

SUPPLEMENTAL REPORTS & COMMUNICATIONS I
Office of the City Clerk

City Council of the City of Napa
Special Meeting
September 5, 2017

FOR THE CITY COUNCIL OF THE CITY OF NAPA:

AFTERNOON SESSION:

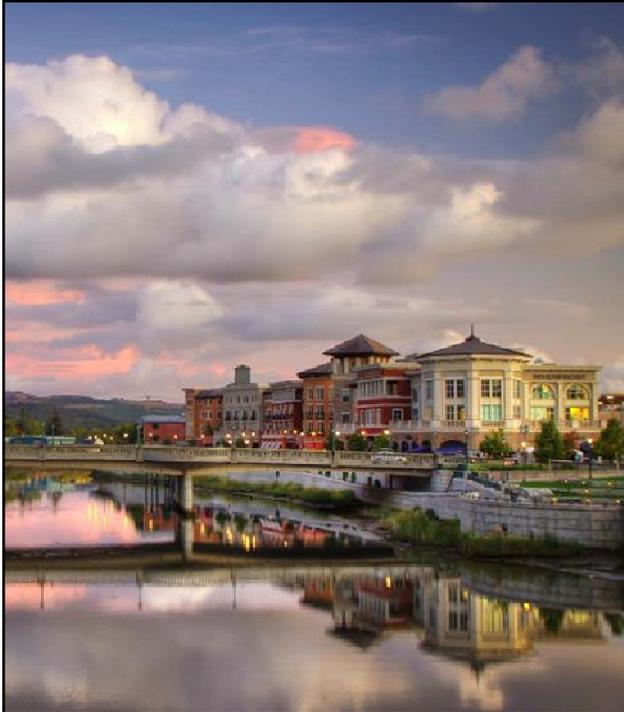
4. ADMINISTRATIVE REPORTS:

Item 4.A. Civic Center and Downtown West End Gateway Project (JL FC15PW02) to Develop a New Joint Public Safety and City Administration Building at 1600 First Street, 1115 Seminary Street, and 1511 Clay Street, and Sell Excess City Land at 955 School Street and 930 Seminary Street, for Private Development (the "Project").

- PowerPoint presentation by city staff/consultant.

Public Safety and City Administration Building

Proposed Process and Selection Criteria **Supplemental I - 4.A.**
From: City Staff/Consultant



**Civic Center and
Downtown West End
Gateway Project**

September 5, 2017

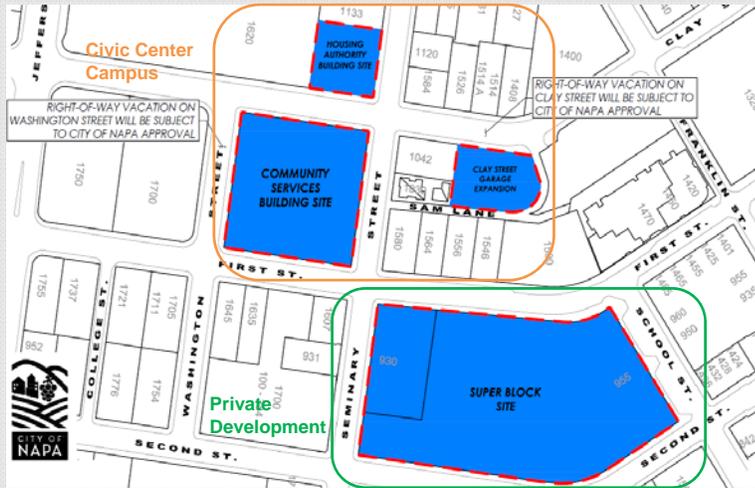
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Public Safety and City Administration Building Proposed Process and Selection Criteria

Project Site



Civic Center Campus



Public Safety and City Administration Building Proposed Process and Selection Criteria

Private Development



Exclusive Negotiation Agreement

The Exclusive Negotiations Agreement (ENA) provides the terms by which the City and PPN will negotiate and execute the variety of project agreements needed to implement the Project.

The document:

- Provides an effective start date of September 5, 2017 with a 2 year period for negotiations (with an optional 180 day extension)
- Establishes the rights of PPN and the City including intellectual property and termination provisions.
- Articulates obligations of the parties such as performance milestones for various workstreams that are required to:
 - Design and entitle the facilities
 - Develop, negotiate and execute various Project Agreements
 - Secure financing
 - Obtain approvals

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Public Safety and City Administration Building Proposed Process and Selection Criteria

Exclusive Negotiation Agreement

The ENA contains termination provisions that include payments to PPN if the City terminates for convenience or failures to perform.

Performance Milestone	Termination Payment
Draft Term Sheet for Civic Center Project	\$300,000
Complete Project Application for Civic Center Project	\$500,000
Approval of Final Basis of Design	\$650,000
Schematic Design Approval for Civic Center Project	\$1,000,000
Fixed Price Proposal and Detailed Design Submittal for Civic Center Project	\$2,000,000
All Project Agreements for both the Civic Center Project and the Private Development Project are in final form approved in writing by the City Manager, and executed by the Developer	\$2,600,000

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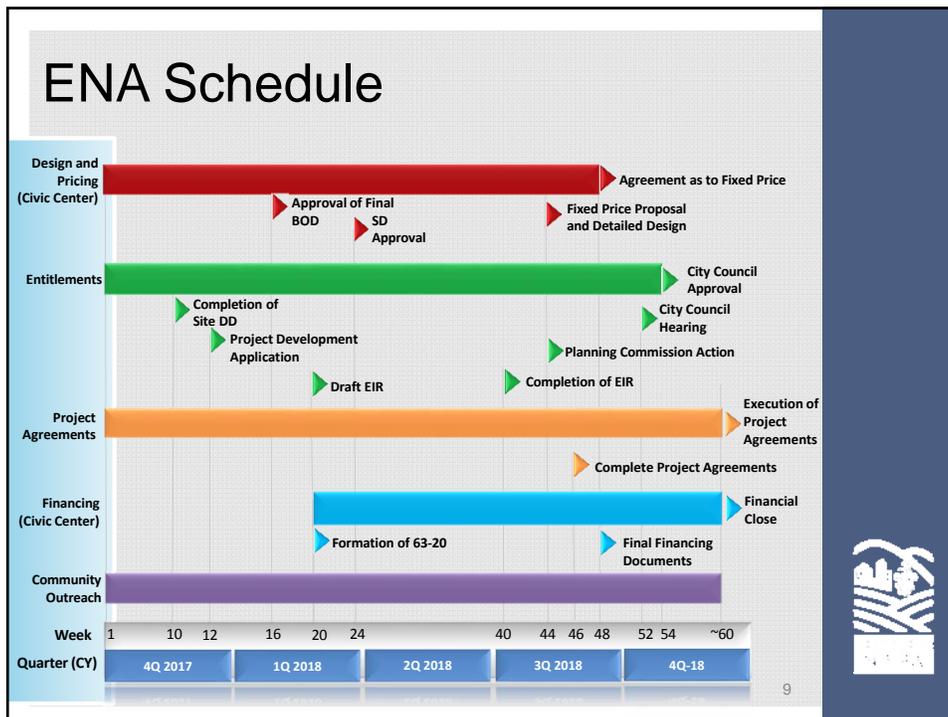
Approximate Schedule

Activities	Approximate Dates
Effective Date	Sept 5, 2017
Community Engagement	Ongoing
Complete Site Due Diligence	Nov 2017
Submit Project Applications	Nov / Dec 2017
EIR Period	Jan – Aug 2018
Schematic Design Review	Feb 2018
50% Design Development Review	Jul / Aug 2018
EIR Adoption Hearings, Project Approvals	Late 2018 / Early 2019
Close Financing	Q1 2019

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Public Safety and City Administration Building Proposed Process and Selection Criteria



Workstreams

To meet the performance milestones and overall schedule in the ENA, the City and PPN will need to work closely together on a number of concurrent workstreams.

Discretionary Activities (City participating as Owner):

- Community Engagement
- Design and Costing
- Project Agreements
- Financial Structuring and Documentation
- Affordable Housing
- Swing Space

Regulatory Activities (City participating as Regulator):

- Entitlements

Public Safety and City Administration Building Proposed Process and Selection Criteria

Community Outreach

Obligations

City of Napa

- Lead Public Facility public engagement.
- Conduct:
 - Community forums
 - Specific stakeholder meetings.
 - Project updates for and one or more workshop with Planning Commission and City Council.

Plenary Properties Napa

- Lead Private Facility public engagement.
- Create and maintain project website

- City staff and PPN will coordinate the dissemination of Project information.

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Design and Price

Obligations

City of Napa

- Active participant in the iterative design process. Review and approve schematic design and at 50% Design Development.
- Review and approve fixed price proposal and final design.

Plenary Properties Napa

- Develop Design Proposal.
- Provide cost updates at design milestones.
- Submit a Fixed Price for Design-Build and O&M.

- Fixed Price Proposal to be Included in the Project Agreements.

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Public Safety and City Administration Building Proposed Process and Selection Criteria

Entitlements (City as Regulator)

Obligations

City of Napa

- Lead Agency for CEQA review
- Issue permits and conditions of approval for entitlements

Plenary Properties Napa

- Lead Applicant for the Civic Center and Private Development

- Public Development entitlements (anticipated)
 - Design review permit and use permit
 - Abandonments or public ROW
- Private Development entitlements (anticipated)
 - Use Permit for Hotel
 - Design review permit
 - Subdivision map

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Project Agreements

Obligations

City of Napa

Plenary Properties Napa

- To implement the **Civic Center Project** one or more Project Agreements will be required between the City and PPN, including:
 - Ground Lease
 - Facilities Lease
 - Design-Build Services Agreement
 - O&M Services Agreement
 - Financing Documents
- Implementation of the **Private Development** will necessitate a disposition and development agreement ("DDA").

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Public Safety and City Administration Building Proposed Process and Selection Criteria

Financing

For the public facilities PPN proposes to use a “63-20 financing” where a non-profit corporation is created and issues tax-exempt lease revenue bonds

Obligations

City of Napa

- Public Facility Financing
- Creation of the 63-20 non-profit corporation.
- 90% Senior Debt – issuance of tax-exempt lease revenue bonds

Plenary Properties Napa

- 10% Subordinate Debt (subject to performance).
- Financing and the financing documents for the Private Facility.
- Provide Private Development pro forma.

- Develop the necessary financial documentation to support the proposed financing for the public facilities

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Affordable Housing

The City is committed to the goal of getting Affordable Housing constructed as a result of the Private Development Project on the Superblock Site.

Obligations

City of Napa

- Work closely with PPN to evaluate feasibility of other alternative equivalent proposals from PPN that may offset the fee
- Independently evaluate how the City may leverage the fees from the Superblock Site

Plenary Properties Napa

- Construct 10 affordable housing units
- Pay an affordable housing fee of ~\$1.5MM, and work closely with the City to pursue alternative equivalent proposal

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Public Safety and City Administration Building Proposed Process and Selection Criteria

Swing Space

Simultaneous construction of public facilities and private development will necessitate the City moving into temporary space.

Obligations

City of Napa

- Approve Swing Space strategy
- Implement elements of the Swing Space strategy (TBD)
- Move into Swing Space for approx. 24 – 30 months.

Plenary Properties Napa

- Produce Swing Space strategy
- Implement elements of the Swing Space strategy (TBD)

Additional:

- Late 2018 move
- Police Department --> Corp Yard
- Options currently being considered

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City Support

Given the scale and highly technical nature of this project, there are a number of services that are required to support the project

Firm	Role	Description
<u>Arup North America Ltd (Arup)</u>	Project Management & Construction Management	Manage the overall project for the City, coordinate the City's advisor team through all phases, manage negotiations, construction oversight, private development progress tracking, ensuring City's contractual obligations are met
<u>Sheppard Mullin Richter and Hampton LLP</u>	Special Legal Counsel	Provide the primary legal services for this project related to the drafting of Project Agreements under the ENA
<u>Public Financial Management (PFM)</u>	Financial Advisory	Provide a broad range of financial services to the City's Finance Department



Public Safety and City Administration Building Proposed Process and Selection Criteria

City Support

Given the scale and highly technical nature of this project, there are a number of services that are required to support the project

Firm	Role	Description
<u>Jones Lang LaSalle Americas Inc.</u>	Architectural and Technical Review, Real Estate Advisory, Negotiations Support	Support services during negotiations to include: <ul style="list-style-type: none"> • technical building specifications and architectural review • real estate advisory services • Reviewing design and cost submittals • advising on certain O&M provisions in the Project Agreements
<u>First Carbon Solutions</u>	Environmental Planning	Provide support to the city through EIR and CEQA compliance analysis.

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Financial Impact

Total estimated City support costs for the Project during the negotiations process contemplated in the ENA are included in the FY 2017/18 and 2018/19 Two-Year Budget's Capital Improvement Program.

	FY 17/18	FY 18/19
Current Budget (FC15PW02)	\$ 2,200,000	\$ 3,000,000
Appropriation Supplement/(Reduction)	\$ -	\$ (1,295,880)
Paid to Date	\$ (101,853)	\$ -
Existing Encumbrances	\$ (560,060)	\$ -
Estimated Funding Needs	\$ (2,833,967)	\$ (1,092,857)
Surplus/(Shortfall)	\$ (1,295,880)	\$ 611,263
FY 17/18 Appropriation Request	\$ 1,295,880	\$ -

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Public Safety and City Administration Building Proposed Process and Selection Criteria

Recommended Council Actions

Staff recommends City Council adopt a resolution:

1. Approving an Exclusive Negotiation Agreement for the Civic Center and Downtown West End Gateway Project with Plenary Properties Napa, LLC;
2. Approving Services Agreements with City Consultants to Provide Services During the Negotiation Phase of this Project, including: Project Management Services from Arup North America, Architectural and Technical Review, Real Estate and Negotiations Support Services from Jones Lang LaSalle Americas, and Environmental Review Services from FirstCarbon Solutions;
3. Approving Project Appropriations in the Amount of \$1,295,880; and
4. Approving an Appropriation in the amount of \$2,600,000 of General Fund Operating Reserve, as Security for Potential Payment of Termination Payments under the Exclusive Negotiation Agreement

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Questions

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