



SMART REAL ESTATE AND PROJECT DEVELOPMENT COMMITTEE AGENDA

February 1, 2006
10:00 AM - NOON

Santa Rosa City Council Chambers
100 Santa Rosa Avenue
Santa Rosa, CA

- I Call to Order**
- II Approval January 4, 2006 Minutes****
- III Comments from the Public on Non-Agenda Items**
- IV Update on On-Going Real Estate Issues - Lucrecia Milla**
- V. Caulfield Lane Crossing, Petaluma*- Lillian Hames**
- VI NWP Storm Impact Report*- Mike Strider**
- VII. Rail Engineer Progress Report*- Mike Strider**
- VIII. Next Meeting Date: March 1, 2006, 10:00 am, San Rafael City Council Chambers**
- VIX. Adjourn**

DISABLED ACCOMMODATION: if you have a disability that requires the agenda materials to be in an alternate format or that requires an interpreter or other person to assist you while attending this meeting, please contact SMART at least 72 hours prior to the meeting to ensure arrangements for accommodation.

* Information will be provided at the meeting, ** Information attached.



**MINUTES OF SMART REAL ESTATE & PROJECT
DEVELOPMENT COMMITTEE MEETING**

January 4, 2006

San Rafael City Council Chambers

1400 5th Street

San Rafael, CA

I. Call to Order

Chairman Boro brought the meeting to order. The following committee members were present:

Al Boro, Jim Eddie, Debora Fudge, McGlashan and Mike Kerns.

II. Approval December 7, 2005 Minutes

Motion was made to approve the December 7, 2005 minutes by Director Boro and seconded by Director Kerns.

III. Comments from the Public on the Non-Agenda Items

There were none.

IV. Update on Ongoing Real Estate Issues

Lucrecia Milla informed the committee that staff was evaluating recent storm damage. Chair Boro requested an update on any impacts on adjacent properties. Ms. Milla stated Mike Strider would be making a presentation of the storm impacts at next month's meeting following a field inspection of key locations.

V. Santa Rosa Railroad Square Update

John Nemeth began by reminding the Committee that at the last Board meeting Staff had received legal council only 4 days prior to the meeting. There were several items from the Board that needed additional input from legal counsel. Since then, Staff had time to meet with Ms. Madeline Chun, Hanson-Bridgett who was also present.

Mr. Nemeth discussed the changes made since the Board Meeting. The RFP would state SMART's highest priority for the site was affordable housing. The expected minimum density was at least 35 dwelling units per acre, which translated to a minimum of 189 total units. The other proposed wording was to include the requirement of a minimum of 20% of on-site affordable housing.

He continued by discussing the new proposed language for Green Building goals. Mr. Nemeth introduced Madeline Chun to discuss the legality of this issue. Ms. Chun began by informing the Committee she served as council for the NWPRRA and the Bridge

District. As a result she was very familiar with the history of the current SMART right of way. She also was familiar with transit orient development because of serving as counsel to the Peninsula Joint Powers Board. She continued by saying she had been researching the issues with the Draft RFP for only a short time. Ms. Chun explained she and Mr. Nemeth met with some members of the community and advocacy groups to discuss affordable housing and green building standards. After doing further research, it was her assessment that these were considerations that were largely related to policy orientation as opposed to legal prohibitions. However it was in SMART's interest to make the determination of what the appropriate course of actions and policies should be.

She said since SMART was a special district it would not have general powers to provide for the general welfare of the community like a City or County would. SMART had to review the context of the transit privileges to ensure it was accomplishing their fundamental purpose. She went on to say that the Federal Government issued guidelines on joint development and transit orient developments that could affect SMART.

In speaking to the issue of affordable housing, Ms. Chun suggested SMART derive its decision from local jurisdictions that had policies on affordable housing. She continued by saying if there was a nexus that could be shown to some public transit purpose, then there would be justification. She suggested SMART needed to be flexible in the event the developers stated the minimum requirements were not feasible.

Director Kerns asked Ms. Chun to discuss the federal funding limitations and/or guidelines she mentioned. Ms. Chun stated that TOD guidelines define the development as being functionally and physically related to the transit facility. Projects with retail/commercial mixed would have to show some sort of nexus

Director Kerns asked Ms. Chun if a legal argument could be made linking affordable housing to increased ridership. He went on to say that people who live in affordable housing generally would be using public transportation and possibly a nexus could be drawn to that. Ms. Chun stated as long as there was some factual foundation that there really was a nexus between affordable housing and transit users promoting the use of public transportation, she thought it would be endorsed.

Director Eddie asked if SMART was expecting Santa Rosa to help SMART financially fund part of this project. Chair Boro stated SMART needed to be partners with the Santa Rosa Redevelopment Agency. Director Eddie stated SMART would need to get a subsidy from the City in order to support the housing numbers we were requiring. Director Debora Fudge stated that the developer could obtain other funding, as well. She continued by saying the City could help by postponing developers fees for a certain length of time.

Chair Boro asked Mr. Nemeth how the number of housing units was derived. Mr. Nemeth stated that it was in the RFQ and was based on the acreage. Mr. Nemeth also stated there was height regulation. Director Fudge asked Mr. Nemeth if the 189 units were the maximum. Mr. Nemeth said that 189 units could fit. Director McGlashan reminded the Committee that the City warned SMART not to assume they would receive a subsidy for affordable housing. Director McGlashan suggested that SMART ask the developer to look into other sources of funding. If this was impossible without the City endorsement, SMART needed to take that in account.

Chair Boro stated he thought the redevelopment agency would be obligated to spend 20% on affordable housing. He continued by saying he wanted to hear from the City of Santa Rosa if they would not help support SMART with affordable housing or why funding would not be available. Director Kerns wanted to make sure SMART had the ability to modify the RFP for the developer in case this was too difficult. Ms. Chun stated it was important to suggest this in the beginning and state that there may be certain items subject to modification and negotiation. She said SMART would be subject to criticism if it did not disclose this information up front. Chair Boro suggested that the RFQ should reflect a range rather than a flat number. Ms. Chun said it would allow more flexibility. Director Eddie felt the language may be too strong and that SMART should revise it in order to be fair to all the developers. Chair Boro asked the public for comments.

Steve Birdleough stated the developer should figure out how they could deliver the 20% expectation.

David Grabill felt it would be important to set requirements. His recommendation would be to set 20% which would be consistent with other laws. However the number of units should be flexible. He thought the units should be 150 units or even a little less.

Chair Boro asked the Board for comments. Director McGlashan suggested wording could be modified to say SMART's highest priority for the site would be ridership and revenue, and therefore housing would be served by a minimum density of 35 dwelling units per acre. SMART staff recommends the target of 100 to 190 units which would allow for open spaces and other mixed use purposes. Director Fudge stated she agreed with the proposed wording. Director Kerns agreed and suggested that perhaps units per acre could be added to show 25-35 per acre. Mr. Nemeth suggested taking off 35. Director Fudge stated that 125-190 units would be a good range. Chair Boro agreed and asked if the RFP could show a range of 15-20% for housing as a requirement. Director Fudge asked if there could be bonus points if the developer would be closer or above 20%. Director McGlashan preferred it state the requirement of the green building technique. Chair Boro asked Mr. Nemeth what the requirements of Green Building would be. Mr. Nemeth said the minimum requirements of green building would be easy to achieve.

Mr. Nemeth continued by discussing the contractor's pre-qualifications. The requirements would apply to all contractors and subcontractors working on the SMART project during the construction phase. Developers would be responsible for providing satisfactory evidence of compliance with provisions that would be listed in Appendix F. In addition, the developers would be expected to provide SMART with answers to a questionnaire regarding contractors and subcontractors, to the extent permitted by law.

Staff sought the advice of Ms. Chun on the appropriateness of this issue as related to SMART. Ms. Chun informed staff that all documents submitted to SMART were public record and the pre-qualifications statutes through public works indicates that it should be treated as confidential. Staff would look into this further because it was not clear at this point what would be best. Ms. Chun stated if there was a request for information and it was determined there was enough reason to disclose the information, SMART should require the developer to indemnify them against these challenges. Director Eddie asked if this would allow SMART to receive the information they asked for. Ms. Chun stated it would. In the contractual matter, the intent would be to provide information to the public

agency in order to assess the trustworthiness and capability of the contractors. Ms. Chun stated there would be further discussion with John Nemeth to make sure the requirements would be tailored appropriately to the administering proceedings.

Mr. Nemeth stated with regard to local hiring, the developer was to make a good faith effort to ensure that at least 50% of the workforce hired to work on SMART property during the construction phase resided in the SMART District. The developer would provide SMART with a list of employees, their positions and the county of their residence. For living wage there could be two options - developer commitment to a living wage will be considered an amenity and viewed favorably in the proposal evaluation or Smart require the payment of a living wage for employment on the site during the post-construction phase. Ms. Chun stated she had concerns with the living wage for post construction because she would question what the nexus would be. Ms. Chun stated she would need to look into this further.

Director McGlashan asked if the City of Santa Rosa had a living wage requirement. Mr. Marty Bennett stated City of Santa Rosa did not but the County of Marin, City of Sebastopol and City of Sonoma had the requirement. Director McGlashan stated that since Marin County had a living wage ordinance and there were two cities within the SMART project corridor that did also, would SMART consider it as an amenity or requirement. Director Kerns stated he would like to see it as a requirement.

Mr. Bennett stated what was proposed was almost identical to what had been implemented at the Port of Oakland. He added that there should also be another exemption, it should read employees under the age of 21 and who work less than 90 days. The intent would not be to cover seasonal employees but for permanent ongoing employees.

Chair Boro suggested that counsel review this further. Director Eddie suggested there should be room for negotiations. Mr. Nemeth stated this was unusual due to the aspect of SMART not selling the ROW and granting a long term lease. This could be addressed by using a COLA. Director Kerns suggested an average of jurisdictions that required living wages.

Mr. Nemeth continued by saying staff would be defining the apprenticeship program and would show that it has been approved by the State. Staff suggested that the business terms stay the same and would leave it up to the developer so SMART would not be boxed in. Chair Boro stated as Director Eddie mentioned earlier, to get some idea as how it would justify the numbers and what would be a reasonable term. Director McGlashan stated that the top criteria would be the revenue the project would generate and that another paragraph be added with stronger language. Mr. Nemeth stated Strategic Economics would help with the needed information. Mr. Nemeth discussed the evaluation criteria and the break down would be 1/3 –ridership and revenue, 1/3 – financial feasibility and deliverability and a 1/3 – overall design.

Chair Boro stated he was not comfortable with that without having input from the City. He suggested that at the Board meeting, someone from the City be present.

VI. Closed Session

No Items for closed session.

VII. Next Meeting Date: February 1, 2006, Santa Rosa City Council Chambers

VIII. Adjournment

The meeting adjourned at 12:00 Noon