

To: Board of Supervisors

Department or Agency Name(s): County Counsel, General Services, Permit Sonoma

Staff Name and Phone Number: Bruce Goldstein 565-6118, Tennis Wick 565-1925, and Caroline Judy 565-8058

Vote Requirement: 4/5th

Supervisorial District(s): First

Title:

Sonoma Development Center (SDC) Transition Plan Update

Recommended Actions:

- A) Receive an update from State representatives and staff on the Sonoma Developmental Center transition and site disposition process.
- B) Direct staff to initiate and manage a comprehensive and expedited land use planning process including issuing a request for proposals for planning, community engagement and CEQA analysis contingent on requisite funding.
- C) Adopt resolution supporting a Land Use Planning process considerations for disposition of the Sonoma Developmental Center Site.
- D) Adopt a budget resolution authorizing adjustments to the Board Adopted Budget for Fiscal Year 2018-2019 for up to \$150,000, to be utilized at the discretion of the Permit Sonoma Director or designee, to initiate a land use planning process.

(4/5th Vote Required)(First District)

Executive Summary:

The Sonoma Development Center (SDC) is a one of a kind historic 900+ acre state owned property in the heart of Sonoma Valley that requires a tailored planning and disposition process. The State and County have been working together to design a unique approach that relies on community input, County planning expertise, State property management and development experience, and joint values regarding open space protection, affordable housing and reasonable development. In May 2015, the State of California announced its plan to close all Developmental Centers. The plan included the closure of SDC by the end of 2018, including developing community homes for over 400 residents. Significant State and local activity occurred to plan for the conclusion of onsite services. This has included a number of community meetings led by State and local leadership regarding site assessment and the site's future. State agencies and the Legislative Delegation have consistently communicated their intention to explore alternatives to the usual State Surplus process and have worked to establish an approach that includes community input and reflects the uniqueness of this generational opportunity for development and natural resource preservation.

This effort has included the active engagement of multiple County departments and agencies including General Services, Permit Sonoma, County Administrator, County Counsel, Recorder-Assessor's Office, Agricultural Preservation and Open Space District (Ag + Open Space), Regional Parks, Auditor Controller Treasurer Tax Collector, Sonoma County Water Agency (Sonoma Water) and the Economic Development Board. Staff also have been actively involved in a multi-year State-led site condition assessment and community engagement process with

leadership from the State legislative delegation, and the State Departments of Developmental Services (DDS) and General Services (DGS).

The Sonoma Developmental Center property constitutes approximately 1,000 acres, and provides critical riparian habitat and watershed resources. Approximately 200 acres of the property make up the current core developed campus. Together the property presents unique opportunities for both conservation and economic development. The potential exists to meet some of the County's acute housing needs with a possible mixed use approach. Creative ideas for the property have included a diverse mix of housing, "start-up" incubator space, retail, education, research, arts, and museum spaces that could benefit the entire County. Similarly, protecting the open space lands that serve as critical habitat, riparian corridors, groundwater recharge, and the watershed has long been recognized as vital to not just the Sonoma Valley but to the larger regional community. Multiple studies and community engagement processes have affirmed these benefits including the recent State commissioned Wallace Roberts & Todd (WRT) SDC Existing Conditions Report, the Sonoma County Water Agency's "Review of Water Resources for Sonoma Developmental Center" and the Potrero Group's 2015 SDC Transformation Study. The Potrero Group Site Transformation Study is available here http://potrerogroup.com/files/pdfs/PotreroGroup_SDC_Site-Transformation-Study.pdf. The SDC Existing Conditions Assessment is available here <https://www.dgs.ca.gov/RESO/Resources/Page-Content/Real-Estate-Services-Division-Resources-List-Folder/Sonoma-Developmental-Center-Existing-Conditions-Assessment>. As noted in these reports, SDC was at one time, the County's largest employer, providing decades of essential patient care services to the developmentally disabled and has protected a large open space area containing multiple sensitive ecosystems.

Patient care at the SDC concluded at the end of 2018, and the site will transfer jurisdiction from Department of Developmental Services (DDS) to the California Department of General Services (DGS) in July 2019. After feedback from the Legislature and the Sonoma County community, the State's October 2015 SDC Closure Plan notes that, "It is not the intention of the State to declare SDC's property as Surplus, but instead to work with the community to identify how the property can best be utilized." The State is also committed to selling or transferring the property due to the high costs of maintaining the site and antiquated infrastructure.

As directed by the Board of Supervisors in May 2018, County staff have been meeting with the State to consider alternatives to the State Surplus process. Stakeholders have met regularly to contribute to the planned and coordinated closure. The proposed approach is a product of this collaboration utilizing the expertise of the County to conduct a land-use and environmental planning process, coupled with a community-driven engagement and visioning process, and State disposition process.

This report provides an update for the Board and recommends launching a County-led land use planning process, with robust community engagement, to develop a vision, policies, standards, and a sound economic/environmental basis for future use of the site. In addition, staff recommend authorizing an appropriation of up to \$150,000, to be utilized at the discretion of the Permit Sonoma Director or designee, of anticipated fiscal year 2018-19 General Fund

balance for staffing costs, under the assumption that the State's 2019-20 adopted budget will include funds to reimburse the County's estimated costs, up to \$3.5 million.

Discussion:

Background

The Sonoma Developmental Center is the oldest state-run developmental center in California and has served individuals with developmental disabilities since 1891. The SDC includes about 140 buildings within the core campus comprising over 1.3 million square feet of administrative office buildings, congregate care buildings, and private residences built between the 1800s and 1990s. Most of the infrastructure is beyond its useful life and vulnerable to failure, yet limited opportunities exist to reuse the majority of buildings. A site assessment (WRT) has indicated that the centralized infrastructure (heating/water/electrical) is also failing and would require a roughly \$125 million upgrade. The property has important biological and natural resources including approximately 700 acres of open space connecting Jack London State Historic Park and Sonoma Valley Regional Park. Part of the SDC property is in a designated voter-approved community separator. At one time, SDC was the largest employer in Sonoma County, employing approximately 1300 employees including nursing, professional and administrative staff.

The SDC's population began to decline in 1969 with the passage of the Lanterman Developmental Disabilities Services Act (Lanterman Act) and the transition of residents from institutional care to less restrictive community-based services. A moratorium on admissions to development centers included in the State's FY 2012-13 budget further contributed to the reduced patient population. As a result of this 40+ year effort to transition development center residents into community-based settings, only the individuals with the most complex health and behavioral needs had remained at the SDC.

For at least a decade, a broad based coalition of community partners including patient advocates, the Sonoma Land Trust, Sonoma Ecology Center, Glen Ellen Forum, and others have advocated for continued services, the preservation of cultural assets (such as the cemetery), preservation of open space, and a museum to preserve SDC's history. Ultimately, in May 2015, the State of California announced its plan to close all Developmental Centers. The plan included the closure of the SDC by the end of 2018, including finding community homes for over 400 SDC residents.

As of December 2018, all patients have been relocated and the site has gone into a warm shut down mode of operation for DDS to transition the workspace, including moving equipment and patient files. This period is funded in the State's current year budget through June 2019. The site will transfer from DDS to DGS in July 2019. DGS estimates the annual costs of maintaining the site, without the residential developmental services, at between \$12 million and \$13 million per year.

The typical process for the disposition of excess State real property, if no alternative State use is identified, is to declare the property surplus and dispose of it by sale, lease, or exchange. The State Surplus process recognizes and prioritizes affordable housing. However, from the time the State committed to closing the facility in May 2015, State, County and community groups

agreed that the standard State Surplus process was not sufficient to address the unique site and community needs. Stakeholders have met regularly, in a first of its kind process, to contribute to the planned and coordinated closure and to develop a transition proposal for the site. All parties are committed to ensuring that the site is transferred in a timely and responsible manner that meets local community needs and statewide goals for property disposition, affordable housing, enhancement of the Sonoma Valley economy, water resources protection, and natural and historic preservation.

The Board's adopted Sonoma County Legislative Platform has long stated the objective of supporting State and community stakeholder's involvement in the development of future plans for the SDC site, leveraging locally-informed priorities and preserving critical environmental and recreational resources. If the property is sold, the County would retain local land use authority, and would ensure that the community is engaged in future use planning.

Site Transition and Disposition

Over the last three and a half years, significant State and local activity has occurred to plan for the closure of SDC and the disposition of the site, including collaborative opportunities for resident and community input led by State and local leadership. State agencies and our State elected delegation members have convened multiple information sessions for resident families and conservators in addition to multiple community meetings—most recently, an SDC Community Workshop to review the Existing Conditions Report on June 23, 2018, and an SDC Town Hall on May 10, 2018.

The County has also worked closely with the SDC Coalition, a diverse partnership committed to exploring options for the future of SDC which is comprised of the County of Sonoma, Ag + Open Space, Sonoma Water, Parent Hospital Association, Sonoma Land Trust, Glen Ellen Forum and the Sonoma Ecology Center. The SDC Coalition launched a broad-based community driven-effort, called Transform SDC, to transform the site's unique health service programs and preserve its natural resources. The Board of Supervisors identified the County's strong interest in coordinating with the community, protecting natural resources, preserving public water rights, and maintaining a safe environment on the property post closure.

In May, 2018 the Board of Supervisors directed staff to consider the following County interests as guiding principles in discussions with the State agencies:

1. Maintain local control and authority of land use planning (specifically including General Plan, zoning and building code laws) and entitlement process;
2. Ensure robust public participation regarding development plans and approvals;
3. Require that at least half, if not a majority, of governance board members are from Sonoma County (with representation from the immediate Glen Ellen area) and appointed by the Board of Supervisors;
4. Structure future governance so that there is no County liability related to SDC;
5. Provide for tax collection consistent with current law e.g., possessory interest tax and Special District taxation;
6. Protect watershed and groundwater recharge;
7. Require that all water rights be maintained as public rights;

8. Maintain compliance of water and wastewater systems with all legal requirements;
9. Recommend that State complete site planning phases;
10. State/Trust/Governing Entity to pay for County land use process e.g., specific plan;
11. Clearly define and secure State's or other entity with financial capacity to be responsible for environmental remediation on the site (e.g., asbestos removal, soil and groundwater contamination);
12. Secure and define adequate State appropriations for pre-development building security and immediate restoration of infrastructure, including but not limited to buildings, water and wastewater;
13. Insure permanent protection of natural resources through fee transfer of designated lands to State Parks, Regional Parks or other conservation entities; and
14. Authorize bond authority for the Trust or other controlling entity for County-defined purposes and allow leveraging the land for bond security.

Additionally, the State emphasized the need for an expedited planning process that included a comprehensive approach to the property, the prioritization of affordable housing, and the ability for the State to recoup reasonable costs of the shutdown. With the County and State interests as a guide, over the last ten months, State and County staff have actively worked on potential timelines and transition models. Key discussion points have included governance models, timelines for planning, funding, terms of state support and responsibility for the property. Options for consideration and timelines have been driven by the State budget and legislative process. These negotiations have included, at minimum, monthly meetings, between County staff representatives from General Services, County Counsel and the County Administrators Office and DGS, DDS and members of the State Legislative Delegation to continue to further identify the substantial operating costs and responsibilities for site ownership.

Transition Proposal

Recent discussions have focused on defining future land uses through a Specific Plan or similar land use planning process and various structures for transferring/disposition of the property in a thoughtful, cost-effective and time-efficient manner, which will ensure robust community input.

Priorities in the transfer process include the following:

- Facilitate the land use planning process to reduce redevelopment risks and provide greater input and certainty for the community;
- Ensure transition occurs in a timely manner to minimize ongoing state costs, reduce further deterioration of the facilities and structures, and ensure public safety and site security;
- Provide a public engagement process to build consensus regarding future land uses and address key issues and environmental constraints;
- Provide for a mix of affordable housing and open space uses compatible with existing County General Plan policies for this property and any policies that may be established through the community visioning process;

- Secure permanent protection of the important historic and natural resources with provisions for appropriate public access areas; and
- Demonstrate methods to build a sustainable community that provides a housing/jobs balance, enhances watershed management and groundwater supplies, provides renewable energy, substantially reduces CO₂e emissions, and preserves cultural heritage and protect open space.

This first of its kind proposal presents an opportunity to form a unique partnership between the State and the County that efficiently moves the property from State ownership to a community asset through a locally managed Specific Plan or similar land use planning process that is integrated with the State’s disposition process. The site will continue to be controlled by the State during the period leading up to transfer, and the County will work closely with the State to determine any feasible interim uses during the long term planning process. The goal of the joint effort is to expeditiously plan future land uses for the site with broad community input, reduce uncertainty, increase land values, expedite marketing, and maximize interested third party potential purchasers. Key proposal components include the continued State control and management of the SDC for the next three years, a County managed and State funded land use planning process including robust community engagement, and related CEQA review, with the disposition of the property anticipated by 2023.

County Land Use Planning

The site presents potential economic opportunity for strategic redevelopment that could provide substantial housing, jobs, environmental and other public benefits. The SDC site includes a total building floor area of 1.3 million square feet comparable to the County’s owned facilities (exclusive of the Veterans buildings). The current General Plan land use for the entire 945-acre parcel is Public/Quasi Public and zoned Public Facilities (PF) which allows uses operated by a city, county or special district, schools, parks, community centers, churches, day care centers and telecommunications facilities. The undeveloped lands (approximately 745 acres) are also designated in the Open Space Element as a Community Separator by ballot measure, which does not allow the land use to be changed to a more intense land use without a vote of the people or a comparable offset of dedicated open space lands. There is also a Planning Area Policy in the General Plan Land Use Element that states:

“Policy LU-20ff: Consider future public uses of the Sonoma Developmental Center and Skaggs Island properties as a priority if they are declared Surplus and offered for sale to local agencies, particularly park, recreation, and open space uses and affordable housing.”

Under the proposal the County would initiate, through the use of consultants and extra-help staff, a Specific Plan or similar land use planning process which is anticipated to take at least 24-36 months and would include:

- Extensive community engagement
- Constraints and opportunities analysis
- Water supply assessment
- Economic demand and feasibility

- Historical resources/Landmarks review and documentation
- Land use, open space and zoning plan (including residential densities and building intensities)
- Design guidelines
- Infrastructure needs and costs
- Financing plan
- Environmental impact report

The planning process would dovetail with the State's request for proposal (RFP) process for disposition of the property by providing a set of policy objectives, infrastructure requirements and preferred land use scenarios upon which proposals would be based. This process will require that the County hire an outside consultant team to prepare the Specific Plan (or similar land use plan) and EIR and contract for additional in-house project management resources to meet the expedited timeline.

Community Concerns

When evaluating decisions for the future of SDC, it is recommended to take into account the size and historical significance of this property from a community perspective. Many families in the Glen Ellen community have connections to the operations and/or had family members who received services at SDC. In addition, the property is used for various recreation and outdoor activities by the public at-large.

Staff and community members are understandably concerned with the security of the site during the transition period. Typical security measures, such as fencing and restricted access, are included in the warm shut down costs currently funded by the State. The image of fencing along Arnold Drive is a significant community concern. County staff continue to encourage the State to consider the potential for interim uses at the SDC during transition to create a presence on the property, which could increase the security of the property.

Funding

The cost for completing a Specific Plan or similar land use planning effort is estimated at \$3.5 million over a three-year period, which includes consultant costs, staff and County Counsel costs. As part of the collaborative transition proposal, the Legislative Delegation has submitted a request to fund this process to the state Department of Finance. The transition proposal is attached.

In order to initiate the land use planning process, staff recommend a budgetary adjustment of \$150,000 to allow the County to develop and release a request for proposals for an outside consultant team. It is anticipated that this amount would be reimbursed by the State as part of the \$3.5 million budget request. Staff have confidence the State budget will include the needed funding and recommends authorizing an appropriation of up to \$150,000, to be utilized at the discretion of the Permit Sonoma Director or designee, of current year-end estimated General Fund balance to begin land use planning process. The assumption is that the State will retroactively reimburse the County for FY 2018-19 expenses incurred and allocate funds for all of the County estimated expenses through FY 2021-22.

State law also allows the costs of a Specific Planning effort to be recouped through a Specific Plan fee on the subsequent development, which may be another opportunity to get cost recovery. A Specific Plan offers many benefits by identifying the community needs, enabling the desired land uses, defining the environmental and economic opportunities, reducing the risk of investment, and creating more certainty for the developer and the community. It thereby increases land values, and defines a clear pathway for the desired outcomes. The Specific Plan, or similar process, is the most effective and efficient method to ensure that the County's objectives and priorities can be met in a manner that benefits the community.

In FY 17-18, approximately \$15,000 in various County department budgets was expended to support the SDC coordination efforts. In May 2018, the Board of Supervisors approved \$85,000 in FY 2018-19 General Fund contingencies to support the General Services Department lead project management staff work at \$60,000, and County Counsel staff at \$25,000. To date, General Services has expended the allocated \$60,000, plus an additional \$4,656 and County Counsel staff have expended the allocated \$25,000, plus an additional \$79,000. County Counsel estimates an additional 45-60 hours in Counsel time for the remainder of the fiscal year.

Additional staff time on this project will require Permit Sonoma to take a lead role on the management of the land use planning process and associated consultant work, with support from County Counsel and the County Administrators Office, in addition to input from other County departments as appropriate. These expenses have been preliminarily estimated at between \$200,000 and \$500,000 over three years depending upon the selected option and outcomes.

Resolution Regarding Land Use Planning and Disposition of the SDC Site

The Legislative Delegation has requested that your Board provide a Resolution supporting the transition proposal indicating the County's approach to the planning process and willingness to cooperate with the State on interim uses and the disposition process. The Resolution is attached.

Recommendation

Contingent upon State approval to reimburse land use planning costs, staff recommend that the County authorize an appropriation of up to \$150,000, to be utilized at the discretion of the Permit Sonoma Director or designee, to initiate the land use planning process and to approve the attached Resolutions.

Prior Board Actions:

May 8, 2018 - SDC County Input in Transition Planning:

- A. Approve a minute order authorizing staff from various County departments and agencies to engage in the Sonoma Development Center transition planning and governance structure development.
- B. Support legislation to implement recommended governance structure consistent with County interests.

FISCAL SUMMARY

	FY 18-19 Adopted	FY19-20 Projected	FY 20-21 Projected
Expenditures			
Budgeted Expenses			
Additional Appropriation Requested	\$150,000*	\$1,850,000	\$1,500,000
Total Expenditures	\$150,000*	\$1,850,000	\$1,500,000
Funding Sources			
General Fund/WA GF	\$150,000*		
State/Federal		\$1,850,000	\$1,500,000
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$150,000*	\$1,850,000	\$1,500,000

* The requested appropriation is for an amount *up to* \$150,000 to be utilized at the discretion of the Permit Sonoma Director or designee, based on initial projections from Permit Sonoma that will be further refined with the goal of ensuring an effective process to initiate a land use planning process. The requested appropriation is contingent upon an agreement for reimbursement from the State for these funds.

Narrative Explanation of Fiscal Impacts:

The land use planning process is estimated to cost \$3.5 million between FY 18-19 and FY 21-22, which will include a Specific Plan or similar land use plan, an EIR and review by staff and County Counsel. Cost recovery is expected from the State and may be supplemented by a Specific Plan fee on new development in the planning area. The request for up to \$150k, to be utilized at the discretion of the Permit Sonoma Director or designee, this fiscal year is to cover the Request for Proposals for the land use planning process. In FY 19-20, if the FY19-20 budget act includes funding, we anticipate needing \$1,850,000 to initiate the planning process with a consultant team, assemble a technical review panel and citizen’s panel, host public workshops throughout the process, conduct necessary legal review, and continue State/County coordination.

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

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Attachment A: Budgetary Resolution

Attachment B: Resolution Regarding Land Use Planning and Disposition of the SDC Site

Attachment C: SDC Transition Proposal

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

None