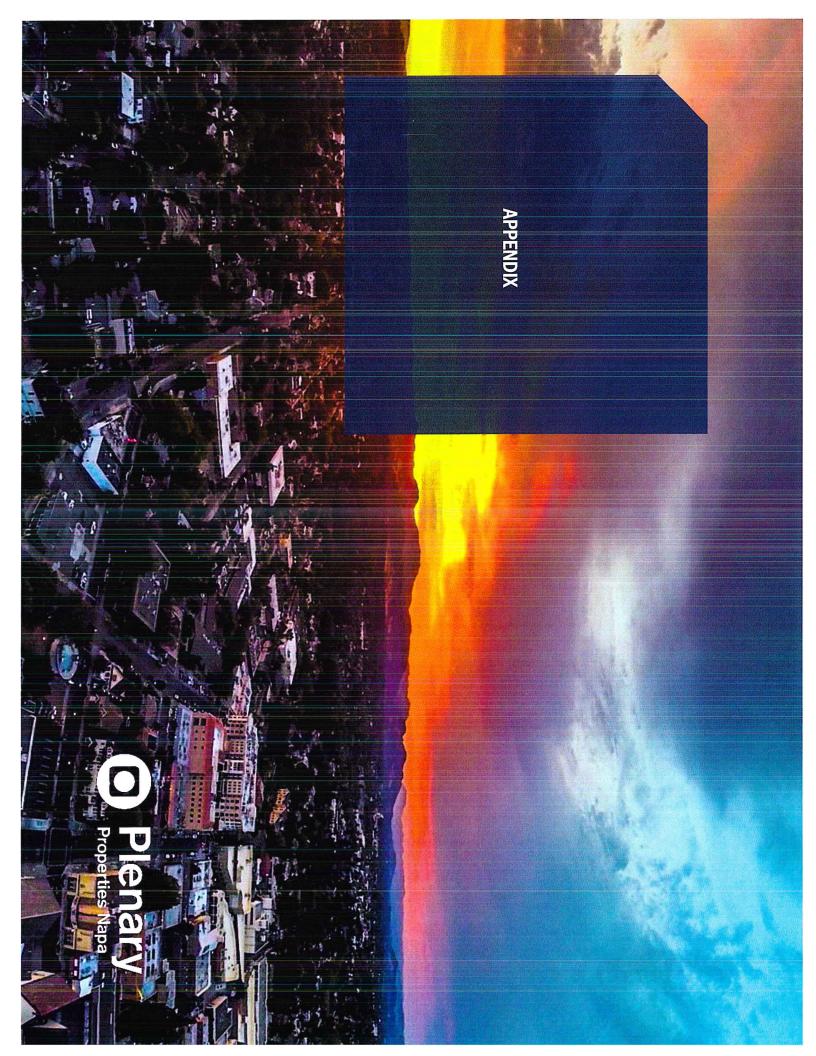












Stanford Hotels and Cresleigh Homes: A Leading, Independent, Real Estate Developer

Stanford Hotels and Cresleigh Homes are a real estate development group that is engaged in residential and hotel development on a national scale. Recently, the group has been focusing on urban projects transforming neighborhoods.

Firm Overview

Hotel Development

- Hotel development business established in 1991
- \$850M+ in capital deployed into the development and acquisition of properties
- owned and operated; hotels employ 2100 people in aggregate Existing portfolio consists of 14 properties with over 4000 rooms and are 100%
- and Washington DC Development pipeline includes urban infill construction in San Francisco, Seattle
- Hotel flags under license include:



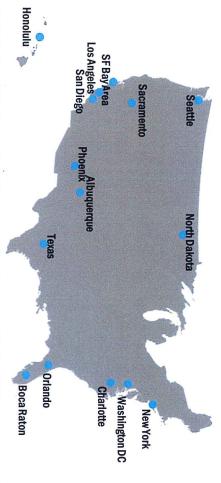


Hilton Marriott LUMA

Residential Development

- Residential development business established in 1991
- 5000+ residential units in California and 2000+ in Phoenix Metro area approved or
- \$800M+ in investments deployed into land acquisition, construction, and
- significant impacts on the local communities Managed and capitalized thirty residential development projects, which have had
- Regional leader in single and multi-family development in Sacramento, having won multiple awards
- Experts in developing projects in partnership with public agencies

National Presence & Network Across Residential and Hotel Projects



Core Development Team

Lawrence Lui, President

Will Gibbs, Stanford Hotels - Senior Vice President

Todd Motoyama, Stanford Hotels - Vice President, Capital Projects

Sharon Lai, Stanford Hotels - Director of Development

Bob Walter, Cresleigh Homes - General Manager and Senior Vice President

Deana Ellis, Cresleigh Homes - Vice President of Land

Jeremy Lui, Cresleigh Homes - Land Development Manager







Mix of Uses and Area Allocations

2		4
5	7	
Ç	ı	y

Total	Retail	Public Space	MEP/BOH	Guestrooms	Function
204,000	9,000	43,000	44,000	108,000	Area (SF)

Total	Retail BOH	Retail	Public Space	Units	Function	Kesidelitiai
136,000	8,000	28,000	25,000	75,000	Area (SF)	

Amenities

35,000	Total
5,000	Roof terrace / wedding chapel
10,000	Ballrooms, Meeting Rooms
10,000	Fitness
10,000	Restaurant
Area (SF)	Function

Parking

161,000	Total
161,000	Parking
Area (SF)	Function







0 Plenary Properties Napa

STANFORD HOTELS

Real Estate & Property Tax Occupied Rooms Occupancy% **Average Daily Rate** REVPAR ____ Available Rooms Annual **Available Rooms Daily** REVENUES **fotal Revenues** Rental Income Food and Beverage Other Operated Departments Rooms Year 1 2021 36,227 91,250 71,175 78.0% 25,908 1,920 9,334 \$284 \$364 830 250 156 Year 2 250 2022 91,250 37,576 26,947 78.0% 71,175 1,958 9,614 \$379 \$295 855 160 Year 3 2023 38,970 28,022 91,250 71,175 78.0% 1,998 9,903 \$394 880 250 165 Year 4 250 91,250 40,713 2024 10,497 29,139 2,038 2,078 71,175 78.0% \$409 907 170 Year 5 250 2025 42,448 30,389 91,500 10,947 71,370 78.0% \$426 \$332 936 176 91,250 Year 6 44,021 71,175 78.0% 2026 11,354 31,516 2,120 \$443 \$345 971 250 180 Year 7 2027 91,250 45,780 11,808 2,162 32,776 71,175 78.0% 1,010 \$461 \$359 250 186 Year 8 2028 47,608 91,250 12,280 34,086 71,175 2,205 78.0% 1,050 \$479 250 191 Year9 250 2029 35,549 91,500 49,649 12,806 71,370 78.0% 2,250 1,095 \$389 \$498 198 Year 10 2030 51,490 2,295 36,869 91,250 13,282 71,175 78.0% 1,136 \$518 \$404 250 Yr 1 - 10 CAGR 2.0% 4.0% 0.0% 4.0% 3.0% 3.6% 4.0% 4.0% 4.0%

Hotel Pro Forma

Support of City's Vision for Downtown Napa **Enhancing Napa:**

- Make Downtown Napa an inviting and friendly place to live, work and visit;
- Revive Downtown as the primary job center in Napa;
- where people come together to enjoy public art and culture, open spaces and public facilities; Promote the role of the Downtown as the primary place where civic buildings are concentrated and
- Provide a human-scale, pedestrian-friendly environment that is inviting to residents and visitors;
- Promote Downtown Napa as an opportunity area for mixed-use development, including a range of housing options and densities;
- Place priority on high-quality design and developing unique structures that complement their surroundings, orienting buildings and entrances to streets and public gathering places;
- Ensure sensitive transitions between Downtown and adjacent residential neighborhoods; and
- Create exciting, attractive and interesting new gateways to create a welcoming atmosphere to visitors Downtown
- Design project consistent with Design Guidelines







Enhancing Napa: Sustainable Design

SUSTAINABLE SITES

Developing an urban site versus an undeveloped area

WATER EFFICIENCY

decrease in water use as well as implementing water conservation measures through landscape and/or wastewater technology The building uses 20% less water than the USGBC baseline for buildings of similar size and use. Extra points for further

ENERGY AND ATMOSPHERE

Building must be tested and balanced to assure optimum performance, use at least 10% less energy than the USGBC conjunction with the use of renewable energy sources baseline, and systems may not use chlorofluorocarbon (CFC) based refrigerants. Extra points for exceeding prerequisites in

MATERIALS & RESOURCES

Material reuse and recycling through construction and the life of the building

INDOOR ENVIRONMENTAL QUALITY

Address indoor air quality issues, off gassing of materials, thermal comfort, and energy efficient lighting systems that are adequate for all necessary tasks

INNOVATION IN DESIGN & REGIONAL PRIORITY

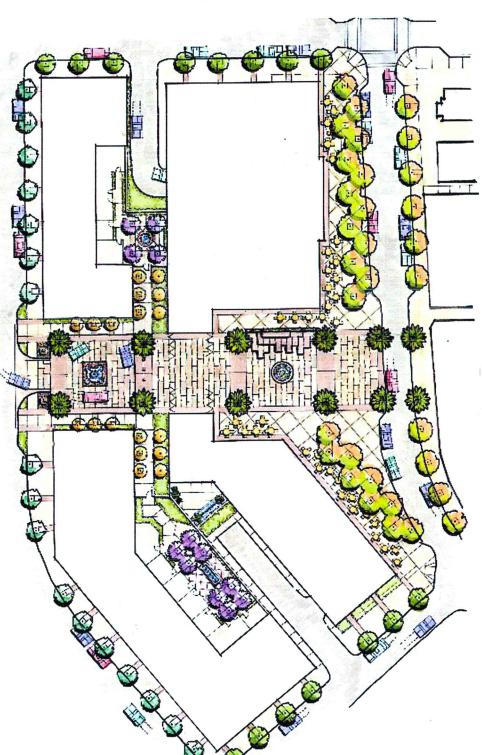
environmental issues The use of successful and innovative solutions for environmental and sustainable concerns and addressing region-specific





Exteriors, Landscaping, Site Amenities Proposed Development

- Landscape Master Plan
- Extensive art and landscaping program which would add richness to the project and
- Landscaping
 unifies the private
 development with
 the public
 development









Maloney, Heather

From:

Stuart Marks <Stuart.Marks@plenarygroup.com>

Sent:

Wednesday, May 24, 2017 9:50 PM

To:

LaRochelle, Jack

Cc:

Essential Services - City Hall Consolidation Project

Subject:

FW: Plenary: Updated Financial Matrix (Revised Annual Tax Revenues)

Attachments:

ATTCH A - Exhibit C - Financial Offer Comparison - PLENARY Revised.pdf; ADE Assessment of Revised Project 052317.pdf; Napa - PPN Best and Final Submittal

updated.pdf

Hi Jack

Please see below and attached update to our new tax generation assumptions which we propose to use in our presentation to City Council on May 30.

Please let me know if any questions, otherwise I look forward to seeing you tomorrow.

Stuart

From: Stuart Marks

Sent: May 24, 2017 6:16 PM

To: 'Essential Services - City Hall Consolidation Project' <essentialservicesRFP@cityofnapa.org>
Cc: Steve Norris <steve.norris@plenarygroup.com>; Sam Hull <sam.hull@plenarygroup.com>

Subject: Plenary: Updated Financial Matrix (Revised Annual Tax Revenues)

Hi Heather

Please see attached a revised version of the Financial Matrix where we have increased the "New Annual Tax Revenues" amount from \$2,730,155 (beginning in year 3) to \$3,312,155 (beginning in year 3), an increase of \$582,000 p.a.

The reason for this change is that Stanford Hotels/Plenary is proposing a 250 room hotel (rather than 200 rooms) and Cresleigh Homes is proposing 100 residential units (rather than 50 units) on the Superblock Site. Also attached is a letter from our independent economic consultant (ADE) supporting this change.

We have also attached a revised copy of our BAFO document incorporating this change in an updated section 10 (net annual payments, City Payment net of anticipated additional tax revenues) and 11 (No-Build Comparison).

I will be traveling tomorrow but pleas call me on my cell if you have any questions.

Stuart

Stuart Marks | Senior Vice President & Co-Head, Origination Group | Plenary Group

10100 Santa Monica Blvd | Suite 410 | Los Angeles | CA 90067

Direct: (424) 278-2175 | Mobile: (347) 514-3117

Email: stuart.marks@plenarygroup.com

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May 23, 2017

Mr. Stuart Marks, Senior Vice President Plenary Group 10100 Santa Monica Blvd., Suite 410 Los Angeles, CA 90067

Dear Stuart:

I have briefly reviewed the revised program for the Napa Civic Center development, which would include 250 hotel rooms and 100 residential units. Assuming the development values and socioeconomic characteristics of the new project would be similar to the Base Case proposal of 200 hotel rooms and 50 residential units, the net fiscal benefit would potentially be 25 percent greater than the previously proposed project. The new project would double the fiscal benefit of the residential component of the project, adding about \$11,700 in net City revenue per year. In addition, the previous proposal of 200 hotel rooms created a positive fiscal impact for the City of about \$11,400 per room. Given the strength of the hotel market in Napa, we do not feel as though the additional 50 rooms would have any impact on Average Daily Rates ("ADR") or occupancy rates. As a result, the additional 50 rooms in the new project design would increase net revenues by nearly \$570,000 per year. The combined net gain of nearly \$582,000 is 25 percent of the \$2.33 million annual benefit projected for the Base Case fiscal impact.

I hope this brief evaluation is helpful in your discussions with the City of Napa. I would be pleased to provide further detail as needed.

Sincerely,

Doug Svensson, AICP

Dong Lunsa

President





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PFM Review of Responses (Public Facilities Finance)

5/2/2017

	Plenary		
Summary of	63-20 Non-Profit Structure		
Financing Structure	City leases public facilities to 63-20; 63-20 new public facilities to City	leases back sites and	
	Public offering of tax-exempt bonds plus p	divately placed toy	
	exempt bonds (to developer)	reassly placed IdX*	
Agreements	Design-Build Contract		
	Qualified Management Contract		
City Lease	Incidental Services Contract Escalating Payments	e proposed in the proposed proposed specific in the company of the	
Payments	\$5,792,898 (2016\$) (32 years)		
(Total) Includes	[fixed component and variable component →\$10.7 million in final year	일어들면 이렇게 되었다. 그리나 나라요.	
O&M and	\$2.6 million →11.07 million (2% annual es	calation; see City	
Capital Reserve	Payments Schedule)		
	7,834,437 8,255,787 (average payment) for	or 32 years	
	Total Payments: 255,929,392		아름답돌다겠다. 얼굴을 받는 때를 모느시다. 일요
O&M Payment	720,879 727,129 per year (2016\$, inflated	at CPI annually)	and the commence of the second se
Capital	207,834 average payment (30 years)		
Reserve Swing Space	JCI fluctuating lifecycle \$7 million (\$2.90/st) \$4,637,306 now include	led in cost of financia-	
Costs			
New Annual Tax	2,730,155 3,312,155 beginning in year 3 (3.89% annual escalation)	
Revenues			
Risk Sharing	\$9.2 9.8 million subordinate debt purchase 12% interest)	d by Plenary (they earn	
Construction	83,376,440		
Public	86,669,774 (Scope additions, 4 th floor) Original		
Facilities	Cost of Public Facilities	83,376,440	
Cost (NPV 5%)	NPV of Cost of Financing	57,452,576	
	NPV City Ops During Constr.	6,670,739	
	NPV of O&M	17,300,105	
	Total Public Facilities Cost	164,799,859	
	Residual Land Value	(14,350,000)	
	NPV of Tax Revenue	(66,844,146)	
	NPV other Cost/Revenue	8,122,153	
	Net Public Facilities Cost Other Cost Revenues includes SPV Cost (91,727,865 \$348k per annum)	
	insurance, rating agency surveillance		
	BAFO	•	
	Cost of Public Facilities	86,669,774	
	NPV of Cost of Financing	60,224,540	
	NPV City Ops During Const	4	•
	NPV of O&M	17,417,726	
	Total Public Facilities Cost	164,312,040	
	Residual Land Value	(11,834,410)	
	NPV of Tax Revenue NPV other Cost/Revenue	(66,844,146)	
	Net Public Facilities Cost	7,855,482 93,488,966	
Total Public	164,799,859 164,312,040	JJ,400,300	
Facilities			BI I I I I I I I I I I I I I I I I I I
Cost Net Public	91,727,865 93,488,966		
Building	,,		
Cost Financing	Senior Debt	tania and and the second of th	and the first state of the second control of the second state of the second second second second second second
Assumptions	AA/AA- rating		
	DSRF sized at 1/2 MADS		
	32-year term Capitalized interest during construction		
	Subordinate Debt:		
*	0% during construction, 12% interest during 32-year term	g operations	
Gredit	Recommends single rating from S&P or Mo	na zna listorna o sieri s iekki, najelis del D ody's	ra versione da dalla variata di diplora delle i regla disci il della control di est
	Assumes AA/AA- (appropriation backed raid GO)	ting one notch below	
	00,		
Valler	144350 000 222 000 222 000 222	entrategraphy of the total contract in general communication in any consistency of	•
Value of Excess City	14,350,000 for Superblock Site (firm fixed of [11,834,410 available proceeds for constru		BR
Land	[2,515,590 carried interest in hotel portion		
Private Developer	14,350,000		The second secon
Proceeds			
Tax-Exempt	83,195,216 88,481,427 (publicly sold in mu	inicipal market)	
Debt		relief sillikul	

No. of Time out of No. of To.					
			٠		

	Plenary
Suppremareur	9,244,562 9,840,278 (sold to developer)
Notes	Advantage over 100% public finance alternative:
NO.	Advantage view is paint: minince alternative. Long-term O&M contract
	Possible treatment of 63-20 debt as operating lease
	Proposal based on 4-story option
Cost	\$4.5 million in aggregate fees
Reductions	DSRF lowered to 1/2 MADS requirement instead of MADS
(AV700-151-	Lower interest rate assumptions for debt
Altorograpie	affordable housing being provided at a property owned and
92(0)(2)(1)	controlled by Cresleigh at Soscol and Central*