PUBLIC-PRIVATE PARTNERSHIP:
REQUESTS FOR FEASIBILITY STUDY
& FINANCIAL ANALYSIS

CITY COUNCIL
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A contract between a public entity and a private entity that outlines the provision of assets and the delivery of services

- Alternative procurement practice specific to public infrastructure
- Outcome based
- Offers financing options
**Goal**
To increase downtown and County Administrative Center land availability for housing and mixed use development through the consolidation of government services into denser, more potent land use, thus providing streamlined access to services.

**Objective**
To opportunistically use downtown City land for housing and mixed use development resulting from the need to replace and consolidate City administrative buildings and services, which in turn stabilizes costs and resiliency over time.
VALUE OF P3

Housing Development | Community Benefits
Economic Impacts | Cost Management
Speed to Build | Delivery of Service

• Leverage real estate for housing & commercial development
• Improve economic vitality & community vibrancy
• Consolidate administrative functions & service delivery
• Reduce growing deferred maintenance expense obligations
• Establish a financially-viable approach to space & operational needs
CURRENT GENERAL FUND REVENUE

General Fund Revenues
FY18-19 Projected

City + County:
- Other: 29%
- Sales Tax: 15%
- Property Tax: 56%

Sonoma County:
- Other: 17%
- Sales Tax: 6%
- Property Tax: 77%

Santa Rosa:
- Other: 53%
- Sales Tax: 31%
- Property Tax: 16%
GENERAL FUND REVENUE POTENTIAL

NEW CITY TAXES VALUE/ACRE

CURRENT CONDITIONS
$0
$6M/acre

MODERATE BUILDOUT
$361,830
$20.8M/acre

HIGHEST BUILDOUT
$818,715
$60.5M/acre
P3 RISK CHART

Risk Transfer

Private Sector Involvement

- Design-Bid-Build
- Design-Build
- Design-Build-Maintain
- Design-Build-Operate-Maintain
- Design-Build-Finance-Operate-Maintain
- Full Concession
- Privatization

*with availability payments
MSCS

69 Stony Pt Rd
1.82 acres
DEFERRED CAPITAL MAINTENANCE
ALL FACILITIES

Historical Capital Expenditures
 Deferred Capital Maintenance

Total Deferred Capital Maintenance @ CPI (3%) Inflation

Annual Capital Expenditure @ CPI (3%) Inflation

Total Facilities Budget
TOTAL ANNUAL CAPITAL PROPOSED VS ACTUAL

![Graph showing total annual capital expenditure with proposed vs actual data from 2017 to 2041.](image)

- Historical Capital Expenditures
- Total Annual Capital Expenditure @ CPI (3%) Inflation
- Annual Capital Expenditure @ CPI (3%) Inflation
CITY OF NAPA

- Civic Buildings: 130,000 SF
- P3 Financing: JPA bond financing
- Total cost: $110 million
- General Fund Annual Payment: $6 million

CITY OF LONG BEACH

- Civic Buildings: 260,000 SF
- P3 Financing: Tax Exempt Bonds
- Total Cost: $118 million
- General Fund Annual Payment: $14 million
CITY OF NAPA

Developer:
Plenary Group, Los Angeles

Architect:
Woods Bagot San Francisco

Notes:
✓ Used a technical advisor
✓ Engaged stakeholders early
✓ RFQ/RFP process
CITY OF LONG BEACH

Developer: Plenary-Edgemoor Civic Partners

Architect: SOM (Skidmore, Owings & Merrill)

Notes:
✓ Surplus land
✓ Dedicated project staff
✓ Public-private uses incorporated
SONOMA COUNTY
PROJECT & OPTIONS
Firms Surveyed:

- Email Invites - 395
- Surveys Completed - 69
  - Bay Area – 49%
  - Sonoma/Napa – 22%
  - California – 15%
  - US – 12%
  - Outside US – 2%
- Firms Interviewed - 25

Expertise of Participating Firms:

- Developers - 16
- Builders - 22
- Architecture Firms - 25
- Real Estate Consultants - 20
- Financial Firms - 8
SURVEY TAKEAWAYS

- Likely to bid: 86%
- Interested in joint procurement: 81%
- Increased interest if permitting expedited: 93%
SURVEY TAKEAWAYS

• Determine service delivery goals before selecting location
• Hire a technical advisor
• Have dedicated project staff
• Clearly define goals & objectives
• Buy in from elected helpful
• 2-phased solicitation approach increases success
• Long-term lease vs. sale
• Clear financial resources & defined budget
• Objectives-driven vs. being prescriptive
NEXT STEPS

Option 1

Option 2

P3 Phase One - Feasibility Study

hire consultant for:

- Economic feasibility
- Facility and operational needs
- Community goals
- Site capacity

Estimated Phase 1 Cost: $350,000
It is recommended by the Planning and Economic Development and Transportation and Public Works Department that Council, by Motion, authorize Staff to initiate phase one of the Public-Private Partnership (P3) procurement process, which includes engaging a professional consultant through a competitive solicitation process to assist in a feasibility analysis of location, financing and Request for Qualifications/Proposals (RFQ/RFP).
QUESTIONS