

Responses to Council Questions and Comments

9/18/2023

Sent to Council 9/18/2023 at 3:35 PM

Item #10: Introduction (First Reading) of an Ordinance of a 5 Year Extension to the Commercial Lease Between the City of Petaluma and Sonoma Marin Area Rail Transit (SMART) for the Property Located at 210 Lakeville Street (APN 007-131-004) Which Includes the Old Train Depot and Neighboring Buildings and Parking Lot

- Question: Can we get a map of the exact property lines for this lease?
 - Response: The existing lease specifies the premises to include "...approximately 71,874 SF of land at milepost 5-38.5, APN #007-131-004, together with the improvements thereon consisting of three buildings: the Petaluma Passenger Depot – a 2,540 SF building, the Baggage Shed – a 520 SF building and the Freight Shed – a 4,760 SF building, as depicted on Exhibit A, that is attached to this Lease and incorporated into it by this reference."

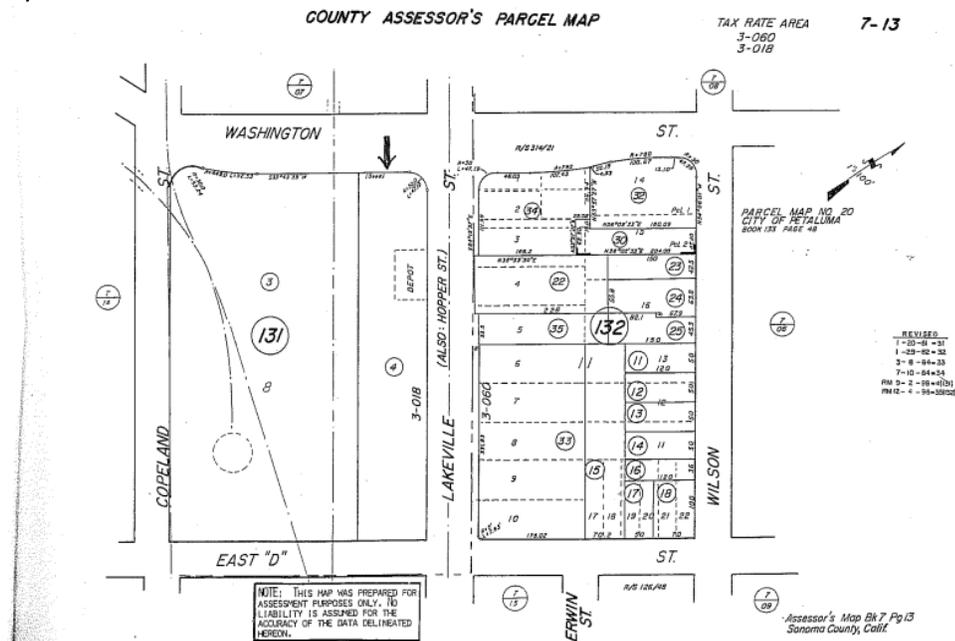


EXHIBIT A

All that portion as described in the Deed to Peter Donahue by Deed recorded March 13, 1871 in Book 33 of Deeds at Page 82, Sonoma County Records.

EXCEPTING THEREFROM all that portion described in the deed to the City of Petaluma, dated May 3, 1972, recorded October 17, 1972 in Book 2703 of Official Records at page 12, Sonoma County Records.

ALSO EXCEPTING THEREFROM the Southwesterly 315 feet of land described in deed recorded June 15, 1908, Deed Book 249, Page 145, Records of said County.

APN 007-131-004

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Item #12: Resolution Approving the Issuance of Revenue Bonds by the California Municipal Finance Authority in an Aggregate Principal Amount Not to Exceed \$35,000,000 to Finance an Affordable Rental Housing Facility for the Benefit of Eden Housing, Inc., and Certain Other Matters Relating Thereto

- Question: Can we get a deep dive into the reasons these retail stores were not used? Are the residents of the property not visiting these stores - which types of store work and which do not? Pedestrian traffic not enough? No street parking in front and nearby parking in shopping center not allowed or difficult to cross street?
 - Response: A number of considerations have been cited for the proposed conversion of underutilized commercial spaces into affordable housing units. Most notable is low demand in the market for this location. The most recent tenant was a bank and it has not been re-occupied since it became vacant. There is an existing restaurant (Thai River) that occupies one of the commercial units. The restaurant cites that a significant amount of its business are to-go orders and walk-in customers, and has not identified parking to be an issue. Eden had utilized a commercial broker with fliers and advertising to attract other tenants without success.
- Question: What is the current occupancy rate? Easy to fill new units? Will the investment into the 6 new apt. pay off in long term? Cost per unit to renovate? Cost/benefit ratio compared to new housing?
 - Response: While commercial use was in the original development, the demand for it has changed. Given the increase in prioritizing affordable housing in Petaluma and throughout the State, Eden Housing is looking to adaptively reuse non-residential space as additional housing units that will count toward the City's Regional Housing Needs Allocation in its current Housing Element cycle.
- Question: Since this looks like a bond/loan, will the money used have to be paid back? By city or property management?
 - Response: The bond supports the issuance of the construction loan, repayment requirements are the responsibility of Downtown River Two, L.P., which is controlled by

Eden Housing and the new tax credit investor entity Bank of America. The bonds support the issuance of the construction loan, which will be an 18-month term and paid off via the permanent sources.

- Question: Please provide an explanation/breakdown of the project funding.
 - Response: Below is the detailed breakdown on funding:

Funding Source	Construction Financing Stage	Permanent Financing Stage
Conventional Lender	\$25,999,837	\$8,490,000
Tax Credit Equity	\$2,157,028	\$21,570,276
Petaluma/HOME	\$5,826,154	\$5,826,154
Petaluma Housing Program	\$6,182,119	\$6,182,219
Petaluma CDC	\$26,307	\$26,307
Cost Deferred until Conversion	\$2,262,411	
Neighbor Works	\$3,000,000	\$3,000,000
Seller Carryback	\$5,115,760	\$5,115,760
Deferred Developer Fee	\$2,970,627	\$2,970,627
General Partners – Capital Reserves	\$214,228	\$214,228
Total Costs	\$53,754,471	\$53,754,471

Item #13: Introduction (First Reading) of an Ordinance Granting Temporary and Permanent Easements and Adoption of a Resolution Granting a License for Replacement of PG&E Gas Main Facilities on the City’s Shollenberger Park Property and Making Findings in Accordance with Section 21081 of the Public Resources Code and Section 15096 of the CEQA Guidelines that Changes or Alterations Have Been Incorporated into the Project which Mitigate or Avoid Potentially Significant Impacts of the Project on the Environment, and that Those Changes or Alterations Are Within the Responsibility and Jurisdiction of the State Lands Commission as Lead Agency for the Project Pursuant to CEQA, and Have Been Adopted by the Commission on August 17 (Questions posed on 9/11/23 meeting)

- Question: The maps show the location of the new line, but not where the old line is now. The old header is south of the new location in the ECWRF property - will it be removed? How does the new line intersect with current line? It looks like it goes under the main Pond. When I was working at SP a couple years ago, biological surveyors were assessing a line that would cross the north trail. It would be nice to see a larger map with both old and new gas lines located and where they connect. Will we have any special event that gets citizens to go to ECWRF for walking/running during construction? Are any yearly events such as fun runs or boat races affected? PWA operations will be severely impacted and will need to move to ECWRF during construction, but this is not mentioned in the report. The amphitheater is moving ahead but PWA Board is wondering how it can be built while the gas line is being constructed. Different timelines?
 - Response: Below is a map showing the existing line (blue dashed) and the new line (green) and how the new line connects in with the existing system. The existing line under the river (dashed blue with red X’s) will be removed and the existing line outside

- Question: Will this project impact the use of Shollenberger Park for residence? What are the specific upgrades to the walking trail from the gas line upgrade? Does this timeline seem realistic? Is this a two-phase project? I see an October and July timeline, what does this mean?
 - Response: Shollenberger Park will be closed Monday through Friday to facilitate construction. The park will be partially open to visitors on Saturday and Sunday with the path closed at the actual construction zone, the south-west portion of the park. PGE will need to temporarily widen a portion of the turns to accommodate the larger truck traffic. These improvements are temporary and will be removed once the work is completed. No other trail improvements are required. PGE is required to return the pathway in the same or better condition than it was provided to them in. PGE has a tight time frame and it's broken up into two phases for this project which is determined by their environmental window to access Shollenberger and the Petaluma River. PGE believes the two 3-month windows are realistic for the work. Additionally, PGE in their response to the City's comments state that "PG&E is still working on the details for limited public opening on weekends during the construction duration and will finalize those plans with the City of Petaluma prior to construction." Further, PGE's response to potential deterioration of the City's trails will result in a mitigation measure to be "submitted to the City of Petaluma Parks and Recreation Department, (and) will identify PG&E's commitments (financial or otherwise to ensure that substantial deterioration to trails and other facilities does not occur as a result of displaced visits from Shollenberger Park."

Item #14: Resolution Adopting an Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the Oyster Cove Mixed Use Neighborhood Project, Resolution Approving a General Plan Amendment, Introduction of an Ordinance (First Reading) Adopting a Zoning Map Amendment, and Resolution approving the Tentative Map for Subdivision and Condominium Purposes and Associated SmartCode Warrants

- Question: Who at city hall is working directly with PG&E on under-grounding these lines? Has the city spoken with PG&E on the under-grounding? How can this be accomplished simultaneously? How is it paid for? How can I support projects that will have an impact on bike and pedestrian and commerce mobility with a promise it will be done when the next property is developed. As Lakeville is being studied for safety improvements, I am sure staff is looking at Lakeville, Caulfield, Hopper Street and D Street, and how they intersect, and the interconnected impacts.
 - Response: Project proponents are responsible for undergrounding utilities as a standard condition to redevelop property. Overhead utilities along the street frontages, within the project site, or traversing the site shall be placed underground (Attachment 4, Condition 42). The project proponent is not responsible nor can the city require this condition be expanded beyond this requirement as there is no "nexus" between the impacts due to the proposed development and the existing PG&E lines. That said, the City's Public Works and Utilities Department works regularly with PG&E on various programs such as its Rule 20, which is focused on undergrounding utilities. The California Public Utilities Commission (CPUC) estimates \$6 million to \$100 million

per mile to convert existing overhead transmission to underground transmission. The City will look at every opportunity to improve the safety and mobility of its community. Later this year, City staff will be facilitating a workshop for City Council to discuss an update to its Active Transportation Plan.

A valid condition imposed on a development needs a “nexus” between the burdens imposed on the development and a substantial government interest. For example, in *Rohn v. City of Visalia* (1989) 214 Cal. App. 3d 1463 (*Visalia*), the city of Visalia’s condition for a development to widen the street was struck down for lack of a nexus. In *Visalia* the court found that traffic problems would occur because of “poor planning during the original development” of the street, and not due to any increased vehicular traffic associated with the project. (*Visalia* at 1475) Like in *Visalia*, the impacts of the PG&E lines are not a result of the Oyster Cove development, but prior planning. Accordingly, any condition to underground the adjacent existing lines would be considered a “taking” and not upheld if challenged for lack of a “nexus”.

- **Question:** Can Council provide more input/suggestions on the project’s landscaping, specifically around native plant species?
 - **Response:** On September 18, City Council is considering approval of Phase 1 entitlements that include General Plan and SmartCode Regulating Plan amendments, Tentative Subdivision Map, and associated SmartCode Warrants. The project’s Preliminary Landscape Plan will be considered as Phase 2 entitlements at a future Site Plan and Architectural Review (SPAR) public hearing by the Planning Commission. Staff will provide this feedback to the project proponents to include more native planting in its landscape plan.
- **Question:** Has the applicant worked with its neighbors to address concerns related to existing operations, land use compatibility, etc.?
 - **Response:** Yes, the project proponents have worked diligently with its neighbors since this concern was raised and it has been addressed with the project as conditioned with revised Conditions 14 and 15 (Attachment 4).
- **Question:** Has PFD approved the emergency access through EVA (locked) on Hopper Street?
 - **Response:** Yes, the proposed project design that includes emergency access on Hopper Street has been recommended by both city staff and Planning Commission.
- **Question:** Is Oyster Cove project paying for improvements to Hopper St?
 - **Response:** The project is proposing critical emergency vehicle access and an improved multi-use trail along McNear Channel to connect to Hopper Street. There is no nexus for the City to require any further improvements of Hopper Street from the project proponent. That said and separate from this project, the City will be working with Hopper St. property owners to fully realize city policies in its General Plan, River Access and Improvement Plan, and Active Transportation Plan, all of which envision safety and public access to the Petaluma River.
- **Question:** Can we leverage an agreement that helps development of ATP on Hooper St. in front of the factory? Or squeeze in bikeway/walkway along the waterfront?
 - **Response:** There is no nexus for the City to require further improvements on Hopper Street as part of this project’s entitlements. . Hopper Street is unique because ownership of the road varies, but in most cases, the City has an easement over the

roadway. With this in mind, the City would need to initiate a future discussion with a number of property owners to develop a capital improvement plan. Staff will continue to explore this idea and others as redevelopment of the area occurs.

- Question: What is the plan for undergrounding the utilities from Copeland to Lakeville?
 - Response: City of Petaluma has \$2.2 million in Rule 20 credits that can be used for undergrounding overhead electrical lines before 2033. Previously, the City elected to underground utilities for a portion of Bodega Ave., and is looking for additional funds to extend this work on Bodega Ave. Currently, there is no plan to underground the utilities from Copeland to Lakeville other than future redevelopment of adjacent parcels. Staff could follow up with an assessment on how to incorporate this work into a future workplan.
- Question: Is there a reason we did not provide a second access point near building 1?
 - Response: The project proposes improvements to pedestrian and bicycle access along D St. with improved connectivity to the River. While an alternative emergency vehicle access point is feasible from D St., the project as proposed best meets the city's objectives for multimodal connectivity by providing one signalized intersection at Copeland.