

8 IMPLEMENTATION AND FINANCING

This chapter outlines the steps necessary for the successful implementation of the Specific Plan. It describes regulatory programs, infrastructure and facility improvements, and identifies funding sources for carrying out identified actions.

A. IMPLEMENTATION OVERVIEW

The Downtown Station Area Specific Plan creates the context for substantial additional residential, retail, and office development in the 650 acre Plan Area. Achieving significant new development in the largely developed center of Santa Rosa will be challenging. New development anticipated by the Specific Plan will infill remaining vacant sites and redevelop existing underutilized sites. Considering development costs and expected market conditions it is likely that it will take many years for the development as envisioned by the Specific Plan to occur.

This new development will require a variety of improvements including those typically associated with site development, infrastructure improvements needed to create sufficient capacity for the new development anticipated in the area, and civic facilities and amenities that benefit the entire City. In order to achieve these improvements, a strategic, collaborative public/private approach to development will be required which takes advantage of development opportunities to create value and enhance the potential for additional development and public investment. The City will undertake a number of programs and actions to implement the vision described in this Specific Plan.

This chapter is organized to provide clear guidance for policy makers to address the programmatic and physical improvements critical to the success of the Specific Plan vision. At the end of the chapter is



Example of Streetscape Furniture

a matrix summarizing the implementation program. Following is an overview of the steps contained in this chapter:

- ◆ Identify the regulatory and programmatic steps necessary to support the Specific Plan.
- ◆ Identify the physical improvements to infrastructure, streets, public services and community amenities needed to support the proposed development.
- ◆ Identify the likely funding mechanisms that will be utilized to fund required physical improvements.
- ◆ Consider development feasibility and phasing issues.
- ◆ Provide an action plan for initiating public improvements and related financing mechanisms.

Located at the end of this chapter in Table 8-4 and Table 8-5 are two matrices summarizing the programs and physical implementation steps of the Specific Plan.

B. REGULATORY AND PROGRAMMATIC STEPS

The following regulatory and program steps should be taken by the City to fully implement the Specific Plan.

1. Regulatory Documents

Following adoption of the Specific Plan, the City will identify and coordinate changes to existing regulatory documents necessary to implement the vision and policies of the plan. These tasks are anticipated to be conducted by City staff with consultant assistance as necessary.

- ◆ Zoning Code
- ◆ Design Guidelines
- ◆ Pedestrian/Bicycle Master Plan

2. In-house Work Programs

Additional tasks to coordinate Specific Plan efforts include the following. These tasks are anticipated to be conducted by City staff.

- ◆ Coordination with SMART: The City will integrate ongoing planning efforts at the Sonoma Marin Area Rail Transit District with policies of this Specific Plan to insure mutual interests are achieved, including exploring financing mechanisms for establishment of shuttle service between the rail station and area employment centers and business parks.
- ◆ Infrastructure Engineering Analysis: The City's Public Works and Utilities Departments will oversee a detailed engineering analysis of infrastructure improvements identified in the Plan Area to assure completeness and to determine phasing priorities.

3. Community Work Programs

The Specific Plan requires additional regulatory documents to be developed for specific locations within the Plan Area. These documents will provide guidance for new development and capital improvement projects. City staff with consultant assistance will oversee a community involvement process.

- ◆ Street Tree Types: These are guidelines that consist of recommended tree species, size of tree wells and spacing of trees for

each of the Street Types listed in Chapter 5. Specific street tree types will be developed for the Urban Center Street Type, Shop Front Street Type, Entryway Street Type, Boulevard Street Type, Live/work Street Type, and SMART Multi-Use Corridor Type.

- ◆ **Street Furnishings and Street Lighting “Palettes”:** Palettes are groups of predetermined specifications for street furnishings and street lights which will be determined depending on the location of the improvement. Street furnishing palettes will consist of specifications for benches, trash and recycling receptacles, bus shelters, news racks, bicycle racks, tree grates and tree guards. Street lighting palettes will consist of specifications for streetlight fixtures and recommended spacing and heights for streetlights. Street furnishing and street lighting palettes will be developed for Courthouse Square, Railroad Square, West End, Sebastopol Road, Park and Gardens, Cherry Street, St. Rose and Olive Park districts.
- ◆ **Santa Rosa Avenue Corridor Plan:** The City will initiate a program to work with neighborhood groups and stakeholders to create a Corridor Plan for Santa Rosa Avenue between Highway 12 and Sonoma Avenue. Design objectives should include: creation of a village-like atmosphere with two to four-story mixed-use buildings at the street edge; enhancement of the pedestrian environment with wider sidewalks, street trees and activity generating uses at the street level; a right-of-way configuration designed to give preference to pedestrians and bicyclists but adequately accommodating automobile circulation; and creation of a retail hub between the Juilliard Park and Burbank Gardens neighborhoods at the intersection of Sebastopol Avenue, Mill Street and Santa Rosa Avenue.

C. PHYSICAL IMPROVEMENTS IMPLEMENTATION

The following infrastructure and public services improvements are physical steps required to fully implement the Specific Plan.

I. *Street and Roadway Improvements*

The Specific Plan proposes improvements to the street network in the Plan Area that will help accommodate existing traffic and additional traffic anticipated as development occurs.

- ◆ **Streetscape Improvements:** The Specific Plan will establish design guidelines and development standards for streetscape improvements in the Specific Plan Area. Some of these improvements will be constructed as a part of planned roadway and intersection improvements and some will be constructed as a part of individual development projects.
- ◆ **Pedestrian and Bicycle Improvements:** As with streetscape improvements, improvements to the pedestrian and bicycle network identified in the Specific Plan will be constructed as a part of individual development projects and others as a part of City-wide pedestrian and bikeway projects.
- ◆ **Intersection and Corridor Improvements:** Chapter 6 identifies seven street intersections and three corridors which are projected to need improvement in order to increase capacity. Three of the intersections need to be improved in tandem with the reunification of Courthouse Square. The priority of the remaining intersection and corridor improvements will depend on the timing of nearby development.
- ◆ **Sixth Street Underpass:** The new passage under the freeway is planned and CalTrans will provide the structure. The timing for the construction of the roadway is not determined.

- ◆ Sebastopol Road Corridor Improvements: At the time of the Specific Plan (2006), planning is underway for streetscape and other improvements at the Sebastopol Road corridor.
- ◆ Fourth Street Extension through Santa Rosa Plaza: This is a primary focus of the Specific Plan, and it would occur as part of a major renovation to the Plaza. The City may need to provide incentives to the Santa Rosa Plaza owner to achieve this reconfiguration.
- ◆ Other New Streets: The Specific Plan identifies several new streets which would be provided concurrently with new development in specific locations, including Roberts Avenue, Donahue Street and Imwalle Street.

2. Utility Improvements

The development proposed in the Specific Plan Area will require upgrading of the City's existing utility systems including water supply piping, wastewater piping, and stormwater drainage. A complete list of anticipated utility improvements and costs is provided in Appendix D.

- ◆ Water Supply: Water supply utility pipe upgrades will be required for most areas of the Plan Area due to higher pressure and flow rates required by fire protection laws. Courthouse Square and Railroad Square Sub-Areas will need the most substantial water main upgrades.
- ◆ Wastewater: Some of the sewer mains in the Plan Area will need to be upsized to accommodate new development. The major impact of development will be to the Downtown Trunk Sewer main.

- ◆ Stormwater: Most of the stormwater in the Plan Area is directed into Santa Rosa Creek. Regulations require that each development of a minimum size or proximity to the creek will be required to capture and treat stormwater on site.

3. Recreation and Parks

The Specific Plan indicates locations for several new parks. The total size of these proposed parks is approximately 4.5 acres. City park fees and development agreements will contribute to the realization of these new parks.

- ◆ Maxwell Court: Proposed .75 acre pocket park.
- ◆ Sebastopol Road: Proposed .75 acre pocket park.
- ◆ Imwalle Park: Proposed 1.5 acre linear park along Santa Rosa Creek.
- ◆ Pierson Park: Proposed 1.0 acre public green/amphitheatre.
- ◆ Prince Gateway Park: Proposed .5 acre park along Santa Rosa Avenue.

4. Community Amenities

These projects will enhance downtown Santa Rosa and provide broad public benefit to citizens and businesses throughout the City.

- ◆ Reunification of Courthouse Square: The reunification project could serve as a catalyst for new development in the downtown area.
- ◆ New Civic Center and Performing Arts Center: Bringing cultural facilities into the downtown area will enhance the regional stature of Santa Rosa.

- ◆ Daylighting of Santa Rosa Creek: This improvement will build on work already done to make Santa Rosa Creek a natural focus of the center of the city.

D. FUNDING MECHANISMS

The following section describes the types of costs and the funding sources associated with the implementation of the Specific Plan. Table 8-1 provides a summary of these costs and funding mechanisms.

1. Development Project Improvements

The primary source of funding for development project-related costs will be private developer equity and commercial bank financing. In addition to normal site improvement costs, the dispersed pattern of planned development in the area may also require developers to advance funding for “over-sizing” backbone infrastructure (e.g., roadways, water, sewer and drainage facilities) so that it is constructed concurrently with the demand for such facilities. Such advances are reimbursable through the existing City or other development impact fee programs.

2. Specific Plan Area Related Improvements

Development of the Specific Plan Area related improvements include infrastructure and public services improvements. It can be assumed that new development in the area, in one manner or another, will fund these required public improvements. The following text briefly describes potential funding mechanisms:

- ◆ *Capital Improvement Program:* The City of Santa Rosa has a Capital Improvement Program (CIP) that is adopted each year as a part of the City’s Budget cycle. The CIP identifies capital projects that the City is committed to building in the near term. Funding for projects in the CIP come from a variety of sources that are identified in the CIP. Projects identified in the Specific Plan would be candidates for inclusion in a future CIP, when funding sources have been identified and secured.
- ◆ *City Impact Fees:* The City currently imposes a number of development impact fees both City-wide and for the quadrants of the City including the Capital Facilities Fee, the Southwest

Cost Type	Estimated Cost Amount	Funding Sources				
		Private	Tax Increment	Citywide Fees	New Development-Based Sources	Other City Sources
Development Project-Related Costs	T.B.D.	X				
Specific Plan Improvement Related Costs (1)	\$33,400,000		X	X	X	X
Civic Facilities and Amenities (2)	T.B.D.	X	X			X

(1) Includes intersection improvements and utility upgrades. Streetscape improvements will be funded by developer/capital improvement program; a Community Facilities District will be established to fund four pocket parks and public facilities.

(2) Consists of reunification of Courthouse Square, connection through Santa Rosa Plaza Mall, Pierson Park, Performing Arts Center and new City Hall, daylighting of Santa Rosa Creek, new Gateway Park (Santa Rosa Avenue at Santa Rosa Creek), new Donahue Road and new Roberts Avenue.

Sources: Coastland Engineering; Economic & Planning Systems, Inc.

Table 8-1: Cost Categories and Sources of Funding, 2006

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Fee Source	Units/ Sq. Ft.	Fee per Unit/Sq. Ft.	Estimated Fee
<u>Capital Facilities Fees</u>			
Residential			
Medium-Low Density (8 to 12.99 units/acre)	120	\$4,045	\$485,400
Medium-High Density (18 to 30+ units/acre)	<u>3,129</u>	\$2,998	<u>\$9,380,742</u>
Sub-Total	3,249		\$9,866,142
Retail			
Southwest	30,000	\$2.69	\$80,700
Northeast	185,540	\$8.47	\$1,571,524
Northwest	<u>24,960</u>	\$8.47	<u>\$804,311</u>
Sub-Total	310,500		\$2,456,535
Office	340,000	\$3.53	\$1,200,200
Total Capital Facilities Fee			\$13,522,877
<u>Southwest Area Development Impact Fee</u>			
Residential, Medium-High Density (18 to 30 units/acre)	480	\$6,479	\$3,109,920
Retail/Service	30,000	\$7.95	<u>\$238,500</u>
Total Southwest Area			\$3,348,420
<u>Utility Demand Fees</u>			
Water Fees			
Single Family Unit, 6,000 square feet and under	463	\$3,867	\$1,790,421
Multifamily Unit, Condominium, Mobile Home	2,786	\$2,209	\$6,154,274
Retail	375,500	\$552	\$378,279
Office	340,000	\$552	<u>\$266,401</u>
Sub-Total			\$8,589,375
Wastewater Fees			
Single Family Unit, under 4,000 square feet	463	\$7,604	\$3,520,652
Multifamily Unit, Condominium, Mobile Home	2,786	\$6,844	\$19,067,384
Retail	375,500	\$1,901	\$7,495,168
Office	340,000	\$1,901	<u>\$581,706</u>
Sub-Total			\$30,664,910
Total Utility Fees			\$39,254,285

Fee source (cont'd)	Units/ Sq. Ft.	Fee per Unit/Sq. Ft.	Estimated Fee
<u>Park Fees</u>			
Northwest	343	\$7,934	\$2,721,362
Southwest	<u>120</u>	\$7,993	\$959,160
Southeast	<u>0</u>	\$7,773	<u>\$0</u>
Sub-Total	463		\$3,680,522
Multifamily			
Northwest	566	\$6,810	\$3,854,460
Northeast	1,286	\$7,911	\$10,173,546
Southwest	776	\$6,861	\$5,324,136
Southeast	<u>158</u>	\$6,672	<u>\$1,054,176</u>
Sub-Total	2,786		\$20,406,318
Total Park Fees	3,249		\$24,086,840
<u>School Impact Fees</u>			N.A.
<u>Housing Allocation Plan Fee</u>			N.A.
TOTAL			\$80,212,422
Sources: City of Santa Rosa; Economic & Planning Systems, Inc.			

Table 8-2: Impact Fee and Demand Fee Revenue Estimates, 2006

and Southeast Area Development Impact Fees, Water and Wastewater Demand Fees and Park Improvement Fee. Table 8-2 shows an estimate of impact fee and demand fee revenues that would derive from development of the Specific Plan Area. Over time, development of the area will generate over \$80 million in impact and demand fee revenues for the City. While these fees are established to fund specifically identified capacity improvements located throughout the City, it may be possible to direct some of this fee revenue to infrastructure projects in the Specific Plan Area.

- ◆ *Land Secured Financing:* A Mello-Roos Community Facilities District (CFD) may be established to help fund the construction of backbone infrastructure and other public facilities and services within the Specific Plan Area. The 1982 Mello-Roos Community Facilities Act enables public entities to establish a CFD to fund various facilities and services. The proceeds from a CFD bond sale can be used for direct funding of Specific Plan Area improvements or to acquire facilities constructed by the developer.
- ◆ *Redevelopment:* Value created over the next 10 years, assuming market conditions hold, will range between approximately \$270 million and \$550 million. Assuming that the majority of the Specific Plan Area is within a redevelopment area, tax increments to the redevelopment agency would range from \$590,000 to \$1.2 million annually, which is potentially sufficient to issue bonds of roughly \$6 million to \$12 million. Table 8-3 shows an estimate of redevelopment tax increment financing potentially available during the next ten-year period.

3. Community Amenities

Community amenities envisioned by this plan would require substantial funding from sources not directly related to real estate value created through new development as envisioned in the Specific Plan. While these improvements will make the Specific Plan Area more attractive and livable, they will benefit residents and businesses throughout the City and thus a City-wide funding source, such as a general obligation bond, is justified. Some of the proposed amenities

Item	Distribution (1)	Amount (2)
New Assessed Value		\$546,299,600
Property Tax (Gross TI)	1%	\$5,462,996
- Housing Set Aside (3)	35%	(\$1,912,049)
- Pass-Throughs (4)	35%	(\$1,912,049)
Tax Increment		\$1,638,899
Annual Revenue for Redevelopment		\$1,638,899
Annual Revenue for Affordable Housing		\$1,912,049
Total Annual RDA Revenues		\$3,550,948
Annual Revenue for Redevelopment		\$1,638,899
- County Administrative Fee (5)	2.4%	(\$131,112)
- Redevelopment Administration Cost (6)	13%	(\$213,057)
Revenue Available for Bond Debt Service		\$1,294,730
Bonding Capacity (7)		\$13,500,000
- Cost of Bond Sale and Funding Reserves	12%	(\$1,620,000)
Net Bonding Revenues		\$11,880,000
(1) Assumptions provided by City of Santa Rosa Economic Development and Housing Department. (2) Assumes annual demand of 100 units. (3) A plan amendment will be necessary in the Santa Rosa Center Redevelopment Area in order to issue new debt, which will trigger a higher LMIHF setaside of 35%. (4) Assumes a Pass-Through proxy rate of 35% as under AB 1290. (5) As a percentage of gross TI. (6) As a percentage of net non-housing revenues (annual revenue for redevelopment). (7) Assumes 20-year term, 6% interest rate, and debt cover ratio of 1.1.		

Table 8-3: Redevelopment Tax Increment Estimates, 2006

such as the performing arts center may be able to attract grants or foundation funding, as has been the case in other communities. The reestablishment of Fourth Street through the Santa Rosa Plaza shopping mall would be funded, it can be assumed, by a combination of public and private sources at the time the Plaza undergoes a major renovation.

E. DEVELOPMENT FEASIBILITY AND PHASING DISCUSSION

Market conditions and feasibility analysis conducted as a part of the Specific Plan process suggests that a concerted public/private incremental approach to development will be required, taking advantage of development opportunities that arise, to create value and enhance the potential for additional development consistent with the vision established by this Specific Plan.

An analysis of infrastructure costs suggests that infrastructure-related financial burdens will fall well within real estate industry standards. With improvement values ultimately well over \$1 billion, local infrastructure costs in the range of \$20 million to \$30 million should be relatively easy to absorb when taken as a whole.

The timing of development, anticipated to be extended over more than 20 years and the fact that it is geographically dispersed will create a challenge for matching efficient infrastructure improvement projects to development. In some instances “oversizing” will be required to serve early (i.e., the first ten years) phases of development. It may be necessary to develop financing mechanisms, in addition to the developer “oversizing” already mentioned, to fund these improvements.

F. FINANCING ACTION PLAN

The financing for the required and desired public improvements within the Specific Plan Area will be initiated through a variety of implementation actions taken by the City of Santa Rosa. The following actions are organized by the three categories of funding responsibility identified above.

Developer-Provided Improvements:

Certain improvements are assumed to be completed by the private sector as a part of individual development projects, consistent with the requirements of the Specific Plan and other City plans and programs.

Action 1: Incorporate requirements and standards identified in the Specific Plan as part of the City’s Zoning Code and Design Guidelines to facilitate the processing of development applications.

Action 2: Consider use of development agreements for larger development projects to secure a wider range of public improvements and clearly define funding and improvement responsibilities.

Action 3: Consider targeted subsidies for development projects with high public values or catalytic effects related to other new development in the area.

Action 4: Evaluate the potential for shared or public parking facilities in the Railroad Square Sub-Area to reduce the need for on-site structured parking facilities.

Specific Plan Area Improvements:

A number of infrastructure improvements are identified in the Specific

Plan that provide additional capacity and maintain City service standards to accommodate development in the Plan Area.

Action 5: Conduct a detailed engineering analysis of all infrastructure improvements that have been identified in the Specific Plan Area to assure completeness and accuracy and to properly assign funding responsibility based upon “rational nexus” principles.

Action 6: Evaluate infrastructure requirements in relation to likely development patterns and establish a schedule for constructing required improvements. Begin engineering design and initiate construction of the high priority improvements.

Action 7: Insofar as the investments in public improvements exceed funding immediately available (through impact fees and other sources) establish a mechanism for funding the “oversized” facilities and paying for these costs as the subsequent development occurs.

Action 8: Assure that key improvements required by or reflected in the Specific Plan are included in the City’s CIP and, where appropriate, development impact fee technical reports and related resolutions. Specifically, existing fee ordinances should be reviewed to assure that projects anticipated in the Specific Plan Area, along with development expected, are incorporated.

Action 9: Utilize available tax increment financing for amenities and improvements that do not have a strong linkage to development projects and cannot be funded through other City sources. In some cases, tax increment financing may be necessary to subsidize aspects of private development projects deemed highly

desirable or beneficial by the City (e.g., “catalyst” projects that will stimulate additional development in the area).

Community Amenities:

The Specific Plan identifies a number of community amenities to be built in the Specific Plan area. These amenities, as they benefit the entire City, will likely require City-wide based funding sources.

Action 10: Study the design, features and cost for each of the proposed civic facilities and amenities identified in the Specific Plan.

Action 11: Because of the high cost of the proposed civic facilities and amenities, seek community support for the civic facilities and amenities through formulation of a general obligation bond package (or other City-wide funding source) to be placed before the City’s voters.

Action 12: Seek grant and foundation funding and public/private partnerships for the construction and operations of the proposed civic facilities and amenities (e.g., foundation support for the performing arts center).

Tables 8-4 and 8-5 are located on the following page and provide a summary of the Specific Plan’s programs and physical implementation steps.

Action	Timeframe	Cost	Responsibility	Potential Funding Sources
Zoning Code/Design Guidelines/Ped + Bike Plan Amendments	Short Term	\$50.0 K	City	Grants, City Staff
Street Tree Types / Streetscape "Palette" Development	Short Term	TBD	City	Grants, City Staff
Coordination with SMART	On-Going	--	City / Developer	City Staff
Santa Rosa Avenue Corridor Plan	Medium Term	\$150.0 K	City	Grants, City Staff
Infrastructure Engineering Analysis	Medium Term	--	City	City Staff

Notes: Action items are listed in order of priority. Short Term = 0 to 5 years; Medium Term = 5 to 10 years; Long Term = 10+ years

Table 8-4: Regulatory and Program Steps

Action	Timeframe	Cost	Responsibility	Potential Funding Source
Street and Roadway Improvements				
Sixth Street Underpass	Short Term	\$2.5 M	Public	CIP
Sebastopol Road Corridor Improvements	Short Term	TBD	Public	CIP / Redevel / Developer
Streetscape Improvements	On-Going	TBD	Public / Private	CIP / Developer
Pedestrian and Bicycle Improvements	On-Going	TBD	Public / Private	CIP / Developer
Intersection and Corridor Improvements	On-Going	\$5.3 M	Public / Private	CIP / Developer
Fourth Street Extension through Santa Rosa Plaza	Depending on Development	TBD	Public / Private	CIP / Developer
Other New Streets	Depending on Development	TBD	Public / Private	Developer
Utility Improvements				
Water Supply/Waste Water/Stormwater	On-Going	\$25.6 M	Public / Private	Utility Fees / Developer
Recreation and Parks				
Prince Gateway Park	Short Term	\$2.0 M	Public	CIP/ Park Fee / Grant
Pierson Reach Park	Medium Term	\$2.5 M	Public / Private	Park Fee / Grant / Developer
Imwalle Development Linear Park	Depending on Development	\$2.2 M	Public / Private	Park Fee / Developer
Sebastopol Road Pocket Park	Depending on Development	\$1.5 M	Public / Private	CIP / Park Fee / Grant Redevel / Developer
Maxwell Court Pocket Park	Depending on Development	\$1.2 M	Public / Private	Park Fee / Developer
Community Amenities				
Reunification of Courthouse Square	Short Term	\$ 7.0 M	Public / Private	CIP / Grant / Redevel / Private
New Civic Center and Performing Arts Center	Long Term	TBD	Public / Private	CIP / Grant / Private
Daylighting and Improvements to Santa Rosa Creek	Long Term	TBD	Public	CIP / Grant
TOTAL		\$ 49.8 M		
Notes: Action items are listed in order of priority. Short Term = 0 to 5 years; Medium Term = 5 to 10 years; Long Term = 10+ years				

Table 8-5: Physical Implementation Steps

