

SUPPLEMENTAL REPORTS & COMMUNICATIONS I
Office of the City Clerk

City Council of the City of Napa
Special Meeting

December 11, 2018

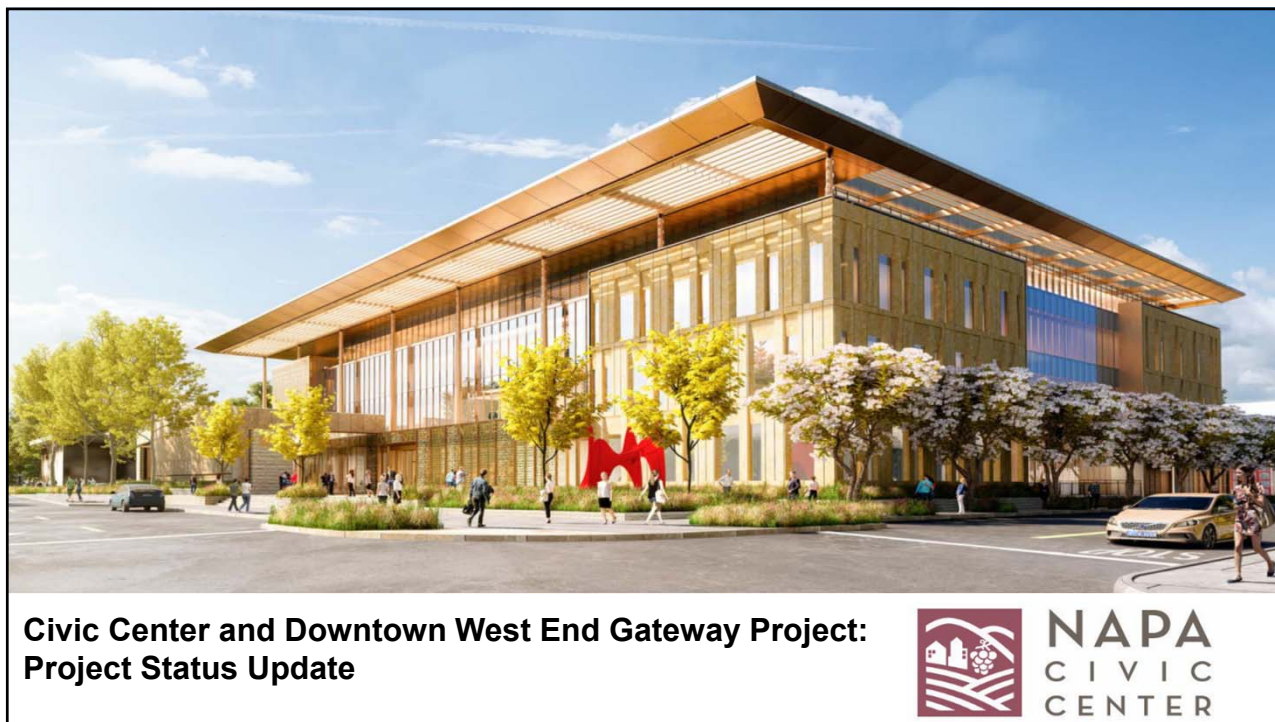
FOR THE CITY COUNCIL OF THE CITY OF NAPA:

EVENING SESSION:

4. Administrative Reports:

4.A. Civic Center Project to Develop a City Hall Building (including Public Safety and City Administration) at 1600 First Street, a Fire Station No. 1 at 1115 Seminary Street, and a Parking Garage at 1511 Clay Street.

- PowerPoint presentation by city staff.
- PowerPoint presentation by Plenary Group.
- Written communication dated December 10, 2018 from John Salmon.



Presentation Overview

Proposed Civic Center Project

- Status update
- Financial Forecast overview & updates
- Major changes since Exclusive Negotiating Agreement (ENA) approval
- Discussion of project options
- Conclusions and Next Steps

Key Takeaways from Options Analysis

- In all cases, adjustments to future budget/forecast assumptions will be necessary
- Each Project option requires varying levels of adjustments to balance the forecast
- Decision appears to hinge on risk assessment and qualitative factors

Requested Direction from City Council

1. *Based on presentation and discussion, provide feedback regarding presented options*
2. *Direct staff to return to Council with more detailed discussion of options and next steps*

Civic Center: Background

5

Why Does Napa Need a New Civic Center?

Multiple locations = 4 facilities owned by city + 3 leased spaces

Fire Station No. 1: seismic and safety upgrades needed

Police and Fire Administration does not meet modern essential services building standards

Most City owned facilities 50 yrs + old

Maintenance and repair costs increasing

Deferred maintenance and capital costs

Inefficient spaces

Leasing costs— 3 buildings @ \$300,000 + annually

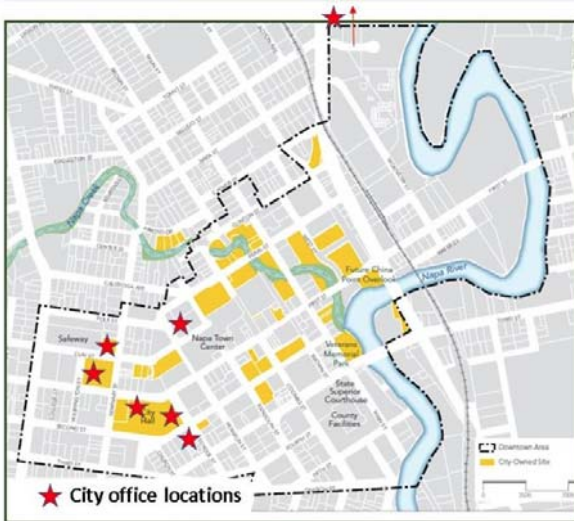
Insufficient space for current and future public and staff needs



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Why Does Napa Need a New Civic Center?



7 Separate City Office Locations:

- Service delivery and continuity
- Not designed for current purpose
- Redundant space and staffing
- Not energy efficient
- Confusing for public
- Building space could be better utilized on tax rolls



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7

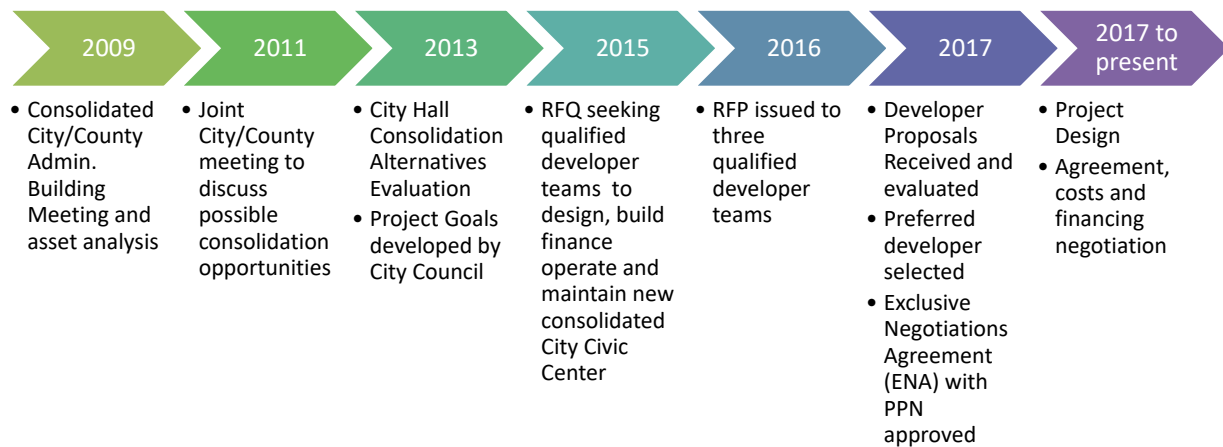
Current Square Footage vs. Future Needs

Buildings	Current Staff	Future Staff	Net Change	% Change	Current Gross Area (SqFt)	Future Gross Area (SqFt)	Net Change	% Change
Administration	192	220	28	15%	51,191	56,400	5,209	10%
Public Safety/Essential Services	151	170	19	13%	28,082	39,700	11,618	41%
Total Building	343	390	47	14%	68,669	96,100	27,431	40%
Fire Station No. 1					9206	13,100	3,894	42%



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Project history to address facility needs



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9

Civic Center Project Goals

Established by City Council in 2014/15

City Facilities & Public Space

- Efficient & Modern Buildings
- Co-locate Departments
- Functional Improvements
- Integrated Technology
- Customer Oriented
- Dynamic Space for the Public
- State of the Art Council Chambers
- Reduce Costs Associated with Current Facilities and Leased Spaces

Vacated City Parcels

- Free up Valuable Land
- Contribute to Revitalizing Downtown
- Gateway to Downtown
- Increased City Revenues



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10

Public Development Delivery Model



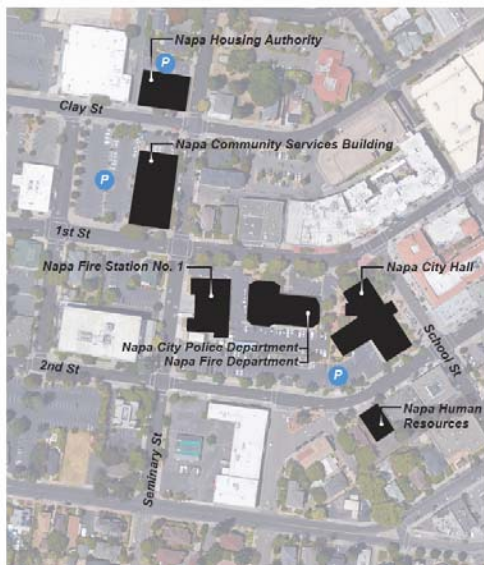
- ✓ Life cycle analysis and planning for the facility
- ✓ Fixed annual payments
 - Cost to design and build facilities
 - 30-year financing
 - Fixed operations and maintenance costs
- ✓ High quality maintenance
 - Building and systems performance criteria, repair timelines and payment deductions regime
 - Hand-back condition requirements (no deferred maintenance)

11



Civic Center Proposed Site Plan

EXISTING PLAN



NEW PLAN



12

City Council Priorities *From 2018 Strategic Planning Session*

<p><i>“Where We Live”</i></p> <p>Creates housing units and a gateway for the west end of First Street</p>	<p><i>“Streets Sidewalks and Infrastructure”</i></p> <p>Cost-effective alternative to address the many infrastructure needs related to City facilities</p> <p>Provides for a 30 year fully funded Operations and Maintenance Agreement</p>	<p><i>“Enhanced Vitality and Economic Development”</i></p> <p>Increases the number of visitors and residents through the addition of housing, hotel rooms and commercial establishments</p> <p>Creates additional multi-use zoned land for private business in downtown</p>	<p><i>“Efficient and Stable Organization”</i></p> <p>Consolidates staff from multiple buildings into one</p> <p>Consolidation will help co-locate departments who interact frequently and help reduce operational inefficiencies</p>	<p><i>“Provide Quality Services to the Community”</i></p> <p>Improves customer service by creating a one-stop location to address City Services, Public Safety and Development Services’ needs</p> <p>The Project also includes event space for City and, potentially, private events</p>
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Long Term Financial Forecast (LTFF)

What is the forecast?

Current forecast does not include city facilities project(s)

- 6-year time horizon
- A set of reasonable, most likely assumptions about future revenues and expenditures
- Changes to assumptions → Changes in the forecast
- Planning tool
 - Allows us to model future impacts of current budget decisions
 - Allows us to see surplus / deficit trends over time
 - Assists us with making changes needed to avoid future deficits
- GFOA best practice
- NOTE – No recession built into forecast

15



The forecast is a planning tool

Current forecast does not include city facilities project(s)

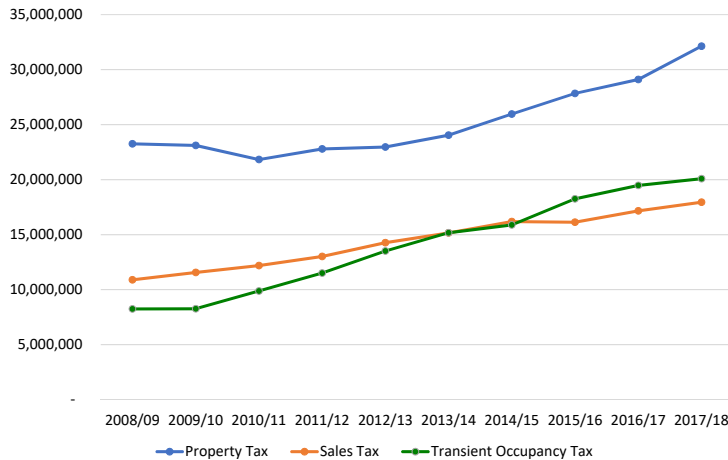
- Council has final authority to establish each 2-year budget and amend it as needed
- Collective bargaining is a separate process from forecasting; assumptions in the forecast are for modeling purposes only
- COLA increase assumptions, new position assumptions, etc are for modeling purposes only
- Assumptions are changed over time in response to a variety of factors and trends

16



Historical Revenue Growth

Current forecast does not include city facilities project(s)



Over the past ten years:

- Property Tax has grown from \$23.3 to \$32.1 million
- Sales Tax has grown from \$10.9 to \$17.9 million
- Transient Occupancy Tax has grown from \$8.2 to \$20.1 million

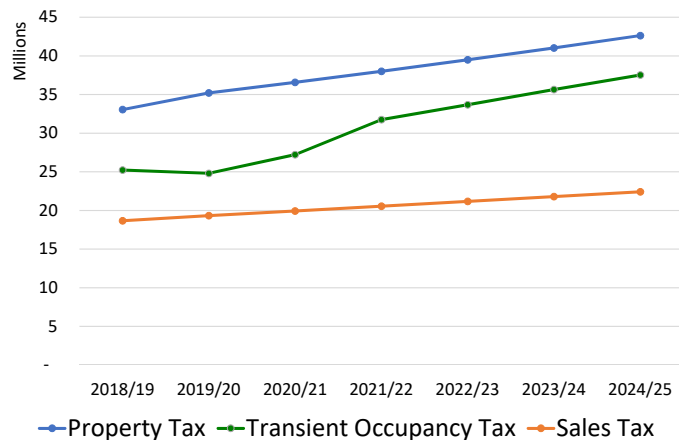
17



Forecast Assumptions – Revenue Most Likely Scenario

Current forecast does not include city facilities project(s)

- Population: 0.5%
- Revenue
 - Property Tax: 4.0%
 - Sales Tax: 3.1% average
 - Transient Occupancy Tax
 - 4% annual increase in room rates (existing hotels)
 - \$51.7 million in revenue from new development over next 6 years
 - Business License Tax: 5.1%



18

Forecast Assumptions - Expenditures

Annual Growth Rates

Current forecast does not include city facilities project(s)

- Staffing: Add 5 positions per year
 - 2 Sworn and 3 Non-Sworn
- Salaries & Wages:
 - 3.9% combined rate for COLA and step increases
- Benefits
 - 4-7% annual increase in healthcare/dental costs
 - 7.7% average annual increase in CalPERS costs
- Services: 3%
- Materials & Supplies: 2.58%
- Capital Outlay: 2.4%
- Transfers Out
 - CIP Facilities Reserve: 2% of Operating Budget
 - CIP General Fund Reserve: 1% of Operating Budget
 - Parking Garage: \$2.5 million in FY 2018/19
 - Sidewalk Replacement Fund: \$0.9 M/year
 - Equipment Replacement Fund: \$0.1M/year

New Position Assumption Changes Over Time

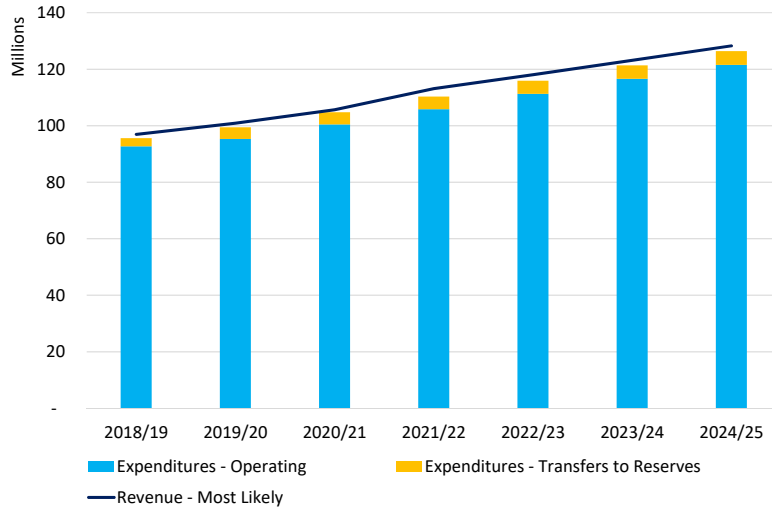
Fiscal Year	2013 LTFP	2015 LTFP	2017 LTFP	2019 LTFF (Current)	Actual Added
2013/14	1				-2
2014/15	1				6
2015/16	1	4			7
2016/17	1	3			5
2017/18	1	1	8		9
2018/19	1	1	2		4
2019/20		1	5	5	
2020/21		1	5	5	
2021/22			5	5	
2022/23			5	5	
2023/24				5	
2024/25				5	

Current forecast does not include city facilities project(s)

In the long run, these assumptions may not be sustainable and may require revisiting.

Revenue & Expenditures

Current forecast does not include city facilities project(s)

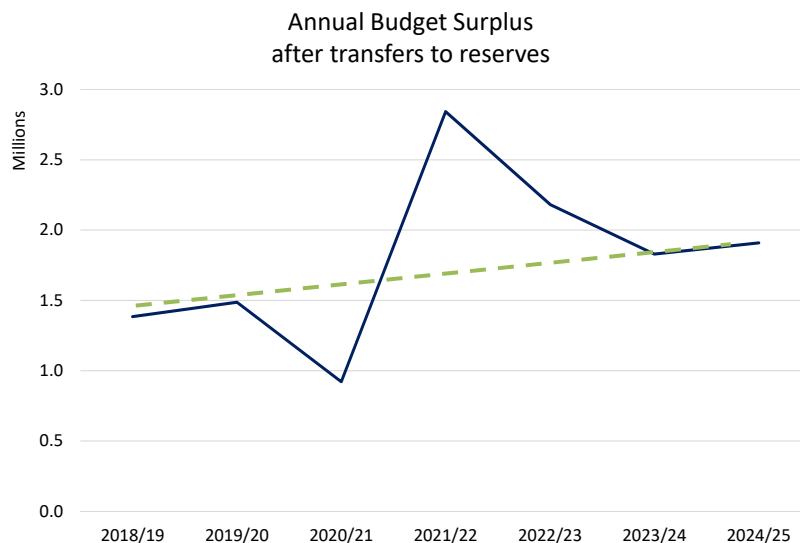


21



Annual Budget Surplus

Current forecast does not include city facilities project(s)



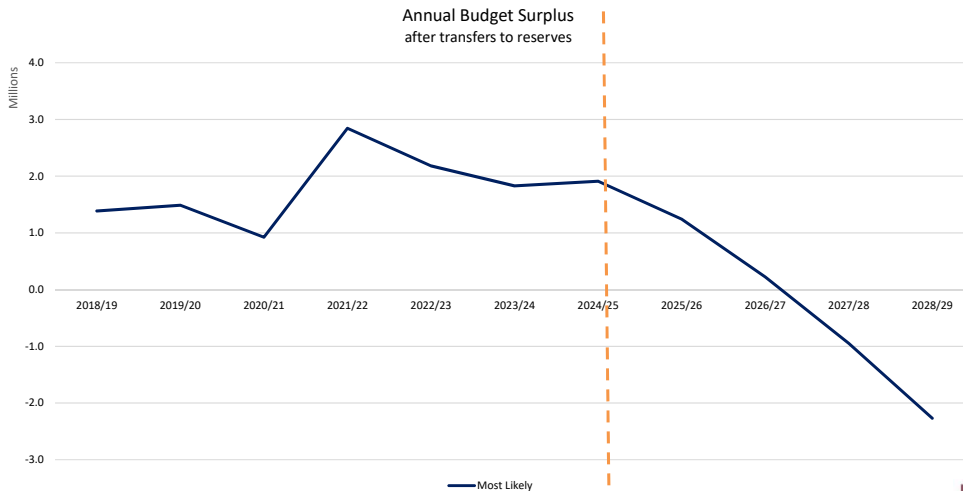
This appears to be the trend over the 6-year horizon – longer term is different

22



10-Year View of Forecast

Current forecast does not include city facilities project(s)



23



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Forecast Comparison

Current forecast does not include city facilities project(s)

- Long-Term Financial Forecast has been updated since the March 2018 City Council Workshop
 - Incorporated 2018 actuals into trendline forecasts
 - Updated sales tax forecasts from consultants
 - Updated Hotel Development projections & TOT revenue forecast
 - Updated CalPERS rates based on actuarials

24



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Forecast Comparison

Current forecast does not include city facilities project(s)

Revenue Trend Changes

- Reduced TOT baseline growth from 5% to 4%
- Changes to TOT new development assumptions, including timing of new hotels and a slower ramp-up to full occupancy
- Property Tax, Sales Tax and Charges for Services are forecasted higher than before
- Licenses and Permits are growing at a slower rate

Expenditure Trend Changes

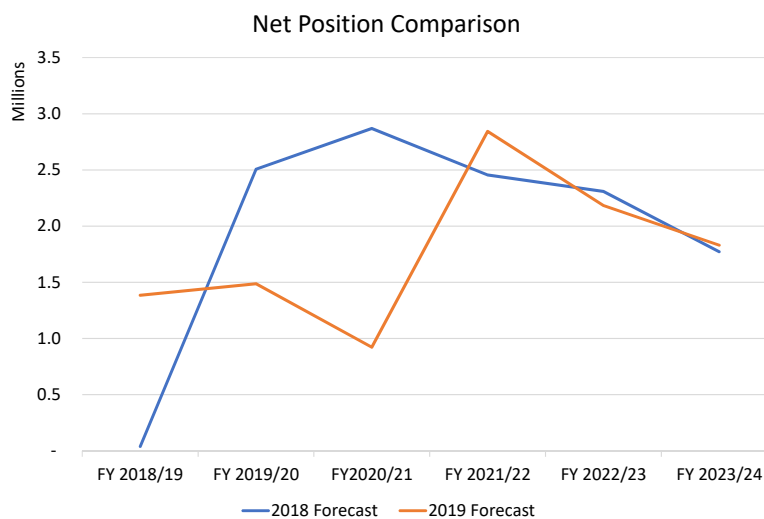
- Reduced CalPERS rates based on current actuarials
- Increased Salaries and Benefits due to new positions added at midcycle
- Increased Vacancy Savings calculation from 2% to 2.5%
- Reduced Services growth slightly based on actual spending trends

25



Forecast Comparison

Current forecast does not include city facilities project(s)



26



Forecast Summary

*Current forecast does not
include city facilities project(s)*

6-Year Trend

- Revenues outpace expenditures over the 6-year period
- Most Likely Scenario shows Operating Surplus increasing from \$1.5 million in FY 2019/20 to \$1.9 million in FY 2024/25
- Surplus position driven mostly by growth in TOT and new hotels coming online during forecast
- Currently known CalPERS costs are fully accounted for in forecast

10-Year Trend

- Once the forecast gets beyond the known hotel projects, revenue growth does not keep pace with expenditure growth
- Small changes in assumptions have large impacts when compounded over 10 years

27



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Civic Center: Project Costs



28

Project Budget Update

FC15PW02 Budget FY14/15 to 18/19

CIP Project Budget Summary (FC15PW02)	
Total Budget (FY14/15-18/19)	9,062,924
Expenditures to date (FY 14/15 to 11/21/2018)	(3,361,250)
Remaining balance FY18/19	= 5,701,674

Expenditures include costs incurred directly by the City (ex. project management and communications consultants, technical and design consultants, financial advisor, legal advisors and fees) related to:

- ✓ RFQ preparation and evaluation
- ✓ RFP preparation and evaluation (which included program development, technical performance and operations and maintenance requirements),
- ✓ Exclusive Negotiating Agreement development and negotiations
- ✓ Terms sheet negotiations
- ✓ Environmental Analysis
- ✓ Program and Design development

Under the terms of the Exclusive Negotiations Agreement with PPN, PPN works "at risk" until such time as a development agreement is executed. However, if the City should terminate the agreement, the ENA provides a Termination Payment schedule based on performance milestones.

29

Major Project Changes

Since ENA approval in Sept 2017

Major Design Changes:

- A number of changes to the design based on staff and community input:
 - Removed parking out of building creating more space for PD operations on the 1st floor
 - Lowered height and increased efficiency of Clay St Garage
 - Simplified building articulation and roofline
 - Extensively refined floorplans / adjacencies
 - Value engineering still in process
- Decisions have led to cost changes not anticipated in ENA approval
- Accelerated Corp Yard CIP project to benefit PD swing
- Additional parking property needed for PD (B of A/Washington St)

30



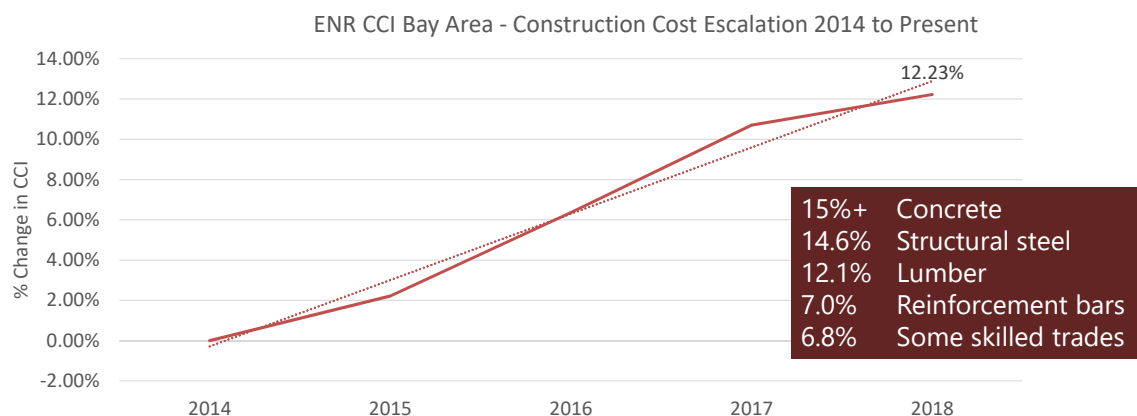
Major Cost Change Drivers

- Construction cost escalation
- Property acquisition
- Design changes
- Swing space

31



Construction Cost Escalation



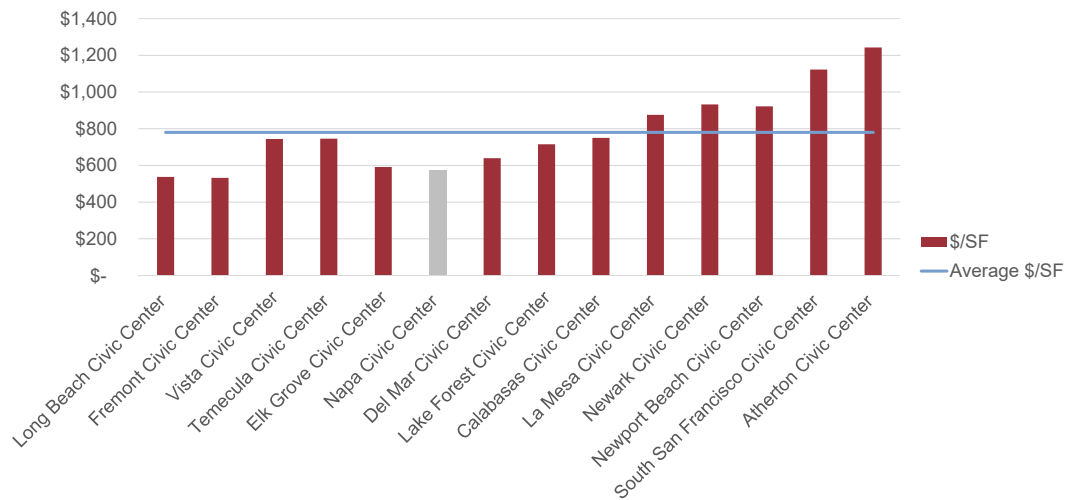
Source: ENR Construction Cost Index

CCI consists of a fixed basket of representative goods and services related to Construction Industry and tracked periodically by ENR. This is a publicly available data point.

32



Project Construction Cost Benchmarking



Conclusion: At \$577/SF, the Napa Civic Center is the 3rd least expensive of the 14 civic center projects identified and 26% lower than the average cost of \$780/SF.

33



Key Project Changes compared to ENA

Key Drivers	Amount (\$ in Millions)
ENA Total Cost	\$ 110.3
Escalation of Prices = Construction + Financing Cost Increases, inc. minor design changes	\$ 18.5
Design Changes = Property Purchase Costs	\$ 4.5
Swing Space- Corp Yard & communications support	\$ 19.3
Other - development fee/financing, software upgrades/operational support	\$ 2.8
Current Proposed Gross Total Cost	\$ 155.4
Gross Superblock Proceeds (2017 Appraised Value)	(\$ 15.7)
Superblock Transaction Costs (\$1.4M) and PPN Carried Interest (\$2.5M) (Per PPN BAFO)	\$ 3.9
Total Amount to be Financed	\$ 143.6

All costs shown are before any cost reductions or offsetting revenues

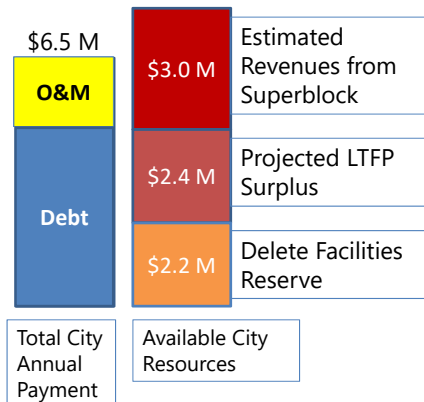
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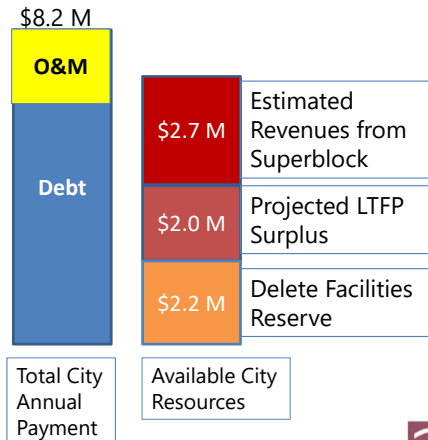
Resources Used for Civic Center Payment

Based on estimated first full-year lease payment* and steady state revenues

ENA Assumptions / January 2018 LTFP



Updated SD Costing / January 2019 LTFP



City's Total Annual Payment would be 30 years escalating at 2% p.a.

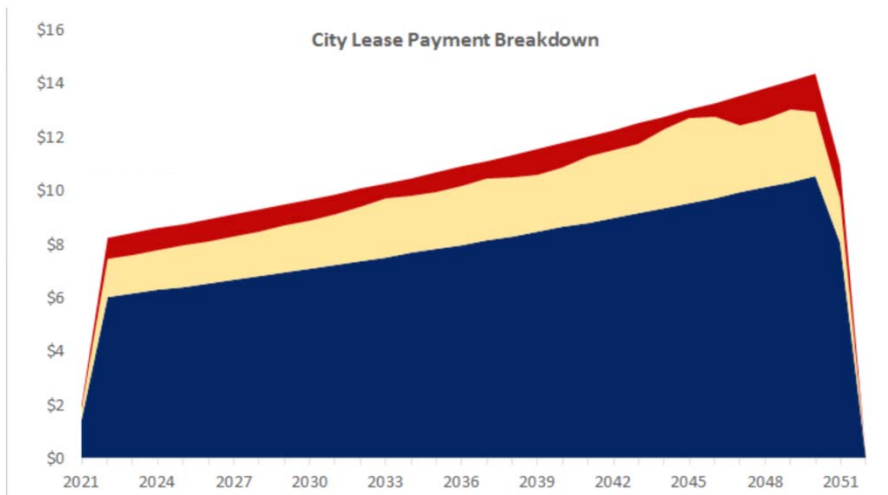
35



Annual Lease Payment Schedule

Red + Blue = Debt Payment

Yellow = Operations, Maintenance, & Capital Replacements



36



Options Introduction

Option 1 – Current Project

- Current project= City Hall & PD, Fire Station No.1 , parking structure
- Swing CH, PD, CSB, Housing, & Fire Station No. 1
- Sale of Superblock for private development
- Continue to explore value engineering options

Option 2 – Negotiate Amendments to the ENA

Examples may include (but not limited to):

- 2A: No Super Block Swing; Delay Superblock sale
- 2B: No Superblock Swing; No Superblock Sale; no parking garage or new Fire station; surface parking on Superblock

Option 3 – Alternative Facility Project

- Direct staff to bring back an alternative facilities consolidation/expansion plan
- Terminate the ENA

37

Option #1: Continue Current Project *with cost savings*

Continue on current path for full Civic Center project

- New Buildings: Civic Center, Fire Station No. 1, Parking Garage, Corp Yard Building
- Sell Superblock for private development
- Swing all departments out of Superblock (City hall, PD & FS No. 1), CSB, Housing
- Includes financing Corp Yard CIP project at latest estimate of \$17M

Reduce Total Costs by \$13.1M over the current Base Case:

- (\$2.0M) for value engineering City Hall Building
- (\$2.7M) for lower swing space costs
- (\$0.4M) for a lower public art contribution (still meeting code requirement)
- (\$6.1M) by eliminating debt service reserve requirement
- (\$1.8M) for value engineering Corp Yard project

Reduces Total Financed Costs

- Net financed costs = \$143.6M to \$130.5M
- **First full year annual payment = \$7.9M**

38



Option #2A: Re-Negotiate ENA

City Hall/Police, Fire Station No. 1, Parking Structure (no superblock swing)

Revised Project Scope & Phasing	Reduce Total Costs by ~\$31M over Base Case:	Reduces Total Financed Costs
<ul style="list-style-type: none"> • Swing CSB and Housing only • Defer Superblock sale until after Civic Center completion (private construction delayed for 2 years) • New Buildings: Civic Center, Fire Station No. 1, Parking Garage 	<ul style="list-style-type: none"> • (\$13.1M) by implementing Option #1 cost reductions • (\$15.5M) by not building Corp Yard building • (\$ 1.2M) by not swinging existing uses on Superblock • (\$ 0.7M) by reducing cost estimates for property purchases • (\$ 0.5M) reduced financing costs from smaller overall debt amount 	<ul style="list-style-type: none"> • from \$143.6M to \$112.7M (after prepayment of debt with net Superblock proceeds) • = \$7.1 M first full year annual payment

39



Option #2B: Re-Negotiate ENA

City Hall/Police, no Fire Station No. 1, no Parking Structure (delay superblock sale)

Revised Project Scope	Reduce Total Project Costs by ~\$38M over Base Case:	Reduces Total Financed Costs
<ul style="list-style-type: none"> • City Hall only • Superblock is not sold; temporarily becomes surface parking • Clay Street Garage and Fire Station No. 1 are not built, City continues to explore options to develop Superblock • Swing CSB staff only 	<ul style="list-style-type: none"> • \$ 1.8M for new parking lot on Superblock • (\$17.8M) construction cost savings and associated (no Fire Station or Parking Garage, plus value engineering for City Hall) • (\$15.5M) no Corp Yard project • (\$ 3.4M) by eliminating most property acquisition needs • (\$ 0.2M) for a lower public art contribution (still meeting code requirement) • (\$ 1.3M) for lower swing space costs (only for CSB) • (\$ 1.9M) lower financing costs 	<ul style="list-style-type: none"> • Total cost = \$104.7M • \$6.7 M first full year annual payment • No Superblock proceeds

40



Option #3: Alternative Facility Project *Terminate ENA*

Direct Staff to Explore project alternatives to address facilities needs

- Evaluation of immediate/priority needs
- Revised project schedule
- Project phasing plan
- Costs, affordability analysis
- Financing options
- Some project options include, but not limited to:
 - Remodel existing facilities
 - Combo remodel and new build – phased approach
 - Build all new facilities in phased plan (over 10-30 years)

Terminate ENA

- Provide notice to PPN per ENA Terms
- ENA Milestone completion documentation
- Termination Payment

ENA Termination Financial Impacts

- Spent to date (Since 2014) **\$3.4M**
- Wind down costs – estimated ~ **\$200,000-500,000**
- Termination Payment – **(up to \$1M)**
- Costs to explore project alternatives to address facilities needs - **\$TBD**

41



Key Takeaways from Options Analysis

- In all cases, adjustments to future budgets / forecast assumptions will be necessary
- Each Project option requires varying levels of adjustments to balance the forecast
- Decision appears to hinge on risk assessment and qualitative factors

42



Balancing the Forecast for Project Options

All options require reduced services, materials, and supplies growth from 3% -> 1.5%

New Position Growth (baseline assumption = 5 new FTE per year):

- Option 1 – Growth = 4 new FTE per year
- Option 2A – Growth = 3 new FTE per year
- Option 2B – Growth = 3 new FTE per year
- Option 1 (with no Superblock revenue) = 2 new FTE's per year

Some options also require temporary underfunding of reserves to stay balanced

Options Pros and Cons Comparison

Pros	Cons
1 <ul style="list-style-type: none"> • Project goals accomplished • Highest probability on capturing Superblock revenues in strong market • PD in essential facility during swing period 	<ul style="list-style-type: none"> • Largest Upfront Cost • Most staff swing to temporary accommodations • If Superblock revenue doesn't materialize, budget deficit is largest
2A <ul style="list-style-type: none"> • Project goals accomplished • Avoids the need to swing PD, Fire Station No. 1 & City Hall, no Corp Yard project cost • Lowers total financed cost and annual payment 	<ul style="list-style-type: none"> • 2 year delay of Superblock land sale, high risk of "missing" hotel market and not generating revenue from Superblock for [many] years
2B <ul style="list-style-type: none"> • Lowest construction costs 	<ul style="list-style-type: none"> • Not all Project goals accomplished • No revenues from Superblock • No Fire Station No. 1 or Parking Structure
3 <ul style="list-style-type: none"> • Most flexibility to deliver project in any way 	<ul style="list-style-type: none"> • Risk exposure due to condition and size of facilities • Most unknown factors (e.g. total costs, phasing) • Economic drivers still present (e.g. cost escalation)

Civic Center: Next Steps

45

City Council Direction

1. *Based on presentation and discussion, provide feedback regarding presented options*
2. *Direct staff to return to Council with more detailed discussion of options and next steps*

Option 1 – Current Project

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Option 3 – Alternative Facility Project

- Direct staff to bring back an alternative facilities consolidation/expansion plan
- Terminate the ENA



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Next Steps for Each Option

Options 1 & 2

- Updated Project and design development timeline
- Public Outreach plan
- Updated Staff engagement plan
- Short-term financing
- Real property purchases (ex. for parking)
- Swing space plan w/leases and TI plans
- JPA formation

Option 2B

- CIP plan for Fire Station No. 1
- Parking Plans

Option 3

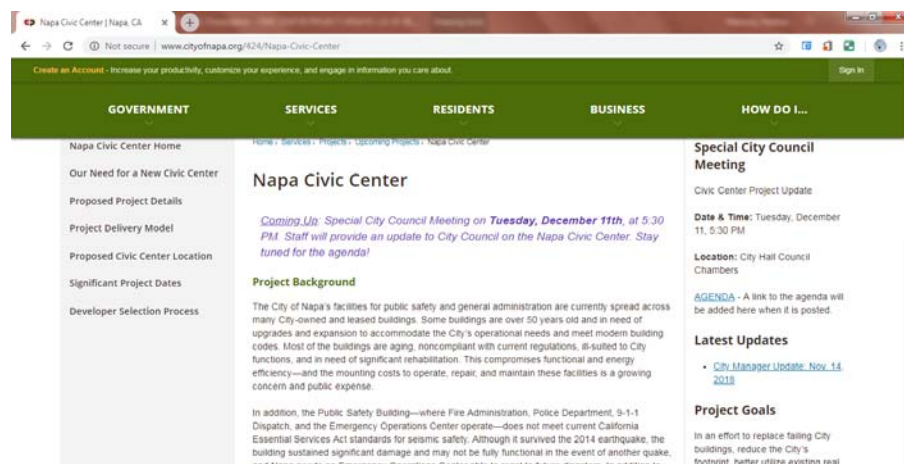
- Direction to explore project alternatives
- Direction to proceed with termination process per ENA

47



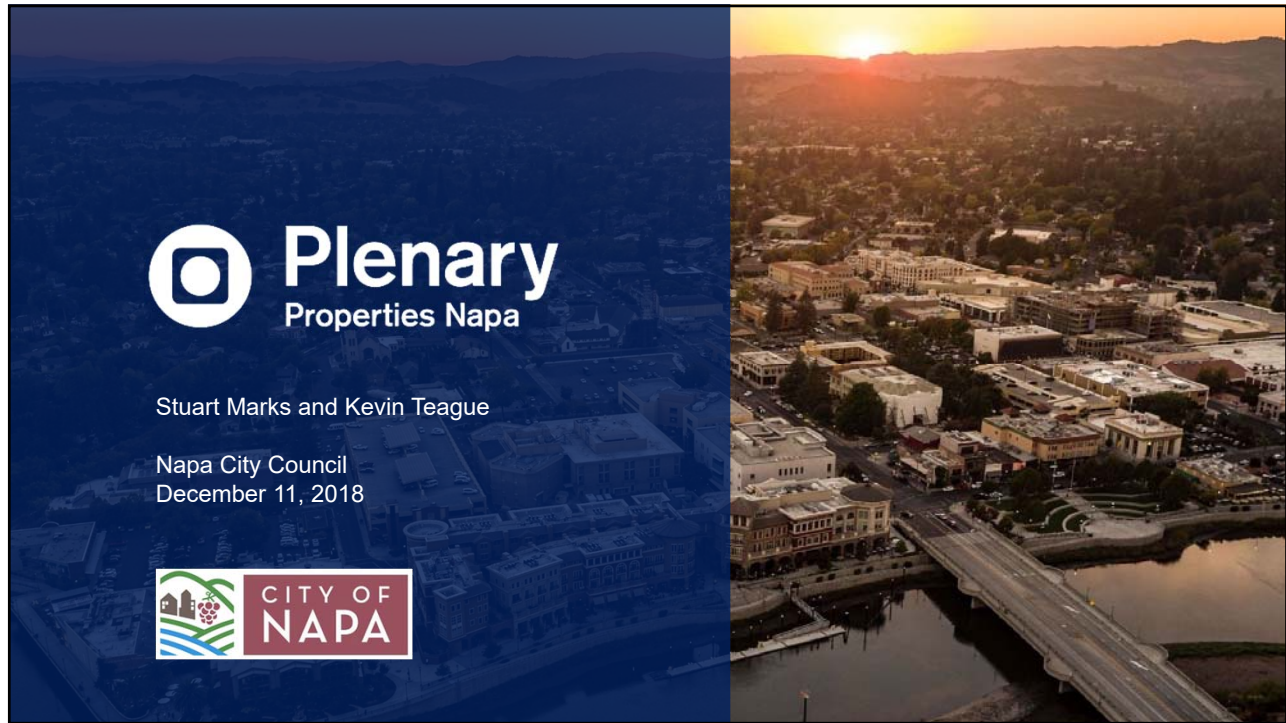
For More Information...

www.cityofnapa.org




Questions?







Napa City Council 12/11/18 Plenary Properties Napa

- Safe buildings to meet current codes
- Designed for employee and public needs
- Minimize financial impact on City







Public Works Department

March 24, 2016

You e-mail and First Class Mail

Paul Martin
Plenary Properties
10100 Santa Monica Blvd.
Suite 410
Los Angeles, CA 90067
paul.martin@plenary.com

RE: CITY OF NAPA PUBLIC-PRIVATE PARTNERSHIP RFP - CLARIFICATION FOR REQUEST FOR QUALIFICATIONS


Dear Mr. Martin,

Thank you for your firm's recent response to the City of Napa's Request for Qualifications ("RFQ"). The City looks forward to reviewing your response to the Clarification Letter sent out on March 7th, 2016 and to your firm's upcoming interview with the City on April 7th, 2016.

As indicated in the RFQ, the City's preference is to have a single development team propose on both the Public & Private components as we feel the interconnected nature of the two projects would be more effectively handled by a coordinated team as opposed to two separate teams. As such, the City would like to encourage you to seek a partner for the Private project to include in your upcoming interview on April 7th, 2016.

This will not require a resubmittal of the written RFQ response (beyond the clarification above, due to the City by March 23rd) but would require the partner firm's participation at the upcoming interview.

Should you have any questions, or if it can be of further assistance, please contact me direct at (707) 257-9690 or keah.essential@cityofnapa.org.

Sincerely,

Julie Lucchesi, P.E.
Project Manager

Public Works, 1001 First Street, Napa, CA 94559 | Mailing Address: P.O. Box 940, Napa, CA 94559 | (707) 257-9622 | www.cityofnapa.org
For TTY/Relay or Speech users, dial 711 for the California Relay Center, offering toll-free to 800.735.2045, and 800.735.2045 for TDD/voice 24 hours a day, 7 days a week.



Napa City Council

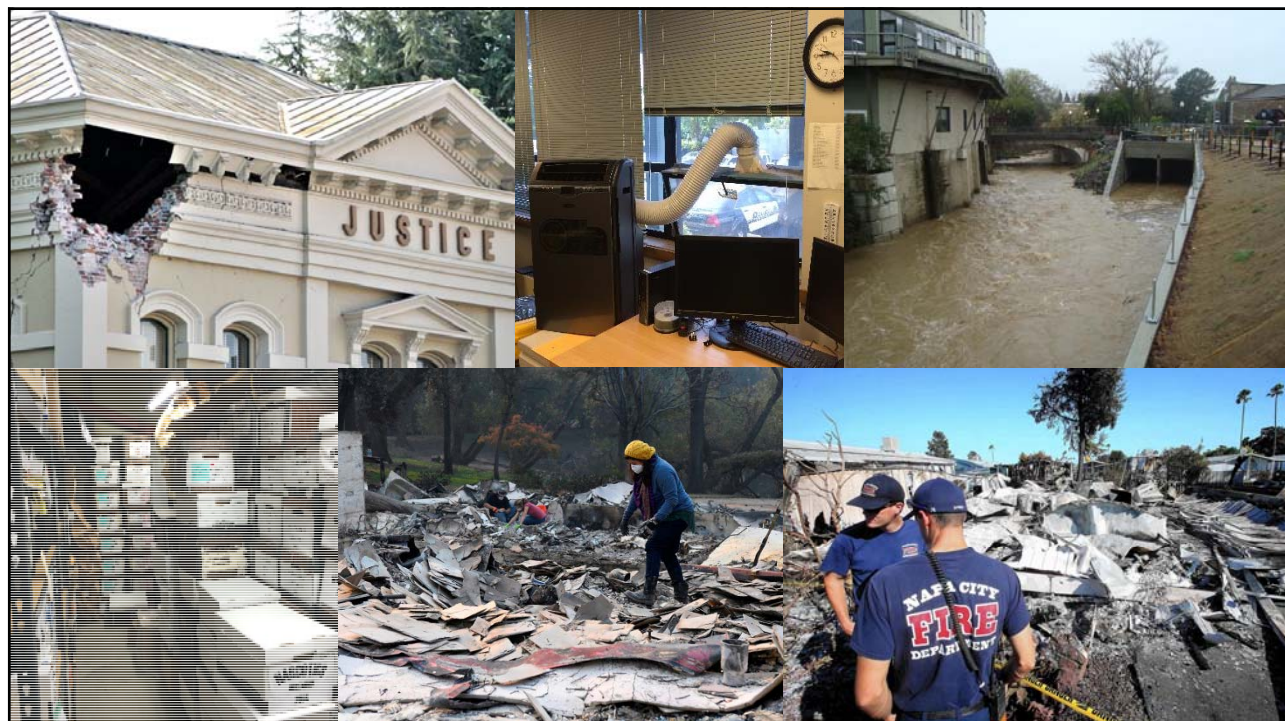
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Plenary Properties Napa

“...the City’s preference is to have a single development team propose on both the Public & Private components.”

City of Napa Letter to Plenary Properties, 3/14/16





CONSTRUCTION REALITIES TODAY



THE **MOST COSTLY** ALTERNATIVE

- Deferred Maintenance
- Hazardous Materials
- Lead, Asbestos, etc.
- Uncertain
- Takes Longest





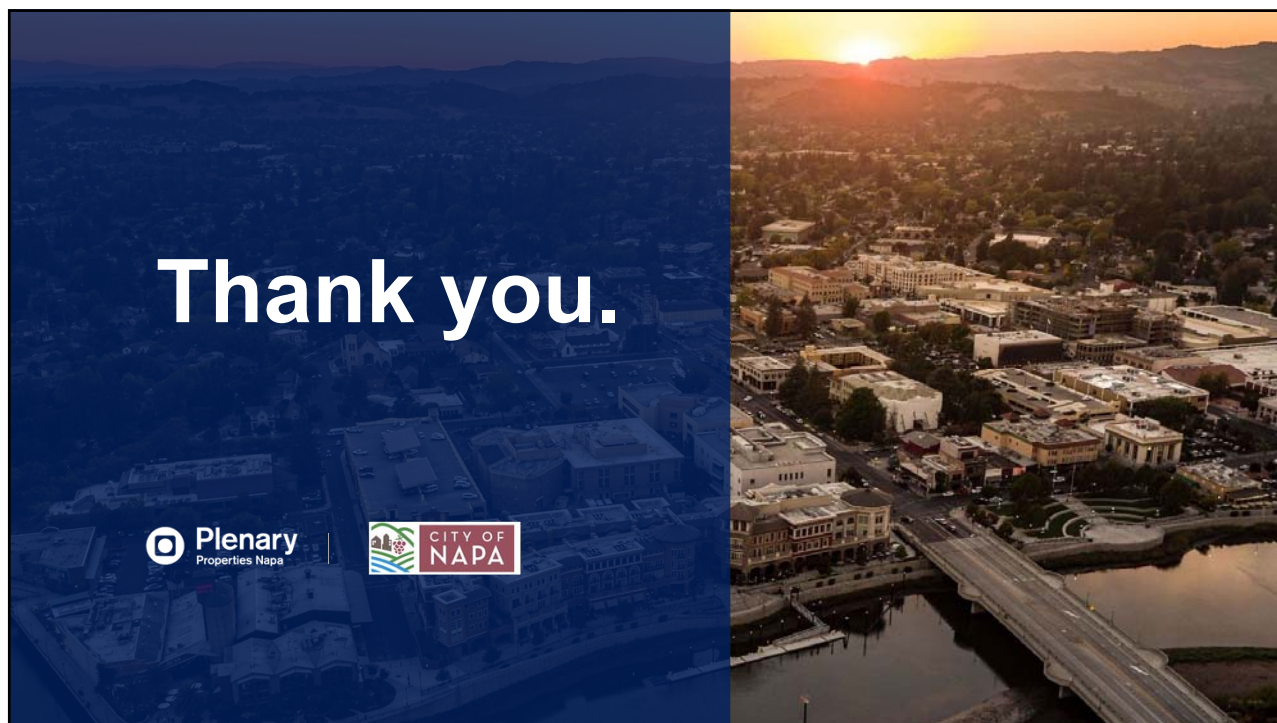
GOAL: MINIMIZE DISRUPTION





*We do these things
not because they are easy,
but because they are hard.*

- John F. Kennedy



TO: NAPA CITY COUNCIL
CC: STEVE POTTER, NAPA CITY MANAGER
NANCY WEISS, NAPA ASSISTANT CITY MANAGER
TIFFANY CARRANZA, NAPA CITY CLERK
NAPA COUNTY BOARD OF SUPERVISORS
FROM: JOHN F. SALMON
SUBJECT: ITEM 4.A. – COUNCIL AGENDA FOR DECEMBER 11, 2018
CIVIC CENTER REPORT AND DISCUSSION
DATE: DECEMBER 10, 2018

I continue to fully support the development of a new City Hall and new Police facilities for the City of Napa. In pursuing that goal, I recommend that the City Council select **Option 3** and move forward utilizing the strategy described in this memorandum in coordination with the County and for the benefit of the entire Napa community.

As I have expressed in several writings to the Council since the summer of 2017, the now apparent **\$157 Million** strategy (\$130.5M plus \$17M Corp Yard CIP plus Superblock Proceeds) that has been pursued by City Staff is overly complicated; interdependent on multiple moving parts; will produce significant redundant and unnecessary costs; and will lead to at least four years of interim dislocations for City Administrative and Public Safety functions to the detriment of City operations and to the confusion and frustration of Napa’s citizens and businesses.

The current path appears to be Option 1 in the Agenda Report. Without discussing them in detail, Options 2A and 2B are similarly flawed strategies which may have lower costs and fewer disruptions than Option 1, but they also fail to address the fact that the fundamental strategy being pursued is far from the best that Napa can do.

While Option 3 is not fully described in the Agenda Report, it appears that it would involve taking a fresh look at the project ... using information from all of the prior work by staff and Plenary, but not bound by the decisions of the past.

In my opinion, regardless of the cost and staff efforts expended to date, Option 3 is the best option and should be pursued by the Council by adopting and implementing the strategy described below.

In pursuing Option 3, the City of Napa should adopt the policy expressed in California Executive Order #18-91, which states:

"It is the policy of the State to achieve the comprehensive planned management of the State’s diverse portfolio of real estate to ensure optimum use for the State’s operations and maximum value from the excess."

Taxpayers to both the City of Napa and Napa County should demand that the City and the County take this rare opportunity to apply that policy and prepare a strategy for all of their public land. Basic arguments supporting the pursuit of that policy goal are presented below.

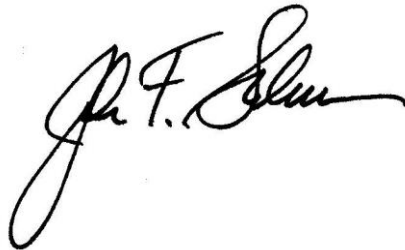
As I have commented on the Civic Center project over the past two years, my hope has been to find a way to proceed with the project in the best manner possible rather than have it die of its own weight.

For that reason, I plan to continue to raise these issues in the community and to advocate for:

- A pause in the Civic Center process to allow for the creation of a two by two between the City and the County to take some time to explore how the ideas I have offered can be implemented, by:
 - o The City Council and the County Board formally adopting the terms of California Executive Order #18-91,
 - o Inviting a small "blue ribbon" group of local citizens with experience and success in developing similar projects to participate in their non-public meetings, and
 - o Involving the Plenary Group to participate in order to utilize all of their good work completed to date.

Since the implementation of this strategy would involve Napa County, I have copied the Napa County Board of Supervisors with this memorandum.

I am available to answer questions about these recommendations.



If not Now – then When?

The City and the County need to have a shared strategy for Napa:

- that satisfies their respective public facility needs

AND

- encourages housing development by optimizing the use of excess public lands.

If not Now ... then when?

2001 City of Napa Population - 72,766

2018 City of Napa Population - 79,989 ... less than ½ of 1% increase per year

- “The cost of homes in Napa County soared beyond the reach of many.”
- “Plans are afoot to modify the First Street/California Boulevard intersection to prevent traffic backups onto the Highway 29 overpass.”
- “Ambitious plans to consolidate offices downtown will create ripples of change over the coming decade, including opportunity for more shopping and tourist attractions.”
- “The city would like to consolidate offices into a new City Hall if space and money are available.”
 - **All Quotes from the Napa Register 2001**
- “Homeless shelters are at capacity. More than 60 low income families are having to stay in motels, while about 1,300 families and individuals are waiting for federal rent subsidies to give them a needed boost.”
 - **Terry Longoria- Napa Register 2001**
- “Until community leaders pronounce that housing is a top priority, zip will get done.”
 - **Randy Gularte - Napa Register 2001**

Inescapable Truths

- The Napa Valley Needs Housing to alleviate traffic issues and to maintain its economic success.
- The County Needs Funding for its capital projects (Jail).
- The City Needs to Consolidate its operations for efficiency and cost effectiveness.
- Both the City and the County have more than enough property to satisfy future facility needs ... AND there is excess property that can be dedicated to housing construction.
- The Taxpaying Public needs the City and the County to work together to develop a joint strategy with their properties to ensure optimum use for their respective operations and maximum value from the excess.

The Goal

- Creatively and Cooperatively use Public Lands to:
 - Develop needed public facilities;
 - Address and accelerate workforce/affordable housing needs;
 - Ensure optimum government funding opportunities; and
 - Enable private development to continue to stimulate the local economy.

The Situation

- Public Land Downtown is Plentiful and Decisions as to its future use will drive how Downtown Napa will look and operate for generations to come.
- The County will derive far greater value from its Old Sonoma Road and downtown surplus properties if they are properly zoned by the City prior to being offered to the development market for sale.
- Valuable work has been completed to identify and analyze the future facilities needs of both the County and the City that will be useful in the implementation of cooperative decision making.

The Opportunity

As the City pursues Option 3 to develop solutions for new City Administration and Police facilities, the City and County have an exceedingly rare opportunity to prepare a strategy for all of their public landholdings in Napa.

What public land you ask?

City Properties

County Properties









NVUSD Corp Yard
8 ac



CalTrans Corp Yard
10 ac



Here are some ideas for our Leaders to consider in that strategy.

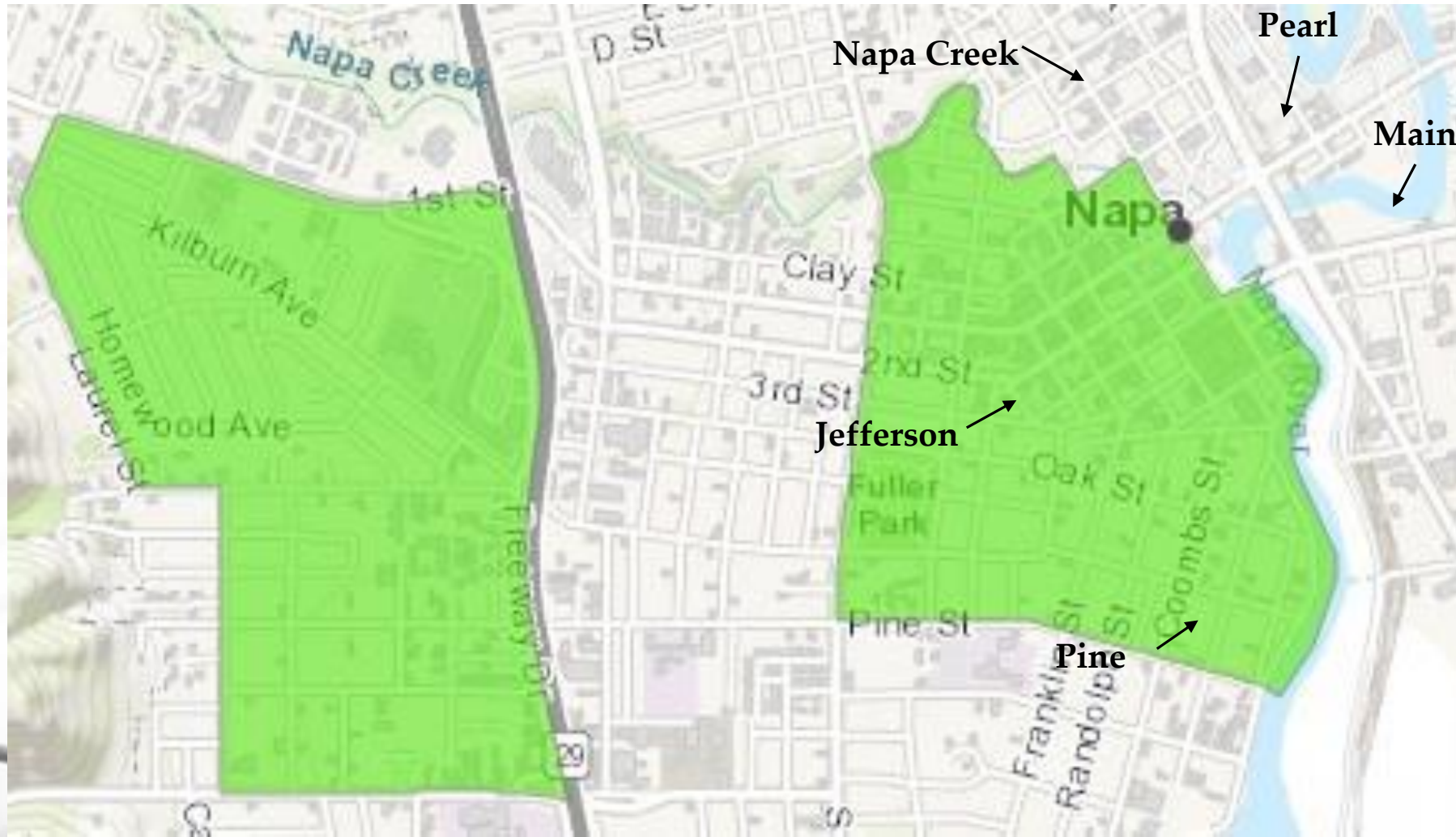
- The City and the County should first identify and set aside the land needed to satisfy their Downtown facility needs which would free other sites for development; in the process they should consider permanent locations for the Police HQ (perhaps at the City Corp Yard) and consolidate maintenance yards.
- The County could trade its Sullivan Block to the City to be used for the development of the City's new City Hall (without the Police HQ), thereby advancing Downtown Specific Plan goals, consolidating public services in the area of the County building and the Courthouse and avoiding double staff moves, saving millions and avoiding public confusion.
- In return for the Sullivan Block, the City could trade marketable excess City properties of equal value to the County, with dense residential zoning in place, to allow the County to liquidate the properties and accelerate downtown housing development.
- In the General Plan Update, the City should initiate necessary General Plan Amendments to rezone all City and County owned excess (and to be excess) property, as appropriate, to commercial or dense residential categories, as appropriate, allowing both the City and the County to recognize higher values in the sales market.

Downside of ignoring this opportunity.

- Available housing solutions will be delayed and Napa's Business Economy will likely suffer, traffic will continue to deteriorate and housing costs will continue to skyrocket.
- Because of the myriad political, statutory and bureaucratic influences and requirements that will impact us along the way, Downtown Napa will be just the product of what survives the private investment and development process, not a vision that was sought.

Downtown Napa is an Opportunity Zone

Recent Federal Tax Act created Opportunity Zones that are designed to spur economic development by providing tax benefits to investors.



Recommendations

- Slow the Civic Center process.
- The City and the County adopt California Executive Order #18-91.
- The City and the County create a two by two and take two months to explore how these ideas can be implemented and invite a small “blue ribbon” group of local citizens with experience and success in developing similar projects to participate in their non-public meetings.
- Involve the Plenary Group to participate in order to utilize all of the good work completed to date.
- Activate and engage the business community and housing and other interested community groups to assist in the implementation of the strategy utilizing investment under the new federal tax law Opportunity Zone rules.