DATE: May 4, 2020

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Peggy Flynn, City Manager
       Eric Danly, City Attorney

SUBJECT: Resolution Approving an Agreement between the City and SMART for Design and Construction of Corona SMART Station improvements.

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution approving an agreement between the City and SMART for construction of Corona SMART Station improvements and authorizing the City Manager to sign on behalf of the City an agreement with SMART substantially in accordance with the draft agreement included as Exhibit 1 to the resolution.

BACKGROUND

On May 16, 2016 the City Council approved Resolution No. 2016-076 N.C.S. repealing and replacing Resolution No. 2015-191 N.C.S. and modifying the City’s Traffic Impact Fees to add funding for future SMART Station parking. Resolution No. 2016-076 responded to direction from the City Council at their December 7, 2015 meeting to modify the City’s Traffic Impact Fees to add costs associated with achieving a second Petaluma SMART rail station at Corona Road as well as the right of way acquisition and construction cost assumptions for the Rainier Crosstown Connector and Interchange project.

The City contracted with Willdan Financial Services to perform a nexus analysis to evaluate the City’s ability to add Corona SMART station costs to the traffic impact fee program and the appropriate percentage of those costs applicable to future development. At that time, the second station was envisioned as a park-and-ride station for the Petaluma area, as illustrated in the Station Area Master Plan from 2013. An excerpt from the Station Area Plan depicting the Corona Station is attached as Attachment 3 to this staff report. SMART was working with Lomas Partners as a prospective developer to realize the second station and funding support from the Developer and the City was considered vital to increase the likelihood that Petaluma’s second station was constructed as a subsequent phase of SMART construction. It was assumed at the time that funding for the station platform and rail improvements would be addressed through an agreement between SMART and Lomas Partners and that the City would fund a portion of the necessary costs for parking at the future SMART station.
Willdan reviewed the extent to which costs associated with constructing a parking structure to support SMART ridership at the Corona station could be included in the traffic fee program. Willdan determined that there is a nexus for including SMART parking improvements in the fee program and that, similar to other transit improvements currently in the fee, 22.43% of the cost can be attributed to future development. The estimated cost to construct the needed parking improvements was $10,500,000, and based on the new development share of 22.43% identified by Willdan, an additional $2,355,134 in improvement costs to achieve traffic relief was added to the City’s Traffic Impact Fee. The resulting increased Traffic Impact Fee has been charged on all projects subject to the Fee since adoption of the revised fee structure in 2016. Pertinent excerpts from 2016 amendments to the City’s Traffic Impact Fee supporting the use of fee proceeds for Corona Station improvements are included as Attachment 4.

**DISCUSSION**

The City Council has recently approved most of the entitlements needed for the Corona Station Residential Project proposed by two Lomas Partners related entities, Lomas Corona Station LLC, and Lomas SMART LLC, referred to in this staff report and attachments as “Developer.” The last remaining entitlements, the Conditional Use Permit and the Final Subdivision Map, will not be presented for City Council action on May 4. The subdivision improvement plans were submitted too late for staff to be able to review and approve them and recommend approval to the City Council on May 4. With two exceptions, all of the entitlements for the Corona Residential Project include as a condition precedent that must be satisfied before the entitlements take effect that the City must have entered an agreement with SMART for construction of a second Petaluma SMART station at Corona. The exceptions are the ordinance approving a Development Agreement between Developer and the City, and the Development Agreement itself. A provision in the Development Agreement with Developer allows the City to terminate the Development Agreement without liability if the City does not reach an agreement with SMART on a second Petaluma station at Corona.

As part of the entitlement package for the Corona Station Residential Project, the Development Agreement requires the Developer, in return for the benefits to the Developer under the Development Agreement, to dedicate a 1.27 acre parcel at the corner of Corona Road and North McDowell to SMART for parking associated with the Corona SMART Station. Additionally, the Development Agreement requires the Developer to deposit into escrow funds necessary to close escrow on the purchase of the Downtown SMART Property from SMART, the sale proceeds of which SMART will use to fund the Corona SMART Station improvements. These requirements are also contained in the agreement between Lomas SMART and SMART executed October 12, 2019. The scheduled closing for the Lomas/SMART purchase and sale agreement is May 19, 2020. The Development Agreement between the City and Developer also provides for the City’s depositing $2 million in Traffic Impact Fee proceeds into the Lomas/SMART escrow. Under the Development Agreement, the City contribution from Traffic Impact Fee proceeds will make up $2 million of the $8 million required to close escrow on the sale of the Downtown SMART property pursuant to the October 12, 2019 agreement between the Developer and SMART. Therefore, as specified in the Development Agreement, in addition to depositing into escrow a grant deed conveying the 1.27 acre parcel to SMART, the Developer also must deposit the $6 million balance
into escrow needed to close escrow in accordance with the October 12 agreement between Developer and SMART.

Staff was originally prepared to present to the City Council what staff hoped would be a final agreement with SMART for a second station at Corona on February 24, 2020. It turned out, however, that additional discussion was required to arrive at agreement terms that could be approved by both the City Council and the SMART Board. On March 12, 2020, Tom Lyons, SMART’s General Counsel, provided proposed revisions to the draft presented to the City Council on February 24. On March 13, 2020, Mayor Barrett, City Manager Peggy Flynn and City Attorney Eric Danly met with Supervisor and SMART Board Member David Rabbit, SMART General Manager Farhad Mansourian, and Tom Lyons to work on finalizing the agreement for a second SMART station at Corona. Staff prepared a revised draft agreement reflecting the parties’ discussions at the March 13, 2020 meeting and transmitted that draft to SMART on April 8, 2020. SMART staff sent us further revised edits on April 15, 2020. We sent further comments on the draft agreement to SMART on April 20, 2020, and met online with Mr. Mansourian and Mr. Lyons on April 23 to finalize an agreement. The draft Corona Station Agreement being presented for City Council consideration (Exhibit 1 to Attachment 1) is the result of our April 23 meeting. We have also included a redline version of that agreement showing the revisions to the draft from the March 13 meeting as Attachment 2.

Exhibit 1 to Attachment 1 is largely the same as the Corona Station Agreement presented to the City Council on February 24, but with some important changes. First, Exhibit 1 addresses the possibility that the proposal SMART receives for the Corona Station work exceeds the $8 million that SMART will receive for sale of the Downtown SMART property. Section 2.3 of the Agreement specifies that in that case, SMART would use the City’s $2 million contribution, and match it with $2 million in SMART funds, for initial Corona Station costs, such as design, pre-construction costs and initial construction costs, while SMART works to obtain the necessary funding from state and/or federal sources to completely fund the Corona Station project. Exhibit 1 to Attachment 1 also includes a change requiring the City to indemnify SMART for a third party challenge to the Corona Station Agreement whether or not the City chooses to terminate the agreement before close of escrow; language requiring cooperation regarding an amendment to the City’s lease agreement with SMART for the Depot property; a change requiring the City to issue SMART encroachment permits for the Corona Station work at no cost to SMART; a provision requiring the City Council to introduce an ordinance approving an amendment to the City’s lease agreement with SMART for the Depot property by May 4, 2020, and for the amendment to be effective by June 18, 2020, and a new “no-third-party-beneficiary clause” to the Agreement.

The draft City/SMART agreement for Corona Station provides for allocation of $2 million in City Traffic Impact Fee funds for Corona SMART Station improvements, which will provide traffic relief in Petaluma via commuter use of the Corona SMART Station in accordance with the Traffic Impact Fee amendments the City Council adopted on May 16, 2016, and the supporting nexus analysis. The agreement recognizes that the City’s payment of $2 million allocated to the Corona SMART Station improvements is a critical element of achieving the Station and essential consideration for Developer’s purchase of the Downtown SMART Property, as well as the City’s approval of the associated Development Agreement between the City and Developer and the other entitlements concerning the Corona Station Residential Project.
As noted above, it has been planned since the City updated its traffic development impact fees on May 16, 2016, that the City funding for the Corona station would come entirely from Traffic Impact fee proceeds, and that the City contribution would be allocated entirely to parking improvements for the station. However, as a result of changing cost estimates for the Corona Station project, the City’s financial contribution will need to be designated more generally for the Corona station improvements, which may include design, station construction, parking improvements and other costs, pursuant to SMART’s design/build contract. Accordingly, it has been necessary for the City to revisit its Traffic Development Impact Fee legislation to confirm that Traffic Fee proceeds may be used for Corona Station improvement costs more generally and not strictly for parking improvements.

The justification or nexus for using Traffic Impact Fees for the Corona Station project remains the traffic relief that the second Petaluma station will provide. Because of the need to provide for the use of Traffic Impact Fee proceeds for Corona Station improvements generally, and to validate that use through further fee analysis, the Development Agreement between the City and Developer, was revised to permit the City to supplement the City’s Corona Station funding from another eligible source in case updated traffic fee analysis did not support funding the entire $2 million from Traffic Fee proceeds.

Staff have consulted with Willdan, the consultants that prepared the 2016 update to the City’s Traffic Impact fees regarding whether the City’s current Traffic Impact fee revenues could permissibly be used for Corona Station costs more broadly (not just parking improvements). Willdan has confirmed that using City traffic fee proceeds for Corona Station costs generally as currently planned is permitted under the City’s existing Traffic Impact Fee legislation because the nexus (traffic relief due to Corona Station SMART ridership) is the same, and the costs are also comparable. As a result, the City will not need to rely upon the extra flexibility incorporated into the Development Agreement with Developer to permit the City to use other funds than Traffic Fee proceeds for the Corona Station improvements. The City may rely entirely on Traffic Fee proceeds to provide $2 million toward the Corona Station project costs in accordance with the Development Agreement and the Corona Station Agreement with SMART.

SMART has indicated that construction work for the Corona SMART Station must coincide with the construction work on the planned Windsor SMART station originally scheduled to begin in March 2020 while SMART’s contractor is available to do the work. SMART intends to provide for the Corona Station work by issuing a change order to the design build contract for the Windsor station to add the Corona station work. Per the agreement between Lomas SMART and SMART, the payment for purchase of the Downtown SMART Property and dedication of 1.27 acres at Corona Road and McDowell Boulevard must occur before the scheduled closing on the Downtown SMART Property purchase on May 19, 2020 in order to ensure that the construction of the second Petaluma Station at Corona can proceed in conjunction with the Windsor station.

The proposed agreement between the City and SMART (Exhibit 1 to Attachment 1) requires SMART to design and construct station improvements to provide a second SMART station at Corona Road in the City subject to applicable regulatory approvals, including those of the California Public Utilities Commission and the Federal Rail Authority. SMART will be responsible for obtaining all governmental and other approvals required for construction of the
Corona Station project. The Agreement provides that if the change order proposal for the Corona Station work does not exceed $8 million, then within 60 days of close of escrow on the Lomas SMART purchase of the Downtown SMART Property pursuant to the Developer/SMART Agreement, SMART will initiate a request for change order and proposal from SMART’s existing train system contractor for design and construction of the Corona Station project. Alternatively, as noted above, the Agreement provides that if the Corona Station proposal exceeds $8 million, SMART will use the $2 million in City Funds and match it with $2 million in SMART funds to start design and construction work on the Corona Station while SMART seeks additional funding to complete the project.

Per the City/SMART agreement, the City will deposit $2 million into the escrow account for the Developer/SMART purchase and sale agreement by May 15, 2020, so that the close of escrow on the purchase of the Downtown SMART Property can occur by May 19, 2020, in accordance with the Developer /SMART Agreement. The City’s contribution of $2 million to the cost of constructing the Corona Station Project will be the maximum City contribution to funding of the Corona Station project, and SMART will require no further funding from the City for completion of the Corona Station project (although additional funding from other sources may be necessary if the Corona Station Project costs exceed $8 million).

Also, as noted above, the draft Agreement in Exhibit 1 also provides for the City and SMART amending the Depot Lease agreement between SMART and the City to provide for the City’s and SMART’s shared use of parking spaces on the Downtown Depot Property, and design and construction by SMART of new access, striping and related improvements on the Depot Property, as required as a result of sale and development of the Downtown SMART Property and loss of SMART parking on the Downtown SMART Property. Approval of the Corona Station Agreement on behalf of SMART is subject to SMART Board approval, just as it is subject to City Council approval on behalf of the City.

**Environmental Analysis**

The approval of the City/SMART Agreement is considered a discretionary action that may therefore be a “project” under the California Environmental Quality Act (CEQA). Nonetheless, approval of the Agreement is exempt under the “common sense” exception in CEQA Guidelines Section 15061(b)(3) which establishes the general rule for projects concerning which it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. Such activities are not subject to CEQA. The City/SMART agreement itself relates to the provision of funds for the design and construction of the Corona SMART station. The agreement expressly provides that the Corona Station Project will be evaluated under all applicable environmental laws and regulations.

**COUNCIL GOAL ALIGNMENT**

Approval of the Corona Station Agreement is in alignment with Workplan Item #22 to complete the second SMART station at Corona as included in the City Council goals for 2019-2021.
FINANCIAL IMPACTS

Approval of the Corona Station Agreement involves the City’s contribution of $2 million for improvements associated with the Corona SMART station. The City’s contribution will be sourced entirely from Traffic Impact Fee revenues.

ATTACHMENTS

Attachment 1: Resolution Approving the Corona Station Agreement between the City and SMART
Exhibit 1: Draft Corona Station Agreement
Attachment 2: Redline draft agreement showing changes to the draft reflecting the March 13, 2020 meeting with Supervisor Rabbitt, Mayor Barrett, and SMART and City staff
Attachment 3: Excerpt from the 2013 Station Area Master Plan
Attachment 4: Excerpt from the 2016 Traffic Impact Fee Amendment
ATTACHMENT 1

RESOLUTION NO. _______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PETALUMA APPROVING AN AGREEMENT BETWEEN THE CITY OF PETALUMA AND THE SONOMA MARIN AREA RAIL TRANST DISTRICT FOR DESIGN AND CONSTRUCTION OF CORONA STATION IMPROVEMENTS

WHEREAS, Lomas Corona Station LLC, the owner of property at 890 North McDowell Boulevard, APN 137-061-019, in Petaluma ("Corona Property") and Lomas SMART LLC, which is in contract to purchase property owned by SMART located at 315 East D Street, APN 007-131-003, in Petaluma ("Downtown SMART Property") are under the same management and ownership, and are referred to in this resolution as the “Developer;” and

WHEREAS, the Downtown SMART property is adjacent to property owned by SMART located on A.P.N. 007-131-004 ("Depot Property") that contains SMART station and depot and other improvements and that is subject to a lease agreement between SMART and the City ("Depot Lease"), and the City licenses the Depot Property to the Downtown Business Association and the Petaluma Arts Alliance for office space use; and

WHEREAS, Developer has submitted applications to the City for approval of development of the Corona Station Residential Project (the “Corona Project”) on the Corona Property, including applications for a Zoning Text Amendment ("Corona Zoning Amendment"), a Development Agreement ("Development Agreement"), a Density Bonus and Development Concession/Incentive ("Corona Density Bonus"), a Tentative Subdivision Map ("Corona Tentative Map"), Conditional Use Permit ("Corona Use Permit"), and Site Plan and Architectural Review ("Corona SPAR") for a 110 unit residential project within the MU1B zone with Flood Plain-Combining (FP-C) Overlay, on the Corona Property; and

WHEREAS, Developer is in contract with SMART to purchase the Downtown SMART Property which shall in turn be sold to the Hines company ("Hines") for development of a residential project ("Downtown Project") on the Downtown SMART Property; and

WHEREAS, Developer has provided the City conceptual plans for the Downtown Project, but no application has been submitted to the City for the Downtown Project, and the conceptual plans for the Downtown Project indicate a project consisting of 402 residential units and ground floor tenant amenity uses; and
WHEREAS, Developer plans to use the proceeds from Developer’s sale of the Corona Project to purchase the Downtown SMART Property from SMART, and to sell the Downtown SMART Property to Hines, including City-approved alternative inclusionary housing compliance, but otherwise subject to future City approval of subsequent entitlement applications to be submitted by Hines; and

WHEREAS, Developer’s fee ownership of the Corona Property entitles Developer to engage in the development of the Corona Property in accordance with Section 23.030 of the City Development Agreement Requirements; and

WHEREAS, Developer’s contractual obligation to purchase the Downtown SMART Property in accordance with the Developer/SMART Agreement entitles the Developer to engage in Development of the Downtown SMART Property in accordance with Section 23.030 of the City Development Agreement Requirements subject to the terms of the Developer/SMART Agreement; and

WHEREAS, the agreement between Developer and SMART dated October 12, 2019 ("Developer/SMART Agreement") is attached to and made a part of the Development Agreement, and in accordance with Section 9(a) of the Developer/SMART Agreement, the close of escrow on the purchase of the Downtown SMART Property is required to occur on May 19, 2020; and

WHEREAS, Section 2(a) of the Developer/SMART Agreement requires as consideration for purchase of the Downtown SMART Property a payment of $8 million, and in accordance with Section 9(c) of the Developer/SMART Agreement, Developer must deposit into escrow the remainder of the $8 million purchase amount, less a non-refundable $500,000 deposit already given by Developer and closing costs allocable to Developer by May 17, 2020; and

WHEREAS, Section 9(e), the Developer/SMART Agreement also requires Developer to dedicate to SMART 1.27 acres of land at the corner of McDowell Boulevard and Corona Road in Petaluma for the Corona SMART Station improvements, and the Corona Tentative Map includes such 1.27 acres of land as a remainder parcel; and

WHEREAS, SMART intends to use the proceeds from sale of the Downtown SMART Property for the cost of design and construction of the Corona SMART Station on land at McDowell Boulevard and Corona Road in Petaluma, with terms regarding the design and construction of the Corona SMART Station being the subject of the proposed agreement to be executed between SMART and the City pursuant to the authorization provided by this resolution; and
WHEREAS, in 2016, the City contracted with Willdan Financial Services (“Willdan”) to perform a nexus analysis to determine the City’s ability to fund the cost of parking improvements for the Corona Station project from the City’s traffic development impact fees; and

WHEREAS, Willdan determined that a nexus exists for including parking structure improvements for the Corona SMART Station in the City’s traffic impact fee program, that similar to other transit improvements included in the fee program, 22.43% of the cost of the Corona Station parking improvements could be attributed to future development, and that based on an estimated parking structure improvement cost of $10,500,000, $2,355,134 of the parking structure improvement costs could be recovered through an increase in the City’s traffic impact fees; and

WHEREAS, on May 16, 2016, the City Council approved Resolution No. 2016-076 N.C.S. repealing and replacing Resolution No. 2015-191 N.C.S and modifying the City’s traffic impact fee program based on the Willdan analysis to add up to $2,355,134 in funding for parking improvements for the Corona SMART Station; and

WHEREAS, the City has anticipated since updating City traffic impact fees on May 16, 2016 that City funding for the Corona SMART station would come entirely from traffic impact fee proceeds, and that City funding for the Corona SMART station would be allocated entirely to parking improvement costs; and

WHEREAS, as a result of changing cost estimates for the Corona Station project, the City financial contribution must be designated more generally for Corona Station improvements, which may include station design, construction, parking improvements and other costs, pursuant to SMART’s design/build contract; and

WHEREAS, Willdan, the consultants that prepared the 2016 update to the City’s Traffic Impact fees have confirmed that using City traffic fee proceeds for Corona Station costs is permitted under the City’s existing Traffic Impact Fee legislation because the nexus - traffic relief due to Corona Station SMART ridership - is unchanged, and the costs are also comparable, and, as a result, the City may rely entirely on Traffic Impact Fee proceeds to provide $2 million toward the Corona Station project costs; and

WHEREAS, the attached, proposed City/SMART Agreement provides for allocation of $2 million in City funds for the Corona SMART Station improvements, which will provide traffic relief in Petaluma via commuter use of the Corona SMART Station consistent with the purposes of use of Traffic Impact fee proceeds for the Corona SMART Station; and

WHEREAS, Developer’s payment for purchase of the Downtown SMART Property in accordance with the Developer/SMART Agreement, the proceeds of which are to be used to fund construction of the Corona SMART Station, and Developer’s dedication of 1.27 acres of land at
McDowell Boulevard and Corona Road for the Corona SMART Station are critical elements of achieving the Corona SMART Station and essential consideration regarding the City’s review of the Corona Project, the Downtown Project, and the Development Agreement; and

**WHEREAS**, the City’s payment of $2 million in City traffic impact fee proceeds allocated the Corona SMART Station improvements is also a critical element of achieving the Corona SMART Station and essential consideration for purchase of the Downtown SMART Property and the Development Agreement; and

**WHEREAS**, SMART indicates that construction work for the Corona SMART Station must coincide with the construction work on the planned Windsor SMART station originally scheduled for March 2020, such that Developer’s payment for the Downtown SMART Property and dedication of 1.27 acres at Corona Road and Mc Dowell Boulevard must occur before the scheduled closing on the Downtown SMART Property purchase on May 19, 2020 for the Second Petaluma Station construction to proceed in conjunction with the Windsor station; and

**WHEREAS**, the justification for entering into the Development Agreement with the Developer regarding the Corona Station Residential Project and the Downtown Project and the special long-term project considerations that make preservation of existing zoning requirements desirable throughout the life of the Corona Project, or so long as otherwise provided in the Development Agreement, consist of dedication of land for, and funding of, construction of the Corona SMART Station on land at McDowell Boulevard and Corona Road in Petaluma, as well as considerations regarding inclusionary housing compliance of the Corona and Downtown projects; and

**WHEREAS**, the potential environmental impacts of the Corona Project were identified and analyzed in accordance with the requirements of the California Environmental Quality Act (“CEQA”) and the CEQA Guidelines, and an Initial Study/Mitigated Negative Declaration (“IS/MND”) was prepared to address potential environmental impacts of the Project; and

**WHEREAS**, pursuant to the State Development Agreement Law and the City Development Agreement Requirements, notice of a public hearing before the Planning Commission on the Corona Project Approvals, including the Development Agreement was mailed to all property owners within a 1,000 foot radius of the Corona Property, and a public hearing notice was published once in the Petaluma Argus Courier on October 17, 2019, twenty-seven days prior to the Planning Commission hearing on the Corona Project and the Development Agreement; and

**WHEREAS**, on November 12, 2019, November 19, 2019, and January 14, 2020, the Planning Commission held public hearings on the Corona Project Approvals, including the
Development Agreement, at which time interested persons had an opportunity to testify either in support or opposition; and

WHEREAS, at the November 19, 2019 public hearing on the Corona Project Approvals, including the Development Agreement, the Planning Commission considered the IS/MND prepared for the Corona Project, and deliberated on the IS/MND and the Corona Project Approvals, including the proposed Development Agreement, and by a vote of 5-2 adopted Resolution no. 2019-017 recommending approval of the IS/MND, Resolution no. 2019-018 recommending City Council denial of the Development Agreement, Resolution No. 2019-019 recommending denial of the Corona Density Bonus, and Resolution no. 2019-020 recommending denial of the Corona Tentative Map; and

WHEREAS, at the January 14, 2020 public hearing on the Corona Zoning Amendment the Planning Commission by a vote of 6-1 adopted Resolution No. 2020-001 denying the Corona Zoning Amendment; and

WHEREAS, on January 15, 2020 the Developer submitted an application appealing the Planning Commission’s denial of the Corona Zoning Amendment; and

WHEREAS, pursuant to the State Development Agreement Law and the City Development Agreement Requirements, notice of a public hearing before the City Council on the Project Approvals, including the Development Agreement, was mailed to all property owners within a 1,000 foot radius of the Corona Property, and a public hearing notice was published once in the Petaluma Argus Courier on January 16, 2020, 11 days prior to the City Council hearing on the Project Approvals, including the Development Agreement; and

WHEREAS, on January 27, 2020 the City Council held a public hearing on the Corona Project Approvals, including the Development Agreement, at which time interested persons had an opportunity to testify either in support or opposition; and

WHEREAS, at the January 27, 2020 public hearing on the Corona Project Approvals, the City Council considered Planning Commission Resolution no. 2019-017 recommending approval of the IS/MND prepared for the Corona Project, Resolution no. 2020-001 denying the Corona Zoning Amendment, Resolution no. 2019-018 recommending denial of the Development Agreement, Resolution no. 2019-019 recommending denial of the Corona Density Bonus, and Resolution no. 2019-020 recommending denial of the Corona Tentative Map, and deliberated on the IS/MND and the Corona Project Approvals sought, including the Development Agreement; and

WHEREAS, following the January 27, 2020 public hearing on the Corona Project Approvals, the City Council continued the hearing to a date certain of February 10, 2020; and
WHEREAS, the planned February 10, 2020 City Council meeting was cancelled; and

WHEREAS, pursuant to the State Development Agreement Law and the City Development Agreement Requirements, notice of a public hearing before the City Council on the Corona Project Approvals on February 24, 2020, including the Development Agreement, was mailed to all property owners within a 1,000 radius of the Property, and a public hearing notice was published once in the Petaluma Argus Courier on February 13, 2020, 11 days prior to the City Council hearing on the Corona Project Approvals, including the Development Agreement; and

WHEREAS, on February 24, 2020 the City Council held a public hearing on the Corona Project Approvals, including the Development Agreement, at which time interested persons had an opportunity to testify either in support or opposition; and

WHEREAS, at the February 24, 2020 public hearing on the Corona Project Approvals, including the Development Agreement, the City Council considered Planning Commission Resolution no. 2019-017 recommending approval of the IS/MND prepared for the Corona Project, Resolution no. 2020-001 denying the Corona Zoning Amendment, Resolution no. 2019-018 recommending denial of the Development Agreement, Resolution no. 2019-019 recommending denial of the Corona Density Bonus, and Resolution no. 2019-020 recommending denial of the Corona Tentative Map, and deliberated on the IS/MND and the Corona Project Approvals sought, including a resolution approving the IS/MND, an ordinance approving the appeal and introducing the Corona Zoning Amendment, an ordinance introducing the Development Agreement, a resolution approving the Corona Density Bonus, and a resolution approving the Corona Tentative Map, and considered all of the information contained in the record concerning the proposed Project Approvals including the Development Agreement, and approved the Project Approvals, including the ordinance introducing the Development Agreement; and

WHEREAS, in accordance with Article XI, Section 7, of the California Constitution, the City may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws; and

WHEREAS, in accordance with Article XI, Section 5, of the California Constitution, as a charter City, the City may make and enforce all ordinances and regulations in respect to municipal affairs, subject only to restrictions and limitations provided in its charter, and with respect to municipal affairs, the City’s ordinances and regulations shall supersede all inconsistent state laws; and

WHEREAS, in accordance with Article XI, Section 9, of the California Constitution, the City may establish, purchase and operate public works to furnish residents with light, water, power, heat, transportation, and means of communication; and
WHEREAS, in accordance with Section 54 of the Petaluma Charter, the City, by and through its council and other officials, shall have and may exercise all powers necessary or appropriate to the municipal corporation and the general welfare of its inhabitants, which are not prohibited by the constitution, and the specifications in the Petaluma Charter of any particular powers shall not be held to be exclusive or any limitation of the City’s general grant of powers; and

WHEREAS, in accordance with Section 54981 of the Government Code, the City may contract with any other local agency for the performance of municipal services or functions within the City’s territory; and

WHEREAS, in accordance with Section 105032 of the Public Utilities Code, the SMART Board has the power to own, operate, manage, and maintain a passenger rail system within the territory of the district, and to determine the rail transit facilities, including ancillary bicycle and pedestrian pathways, to be acquired and constructed by SMART, the manner of operation, and the means to finance them; and

WHEREAS, in accordance with Section 105070 of the Public Utilities Code, SMART may make contracts and enter into stipulations of any nature whatsoever, employ labor, and do all acts necessary and convenient for the full exercise of SMART’s granted powers; and

WHEREAS, in accordance with Section 105085 of the Public Utilities Code, SMART may take by grant, purchase, devise, or lease, or condemn in proceedings under eminent domain, or otherwise acquire, and hold and enjoy, real property of every kind within or without the district necessary to the full or convenient exercise of its powers, and may lease, mortgage, sell, or otherwise dispose of any real or personal property when in its judgment it is in the best interests of SMART to do so; and

WHEREAS, in accordance with Section 105096 of the Public Utilities Code, SMART may acquire, construct, own, operate, control, or use rights-of-way, rail lines, stations, platforms, switches, yards, terminals, parking lots, and any and all other facilities necessary or convenient for rail transit within and without the district, together with all physical structures necessary or convenient for the access of persons and vehicles thereto, including ancillary bicycle and pedestrian pathways, and may acquire or contract for any interest in or rights to the use or joint use of any or all such facilities; and

WHEREAS, in accordance with Section 105101 of the Public Utilities Code, SMART may enter into agreements for the joint use of any property and rights by SMART and any city, public agency, or public utility operating transit facilities and may enter into agreements with any city, public agency, or public utility operating any transit facilities, wholly or partially within or without the district, for the joint use of any property of SMART or of the city, public agency, or public utility, or for the establishment of through routes, joint fares, transfer of passengers, or pooling agreements; and
WHEREAS, approval of the City/SMART agreement is exempt from the requirements of the California Environmental Quality Act (“CEQA”) under the “common sense” exception in CEQA Guidelines Section 15061(b)(3) which establishes the general rule for projects concerning which it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, which activities are not subject to CEQA, because the City/SMART agreement relates to the provision of funds for the design and construction of the Corona SMART station, and the agreement expressly provides that the future project to construct the Corona Station will be evaluated under all applicable environmental laws and regulations.

NOW, THEREFORE, the Council of the City of Petaluma does hereby resolve as follows:

1. **Recitals Made Findings.** The above recitals are hereby declared to be true and correct and are incorporated into this resolution as findings of the City Council.

2. **Agreement Exempt from CEQA.** Approval of the City/SMART Agreement is exempt from the requirements of CEQA under the “common sense” exception in CEQA Guidelines Section 15061(b)(3) which establishes the general rule for projects concerning which it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, which activities are not subject to CEQA, because the City/SMART agreement relates to the provision of funds for the design and construction of the Corona SMART station, and the Agreement expressly provides that the future project to construct the Corona Station will be evaluated under all applicable environmental laws and regulations.

3. **Agreement for Corona Station Improvements Approved.** The Agreement between the City of Petaluma and the Sonoma Marin Area Rail Transit District (“SMART”) for Construction of Corona Station Improvements in the City of Petaluma and Related Matters (“Corona Station Improvements Agreement”) which is attached to and made a part of this resolution as Exhibit A is hereby approved.

4. **City Manager Authorized to Execute Agreement.** The City Manager is hereby authorized and directed to execute an agreement for Corona Station Improvements with SMART substantially in accordance with that attached as Exhibit A, subject to such changes to the agreement deemed necessary or appropriate by the City Manager and approved by the City Attorney to affect the intended purposes of this resolution.

5. **Construction of the Corona Station Improvements Subject to All Applicable Laws.** SMART’s construction of the Corona Station Improvements shall be subject to compliance with all laws and regulatory approvals applicable thereto, including, without limitation, approvals required pursuant to the California Environmental Quality Act (“CEQA”).

6. **Severability.** The City Council hereby declares that every section, paragraph, sentence, clause, and phrase of this resolution is severable. If any section, paragraph, sentence, clause or phrase of this resolution is for any reason found to be invalid or unconstitutional, such invalidity, or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses, or phrases.

7. **Resolution Effective Immediately.** This Resolution shall take effect immediately upon its adoption.
ADOPTED, SIGNED AND APPROVED this 4th\textsuperscript{th} day of May, 2020.

\begin{center}
\underline{Teresa Barrett, Mayor}
\end{center}

ATTEST:

\begin{center}
\underline{Claire Cooper, City Clerk}
\end{center}
Agreement
between
the City of Petaluma
and
the Sonoma Marin Area Rail Transit District
for
Construction of Corona Station Improvements in the City of Petaluma
and Related Matters

This agreement (“Agreement”) is entered into as of __________, 2020 by and between the City of Petaluma, a California municipal corporation and charter city (“City”), and the Sonoma Marin Area Rail Transit District (“SMART”), a regional transportation district.

Recitals

A. Lomas Corona Station LLC, the owner of property at 890 North McDowell Boulevard, APN 137-061-019, in Petaluma (“Corona Property”) and Lomas SMART LLC, which is in contract to purchase property owned by SMART located at 315 D Street, APN 007-131-003, in Petaluma (“Downtown SMART Property”) are under the same management and ownership, and are referred to in this Agreement as the “Developer.”

B. The Downtown SMART property is adjacent to property owned by SMART, A.P.N. 007-131-004 (“Depot Property”) that contains SMART station and depot and other improvements and that is subject to a lease agreement between SMART and the City (“Depot Lease”). The Depot Lease was originally entered on August 1, 2003. The original parties to the Depot Lease were the Northwestern Pacific Railroad Authority as property owner the Petaluma Community Development Commission as lessee. SMART succeeded the original property owner by operation of law and the Petaluma Community Development Commission assigned its interest as lessor to the City pursuant to an Assignment and Assumption Agreement dated August 22, 2013. The City licenses the Depot Property to the Downtown Business Association and the Petaluma Arts Alliance for office space use.

C. The agreement between Developer and SMART dated October 12, 2019 (“Developer/SMART Agreement”), provides for the close of escrow on the purchase of the Downtown SMART Property to occur on May 19, 2020.

D. Section 2(a) of the Developer/SMART Agreement requires as consideration for purchase of the Downtown SMART Property a payment of $8 million, and in accordance with Section 9(c) of the Developer/SMART Agreement, Developer must deposit into escrow the
remainder of the $8 million purchase amount, less a non-refundable $500,000 deposit already
given by Developer and closing costs allocable to Developer by May 15, 2020.

E. Section 9(e), the Developer/SMART Agreement also requires Developer to transfer
all rights, title and interest in the remainder parcel to SMART of 1.27 acres of land at the corner
of McDowell Boulevard and Corona Road in Petaluma and the Developer’s Corona Tentative Map
application includes such 1.27 acres of land as a remainder parcel.

F. On October 12 2019 SMART entered into an agreement to sell SMART’s Downtown property to Developer (for 8 million and 1.27 remainder parcel).

G. City intends to place into the escrow for purchase of the Downtown SMART Property $2 million of the $8 million purchase price. The City contribution will be funded by traffic impact fee proceeds that were established in 2016 for this purpose, and will be used to fund Corona Station improvements which will provide traffic relief in Petaluma via commuter use of the Corona SMART station.

H. Developer’s payment for the Downtown SMART Property and dedication of 1.27
acres at Corona Road and Mc Dowell Boulevard must occur by the scheduled closing on the
Downtown SMART Property purchase on May 19, 2020 in order for SMART to request a Change
Order and proposal from SMART’s existing train system contractor for the Second Petaluma
Station design and construction to proceed approximately concurrently with the Windsor station.

I. In accordance with Article XI, Section 7, of the California Constitution, the City
may make and enforce within its limits all local, police, sanitary, and other ordinances and
regulations not in conflict with general laws.

J. In accordance with Article, XI, Section 5, of the California Constitution, as a charter
City, the City may make and enforce all ordinances and regulations in respect to municipal affairs,
subject only to restrictions and limitations provided in its charter, and with respect to municipal
affairs, the City’s ordinances and regulations shall supersede all inconsistent state laws.

K. In accordance with Article XI, Section 9, of the California Constitution, the City
may establish, purchase and operate public works to furnish residents with light, water, power,
heat, transportation, and means of communication.

L. In accordance with Section 54 of the Petaluma Charter, the City, by and through its
council and other officials, shall have and may exercise all powers necessary or appropriate to the
municipal corporation and the general welfare of its inhabitants, which are not prohibited by the
constitution, and the specifications in the Petaluma Charter of any particular powers shall not be
held to be exclusive or any limitation of the City’s general grant of powers.
M. In accordance with Section 54981 of the Government Code, the City may contract with any other local agency for the performance of municipal services or functions within the City’s territory.

N. In accordance with Section 105032 of the Public Utilities Code, the SMART Board has the power to own, operate, manage, and maintain a passenger rail system within the territory of the district, and to determine the rail transit facilities, including ancillary bicycle and pedestrian pathways, to be acquired and constructed by SMART, the manner of operation, and the means to finance them.

O. In accordance with Section 105070 of the Public Utilities Code, SMART may make contracts and enter into stipulations of any nature whatsoever, employ labor, and do all acts necessary and convenient for the full exercise of SMART’s granted powers.

P. In accordance with Section 105085 of the Public Utilities Code, SMART may take by grant, purchase, devise, or lease, or condemn in proceedings under eminent domain, or otherwise acquire, and hold and enjoy, real property of every kind within or without the district necessary to the full or convenient exercise of its powers, and may lease, mortgage, sell, or otherwise dispose of any real or personal property when in its judgment it is in the best interests of SMART to do so.

Q. In accordance with Section 105096 of the Public Utilities Code, SMART may acquire, construct, own, operate, control, or use rights-of-way, rail lines, stations, platforms, switches, yards, terminals, parking lots, and any and all other facilities necessary or convenient for rail transit within and without the district, together with all physical structures necessary or convenient for the access of persons and vehicles thereto, including ancillary bicycle and pedestrian pathways, and may acquire or contract for any interest in or rights to the use or joint use of any or all such facilities.

R. In accordance with Section 105101 of the Public Utilities Code, SMART may enter into agreements for the joint use of any property and rights by SMART and any city, public agency, or public utility operating transit facilities and may enter into agreements with any city, public agency, or public utility operating any transit facilities, wholly or partially within or without the district, for the joint use of any property of SMART or of the city, public agency, or public utility, or for the establishment of through routes, joint fares, transfer of passengers, or pooling agreements.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the City and SMART agree as follows:

1. Recitals. The above recitals are true and correct and are made a part of this Agreement.
2. Corona Station Project.

2.1 Within 60 days of close of escrow on the Developer’s purchase of the Downtown SMART Property pursuant to the Developer/SMART Agreement, (1) SMART will initiate a request for change notice and proposal from SMART’s existing Civil and System Contracts for design and construction of the Train System improvements; (Together “Corona Station Project”)

2.2 Should the combined Corona Station Project Contract(s) proposals NOT exceed $8 million, SMART agrees to initiate a design/build Change Order to existing Contracts for Corona Station Project in SMART right of way located at ____________, A.P.N. (“Corona Station Property”) subject to the terms of this Agreement and to applicable regulatory requirements, including but not limited to, those of the California Public Utilities Commission (“CPUC”) and the Federal Railway Administration (“FRA”). SMART will be responsible for obtaining all applicable regulatory approvals required for construction of the Corona Station Project.

OR in the alternative

2.3 Should the combined Corona Station Project Contract(s) Proposals exceed $8 million SMART agrees to use the $2 million in City funding for the Corona Station Project, and to match the City funds with $2 million in SMART funding, and to progress as far as is reasonably possible toward completing design and construction of the Corona Station Project using the $4 million in combined City and SMART funding and to seek additional Regional, State or Federal funding needed to complete the construction of the Corona Station Project. Once SMART obtains the funding needed to complete the construction of the Corona Station Project, it will be allocated to completion of the Corona Station Project and the project will proceed to completion.

3. City Funding

3.1 City Funding. City will deposit $2 million in the escrow for the Developer/SMART agreement by May 15, 2020, so that the close of escrow on the Developer’s purchase of the Downtown SMART Property can occur by May 19, 2020, in accordance with Section 9(a) of the Developer/SMART Agreement. The City’s contribution of $2 million in City funds to the cost of constructing the Corona Station Project will be the maximum City contribution to funding of the Corona Station Project, and the City will not be required to provide further funding for completion of the Corona Station Project. In the event any challenge is brought by a third party concerning this Agreement or City’s funding of this Agreement, prior to close of escrow City may terminate this Agreement in accordance with Section 7, below.

3.2 If City elects to defend such third party challenge to this Agreement or City’s funding of this Agreement or City terminates this Agreement, City shall indemnify, defend, protect, hold harmless, and release SMART, its officials, officers, agents, and employees, from and against any and all claims, loss, proceedings, damages, causes of action, liability, costs, or expense (including attorneys’ fees and costs) arising from or in connection with, or caused by any
act, omission, or negligence of the City regarding this Agreement or City’s Funding of this Agreement.

4. Corona Station Project/Depot Project Cooperation. The City and SMART agree to cooperate in good faith regarding the Corona Station Project in accordance with this Agreement. To the extent any construction of the Corona Station Project and/or the Downtown Depot Lease Amendment contemplated herein is subject to approvals of the City or SMART requires cooperation of the City regarding obtaining approvals from other government bodies, the City agrees to cooperate with SMART and not unreasonably withhold City approvals or encroachment permits which shall be issued at no cost to SMART and to cooperate with SMART concerning obtaining approvals from other government bodies. SMART agrees to cooperate with the City concerning City approvals and coordination related to construction of the Corona Station Project, such as concerning impacts of the Corona Station Project construction on City right of way and traffic, or obtaining City encroachment permits.

5. Depot Lease Amendment. On May 4th, 2020 City will introduce an Ordinance approving an amendment to the Depot Lease which approval shall be effective no later than June 18th, 2020. City and SMART agree to amend the Depot Lease at no cost to SMART, to provide for City’s and SMART’s shared use of parking spaces on the Depot Property as follows: Upon construction of any needed improvements, signage and striping: (1) SMART patrons may use parking spaces at the Depot during SMART’s operational hours and Tenant patrons may use parking spaces at the Depot during the tenants operational hours on a first come first serve basis (2) No other parking will be allowed including; no overnight parking or parking for any residential, retail or commercial uses (3) SMART will be responsible for enforcing parking and restrictions as per other SMART parking facilities. City will provide through other agreement or understanding with new owner of Downtown SMART Property for SMART’s continued use of the parking on the Downtown SMART Property and preservation of the existing ingress/egress through the Downtown SMART property to the Depot Property until new owner commences development of the Downtown SMART Property.

6. Term. The Term of this Agreement will commence upon approval of this Agreement by the City Council and SMART Board, and expire upon SMART’s completion of the Corona Station Project as delineated under Section 2.2 or in the alternative, upon the expenditure of $4 million in combined City and SMART funding to progress as far as is reasonably possible toward completing design and construction of the Corona Station Project as delineated under Section 2.3, subject to the terms of this Agreement and to applicable regulatory requirements, including but not limited to, those of the California Public Utilities Commission (“CPUC”) and the Federal Railway Authority (“FRA”), unless sooner terminated or the Term is otherwise amended in accordance with Section 10.

7. Termination.

7.1 In the event any challenge is brought by a third party concerning this Agreement or City’s funding of this Agreement, the City may terminate this Agreement prior to close of Developer/SMART escrow in accordance with Section 3. The City and SMART may terminate this Agreement for cause following written notice to the other party or by mutual agreement.
7.2 Should escrow fail to close on the Downtown SMART property due to Developer’s failure to fully perform under the Developer/SMART Agreement dated October 12, 2019, or should City terminate this Agreement prior to closing of escrow in response to a third party challenge to this Agreement or its funding, City shall be entitled to a refund from escrow of City’s $2 million deposit and SMART shall have no further duties, responsibilities or obligations to CITY.

7.3 Upon the expiration of the Term in accordance with Section 6 above, SMART shall be deemed to have fully performed under this Agreement, this Agreement shall terminate and neither SMART nor City shall have further duties, responsibilities or obligations under this Agreement.

7.4 Should City fail to timely perform its obligations under Section 3 or Section 5 of this agreement, SMART may terminate this agreement and SMART shall have no further duties, responsibilities or obligations to City.

8. Liability. This Agreement is not intended to create and may not be construed so as to create any liability of the parties or any standard of care of the parties in excess of that established pursuant to this Agreement and existing law applicable to the parties. Except as otherwise provided in Section 3 neither party will have any liability for the acts or omissions of the other party.

9. Remedies. The remedies available to the City and SMART for breach of the terms of this Agreement will be limited to (1) Specific performance of the obligations of the City to timely perform as provided for in Section 3 and 5 of this agreement (2) Specific performance of the obligations of SMART as provided for in Section 2, subject to the terms of this Agreement and to applicable regulatory requirements, including but not limited to, those of the California Public Utilities Commission (“CPUC”) and the Federal Railway Authority (“FRA”).

10. Amendment. This Agreement may only be amended by a writing signed by authorized representatives of each party.

11. Notice. Unless otherwise requested by a party, all notices, demands, requests, consents or other communications which may be or are required to be given by either party to the other shall be in writing and shall be deemed effective upon service. Notices shall be deemed to have been properly given when served on the party to whom the same is to be given by hand delivery or by deposit in the United States mail addressed to the party as follows:

District: Farhad Mansourian, District Manager
Sonoma-Marin Area Rail Transit District
5401 Old Redwood Highway
Petaluma, CA 94954
When a notice is given by a generally recognized overnight courier service, the notice, invoice or payment shall be deemed received on the next business day. When a notice or payment is sent via United States Mail, it shall be deemed received seventy-two (72) hours after deposit in the United States Mail, registered or certified, return receipt requested, with the postage thereon fully prepaid. In all other instances, notices, and payments shall be effective upon receipt by the recipient. Changes may be made in the names and addresses of the person to whom notices are to be given by giving notice pursuant to this paragraph.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. Merger. This Agreement contains the entire understanding between the parties, and no statement, promise, or inducement made by either party or agents of the parties that is not contained in this Agreement shall be valid or binding; and this Agreement may not be enlarged, modified, or altered except in accordance with Section 10.

14. Authority. The undersigned represent and warrant that they each have the authority to execute and deliver this Agreement on behalf of each respective party.

15. No Waiver. The waiver by any of the parties of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.

16. Time of the Essence. Time is of the essence in this Agreement and each of its provisions.

17. No Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to or shall confer upon the Developer (Lomas Corona Station LLC), any subsequent owner of the “Corona Property”/“Downtown SMART Property”, any successor or assign, or any Person other than the parties to this agreement any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

IN WITNESS WHEREOF, authorized representatives of the City and SMART have each executed this Agreement as of the date first written above.

City of Petaluma  Sonoma Marin Area Rail Transit District

By: ___________________________  By: ___________________________
Peggy Flynn, City Manager  Farhad Mansourian, General Manager
Attest:

By: ______________________________
Claire Cooper, City Clerk

Approved as to form:

By: ______________________________
Eric W. Danly, City Attorney

Approved as to form:

By: ______________________________
Thomas F. Lyons, District Counse
Agreement between
the City of Petaluma
and
the Sonoma Marin Area Rail Transit District
for
Construction of Corona Station Improvements in the City of Petaluma
and Related Matters

This agreement (“Agreement”) is entered into as of __________, 2020 by and between the City of Petaluma, a California municipal corporation and charter city (“City”), and the Sonoma Marin Area Rail Transit District (“SMART”), a regional transportation district.

Recitals

A. Lomas Corona Station LLC, the owner of property at 890 North McDowell Boulevard, APN 137-061-019, in Petaluma (“Corona Property”) and Lomas SMART LLC, which is in contract to purchase property owned by SMART located at 315 D Street, APN 007-131-003, in Petaluma (“Downtown SMART Property”) are under the same management and ownership, and are referred to in this Agreement as the “Developer.”

B. The Downtown SMART property is adjacent to property owned by SMART, A.P.N. 007-131-004 (“Depot Property”) that contains SMART station and depot and other improvements and that is subject to a lease agreement between SMART and the City (“Depot Lease”). The Depot Lease was originally entered on August 1, 2003. The original parties to the Depot Lease were the Northwestern Pacific Railroad Authority as property owner the Petaluma Community Development Commission as lessee. SMART succeeded the original property owner by operation of law and the Petaluma Community Development Commission assigned its interest as lessor to the City pursuant to an Assignment and Assumption Agreement dated August 22, 2013. The City licenses the Depot Property to the Downtown Business Association and the Petaluma Arts Alliance for office space use.

C. The agreement between Developer and SMART dated October 12, 2019 (“Developer/SMART Agreement”), provides for the close of escrow on the purchase of the Downtown SMART Property to occur on May 19, 2020.

D. Section 2(a) of the Developer/SMART Agreement requires as consideration for purchase of the Downtown SMART Property a payment of $8 million, and in accordance with Section 9(c) of the Developer/SMART Agreement, Developer must deposit into escrow the remainder of the $8 million purchase amount, less a non-refundable $500,000 deposit already given by Developer and closing costs allocable to Developer by May 15, 2020.
E. Section 9(e), the Developer/SMART Agreement also requires Developer to transfer all rights, title and interest in the remainder parcel to SMART of 1.27 acres of land at the corner of McDowell Boulevard and Corona Road in Petaluma and the Developer’s Corona Tentative Map application includes such 1.27 acres of land as a remainder parcel.

F. SMART intends to use the proceeds from sale of the Downtown SMART Property for construction of the Corona SMART Station on land at McDowell Boulevard and Corona Road in Petaluma. On October 12, 2019, SMART entered into an agreement to sell SMART’s Downtown property to Developer (for 8 million and 1.27 remainder parcel).

GG. City intends to provide for $2 million in City funds to the Corona SMART Station improvements, which will provide traffic relief in Petaluma via commuter use of the Corona SMART Station. City intends to place into the escrow for purchase of the Downtown SMART Property $2 million of the $8 million purchase price. The City contribution will be funded by traffic impact fee proceeds that were established in 2016 for this purpose, and will be used to fund Corona Station improvements which will provide traffic relief in Petaluma via commuter use of the Corona SMART station.

H. Developer’s payment for the Downtown SMART Property and dedication of 1.27 acres at Corona Road and McDowell Boulevard must occur by the scheduled closing on the Downtown SMART Property purchase on May 19, 2020 in order for SMART to request a Change Order and proposal from SMART’s existing train system contractor for the Second Petaluma Station design and construction to proceed approximately concurrently with the Windsor station.

I. In accordance with Article XI, Section 7, of the California Constitution, the City may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws.

J. In accordance with Article, XI, Section 5, of the California Constitution, as a charter City, the City may make and enforce all ordinances and regulations in respect to municipal affairs, subject only to restrictions and limitations provided in its charter, and with respect to municipal affairs, the City’s ordinances and regulations shall supersede all inconsistent state laws.

K. In accordance with Article XI, Section 9, of the California Constitution, the City may establish, purchase and operate public works to furnish residents with light, water, power, heat, transportation, and means of communication.

L. In accordance with Section 54 of the Petaluma Charter, the City, by and through its council and other officials, shall have and may exercise all powers necessary or appropriate to the municipal corporation and the general welfare of its inhabitants, which are not prohibited by the constitution, and the specifications in the Petaluma Charter of any particular powers shall not be held to be exclusive or any limitation of the City’s general grant of powers.
M. In accordance with Section 54981 of the Government Code, the City may contract with any other local agency for the performance of municipal services or functions within the City’s territory.

N. In accordance with Section 105032 of the Public Utilities Code, the SMART Board has the power to own, operate, manage, and maintain a passenger rail system within the territory of the district, and to determine the rail transit facilities, including ancillary bicycle and pedestrian pathways, to be acquired and constructed by SMART, the manner of operation, and the means to finance them.

O. In accordance with Section 105070 of the Public Utilities Code, SMART may make contracts and enter into stipulations of any nature whatsoever, employ labor, and do all acts necessary and convenient for the full exercise of SMART’s granted powers.

P. In accordance with Section 105085 of the Public Utilities Code, SMART may take by grant, purchase, devise, or lease, or condemn in proceedings under eminent domain, or otherwise acquire, and hold and enjoy, real property of every kind within or without the district necessary to the full or convenient exercise of its powers, and may lease, mortgage, sell, or otherwise dispose of any real or personal property when in its judgment it is in the best interests of SMART to do so.

Q. In accordance with Section 105096 of the Public Utilities Code, SMART may acquire, construct, own, operate, control, or use rights-of-way, rail lines, stations, platforms, switches, yards, terminals, parking lots, and any and all other facilities necessary or convenient for rail transit within and without the district, together with all physical structures necessary or convenient for the access of persons and vehicles thereto, including ancillary bicycle and pedestrian pathways, and may acquire or contract for any interest in or rights to the use or joint use of any or all such facilities.

R. In accordance with Section 105101 of the Public Utilities Code, SMART may enter into agreements for the joint use of any property and rights by SMART and any city, public agency, or public utility operating transit facilities and may enter into agreements with any city, public agency, or public utility operating any transit facilities, wholly or partially within or without the district, for the joint use of any property of SMART or of the city, public agency, or public utility, or for the establishment of through routes, joint fares, transfer of passengers, or pooling agreements.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the City and SMART agree as follows:

1. Recitals. The above recitals are true and correct and are made a part of this Agreement.

2. Corona Station Project Bids.
2.1 Within 60 days of close of escrow on the Developer’s purchase of the Downtown SMART Property pursuant to the Developer/SMART Agreement, (1) SMART will initiate a request for change notice and proposal from SMART’s existing Civil and System contractor Contracts for design and construction of the Train System improvements; (Together “Corona Station Project”)

2.2 Should the combined Corona Station Project Contract(s) proposals NOT exceed $8 million, SMART agrees to initiate a design/build Change Order to existing Contracts for Corona Station Project in SMART right of way located at ____________, A.P.N. (“Corona Station Property”) subject to the terms of this Agreement and to applicable regulatory requirements, including but not limited to, those of the California Public Utilities Commission (“CPUC”) and the Federal Railway Administration (“FRA”). SMART will be responsible for obtaining all applicable regulatory approvals required for construction of the Corona Station Project.

OR in the alternative

2.3 Should the combined Corona Station Project Contract(s) Proposals exceed $8 million SMART agrees to hold in escrow the proceeds from the sale of the Downtown SMART Property for a period of (____________years) in order to use the $2 million in City funding for the Corona Station Project, and to match the City funds with $2 million in SMART funding, and to progress as far as is reasonably possible toward completing design and construction of the Corona Station Project using the $4 million in combined City and SMART funding while SMART seeks additional Regional, State or Federal funding needed to complete the construction of the Corona Station Project. Once SMART obtains the funding needed to complete the construction of the Corona Station Project, it will be allocated to completion of the Corona Station Project and the project will proceed to completion. SMART will reserve any remaining proceeds from the sale of the Downtown SMART Property for Corona Station project costs in accordance with Section 3.1 below, and utilize such remaining sale proceeds along with other Corona Station Project funding SMART is able to obtain to complete the Corona Station Project, subject to the terms of this Agreement and to applicable regulatory requirements, including but not limited to, those of the CPUC and the FRA.

3. City Funding

3.1 City Funding. City will deposit $2 million in the escrow for the Developer/SMART agreement by May 15, 2020, so that the close of escrow on the Developer’s purchase of the Downtown SMART Property can occur by May 19, 2020, in accordance with Section 9(a) of the Developer/SMART Agreement. The City’s contribution of $2 million in City funds to the cost of constructing the Corona Station Project will be the maximum City contribution to funding of the Corona Station Project, and the City will not be required to provide further funding for completion of the Corona Station Project. In the event any challenge is brought by a third party concerning this Agreement or City’s funding of this Agreement, prior to close of escrow City may terminate this Agreement in accordance with Section 7, below.
3.1 SMART Funding. SMART agrees to dedicate the entire $8 million in proceeds from sale of the Downtown SMART property to the Corona Station Project.  

If City elects to defend such third party challenge to this Agreement or City’s funding of this Agreement, or rather City than terminates this Agreement, City shall indemnify, defend, protect, hold harmless, and release SMART, its officials, officers, agents, and employees, from and against any and all claims, loss, proceedings, damages, causes of action, liability, costs, or expense (including attorneys’ fees and costs) arising from or in connection with, or caused by any act, omission, or negligence of the City regarding this Agreement or City’s Funding of this Agreement.

4. Corona Station Project/Depot Project Cooperation. The City and SMART agree to cooperate in good faith regarding the design, funding and construction of the Corona Station Project in accordance with this Agreement. To the extent any construction of the Corona Station Project and/or the Downtown Depot Lease Amendment contemplated herein is subject to approvals of the City or SMART requires cooperation of the City regarding obtaining approvals from other government bodies, the City agrees to cooperate with SMART and not unreasonably withhold City approvals or encroachment permits which shall be issued at no cost to SMART, and to cooperate with SMART concerning obtaining approvals from other government bodies. SMART agrees to cooperate with the City concerning City approvals and coordination related to construction of the Corona Station Project, such as concerning impacts of the Corona Station Project construction on City right of way and traffic, or obtaining City encroachment permits.

5. Depot Lease Amendment. Prior to On May 15th, 2020 City will introduce an Ordinance approving an amendment to the Depot Lease which approval shall be effective no later than June 18th/July 1, 2020. City and SMART agree to amend the Depot Lease in accordance with the City and SMART procedural requirements for modification of City and SMART leases at no cost to SMART, to provide for City’s and SMART’s shared use of parking spaces on the Depot Property as follows: Upon construction of any needed improvements, signage and striping: (1) SMART patrons may use parking spaces at the Depot during SMART’s operational hours and Tenant patrons may use parking spaces at the Depot during the tenants operational hours on a first come first serve basis (2) No other parking will be allowed including; no overnight parking or parking for any residential, retail or commercial uses (3) SMART will be responsible for enforcing parking and restrictions as per other SMART parking facilities. City will provide through other agreement or understanding with new owner of Downtown SMART Property for SMART’s continued use of the parking on the Downtown SMART Property and preservation of the existing ingress/egress through the Downtown SMART property to the Depot Property until new owner commences development of the Downtown SMART Property.

6. Term. The Term of this Agreement will commence upon approval of this Agreement by the City Council and SMART Board, and expire upon SMART’s completion of the Corona Station Project as delineated under Section 2.2 or in the alternative, upon the expenditure of $4 million in combined City and SMART funding to progress as far as is reasonably possible toward completing design and construction of the Corona Station Project as delineated under Section 2.3, subject to the terms of this Agreement and to applicable regulatory requirements, including but not limited to, those of the California Public Utilities Commission.
7. Termination.

7.1 In the event any challenge is brought by a third party concerning this Agreement or City’s funding of this Agreement, the City may terminate this Agreement prior to close of Developer/SMART escrow Agreement, in accordance with Section 3. The City and SMART may terminate this Agreement for cause following written notice to the other party or by mutual agreement.

7.2 Should escrow fail to close on the Downtown SMART property due to Developer’s failure to fully perform under the Developer/SMART Agreement dated October 12, 2019, or should City terminate this Agreement prior to closing of escrow in response to a third party challenge to this Agreement or its funding, City shall be entitled to a refund from escrow of City’s $2 million deposit and SMART shall have no further duties, responsibilities or obligations to CITY.

7.3 Upon the expiration of the Term in accordance with Section 2.36 above, SMART shall be deemed to have fully performed under this Agreement, this Agreement shall terminate and neither SMART nor City shall have any further duties, responsibilities or obligations under this Agreement.

7.4 Should City fail to timely perform its obligations under Section 3 or Section 5 of this Agreement, SMART may terminate this Agreement and SMART shall have no further duties, responsibilities or obligations to City.

8. Liability. This Agreement is not intended to create and may not be construed so as to create any liability of the parties or any standard of care of the parties in excess of that established pursuant to this Agreement and existing law applicable to the parties. Except as otherwise provided in Section 3 neither party will have any liability for the acts or omissions of the other party.

9. Remedies. The remedies available to the City and SMART for breach of the terms of this Agreement will be limited to (1) Specific performance of the obligations of the City to timely perform as provided for in Section 3 and 5 of this agreement (2) Specific performance of the obligations of SMART as provided for in Section 2, subject to the terms of this Agreement and to applicable regulatory requirements, including but not limited to, those of the California Public Utilities Commission (“CPUC”) and the Federal Railway Authority (“FRA”)

10. Amendment. This Agreement may only be amended by a writing signed by authorized representatives of each party.

11. Notice. Unless otherwise requested by a party, all notices, demands, requests, consents or other communications which may be or are required to be given by either party to the other shall be in writing and shall be deemed effective upon service. Notices shall be deemed to
have been properly given when served on the party to whom the same is to be given by hand delivery or by deposit in the United States mail addressed to the party as follows:

**District:**  Farhad Mansourian, District Manager  
Sonoma-Marin Area Rail Transit District  
5401 Old Redwood Highway  
Petaluma, CA 94954

**City:**  Peggy Flynn, City Manager  
11 English Street  
Petaluma, CA 94952

When a notice is given by a generally recognized overnight courier service, the notice, invoice or payment shall be deemed received on the next business day. When a notice or payment is sent via United States Mail, it shall be deemed received seventy-two (72) hours after deposit in the United States Mail, registered or certified, return receipt requested, with the postage thereon fully prepaid. In all other instances, notices, and payments shall be effective upon receipt by the recipient. Changes may be made in the names and addresses of the person to whom notices are to be given by giving notice pursuant to this paragraph.

12. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. **Merger.** This Agreement contains the entire understanding between the parties, and no statement, promise, or inducement made by either party or agents of the parties that is not contained in this Agreement shall be valid or binding; and this Agreement may not be enlarged, modified, or altered except in accordance with Section 10.

14. **Authority.** The undersigned represent and warrant that they each have the authority to execute and deliver this Agreement on behalf of each respective party.

15. **No Waiver.** The waiver by any of the parties of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.

16. **Time of the Essence.** Time is of the essence in this Agreement and each of its provisions.

17. **No Third Party Beneficiaries.** Nothing in this Agreement, expressed or implied, is intended to or shall confer upon the Developer (Lomas Corona Station LLC), any subsequent owner of the “Corona Property”/ “Downtown SMART Property”, any successor or assign, or any Person other than the parties to this agreement any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.
IN WITNESS WHEREOF, authorized representatives of the City and SMART have each executed this Agreement as of the date first written above.

City of Petaluma

By: _____________________________
Peggy Flynn, City Manager

Attest:

By: _____________________________
Claire Cooper, City Clerk

Approved as to form:

By: _____________________________
Eric W. Danly, City Attorney

Sonoma Marin Area Rail Transit District

By: _____________________________
Farhad Mansourian, General Manager

Approved as to form:

By: _____________________________
Thomas F. Lyons, District Counsel
Due primarily to the economic recession, SMART’s revenues are not sufficient to build the entire project as expected by 2014. The SMART Board of Directors – 12 elected officials representing jurisdictions along the corridor – voted in November 2010 to develop the project in phases. The first phase, a 37-mile rail and trail project connecting the county seats and population centers of San Rafael and Santa Rosa, is scheduled for completion by late 2015. Extensions north and south will be developed as additional funding is identified.

Sonoma-Marin Area Rail Transit (SMART) is a passenger train and multi-use pathway project located in Sonoma and Marin counties. SMART will provide rail service along 70 miles of the historic Northwestern Pacific Railroad alignment, connecting urban and rural residents of the two counties with jobs, education and health care services in the region. The project revives the long-dormant but publicly owned railroad right of way, serving 14 stations from Cloverdale in Sonoma County to the San Francisco-bound ferry terminal in Larkspur in Marin County.
Within the city of Petaluma there are two planned stations that will serve Sonoma-Marin Area Rail Transit (SMART).

The planned Downtown Petaluma Station will be located at the renovated historic rail depot located adjacent to Lakeville Street and bounded by East Washington Street and East D Street. The Downtown Petaluma Station will provide easy access to the Downtown, the Turning Basin area and the Copeland Street Transit Mall.

The Corona Road Station will be located in northwestern Petaluma in the vicinity of the intersection of Corona Road and North McDowell Boulevard. This site will likely include a significant park-and-ride component while also benefiting from improved access to employment, housing, health services like the Petaluma Health Center, and student services like Santa Rosa Junior College. The Corona Road Station will be built as part of the second phase.
Chapter 1: Introduction

1.4 Station Areas

Corona Road Station Area

Legend
- Corona City Specific Plan Area
- Half Mile Radius Around Station
- City Limits
- Urban Growth Boundary (UGB)
- UGB Possible Expansion Area
- Planned SMART Rail Station
Overview

The Corona Road Station will be located in northwestern Petaluma in the vicinity of the intersection of Corona Road and North McDowell Boulevard. In the short-term, the Corona Road SMART Station will likely function as a suburban park-and-ride station. However, in the long term, the Corona Road Station Area may evolve to include transit-oriented development.

Community Goals (generated during workshops)

- Improve Connectivity (pedestrian and bicycle) within the 1/2 mile pedestrian shed and beyond
Land Use

The map above indicates the land use within the Corona Road Station Area (1/2 mile from Station Parcel). The Station Area is approximately 674 acres, of which 408 is mapped with a land use (remaining 266 acres is composed primarily of area outside of the UGB, Street ROW, and Highway ROW). The primary land uses are Business Park (23%) Low Density Residential (20%), and Mobile Homes (14%). Outside of the area designated as Business Park, 13% of the site has a Commercial (Neighborhood or Community) or Mixed-use designation. 42% has some form of residential designation, but it is primarily low density.
Corona Road Opportunity Sites

The opportunity sites surrounding the Corona Road Station are primarily the undeveloped sites or underutilized sites immediately adjacent to the Station Area.

The area that has been identified as a UGB Possible Expansion Area to the northeast of Corona Road and the Rail Tracks provides another large opportunity site. However, the expiration of the UGB limits was recently extended to 2025 by ballot initiative and the findings required to incorporate this land into city limits makes it unlikely to be available for redevelopment in the near term.

Underutilized sites along N. McDowell Blvd. near the intersection at Corona Rd have the potential to redevelop as TOD in the future. Similar to the Downtown, the intent of the Master Plan is not to force the existing uses out, but to provide a vision so that over time as the area develops, TOD will become the highest and best use for these parcels, providing the land owners with the opportunity and economic incentive to redevelop.

The U.S. Post Office Facility that may be closing in 2013 will become a priority opportunity site should it close.
Connectivity Improvements

In the both the short and long term development scenarios, the Corona Station Area will benefit from improved access to the surrounding employment centers, health care facilities, the junior college, and housing. With many of these destinations being located outside the typical walking radius for the station, additional consideration should be given to bicycle and transit connections and facilities in this area.

The drawing on the opposite page highlights the recommended Access and Connectivity improvements within the station area. Additional information on these improvements can be found in Chapter 5 (Access, Connectivity, and Parking).

Information regarding the Market Demand and Housing for the Corona Road Station Can be found in Chapter 3 and Chapter 4 respectively.

The plan below provided by SMART is the most recent plan proposed for the Corona Road Station at the time of the writing of this document.
City of Petaluma

Traffic Mitigation Fee Program Update

ADDENDUM 1

Prepared by City of Petaluma
May 2016
This addendum updates Table 3-3 and Tables 3-6 through 3-12 of the Traffic Mitigation Fee Program Update prepared by Fehr & Peers (August 2012). The revised tables incorporate updated cost figures associated with the Redevelopment Supplement of the fee program, establishes a new land use category and fee for gas/service stations, update the methodology from the 2012 fee study, and incorporate new improvement costs associated with parking for the SMART stations and increase the amount of the fee to support right of way acquisition for the Rainier Avenue Extension and Interchange project.

Table 3-3 provides the estimated cost of improvements provided by the City of Petaluma. The updated table amends the cost estimates for the Rainier Avenue Extension and Interchange and adds the new SMART station parking to the list of improvements.

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Estimated Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Project Cost</td>
</tr>
<tr>
<td>Rainier Avenue Extension and Interchange – locally preferred alternative (Alt 2)</td>
<td>$114,983,500 ¹</td>
</tr>
<tr>
<td>Caulfield Lane Extension</td>
<td>$63,082,240</td>
</tr>
<tr>
<td>Old Redwood Highway Interchange Improvements</td>
<td>$43,115,000</td>
</tr>
<tr>
<td>Caulfield Lane/Payran Street Intersection Improvements</td>
<td>$500,000</td>
</tr>
<tr>
<td>Petaluma Boulevard/Magnolia Avenue – Payran Street Intersection</td>
<td>$500,000</td>
</tr>
<tr>
<td>Construction of New Intersections Throughout the City ¹</td>
<td>$2,250,000 ⁷</td>
</tr>
<tr>
<td>Traffic Signal Upgrades Throughout the City ²</td>
<td>$1,885,000</td>
</tr>
<tr>
<td>Pedestrian/Bicycle Improvements Throughout the City ³</td>
<td>$27,389,000</td>
</tr>
<tr>
<td>Transit Improvements Throughout the City ⁶</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Redevelopment Supplement ⁸</td>
<td>$9,972,739</td>
</tr>
<tr>
<td>SMART Station (350 Parking Spaces) ⁹</td>
<td>$10,500,000</td>
</tr>
<tr>
<td>Total</td>
<td>$276,677,479</td>
</tr>
</tbody>
</table>

Notes:
2. Funding includes $7.5M in former Petaluma Community Development Commission (PCDC) funds allocated by City Council and $23.4M in local roadway construction costs and dedicated ROW to be covered by development adjacent to the project.
3. Cost of local roadway construction covered by development adjacent to the site. Other funding includes $2,012,726 fair share contribution from Quarry Heights project.
4. Covers bridge only.
5. Funding includes $11.3M in former Petaluma Community Development Commission (PCDC) funds allocated by City Council and $28.9M in a combination of Measure M, SLPP, developer contributions, and Assessment District 21 funds.
6. Includes bus stop improvements, real time transit information system, and signal priority system for transit.
7. Cost reflects six intersections to be constructed. Cost estimate based on 3 signalized intersections and 3 roundabouts.
8. Represents the $18.8M in former Petaluma Community Development Commission (PCDC) agreements currently disputed.
by the CA Department of Finance (see notes 2 & 5 above). The City will collect this supplement pending resolution of the status of these funds. If the PCDC agreements are recognized, as the City believes they must be, the TMF will be adjusted to remove the Redevelopment Supplement. Adjusted to $9,972,739 to reflect 2014 Bond Proceeds of $8,836,001.

9. Parking needs identified in SMART White Paper No. 11 (February 2008)

Source: City of Petaluma, 2015.

Table 3-6 presents the growth projections used in the analysis. Compared to the projections used in the 2012 analysis, 65 accessory dwelling units, and 16 gas/service station fuel positions have been added to the growth scenario.

<table>
<thead>
<tr>
<th>Land Use Category</th>
<th>Unit</th>
<th>2007</th>
<th>2012</th>
<th>2025</th>
<th>% Growth (2012 to 2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Dwelling</td>
<td>Dwelling Unit</td>
<td>18,251</td>
<td>18,266</td>
<td>19,796</td>
<td>1,530</td>
</tr>
<tr>
<td>Multi-Family Dwelling</td>
<td>Dwelling Unit</td>
<td>2,558</td>
<td>2,820</td>
<td>6,380</td>
<td>3,560</td>
</tr>
<tr>
<td>Accessory Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>65</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Housing</td>
<td>Dwelling Unit</td>
<td>1,554</td>
<td>1,612</td>
<td>1,731</td>
<td>119</td>
</tr>
<tr>
<td>Office</td>
<td>KSF</td>
<td>5,820</td>
<td>6,044</td>
<td>8,676</td>
<td>2,632</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>Room</td>
<td>682</td>
<td>682</td>
<td>879</td>
<td>197</td>
</tr>
<tr>
<td>Commercial/Shopping</td>
<td>KSF</td>
<td>4,421</td>
<td>4,524</td>
<td>7,148</td>
<td>2,624</td>
</tr>
<tr>
<td>Industrial/Warehouse</td>
<td>KSF</td>
<td>5,504</td>
<td>5,027</td>
<td>5,449</td>
<td>422</td>
</tr>
<tr>
<td>Education</td>
<td>Student</td>
<td>18,036</td>
<td>18,036</td>
<td>23,087</td>
<td>5,051</td>
</tr>
<tr>
<td>Institution</td>
<td>KSF</td>
<td>1,432</td>
<td>1,432</td>
<td>1,432</td>
<td>-</td>
</tr>
<tr>
<td>Gas/Service Station</td>
<td>Fuel Position</td>
<td>142</td>
<td>142</td>
<td>158</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: City of Petaluma, 2015.
Table 3-7 recalculates the dwelling unit equivalent (DUE) factors, using updated data from the Institute of Traffic Engineers Trip Generation Handbook, 9th Edition, and SANDAG’s Brief Guide of Vehicular Traffic Generation Rates (July 2002). The “Percent New Trips” column need only be multiplied by the peak hour trip rate in order to estimate vehicle trips per unit. Vehicle trips per unit for each land use is then divided by the vehicle trips per single family dwelling unit to determine the DUE factor for each land use.

<table>
<thead>
<tr>
<th>Land Use Category</th>
<th>Unit</th>
<th>Peak Hour Trip Rate</th>
<th>% New Trips²</th>
<th>VT per Unit³</th>
<th>DUE per Unit³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>1.01</td>
<td>86%</td>
<td>0.87</td>
<td>1.00</td>
</tr>
<tr>
<td>Multi-Family Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>0.62</td>
<td>86%</td>
<td>0.53</td>
<td>0.61</td>
</tr>
<tr>
<td>Accessory Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>0.28</td>
<td>86%</td>
<td>0.24</td>
<td>0.28</td>
</tr>
<tr>
<td>Senior Housing</td>
<td>Dwelling Unit</td>
<td>0.27</td>
<td>86%</td>
<td>0.23</td>
<td>0.27</td>
</tr>
<tr>
<td>Office</td>
<td>KSF</td>
<td>1.49</td>
<td>77%</td>
<td>1.15</td>
<td>1.32</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>Room</td>
<td>0.59</td>
<td>58%</td>
<td>0.34</td>
<td>0.39</td>
</tr>
<tr>
<td>Commercial/Shopping</td>
<td>KSF</td>
<td>3.73</td>
<td>45%</td>
<td>1.68</td>
<td>1.93</td>
</tr>
<tr>
<td>Industrial/warehouse</td>
<td>KSF</td>
<td>0.86</td>
<td>79%</td>
<td>0.68</td>
<td>0.78</td>
</tr>
<tr>
<td>Education</td>
<td>Student</td>
<td>0.15</td>
<td>57%</td>
<td>0.09</td>
<td>0.10</td>
</tr>
<tr>
<td>Institution</td>
<td>KSF</td>
<td>0.55</td>
<td>64%</td>
<td>0.35</td>
<td>0.41</td>
</tr>
<tr>
<td>Gas/Service Station</td>
<td>Fuel Position</td>
<td>13.38</td>
<td>21%</td>
<td>2.81</td>
<td>3.23</td>
</tr>
</tbody>
</table>

Notes:
3. VT (vehicle trip) per unit = peak hour trip rate * % new trips.
4. DUE per unit = VT per unit / VT per single-family dwelling unit
5. ITE Apartment rate used.
6. ITE Senior Adult Housing – Detached rate used.
7. ITE General Office Building (PM peak hour) rate used.
8. ITE Shopping Center rate used for all commercial uses.
9. ITE Industrial Park rate used for all industrial uses.
10. ITE Elementary school (PM peak hour generator) rates used for all educational uses.
11. ITE Church rate used for all general institutional uses.
12. Assuming one person on average lives in accessory unit, use ITE peak hour rate of 0.28 per person.
13. ITE Service Station w/Convenience Market used.

Table 3-8 recalculates the growth in DUE using the revised DUE factors from the preceding table. The growth per dwelling unit, thousand square feet, hotel room, student or fuel position is multiplied by the corresponding DUE factor from Table 3-7 to convert projected growth into DUEs. Using the revised growth scenario and revised DUE factors results in a growth increment of 12,772 DUEs, compared to the 9,096 calculated in the City’s 2014 analysis. Total DUEs at buildout have also increased. These adjustments result in new development representing a larger share of total build out DUEs, compared to the 2014 analysis (22.43% v. 19.53%).

<table>
<thead>
<tr>
<th>Land Use Category</th>
<th>Unit</th>
<th>Total Growth¹</th>
<th>DUE per Unit²</th>
<th>Growth Converted to DUEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>1,530</td>
<td>1.00</td>
<td>1,530</td>
</tr>
<tr>
<td>Multi-Family Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>3,560</td>
<td>0.61</td>
<td>2,185</td>
</tr>
<tr>
<td>Accessory Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>65</td>
<td>0.28</td>
<td>18</td>
</tr>
<tr>
<td>Senior Housing</td>
<td>Dwelling Unit</td>
<td>119</td>
<td>0.27</td>
<td>32</td>
</tr>
<tr>
<td>Office</td>
<td>KSF</td>
<td>2,632</td>
<td>1.32</td>
<td>3,477</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>Room</td>
<td>197</td>
<td>0.39</td>
<td>78</td>
</tr>
<tr>
<td>Commercial/Shopping</td>
<td>KSF</td>
<td>2,624</td>
<td>1.93</td>
<td>5,071</td>
</tr>
<tr>
<td>Industrial/Warehouse</td>
<td>KSF</td>
<td>422</td>
<td>0.78</td>
<td>330</td>
</tr>
<tr>
<td>Education</td>
<td>Student</td>
<td>5,051</td>
<td>0.10</td>
<td>0³</td>
</tr>
<tr>
<td>Institution</td>
<td>KSF</td>
<td>-</td>
<td>0.41</td>
<td>0</td>
</tr>
<tr>
<td>Gas/Service Station</td>
<td>Fuel Position</td>
<td>16</td>
<td>3.23</td>
<td>52</td>
</tr>
</tbody>
</table>

Total New Development DUEs | 12,772
Total Build Out DUEs⁴ | 56,941
Percentage of Total Build Out DUEs⁵ | 22.43%

Notes:
1. Table 3-6: City of Petaluma Travel Demand Model Land Use Projections
2. Table 3-7: City of Petaluma DUE Conversion Factors
3. While a growth in student enrollment is projected, no new schools are anticipated to be constructed.
4. Total Build Out DUEs = DUE per unit * 2012 land use projections (Table 3-6) + total new development DUEs
5. Percentage of Total Build Out DUEs = Total New Development DUEs / Total Build Out DUEs

Table 3-9 recalculates new development’s share of the intersection projects included in the TIF. Adjustments have been made to projects where the fair share is equal to the new development’s share of DUEs at buildout. After the adjustments, a larger share of projects has been allocated to new development compared to the 2012 analysis ($1,668,224 v. $1,646,472).

<table>
<thead>
<tr>
<th>Intersection</th>
<th>Net City Cost</th>
<th>Cross-Town Reliever?</th>
<th>New Development Share</th>
<th>Potential Fee Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial @ Corona</td>
<td>$300,000</td>
<td>Yes</td>
<td>100%</td>
<td>$300,000</td>
</tr>
<tr>
<td>Rainier and Maria</td>
<td>$450,000</td>
<td>Yes</td>
<td>100%</td>
<td>$450,000</td>
</tr>
<tr>
<td>Caulfield and Ely</td>
<td>$450,000</td>
<td>Yes</td>
<td>100%</td>
<td>$450,000</td>
</tr>
<tr>
<td>Casa Grande / McDowell</td>
<td>$450,000</td>
<td>No</td>
<td>22.43%</td>
<td>$100,934</td>
</tr>
<tr>
<td>Lindberg/Lakeville</td>
<td>$300,000</td>
<td>Yes</td>
<td>100%</td>
<td>$300,000</td>
</tr>
<tr>
<td>South McDowell/Lakeville</td>
<td>$300,000</td>
<td>No</td>
<td>22.43%</td>
<td>$67,290</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,250,000</strong></td>
<td><strong>--</strong></td>
<td><strong>--</strong></td>
<td><strong>$1,668,224</strong></td>
</tr>
</tbody>
</table>

Notes:
1. Based on Traffic Impact Mitigation Fee Program Update Memo from the City dated 5/1/12.
2. Based on discussions with the City. Out of the six intersections encompassing the $2.25M cost, only four relieved crosstown traffic and were included 100% in the final fee contribution total.
3. See Table 3-8 City of Petaluma Growth in DUEs for calculation detail.

Table 3-10 recalculates new development’s share of pedestrian/bicycle projects. The “new miles contribution” is equal to: minimum new miles for new DUE / new miles X new value. This results in an allocation of $8,978,853 worth of pedestrian and bicycle improvements to new development.

| Existing Bicycle Miles | 74.6 |
| Existing Value         | $48,980,000 |
| Existing DUE           | 44169.30 |
| Existing Bicycle Miles per DUE | 0.0017 |
| New DUE                | 12772 |
| Minimum Miles for new DUE | 21.6 |
| New Miles              | 65.80 |
| New Value              | $27,389,000 |
| New Miles Contribution | $8,978,853 |
| % of Total Cost        | 33% |

Notes:
1. City of Petaluma, 2012
2. 2012 Land Use (per Table 3-6 Travel Demand Model) * DUE per unit (per Table 3-7 DUE Conversion Factors)
3. See Table 3-8 Growth in DUE.
4. =Miles for new DUE/New Miles * New Value
Table 3-11 recalculates new development’s share of circulation improvement projects based on the adjustments in the preceding tables. In total, $173.4 million in improvement costs are allocated to 12,772 DUEs of growth, resulting in a fee of $13,577 per DUE.

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Net City Cost</th>
<th>New Development Share</th>
<th>Potential Fee Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rainier Avenue Extension and Interchange – locally preferred alternative</td>
<td>$89,725,097</td>
<td>100.00%</td>
<td>$89,725,097</td>
</tr>
<tr>
<td>Caulfield Lane Extension</td>
<td>$54,561,194</td>
<td>100.00%</td>
<td>$54,561,194</td>
</tr>
<tr>
<td>Old Redwood Highway Interchange Improvements</td>
<td>$2,879,990</td>
<td>100.00%</td>
<td>$2,879,990</td>
</tr>
<tr>
<td>Caulfield Lane/Payran Street Intersection Improvements</td>
<td>$500,000</td>
<td>100.00%</td>
<td>$500,000</td>
</tr>
<tr>
<td>Petaluma Boulevard/Magnolia Avenue – Payran Street Intersection</td>
<td>$500,000</td>
<td>100.00%</td>
<td>$500,000</td>
</tr>
<tr>
<td>Construction of New Intersections Throughout the City¹</td>
<td>$2,250,000</td>
<td>74.14%</td>
<td>$1,668,224</td>
</tr>
<tr>
<td>Traffic Signal Upgrades Throughout the City²</td>
<td>$1,885,000</td>
<td>22.43%</td>
<td>$422,803</td>
</tr>
<tr>
<td>Pedestrian/Bicycle Improvements Throughout the City³</td>
<td>$27,389,000</td>
<td>32.78%</td>
<td>$8,978,853</td>
</tr>
<tr>
<td>Transit Improvements Throughout the City²</td>
<td>$2,500,000</td>
<td>22.43%</td>
<td>$560,746</td>
</tr>
<tr>
<td>Redevelopment Supplement</td>
<td>$9,972,739</td>
<td>100.00%</td>
<td>$9,972,739</td>
</tr>
<tr>
<td>SMART Station (350 Parking Spaces)²</td>
<td>$10,500,000</td>
<td>22.43%</td>
<td>$2,355,134</td>
</tr>
<tr>
<td>Administration Costs⁴</td>
<td>--</td>
<td>--</td>
<td>$1,278,262</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$202,663,020</strong></td>
<td>--</td>
<td><strong>$173,403,042</strong></td>
</tr>
<tr>
<td>Projected Growth in DUEs²</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fee Per DUE</strong></td>
<td></td>
<td></td>
<td><strong>$13,577</strong></td>
</tr>
<tr>
<td>Prior Fee per DUE⁵</td>
<td></td>
<td></td>
<td><strong>$12,949</strong></td>
</tr>
</tbody>
</table>

Notes:
1. See Table 3-9 Construction of New Intersections Fee Contributions for calculation detail.
2. See Table 3-8 City of Petaluma Growth in DUEs for calculation detail.
3. See Table 3-10 Pedestrian/Bicycle Contribution Calculation for detail.
4. Provided by the City of Petaluma, 2012.
5. Based on Fee per DUE contained in 2015 Addendum 1.

Table 3-12 presents the revised traffic impact fees. The revised fee per DUE from Table 3-11 is multiplied by the revised DUE factors from Table 3-7 to determine the fee per land use category.

<table>
<thead>
<tr>
<th>Land Use Type</th>
<th>Unit</th>
<th>DUE per Unit (^1)</th>
<th>Fee per DUE (^2)</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>1.00</td>
<td></td>
<td>$13,577</td>
</tr>
<tr>
<td>Multi-Family Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>0.61</td>
<td></td>
<td>$8,334</td>
</tr>
<tr>
<td>Accessory Dwelling Unit</td>
<td>Dwelling Unit</td>
<td>0.28</td>
<td></td>
<td>$3,764</td>
</tr>
<tr>
<td>Senior Housing</td>
<td>Dwelling Unit</td>
<td>0.27</td>
<td></td>
<td>$3,629</td>
</tr>
<tr>
<td>Office</td>
<td>KSF</td>
<td>1.32</td>
<td>$13,577</td>
<td>$17,933</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>Room</td>
<td>0.39</td>
<td></td>
<td>$5,349</td>
</tr>
<tr>
<td>Commercial/Shopping</td>
<td>KSF</td>
<td>1.93</td>
<td></td>
<td>$26,236</td>
</tr>
<tr>
<td>Industrial/Warehouse</td>
<td>KSF</td>
<td>0.78</td>
<td></td>
<td>$10,619</td>
</tr>
<tr>
<td>Education</td>
<td>Student</td>
<td>0.10</td>
<td></td>
<td>$1,336</td>
</tr>
<tr>
<td>Institution</td>
<td>KSF</td>
<td>0.41</td>
<td></td>
<td>$5,502</td>
</tr>
<tr>
<td>Gas/Service Station</td>
<td>Fuel Position</td>
<td>3.23</td>
<td></td>
<td>$43,919</td>
</tr>
</tbody>
</table>

Notes:
1. Table 3-7 City of Petaluma DUE Conversion Factors
2. Table 3-11 City of Petaluma Circulation Improvements Fee Contributions