



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 3/16/2021

To: Board of Commissioners of the Community Development Commission

Department or Agency Name(s): Sonoma County Community Development Commission

Staff Name and Phone Number: Paul Osmundson, 565-9909

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Amendment to Professional Services Agreement with MidPen Housing - Roseland Village

Recommended Action:

Authorize the Executive Director of the Sonoma County Community Development Commission (Commission) to amend the Professional Services Agreement between the Commission and MidPen Housing (MidPen) for predevelopment work on Roseland Village by increasing the dollar limit from \$2,400,000 to \$3,303,667, funded by Successor Agency Funds, and extending the term by two years to July 2023.

Executive Summary:

The Sonoma County Community Development Commission ("Commission") has entered into a Disposition, Financing and Development Agreement ("DDA") with MidPen Housing, Urban Mix Development and Notre Mire, Inc. for the planning, design, entitlement and development of a mixed-use project at Roseland Village. The Commission has also entered into a Professional Services Agreement ("PSA") with MidPen to provide planning, entitlement and pre-development services for the Project.

Approval of this item would authorize the Executive Director of the Commission to amend the PSA with MidPen, originally executed in 2016, increasing the total dollar amount from \$2,400,000 to \$3,303,667. This increase is intended to cover construction management services for the construction and development of the Public Improvements at Roseland Village (now known as "Tierra De Rosas") that MidPen will perform as a Professional Service to the Commission. The services will support Commission project management staff. The services would otherwise be performed by Commission staff and Commission management believes that due to recent staff departures and the number of vacant positions, the Commission is not in a position to perform these services without the assistance of Mid-Pen. There is a strategic advantage as well due to the relationship and allocation of responsibility in the DDA pertaining to the Public Improvements.

The scope of the PSA includes all services required to assist the Commission to contract for the development of the Public Improvements for Roseland Village and make the site ready for development of the planned mixed-use development. The increased cost of the professional services agreement will be funded from Successor Agency funds already budgeted to be used on the Roseland Project.

Discussion:

Professional Services Agreement

On July 19, 2016, the Board authorized the Executive Director of the Commission to execute a Professional

Services Agreement (PSA) with MidPen to pay for third-party predevelopment expenses incurred to obtain the required Tierra de Rosas approvals. This included: approvals for public improvements on the entire 7-acre property, which under the DDA are the funding responsibility of the Commission. These public improvements include publicly dedicated streets, sidewalks, underground utilities, landscaping, a public plaza and public utility easements. Private improvements on each of the five subdivided parcels on the 7-acre site are described below.

MidPen has paid its own direct costs for predevelopment expenses related to the planned improvements directly related to the affordable housing parcel, and will perform all work in their role as the intended development partner for the private improvements in the planned mixed-use project. The PSA originally had a two-year term from July 2016 to July 2018; this was extended via two amendments through July 2021.

The Commission's staff possesses the expertise required to perform bidding and construction management of this type required for the Tierra De Rosas Project; however, given the Commission's current workload, there is insufficient staffing capacity to perform this work in-house without negatively impacting other projects and programs. Based on the Commission's knowledge of construction management and oversight costs, staff believes the proposed costs, qualifications and continuity of management that would be realized by MidPen performing this work will achieve the best and most cost-effective method of completing the Tierra De Rosas Project infrastructure work.

Key deliverables of the Tierra De Rosa development:

- Provide a mix of homes designed for a diverse cross-section of the Roseland community
- Create a vibrant market-hall and business incubator for local restaurant and food enterprise
- Deliver a public plaza that serves as Roseland's community hub
- Develop a multi-use building which accommodates civic uses and other community serving programs
- Support the revitalization of Sebastopol Road and Joe Rodota Trail linkages to regional transit, employment, and recreational centers

Tierra De Rosa Development project details:

- Affordable Housing: "Casa Roseland" 75 multifamily rental units at 30 - 60% of AMI (1, 2, and 3 bedroom)
- Market Rate Housing: 100 multifamily rental units (1 and 2 bedroom)
- Civic Building: 25,000 sq. ft. of space in a single 2-story building
- Mercado Food Hall: 7,400 sq. ft. catalyst for neighborhood economic development opportunities
- Mitote, a pop-up food truck and public dining area
- Plaza: 1-acre green space that will serve as Roseland's community gathering hub, providing a public venue for community events, art and culture, a farmers' market and recreation

In February of 2018, MidPen submitted an application for a tentative map, subdivision map, and density bonus concessions (Project) to the City of Santa Rosa. On February 28, 2019, the City of Santa Rosa Planning Commission approved the Project. A neighboring owner, John Paulsen, appealed the Planning Commission's approval to the Santa Rosa City Council. On June 25, 2019, the Santa Rosa City Council denied the neighbor's appeal and affirmed the Santa Rosa Planning Commission's approval of the Project and environmental analysis.

MidPen engaged a team of consultants and prepared the Public Improvement Plans, which were submitted to the City in September 2019. The City of Santa Rosa, including the fire, building, engineering and planning

departments, have reviewed and commented on the plans in three rounds of written comments. After each round of comments, the plans were revised and adjusted to address comments and requests from the City. The final round of comments were received in October, 2020 and a final revision has been submitted to the City. The public improvement plan diagram is provided as Attachment 3.

The requested increase in funds will fund MidPen providing services to assist the Commission staff in managing all aspects of the construction of the Public Improvements. This scope includes the advertising and bidding of Public Improvements work using the County's solicitation process, reviewing and selecting bidders, day-to-day management of the selected general contractor, reviewing and recommending payment of invoices and construction management of the installation of the Public Improvements. By using MidPen to perform tasks related to the public improvements under the attached PSA, coordinated work is more easily accomplished and the Commission will be able to continue leveraging MidPen's demonstrated development and construction management expertise.

Commission staff also recommend extending the term of the PSA to July 20, 2023, in order to complete the construction of the Public Improvements.

There currently remains \$664,312 of funding from the 2nd Amendment with MidPen that is anticipated to be expended in FY 2020/2021 for design services, permit fees, and other costs associated with preparing the Public Improvements for bid and paying City of Santa Rosa development fees. The additional funding of \$903,667 is anticipated to be expended over the next two fiscal years, assuming that the project is bid out and construction begins in 2021.

Disposition, Development and Financing Agreement ("DDA")

The DDA established each party's responsibilities with respect to the development of the site. The Commission is responsible for the environmental remediation of the site, and the funding and construction of the public improvements. The estimated cost of the Public Improvements is \$13.8 million. The funding plan currently assumes that the CDC will fund \$3.76 million from County sources as described in the table below, and assumes the receipt of \$2.58 million from the sale of the Market Rate, Civic and Commercial parcels. The timing of those sales is not known, which will require the Board to advance these funds and use the sale proceeds to be repaid upon the event of the sales. The current amount of Successor Agency funds is approximately \$3.05 million, leaving a funding gap of approximately \$710,000. Commission staff expect that the funding gap will be closed by allocating additional County Fund balance to the project. Under the DDA, the Commission is responsible for seeking other sources of funding to close the financial gap and MidPen is responsible for cooperating in the search for funding. In the event the Commission is unable to provide or identify adequate funding for the public improvements, MidPen has the right to terminate the DDA.

In collaboration with the Commission, MidPen submitted an application to the Infill Infrastructure Grant program ("IIG"). The IIG application was successful and Roseland was awarded \$11,876,050 in total funds, which are to be used to develop the public infrastructure at Roseland Village. Approximately \$6.35 million of the IIG award is allocated to constructing the public improvements at Tierra de Rosas. A portion of the funding will be used to fund the affordable housing infrastructure costs.

MidPen also partnered with the City of Santa Rosa and SMART to apply for Affordable Housing and Sustainable Communities ("AHSC") funding. The application was successful and the applicants were awarded a total of \$25,780,623 for a combination of projects, including \$620k for bike and pedestrian improvements at Tierra de Rosas, \$10M for SMART Train extension and improvements to station amenities, reduction in headways on Santa Rosa CityBus Route 15 from 60 to 30 minutes, and pedestrian and other projects for the City of Santa

Agenda Date: 3/16/2021

Rosa that help connect Roseland to downtown Santa Rosa. Casa Roseland received approximately \$1.015 million of funds from AHSC to support the capital cost of the affordable housing.

The Market Rate parcel that is scheduled to be developed by Urban Mix for 100 market rate housing units is scheduled to fund a portion of the cost of the public infrastructure work, through the purchase of the land from the Commission for \$2.01 million. The Civic parcel was appraised at \$370,000 and the Commercial Parcel was appraised at \$190,000. The timing of the land sales is uncertain since users for each parcel have not been formally identified.

With these two awards, sale of the Commercial, Civic and Commercial parcels, and allocation of additional funding of \$705,000, the project would be fully funded.

Please refer to the table below for the sources and uses of funding and the current status of the funding source.

Tierra de Rosas Infrastructure Budget		
Sources of Funds	Amount (\$)	Status
Successor Agency Funds	3,046,097	Allocated to project
Open Space Grant	500,000	Awarded in 2017
Market Rate Lot Sale Proceeds	2,010,000	Pending sale - funds must be advanced and repaid from sale proceeds
Civic and Commercial Lot Proceeds	570,000	Pending sale - funds must be advanced and repaid from sale proceeds
AHSC	620,616	Committed
IIG	6,355,684	Committed
Subtotal	13,102,397	
Additional Sonoma County CDC Gap	710,359	Not committed
Total	13,812,756	
Uses of Funds		
Public Improvements (Incl. Plaza)	8,538,611	
GC Fees (OH/Profit, GR, Ins)	1,478,617	
Construction Management Fees	894,667	
Soft Costs	2,400,000	
Contingency	500,861	
Total	13,812,756	

Staff will return to the Commission with a final budget approval request and a request to approve the award of a construction contract for the Public Improvements in mid-2021.

Successor Agency Funds

These additional costs will be paid for using Successor Agency Funds, which are already budgeted for Roseland Village. The successor agency unencumbered balance after this amendment is \$3,046,097.

Prior Board Actions:

8/20/2019: Authorized Commission to amend the Professional Services Agreement with MidPen

03/12/2019: Authorized Commission to execute Roseland Village Disposition and Development Agreement with MidPen and Urban Mix Development

07/19/2016: Approved PSA between Commission and MidPen

01/26/2016: Approved Commission to negotiate a DDA with MidPen

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY 21-22 Projected	FY 22-23 Projected
Budgeted Expenses	664,312	500,000	403,667
Additional Appropriation Requested			
Total Expenditures	664,312	500,000	403,667
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	664,312	500,000	403,667
Use of Fund Balance			
Contingencies			
Total Sources	664,312	500,000	403,667

Narrative Explanation of Fiscal Impacts:

Approval of this request will utilize \$903,667 in Successor Agency funds, designated for construction and development management services. The total amount allocated for Roseland for the current budget year will not change; however, a larger portion of funds projected for the overall project than originally anticipated will be required to complete predevelopment and entitlement work via the PSA with MidPen.

The Commission has committed \$2.4 million of Successor Agency funds on predevelopment costs for the Roseland Village project; the amended agreement encompasses an additional \$903,667 for construction and development management services.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Agenda Date: 3/16/2021

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment 1 - PSA between Commission and MidPen

Attachment 2 - Amendment #4 to PSA between Commission and MidPen

Attachment 3 - Public Improvement Plan Diagram

Related Items "On File" with the Clerk of the Board:

None