




Agenda Item No: 4.d
Meeting Date: June 17, 2024

SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Community & Economic Development Department

Prepared by: April Talley,
Project Director

City Manager Approval: _____ 

TOPIC: AGREEMENT FOR FISCAL IMPACT ANALYSIS AND REAL ESTATE ADVISORY SERVICES

SUBJECT: AUTHORIZE THE CITY MANAGER TO EXECUTE THE FIRST AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL SERVICES WITH SEIFEL CONSULTING FOR CONTINUED FISCAL IMPACT ANALYSIS AND REAL ESTATE ADVISORY SERVICES RELATED TO THE NORTHGATE TOWN SQUARE PROJECT IN AN AMOUNT OF \$30,000, FOR A TOTAL NOT TO EXCEED CONTRACT AMOUNT OF \$104,900.

RECOMMENDATION:

Authorize the City Manager to execute the first amendment to the Agreement for Professional Services with Seifel Consulting for continued fiscal impact analysis and real estate advisory services related to the Northgate Town Square project in an amount of \$30,000, for a total not to exceed contract amount of \$104,900

BACKGROUND:

The Northgate Mall (Mall) is a 44.76-acre site consisting of six parcels (APNs: 175-060-12, -40, -59, -61, -66 & 67). Originally opened in 1965 with The Emporium as its original anchor tenant, the Mall is currently developed with 766,512 square feet of commercial space, surface parking lots, and one parking garage structure. In 2017, Melone Geier acquired the project site and, in March 2021, filed an application for the phased redevelopment of the Mall through the demolition of most of the mall structure, including the Sears, Macy's, and Kohl's anchor buildings, redevelopment of commercial spaces, the construction of new commercial pads at the northern periphery of the property, construction of new structured and surface level parking facilities, development of housing units, and new community open space and amenities. The applicant proposes to complete this redevelopment in two phases pursuant to its 2025 Master Plan and 2040 Vision Plan.

The City has utilized Seifel Consulting to analyze the financial impacts of the Northgate Town Square on city resources. Seifel's analysis to date has also helped inform Development Agreement negotiations between the City and Merlone Geier.

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

ANALYSIS:

Seifel Consulting has analyzed specific project deal points to determine the fiscal impact to the City's general fund revenues and expenditures. There is new project data that the City needs to analyze as a part of its ongoing due diligence on the proposed project. As such, the staff is seeking to amend the professional services agreement to allow Seifel to finalize its analysis using the latest project data.

FISCAL IMPACT:

The proposal from Seifel Consulting totals \$30,000. This would increase the total contract amount to \$104,900. The funds needed to cover the cost of this service will be covered by the project applicant as agreed upon in the executed reimbursement agreement.

OPTIONS:

The City Council has the following options to consider on this matter:

1. Authorize the City Manager to execute the contract amendment.
2. Do not authorize the City Manager to enter into the agreement and provide further direction to staff.
3. Take no action.

RECOMMENDED ACTION:

Authorize the City Manager to execute the first amendment to the Professional Services Agreement with Seifel Consulting for continued fiscal impact analysis and real estate advisory services related to the Northgate Town Square project in an amount of \$30,000, for a total not to exceed contract amount of \$104,900.

ATTACHMENTS:

1. First Amendment to the Professional Services Agreement with Seifel Consulting for fiscal impact analysis and real estate advisory services.
2. Seifel Consulting Scope of Work.

**FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH
SEIFEL CONSULTING, INC. FOR FINANCIAL ANALYSIS SERVICES FOR
NORTHGATE TOWN SQUARE DA PROCESS**

THIS FIRST AMENDMENT to the Professional Services Agreement by and between the **CITY OF SAN RAFAEL** (hereinafter “**CITY**”), and **SEIFEL CONSULTING, INC.** (hereinafter “**CONSULTANT**”), is made and entered into as of the _____ day of _____, 202_.

RECITALS

WHEREAS, the **CITY** and **CONSULTANT** entered into a Professional Services Agreement dated November 18, 2022 to perform professional services in connection with **CITY’S** Northgate Town Square DA, for an amount not to exceed \$74,900 (the “**Agreement**”); and

WHEREAS, **CITY** requires additional professional services from the **CONSULTANT**, and the **CONSULTANT** is willing to provide such services.

AMENDMENT TO AGREEMENT

NOW, THEREFORE, the parties hereby agree to amend the Agreement as follows:

1. Article II of the Agreement, entitled “**DUTIES OF CONSULTANT**” is hereby amended to include the additional services set forth in **CONSULTANT’S** proposal dated May 10, 2024, attached to this First Amendment as Exhibit A and incorporated herein by reference.
2. Article IV of the Agreement, entitled “**COMPENSATION**” is hereby amended to include additional compensation payable to **CONSULTANT** for the services described in Exhibit A to this First Amendment, on a fixed fee basis in accordance with the Exhibit A, in a not-to-exceed amount of \$30,000, and to change the total not-to-exceed amount under the Agreement to \$104,900.
3. Except as specifically amended herein, all of the other provisions, terms and obligations of the Agreement between the parties shall remain valid and shall be in full force.

IN WITNESS WHEREOF, the parties have executed this First Amendment on the day, month, and year first above written.

CITY OF SAN RAFAEL

CONSULTANT

CRISTINE ALILOVICH, City Manager

By: _____

Name: _____

Title: _____

ATTEST:

[If Contractor is a corporation, add signature
of second corporate officer]

LINDSAY LARA, City Clerk

By: _____

APPROVED AS TO FORM:

Name: _____

Title: _____

ROBERT F. EPSTEIN, City Attorney

DRAFT



DRAFT FOR INTERNAL REVIEW ONLY

June 12, 2024

Ms. April Talley and Mr. Micah Hinkle
City of San Rafael
1400 5th Avenue 3rd Floor
San Rafael, CA 94901
email: Micah.Hinkle@cityofsanrafael.org

Re: Contract Amendment #1– Proposed Amendment to Provide Real Estate Advisory Services Related to Northgate Mall Redevelopment

Dear Ms. Talley and Mr. Hinkle,

Seifel Consulting appreciates this opportunity to continue to provide advisory services to the City of San Rafael regarding the proposed redevelopment of the Northgate Mall, which is also known as Northgate Town Square. We are requesting a contract amendment #1 to our existing contract because the project timeline is being extended through 2024 and additional work needs to be performed prior to the approval of the proposed project and its associated development agreement.

The existing contract anticipated that work would be completed during a 6-12 month time frame during 2023, and substantial additional services have been performed at the direction of City staff that have resulted in the expenditure of the existing contract budget amount. The following is a brief summary of work performed as of November 2023.

Task 1– Project Initiation, Meetings and Coordination

Key components of this task have been completed, although the scope of services is anticipated to continue to evolve through 2024:

- Gathered and reviewed relevant documents and data provided by City staff and the Merlone Geier development team (MG).
- Prepared for and facilitated numerous coordination calls/meetings with City staff, which included review of next steps and the project schedule, and advisory services on the project.
- Refined and augmented various components of the work program at the direction of City staff.

Task 2– Real Estate Advisory Services (Additional services still needed through 2024)

Key components of this task have been completed, although additional real estate advisory services will be needed through 2024:

- Reviewed and analyzed relevant information provided by MG regarding the proposed development.
- Performed due diligence on MG’s development proposal and supporting information provided by MG, including development revenues and costs for both the market rate and affordable housing components of the program.

- Reviewed the draft fiscal analysis prepared by Kosmont Companies on the proposed project and provided comments to City staff, which led to City staff requesting that we perform additional fiscal advisory services as described in Task 4 below.
- Performed an initial evaluation of the community benefits being offered by the developer as part of the development agreement, which included discussions regarding whether and how these community benefits would exceed what is required by relevant City requirements for this type of development in accordance with California Government Code Section 65864-65869.5.
- Prepared for and attended numerous calls with City staff and City attorney regarding various real estate issues associated with the development agreement negotiations.

Task 3– Public Meetings (Additional services still needed through 2024)

Some components of this task have been completed, and additional services will be needed through 2024:

- Assisted City staff in preparing for the public review process, which included review of relevant sections of the Draft Environmental Impact Report (DEIR) and advisory services related to household size and employment generation.

Task 4– Additional Services (Additional services still needed through 2024)

At the request of City staff, we performed additional services in collaboration with City staff that included advice regarding the proposed housing program and the preparation of a more comprehensive draft fiscal impact analysis that incorporated significant additional data and analysis regarding the potential impact on the City’s General Fund from the Northgate Mall redevelopment.

Housing and Community Benefit Advisory Services

- Performed due diligence on the proposed housing program, which included the assembly and review of relevant market, construction and development data for apartment and townhome units.
 - Advised on a scope of work for a current residential market analysis for Northgate area plus other areas of the City and coordinated with The Concord Group regarding the preparation of the market analysis, as well as use of the data for the housing and fiscal analysis.
- Performed due diligence regarding the proposed affordable housing program described in the Northgate Town Square 2025 Master Plan and 2040 Vision Plan (May 2023).
- Prepared a summary financial analysis of the potential developer cost under three alternative affordable housing scenarios: 1) proposed land dedication/EAH affordable housing development, 2) in-lieu fee option and 3) onsite inclusionary housing provision.
- Reviewed and refined findings from this analysis with staff to help inform the Development Agreement (DA) negotiations regarding community benefits.
- Facilitated calls with City staff, MG and its non-profit development partner, EAH, to clarify MG’s proposed land dedication for affordable housing and its development.

Fiscal Advisory Services

- Prepared a significant update to the fiscal impact analysis (FIA) of the proposed redevelopment of the Northgate Mall, which included the preparation of a detailed FIA model.
- Conducted numerous conference calls with City staff regarding the FIA update, which included due diligence review of relevant information submitted by the MG on the proposed project, as well as data provided by City staff regarding historical and existing assessed value for properties included within the project boundaries, as well as retail sales tax generation.
- Reviewed the proposed development plans and phasing programs for the 2025 Master Plan and 2040 Vision Plan in relationship to Marin County Assessor data regarding the development parcels,

summarized the development program by land use and phasing, and then developed a series of supporting tables for the FIA model how retail space is demolished and redeveloped.

- Reviewed and provided feedback regarding the DEIR regarding the proposed land use and the projected numbers of households and employees.
- Prepared and refined projections of the potential service population from the change in residents and employees due to the Northgate Town Square 2025 Master Plan and 2040 Vision Plan.
- Gathered and analyzed additional data and reports to inform the fiscal analysis, including data regarding historical and potential retail sales taxes, land prices, number of development parcels, development costs, potential residential and commercial development values.
- Prepared and refined a series of FIA tables that document the development program, key assumptions and potential fiscal revenues and costs to the City's General Fund at the build out of the 2025 Master Plan and 2040 Vision Plan.
- Prepared several rounds of updated draft summary tables, graphs and supporting appendix tables that summarize the fiscal impact analysis.

Given that the work program is anticipated to extend through December 2024, and substantial additional services still need to be performed at the direction of City staff, the following pages present the proposed work program and budget for the proposed contract amendment #1.

Please feel free to contact us with any questions or suggested modification.

Sincerely,

Libby Seifel

Elizabeth (Libby) Seifel
President, Seifel Consulting, Inc.

Scope of Work

Contract Amendment #1

Background

Merlone Geier Partners (Project Applicant or developer) is proposing to redevelop the Northgate Mall as a mixed use development in the City of San Rafael (City or Client), which is known as the Northgate Town Square development. The development would include transit-oriented housing as well as interconnected community gathering spaces and retail that would encourage public interaction. Central to this vision is the creation of the new outdoor town square that will serve as the heart of the project, attracting residents throughout the City and new retailers to this one-of-a-kind destination in Marin County. The developer is proposing to enter into a development agreement with the City, which would include the provision of the town square property as a community benefit.

Seifel Consulting (Seifel) is requesting a contract amendment #1 to Seifel's existing contract for the Northgate Town Square development to provide the following additional services as requested by City staff:

- Provide additional real estate, housing and fiscal advisory services as directed by staff and summarized below.
- Prepare additional work products and attend public meetings through 2024.

Task 1.1 Project Coordination

Throughout the work effort, we will conduct coordination calls or meetings with City staff and/or the developer as needed to ensure the work is accomplished effectively. These calls or meetings will be scheduled periodically and will serve to evaluate the progress of the project work, obtain additional information and review work performed to date.

Task 2.1 Real Estate Advisory Services

Based on our understanding of the work program, Seifel proposes to perform the following services in collaboration with City staff and legal counsel:

- Prepare for and attend meetings with City staff to discuss proposed communication with the developer, negotiation strategies and preparation of the development agreement.
- Provide as-needed consultation via meetings or teleconferences with City staff.

Task 3.1 Public Meetings

Based on our initial understanding of the public meeting process, Seifel proposes to perform the following services:

- Assist City staff during the public review process.
- Assist City staff in preparing for public meetings, hearings and presentations on the proposed project and potential development agreement to the Planning Commission and City Council.
- Present findings and recommendations at two public meetings..

Task 4.1 Additional Advisory Services

This scope of services is based on our initial understanding of our role and tasks to be performed for this assignment. Seifel will provide additional services upon client approval and within a separate additional services budget to be mutually agreed upon, which may include, but are not limited to:

- Prepare additional analyses or written products, as mutually agreed upon, which may include a review of submittals by the developer with respect to the use of concession(s) per State Density Bonus law or other proposed components of the development or master plan.
- Provide additional advisory services, as mutually agreed upon.
- Provide a peer review of documents and fiscal and economic analysis provided by the developer and its consultants, which may be subject to a confidentiality agreement.
- Prepare presentations for and/or participate in additional meetings beyond those described above.
- Conduct extensive review of supporting data.
- Retain additional professional advice to inform the work program, such as the cost estimation or property appraisal assistance.
- Review and advise on other related issues and/or documents as needed.

In addition to the additional services that were described and approved in our existing contract for Task 4, the following additional services have been requested by City staff as described below in Tasks 4.1A.

Task 4.1A Additional Services

As directed by City staff, Seifel will prepare the following additional advisory services, economic analyses, work products and supporting materials regarding the proposed housing program, community benefits and the potential fiscal impact on the City's General Fund.

Housing and Community Benefit Advisory Services

- If needed, update the financial analysis regarding the proposed affordable housing program based on proposed revisions to the development program as of Spring 2024, which summarizes and compares three alternative affordable housing scenarios.
- Prepare one updated draft and final version of the supporting financial tables and associated appendix tables based on input from City staff.
- Assist staff in preparing a summary of findings for the Planning Commission and/or City Council meeting, which may include the preparation of presentation slides.

Fiscal Advisory Services

- Update the draft fiscal impact analysis (FIA) that was prepared for the Northgate Town Square 2025 Master Plan and 2040 Vision Plan (submitted in May 2023) to reflect the updated proposed development program to be submitted by Merlone Geier in Spring 2024 and related assumptions. (As agreed upon with City staff, the FIA will continue to be based on the same market values, affordable housing values and General Fund revenue and cost assumptions that were utilized in the draft 2023 FIA tables.)
- Prepare updated draft and final versions of the supporting FIA tables and associated appendix tables based on input from City staff.
- Prepare for and facilitate conference calls with City staff and/or MG.

- Prepare a draft and final memorandum of findings regarding the potential fiscal impact on the General Fund.
- Assist staff in preparing a summary of findings for the City Council meeting, which may include the preparation of presentation slides.

Work Products and Schedule

As directed by staff, we will provide work products that will include summary tables, graphs, presentation slides, electronic communication of initial findings, memoranda and reports, as directed by staff. All work products will be prepared in electronic PDF format for use by staff and other interested parties. The schedule for delivery of the work products will be discussed and mutually agreed upon with staff.

Draft and Final Work Products

Housing and Community Benefit Advisory Services

- *Preparation of final draft and final summary tables, graphs and supporting appendix tables.*
- *Presentation slides for public meetings.*

Fiscal Advisory Services

- *Preparation of final draft and final summary tables, graphs and supporting appendix tables.*
- *Draft and final memorandum of findings regarding this analysis.*
- *Presentation slides for public meetings.*

Exhibit B: Compensation

Seifel Consulting, Inc. bills on a time and materials basis and will continue to maintain its current billing terms through 2024. The contract amendment #1 to complete this additional work is \$30,000. The distribution of professional hours and associated additional services budget is shown in the table below.

The following table shows the original contract amount and the contract amendment #1.

Original Contract Amount	\$75,000
Basic Services (Tasks 1–3)	\$50,000
Additional Services (Task 4)	\$25,000
Contract Amendment Request #1	\$30,000
Amendment Budget	\$30,000
Contingency	To Be Determined (TBD) based on additional services