



City of Rohnert Park PLANNING COMMISSION STAFF REPORT

Meeting Date: August 10, 2017

Agenda Item No: 8.1

Subject: File No. PLGP16-0001 - Press Democrat Parcel GPA Request from Industrial to High Density Residential

Location: Southeast Corner of Dowdell Avenue and Business Park Drive (APN: 143-040-135)

Applicant: Chris Scerri, Advanced Building Solutions, Inc.

REQUEST

The applicant, Chris Scerri of Advanced Business Solutions, Inc. is requesting that the Planning Commission recommend approval of a General Plan Amendment (GPA) under sections 17.25.070-73 et seq of the Rohnert Park Municipal Code for a parcel located on the southeast corner of Dowdell Avenue and Business Park Drive (APN: 143-040-135). The request would be to amend the land use designation from Industrial to High Density Residential to allow for construction of an apartment complex.

Staff recommends that the Planning Commission adopt Resolution 2017-22:

FINDING THAT CONSIDERATION OF THE FACTORS IN SECTION 17.25.073 OF THE ROHNERT PARK MUNICIPAL CODE DO NO SUPPORT APPROVAL OF A GENERAL PLAN AMENDMENT AND RECOMMENDING DENIAL OF A GENERAL PLAN AMENDMENT FOR THE PROPERTY LOCATED ON THE SOUTHEAST CORNER OF DOWDELL AVENUE AND BUSINESS PARK DRIVE (APN: 143-040-135) IN RESPONSE TO THE PROPERTY OWNER REQUEST TO CHANGE THE LAND USE DESIGNATION FROM INDUSTRIAL TO HIGH DENSITY RESIDENTIAL

BACKGROUND

The subject site (see Figure 1) is located on the west side of Rohnert Park proximate to the Martin Avenue business park area. The site is located adjacent to Dowdell Avenue and south of Business Park Drive. The parcel is currently owned by Sonoma Media Investments, the publisher of the Press Democrat newspaper. The applicant, Chris Sherri of Advanced Business Solutions wishes to purchase the site and construct an apartment complex. Apartments are not permitted under the current General Plan's industrial land designation so a GPA would be required. The GPA request

is for a High Density Residential classification. A rezone from I-L: Industrial to R-H: High Density Residential would also be required to construct an apartment complex on the Subject Site.

The subject site is surrounded by a diverse mix of land uses (see Figure 1), as follows:

- North. Business Park Drive creates a boundary to the north of the subject site. Vacant parcels are north of Business Park Drive. The General Plan classifications of these parcels are Regional Commercial and Mixed Use. The property designated Mixed Use is within the Northwest Specific Plan and some of the Commercial is within the Wilfred-Dowdell Specific Plan.
- South. Located immediately to the south of the subject site are two recently constructed apartment complexes (Fiori Estates and The Reserve) within the Stadium Area Master Plan. These properties are designated High Density Residential on the General Plan.
- East. Sonoma Media Investments, the owner of the subject site, recently sold the adjacent property to the east to a developer who plans to construct a business park. The General Plan designation of this property is Industrial. This 12.7 acre parcel contains the Press Democrat printing press facility, but is mostly vacant and can accommodate additional industrial development.
- West. Dowdell Avenue was extended in 2015 and bounds the west property line of the subject site. The property across Dowdell is vacant, with a General Plan designation of Industrial. Staff recently conducted a pre-application conference with a developer who wishes to construct a business park.

Figure 1 – Subject Site



General Plan Designations

Under the current General Plan, adopted in July 2000, the subject property is designated Industrial (and zoned: I-L: Industrial). The subject property has been designated Industrial for several decades. For example, the 1978 General Plan Land Use Map designates the subject site and the surrounding properties “Industrial and Distribution”. See Figure 2 and Figure 3 on the following page. The General Plan designations have changed on many of the parcels in the vicinity, but the Industrial focus of the area remains.

Figure 1: 1978 General Plan Designations

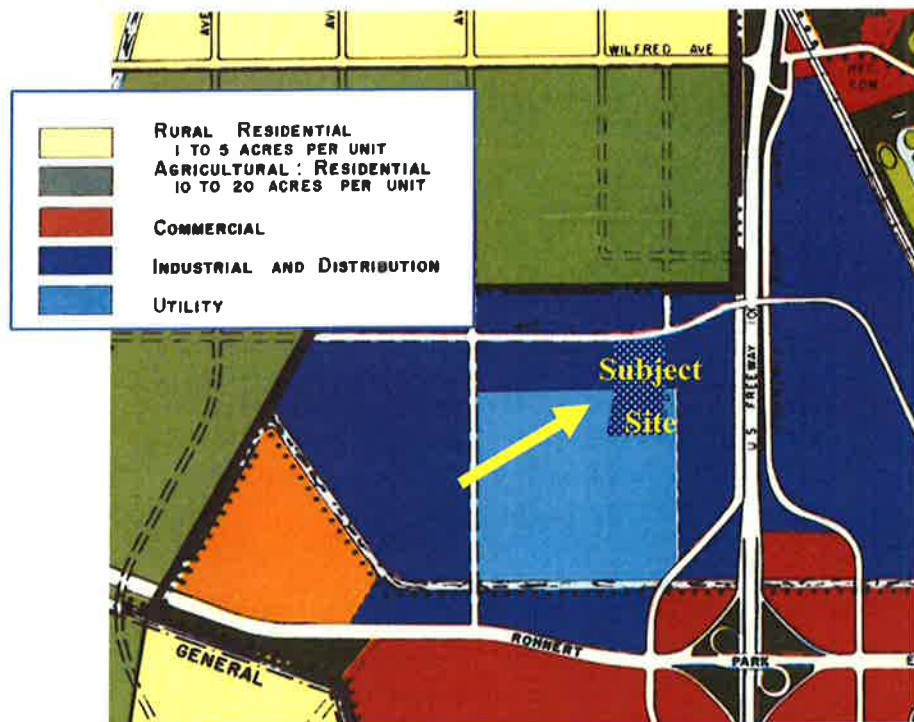
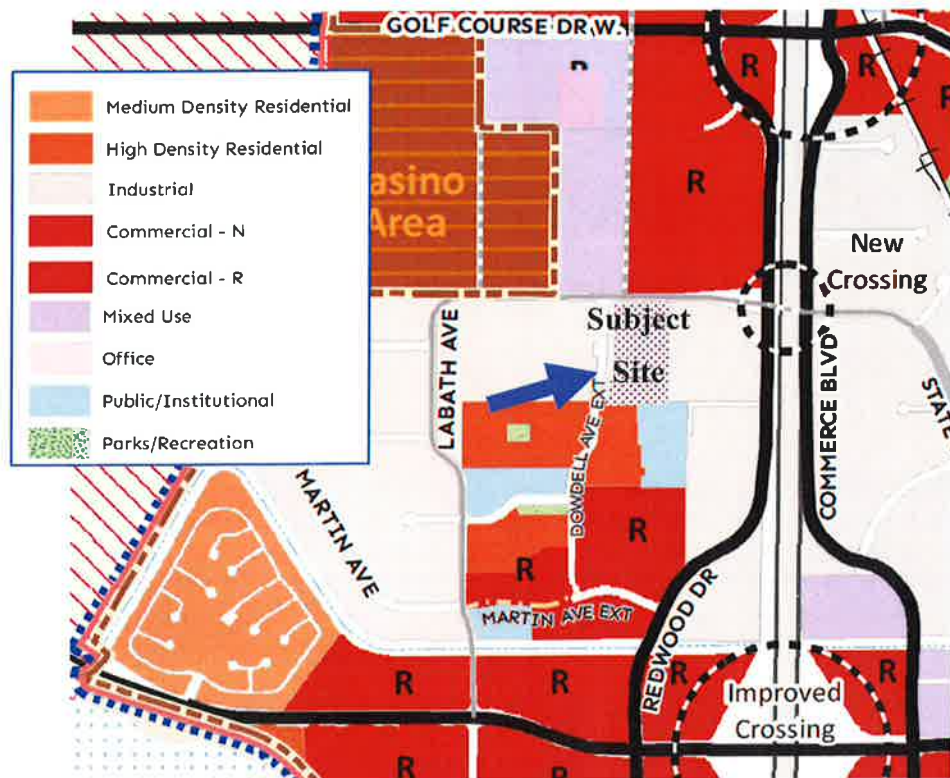


Figure 2: 2017 General Plan Designations



REVIEW PROCESS

Prior to the construction of an apartment complex on this site a General Plan Amendment (GPA) and a zoning ordinance amendment (rezone) would be required. The Planning Commission is required to conduct a public hearing according to Section 17.25.072 of the City of Rohnert Park Municipal Code to consider any GPA or rezone. Section 17.25.073 of the Municipal Code specifies the following factors that shall be considered by the Planning Commission in the approval or denial of a GPA:

1. That the proposed zoning and/or amendment is consistent with the general plan.
2. That the proposed zoning and/or amendment will be beneficial to and not detrimental to the public health, safety, or welfare.
3. That with the proposed zoning and/or amendment adequate and available sites remain (refer to the quantified housing objectives in the city's housing element of the general plan) to mitigate the loss of residential density on the subject property to accommodate the city's "fair share" regional housing needs used by the State Department of Housing and redevelopment in determining compliance with Housing Element Law pursuant to Government Code Section 65863(b).

A full analysis of all of the above factor are included in the Analysis section of this staff report. If the Planning Commission finds in its review of the above factors that a GPA would not be warranted in this instance, the Commission should recommend denial of the GPA and/or rezone process for the Subject Site.

Staff's recommendation is that the Planning Commission recommend denial of the GPA. Because staff is recommending denial of the GPA full environmental review under the California Environmental Quality Act (CEQA) is not required. If, after review, the Planning Commission determines that the proposed GPA amendment has merit for the Subject Site then the Planning Commission should direct staff, at applicant's expense, to prepare the necessary environmental documentation according to CEQA. Once a CEQA document has been prepared and after sufficient analysis by city staff, a Public Hearing to consider the CEQA document, GPA and rezone request, may be considered at Public Hearing of the Planning Commission.

ANALYSIS

Factor 1

As specified in section 17.25.073, the first factor to consider is, "That the proposed zoning and/or amendment is consistent with the general plan." While this factor could be partially addressed with a map amendment to the General Plan and zoning ordinance, the change in designation would not be consistent with other goals of the General Plan. The General Plan calls for a diverse range of jobs (Goal LU-K), and this parcel is needed for that purpose.

Market Demand for Industrial

Consideration of Factor 1 does not support a GPA because industrial land is in short supply in Rohnert Park and needed for job creation. The applicant asserts that the subject parcel is not needed as part of the City's industrial land supply. However, extremely low vacancy rates in the industrial sector and lack of available industrial land inventory suggest otherwise. Rohnert Park has recently experienced an increased interest in industrial development, including on the parcels to the east

and west of the subject site. The low industrial vacancy rate is acknowledged in a report prepared by the applicant, entitled “Redwood Crossings Fiscal Impact Analysis” dated February 2017. This document is included as Attachment 3 to this staff report. The document reports a very low vacancy rate of 2.5% for all industrial space in Rohnert Park.

Economic data for Sonoma County, suggests that market demand for industrial property is heating up. Sonoma County’s overall industrial vacancy rate was 15 percent as recently as early 2012 (Marsh, Gary “Marin-Sonoma commercial real estate: 2017 will be much like ‘16”, North Bay Business Journal, March 21, 2017) and is now reported at less than 5% by Gary Marsh in the Business Journal or as low as 2.5% as reported in the applicant’s fiscal impact analysis. The 2017 Commercial Real Estate Forecast, produced by the Keegan & Coppin Company (Attachment 2), indicates that industrial space will specifically be needed for the wine, beer, and food industries. Space for the light manufacturing is also needed. Keegan & Coppin reports that commercial growth will be hampered by lack of available business park land. Land for industrial development is currently scattered as small infill sites, which creates a challenging development environment and discourages larger industrial users from entering the market. Keegan & Coppin report that there is no long term plan to address the shortage of industrial land in Sonoma County. The Keegan & Coppin report argues that you can’t have economic growth in the North Bay without an attractive modern inventory of vacant land and buildings to encourage companies to locate and continue to grow and expand locally.

Recent planning entitlement activity in the City of Rohnert Park indicates that new industrial space will be coming to the market immediately adjacent to the subject site. Sonoma Media Investments LLC recently sold the printing plant and 12.7 acres of property, located east of the subject site, to Bay Area real estate firm PB&J Acquisitions, for \$9.5 million. The sale included the 73,000 sf building that was constructed in the 1980s to house the paper’s printing presses. The Keegan & Coppin report states that this is considered a key acquisition by a local investor to add more industrial space. To the west of the subject parcel, a new business park may also be constructed in the near future. City Staff recently held a pre-application conference with Panattoni Development for a business park that promises more than 185,000 square feet of new industrial space. No formal application has been submitted, but it is expected later this year.

The supply of vacant industrial land is extremely limited in Rohnert Park (see Table 1). Only a handful of sites are vacant with a total land area of 53 acres. The city has approximately 530 acres of industrial land, so 53 acres represents 10% of the total industrial land supply and approximately 1.0% of the land within the city limits. Staff recommends that the supply of industrial land be maintained and not used for alternative purposes. The subject site is 6.5 acres – the third largest industrial parcel in the city. If combined with the 12.7 acre parcel to the east and the 10.3 acre parcel to the west, a continuous 29.5 acre business park could be created. An industrial park area of this size, with easy access to transportation and utility infrastructure is a significant development opportunity that will eventually be noticed by industrial users wanting to locate in Sonoma County. Rezoning the subject property would reduce a potential 30 acre business park to two smaller sites and constrain industrial operations because of the proximity to residential development and reduce the likelihood that new industrial space could be brought to the market.

Table 1 – Industrial Parcels in Rohnert Park

APN	Description	Acres	Status
143-040-135	Subject Site	6.5	Vacant
143-040-112	Press Democrat Press Facility	12.7	Mostly Vacant. Sold for business park development. Adjacent to subject site
143-040-134	CB Properties	10.3	Vacant. Pre-application for business park development, application for SPAR expected this year. Adjacent to subject site.
143-021-013	Yard Birds and adjacent parcels	6.3	Vacant
143-021-006		1.8	
143-021-003		0.6	
143-021-064	Commerce and Professional	1.1	Vacant
045-054-014	Northwest Specific Plan Area	4.9	Vacant
045-054-030		3.5	
045-054-042		2.1	
045-054-003		1.3	
045-054-029		0.5	
045-054-007		0.5	
045-054-040		0.5	
045-054-008		0.3	
045-054-038		0.3	
045-054-037		0.3	
	Total Vacant Acres	53	

Market Demand and Available Sites for Residential Development

Based on recent construction activity, demographic data, and the level of interest the City has experienced for new residential development, a clear demand for new multi-family residential development exists in Rohnert Park. However, the General Plan already contains sufficient land use designations that support multi-family development. Within the Stadium Lands Planned Development, the recently completed Fiori Estates and The Reserve at Dowdell projects, have a combined 229 units. The City is processing another 135 unit complex associated with the Residences at Five Creek project, bringing even more units to the market. On the east side of Highway 101, the Planning Commission recently approved the 90 unit Avram House apartment

complex and within the University District a Site Plan and Architectural Review (SPAR) submittal for a 218 unit affordable apartment complex along Keiser Road is being prepared. Additional multi-family units are also expected in the Southeast Specific Plan and some infill and mixed-use opportunities exist throughout the community.

Unlike industrial land, which is in limited supply in Rohnert Park, a healthy supply of land is available for multi-family development and no additional land is needed at this time. In total, the City has land area set aside for almost 3,000 multi-family units on over 140 acres which amounts to approximately 2.6% of the City's land area (see Table 2). This includes a significant number of units on the west side of Highway 101. The Northwest Specific Plan, located immediately to the north of this site, is slated for up to 400 units of residential development.

Table 2 – Multi-Family Unit Supply

	Units	Acres (approximate)
Avram House Apartments	90 units	2.4
Southwest Boulevard (Mixed Use)	143 units	3.5
Camino Collegio (Mixed Use)	31 units	0.6
Creekwood (adjacent to Self-Storage)	96 units	4.5
Central Rohnert Park (City Center and Station Center, not including Avram House)	745 units	8.5
Residences at Five Creek	135 units	6.1
Northwest Specific Plan	398 units	47.4
Southeast Specific Plan	81 units	7.0
University District Specific Plan	218 units	9.1
Sonoma Mountain Village	1,000 units	51.0
Expected Units	2,937 units	140.2.5

Performance Standards

In addition, consideration of Factor 1 does not support a the proposed GPA amendment because the proposal would place residential development adjacent to existing industrial property. This placement would reduce the economic viability of adjacent properties, by placing limitation on those industrial parcels that do not currently exist.

Impact of performance standards. The municipal code has performance standards which impose requirements on industrial developers when a residential use is nearby. Constructing an apartment complex on the subject site would place an apartment complex between two industrially designated parcels. This would place restrictions on future business park developments on these adjacent parcels, as follows:

- Noise Impacts. All industrial properties are subject to noise limits as defined by Section 17.12.030 (Noise Standards) of the municipal code. The limit is 70dB at the property line between two industrial parcels and the limit is 60dB at the property line between an industrial and a residential use. The reason for this noise threshold is that lower outdoor noise levels are desirable for residential activities (e.g. children's play areas, conversations on back patios, etc.). A maximum noise level for conversational speech is 45dB, but as a generally rule, outdoor noise levels can be 15dB higher at 60 dB. Placing a residential use adjacent to a industrially zoned property places an additional burden on the industrial property owner to ensure that noise level are kept under the required limit.
- Impacts from Odors and Air Contaminants. The municipal code (Section 17.12.040) prohibits continuous, frequent or repetitive odor that are perceptible beyond the property line. The code does not apply to an odor detected less than fifteen minutes in any one-day. The code also prohibits dust or particulate matter beyond the property line and requires that exhaust air ducts are located or directed away from abutting residentially-zoned properties. If an apartment complex were to be constructed on the subject site, the building and site design of a future business park would be required to comply with these performance standards.
- Lighting Impacts. The municipal code has special requirements relating to lighting adjacent to residential uses. Section 17.12.050 (Lighting and Glare) does not allow for a light source to be visible from a neighboring residential property. For operational and security reasons, industrial uses often require 24-hour lighting on the premises. An apartment complex on the subject site would place restrictions on a neighboring industrial use and limit the ability to install and operate lighting.

Factor 2

As specified in section 17.25.073, the second factor to be considered by the Planning Commission is, "That the proposed zoning and/or amendment will be beneficial to and not detrimental to the public health, safety, or welfare." Due to the location of this parcel between two future industrial parks, consideration of this factor does not support approval of a GPA for this project.

Incompatibility of Land Uses

The proposed GPA will be detrimental to the public health, safety and welfare and consideration of Factor 2 does not support the GPA. Development of this parcel for residential purposes would place an apartment complex between two industrial parcels, creating significant incompatible land use concerns. The proposal contradicts a basic premise of land use planning and zoning, which is to separate or reduce the impacts of industrial development on nearby or neighboring residential uses. Unless industrial sites and buildings are carefully designed and controlled, constructing an apartment complex on the subject parcel could place future residents in harm's way. Table 3 lists a sampling of the land uses permitted in the L-I: Industrial zoning district. The first column lists "Permitted" uses, which means that a discretionary permit related to the use is not required (any new building would require SPAR approval). The uses listed in the middle column require an Administrative Use Permit (AUP), which is issued by staff. An AUP allows for conditions of project approval to be applied, or for a use to be denied if the impacts would be injurious to public health, safety and welfare. The third column lists uses that require a Conditional Use Permit approval from the Planning Commission. A CUP request could be

denied by the Planning Commission if it was determined that the proposal would be injurious to the public health, safety and welfare.

Amending the General Plan to allow for residential development on the subject site is problematic for both the future occupants of a business park and future residents of an apartment complex. The business park occupants would be required to minimize impacts on adjacent residential occupants – limiting the options for developing the adjacent industrial parcels. Development of an apartment building at this location would need to take into account the possibility of an industrial users with traffic, noise, odor and other impacts which would reduce the peace and enjoyment of residential property generally expected.

One possible use that has been discussed for the 12.7 acre parcel to the east of the subject parcel is a demonstration dairy. Dairy processing use is a permitted use in the I-L: Industrial zoning district. However, in order to construct this use or any industrial use, the business park operator would be required to mitigate the negative impacts on a neighboring residential development as much as possible – creating a burden on the industrial property owner. The residents of the proposed apartment complex would be impacted as well since the complex would be located between two business parks and subjected to daily unavoidable impacts inherent to industrial uses, such as: traffic, noise, air quality, odors and glare.

When the City has permitted mixed use projects in the past, it has done so in the context of a Planned Development or a Specific Plan so that particular attention can be given to the compatibility of diverse land uses. This particular application, which is occurring outside of a comprehensive plan, magnifies the potential for incompatible uses reducing the desirability of both the industrial and residential property.

Table 3 – Land Uses Permitted in the L-I: Industrial Zoning Classification

Permitted	Administrative Use Permit	Conditional Use Permit
Agricultural Processing	Agricultural Services	Adult Business
Auto Parts Sales & Installation	Animal Hospital	Automobile Service Station
Beverage Bottling Plant	Brewery	Contractors Storage Yard
Carwash	Dry Cleaning Plant	Food Processor
Dairy Product Processing	Medical Laboratory	Fuel Storage
Exterminator	Office	Funeral Parlor/Mortuary
Household Services/Contractors	Trucking Terminal	Food Processor
Light Manufacturing		Household Hazardous Waste
Lumber Yard		Kennel
Publishing		Retail Warehouse
Research & Development		Warehousing/Wholesaling

Economic Development Impact

Another reason that Factor 2 does not support a GPA is that the community, as a whole, will be negatively impacted by the loss of industrial property. Constructing an apartment building in this location could have economic development impacts that extend beyond the subject site, as follows:

- 6.3 acres would be removed from the industrial land supply;
- Developing adjacent property will be more challenging and expensive since the City's performance standards will be triggered by an adjacent residential use.
- The range of industrial uses on adjacent parcel will be more limited due the presence of the residential use; and
- Finding industrial and business park tenants will be more difficult since many industrial users will avoid locations with the potential for neighborhood complaints.

Fiscal Impact

In addition, Factor 2 does not support a GPA because of the limited positive fiscal impact vs. the potential loss of future economic and job growth. The applicant provided a detailed fiscal analysis study that demonstrates that an apartment complex in this location would have a \$7,461.00 annual fiscal benefit to city revenue over a typical industrial development on the site. According to the study, the revenue expected from an apartment complex would generate \$192,800 annually. The cost of services (e.g. police, fire, public works, animal services, etc.) would be \$124,843 per year for a net gain to the General Fund of \$67,957. According to the study, the annual revenue expected from an industrial development would be lower, at \$84,055, but the cost of service is also lower, at \$23,559.

A fiscal impact of less than \$8,000 a year is insignificant when compared to the possible fiscal benefit of economic activity on this parcel. The jobs generated by a business park, for example, would provide fiscal benefits beyond the impact on the City's General Fund. The fiscal impact study is silent on the secondary fiscal benefits of job creation and economic development.

While the fiscal impact analysis, allegedly demonstrates a small annual fiscal benefit to the City's General Fund. However, this study has not been subject to a peer review, so the data and analysis contained within the report has not been validated by an unbiased third party reviewer. Assuming the study is accurate, the positive impact on the General Fund is less than \$8,000 a year. This is relatively insignificant when compared to the need to preserve and protect the industrial land supply for future economic and job growth.

The fiscal analysis also does not take into account the reduction in property values that would result from locating a high density apartment complex adjacent to an industrial parcel. The juxtaposition would make the industrial parcel more difficult to develop and place additional restrictions on industrial business operations.

Factor 3

As specified in section 17.25.073, the third factor to consider is, "That with the proposed zoning and/or amendment adequate and available sites remain (refer to the quantified housing objectives in the city's housing element of the general plan) to mitigate the loss of residential density on the subject property to accommodate the city's "fair share" regional housing needs used by the State

Department of Housing and redevelopment in determining compliance with Housing Element Law pursuant to Government Code Section 65863(b).

This Factor is not relevant to this GPA since no property is proposed to be removed from the residential land supply and not reductions in residential density are proposed.

Analysis Summary

Staff recommends denial of the GPA for the subject parcel. As described above, consideration of the factors set forth in the Municipal Code do not support a GPA. The proposed GPA is inconsistent with the General Plan since it does not support the job creation goals and, in fact, would decrease the community's ability to create those jobs.

The need for residential development in the community is currently being met by the existing land supply. The city expects 443 additional multi-family residential units to come on-line in the next few years and this is in addition to the 328 units recently constructed in the Stadium Lands area (Fiori Estates and The Reserve). Long-term, the City has the land supply for more than 2,700 multi-family units. Additional land supply is simply not needed for multi-family residential development.

The industrial land supply is a different story – it is very limited in Rohnert Park and throughout Sonoma County. The city has 53 acres of industrially zoned land, scattered throughout the community and consisting of mostly small parcels. The subject site is the third largest industrial parcel in the city and if combined with adjacent parcels, this is the largest industrial site in the city at 29.5 acres. Inserting an apartment complex into the middle of a business park would potentially limit the ability of the other industrial parcels to develop.

The proposed GPA is also inconsistent with the General Plan since the proposal is detrimental to the health, safety and welfare of potential residents on the Subject Site, adjacent property owners of industrial parcels and the public as a whole. Off-site impacts are a significant consideration when residential units are placed adjacent to industrial properties. These impacts include noise, odors, vibrations, traffic, lighting, and potential exposure to dangerous chemicals. This “residential/industrial” interface is a key reason why zoning exists in the first place. Impacts from industrial properties can sometimes be mitigated with performance standards, as are contained in the city's municipal code, but amending the General Plan to intentionally create land use conflicts would be unwise.

The proposal could also lead to a diminution in value of adjacent industrial parcels. With adjacent residential uses, the range of uses would be restricted based on noise, odor and air quality considerations since the potential industrial user would be required to minimize impact on neighboring residential parcels.

ENVIRONMENTAL REVIEW

The proposed action, to deny a general plan amendment, is exempt from the California Environmental Quality Act (CEQA) analysis. If the Planning Commission determines that the GPA process should be initiated, then additional environmental analysis will be required prior to a Planning Commission recommendation to the City Council. If the Planning Commission chooses to initiate the GPA process, staff should be directed to prepare the necessary CEQA documentation.

PUBLIC NOTIFICATION AND INFORMATION

A public hearing notice denoting the time, date, and location of this hearing was published in Press Democrat. Property owners within 300 feet of the Project site and interested parties requesting notification were also mailed notices, and the notice was posted pursuant to State law.

RECOMMENDED ACTIONS

Staff recommends that the Planning Commission recommend denial of the GPA by adopting the following resolution.

Resolution No. 2017-22 Recommending that the City Council Deny a General Plan Amendment for the Property Located on the Southeast Corner of Dowdell Avenue and Business Park Drive (APN: 143-040-135) in Response to the Property Owner Request to Change the Land Use Designation from Industrial to High Density Residential.

ATTACHMENTS:

1. Resolution No. 2017-22
2. The 2017 Commercial Real Estate Forecast, Keegan & Coppin Company
3. Redwood Crossings Proposal Statement, J. Kapolchok + Associates, July 2017
4. Redwood Crossings Fiscal Impact Analysis, ALH Urban & Regional Economics, June 2017

APPROVALS:



Jeffrey Beiswenger, Planning Manager



Date

PLANNING COMMISSION RESOLUTION NO. 2017-22

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ROHNERT PARK RECOMMENDING THAT THE CITY COUNCIL DENY A GENERAL PLAN AMENDMENT FOR THE PROPERTY LOCATED ON THE SOUTHEAST CORNER OF DOWDELL AVENUE AND BUSINESS PARK DRIVE (APN: 143-040-135) IN RESPONSE TO THE PROPERTY OWNER REQUEST TO CHANGE THE LAND USE DESIGNATION FROM INDUSTRIAL TO HIGH DENSITY RESIDENTIAL

WHEREAS, the applicant, Chris Scerri of Advanced Building Solutions, Inc., has filed Planning Application No. PLGP2016-0001 with the permission of the property owner, Sonoma Media Investments, requesting a General Plan Amendment (“GPA”) to allow for the construction of an apartment complex on the southeast corner of Dowdell Avenue and Business Park Drive, assessor parcel number 143-040-135 (“Subject Parcel”); and

WHEREAS, the applicant has requested a change in the land use designation of the Subject Parcel from a current designation of “Industrial” to “High Density Residential”; and

WHEREAS, amendments to the General Plan must be processed according to Section 17.25.070 to .075 of the Rohnert Park Municipal Code and the Planning Commission is required to conduct a hearing, make a recommendation and findings to the City Council based on the merits of the proposal; and

WHEREAS, the requested amendment would apply to the General Plan Diagram (General Plan Figure 2.2-1) and change the 6.3-acre site from its current designation of Industrial to High Density Residential (see Exhibit A); and

WHEREAS, pursuant to California State Law and the RPMC, public hearing notices were mailed to all property owners within a three hundred foot radius of the subject property and a public hearing notice was published in the Press Democrat prior to the first public hearing; and

WHEREAS, on August 10, 2017, the Planning Commission held a public hearing at which time interested persons had an opportunity to testify either in support of or opposition to the proposal; and

WHEREAS, the Planning Commission has reviewed and considered the information contained in the application and the analysis contained in the Staff Report for the proposal.

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Rohnert Park makes the following findings, determinations and recommendations with respect to the proposed General Plan Amendment:

Section 1. The above recitations are true and correct.

Section 2. The Planning Commission determines that the action to deny a General Plan Amendment is exempt from CEQA and no environmental review is required at this time.

Section 3. Factors. The Planning Commission makes the following findings and recommendations with regard to the factors required to be considered under Section 17.23.073 of the Municipal Code.:

1. That the proposed zoning and/or amendment is consistent with the general plan.

Consideration of Factor Does Not Support Amendment of General Plan. The proposed amendment to the General Plan Diagram would change the land use designation of the 6.3 acre site at the southeast corner of Dowdell Avenue and Business Park Drive from Industrial to High Density Residential. The general plan calls for a diverse range of jobs (Goal LU-K) and the proposed GPA would reduce the ability of the City to accomplish that goal. As demonstrated in the Staff Report, this parcel is needed for industrial development and changing the land use designation would reduce the ability of the city to attract businesses and create jobs. The economic development potential of this property cannot be replaced elsewhere within Rohnert Park. This property is not needed for high density residential development since sufficient land is available elsewhere in the community for this land use type.

2. *That the proposed zoning and/or amendment will be beneficial to and not detrimental to the public health, safety, or welfare."*

Consideration of Factor Does Not Support Amendment of General Plan.. The development of this parcel would be detrimental to: the public health, safety and welfare of any potential residents of the proposed residential use, the development potential of adjacent industrial parcels; and the community as a whole. As demonstrated in the Staff Report, this parcel is not appropriate for residential development due to the potential negative impacts from adjacent industrially zoned parcels, including: noise, air quality, lighting, odor and other negative impacts typically associated with industrial uses. Conversely, the presence of a residential use would have negative impacts on the development viability of the adjacent industrial properties because the Municipal Code (Section 17.12.030 to .050) has performance standards that impose land use restrictions on industrial uses when residential dwellings are nearby. These performance standards such as limits on noise, lighting and odors would likely restrict the type of industrial tenants that could locate adjacent to a residential zone. In addition, the GPA would have negative impacts on the community at large due to the reduction in land supply needed for economic development and job creation.

3. *That with the proposed zoning and/or amendment adequate and available sites remain to mitigate the loss of residential density on the subject property to accommodate the city's "fair share" regional housing need used by the State Department of Housing and Redevelopment in determining compliance with Housing Element Law pursuant to Government Code Section 65863(b).*

Consideration of Factor Not Relevant to Amendment of General Plan.. The proposal would not remove a parcel from the residential land supply or reduce residential densities in any way and the factor is not relevant to Planning Commission deliberations.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that following consideration of the GPA and the relevant factors contained in Section 17.25.073 of the Municipal Code, the Planning Commission finds that the GPA as proposed is inconsistent with the General Plan and detrimental to the public health, safety and welfare and recommends that the City Council deny the General Plan Amendment for the Subject Parcel and the land use designation shall remain industrial as provided in Exhibit A.

DULY AND REGULARLY ADOPTED on this 10th day of August, 2017 by the City of Rohnert Park Planning Commission by the following vote:

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

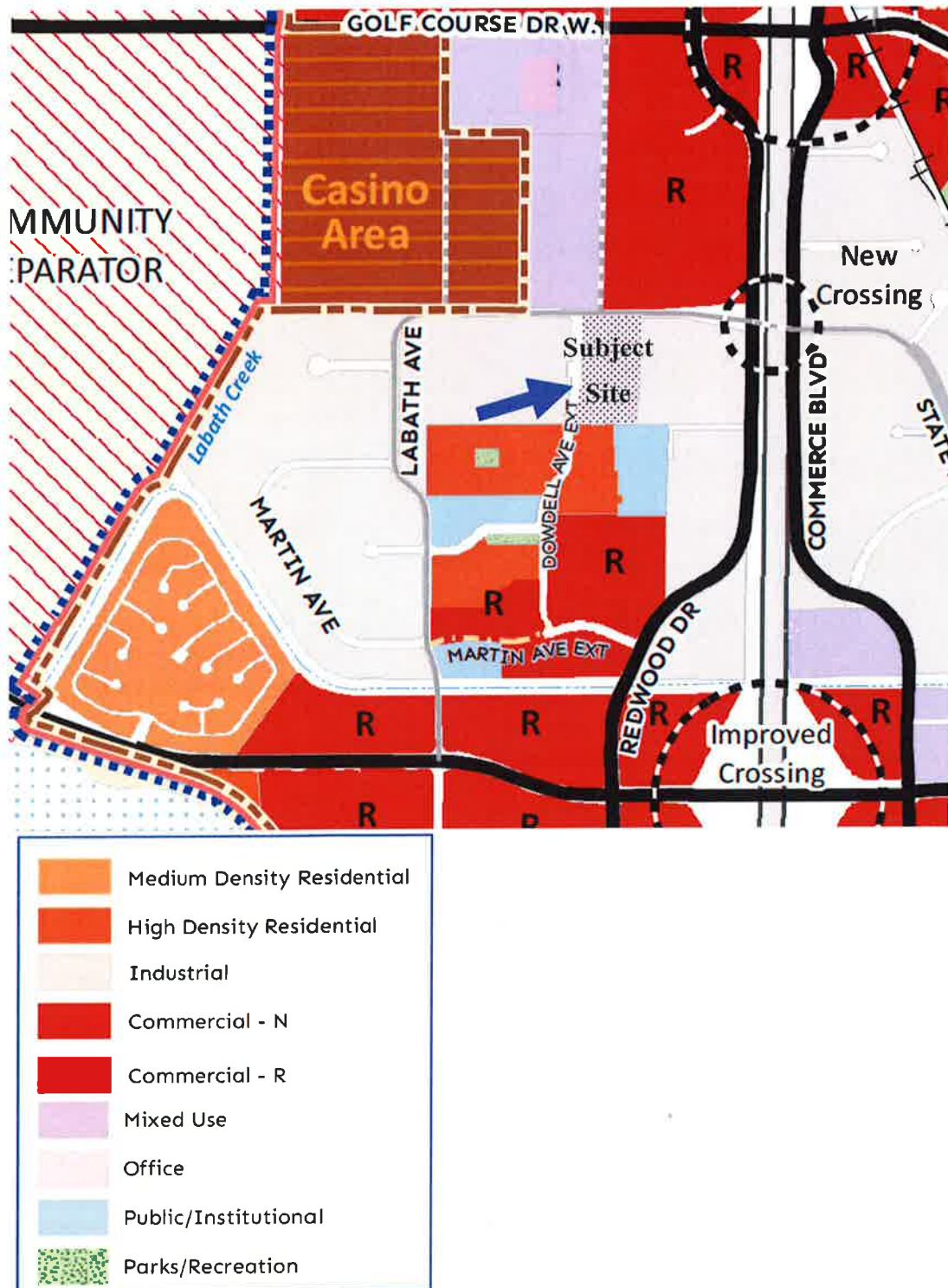
ADAMS _____ BLANQUIE _____ BORBA _____ GIUDICE _____ HAYDON _____

Susan Haydon, Chairperson, City of Rohnert Park Planning Commission

Attest: _____
Susan Azevedo, Recording Secretary

EXHIBIT A

GENERAL PLAN LAND USE DIAGRAM





KEEGAN & COPPIN COMPANY, INC.

ONCOR INTERNATIONAL

Commercial Real Estate Services



2017 COMMERCIAL REAL ESTATE FORECAST



ONCOR INTERNATIONAL

Santa Rosa Office

1355 North Dutton Avenue
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Larkspur Office

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ONCOR INTERNATIONAL



NORTHBAY OVERVIEW - 2017

By: Al Coppin



The big question for 2017 is what will be the actual impact of the Trump Administration reducing taxes and regulation and increased infrastructure spending have on businesses and the economy in general. The new regime proposes that the old supply side economics can kick start the economy to a 3-4% GDP growth rate at least in the short term.

The counter proposing argument by economist is that we have a labor supply and productivity problem that will hamper the results of the above fiscal proposals.

John Fernald of the San Francisco Federal Reserve has said there have been no significant productivity gains in the economy since 2004. With slowing labor force growth and education attainment the full potential of the economy engine just can't be realized. He reports that the potential growth in the economy GDP is more like 1.5 – 1.75% per year.

The problem is that there doesn't appear to be growth in productivity after 2004 due to the digital revolution in social media. It may take more time for it to develop. Nonetheless it is a conundrum for economists to figure out.

So we may be back to higher interest rates and concomitant higher cap rates in a normalized slow growth economy for years despite the fiscal stimulus tools.

This could be a problem along with reduced world trade which could dampen potential GDP growth. Renegotiating trade agreements could actually reduce the value of our exports while increasing our cost of imports. The stronger dollar will also be a deterrent to exports.

In past articles I have indicated that our local economy and California (because that is really the county economy we are a part of) is somewhat independent of the national economy. We tend to lag the national both in up turns and down turns of the economy. But this time could be different as I think exports out of Sonoma County and California in general are a bigger part of our economy then the rest of the Country.

NORTHBAY OVERVIEW

(cont.)

Locally another issue is that over burdening federal and local regulation has hampered development of raw land and improved industrial-office land. Without a supply of available distribution, industrial and flex space the county will continue to reduce choices for growth of manufacturing specialty food and medical device type companies.

The City of Santa Rosa has embraced cannabis and consequently the demand by these companies for industrial buildings has put strains on the existing market. Many local companies outside of cannabis find it hard to secure buildings to rent or buy. This further constrains and already reduced supply of industrial buildings and choices for local companies.

County plans to expand the open space corridors are also in direct competition with land for future industrial expansion. Without the land and building for ordinary and new emerging businesses in software, digital marketing, maker, health sciences, social media, we will not be able to attract the business we need to for the future of Sonoma County.

So if local business confidence is influenced by uncertainty and changes and disruptions in the national economy then the growth in our local economy could be affected as well. And furthermore, the expected high growth rate of our economy is probably 1.5 – 2.0% per year given the uncertainty.

Combine this leveling off nationally with a steep decline in supply of investment real estate and very little planned office-industrial development, then we are forecasting a leveling off of leasing and sales activity in 2017.

The bright spots are the remodeling and filling up existing office buildings over the whole Northbay and the build-to-suits for the wine industry in the Airport Area.

Net absorption and vacancy rates of business spaces for 2016 are as follows:

	MARIN COUNTY		SONOMA COUNTY	
	<u>Absorption</u>	<u>Vacancy</u>	<u>Absorption</u>	<u>Vacancy</u>
Office	*-242,000	*21%	228,000	14.7%
Industrial	60,000	2.4%	2,000	5.8%

* Due to available Allianz 750,000 sf.

Industrial space includes from 10% to 70% office, lab, or conditioned space. Sonoma County will continue to see increased pent-up occupier demand in the wine, beer, food, medical devices and maker companies.

NORTHBAY OVERVIEW

(cont.)

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Marin will continue on a moderate growth path notwithstanding a limited supply of industrial space. The higher office vacancy is due in part to the Allianz Facility in Novato. Repurposing office space in both counties will continue to be the main supply of office space.

Without local choices industrial and service companies will continue to expand to Petaluma.

Commercial growth will be hampered in the future by lack of available business park land in Sonoma County. There are less than 1,200 remaining acres for industrial development in the future scattered in a few infill sites. There is no long term plan to address this shortage in the future.

Marin has virtually no land available for industrial growth. This lack of supply of land for business parks is exacerbated by an aging and functionally obsolete stock of space, and excessive regulation hampering development.

Bottom line for the Northbay you can't have economic growth without an attractive modern inventory of buildings to encourage companies to locate and continue to grow and expand locally.



NORTH CORRIDOR/WINDSOR OVERVIEW

By: Shawn Johnson



The north corridor real estate office market greatly improved over 2016 which resulted in a net absorption of 36,529 sq. ft. Office vacancy rates have rapidly decreased with rates at 8.9% in the fourth quarter of 2016, down from 15.7% in the fourth quarter of 2015.

Industrial vacancy saw continued historic low vacancy rates which has spurred on recent land purchases and construction projects in the area. Although industrial vacancy rates have increased slightly from 2.7% in the fourth quarter of 2015 to 3.4% in the fourth quarter of 2016 demand is substantially higher than the current supply.

Office rates rose slowly in the past year with Class A rates ranging from \$1.75 per square foot to \$1.95 per square foot, full service, and Class B rates held with rates ranging from \$1.35 to \$1.50 per square foot, full service. Although office vacancy rates are within normal balances the volume of office leasing is still slow so rents are not pushing higher.

Industrial lease rates range from \$.57 to \$1.10 per square foot, NNN depending on many factor such as size, age of building and product type. Industrial Build to Suit interest is at an all time high with many companies of all variety of uses exploring the timing and cost of such a venture with mixed reactions. Construction costs along with land values are increasing at such a rate that many users are surprised with how expensive it is to build new facilities and the time it takes to complete them. Spec building has not yet started and is not likely to since average rents don't support the risk the developer will be taking on the project.

In 2016 Keegan and Coppin has been involved in approximately 12 lease transactions in the Airport area for both office and industrial spaces ranging in size from 192 sq. ft. to as large as 32,347 sq. ft. for both renewals and new leases. Airport Business Center acquired 3 major pieces of land during 2016. The first was approx 15 acres off of Conde Lane which subsequently was sold to Russian River Brewery, 24 acres of land at 1630 Airport Blvd which is approved to be subdivided and available for Build to Suit lease projects and 5.53 acres on Aviation Blvd. Billa Enterprises acquired a portion of the remaining land previously owned by the Westwind Business Park and is processing over 350,000 sq. ft. of industrial buildings ranging in size from 48,000 sq. ft. to 144,000 sq. ft.

With the economy showing signs that the recovery is in full swing, the forecast for 2017 is more upbeat. With interest rates remaining relatively low, companies are taking advantage and purchasing available properties that have come on the market. Unemployment has not been this low in the county since December 2007. Unemployment at the end of the 2016 was 3.7% in Sonoma County, which is lower than the state average at 5.2% in December of 2016. Sonoma County currently has a labor force of 260,100, and steadily growing. The County adopted the new cannabis ordinance which will likely have a major affect on an already limited supply of industrial space a trend that is expected to continue.



SANTA ROSA OVERVIEW

By: Dave Peterson



The Santa Rosa Industrial market is the strongest we have seen in many years and currently is the tightest market of all property types. This is a result of years of low rents that did not justify new construction. We are seeing more companies considering build to suit opportunities as the inventory of existing buildings do not meet the needs of tenants. The approval to legalize cannabis by voters in November 2016 and the acceptance of the use by the Santa Rosa City Council has compounded the inventory problem. Properties located in the Light Industrial (IL zones) are often commanding prices that are higher than office buildings. Over the past few years, we have seen prices increase from \$80psf to nearly \$250psf in some instances.

The industrial vacancy rate in Santa Rosa was 6.5% at the end of the 4th Quarter 2016 which was 1.1% lower than the 7.6% vacancy rate at the end of 2015. The low inventory is leading to multiple lease offers on good quality industrial spaces. This demand is also pushing rents up by 15%-20% in some instances. Rental rates are currently ranging from \$.85-\$.95 per square foot gross. However, those properties located in the IL zones with owners will to accept cannabis uses are able to achieve rents of \$1.15-\$1.40 gross.

We anticipate the vacancy rate to continue to drop over 2017. With rents increasing and the extremely tight supply, we are at a point where speculative construction can make sense. A few projects are beginning the planning stages in the Sonoma County Airport area and we anticipate those properties to be leased prior to completion based on the current demand. Rents for speculative construction need to be minimally in the \$.90-\$1.00 per square foot level on a NNN basis. While slightly higher (10-15%) than current rents, some tenants are making the decision to pay more for the ability to keep their companies in Sonoma County. We estimate that we need upwards of 4,000,000 square feet of additional industrial space to keep up with demand and a 7% vacancy rate into the year 2020.

The Santa Rosa office market has continued to show significant signs of strengthening over the 1st Quarter 2017. Tenant demand and tours of properties are increasing especially for tenants in the 3,000-10,000 square foot range.

The vacancy rate for Santa Rosa office space stood at 13.4% at the end of the 4th Quarter of 2016 down from 15.6% at the end of the 4th Quarter 2016. This decrease in vacancy represents approximately 158,000 square feet of positive absorption. We anticipate 1st Quarter 2017 vacancies to further decrease and for this downward trend to continue throughout the rest of 2017.

We are currently seeing Class A properties in the best locations commanding rents above \$2.00 per square foot fully serviced, with the best quality properties reaching \$2.20-\$2.25 per square foot. We expect this trend of increasing rents to continue throughout 2017 and into 2018 as many of these upper tier properties are 85% or more occupied. Office rents in lower quality properties are also experiencing increases of 15%-25% to the \$1.75-\$1.85 per square foot full service levels as property owners find themselves on much stronger footing than previous years.

SANTA ROSA OVERVIEW

(cont.)

Tenant inducements such as free rent can still be negotiated albeit on lower levels than previously obtained by tenants over the past few years. The free rent is being used by landlord's to help bridge the gap between expectations and provide lower "effective rents" to tenants while keeping the higher lease contract rates. In addition, turn-key tenant improvement packages are still prevalent in most lease transactions as many landlords are able to obtain better contractor pricing than tenants based on relationships.

The purchase market for owner/user office buildings has slowed slightly resulting more from a lack of supply than that of lower buyer demand, which remains strong. Interest rates continue to be at all time lows and lenders are bullish on owner/user SBA financings. This low cost of funds is providing companies the ability to purchase and secure long term financing that often results in a lower cost to own a building than leasing it on a monthly cash basis and even more so when tax advantages of ownership are considered.

The Santa Rosa office leasing and purchase markets are definitely on the upswing and Keegan & Coppin recommends that tenants and buyers take advantage of locking in longer term leases or purchasing now as we anticipate higher rents, higher prices and lower vacancies over the next twelve to eighteen months.



ROHNERT PARK/COTATI OVERVIEW By: Kevin Doran



We are well on our way to a positive start in 2017. Most sectors in the commercial real estate market in the Rohnert Park/Cotati areas are showing growth and increased demand.

The market continues to show positive momentum for retail as well as industrial facilities. Leasing activity and occupancy levels continue to improve as they did in 2016. Occupancy increased in 2016 and the trend of occupants are acquiring their own buildings continues.

Rohnert Park/Cotati sales and rental prices, like many other Sonoma County cities have been firming and landlord concessions remain steady. 2017 remains a competitive year for investors for commercial property investments. The quality of low inventory allows key sellers to have advantage to sell their property in a hot market over many properties. The top property types are multi-tenant industrial or strong retail properties, these will continue to be in low supply and high demand. Multi-family apartments and other housing related properties are still strong stable investments with low return on investments.

Rents continue to be flat the market for office rents are still in the range of \$1.35 - \$1.80 psf for full-service. The rents for industrial space has increased approximately 20% from \$.68 - \$.75 to \$.90 - \$1.00 per square foot. It's a great time for sellers to take advantage of the interest and potential to sell at a potential all time high.

Retail submarket remained fairly steady during the 1st quarter of 2017. Vacancy rates improved in the 1st quarter. Office property vacancy is approximately 30.3%; industrial property vacancy is 6.5%; and retail property vacancy is approximately 5.9% respectively. The lending market is competitive but interest rates are increasing slowly for owner users and investors. This will help continue to increase the sale activity and volume of buildings sold.

It appears the demand is still high for smaller industrial incubator units, industrial space ranging between 3,000 and 10,000 feet, and smaller retail space. Vacancy rates in industrial and retail are firming and continue to decline. There continues to be no spec office, industrial, or retail buildings being developed. There will continue to be demand for industrial space for the near and foreseeable future.

The office market has remained relatively flat and is experiencing minimal positive absorption, the office market will continue to underperform the industrial and retail market due to lack of new jobs coming into this submarket. We will continue to see tenants test the market or exercise other landlords for a flight to new space with more favorable terms.

Sonoma Media Investments LLC sold the printing plant and 12.7 acres of property to Bay Area real estate firm PB&J Acquisitions for \$9.5 million. The sale includes the 73,000 sf building that was built in the 1980s to house the paper's printing presses. The property has a prominent location facing Highway 101 just south of the Graton Resort & Casino.

ROHNERT PARK/COTATI

OVERVIEW

(cont.)



There was a key acquisition by a local investor allowed for a redevelopment position and added more industrial space to lease to the market place by allowing the excess land to be developed to occupy the industrial tenants that were seeking occupancy in prime location with freeway visibility. Sonoma Media Investments LLC sold the printing plant and 12.7 acres of property to Bay Area real estate firm PB&J Acquisitions for \$9.5 million. The sale includes the 73,000 sf building that was built in the 1980s to house the paper's printing presses. The property has a prominent location facing Highway 101 just south of the Graton Resort & Casino. There was a key acquisition by a local investor allowed for a redevelopment position and added more industrial space to lease to the market place by allowing the excess land to be developed to occupy the industrial tenants that were seeking occupancy in prime location with freeway visibility.

There is a large development piece of property that would allow for out of area developers to buy and redevelop. This opportunity for development is the 30 acre mixed-use urban village development project located at 6400 State Farm Drive in Rohnert Park, California. The Property is located in the center of the City of Rohnert Park, adjacent to the new SMART station scheduled to open in the spring of 2017. This is the former State Farm campus which currently has 283,000 sf of office/R&D buildings built in 1978. Again, a great potential for development opportunity.

With the array of options and positive outlook for the future, Rohnert Park/Cotati is an excellent location to consider for your commercial real estate needs.



NAPA COUNTY OVERVIEW

By: Mike Miller



Not unlike much of the North Bay, 2017 looks to be a challenging and growth orientated year for commercial real estate in Napa County. There are several encouraging signs that the market should continue to grow even if at a somewhat slower pace. Although several new industries like pharmaceutical, biotech and software firms have moved into the South Napa County area over the last decade, historically the driving force for commercial real estate has been and remains wine industry related.

Many commercial real estate projects begun over the last few years were recently completed and have acquired good tenants which keep their vacancy rates low. Projects recently completed and now adding additional phases include Napa Junction, a mixed use development and super Wal-Mart store in American Canyon and in the City of Napa the Oxbow Public Market. Also, there are now over 30 wine tasting venues just in the downtown Napa area alone with more planned.

Beginning a few years ago, several new businesses begin moving into the downtown area of Napa and the languishing Napa Town Center was recently leveled for new construction. Set to fully open in the fall of 2017, the project which will now be called Napa Center will create a shopping and lodging district with 153,000sf of space for 40 stores and restaurants and a seven story four-star luxury hotel. The 98,000sf downtown COPIA site which was in bankruptcy until last year has been purchased by the Culinary Institute of America and is already becoming a significant addition to the many new downtown tourist attractions. Downtown Napa has become a major tourist destination that has changed the character of the entire Napa Valley with its new hotels, restaurants and even rock concerts.

Napa County sales and rental prices, like many other North Bay counties, have been firming and landlord concessions leveling off. Fortunately, there are currently several pending projects that could add upwards of 2 million square feet of new large warehouse space by the end of 2017. The current vacancy rate for both industrial and office space in Napa County is approximately 7%.

In summary, if U.S. and California state economic activity continues to grow and job growth remains firm, Napa County commercial real estate and in particular industrial land and buildings, should be well positioned to continue its current growth pattern and offers investors some interesting opportunities. With low to no returns on bonds and other fixed interest investments, increased tourism and an improving economy, Napa commercial real estate should remain an excellent upside investment opportunity for the next several years.



PETALUMA OVERVIEW

By: James Manley



Petaluma's office absorption was modest, however moved in the correct direction. At the end of 2015, Petaluma housed an estimated 3,404,000 +/- square feet of standing office of which there were approximately 543,000 rentable square feet offered for lease. 2016 closed with an estimated 3,414,000 rsf of standing office with approximately a half million square feet offered to the market. We did make a journal adjustment of approximately 9100 rsf as space is often redefined between that which is considered office and that which is industrial or flex space. At the end of the day, we experienced a positive absorption of over 43,000 rsf. This reduced our office vacancy year over year from 15.9% to approximately 14.6%. We still have a ways to go and rents will need to remain flat if we are going to attract out of area tenants. Landlords still need to induce office tenants to fill up vacant space.

Most standing office vacancy is in the smaller square footages. Petaluma's largest office vacancies are 1450 Technology Lane (39,500 +/- rsf) and 1465 North McDowell (55,000 +/- rsf). Technology Lane is very attractively priced at an asking rate of \$1.15 per square foot per month full service. That space will lease. 1465 was purchased by Digilock at the end of 2016 and the asking rate is \$1.95/psf full service. Yes, it's expensive, but nothing like what we see in neighboring communities. There are other opportunities at or beneath these sizes, but the bulk of available office space is beneath 8000 contiguous rentable square feet.

The goal is to get Petaluma's office vacancy at, or beneath, 10%. When a vacancy rate is 10% we are in a sustainable market; 9% or less justifies base rent increases and/or further development of that sector's product. When it is over 12% it is an inventory-heavy market. This is nothing like the 33.8% office vacancy we experienced back in 2011 and we have cut that vacancy by greater than half since then, but until the office leasing market gets to 10% vacancy Landlords need to calibrate their expectations to the market where it stands. It is still a tenant's market with respect to office vacancy, but we're slowly heading in the right direction.

Stop-gaps remain in both Marin and Santa Rosa which have a competitive advantage for homegrown companies to remain in their respective zip codes. Many of Petaluma's transactions have been increased demand from local tenancies. With the remaining abundance of office space, the challenge is to attract out-of-town tenants to make the commitment. This isn't just a Landlord challenge; it is a challenge to the city to repair and maintain its infrastructure. Petaluma is a beautiful city with architecture ranging from Victorian classic through contemporary. The thought of driving through the Novato Narrows is still daunting when coming from Marin. The recent weather-based closures on Highway 37 underscored access restrictions. Most companies can get past that thought as it is typically a reverse commute provided it is counter-balanced with attractive rents and maintained infrastructure. In short, the city needs to fix its roads. The storms opened up many more potholes and undermined the patchwork repair along major surface road arteries. Petaluma is enjoying an economic comfort and the city needs to shore up our roads in order to further its attraction to potential occupants from both the Redwood Empire and the Bay Area.

PETALUMA OVERVIEW

(cont.)

Office space has been oversupplied in Petaluma since the dot-com bust back at the turn of the century. Companies come in, companies move out, and lateral absorption occurs with a minor drop in vacancy while the market is healthy. We did see positive absorption through 2016, however we are still in line behind Central Marin and Santa Rosa with respect to demand. This constant has always left me scratching my head until I get on the freeway. We all eagerly await the completion of work along 101. Once that happens, the commuter patterns will breathe a collective sigh of relief. Petaluma is a boutique market that is home to some marquee names including CamelBak, Lagunitas Brewery, Clover-Sonoma, Kala Music Company, and Mesa/Boogie. By default, it is the gateway to The Bay Area, Wine Country, and the coastal regions. It is perfect for shipping hubs and distribution concerns and enjoys name recognition on a lot of letterheads. It has a wonderful quality of life, some beautiful office space, plenty of natural amenities, a dynamic retail presence, great nightlife, and still two lanes in each direction. While the relatively lower rents serve as an inducement to relocate, along with across-the-board increase in quality of life, city hall needs to address its infrastructure. This has been a running joke in Petaluma for close to two decades and it's time to remove the stigma; it's not as bad as people hear coming from the outside, but it is a constant for people coming from down the street.

The industrial sector continues to be the most desired product in Petaluma's non-residential real estate market. This has been compounded by the recent legalization of recreational cannabis. While Petaluma has yet to fully define her intentions regarding cannabis, other locales have. Santa Rosa and certain County zonings have regulated the cannabis industry. Every commercial broker active in the market has been deluged with phone calls from the cannabis industry looking for space. The demand placed a premium on properly zoned industrial properties which were over-bid by the cannabis industry. It inverted the market and created pressure on neighboring communities such as Petaluma to accommodate traditional industrial uses priced out of the cannabis-friendly markets. Additionally, Petaluma has finally replaced its Chicken Capital and Wrist Wrestling Capital with a new moniker: Craft Brewery Capital. Lagunitas, Petaluma Hills, Plow Brewing, 101 North Brewing, and a generous handful of other tap rooms have made Petaluma the first stop on Brew tours. While the development of craft breweries has absorbed some space, it is primarily ornamental.

Petaluma's industrial properties stood at an alarming 4.1% at the end of Q4 2015. The end of 2016 saw industrial vacancy ease to 5.6% which is still too low. Both I and my contemporaries have several prospects that all want a Petaluma zip code. Currently there are 24 buildings advertising industrial vacancies within the city limits. LabCon's absorption of the surplus twelve and a half acres on either side of Fisher Drive (Oakmead/North Bay) along with their redevelopment plan at 3200 Lakeville Hwy essentially absorbed the last of Petaluma's large block of land. There are still smaller parcels, but if, and until, Petaluma annexes or rezones additional land for industrial development, we are very close to being completely built out. This has reflected in the asking rates for industrial space, which have finally topped the dollar-per-square-foot mark for smaller, higher-end space (including CAM and/or net operating expenses). Cader Corporate Center is over a quarter million square feet of new space. It was



MARIN COUNTY OVERVIEW

Office

By: Jeffrey Wilmore



It's a new year and the 2017 outlook for Marin County is clear and sunny, even amidst this wonderful rain. Several indicators are suggesting that an upswing in business and consumer confidence from 2016, will continue throughout the year. The stock market rose sharply in anticipation of corporate tax cuts and increased business investment in an environment of reduced regulation. Higher stock prices, and the increase in home prices, are a clear plus for growth, creating greater wealth and boosting consumer confidence and spending. These developments, along with promises of fiscal stimulus from increased healthcare and infrastructure spending, should trickle down from the US economy to California and into Marin County, which will have a positive impact on commercial real estate.

Many of the statistics used to gauge the commercial real estate market can be slightly misleading, and at first glance, promote a different picture. The office vacancy ticked up in 2016 from 12.6% to 19.6%, which turned some heads, but if you acknowledge large blocks of vacant space in a couple of buildings, such as the Fireman's Fund campus in Novato with over 650,000 square feet of vacancy, (Allianz, Fireman's Fund parent company is still paying rent) or One Thorndale in San Rafael also vacant at 77,000 square feet, these stats can cast a different light over the market's outlook.

I believe that that these large blocks of vacant office space will be inviting to larger companies in other local markets and they could "Win by Default". Lower rents and the cost of doing business is far less in Marin County than in the City across the Bay where San Francisco's office vacancy remains extremely low, below 6%. These major companies are having to bus employees that want to live in San Francisco to the South Bay. Employees get on the bus, plug in their laptops and begin their work day commute by bus. When SMART gets up and running, this could offer an option to these companies, which would also create a savings on rent and business tax.

Leasing activity in the Marin County office market totaled 314,000sf in the fourth quarter of 2016 and growth should continue because the small business owners that make up the majority of Marin County seem to be positive and hopeful that the economy will continue to grow. Marin County's unemployment rate was down 0.3% to 3.7 which was a nine year low. Marin's household income increased by 1.69% from the previous year which ranks in the top 10 counties nationwide and bodes well for continued growth.

We have a new industry in our midst or one that has been existing in the background for years, but now is in the headlines weekly, "recreational marijuana". Proposition 64 has passed, legalizing recreational marijuana starting in 2018. Preliminary calculations show there could be up to 50,000 jobs created statewide in the legal cultivation, processing, distribution, and retailing of

MARIN COUNTY OVERVIEW

Office (cont.)

cannabis products as the industry takes shape. California will be developing the details of the regulatory framework that many local governments might follow. How and where this legalization process will evolve is still a question. Many cities have not been friendly to the industry and have banned marijuana related businesses in their city limits. One thing is for sure, that marijuana has been with us for a long time, but will the business aspect benefit Marin County's economy?

The economic activity in Marin County will remain positive throughout the year at a steady, but mild pace, the "new normal". We should see an increase in interest rates from the Feds, but interest rates are still relatively low, so it will just be a mind set for investors and businesses and performance will continue to outpace California and the rest of the country.



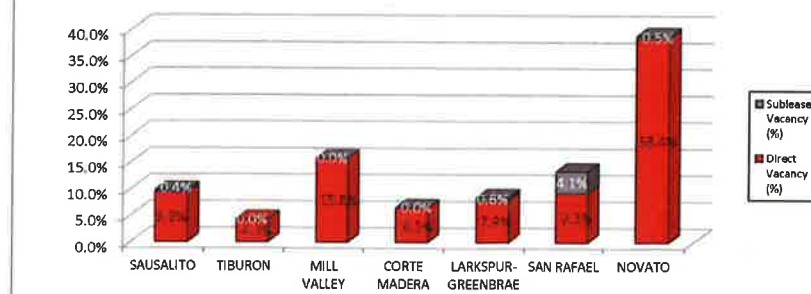
KEEGAN & COPPIN COMPANY, INC.

ONCOR INTERNATIONAL

TOTAL EXISTING OFFICE VACANCY ESTIMATES FOURTH QUARTER, 2016 MARIN COUNTY

Cities	Total Base (Sq.Ft.)	Direct Vacancy (Sq.Ft.)	Direct Vacancy (%)	Sublease Vacancy (Sq.Ft.)	Sublease Vacancy (%)	Total Vacancy (Sq.Ft.)	Total Vacancy (%)	Building Planned (Sq.Ft.)
SAUSALITO	527,760	49,339	9.3%	2,000	0.4%	51,339	9.7%	0
TIBURON	17,715	758	4.3%	0	0.0%	758	4.3%	0
MILL VALLEY	346,515	54,788	15.8%	0	0.0%	54,788	15.8%	0
CORTE MADERA	411,168	26,649	6.5%	0	0.0%	26,649	6.5%	0
LARKSPUR-GREENBRAE	638,442	50,411	7.9%	3,690	0.6%	54,101	8.5%	0
SAN RAFAEL	3,098,183	288,090	9.3%	126,839	4.1%	414,949	13.4%	0
NOVATO	2,596,821	997,353*	38.4%	13,098	0.5%	1,010,451	38.9%	0
TOTAL	7,636,604	1,467,388	19.2%	145,647	1.9%	1,613,035	21.1%	0

Office Vacancy



*710,000 sq. ft. vacant former Fireman's Fund Building

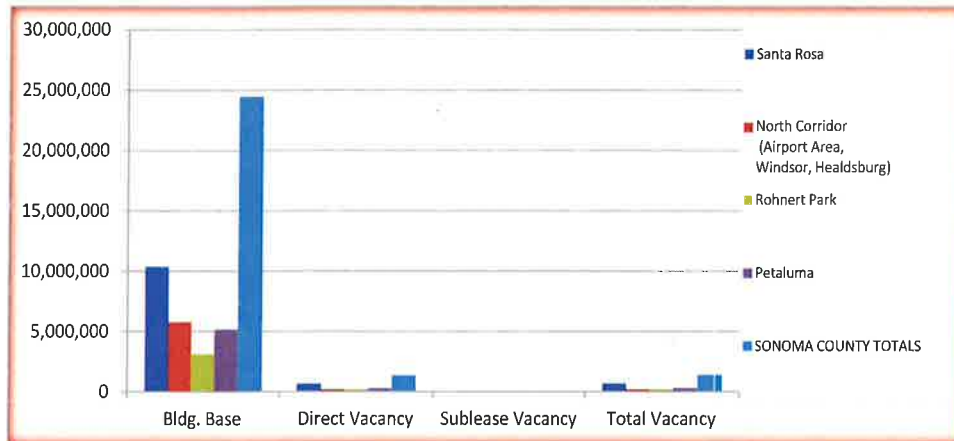
Information provided by Keegan & Coppin Company, Inc. - ONCOR International

The above information, while not guaranteed, has been secured from sources we believe to be reliable. This is not a offer to lease or sell and is subject to errors, changes or omissions. An interested party should verify the value of the property and the information herein.

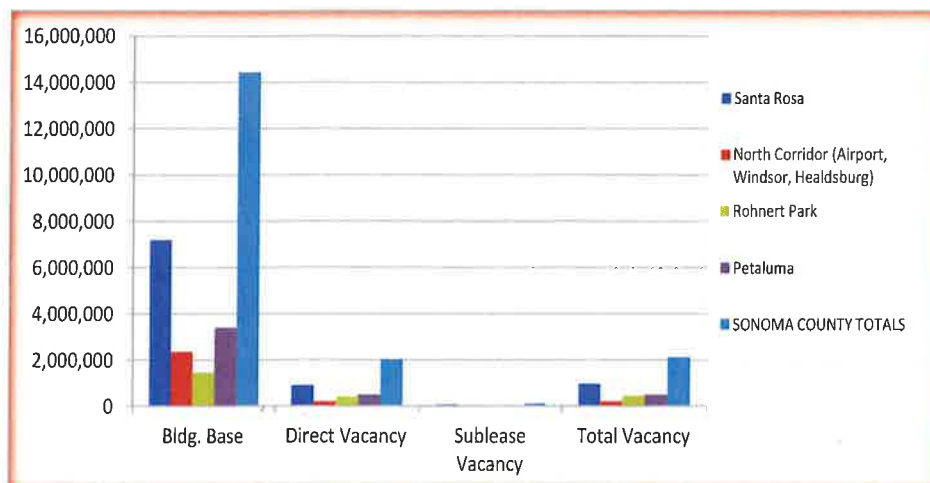
MARKET TRENDS

Sonoma County

SUBMARKET		AVAILABLE SPACE-INDUSTRIAL			BUILDINGS PLANNED (Sq. Ft.)	VACANCY RATE
		Bldg. Base	Direct Vacancy	Sublease Vacancy		
Santa Rosa	10,348,582	651,972	23,757	675,729	0	6.5%
North Corridor (Airport Area, Windsor, Healdsburg)	5,794,701	189,595	6,026	195,621	0	3.4%
Rohnert Park	3,121,990	201,477	23,950	225,427	0	7.2%
Petaluma	5,171,086	289,553	19,709	309,262	0	6.0%
SONOMA COUNTY TOTALS	24,436,359	1,332,597	73,442	1,406,039	0	5.8%



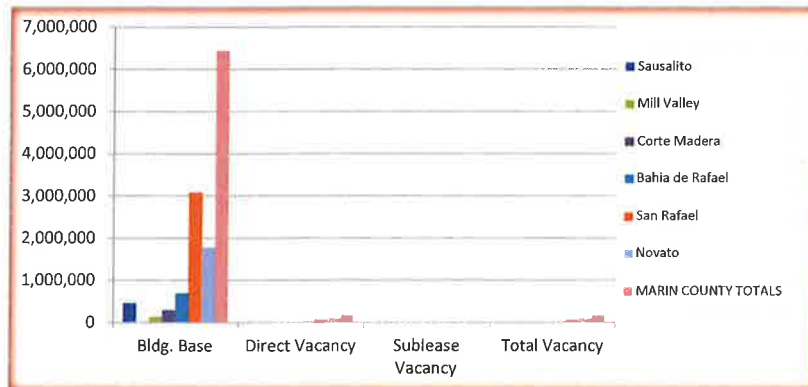
SUBMARKET		AVAILABLE SPACE-OFFICE			BUILDINGS PLANNED (Sq. Ft.)	VACANCY RATE
		Bldg. Base	Direct Vacancy	Sublease Vacancy		
Santa Rosa	7,191,102	894,636	68,704	963,340	91,800	13.4%
North Corridor (Airport, Windsor, Healdsburg)	2,368,280	210,771	0	210,771	419,252	8.9%
Rohnert Park	1,466,247	411,408	32,693	444,101	40,000	30.3%
Petaluma	3,414,057	498,093	1,168	499,261	38,904	14.6%
SONOMA COUNTY TOTALS	14,439,686	2,014,908	102,565	2,117,473	589,956	14.7%



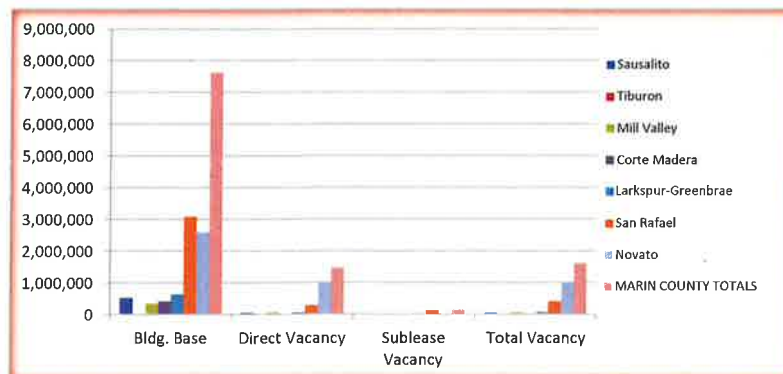
MARKET TRENDS

Marin County

SUBMARKET	AVAILABLE SPACE - INDUSTRIAL				BUILDINGS PLANNED	VACANCY RATE 4th Qtr. 2016
	Bldg. Base	Direct Vacancy	Sublease Vacancy	Total Vacancy		
Sausalito	455,000	1,371	0	0	0	0.0%
Mill Valley	126,000	0	0	0	0	0.0%
Corte Madera	295,500	4,500	0	4,500	0	1.5%
Bahia de Rafael	698,000	15,920	0	15,920	0	2.3%
San Rafael	3,091,188	52,640	0	52,640	0	1.7%
Novato	1,778,659	78,932	0	78,932	0	4.40%
MARIN COUNTY TOTALS	6,444,347	153,363	0	151,992	0	2.4%



SUBMARKET	AVAILABLE SPACE-OFFICE				BUILDINGS PLANNED	VACANCY RATE 4th Qtr. 2016
	Bldg. Base	Direct Vacancy	Sublease Vacancy	Total Vacancy		
Sausalito	527,760	49,339	2,000	51,339	0	9.7%
Tiburon	17,715	758	0	758	0	4.3%
Mill Valley	346,515	54,788	0	54,788	0	15.8%
Corte Madera	411,168	26,649	0	26,649	0	6.5%
Larkspur-Greenbrae	638,442	50,411	3,690	54,101	0	8.5%
San Rafael	3,098,183	288,090	126,859	414,949	0	13.4%
Novato	2,596,821	997,353	13,098	1,010,451	0	38.90%
MARIN COUNTY TOTALS	7,636,604	1,467,388	145,647	1,613,035	0	21.1%



DEMOGRAPHICS

SONOMA COUNTY

POPULATION: 485,120
UNEMPLOYMENT RATE: 4.1%

MAJOR EMPLOYERS:

Kaiser Permanente
Ghilotti Construction Co.
Walmart
Korbel Champagne Cellars
Sutter Santa Rosa Regional Hospital
Amy's Kitchen
Calix Inc.
Enphase Energy Inc.
Sonoma County Fire and Emergency
Friedman's Home Improvement

NAPA COUNTY

POPULATION: 143,581
UNEMPLOYMENT RATE: 4.5%

MAJOR EMPLOYERS:

Queen of the Valley Medical Center
Silverado Resort and Spa
St. Helena Hospital Napa Valley
Stone Bridge Cellars, Inc.
Sutter Home Winery
Walmart Supercenter
Owens Corning
Synar Industries

MARIN COUNTY

POPULATION: 261,221
UNEMPLOYMENT RATE: 3.2%

MAJOR EMPLOYERS:

Kaiser Permanente San Rafael
Marin General Hospital
BioMarin Pharmaceutical
Autodesk
Bradley Real Estate
Sutter Health Facility
Kreines & Kreines, Inc.
Sonnen Motorcars
Extreme Pizza
Westamerica Bancorporation



J. Kapolchok

+ Associates

Land Use Planning
Urban Design

Redwood Crossings
Business Park Drive/Dowdell Avenue
Rohnert Park, CA
Proposal Statement
General Plan Amendment and Rezoning
Revised: July 2017

Applicant: Chris Scerri and Seth Nobmann
ABS Development & Construction Services
855 Lakeville Street, Suite 200
Petaluma, CA 94952

Owner: Sonoma Media Investments
Bill Hooper, Chief Operating Officer
427 Mendocino Avenue
Santa Rosa, CA 95404

Land Use Consultant: J. Kapolchok & Associates
843 Second Street
Santa Rosa, CA 95404

Engineer: Andy Bordessa
Civil Design Consultants
2200 Range Avenue
Santa Rosa, CA 95403

Location: Southeast of the intersection of:
Business Park Drive and Dowdell Avenue
Rohnert Park, CA

APN: 143-040-111

843 Second Street
Santa Rosa, CA 95404
TEL: 707.526.8939
FAX: 707.526.8985
eMAIL jkapolchok@sbcglobal.net

Site Size:	±6.5 acres
General Plan:	Industrial
Zoning:	Industrial (I-L)
Proposal	A General Plan Amendment and Rezoning of the ±6.5-acre parcel lying southeast of the intersection of Business Park Drive and Dowdell Avenue from the Industrial land use designation and zoning district (I-L) to the High Density Residential land use designation and zoning district (R-H). The purpose of the requested applications is to create a high density residential parcel for multi-family housing.

Project Description

The request is to change the land use and zoning on a ±6.5-acre, vacant parcel from industrial (I-L) to high density residential (R-H) for the purpose of constructing up to 156 residential apartment units.

I. Background

The subject property is ±6.5 acres in size, vacant and appears to be without physical constraints. Although a separate, legal parcel, the site was part of what was once envisioned as an industrial campus surrounding the Press Democrat facility. Although the Press Democrat production facility was constructed, additional development never occurred. The ±12.7-acre Press Democrat production facility parcel was recently subdivided into four parcels: a 4.7-acre parcel that lies to the rear of the production plant; a 4.8-acre parcel that houses the production plant; a 2.5-acre parcel that fronts Redwood Drive; and, a 0.7-acre parcel at the corner of Redwood Drive and J. Rogers Lane (Subdivision Committee Resolution No. 2017-01).

II. Project Location

The Redwood Crossings project site (the Project) is located within the northwest area of the city of Rohnert Park. The Project consists of a single parcel (APN 143-040-111) located southeast of the intersection of Business Park Drive/ Dowdell Avenue.

Contextually, the site is located between the Northwest Specific Plan/Wilfred Dowdell Specific Plan areas and the Stadium Area Master Plan area; lands of the Graton Rancheria Casino & Resort lie ±0.3 mile to the west; and, the site is within a 0.5-mile radius of the proposed Rohnert Park SMART rail station.

The areas surrounding the Project site include developed and undeveloped property as follows:

- North: Commercial (Regional) developed and undeveloped land including American Mini-Storage, Scandia Family Fun Center and the lands within the jurisdiction of the Northwest and the Wilfred-Dowdell Specific Plans.
- South: Developed and Undeveloped High Density Residential property and the Rohnert Park Animal Shelter
- East: Press Democrat production facility and undeveloped industrial parcels.
- West: Industrial designated, undeveloped property.

III. Project Objectives

The purpose of the proposed Project is to:

- Create a high density residential parcel within the northwest quadrant of the city of Rohnert Park to serve the residential needs of this area.
- To create up to 156 apartment units available for occupancy within the near term (1 to 2 years after receipt of entitlements).

IV. Project Actions

The project consists of:

- A General Plan Amendment of the ±6.5-acre parcel from the Industrial land use designation to the High Density Residential land use designation.
- A Rezoning from the Industrial (I-L) zoning district to the High Density Residential (R-H) zoning district.

V. General Plan Amendment and Rezoning

The proposal requires a General Plan Amendment and Rezoning. Retaining an inventory of industrial property is important to the city of Rohnert Park. However, given the demand for rental housing and the land use changes that have occurred in the vicinity of the Project site, the use of the Project site for High Density Residential land use is sensible, supportable and in keeping with the well-planned development pattern of the city of Rohnert Park.

Analysis

The land use pattern surrounding the Project site has changed significantly since the site was first designated for Industrial use. The ±6.5-acre parcel (Project site) is part of, the once envisioned, Press Democrat Industrial Campus. Although the

production facility was completed and remains operational, development of the remainder of the campus never occurred and is likely never to occur. This is supported by the fact that the ±12.7-acre production plant parcel was recently subdivided (January 2017) into four parcels. The separation of the production facility from the undeveloped land creates the possibility for future development of non-press related industrial uses on the three, newly created, vacant parcel.

The city of Rohnert Park recognizes the impact of change on future land uses. The General Plan states: “As the city’s guide for development, the General Plan is the heart of the planning process. It is intended to be a living document and, as such, will be subject to more site-specific and comprehensive amendments over time.”¹

The proposed Project exemplifies this situation.

Land Use: As depicted in Figure 1 below, the Project site is situated between a grouping of High Density Residential parcels (Fiori Estates; the recently re-designated/rezoned ±3-acre High Density Residential site; the Reserve site) and two Specific Plan areas: Wilfred/Dowdell Specific Plan and the Northwest Specific Plan. The boundary of the Northwest Specific Plan wraps around the north and eastern boundaries of the Graton Rancheria Casino & Resort, effectively pulling the Casino lands into the neighborhood context. The Graton Rancheria Casino & Resort, among many other things, operates as an employment center for ±1,200 – 2,000 persons.

As is evidenced by Figure 1 below, and as will be discussed further in the forthcoming sub-sections, the Project is uniquely situated for high density residential development. The Project site has:

- Continuity with adjoining R-H sites to the south,
- Is located along a main pedestrian/bicycle corridor,
- Adjoins a commercial service areas,
- Is within 0.38 miles of a major employment center, and
- Is within a quadrant of the city that has seen a reduction in the number of planned residential units, particularly in the near-term.

¹ Our Place Rohnert Park . . . 2020 General Plan Seventh Edition p. 1-12.

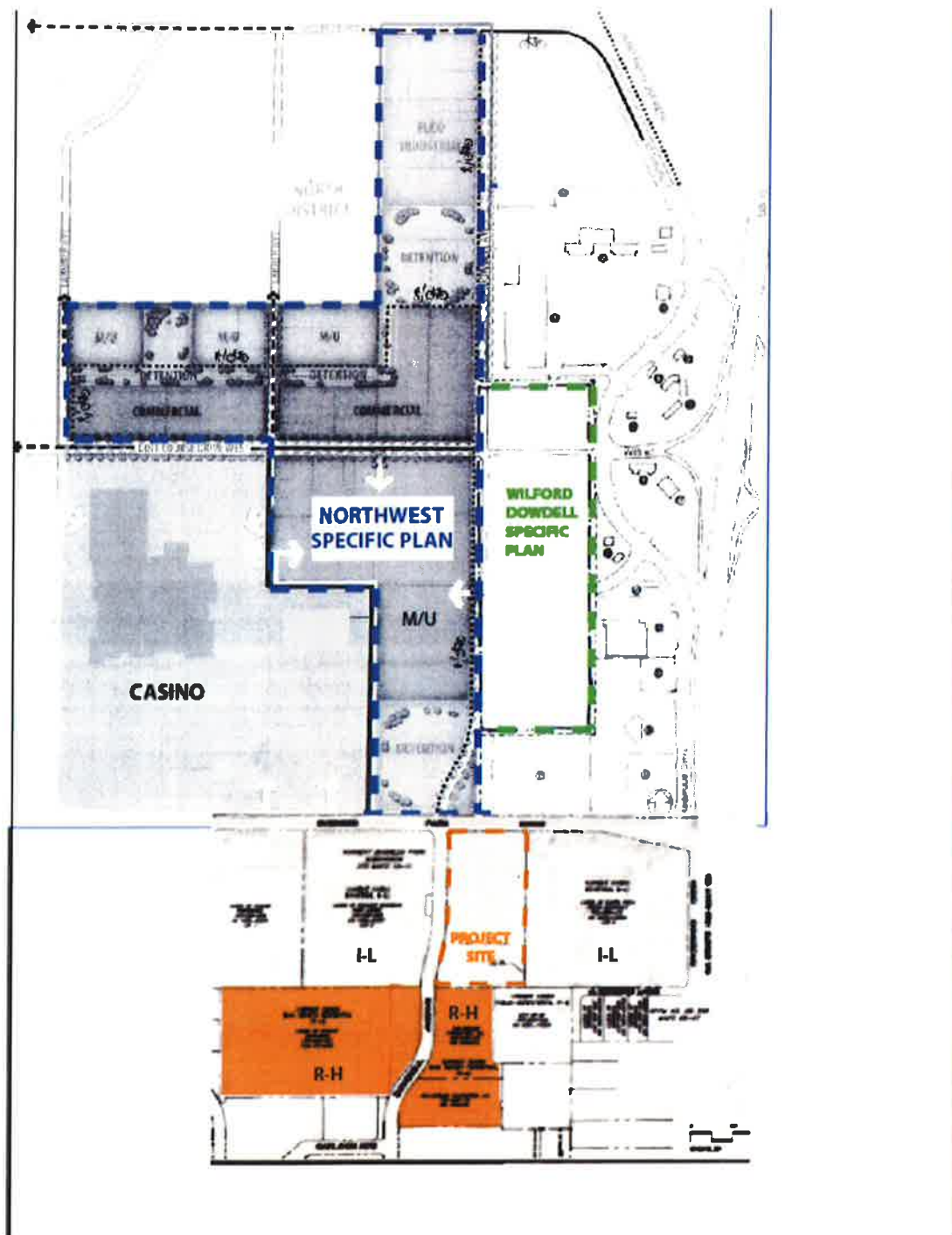


Figure 1: Land Use Context

Non-Vehicular Transportation: The Project site is located within a 0.5-mile radius of the Rohnert Park SMART rail station and adjoins the planned Dowdell Avenue pedestrian/bicycle route. This route is designed to connect to the SMART multi-use

path at Milbrae Avenue. The Project is also within walking distance (0.38-mile) from the Graton Rancheria Casino & Resort, a major employment center, as well as the existing and planned hotels and the regional and service commercial centers of the Northwest Specific Plan and the Wilfred-Dowdell Specific Plan areas.

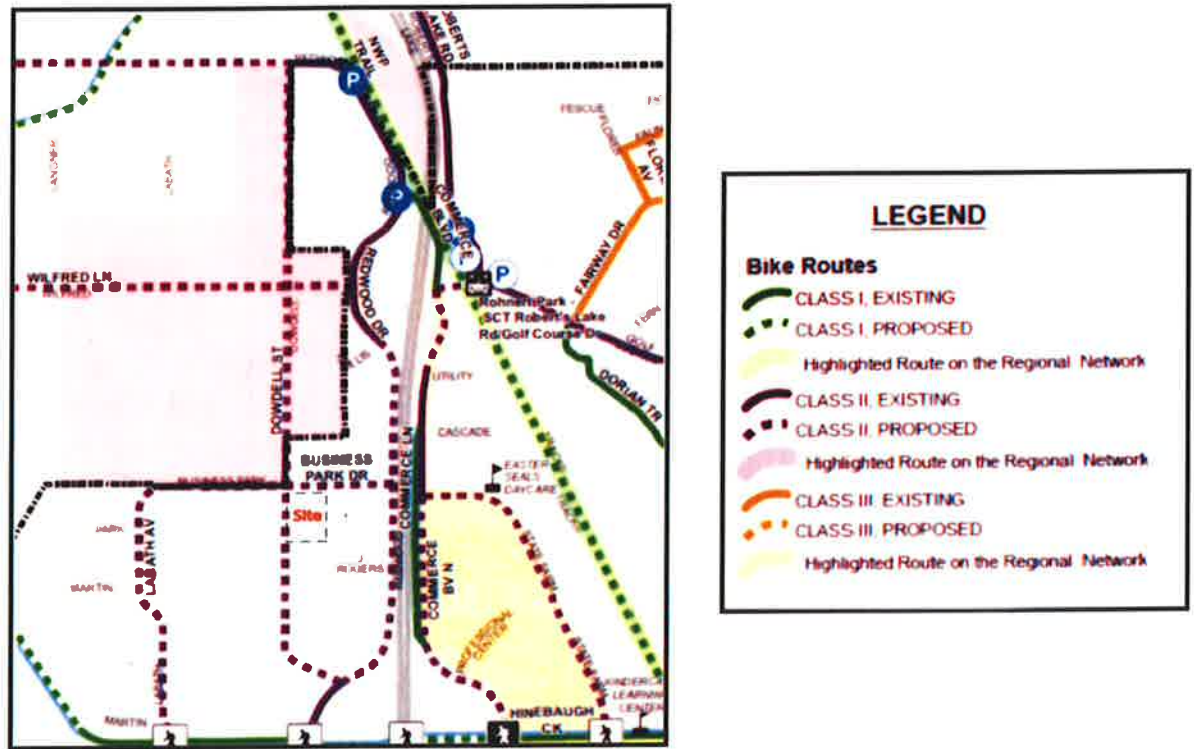


Figure 2: Area Non-Vehicular Circulation²

Hence, re-designation of the Project site to High Density Residential is in keeping with the concepts of Smart Growth and consistent with the city of Rohnert Park Land Use policy regarding locating new High Density Residential development adjacent to retail services.

Land Use Policy: The city of Rohnert Park General Plan policy LU-6 identifies criteria for locating new R-H sites. The policy reads:

LU-6.

Locate new Medium and High Density Residential development adjacent to parks, creekways or other open space, in order to maximize residents' access to recreational use, or adjacent to a Mixed Use or Neighborhood Commercial Center, to maximize access to services. (Emphasis added)

² City of Rohnert Park and Vicinity: Proposed and Existing Bicycle and Pedestrian Facilities Sonoma County, California Sonoma County Transportation Authority 2008

As has been discussed above, the proposed Project site is ideally situated adjacent to existing and proposed retail service areas, the mixed-use areas of the Northwest Specific Plan and major existing and proposed employment centers.

Housing Need: As regards the need for additional rental housing in this quadrant of the city, several factors are at play. According to the EIR for the Northwest Specific Plan, 800 to 900 dwelling units were planned for the northwest under the city of Rohnert Park General Plan. However, approximately 50 percent of the land that was identified for those units is now part of the Graton Rancheria Resort and Casino.³

Furthermore, the lands within the boundary of the Northwest Specific Plan that were previously designated High Density Residential in the General Plan have been re-designated Mixed-Use in the Northwest Specific Plan/amended General Plan. Although these Mixed-Use lands are projected to yield 398 residential units (300 to 400 in General Plan Table 2.4-2: Land Use Program: Northwest Specific Plan Area), this residential yield is based on a conceptual plan that is non-binding. Based on allowed uses within the Mixed-Use land use designation, the residential count could be more or less than the projected.

Stated another way: Originally, the city of Rohnert Park General Plan projected as many as 900 residential units for the northwest quadrant of the city. As discussed above, half of those units can no longer be counted on with the advent of the Graton Rancheria Casino & Resort. When viewed from the top end of the density range, 450 potential units were removed and 450 potential units remained for the northwest area. The Northwest Specific Plan projects 398 residential units. This residential yield is based on an illustrative plan, depicting a four-story apartment complex over retail and two, three-story apartment complexes. Given that the plan is illustrative and other uses, such office, retail and hotels are permitted within the Mixed-Use designation, the residential units are not necessarily guaranteed.

The Sonoma County Economic Development Board 2016 Rohnert Park: Local Economic Profile found Rohnert Park's residential vacancy rate to be around 4.4%. The Sperling's Best Places report for 2016 showed the rental vacancy rate for Rohnert Park to be 2.54%. A 2.54% rental vacancy bespeaks an immediate need for additional rental housing.

Although the lands within the jurisdiction of the Northwest Specific Plan have been annexed, the plan is a long-range plan. The need for rental housing currently exists. The proposed Project offers construction of up to 156 residential apartment units in the near term (1 to 2 years after entitlement).

³ Northwest Specific Plan EIR City of Rohnert Park p. 4.12-7 State Clearinghouse No. 2013062005, June 2014.

VI. Modification to the General Plan

In addition to a modification to the Land Use Plan graphic, the following Table in the General Plan will require modification:

2.3 GENERAL PLAN BUILDOUT (p. 2-23)

Table 2.3-1:

General Plan Build-out: Net Acreage of New Development

Under Inside 1999 City Limits, the acreage distribution would be changed to read:

Industrial ~~420~~ to 113.5

High Density Residential 0 to 6.5

Redwood Crossings Fiscal Impact Analysis

Prepared for:

ABS Development & Construction Services

Prepared by:



ALH Urban & Regional Economics

June 2017



ALH Urban & Regional Economics

2239 Oregon Street
Berkeley, CA 94705
510.704.1599
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June 23, 2017

Mr. Chris Scerri
ABS Development & Construction Services
855 Lakeville Street, Suite 200
Petaluma, CA 94952

Re: Redwood Crossings Residential and Industrial Scenarios Fiscal Impact Analysis

Dear Mr. Scerri;

ALH Urban & Regional Economics (ALH Economics) is pleased to present this fiscal impact analysis of the proposed Redwood Crossings project in the City of Rohnert Park. This analysis was prepared to provide an overview of the project's prospective fiscal impacts on the City of Rohnert Park's General Fund assuming development of the project, which would involve the conversion of 6.6 acres of industrial-zoned land to residential.

This report includes three Appendices. Appendix A includes the exhibits documenting the fiscal impact analysis. Appendix B includes back up documentation in support of the study's main exhibits. Appendix C includes introductory materials for ALH Economics.

It has been a pleasure working with you on this interesting project. Please let me know if there are any questions or comments on the analysis included herein.

Sincerely,

A handwritten signature in blue ink, appearing to read "Amy L. Herman".

Amy L. Herman, AICP
Principal

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I. INTRODUCTION AND SUMMARY OF FINDINGS

INTRODUCTION

ALH Urban & Regional Economics ("ALH Economics") prepared a fiscal impact analysis of the planned Redwood Crossings Residential Project in Rohnert Park, California. The proposed project is located on undeveloped, industrial-zoned land southeast of the intersection of Business Park Drive and Dowdell Avenue in Rohnert Park. ABS Development & Construction is seeking a General Plan Amendment and Rezoning for the 6.6-acre site to High Density Residential for multifamily housing. The multifamily development is planned to include up to 156 new apartment units (the "Project"). The purpose of this analysis is to demonstrate the net fiscal impacts of the Project as a Residential Land Use Scenario relative to the City of Rohnert Park's General Fund, as well as a comparison of an Industrial Land Use Scenario development pursuant to the existing industrial zoning of the site.

The fiscal impact analysis is based on key information about the Project and development site as well as select assumptions developed by ALH Economics. All relevant information and assumptions are cited in the report or the backup documentation. All dollar figures cited are in 2016-17 dollars. Due to the nature of the development planning process, assumptions relevant to the fiscal impact analysis may change over time. This dynamic nature suggests that study findings should be considered general rather than detailed indications of the Project's forecasted performance.

The bulk of the study research was conducted in late 2016, continuing into early 2017. Thus, most of the data points and study information reflect data and information available around year-end 2016, with some subsequent supplementation.

SUMMARY OF FINDINGS

The proposed Redwood Crossings apartment project site is zoned for industrial development. A review of surrounding land uses, new development patterns, and industrial market trends suggests that the site is better suited for multifamily housing, which is a concentrated and growing use in the area, and that if held for industrial uses, the timing of such development is uncertain. However, analysis for both residential and industrial land use scenarios were prepared to provide a comparison of the net revenues estimated to accrue to the City of Rohnert Park General Fund pursuant to these two land use assumptions. These findings are summarized in Table 1, below.

Pursuant to an estimated count of 156 units, and market-based pricing and occupancy assumptions, the net fiscal impact of the Redwood Crossings Residential Land Use Scenario on the City of Rohnert Park General Fund is estimated to comprise a net gain of \$67,957 annually upon full buildout. This net fiscal impact finding reflects annual estimated revenues of \$192,800 balanced by a City service cost estimate of \$124,843. This service cost estimate is based on the average service cost approach, which typically results in conservative estimates.¹

¹ ALH Economics reached out to the City of Rohnert Park to request information on fiscal impact findings for other development projects in Rohnert Park for methodological and comparative purposes. No other studies were provided, and while the City cited some per unit findings resulting from prior analysis, the analysis was not provided by the City.

Table 1
Existing Land Use, Redwood Crossings Residential & Industrial Land Use Scenarios
Estimated Revenue, Expenditures, and Net Fiscal Impact

Land Use	Revenue	Expenditures	Net Fiscal Impact
Residential	\$192,800	\$124,843	\$67,957
Industrial	\$84,055	\$23,559	\$60,496

Source: Exhibit 15.

In comparison, the Redwood Crossings Industrial Land Use Scenario is estimated to comprise a net gain of \$60,496 annually to the City of Rohnert Park General Fund, once such development occurs. This figure reflects estimated revenues of \$84,055 per year, balanced by \$23,559 in estimated city service costs, using very conservative assumptions. Again, these cost estimates are based on the average cost approach, which can produce a conservative result.

This net fiscal impact analysis results in the Residential Land Use Scenario generating an estimated \$7,461 a year more in net revenues than the Industrial Land Use Scenario. As noted, this reflects if the average cost approach to estimating services is relevant. As this site comprises an infill location, in an area already densely developed with many other residential projects, as well as retail, industrial, and a casino, it is likely that the average cost approach to expenditures is not wholly relevant. A case study approach to estimating services would have resulted in different findings, with service providers generating specific estimates of service costs for each scenario. Typically, the case study approach to fiscal impact analysis results in lower service cost estimates.

At estimated annual revenues of \$192,800, the Residential Land Use Scenario could generate 2.3 times the estimated level of revenue as the Industrial Land Use Scenario. Property taxes and property-tax related revenues account for a large portion of this revenue, reflecting the anticipated high quality of development and high market rents currently achievable in Rohnert Park, resulting in a much higher property value than older, existing residential product. Even allowing for the possibility that marginal service costs are relatively higher for the Residential Land Use Scenario than for the Industrial Land Use Scenario, the high revenue ratio would remain, resulting in a more favorable flow of revenues to the City of Rohnert Park from residential development. This is especially likely given the existing demand for use of the property as a residential development site, versus the uncertainty of future development as an industrial site. Therefore, retaining the property for industrial use would result in an uncertain future flow of revenues to the City of Rohnert Park General Fund, versus a greater flow of revenues from multifamily housing development, with near term potential. Moreover, in the absence of any development, the City would benefit from only the property taxes paid on the vacant site, which currently total \$588. Thus, absent the proposed residential development, the City of Rohnert Park would realize very little net benefit from the Redwood Crossings property. ***This highlights the comparatively strong net fiscal impact of the Residential Land Use Scenario, which totals approximately \$67,400 a year more in annual revenues than the existing vacant property.***

Limitations of Findings

The foregoing findings are intended to give a general sense of the net fiscal impact of the Redwood Crossings Residential and Industrial Land Use Scenarios. The figures are not precise estimates. Changes would occur if the revenue and expenditure factors or other assumptions used were modified. Nonetheless, the findings suggest a possibility that both Project Scenarios may result in a positive net fiscal impact on the City's General Fund.

II. METHODOLOGY AND DATA RESOURCES

METHODOLOGY

ALH Economics developed an approach to the Redwood Crossings fiscal impact analysis designed to provide an understanding of the Project's net fiscal impact on the City of Rohnert Park's General Fund using specific Project information as much as possible. This includes estimates of revenues generated by the Project that accrue to the City's General Fund as well as service costs incurred by the City funded through the General Fund. The analysis also compares the fiscal impact results of the Project versus an industrial scenario if site development occurs consistent with the existing zoning designation.

The analysis is grounded in the City's budget and existing revenue bases and performance estimates for the Project and a prospective industrial land use. The analysis is structured to examine the Project's impacts upon full build out and assumed stabilization. To facilitate the analysis and interpretation of the results the findings are presented in 2016-17 dollars.

The fiscal impact analysis does not include one-time development-related fees that may be assessed by the City of Rohnert Park. These fees are typically assessed on a cost recovery basis and are thus excluded from the analysis. Other potential fees, such as impact fees, are also excluded as they too are designed to provide a nexus with the services provided.

The City General Fund expenditures analysis was conducted using the average cost approach. This is typically the most expeditious approach for a fiscal impact analysis, but is also one that can result in under or over estimation of both project-related costs and revenues. In this approach, costs are derived by determining an average cost to provide existing services on a per capita basis for the relevant population served, which is then applied to the comparable population base for the project or land use under study. In all likelihood, use of a marginal cost approach toward expenditures would result in lower cost estimates, as the development site is an infill site surrounded by existing development, thus making the City's need for any new significant staffing unlikely.

In general, a jurisdiction's "service population" for fiscal impact analysis purposes is equivalent to the resident population plus some factor of the workforce. This is the population base provided services by the jurisdiction under study. Most fiscal impact analysts typically equate 2 to 3 employees with 1 resident, or 0.5 to 0.33 employees per resident, on the theory that people who work in an area place less demands on services than residents. For the purpose of this analysis ALH Economics used the 0.5 employees per resident factor, which is a more conservative choice than the 0.33 factor, especially relative to service cost estimates based on the average cost approach. This is also the more common approach. The average costs in this study are based on the City of Rohnert Park's annual budget, which for this analysis included the Adopted Budget for Fiscal Year 2016-2017.

Wherever possible, efforts were made throughout the analysis to develop assumptions or estimates in a conservative manner, so as not overstate potential net revenues attributable to the Project or the alternate industrial use. The analysis was conducted in a series of linked excel-based worksheets. Exhibits generated from these worksheets are included in Appendices A and B. These exhibits are briefly introduced and discussed in the following chapters, with more detailed information and explanatory comments provided in the exhibit footnotes.

DATA RESOURCES

The fiscal impact analysis relied upon a number of key resources. These resources are all identified in the sources and notes to the exhibits developed to support the analysis and provide the results. These resources are as follows:

- **Materials provided by ABS Development & Construction.** These materials include the Project's Assessor's Parcel Number (APN); property tax documents; Project information; and other development-related parameters.
- **Materials provided by other relevant parties.** J. Kapolchok + Associates provided additional Project-related information.
- **City of Rohnert Park resources.** These include the City's website; the City of Rohnert Park's Adopted Budget for Fiscal Year 2016-2017; City of Rohnert Park, "Municipal Code Chapter 17.06.090 - Districts and 17.10.020 - Development standards table"; City of Rohnert Park Business License Tax Rate Schedule; City of Rohnert Park "Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015; and the City of Rohnert Park Planning Department.
- **Third party resources.** A number of third party resources were referred to for information important to the analysis. These sources include RealAnswers Inc.; Association of Bay Area Governments, "Bay Area Plan Projections 2013"; Auditor - Controller for Sonoma County, "City of Rohnert Park TRA Factors Adjusted for ERAF - TRA 007-007"; County of Sonoma Clerk Recorder's Office, "Documentary Transfer Tax," <http://sonomacounty.ca.gov/CRA/Clerk-Recorder/Documentary-Transfer-Tax/> (accessed November 2016); Cushman & Wakefield, "US Capital Markets Report, Capitalization Rates By Property Type Fall 2016"; United States Census Bureau; U.S. Bureau of Labor Statistic "Table 1203. Income before taxes: Annual expenditure means, shares, standard errors, and coefficient of variation, Consumer Expenditure Survey, 2015"; California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax) during 2014; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States and States: 2007"; US Census, American Community Survey, "S1901: Income in the Past 12 Months (In 2014 Inflation-Adjusted Dollars) - 5 YR 2010-2014; CBRE; CoStar; Cushman & Wakefield; Keegan & Coppin Company, Inc.; the North Bay Business Journal; International Council of Shopping Centers "Office-Worker Retail Spending in a Digital Age"; and the United States Bureau of Labor Statistics, CPI for Urban West.

All of these resources are identified as warranted in the text and the series of exhibits that document the fiscal impact analysis. The cited exhibits can be found in Appendices A and B. The report is subject to the Assumptions and General Limiting Conditions included before the appendices.

III. SITE LAND USE SUITABILITY

SITE DESCRIPTION AND SURROUNDING LAND USES

The Project site comprises 6.6 acres of undeveloped, industrial-zoned land southeast of the intersection of Business Park Drive and Dowdell Avenue in Rohnert Park. The site is close to Highway 101, located approximately 1.0-mile from the nearest exit.

The surrounding land uses include the following:

- the Press Democrat industrial building to the east, now comprising one of 4 parcels pursuant to site subdivision, with the other 3 parcels available for industrial development;
- a vacant site to the west, planned for industrial warehouse development, which abuts an industrial area further to the west;
- a vacant site to the north, which abuts a mini-storage facility storage to the north; and
- the new 84-unit "The Reserve" multifamily rental townhouse project to the south, with new units available but also still under construction.

An additional large apartment project, Fiori Estates, is located southwest of the site, immediately next to the new The Reserve project. These are the two newest apartment projects in Rohnert Park, which collectively added 328 units to the City's rental housing supply since 2015. Adding to the residential character of the immediate area, a City-owned parcel on Dowdell Avenue south of Fiori Estates is in escrow with a developer for a new development, and will include "The Residences at Five Creek." A tentative map is approved for the following uses: rental condominiums; hotel; commercial; retail; park; and an area dedicated to City facilities (fire station and public works). The Grafton Resort and Casino is also very near the site, generally to the northwest, which includes a casino, lodging, and restaurant facilities.

The uses along Redwood Drive, which is the nearest major arterial to the site and runs parallel to Highway 101, extends north and south and is dominated by retail and some service uses. This includes retailers such as The Home Depot, Beverly Fabrics, and Sportsman's Warehouse; fast food restaurants; and services such as auto repair facilities, a dance center, and dental offices. There are numerous industrial buildings located west of the Project site, including large and small industrial users, such as IEDEX Health & Science, LEMO, and North Bay Industries. This area includes the Rohnert Business Park and Laguna Verde Industrial Park.

Overall, the Project site environs is highly developed with a range of land uses, including multifamily residential, industrial, retail, service commercial, and gaming/hospitality, but also with several vacant parcels still available for development. New real estate development plans in the area include a range of uses, including multifamily housing, neighborhood retail, hospitality, gaming, and industrial. At least one of the currently vacant parcels will result in an intensified residential orientation, with the addition of approximately 135 apartment units (e.g., Residences at Five Creek). This suggests that multifamily residential development is a growth opportunity appropriate and suitable for the Redwood Crossings site environs, and will help to reinforce the area's emerging residential orientation.

INDUSTRIAL MARKET CHARACTERISTICS

The proposed Redwood Crossings site is zoned Industrial – IL. The following discussion provides a brief overview of Rohnert Park’s industrial market and the context of new industrial development in Rohnert Park and the broader Sonoma County market.

Leased Industrial Inventory

Per reports prepared by CoStar, a commercial real estate information company, Rohnert Park has a leased industrial base totaling approximately 1.3 million square feet. The distribution of this space by type of industrial space is summarized in Table 2 (see next page), along with other market statistics. These data pertain to leased industrial space because these are the properties monitored by leasing information companies like CoStar and other select real estate brokers. Data presented later compiled by Keegan & Coppin Company, Inc., pertain to a broader industrial market including owner-occupied space.

As of third quarter 2016, the largest share of Rohnert Park’s leased industrial base comprises warehouse space, with approximately 874,200 square feet, or two-thirds the city’s supply of leased industrial space. This space is operating at a very low vacancy rate of 3.7%. Since few recent warehouse transactions have occurred, limited current lease rate information is available. The balance of Rohnert’s Park leased industrial base includes much smaller increments of space, totaling 183,900 square feet of manufacturing space and 171,500 square feet of distribution space, which each comprise 14.2% and 13.2% of the leased industrial space, respectively. Finally, service industrial space comprises the smallest increment of leased space, with 69,700 square feet, or 5.4% the total leased inventory. There may be yet additional types of leased industrial space in Rohnert Park, but in quantities too limited to warrant tracking. Rohnert Park’s industrial inventory is well occupied, with low to minimal vacancy rates.

Table 2
Rohnert Park Industrial Statistics, Third Quarter 2016

Type	Inventory			Vacancy Rate	Lease Rate per Sq. Ft. NNN (1)
	No. Buildings	Sq. Ft.	% of Total		
Distribution	6	171,519	13.2%	0.0%	-
Manufacturing	12	183,887	14.2%	0.0%	-
Service	6	69,745	5.4%	0.0%	-
Warehouse	42	874,201	67.3%	3.7%	-
Total / Weighted Average	66	1,299,352	100.0%	2.5%	\$0.00

Sources: Exhibits B-1, B-2, B-3, B-4, and B-5.

(1) No third quarter lease rates cited.

Compared to Sonoma County, Rohnert Park has a relatively small industrial base. The county’s leased industrial base totals 23.8 million square feet (see Table 3). Like Rohnert Park, the largest component of the county’s industrial base comprises warehouse space, with 15.7 million square feet at a similar ratio of two-thirds the total leased inventory. Rohnert Park’s total inventory comprises 5.5% of the county total. This share is relatively constant for most of the types of industrial space located in Rohnert Park, except for a relatively higher proportion of distribution space, at 9.4% the county total. As in Rohnert Park, vacancy rates are low, peaking at 4.4% for the county’s distribution space.

Table 3
Sonoma County Industrial Statistics and Rohnert Park Share of Inventory, Third Quarter 2016

Type	Sonoma County Inventory			Rohnert Park as a % of Sonoma County (1)	Sonoma County	
	No. Buildings	Sq. Ft.	% of Total		Vacancy Rate	Lease Rate per Sq. Ft. NNN (2)
Cold Storage	6	181,568	0.8%	0.0%	0.0%	--
Distribution	34	1,833,087	7.7%	9.4%	4.4%	\$1.12
Food Processing	19	713,585	3.0%	0.0%	1.4%	\$0.93
Manufacturing	127	3,719,931	15.7%	4.9%	3.4%	\$0.65
Service	150	1,181,298	5.0%	5.9%	1.3%	\$1.33
Showroom	19	332,233	1.4%	0.0%	0.0%	\$1.00
Truck Terminal	6	51,319	0.2%	0.0%	0.0%	\$0.00
Warehouse	907	15,739,557	66.3%	5.6%	3.9%	\$0.81
Total / Weighted Average	1,268	23,752,578	100.0%	5.5%	3.6%	\$0.83

Sources: CoStar Industrial Reports for Rohnert Park as of third quarter 2016; Exhibits B-6 through B-11; and ALH Urban & Regional Economics.

(1) See Table 2.

(2) Monthly lease rate.

Despite the low industrial vacancy rates in Rohnert Park and Sonoma County, new development has been sluggish. Since at least 2007 (as far back as shown by the available data in Exhibits B-1 to B-5), data presented by CoStar indicate no new leased industrial buildings have been built in Rohnert Park (see Table 4). This includes the period of the Great Recession but also the subsequent recovery.

Table 4
Sq. Ft. Increase in Industrial Inventory, 2007 - 2016 (1)

Type	Rohnert Park	Sonoma County
Cold Storage	NA	0
Distribution	0	227,883
Food Processing	NA	30,000
Manufacturing	0	88,000
Service	0	0
Showroom	NA	0
Truck Terminal	NA	0
Warehouse	0	605,998
Total	0	951,881

Sources: CoStar Industrial Reports for Rohnert Park and Sonoma County as of third quarter 2016; and ALH Urban & Regional Economics.

(1) See Exhibits B-6 through B-9.

In large part this lack of new development activity is likely attributable to market rents being insufficient to support new development. Some new leased inventory was added in Sonoma County over this time, totaling almost 1.0 million square feet, comprising about a 4.2% increase. As with the overall distribution of space, about two-thirds of this increase comprised warehouse space.

Recent Leasing Activity

The real estate brokerage firm Cushman & Wakefield prepares quarterly market reports for various real estate markets, including the North Bay's Industrial market. This report includes findings for Marin

County as well as Sonoma County, and specifically reports on the Sonoma County locations of Petaluma, Rohnert Park, Santa Rosa, and Sonoma. Each quarterly report includes a report on key lease transactions over the preceding quarter. Review of the quarterly reports for the past year, from Q2 2016 through Q1 2017, includes reference to only 3 key leases in Rohnert Park, out of a total of 15 leases in Sonoma County, totaling 319,609 square feet.² Two of the Rohnert Park leases; comprising 22,000 square feet and 3,900 square feet, were reported as Q2 2016 transactions, so more than one year prior to the date of this study. These were new lease transactions, versus lease renewals. The third reported key lease transaction occurred during Q3 2016, for 14,610 square feet, was also a new lease transaction. Thus, there were no key leases executed during Q4 2016 and Q1 2017. The three Rohnert Park leases totaled 40,510 square feet, or 13% of the total square footage among all key Sonoma County industrial leases. The smallest lease transaction reported by Cushman & Wakefield during this one-year time-period is the referenced 3,900-square-foot lease in Rohnert Park, thus this is likely about the minimum threshold considered a key transaction.

ALH Economics discussions with brokers active in the industrial market in Rohnert Park indicate Rohnert Park is a secondary industrial market, especially relative to Santa Rosa. They further indicate that market interest in leased industrial space in Rohnert Park primarily comprises smaller leases, of less than 5,000 square feet, and that rental increases are mostly occurring in this size range. This is somewhat similar to Keegan & Coppin Company's 2017 Commercial Real Estate Forecast that reports demand is highest for industrial space ranging between 3,000 and 10,000 feet in the Rohnert Park/Cotati market.³

Total Industrial Inventory

Additional market statistics maintained by Keegan & Coppin Company, Inc. tracks an expanded industrial base relative to the reported Costar database, as well as others, like Cushman & Wakefield.⁴ This expanded base includes flex space as well as owner-occupied space. Rohnert Park's market statistics for the period 2012 through 2017 are presented in Table 5. The data presented are for the first quarter of each year, reflecting an annual time series through the most recent quarter available.

Table 5
Rohnert Park Industrial Statistics, Keegan & Coppin Company
2012-2017, Q1

Quarter	Inventory			Buildings
	Total Base Sq. Ft.	Total Vacancy Vacancy	Vacancy Rate	Planned Sq. Ft.
2012, Q1	3,052,571	361,109	11.8%	0
2013, Q1	3,059,490	321,175	10.5%	0
2014, Q1	3,059,490	312,265	10.2%	0
2015, Q1	3,081,496	250,169	8.1%	0
2016, Q1	3,121,990	234,726	7.5%	0
2017, Q1	3,121,990	215,556	6.9%	0

Sources: Keegan & Coppin Company, Inc., Quarterly Total Existing Industrial Vacancy Estimates, Sonoma County; and ALH Urban & Regional Economics.

² Cushman & Wakefield, MarketBeat North Bay, Industrial QW2 2016, Q3 2016, Q4 2016, and Q1 2017.

³ Keegan & Coppin Company, Inc., 2017 Commercial Real Estate Forecast, Rohnert Park/Cotati Overview, by Kevin Doran.

⁴ In Q1 2017 Cushman & Wakefield reports the Rohnert Park industrial inventory totals 1.2 million square feet. See Cushman & Wakefield, MarketBeat North Bay, Industrial Q1 2017, page 3.

These data, similar to the leased inventory data presented earlier, indicate that the industrial inventory in Rohnert Park has been relatively static over the past 5 years, with a net increase of less than 70,000 square feet. While the inventory has remained relatively stable, vacancy has declined, dropping from 11.8% in 2012 to 6.9% in 2017, with all figures pertaining to first quarter of the referenced year. As with the leased data, Keegan & Coppin's data series reports no buildings planned, anytime during the past 5 years.

Table 6
Sonoma County Industrial Statistics, Keegan & Coppin Company
2012-2017, Q1

Quarter	Inventory			Buildings
	Total Base Sq. Sq. Ft.	Total Vacancy	Vacancy Rate Rate	Planned Sq. Ft.
2012, Q1	24,191,854	3,623,714	15.0%	0
2013, Q1	24,185,438	2,966,621	12.3%	0
2014, Q1	24,208,753	2,436,940	10.1%	0
2015, Q1	24,189,551	1,721,611	7.1%	0
2016, Q1	24,360,542	1,359,510	5.6%	0
2017, Q1	24,705,515	1,236,853	5.0%	38,904

Sources: Keegan & Coppin Company, Inc., Quarterly Total Existing Industrial Vacancy Estimates, Sonoma County; and ALH Urban & Regional Economics.

(1) Q1 2017 planned square footage is in Petaluma.

The tightening of Rohnert Park's industrial market pursuant to the steadily declining vacancy rate since at least 2012 is similar to the county pattern, with the market tightening even more throughout the county. Vacancy in Sonoma County dropped from 15% in 2012 to 5.0% in Q1 2017. This is a more dramatic decline than occurred in Rohnert Park, indicating a market preference for locations elsewhere in the County. Further, Rohnert Park's industrial vacancy rate has exceeded the county's average rate since 2014, while other areas are characterized by lower vacancy rates. As of Q1 2017, Rohnert Park had the smallest inventory and highest industrial vacancy rate of all Sonoma County markets tracked by Keegan & Coppin, with the other markets comprising the following:

- Santa Rosa, 10.3 million square feet, 5.0% vacancy;
- North Corridor (Airport Area, Windsor, Healdsburg), 5.8 million square feet, 3.4% vacancy;
- Petaluma, 5.4 million square feet, 5.7% vacancy⁵

These figures further reinforce Rohnert Park's status as a secondary industrial market, both in terms of inventory as well as market performance. Further, while the market is tightening throughout Sonoma County, the prevailing 5% vacancy rate equates to 1.2 million square feet of vacant space applied to the inventory base identified by Keegan & Coppin.

⁵ Keegan & Coppin Company, Inc. Total Existing Industrial Vacancy Estimates, 1st Quarter 2017, Sonoma County.

Market Demand Drivers

Real estate brokerage reports and the print media indicate that the cannabis industry is helping to drive demand in the industrial real estate market, especially in Santa Rosa, pushing traditional tenants into other surrounding markets.⁶ Santa Rosa's land use policies allow certain cannabis-related operations in select locations. The North Bay Business Journal in October 2016 stated that "one of the hottest product types in Sonoma County commercial real estate for the past few years remains industrial space, with growing demand from makers of specialty agricultural products beyond wine and dairy."⁷ In their Q4 2016 report, Cushman & Wakefield cited 125,000 square feet of industrial space currently under construction, with the expectation of new activity to pick up in Rohnert Park and Santa Rosa in the coming quarters. This especially includes Cushman & Wakefield's citation of a potential 22-acre industrial development at Westwind Business Park in Santa Rosa. Another large project under construction in Petaluma totaling nearly 260,000 square feet is reportedly strongly preleased to growing Petaluma companies.⁸ As a result of these activities, some market rents are being driven up in these higher demand locations, especially for cannabis-related users, reflecting the market risk associated with this type of tenancy. However, because of these risks, such as seizure by the federal government due to cannabis being classified as a schedule 1 narcotic, the market preference for the cannabis industry is property sales acquisitions, rather than lease activity, although some lease activity is also occurring.⁹

Planned Industrial Development in Rohnert Park

The City of Rohnert Park reports that two industrial projects of significant size are engaged in the planning process in Rohnert Park. These include subdivision of property at 5055 Redwood Drive, immediately east of the proposed Redwood Crossings site at the intersection of Business Park Drive and Redwood Drive, and a warehouse project with 185,595 square feet divided equally between two buildings located west of the Redwood Crossings site at the southwest corner of Business Park Drive and Dowdell Avenue.

The 5055 Redwood Drive property is 12.7 acres being subdivided into four parcels, ranging in size from 0.7 to 4.8 acres. The zoning is Industrial Limited and the parcel sizes allow for Business Park with shared easements. The property has two existing industrial buildings occupied by the Press Democrat located on one of the subdivided parcels (4.8 acres) but the subdivision will accommodate additional development on the new parcels, which are sized at 4.7 acres, 2.5 acres, and 0.7 acres, which total 7.9 acres. ALH Economics is not aware of the specific development plans for this property, but if developed at 0.5 FAR, this amount of area is sufficient to support 172,062 square feet of industrial development. If developed to a higher FAR, such as 1.0, then the amount of supportable square footage could increase to 344,124 square feet.

Based upon the foregoing size information and estimates, the two industrial projects planned in the vicinity of Redwood Crossings can total 357,657 to 529,719 square feet. This is a sizeable addition to the industrial inventory. Assuming the properties are leased versus owner-occupied, upon completion they would comprise a 28% to 41% increase in Rohnert Park's leased inventory of industrial space reported in Table 2. The percentage increase in inventory resulting from these two potential projects is

⁶ Cushman & Wakefield, MARKETBEAT, North Bay, Industrial Q4 2016, page 1.

⁷ North Bay Business Journal, "Sonoma County industrial real estate: Land of opportunity," Jeff Quackenbush, October 31, 2016.

⁸ Ibid.

⁹ Keegan & Coppin, "Sonoma County industrial real estate: Cannabis, investors, owner-users propel demand," Michael Flitner and Jim Sartain, March 21, 2017, page 2/3.

still sizeable spread across the base of leased and owner-occupied industrial plus flex space reported by Keegan & Coppin, comprising an 11% to 17% increase over the base reported in Table 5.

Conclusion

The preceding industrial market overview indicates that Rohnert Park is a secondary industrial location, comprising the smallest market in Sonoma County, and characterized by the highest vacancy rate. In recent years the overall market in Sonoma County has tightened, especially fueled most recently by the cannabis industry, which is particularly drawn to Santa Rosa because of its new land use policies that permit cannabis-related operations in select locations.

After many years of no significant industrial activity, there are now two projects engaged in the early planning process in Rohnert Park. If developed, these two projects would add significantly to the industrial base in Rohnert Park. If these projects are built as speculative projects, it is indeterminate when they would achieve stabilized occupancy, given that there is no recent history of such an extensive expansion of Rohnert Park's industrial inventory. Yet other areas in Sonoma County that are more attractive to industrial users are also expanding, such as Santa Rosa and Petaluma. Thus, ALH Economics believes there is the potential for the Rohnert Park market to be oversaturated with new product, which could result in suppressing the balance of the market and rents for existing properties.

Further, the success of the planned industrial projects has not yet been demonstrated. Success cannot be determined until the projects are built and leased, or preleasing commitments are secured. Until that happens, the industrial development potential for the Redwood Crossings site may be greatly limited, such that holding the land for industrial use could be uncertain and speculative. Further, industrial users have not expressed interest in the site. Instead, recent demonstrated multifamily housing growth in the area, as well as additional planned multifamily development that is well along in the planning process, suggests the area is well-suited to residential development, and would result in near-term development potential and growth for Rohnert Park, including increased demand for Rohnert Park's retail base, compared to industrial use with an uncertain development timeframe.

IV. FISCAL ASSUMPTIONS AND REVENUE AND EXPENDITURE ESTIMATES

RESIDENTIAL LAND USE SCENARIO FISCAL ASSUMPTIONS AND PROPERTY VALUATION

The assumptions and building blocks underlying the fiscal impact analysis for the Redwood Crossings Residential Land Use Scenario are presented in Exhibits 1-6, which can be found in Appendix A. The property valuation revenue calculations for the fiscal impact analysis are presented in Exhibit 7. A summary of these exhibits and their primary purposes follow.

- **Exhibits 1-3, Survey of Selected Apartment Projects, Apartment Unit Distribution and Rents by Unit Type, and Newest Apartment Projects.** Utilizing RealAnswers, a real estate market resource for apartment property information and statistics, Exhibits 1-3 summarize key characteristics of the existing apartment market in Rohnert Park for newer properties with 50 or more units. Exhibit 1 provides information on each individual property including types of units, sizing, year built, current occupancy, current rental rates, and property characteristics and amenities. Some of the information included in this exhibit was also provided by ABS Development & Construction, which is developing one of the cited apartment projects. See Table 7 for a summary of the breakdown of unit types by property based upon the information in Exhibit 1.

Exhibit 2 summarizes the distribution, pricing, and averages for these properties by unit type. Exhibit 3 displays the same information, but only for the two newest properties, built in 2015 and 2016. These projects comprise the most appropriate comparables for the proposed Redwood Crossings Residential Land Use Scenario as all other projects presented in Exhibit 2 were built between 1995 and 2005. These exhibits provided a foundation for ALH Urban & Regional Economics' development of a description and unit pricing estimates for the Project.

Table 7
Select Rohnert Park Apartment Projects, Unit Count and Percentage Distribution by Unit Type

Apartment Project	Unit	Unit Type					
	Count	1 bd/1 ba	2 bd/1 ba	2 bd/1.5 ba	2 bd/2 ba	3 bd/2 ba	4 bd/2.5 ba
The Reserve at Rohnert Park	84	10%	0%	0%	38%	43%	10%
Fiori Estates	244	55%	0%	0%	37%	7%	0%
Redwood Creek	232	34%	10%	0%	52%	3%	0%
Mountain Shadows	176	48%	0%	0%	48%	5%	0%
Emerald Point	216	14%	0%	35%	28%	24%	0%
Edgewood	188	100%	0%	0%	0%	0%	0%
Total/Average							
All Projects	1,140	46%	2%	7%	34%	11%	1%
New Properties (1)	328	44%	0%	0%	38%	16%	2%

Sources: Exhibit 1.

(1) The average of The Reserve at Rohnert Park and Fiori Estates, built in 2016 and 2015, respectively.

- **Exhibits 4 & 5, Rohnert Park Apartment Project Unit Distribution, Redwood Crossings Study Estimates for Unit Distribution and Pricing and Proposed Residential Project Description and Population.** Exhibit 4 provides residential unit count and pricing estimates for the Redwood Crossings Residential Land Use Scenario. ABS Development & Construction directed the analysis to include up to 156 units. Utilizing the local rental market information from Exhibits 1 through 3, ALH Urban & Regional Economics estimates that the Project will comprise 71 one bedroom/one bathroom units (45%) with an average monthly rent of \$2,300;

62 two bedroom/two bathroom units (40%) with an average monthly rent of \$2,800; and 23 three bedroom/two bathroom units (15%) with an average monthly rent of \$3,100.

Exhibit 5 provides the average annual rent and service population estimates for the Residential Land Use Scenario. The one-, two-, and three-bedroom units are assumed to have an average of 1.5, 2.5, and 3.5 persons per household, respectively, resulting in a total population estimate of 348. After applying a standard vacancy rate assumption of 5%, the estimated number of residents is calculated as 324. This figure of 324 serves as the service population as the number of residents is synonymous with the service population count. This is also an industry-standard assumption, and is relevant to the calculation of average City of Rohnert Park revenues and expenditures.

- **Exhibit 6, City of Rohnert Park Demographic, Employment, and Tax Characteristics.** This exhibit contains many of the baseline assumptions and information necessary to generate estimates of the City of Rohnert Park's revenues and expenses applicable to new development of the development site. These include population and employment estimates used to generate the size of the City's existing service population for the purpose of deriving existing average cost expenditures and some per capita revenues. These figures are benchmarked to January 2017, which generally corresponds with the FY 2016-2017 City budget information that is a foundation for the analysis. These estimates include a population base of 43,270 and an employment base of 13,340. Under the assumption that the City's service population is equivalent to residents plus one-half the employment base, the City's relevant service population is estimated at 49,940.

This exhibit also includes key tax-related information unique to the City of Rohnert Park, such as property and sales tax rates, vehicle in lieu of property tax revenues, secured and unsecured property assessed valuation, and unsecured property tax revenues, all of which are germane to the fiscal impact analysis as noted in other exhibits. Most relevant is the City's 12.61% share of the basic 1% property tax rate collected by Sonoma County. In addition, most cities in the State of California receive 1.0% of taxable sales in sales tax revenues. This is the rate applicable to the City of Rohnert Park. This 1.0% sales tax rate is the effective sales tax rate for Rohnert Park. This comprises a basic rate of 0.75% with an additional 0.25% generated pursuant to the "triple flip," which includes sales taxes diverted temporarily by the State of California but returned via other fiscal means. This other fiscal means is through property taxes, resulting in an effective 1.0% retail sales tax rate. In addition to the 1.0% sales tax, in Rohnert Park there is also an additional 0.5% sales tax per Measure A. Measure A is the continuation of essential city services funding measure; it was passed on November 5, 2013 and will remain in effect until terminated by a unanimous vote by City Council.

- **Exhibit 7, Redwood Crossings Residential Land Use Scenario, Property Valuation, FY 2016-17 Dollars.** This exhibit presents the assumptions and conclusions regarding the property valuation of the Residential Land Use Scenario upon the completion of development. The property valuation estimate for the Redwood Crossings Residential Land Use Scenario totals \$72.4 million. The estimated valuation is based on the average annual rents by unit type multiplied by the number of each respective unit. This information is presented in Exhibit 5. Based on all 156 units, this results in a projected gross income of \$4.9 million. After applying a market-based 5% vacancy rate to the total 156-unit property the effective gross income (EGI) is adjusted to \$4.7 million. Then subtracting for estimated operating expenses, estimated as

30% of the EGI and applying a 4.5% capitalization rate for multifamily properties in the San Francisco Bay Area results in a total valuation estimate of \$72.4 million.

INDUSTRIAL LAND USE SCENARIO FISCAL ASSUMPTIONS AND PROPERTY VALUATION

The assumptions and building blocks underlying the fiscal impact analysis for the Redwood Crossings Industrial Land Use Scenario is presented in Exhibit 8, which can be found in Appendix A. The property valuation revenue calculations for the fiscal impact analysis are presented in Exhibit 9. A summary of these exhibits and their primary purposes follow. Additionally, the afore-mentioned Exhibit 6 on Demographic, Employment, and Tax Characteristics also pertains to the Industrial Land Use Scenario analysis.

- **Exhibit 8, Redwood Crossings Industrial Land Use Scenario Project Description, Employees, and Service Population.** Exhibit 8 provides an estimated project description for the Industrial Land Use Scenario using the site acreage of 6.6. Applying from the City of Rohnert Park's Municipal Code, the FAR of 0.5 for properties zoned Industrial-IL, gives an estimated industrial building size of 143,748, with an estimated occupied square footage of 136,561. The number of employees is then calculated based on the assumption of one employee per 500 square feet of occupied space, which equals an estimate of 273 employees. The service population factor for industrial land use is half of the number of employees, therefore, the estimated service population for the Industrial Land Use Scenario is equal to 137.

This analysis incorporates a low vacancy rate of 5.0%. This rate is associated with prevailing market conditions. If an industrial project is built, it would boost the size of the inventory and the market would become more competitive. Consequently, the vacancy rate could rise until such time as a new market equilibrium is reached. An increase in the vacancy rate assumed for the Industrial Land Use Scenario would reduce the number of employees, which could boost the overall net fiscal impact of this scenario due to lower service costs associated with reduced employees/service population. Hence, in the context of this analysis, the incorporation of a 5.0% vacancy rate, consistent with prevailing market conditions, is conservative, resulting in the highest potential value of the net fiscal impact.

- **Exhibit 9, Redwood Crossings Industrial Land Use Scenario, Property Valuation, FY 2016-17 Dollars.** This exhibit presents the assumptions and conclusions regarding the property valuation of the Industrial Land Use Scenario upon the completion of development and stabilization. The property valuation for the Redwood Crossings Industrial Land Use Scenario totals \$26.5 million. This valuation is calculated using an assumed average annual triple net rent based on averages from Sonoma County multiplied by the total square footage and then applying a market-based vacancy rate of 5.0%. Based on occupied square footage of 136,561, this results in a projected EGI of \$1.4 million. Then subtracting for estimated operating expenses, estimated as 3% of the EGI, and applying a capitalization rate for industrial properties in the San Francisco Bay Area of 5.0% results in the total estimated valuation of \$26.5 million.

FISCAL REVENUE ESTIMATES

The revenue calculations for the fiscal impact analysis are presented in Exhibits 10 through 13. A summary of these exhibits and their primary purpose follows.

- **Exhibit 10, Property Valuation, Annual Property Tax Payments; Existing Land Use, Redwood Crossings Residential Land Use Scenario, and Industrial Land Use Scenario, City of Rohnert Park, FY 2016-17 Dollars.** This exhibit presents the assumptions and conclusions regarding the property valuation of the existing land use, the Residential Land Use Scenario, and the Industrial Land Use Scenario upon the completion of development, and the estimated property tax revenues that currently accrue to the City of Rohnert Park General Fund. The purpose of the exhibit is to estimate the incremental property taxes that will accrue to the City of Rohnert Park for each development scenario.

The current property valuation for the Redwood Crossings Project development site totals \$466,533. The projected valuation for the Redwood Crossings Residential Land Use Scenario is \$72.4 million. The increment in value between the existing land use and Redwood Crossings Residential Land Use Scenario is \$71.9 million. The projected valuation for the Industrial Land Use Scenario is \$26.5 million. The increment in value between the existing land use and Industrial Land Use Scenario is \$26.0 million.

The City of Rohnert Park receives a 12.61% share of the 1.0% basic Sonoma County property tax rate. Pursuant to this tax rate share the City of Rohnert Park currently receives an estimated \$588 in property tax revenues associated with the existing land use. This is the amount of property tax revenues the City will receive annually, adjusted by 2.0% annually pursuant to the provision of Proposition 13, absent any site development. Upon completion of the Redwood Crossings Residential Land Use Scenario the City's annual property tax revenue is projected to increase to \$91,276. This results in a net increment of \$90,688 annually attributable to development of the Redwood Crossings Residential Land Use Scenario. Upon completion of the Industrial Land Use Scenario the City's annual property tax revenue is projected to increase to \$33,394. This results in a net increment of \$32,805 annually attributable to development of the Industrial Land Use Scenario.

- **Exhibit 11, Property Tax in Lieu of VLF Estimates for Site Development Scenarios, City of Rohnert Park, FY 2016-17 Dollars.** This revenue component, Property Tax in Lieu of Vehicle License Fees (VLF), is derived from a property's share of the total property valuation throughout the city in which it is located. For an existing use it would be tied to the property's share of the current valuation. For a planned development project, such as the Project, it would be based upon the project's anticipated contribution to increased property valuation throughout the city. This is the method by which such tax revenues are estimated by the State of California and redistributed to local jurisdictions. This is a State substitute for prior motor vehicle license taxes that were redistributed by the State to municipalities. The results of these calculations are presented in Exhibit 11 for the Redwood Crossings Residential and Industrial Land Use Scenarios.

To estimate the VLF in Lieu revenue, the percentage increase in property valuation attributable to the Redwood Crossings Residential Land Use Scenario new development is calculated by dividing the estimated property valuation for the Residential Land Use Scenario by the City of Rohnert Park's total assessed valuation, which equals 1.72%. By applying this percentage to

the City's total adopted VLF in Lieu revenue figure, the City's increase in the VLF In Lieu revenue attributable to the Redwood Crossings Residential Land Use Scenario is estimated as \$49,106.

To estimate the VLF in Lieu revenue for the Industrial Land Use Scenario, the percentage increase in property valuation attributable to the Industrial Land Use Scenario new development is calculated the same as above only dividing by the estimated property valuation for the Industrial Land Use Scenario. This percentage is estimated as 0.6%. By applying this percentage to the City's total adopted VLF in Lieu revenue figure the City's increase in the VLF In Lieu revenue attributable to the Redwood Crossings Industrial Land Use Scenario is estimated as \$17,763.

- **Exhibit 12, Estimated Annual Retail Sales Tax Generation, Redwood Crossings Residential and Industrial Land Use Scenarios, City of Rohnert Park, FY 2016-17 Dollars.** Neither the Redwood Crossings Residential nor Industrial Land Use Scenarios include retail components. However, the occupants of the properties will generate retail spending in the City of Rohnert Park. This includes spending by the estimated 156 households that will be living at the Project or the 273 employees who would work on the property. Exhibit 12 presents the estimated retail spending for these populations in the City of Rohnert Park, the share of sales assumed to be taxable, and the associated retail sales tax revenues that will accrue to the City.

The Project's 156 households are estimated to generate \$4.6 million a year in retail spending, 78% of which is estimated to be taxable. These estimates are based on a retail demand estimate prepared by ALH Economics and cited in Exhibit 12. See Table 8 for the Project resident's estimated household income, derived from average estimated monthly rent. Assuming the City of Rohnert Park captures 70% of Project residents' taxable retail spending results in a Project-based taxable sales estimate of \$2.5 million. This results in an estimated \$37,896 in annual retail sales tax revenues to the City of Rohnert Park.

Table 8
Redwood Crossings Projected Household Income (1)
2016-17 Dollars

Residential Land Use	Weighted Average Monthly Rent (1)	Income Required (2)	Percent Spent on Retail (3)	Per Household Retail Spending
Redwood Crossings	\$2,617	\$94,200	31%	\$29,570

Source: ALH Urban & Regional Economics.

(1) See Exhibit 5.

(2) Assumes annual income is equivalent to three times annual rent payments.

(3) Percent of income spent on retail is based on analysis of the U.S. Bureau of Labor Statistics Consumer Expenditure Survey, summarized in Exhibit B-2, which demonstrates that as incomes increase the percent of income spent on retail decreases. The selected percentage was identified based upon interpolation of the findings summarized in Exhibit B-2.

For the employee retail sales estimate, ALH Economics drew upon findings from the International Council of Shopping Centers (ICSC) regarding office worker retail spending during the workday. ICSC conducts this type of survey on a recurring basis, with the most recent survey findings released in early 2012. The employees of the Industrial Land Use Scenario are not office workers, and typically represent industrial trades. Therefore, ALH Economics adjusted the office worker spending estimate on a pro rata basis in accordance with the differential in annual

average wages, as cited in Exhibits B-18 and B-19. Further adjustments account for the portion of spending estimated to be taxable and thus generate retail sales tax. The resulting estimate is annual worker spending on taxable items in Rohnert Park totaling \$1.7 million, which generates an estimated \$25,810 in annual retail sales tax revenues to the City of Rohnert Park from the employees of the Industrial Land Use Scenario.

- ***Exhibit 13, Assorted City of Rohnert Park General Fund Revenues, Redwood Crossings Residential Land Use Scenario and Industrial Land Use Scenario, FY 2016-17 Dollars.*** There are three revenue sources identified in this exhibit along with the corresponding revenues estimated to be generated by the existing uses and the Residential and Industrial Land Use Scenarios. These revenue sources include fines and forfeits, franchise taxes, and business license fees. There are yet other revenues that may be generated by the prospective uses that could accrue to the General Fund, but ALH Economics believes the three cited revenues are likely to comprise the most substantial revenue sources, aside from the previously referenced property tax, property tax in lieu of VLF revenues, and retail sales tax.

The fines and forfeits revenues were estimated based on a per service population estimate, then applied to the estimated service populations for the Residential Land Use Scenario and the Industrial Land Use Scenario. The resulting estimates are \$332 in annual fines and forfeits revenues for the Residential Land Use Scenario and \$140 for the Industrial Land Use Scenario.

The franchise fees were also estimated on a per service population basis and include the electric and gas franchise fees, internet and cable franchise fees, and garbage and refuse collection franchise fees. The resulting per service population, employee, or resident estimates are presented in Exhibit 13. Based on these estimates, the Residential Land Use Scenario is estimated to generate \$13,365 annually in franchise fees to the City of Rohnert Park and the Industrial Land Use Scenario is estimated to generate \$2,817 annually in franchise fees.

Finally, businesses annually pay business license fees to the City of Rohnert Park. The Residential Land Use Scenario business license fee is estimated to total \$825 per year. This total reflects a \$50 fee for the first unit and \$5 for each additional unit. The Industrial Land Use Scenario business license fee is estimated to total \$4,132 per year. This total reflects a \$50 fee for the first owner and \$15 for each additional owner/employee.

FISCAL EXPENDITURE ESTIMATES

As discussed in the Methodology section, fiscal impact studies typically engage in two methods to estimate project-based service costs. One is the average cost approach, usually implemented in the absence of detailed service provision and cost information, and one is the marginal, or case study approach, which derives estimated service costs based on expectations of service demands and associated actual service delivery costs.

Exhibit 14 presents the calculations to derive the average costs relevant to the City of Rohnert Park General Fund. These calculations are based on the departmental expenditures associated with the City's General Fund, spread across the relevant population served.

- ***Exhibit 14, City of Rohnert Park General Fund Average Cost Expenditures, FY 2016-17 Adopted Budget, Fiscal Impact Factors City of Rohnert Park.*** In this exhibit, the City of Rohnert Park's General Fund expenditures are expressed as average costs relative to key populations, e.g., the City's service population, the City's resident population, or the City's

employment base. These costs include the General Fund outlay by City service category. This includes all expenditures, irrespective of adjustments for select revenue offsets, which results in a conservative average cost basis.

Exhibit 14 is structured to facilitate analysis of the City's expenditures on a fixed and variable cost basis. Using this approach, some of the City's departmental expenditures are assumed to be fixed regardless of the size of the population served. The balance of the expenditures is then deemed to be variable, i.e., to change with the size of the population served. Typically, departments with greater administrative functions have higher percentages of fixed costs, which in this analysis is assumed to be 90%, or 10% variable. In Exhibit 14, representative departments with this assumption include Administration (which includes City Council, City Manager, among others) and Finance. Yet other categories are assumed to have a similarly high percentage of fixed costs. These categories are general functions not typically tied to a service population base, such as Development Services, Animal Services, Performing Arts Center, Retiree Medical, and Other General Government. Some of these services also have relatively low budgets, such as Animal Services and Performing Arts Center. In contrast, other departments are assumed to have a high proportion of variable costs, with wider scalability to provide the necessary services. These departments are assumed to have only 10% to 25% of fixed expenditures, or 90% to 75% variable, and include departments such as Public Safety - Police and Fire and Public Works. Changes in these assumptions will impact the resulting average cost figures. The category of Community Services is assumed to comprise a 25% fixed budget, with 75% variable. These percentage fixed and variable assumptions were developed by ALH Economics based on industry experience and comparable analysis conducted by other fiscal impact analysis consultants, with a concerted effort to be conservative. The assumptions were not validated with City of Rohnert Park representatives. However, ALH Economics reached out to the City of Rohnert Park to request information on fiscal impact findings for other development projects in Rohnert Park for methodological and comparative purposes. No other studies were provided, and while the City cited some per unit findings resulting from prior analysis, the analysis was not provided by the City.

Of the major City departments funded through the General Fund, ALH Economics assumes that all but three of these departments serves both the City's resident population and the workforce. The categories assumed to serve only the City's resident population are the Animal Services, Community Services, and Performing Arts Departments.

For the departments assumed to serve the City's population base, the average cost per resident is \$385.32. Because of the assumed lesser cost to serve workers, the average cost per worker employed in the City is estimated at \$172.56.

V. FISCAL IMPACT FINDINGS

The results of the Redwood Crossings Residential Land Use Scenario and Industrial Land Use Scenario fiscal impact analyses are presented in Exhibit 15. These findings present the projected annual revenues and expenditures accruing to the City of Rohnert Park's General Fund from the Residential Land Use Scenario and the Industrial Land Use Scenario.

All figures cited in this chapter are referenced in Exhibit 15, unless otherwise noted. These figures pertain to the projected service populations of 324 residents of the Redwood Crossings Residential Land Use Scenario and the 137 employees of the Industrial Land Use Scenario.

NET FISCAL IMPACT ANALYSIS FINDINGS

Residential Land Use Scenario

The fiscal impact findings for the Residential Land Use Scenario indicate that on an annual basis, the Project will generate an estimated \$192,800 to the City of Rohnert Park General Fund. The largest General Fund revenue component is property taxes, estimated at \$91,276 per year. This is a much greater volume of property taxes over the existing use, comprising an increase of almost \$90,700 (see Exhibit 10). Other significant annual revenues include property tax in lieu of VLF at \$49,106, retail sales taxes estimated at \$37,896, and franchise fees at \$13,365. Two lesser revenue categories include business license fees of \$825 and fines and forfeits totaling an estimated \$332.

The estimated service costs for the Redwood Crossings Residential Land Use Scenario total \$124,843 per year. This reflects an estimated \$385.32 average cost per resident. The largest service cost is Public Safety - Police and Fire service costs, which is estimated at \$89,605. The other service costs range from \$368 for Animal Service to \$12,862 for Public Works.

The net result of the fiscal impact of the Redwood Crossings Residential Land Use Scenario on the City of Rohnert Park General Fund is estimated as a net gain of \$67,957 annually. As these summary findings indicate, the Redwood Crossings Residential Land Use Scenario is estimated to result in a net positive gain to the City of Rohnert Park General Fund assuming the average cost approach to expenditures.

Industrial Land Use Scenario

The fiscal impact findings for the Industrial Land Use Scenario indicate that on an annual basis, this development scenario would generate an estimated \$84,055 to the City of Rohnert Park General Fund. The largest General Fund revenue component is property taxes, estimated at \$33,394 per year. This is a greater volume of property taxes over the existing use, comprising an increase of almost \$33,000 (see Exhibit 10). Other substantially annual revenues include retail sales taxes of \$25,810 and property tax in lieu of VLF at \$17,763. Lesser revenues include \$4,132 in business license fees, \$2,817 in franchise fees, and a nominal \$140 in fines & forfeitures.

The estimated service costs for the Redwood Crossings Industrial Land Use Scenario total \$23,559 per year. This reflects an estimated \$172.52 average cost per employee. The largest service cost is Public Safety - Police and Fire service costs, which is \$18,883. This is followed by Public Works, at \$2,711 per year. The other service costs range from \$0 for the more residential-serving categories to \$531 for Retiree Medical.

The net result of the fiscal impact of the Redwood Crossings Industrial Land Use Scenario on the City of Rohnert Park General Fund is estimated as a net gain of \$60,496 annually. As these summary findings indicate, the Redwood Crossings Industrial Land Use Scenario would result in a net positive gain to the City of Rohnert Park General Fund.

Existing Land Use

The major source of revenue to the City of Rohnert Park from the existing parcel in its vacant status comprises property taxes, estimated at \$588 a year. This amount can increase by 2.0% a year pursuant to the provisions of Proposition 13. This \$588 amount is significantly less than the net amount that would accrue annually to the City of Rohnert Park pursuant to the Residential Land Use Scenario, indicating that the City's General Fund would greatly benefit from residential development. The net difference is estimated to total \$67,400 more **per year** assuming residential development. The estimated net difference between the Industrial Land Use Scenario and the existing use is less, at about \$59,900.

Reflection on Average Costs Analysis

The comparison of the net fiscal impacts analysis for the two scenarios using the average cost approach to expenditures results in the Residential Land Use Scenario generating an estimated \$7,500 a year more in net revenues than the Industrial Land Use Scenario. As noted, this finding is based on use of the average cost approach to estimating services. As this site comprises an infill location, in an area already densely developed with many other residential projects, as well as retail, industrial, and a casino, it is likely that the average cost approach to expenditures is the more conservative approach. A case study approach to estimating services would have resulted in different findings, with service providers generating specific estimates of service costs for each scenario.

If one assumes the marginal service costs are minimal, and that the estimated revenues are most relevant to the assessment of fiscal impacts, then the Residential Land Use Scenario is much more favorable to the City of Rohnert Park's General Fund than the Industrial Land Use Scenario. At estimated annual revenues of \$192,800, the Residential Land Use Scenario could generate 2.3 times the estimated level of revenue as the Industrial Land Use Scenario, which is \$84,055. Property taxes and property-tax related revenues account for a large portion of higher Residential Land Use Scenario revenue, reflecting the anticipated high quality of development and high market rents currently achievable in Rohnert Park, resulting in a much higher property value than older, existing residential product.

Even allowing for the possibility that marginal service costs are relatively higher for the Residential Land Use Scenario than for the Industrial Land Use Scenario, the high revenue ratio would remain, resulting in a more favorable flow of revenues to the City of Rohnert Park from residential development. Finally, this is especially likely given the existing demand for use of the property as a residential development site, versus the uncertainty of future development as an industrial site, as discussed earlier in **Section III. Site Land Use Suitability**, which concluded that the site is well suited for multifamily housing, and that if held for industrial uses, the timing of such development is uncertain. Therefore, retaining the property for industrial use could result in an uncertain future flow of revenues to the City of Rohnert Park General Fund, versus a greater flow of revenues from multifamily housing development, with near term potential.

FISCAL IMPACT LIMITATIONS

The foregoing fiscal impact analysis is intended to give a general sense of the net fiscal impact of the existing uses compared to the Redwood Crossings Residential Land Use Scenario and the Industrial Land Use Scenario. The figures are not precise estimates. Changes would occur if the revenue and expenditure factors or other assumptions used were modified. Nonetheless, the findings suggest a possibility that both the Residential Land Use Scenario and the Industrial Land Use Scenario, may result in a positive net fiscal impact on the City's General Fund. However, some limitations to the analysis, listed below, may affect the degree of the estimated net impacts of the Project and the existing uses and change the net fiscal impact balance.

General Limitations

- The analysis is benchmarked to estimated stabilized operations for the two development scenarios. The net impacts during the development period will vary from the stabilized operations estimate.
- The analysis may not be inclusive of all revenue and cost estimates. Major categories associated with ongoing revenues and costs are included, but there may be other less significant categories excluded from the analysis.

One-time Revenues and Appropriations

- The fiscal impact analysis does not include development-related one-time fees that may be assessed by the City of Rohnert Park. These fees are typically assessed on a cost recovery basis and are thus excluded from the analysis. Other potential fees, such as impact fees, are also excluded as they too are designed to provide a nexus with the services provided.
- Another one-time revenue that could benefit the City of Rohnert Park during the Project's construction period includes retail sales tax revenues resulting from construction worker spending in Rohnert Park.

Ongoing Revenue and Appropriation Factors

- The analysis does not include any increase in valuation, such that would occur with the maximum 2% allowable increase pursuant to Proposition 13 or that would occur based upon increased valuation upon sale.
- The analysis does not take into account long-term service cost inflation, which may or may not be greater than the estimated rate of inflation.
- The Redwood Crossings Project may trigger the need for additional services not accounted for in this analysis. The costs associated with these services could be meaningful, both for amortized capital and operating expenditures, and could reduce estimated net positive annual impacts. The likelihood of such additional costs being high, however, is deemed to be low.

In summary, the existing land uses and Redwood Crossings Residential and Industrial Land Use Scenarios net fiscal impact findings estimated above may change as more information and factors are considered.

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

APPENDIX A: EXHIBITS

Exhibit 1
Survey of Selected Apartment Projects (1)
Rohnert Park
November 2016

Project	Year Built	Occupancy	Units	Unit Type	Size Range (Sq. Ft.)	Rent Range	Rent per Sq. Ft.	Unit Features and Project Amenities
1 The Reserve at Rohnert Park 5121 Dowdell Avenue	(2) 2016	58%	8 32 36 8 84	1 bd/1 ba 2 bd/2 ba 3 bd/2 ba 4 bd/2.5 ba	911 - 959 1,551 1,555 1,720	\$2,300 \$2,800 \$2,975 \$3,400	\$2.40 - \$2.52 \$1.81 \$1.91 \$1.98	Townhouse-Style Units: Central AC, Dishwasher, Disposal, Heating (Electric), W/D, Microwave, Parking (Garage), Complex: BBQ, Clubhouse, Fitness center, Swimming pool, Courtesy Patrol), Concierge, Internet, Corporate suites.
2 Fiori Estates 5102 Dowdell Avenue	2015	96%	135 91 18 244	1 bd/1 ba 2 bd/2 ba 3 bd/2 ba	705 - 949 1,076 - 1,193 1,346	\$1,820 - \$2,745 \$2,200 - \$3,305 \$2,995 - \$3,780	\$2.58 - \$2.89 \$2.04 - \$2.77 \$2.23 - \$2.81	Unit: AC, Dishwasher, Disposal, W/D, Microwave, Storage, Patio/balcony, Parking, Complex: Fitness center, Playground, Swimming pool, Security, Business center, Wi-Fi.
3 Redwood Creek 600 Rohnert Park Expressway	2005	96%	80 24 120 8 232	1 bd/1 ba 2 bd/1 ba 2 bd/2 ba 3 bd/2 ba	790 932 1,136 - 1,240 1,454	\$1,865 - \$2,455 \$2,100 - \$3,105 \$2,225 - \$3,430 \$2,880 - \$3,340	\$2.36 - \$3.11 \$2.25 - \$3.33 \$1.96 - \$2.77 \$1.98 - \$2.30	Unit: Central AC, Dishwasher, Disposal, Fireplace, W/D, Microwave, Alarm System, Patio/balcony, Parking (Garage - fee), Walk in Closet, Vaulted Ceiling, Complex: BBQ, Clubhouse, Fitness center, Spa, Playground, Swimming pool, Controlled Access, Tennis courts, Business center, Storage, Corporate suites.
4 Mountain Shadows 160 Golf Course Drive	2002	92%	84 84 8 176	1 bd/1 ba 2 bd/2 ba 3 bd/2 ba	868 - 1,006 1,216 - 1,343 1,560	\$1,810 - \$2,195 \$2,255 - \$2,317 \$2,824	\$2.09 - \$2.18 \$1.73 - \$1.85 \$1.81	Unit: Central AC, Dishwasher, Disposal, Fireplace, Heating (Gas), Microwave, Patio/balcony, Parking (Carport), Complex: Barbecue, Clubhouse, Fitness center, Spa, Playground, Swimming pool, Alarm System, Business Center, Sport Court.
5 Emerald Point 8670 Camino Colegio	1995	94%	30 75 60 51 216	1 bd/1 ba 2 bd/1.5 ba 2 bd/2 ba 3 bd/2 ba	615 838 880 1,022	\$1,495 \$1,795 \$1,900 \$2,150	\$2.43 \$2.14 \$2.16 \$2.10	Unit: Central AC, Dishwasher, Disposal, Heating (Central), W/D hookup (full), Storage, Patio/balcony, Parking (Garage), Complex: Clubhouse, Fitness center, Spa, Swimming pool, Tanning Salon.
6 Edgewood 557 Laguna Drive	1995	98%	188	1 bd/1 ba	625	\$1,310 - \$1,340	\$2.10 - \$2.14	Unit: Dishwasher, Disposal, Heating (Gas), Patio/balcony, Parking (Carport), Complex: BBQ, Laundry room, Security (Courtesy Patrol).
Average / Total		89.1%	1,140					

Sources: RealAnswers; ABS Development & Construction; and ALH Urban & Regional Economics.

(1) Select institutional-quality projects over 50 units. All rents shown are market rate in nominal dollars. Includes projects built from 1995 onward.

(2) The townhouse-style units at The Reserve at Rohnert Park are still in lease up, they began leasing in April 2016 with an absorption rate of 5.7 per month. Pricing per ABS Construction.

Exhibit 2
Apartment Unit Distribution and Rents by Unit Type
Survey of Selected Apartment Projects (1)
Rohnert Park
November 2016

Unit Type	Project	Number of Units	Size Range (Sq. Ft.)	Average Size (Sq. Ft.)	Rent Range	Average Rent	Rent per Sq. Ft.	Average Rent per Sq. Ft.
1 bd/1 ba	The Reserve at Rohnert Park	8	911 - 959	935	\$2,300	\$2,300	\$2.40 - \$2.52	\$2.46
1 bd/1 ba	Fiori Estates	135	705 - 949	827	\$1,820 - \$2,745	\$2,283	\$2.58 - \$2.89	\$2.74
1 bd/1 ba	Redwood Creek	80	790	790	\$1,865 - \$2,455	\$2,160	\$2.36 - \$3.11	\$2.73
1 bd/1 ba	Mountain Shadows	84	868 - 1,006	937	\$1,810 - \$2,195	\$2,003	\$2.09 - \$2.18	\$2.13
1 bd/1 ba	Emerald Point	30	615	615	\$1,495	\$1,495	\$2.43	\$2.43
1 bd/1 ba	Edgewood	188	625	625	\$1,310 - \$1,340	\$1,325	\$2.10 - \$2.14	\$2.12
Overall Total/Weighted Average		525	615 - 1,006	756	\$1,310 - \$2,745	\$1,831	\$2.09 - \$3.11	\$2.40
2 bd/1 ba	Redwood Creek	24	932	932	\$2,100 - \$3,105	\$2,603	\$2.25 - \$3.33	\$2.79
2 bd/1.5 ba	Emerald Point	75	838	838	\$2,225 - \$3,430	\$2,828	\$2.66 - \$4.09	\$3.37
Overall Total/Weighted Average		99	838 - 932	861	\$2,100 - \$3,430	\$2,773	\$2.25 - \$4.09	\$3.23
2 bd/2 ba	The Reserve at Rohnert Park	32	1,551	1,551	\$2,800	\$2,800	\$1.81	\$1.81
2 bd/2 ba	Fiori Estates	91	1,076 - 1,193	1,135	\$2,200 - \$3,305	\$2,753	\$2.04 - \$2.77	\$2.41
2 bd/2 ba	Redwood Creek	120	1,136 - 1,240	1,188	\$2,225 - \$3,430	\$2,828	\$1.96 - \$2.77	\$2.36
2 bd/2 ba	Mountain Shadows	84	1,216 - 1,343	1,280	\$2,255 - \$2,317	\$2,286	\$1.73 - \$1.85	\$1.79
2 bd/2 ba	Emerald Point	60	880	880	\$1,900	\$1,900	\$2.16	\$2.16
Overall Total/Weighted Average		387	880 - 1,551	1,178	\$1,900 - \$3,430	\$2,546	\$1.73 - \$2.77	\$2.17
3 bd/ 2 ba	The Reserve at Rohnert Park	36	1,555	1,555	\$2,975	\$2,975	\$1.91	\$1.91
3 bd/ 2 ba	Fiori Estates	18	1,346	1,346	\$2,995 - \$3,780	\$3,388	\$2.23 - \$2.81	\$2.52
3 bd/ 2 ba	Redwood Creek	8	1,454	1,454	\$2,880 - \$3,340	\$3,110	\$1.98 - \$2.30	\$2.14
3 bd/ 2 ba	Mountain Shadows	8	1,560	1,560	\$2,824	\$2,824	\$1.81	\$1.81
3 bd/ 2 ba	Emerald Point	51	1,022	1,022	\$2,150	\$2,150	\$2.10	\$2.10
Overall Total/Weighted Average		121	1,022 - 1,560	1,293	\$2,150 - \$3,780	\$2,688	\$1.81 - \$2.81	\$2.09
4 bd/2.5 ba	The Reserve at Rohnert Park	8	1,720	1,720	\$3,400	\$3,400	\$1.98	\$1.98
All Units: Overall Total/Weighted Average		1,140	615 - 1,720	972	\$1,310 - \$3,780	\$2,258	\$1.73 - \$4.09	\$2.36

Sources: RealAnswers; ABS Development & Construction; and ALH Urban & Regional Economics.

(1) Select institutional-quality projects over 50 units. All rents shown are market rate in nominal dollars. Includes projects built from 1995 onward.

Exhibit 3

Apartment Unit Distribution and Rents by Unit Type
Newest Apartment Projects (1)
Rohnert Park
November 2016

Product Type	Project	Number of Units	Size Range (Sq. Ft.)	Average Size (Sq. Ft.)	Rent Range	Average Rent	Rent per Sq. Ft.	Average Rent per Sq. Ft.
1 bd/1 ba	The Reserve at Rohnert Park	8	911 - 959	935	\$2,300	\$2,300	\$2.40 - \$2.52	\$2.46
1 bd/1 ba	Fiori Estates	135	705 - 949	827	\$1,820 - \$2,745	\$2,283	\$2.58 - \$2.89	\$2.74
Overall Total/Weighted Average		143	705 - 959	833	\$1,820 - \$2,745	\$2,283	\$2.40 - \$2.89	\$2.72
2 bd/2 ba	The Reserve at Rohnert Park	32	1,551	1,551	\$2,800	\$2,800	\$1.81	\$1.81
2 bd/2 ba	Fiori Estates	91	1,076 - 1,193	1,135	\$2,200 - \$3,305	\$2,753	\$2.04 - \$2.77	\$2.41
Overall Total/Weighted Average		123	1,076 - 1,551	1,243	\$2,200 - \$3,305	\$2,755	\$1.81 - \$2.77	\$2.25
3 bd/ 2 ba	The Reserve at Rohnert Park	36	1,555	1,555	\$2,975	\$2,975	\$1.91	\$1.91
3 bd/ 2 ba	Fiori Estates	18	1,346	1,346	\$2,995 - \$3,780	\$3,388	\$2.23 - \$2.81	\$2.52
Overall Total/Weighted Average		54	1,346 - 1,555	1,485	\$2,975 - \$3,780	\$3,113	\$1.91 - \$2.81	\$2.11
4 bd/2.5 ba	The Reserve at Rohnert Park	8	1,720	1,720	\$3,400	\$3,400	\$1.98	\$1.98
All Units: Overall Total/Weighted Average		328	705 - 1,720	1,116	\$1,820 - \$3,780	\$2,628	\$1.81 - \$2.89	\$2.43

Sources: RealAnswers; ABS Development & Construction; and ALH Urban & Regional Economics.

(1) The newest institutional grade apartment projects comprise The Reserve at Rohnert Park and Fiori Estates, built in 2016 and 2015, respectively.

Exhibit 4
Rohnert Park Apartment Project Unit Distribution (1)
Redwood Crossings Study Estimates for Unit Distribution and Pricing
Residential Land Use Scenario
November 2016

Property	Unit Count	Year Built	Unit Type					
			1 bd/1 ba	2 bd/1 ba	2 bd/1.5 ba	2 bd/2 ba	3 bd/2 ba	4 bd/2.5 ba
Unit Distribution by Unit Type								
The Reserve at Rohnert Park	84	2016	10%			38%	43%	10%
Fiori Estates	244	2015	55%			37%	7%	
Redwood Creek	232	2005	34%	10%		52%	3%	
Mountain Shadows	176	2002	48%			48%	5%	
Emerald Point	216	1995	14%		35%	28%	24%	
Edgewood	188	1995	100%					
Total/Average			46%	2%	7%	34%	11%	1%
Average of New Properties (2)			44%			38%	16%	2%
Weighted Average Rents								
All Units			\$1,831	\$2,603	\$2,828	\$2,546	\$2,688	\$3,400
Newer Properties								
The Reserve at Rohnert Park			\$2,300			\$2,800	\$2,975	
Fiori Estates			\$2,283			\$2,753	\$3,388	
Redwood Crossings Study Estimates (3)								
Percent Distribution by Unit Type			45%			40%	15%	
Unit Count			71			62	23	
Unit Rents (4)			\$2,300			\$2,800	\$3,100	

Sources: RealAnswers; and ALH Urban & Regional Economics.

- (1) Includes apartment projects built in Rohnert Park from 1995 onward.
(2) The average of The Reserve at Rohnert Park and Fiori Estates, built in 2016 and 2015, respectively.
(3) Estimates prepared based on analysis of unit distribution and pricing at the newer apartment properties in the City of Rohnert Park, based on a count of 156 potential units.
(4) Rounded to the nearest \$100.

Exhibit 5
Redwood Crossings
Proposed Residential Project Description and Population

Unit Type	% of Total (1)	Number of Units (1)	Weighted Average Monthly Rent (2)	Average Annual Rents (2)	Estimated Number of Residents				Service Population (5)
					Persons per Household (3)	Total	Vacancy (4)	Adjusted Total	
1 bd/1 ba	45%	71	\$2,300	\$1,959,600	1.5	107	(5)	101	101
2 bd/2 ba	40%	62	\$2,800	\$2,083,200	2.5	155	(8)	147	147
3 bd/2 ba	15%	23	\$3,100	\$855,600	3.5	81	(4)	76	76
Total/Weighted Average	100%	156	\$2,617	\$4,898,400	-	342	(17)	324	324

Source: ALH Urban & Regional Economics.

(1) The percentage breakdown of the unit mix is estimated by ALH Urban & Regional Economics, generally based on the average unit mixes of all recent large apartment properties from Exhibit 1, mainly looking at the two most recently built properties.

(2) Assumes the weighted average of the midpoint rent for each residential product type plan. Rounded to the nearest \$100.

(3) Persons per household estimate assumption per ALH Urban & Regional Economics.

(4) Assumes a 5% vacancy rate.

(5) All residents are assumed to be equivalent to one service population for City of Rohnert Park average service cost purposes. This is a standard fiscal impact analysis assumption.

Exhibit 6
Redwood Crossings
City of Rohnert Park Demographic, Employment, and Tax Characteristics
In 2016-17 Dollars

Data Point	Value	Measurement
Population and Employment Base, 2017 estimates		
City of Rohnert Park Population (1)	43,270	annual
City of Rohnert Park Employment Base (2)	13,340	annual
Estimated Service Population (3)	49,940	annual
City of Rohnert Park Tax Rates and Select Tax Revenues		
General Fund Property Tax Rate (4)	12.61%	of 1.0% of property value
Sales Tax Rate (5)		
Basic Sales Tax Rate, General Fund	1.00%	of taxable sales amount
Measure A (6)	0.50%	
Total Sales Tax	1.50%	
Vehicle in Lieu of Property Tax Revenues (7)		
FY 2016-17, Adopted	\$2,900,000	annual
Transfer Tax Rate (8)	\$0.55	per \$1,000 property value
Assessed City of Rohnert Park Valuation, FY 2016-17 (9)		
Secured Property, Projected	\$4,118,861,020	annual
Unsecured Property, Projected	\$128,492,536	annual
Total	\$4,247,353,555	

Sources: Association of Bay Area Governments, "Bay Area Plan Projections 2013," pages 118 and 119; Auditor - Controller for Sonoma County, "City of Rohnert Park TRA Factors Adjusted for ERAF - TRA 007-007"; City of Rohnert Park California, "Adopted Budget FY 2016-17," page 145; County of Sonoma Clerk Recorder's Office, "Documentary Transfer Tax," <http://sonomacounty.ca.gov/CRA/Clerk-Recorder/Documentary-Transfer-Tax/> (accessed November 2016); and ALH Urban & Regional Economics.

(1) The Association of Bay Area Governments estimates Rohnert Park jurisdictional boundary population at 42,600 in 2015, with a projection of 44,300 by 2020. Extrapolation of these figures indicates a 2017 estimate of 43,272, rounded to 43,270 for study purposes.

(2) The Association of Bay Area Governments estimates Rohnert Park jurisdictional boundary employment at 12,850 in 2015, with a projection of 14,100 by 2020. Extrapolation of these figures indicates a 2017 estimate of 13,336, rounded to 13,340 for study purposes.

(3) The service population is equivalent to the residential population plus 1/2 the employment base. This is a standard fiscal impact assumption.

(4) Redwood Crossings property is located in Tax Rate Area (TRA) 007-007. The Tax allocation factor for the City of Rohnert Park after ERAF retention for this TRA is 0.126095 as reported by the "City of Rohnert Park TRA Factors Adjusted for ERAF - TRA 007-007" from the Auditor - Controller for Sonoma County.

(5) The sales tax rate is inclusive of the triple flip, i.e., sales taxes diverted temporarily by the State of California but returned via other fiscal means.

(6) Per the City of Rohnert Park, California Comprehensive Annual Financial Report for the Year Ended June 30, 2015, Rohnert Park voters approved Measure A, an extension to Measure E, a direct additional tax rate of 0.5%. Measure A was passed on November 5, 2013 and will remain in effect until terminated by a unanimous vote by City Council.

(7) From the City of Rohnert Park California, "Adopted Budget FY 2016-17," page 145.

(8) Rate applies to all property sales transactions in the City of Rohnert Park upon sale per the County of Sonoma Clerk Recorder's Office.

(9) See Exhibit B-12.

Exhibit 7
Redwood Crossings
Residential Land Use Scenario
Property Valuation Estimate
2017 Dollars (1)

Stabilized Pro Forma	Parameter	Revenues and Expenses
Gross Revenue (2)		\$4,898,400
Less: Vacancy (3)	5%	(\$244,900)
Effective Gross Income (4)		\$4,653,500
Total Operating Expenses (5)	30.0% of EGI	\$1,396,100
Net Operating Income (6)		\$3,257,400
Market Capitalization Rate (7)	4.5%	4.5%
Indicated Value (8)		\$72,386,700

Sources: Cushman & Wakefield, "US Capital Markets Report, Capitalization Rates By Property Type Fall 2016," Multifamily Class A projection for San Francisco Bay Area, page 11; and ALH Urban & Regional Economics.

(1) Figures rounded to the nearest \$100.

(2) The estimated annual gross revenues are based on average monthly rental rates presented in Exhibit 5.

(3) Standard assumption.

(4) Effective gross income is the gross revenue after accounting for vacancy.

(5) Standard assumption.

(6) Net operating income (NOI) is the effective gross income minus the total operating

(7) Based on the average of the Cushman & Wakefield, "US Capital Markets Report, Capitalization Rates By Property Type Fall 2016," Multifamily Class A-C projection range of 3.5% - 5.9% for San Francisco Bay Area.

(8) Indicated value is the NOI capped at the gross capitalization rate.

Exhibit 8
Redwood Crossings
Industrial Land Use Scenario
Project Description, Employees, and Service Population

Zoning (1)	Total Site Acreage (1)	Total Site Square Footage	Allowable FAR (2)	Estimated Building Sq. Ft. at 0.5 FAR (3)	Estimated Occupied Sq. Ft. (4)	Occupied Square Feet per Employee	Estimated Number of Employees (5)	Service Population (6)
Industrial - IL (7)	6.6	287,496	0.5 - 1.0	143,748	136,561	500	273	137

Source: J. Kapolchok & Associates, "Redwood Crossings Business Park Drive/Dowdell Avenue Rohnert Park, CA Proposal Statement General Plan Amendment and Rezoning," August 2016; City of Rohnert Park, "Municipal Code Chapter 17.06.090 - Districts and 17.10.020 - Development standards table"; and ALH Urban & Regional Economics.

- (1) Site zoning per the J. Kapolchok & Associates, "Redwood Crossings Business Park Drive/Dowdell Avenue Rohnert Park, CA Proposal Statement General Plan Amendment and Rezoning," August 2016.
- (2) The FAR for properties zoned Industrial-IL is 0.5; however, an FAR of 1.0 is allowed for industrial projects that are approved by the Planning Commission and meet criteria set forth in City-approved design guidelines.
- (3) The analysis is benchmarked to the FAR corresponding with the existing industrial - IL zoning.
- (4) Assumes a 5 % vacancy rate per prevailing market conditions. See Exhibit B-5.
- (5) Assumes one employee per 500 square feet for industrial properties.
- (6) All employees are assumed to be equivalent to 0.5 service population for City of Rohnert Park average service cost purposes. This is a standard fiscal impact analysis assumption.
- (7) Per the Municipal Code, the Industrial - IL district comprises, "campus-like environments for corporate headquarters, research and development facilities, offices, light manufacturing and assembly, industrial processing, general service, warehousing, storage and distribution, and service commercial type use. Retail activities are generally limited to those that support the industrial type uses."

Exhibit 9
Industrial Land Use Scenario
Property Valuation Estimate
2017 Dollars (1)

Stabilized Pro Forma	Parameter	Revenues and Expenses
Total Annual Gross Revenue (2)	\$10.00	\$1,437,000
Less: Vacancy (3)	5.0%	(\$71,900)
Effective Gross Income (4)		\$1,365,100
Total Operating Expenses (5)		(\$40,953)
Percent of EGI	3.0%	
Operating Expenses per SF	\$0.30	
Net Operating Income (6)		\$1,324,147
Market Capitalization Rate (7)		5.0%
Indicated Value (8)		\$26,482,900

Sources: Cushman & Wakefield, "US Capital Markets Report Capitalization Rates By Property Type Fall 2016," page 8 - industrial; CB Richard Ellis brokerage; and ALH Urban & Regional Economics.

(1) Figures rounded to the nearest \$100.

(2) The estimated industrial yearly per square foot are based on triple net rent information from CB Richard Ellis Brokerage. See Exhibit B-12 for overall industrial rates in Sonoma County. Revenue amount is based on building square footage of 143,748 per the zoning FAR for Industrial-IL, see Exhibit 8.

(3) Assumption based on current market characteristics

(4) Effective gross income is the gross revenue after accounting for vacancy.

(5) Industrial lease rates are typically triple net, thus operating costs are anticipated to be covered by the tenants. However, the landlord is anticipated to have some minimal administrative or operating costs, assumed for the sake of analysis at 3% of EGI.

(6) Net operating income (NOI) is the effective gross income minus the total operating expenses.

(7) Based on the average of the Cushman & Wakefield, "US Capital Markets Report, Capitalization Rates By Property Type Fall 2016," Industrial Class A-B projection range of 4.0% - 5.8% for San Francisco Bay Area.

(8) Indicated value is the NOI divided by the capitalization rate.

Exhibit 10

Property Valuation and Annual Property Tax Payments

Existing Land Use, Redwood Crossings Residential Land Use Scenario, and Industrial Land Use Scenario
City of Rohnert Park FY, 2016-2017 Dollars

Item	Parameter	Existing Land Use	Residential Scenario	Industrial Scenario
Property Valuation		\$466,533 (1)	\$72,386,700 (2)	\$26,482,900 (3)
Property Tax				
Parameters				
Basic County Tax Rate	1.00%			
City of Rohnert Park Share of Basic Tax Amount (4)	12.61%			
Annual Revenues				
Total		\$4,665	\$723,867	\$264,829
Share Accruing to Rohnert Park (4)		\$588	\$91,276	\$33,394
Rohnert Park Increment (Less Existing) (5)		\$0	\$90,688	\$32,805

Sources: Sonoma County Tax Collector's Office, Secured Property Tax Bills for Fiscal Year July 1, 2016 - June 30, 2017; County of Sonoma, Controller-Treasurer Department, Property Tax Division; and ALH Urban & Regional Economics.

(1) Includes the assessed valuation of the Assessor Parcel Number (APN) associated with Redwood Crossings, e.g., APN 143-040-035.

(2) See Exhibit 7.

(3) See Exhibit 9.

(4) This is the FY 2016-17 share of the basic 1.0% County tax rate that accrues to the City of Rohnert Park after adjusting for ERAF. Provided by the County of Sonoma Auditor-Controller-Treasurer Department, see Exhibit 6.

(5) Difference between estimated property tax revenues for the alternative residential and industrial scenarios and the existing land use.

Exhibit 11
Property Tax in Lieu of VLF Estimates for Site Development Scenarios
Project Stabilization
City of Rohnert Park, FY 2016-17 Dollars

Category	Residential Scenario	Industrial Scenario
Assessed Value Change		
City of Rohnert Park Assessed Valuation (1)	\$4,247,353,555	\$4,247,353,555
Property Valuation Increment Attributable to New Development (2)	<u>\$71,920,167</u>	<u>\$26,016,367</u>
Total Projected Assessed Valuation with New Development	\$4,319,273,722	\$4,273,369,922
Percent Increase in Property Valuation Attributable to New Development	1.69%	0.61%
VLF in Lieu Revenue		
FY 2016-17, adopted (1)	\$2,900,000	\$2,900,000
City Increase (Annual)		
Percent Assessed Value	1.69%	0.61%
VLF In Lieu Revenue Attributable to Incremental New Development	\$49,106	\$17,763

Source: ALH Urban & Regional Economics.

(1) See Exhibit 6.

(2) See Exhibit 10.

Exhibit 12
Redwood Crossings
Estimated Annual Retail Sales Tax Generation
Redwood Crossings Residential and Industrial Land Use Scenarios
City of Rohnert Park, FY 2016-17 Dollars

Project Component	Figure	Measure
Residential Land Use Scenario		
<u>Household Retail Sales</u>		
Number of Households (1)	156	households
Retail Spending (2)	\$29,600	average annual per household
Total Household Retail Spending	\$4,617,600	
<u>Taxable Retail Sales</u>		
Taxable Retail Sales (3)	78%	percent taxable
Total Taxable Spending	\$3,609,155	
Percent Captured in Rohnert Park (4)	70%	
Rohnert Park Taxable Sales from Redwood Crossings, annual	\$2,526,408	
<u>Sales Tax</u>		
City of Rohnert Park Total Tax Rate, General Fund	1.50%	of taxable sales amount
Generated Sales Tax from the Residential Land Use Scenario	\$37,896	annual retail sales tax
Industrial Land Use Scenario		
<u>Industrial Worker Retail Sales</u>		
Number of on-site Employees (5)	273	jobs
Workday Retail Spending (6)	\$9,000	annual worker spending
Percent Captured in Rohnert Park (7)	70%	
Total Industrial Worker Spending	\$1,720,664	
<u>Sales Tax</u>		
City of Rohnert Park Sales Tax Rate, General Fund	1.50%	of taxable sales amount
Generated Sales Tax from the Industrial Land Use Scenario	\$25,810	annual retail sales tax

Source: ALH Urban & Regional Economics.

- (1) See Exhibit 5.
(2) See Table 8 for the estimated Redwood Crossings income and spending.
(3) Based on the analysis from Rohnert Parks' retail sales base in Exhibit B-15, showing adjustments for taxable to total retail sales.
(4) This analysis assumes that Rohnert Park retailers will capture 70% of the Redwood Crossings resident retail spending. The Retail Demand, Sales Attraction, and Spending Analysis in Exhibit B-16 indicates that Rohnert Park is a net attraction city in most major retail categories, meaning that the City attracts more sales than expected from resident spending. The 70% assumption allows for 30% of all resident spending to occur outside Rohnert Park, facilitating comparison shopping, travel-related spending, and other expenditures beyond the city's ample retail base.
(5) See Exhibit 8 for number of employees, figure represents the minimum less vacancy.
(6) See Exhibit B-20 and Exhibit B-18.
(7) ALH Economics assumption, reflecting a portion of workday spending outside Rohnert Park on the way to or from work.

Exhibit 13
Redwood Crossings
Assorted City of Rohnert Park General Fund Revenues
Redwood Crossings Residential Scenario and Industrial Scenario
City of Rohnert Park, FY 2016-17 Dollars

General Fund Revenue		Value
Fines and Forfeits		
<u>Fines and Forfeits Revenues and Population Basis Data</u>		<u>Parameters and Annual Revenue</u>
City of Rohnert Park FY 2016-17 Fines and Forfeits (1)		\$51,200
City Service Population (2)		49,940
Fines and Forfeits Revenues Per Service Population (3)		\$1.03
<u>Redwood Crossings Residential Scenario</u>		
Service Population (4)		324
Project Fines and Forfeits Tax Revenues (5)		\$332
<u>Industrial Land Use Scenario</u>		
Service Population (6)		137
Existing Fines and Forfeits Tax Revenues (5)		\$140
Franchise Fees		
<u>Franchise Fee Revenues and Population Basis Data</u>		<u>Parameters and Annual Revenue</u>
<u>Franchise Fees Applicable to all Service Population</u>		
City of Rohnert Park, FY 2016-17, PG&E Franchise (1)		\$380,000
City of Rohnert Park, FY 2016-17, AT&T Broadband/Cable TV Franchise (1)		\$580,000
City of Rohnert Park, FY 2016-17, GF Refuse Franchise Fees (1)		\$1,100,000
City Service Population (2)		49,940
Franchise Fee Per all Service Population (3)		\$41.25
Estimated Franchise Fee Revenues		
<u>Redwood Crossings Residential Scenario</u>		
Service Population		324
Franchise Fee Per Residential Population (3)		\$13,365
<u>Existing Industrial Land Use Scenario</u>		
Service Population		137
Franchise Fee Per Employee Population (3) (7)		\$2,817
Estimated Business License Fee Revenues		
<u>Business License Fee</u>		<u>Parameters and Annual Revenue</u>
<u>Business License Fees for Existing Businesses</u>		
<u>Residential Land Use Scenario</u>		
Rentals fee for first unit		\$50
Fee for each additional unit		\$5
Total Residential (8)		\$825
<u>Industrial Land Use Scenario</u>		
First owner		\$50
Fee for each additional owner/employee		\$15
Total Industrial (9)		\$4,132

Sources: City of Rohnert Park California, "Adopted Budget FY 2016-17," page 11; City of Rohnert Park Business License Tax Rate Schedule; and ALH Urban & Regional Economics.

(1) All revenue figures are from the City of Rohnert Park California, "Adopted Budget FY 2016-17".

(2) See Exhibit 6.

(3) Calculated on a per population basis for the population cited, i.e., city service population, city employment base, or city residential base, as noted.

(4) See Exhibit 5.

(5) Calculated by multiplying the per population, employee, or resident figure by the existing uses or Redwood Crossings Residential or Industrial service population estimates.

(6) See Exhibit 8.

(7) The service population for the Industrial Scenario employees is assumed to be half the amount of the residential population.

(8) Calculation based on 156 units, see Exhibit 5.

(9) Calculation based on 273 employees, see Exhibit 8.

Exhibit 14
Redwood Crossings
City of Rohnert Park General Fund Average Cost Expenditures
FY 2016-2017 Adopted Budget
Fiscal Impact Factors City of Rohnert Park

City Services (1)	FY Budget (2)	Percent Fixed (3)	Percent Variable (3)	Allocable Variable Expenditures (4)	Population Factor (5)	Expenditure Basis Population (6)	Expenditure per Resident (7)	Expenditure per Employee (8)
Administration (9)	\$2,267,899	90%	10%	\$226,790	Service Population	\$4.54	\$4.54	\$2.27
Finance	\$1,659,804	90%	10%	\$165,980	Service Population	\$3.32	\$3.32	\$1.66
Development Services	\$2,971,617	90%	10%	\$297,162	Service Population	\$5.95	\$5.95	\$2.98
Public Safety - Police & Fire	\$15,345,852	10%	90%	\$13,811,267	Service Population	\$276.56	\$276.56	\$138.28
Animal Services (10)	\$491,146	90%	10%	\$49,115	Resident Population	\$1.14	\$1.14	\$0.00
Public Works	\$2,202,828	10%	90%	\$1,982,545	Service Population	\$39.70	\$39.70	\$19.85
Community Services (10) (11)	\$2,141,352	25%	75%	\$1,606,014	Resident Population	\$37.12	\$37.12	\$0.00
Performing Arts Center (10)	\$878,411	90%	10%	\$87,841	Resident Population	\$2.03	\$2.03	\$0.00
Retiree Medical	\$3,886,340	90%	10%	\$388,634	Service Population	\$7.78	\$7.78	\$3.89
Other General Government	\$3,587,325	90%	10%	\$358,733	Service Population	\$7.18	\$7.18	\$3.59
Program Budget	\$0	NA	NA	NA	NA	NA	NA	NA
Total	\$35,432,574	-	-	\$18,974,080		\$385.32	\$385.32	\$172.52

Sources: City of Rohnert Park California, "Adopted Budget FY 2016-17," page 11; and ALH Urban & Regional Economics.

- (1) All City General Fund expenditures are captured in these service areas, which include aggregated expenditure items.
- (2) Per the City of Rohnert Park California, "Adopted Budget FY 2016-17," page 11.
- (3) Fiscal impact studies that examine municipal expenditures on an average cost basis, such as this analysis, often assume a portion of City expenditures are fixed and will not vary with a change in the population served. The resulting variable expenditures are then allocated across the relevant population served, which could include just residents, just employees, or the service population, which includes both residents and an allocation for employees. For the purpose of this analysis, all of the City service categories that are primarily administrative are assumed to have the majority of their expenditures fixed, thus with 10% to 25% that varies with the size of the population served. This applies to just over one-half the major City service categories, with expenditures in the other categories assumed to be 75% variable, reflecting that the largest portion of the costs in these departments will vary with changes in the City's service population.
- (4) Comprises the share of the General Fund expenditures assumed to be allocable to the population served, i.e., total expenditures less fixed expenditures.
- (5) The analysis assumes all expenditures except Parks & Recreation are spread across the resident and employment base, i.e., the service population. The Animal Service, Community Service, and Performing Arts Center costs are assumed to only apply to residents.
- (6) Equal to allocable expenditures divided by the service population with the exception of the Animal Service, Community Service, and Performing Arts Center costs, which are assumed to only be allocable to residents.
- (7) The expenditure per resident is equal to the expenditure per service population.
- (8) The expenditure per employee is equal to one half the expenditure per service population.
- (9) Includes City Council, City Manager, City Clerk, Human Resources, and City Attorney.
- (10) These services are assumed to apply only to the City's resident population.
- (11) The Community Services department provides recreational programs and use of public recreational facilities.

Exhibit 15
Redwood Crossings
Annual Net Fiscal Impact Analysis, Residential and Industrial Scenarios (1)
City of Rohnert Park General Fund
FY 2016-17 Dollars

General Fund Revenues and Expenditures Categories	Residential Scenario	Industrial Scenario
Revenues (2)		
Net Incremental Property Taxes (3)	\$91,276	\$33,394
Incremental Property Tax in Lieu of VLF (4)	\$49,106	\$17,763
Business License Fees (5)	\$825	\$4,132
Retail Sales Taxes (6)	\$37,896	\$25,810
Franchise Fees (5)	\$13,365	\$2,817
Fines & Forfeits (5)	\$332	\$140
Sub-total	\$192,800	\$84,055
Expenditures (7)		
Administration	\$1,471	\$310
Finance	\$1,077	\$227
Development Services	\$1,928	\$406
Public Safety - Police & Fire	\$89,605	\$18,883
Animal Services	\$368	\$0
Public Works	\$12,862	\$2,711
Community Services	\$12,026	\$0
Performing Arts Center	\$658	\$0
Retiree Medical	\$2,521	\$531
Other General Government	\$2,327	\$490
Sub-total	\$124,843	\$23,559
Net Impact (8)	\$67,957	\$60,496

Source: ALH Urban & Regional Economics.

(1) Reflects estimated revenues less estimated expenditures, resulting in a net fiscal impact on an annual basis on the City of Rohnert Park General Fund.

(2) Includes the most substantial revenues anticipated to accrue to the City of Rohnert Park General Fund resulting from the Project's stabilized operations. However, there may be yet additional revenues flowing to the General Fund pursuant to the Project's operations.

(3) See Exhibit 10.

(4) See Exhibit 11.

(5) See Exhibit 13.

(6) See Exhibit 12.

(7) Unless otherwise noted, figures comprise the per resident or per employee counts in Exhibits 5 and 8, respectively, multiplied by the General Fund expenditures costs derived in Exhibit 14.

(8) Comprises revenues less expenditures.

APPENDIX B: SUPPORT EXHIBITS

Exhibit B-1
City of Rohnert Park
Industrial Distribution
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant		Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	6	171,519	0.0	2,845	1	2,845	0	0	0	-
2016 Q2	6	171,519	1.7	14,312	1	14,312	0	0	0	-
2016 Q1	6	171,519	10.0	-17,157	0	0	0	0	0	-
2015 Q4	6	171,519	0.0	0	0	0	0	0	0	-
2015 Q3	6	171,519	0.0	0	0	0	0	0	0	-
2015 Q2	6	171,519	0.0	0	0	0	0	0	0	-
2015 Q1	6	171,519	0.0	0	0	0	0	0	0	-
2014 Q4	6	171,519	0.0	0	0	0	0	0	0	-
2014 Q3	6	171,519	0.0	0	0	0	0	0	0	-
2014 Q2	6	171,519	0.0	0	0	0	0	0	0	-
2014 Q1	6	171,519	0.0	6,198	0	0	0	0	0	-
2013 Q4	6	171,519	3.6	-57	1	6,198	0	0	0	-
2013 Q3	6	171,519	3.6	-1,587	0	0	0	0	0	-
2013 Q2	6	171,519	3.6	0	0	0	0	0	0	-
2013 Q1	6	171,519	2.7	0	1	2,845	0	0	0	-
2012 Q4	6	171,519	2.7	0	0	0	0	0	0	-
2012 Q3	6	171,519	2.7	0	0	0	0	0	0	-
2012 Q2	6	171,519	2.7	0	0	0	0	0	0	-
2012 Q1	6	171,519	2.7	1,587	1	1,587	0	0	0	-
2011 Q4	6	171,519	3.6	0	0	0	0	0	0	-
2011 Q3	6	171,519	3.6	0	0	0	0	0	0	-
2011 Q2	6	171,519	3.6	0	0	0	0	0	0	-
2011 Q1	6	171,519	3.6	0	0	0	0	0	0	-
2010 Q4	6	171,519	3.6	0	0	0	0	0	0	-
2010 Q3	6	171,519	3.6	0	0	0	0	0	0	-
2010 Q2	6	171,519	4.9	2,334	0	0	0	0	0	-
2010 Q1	6	171,519	4.9	20,000	1	2,277	0	0	0	-
2009 Q4	6	171,519	16.6	-57	0	0	0	0	0	-
2009 Q3	6	171,519	16.6	-3,309	0	0	0	0	0	-
2009 Q2	6	171,519	14.6	-7,703	0	0	0	0	0	-
2009 Q1	6	171,519	10.1	0	0	0	0	0	0	-
2008 Q4	6	171,519	10.1	-8,988	0	0	0	0	0	\$0.79
2008 Q3	6	171,519	4.9	0	0	0	0	0	0	\$0.79
2008 Q2	6	171,519	4.9	-379	0	0	0	0	0	\$0.79
2008 Q1	6	171,519	4.7	0	0	0	0	0	0	\$0.79
2007 Q4	6	171,519	4.7	-8,039	0	0	0	0	0	\$0.79
2007 Q3	6	171,519	0.0	0	0	0	0	0	0	\$0.97
2007 Q2	6	171,519	0.0	0	0	0	0	0	0	\$0.97
2007 Q1	6	171,519	0.0	0	0	0	0	0	0	-

Sources: CB Richard Ellis; CoStar, and ALH Urban & Regional Economics.

Exhibit B-2
City of Rohnert Park
Industrial Manufacturing
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant	Occupied SF	Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	12	183,887	0.0	183,887	0	0	0	0	0	-
2016 Q2	12	183,887	0.0	183,887	0	0	0	0	0	-
2016 Q1	12	183,887	0.0	183,887	0	0	0	0	0	-
2015 Q4	12	183,887	0.0	183,887	3,700	0	0	0	0	-
2015 Q3	12	183,887	2.0	180,187	-3,700	3,700	0	0	0	-
2015 Q2	12	183,887	0.0	183,887	0	0	0	0	0	-
2015 Q1	12	183,887	0.0	183,887	0	0	0	0	0	-
2014 Q4	12	183,887	0.0	183,887	0	0	0	0	0	-
2014 Q3	12	183,887	0.0	183,887	0	0	0	0	0	-
2014 Q2	12	183,887	0.0	183,887	2,752	2,752	0	0	0	-
2014 Q1	12	183,887	1.5	181,135	0	0	0	0	0	-
2013 Q4	12	183,887	1.5	181,135	0	0	0	0	0	-
2013 Q3	12	183,887	1.5	181,135	-2,752	0	0	0	0	-
2013 Q2	12	183,887	1.5	181,135	0	0	0	0	0	-
2013 Q1	12	183,887	0.0	183,887	0	0	0	0	0	-
2012 Q4	12	183,887	0.0	183,887	0	0	0	0	0	-
2012 Q3	12	183,887	0.0	183,887	0	0	0	0	0	-
2012 Q2	12	183,887	0.0	183,887	1,780	1,780	0	0	0	-
2012 Q1	12	183,887	1.0	182,107	0	0	0	0	0	-
2011 Q4	12	183,887	1.0	182,107	-1,780	0	0	0	0	-
2011 Q3	12	183,887	0.0	183,887	0	0	0	0	0	-
2011 Q2	12	183,887	0.0	183,887	7,756	1,812	0	0	0	-
2011 Q1	12	183,887	4.2	176,131	9,069	0	0	0	0	-
2010 Q4	12	183,887	9.1	167,062	0	7,414	0	0	0	-
2010 Q3	12	183,887	9.1	167,062	4,080	1,812	0	0	0	-
2010 Q2	12	183,887	9.1	162,982	-3,282	0	0	0	0	-
2010 Q1	12	183,887	7.4	166,264	9,000	0	0	0	0	-
2009 Q4	12	183,887	12.3	157,264	1,750	10,750	0	0	0	-
2009 Q3	12	183,887	13.2	155,514	-14,944	0	0	0	0	-
2009 Q2	12	183,887	5.1	170,458	-4,018	0	0	0	0	-
2009 Q1	12	183,887	5.1	174,476	2,750	0	0	0	0	-
2008 Q4	12	183,887	6.6	171,726	-1,812	0	0	0	0	-
2008 Q3	12	183,887	5.6	173,538	0	0	0	0	0	-
2008 Q2	12	183,887	5.6	173,538	5,250	5,250	0	0	0	-
2008 Q1	12	183,887	8.5	168,288	-2,750	0	0	0	0	-
2007 Q4	12	183,887	7.0	171,038	3,300	0	0	0	0	-
2007 Q3	12	183,887	8.8	167,738	0	3,300	0	0	0	-
2007 Q2	12	183,887	8.8	167,738	-12,849	0	0	0	0	-
2007 Q1	12	183,887	1.8	180,587	0	0	0	0	0	-

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

Exhibit B-3
City of Rohnert Park
Industrial Service
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant		Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	6	69,745	0.0	69,745	0	0	0	0	0	-
2016 Q2	6	69,745	0.0	69,745	0	0	0	0	0	-
2016 Q1	6	69,745	0.0	69,745	0	0	0	0	0	-
2015 Q4	6	69,745	0.0	69,745	0	0	0	0	0	-
2015 Q3	6	69,745	0.0	69,745	0	0	0	0	0	-
2015 Q2	6	69,745	0.0	69,745	0	0	0	0	0	-
2015 Q1	6	69,745	0.0	69,745	0	0	0	0	0	-
2014 Q4	6	69,745	0.0	69,745	0	0	0	0	0	-
2014 Q3	6	69,745	0.0	69,745	0	0	0	0	0	-
2014 Q2	6	69,745	0.0	69,745	0	0	0	0	0	-
2014 Q1	6	69,745	0.0	69,745	0	0	0	0	0	-
2013 Q4	6	69,745	0.0	69,745	0	0	0	0	0	-
2013 Q3	6	69,745	0.0	69,745	0	0	0	0	0	-
2013 Q2	6	69,745	0.0	69,745	0	0	0	0	0	-
2013 Q1	6	69,745	0.0	69,745	0	0	0	0	0	-
2012 Q4	6	69,745	0.0	69,745	0	0	0	0	0	-
2012 Q3	6	69,745	0.0	69,745	0	0	0	0	0	-
2012 Q2	6	69,745	0.0	69,745	1,600	0	0	0	0	-
2012 Q1	6	69,745	2.3	68,145	0	0	0	0	0	-
2011 Q4	6	69,745	2.3	68,145	0	0	0	0	0	-
2011 Q3	6	69,745	2.3	68,145	0	0	0	0	0	-
2011 Q2	6	69,745	2.3	68,145	0	0	0	0	0	-
2011 Q1	6	69,745	2.3	68,145	0	0	0	0	0	-
2010 Q4	6	69,745	2.3	68,145	0	0	0	0	0	-
2010 Q3	6	69,745	2.3	68,145	0	0	0	0	0	-
2010 Q2	6	69,745	1.7	68,575	-430	0	0	0	0	-
2010 Q1	6	69,745	1.7	68,575	0	0	0	0	0	-
2009 Q4	6	69,745	1.7	68,575	0	0	0	0	0	-
2009 Q3	6	69,745	1.7	68,575	0	0	0	0	0	-
2009 Q2	6	69,745	5.7	65,775	2,800	0	0	0	0	-
2009 Q1	6	69,745	5.7	65,775	0	1	2,800	0	0	-
2008 Q4	6	69,745	5.7	65,775	0	0	0	0	0	-
2008 Q3	6	69,745	5.7	65,775	0	0	0	0	0	-
2008 Q2	6	69,745	5.7	65,775	0	0	0	0	0	-
2008 Q1	6	69,745	5.7	65,775	0	0	0	0	0	-
2007 Q4	6	69,745	5.7	65,775	0	0	0	0	0	-
2007 Q3	6	69,745	4.0	66,945	-1,170	1	2,800	0	0	-
2007 Q2	6	69,745	12.2	61,245	5,700	0	0	0	0	-
2007 Q1	6	69,745	16.3	58,345	2,900	0	0	0	0	-
				0	0	0	0	0	0	-

Sources: CB Richard Ellis; CoStar, and ALH Urban & Regional Economics.

Exhibit B-4
City of Rohnert Park
Industrial Warehouse
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant	Occupied SF	Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	42	874,201	3.7	841,444	2	6,187	0	0	0	-
2016 Q2	42	874,201	11.2	776,482	1	31,870	0	0	0	-
2016 Q1	42	874,201	7.8	806,012	3	10,240	0	0	0	-
2015 Q4	42	874,201	7.4	809,552	2	6,120	0	0	0	-
2015 Q3	42	874,201	9.8	788,396	6	31,385	0	0	0	-
2015 Q2	42	874,201	7.2	811,410	3	42,076	0	0	0	-
2015 Q1	42	874,201	5.7	824,379	5	11,541	0	0	0	-
2014 Q4	42	874,201	6.5	817,341	5	18,130	0	0	0	\$0.55
2014 Q3	42	874,201	6.9	814,241	2	1,863	0	0	0	\$0.55
2014 Q2	42	874,201	7.6	807,961	0	0	0	0	0	\$0.55
2014 Q1	42	874,201	7.6	807,961	1	2,125	0	0	0	\$0.55
2013 Q4	42	874,201	9.2	794,090	6	12,285	0	0	0	\$0.55
2013 Q3	42	874,201	8.1	803,190	6	9,757	0	0	0	\$0.55
2013 Q2	42	874,201	8.2	802,403	2	1,324	0	0	0	\$0.55
2013 Q1	42	874,201	7.0	813,307	5	12,368	0	0	0	\$0.55
2012 Q4	42	874,201	11.0	777,639	1	30,446	0	0	0	\$0.55
2012 Q3	42	874,201	8.7	798,308	5	21,318	0	0	0	\$0.55
2012 Q2	42	874,201	9.2	794,060	3	12,798	0	0	0	\$0.55
2012 Q1	42	874,201	9.6	790,514	1	9,603	0	0	0	\$0.55
2011 Q4	42	874,201	9.3	792,646	0	0	0	0	0	\$0.55
2011 Q3	42	874,201	8.9	796,063	4	5,226	0	0	0	\$0.55
2011 Q2	42	874,201	9.5	791,121	1	784	0	0	0	\$0.55
2011 Q1	42	874,201	8.9	796,179	2	1,164	0	0	0	\$0.55
2010 Q4	42	874,201	12.9	761,325	3	36,177	0	0	0	\$0.55
2010 Q3	42	874,201	14.3	748,892	2	3,870	0	0	0	\$0.55
2010 Q2	42	874,201	16.1	730,528	5	49,592	0	0	0	\$0.55
2010 Q1	42	874,201	18.5	709,436	3	5,940	0	0	0	\$0.55
2009 Q4	42	874,201	18.8	701,524	5	15,608	0	0	0	\$0.55
2009 Q3	42	874,201	17.1	716,186	3	6,660	0	0	0	\$0.63
2009 Q2	42	874,201	15.9	727,295	1	633	0	0	0	\$0.74
2009 Q1	42	874,201	13.2	755,223	1	1,200	0	0	0	\$0.82
2008 Q4	42	874,201	11.1	773,602	0	0	0	0	0	\$0.82
2008 Q3	42	874,201	12.3	763,423	3	8,397	0	0	0	\$0.82
2008 Q2	42	874,201	9.5	791,533	1	2,820	0	0	0	\$0.82
2008 Q1	42	874,201	8.5	800,097	1	3,560	0	0	0	\$0.82
2007 Q4	42	874,201	9.8	788,677	1	784	0	0	0	\$0.82
2007 Q3	42	874,201	8.7	798,388	4	8,984	0	0	0	\$0.79
2007 Q2	42	874,201	8.8	796,991	0	0	0	0	0	\$0.79
2007 Q1	42	874,201	1.4	862,243	0	0	0	0	0	-

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

Exhibit B-5
City of Rohnert Park
All Industrial
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant	Occupied SF	Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	70	1,337,645	2.4	1,304,888	3	9,032	0	0	0	-
2016 Q2	70	1,337,645	7.5	1,237,081	2	46,182	0	0	0	-
2016 Q1	70	1,337,645	6.4	1,252,299	3	10,240	0	0	0	-
2015 Q4	70	1,337,645	4.8	1,272,996	2	6,120	0	0	0	-
2015 Q3	70	1,337,645	6.7	1,248,140	7	35,085	0	0	0	-
2015 Q2	70	1,337,645	4.7	1,274,854	4	50,536	0	0	0	-
2015 Q1	70	1,337,645	3.7	1,287,823	5	11,541	0	0	0	-
2014 Q4	70	1,337,645	4.3	1,280,785	5	18,130	0	0	0	\$0.55
2014 Q3	70	1,337,645	4.5	1,277,685	2	1,863	0	0	0	\$0.55
2014 Q2	70	1,337,645	5.0	1,271,405	1	2,752	0	0	0	\$0.55
2014 Q1	70	1,337,645	5.2	1,268,653	1	2,125	0	0	0	\$0.55
2013 Q4	70	1,337,645	6.7	1,248,584	7	18,483	0	0	0	\$0.55
2013 Q3	70	1,337,645	6.0	1,257,741	6	9,757	0	0	0	\$0.55
2013 Q2	70	1,337,645	6.0	1,256,954	2	1,324	0	0	0	\$0.55
2013 Q1	70	1,337,645	4.9	1,272,197	6	15,213	0	0	0	\$0.55
2012 Q4	70	1,337,645	7.6	1,236,529	1	30,446	0	0	0	\$0.55
2012 Q3	70	1,337,645	6.0	1,257,198	5	21,318	0	0	0	\$0.55
2012 Q2	70	1,337,645	6.3	1,252,950	4	14,578	0	0	0	\$0.55
2012 Q1	70	1,337,645	6.8	1,246,024	2	11,190	0	0	0	\$0.55
2011 Q4	70	1,337,645	6.8	1,246,569	0	0	0	0	0	\$0.55
2011 Q3	70	1,337,645	6.4	1,251,766	4	5,226	0	0	0	\$0.55
2011 Q2	70	1,337,645	6.8	1,246,824	2	2,596	0	0	0	\$0.55
2011 Q1	70	1,337,645	7.0	1,244,126	2	1,164	0	0	0	\$0.55
2010 Q4	70	1,337,645	10.3	1,200,203	5	43,591	0	0	0	\$0.55
2010 Q3	70	1,337,645	11.2	1,187,770	3	5,682	0	0	0	\$0.55
2010 Q2	70	1,337,645	12.5	1,163,422	5	49,592	0	0	0	\$0.55
2010 Q1	70	1,337,645	13.8	1,145,612	4	8,217	0	0	0	\$0.55
2009 Q4	70	1,337,645	16.2	1,108,700	7	26,358	0	0	0	\$0.55
2009 Q3	70	1,337,645	15.2	1,121,669	3	6,660	0	0	0	\$0.68
2009 Q2	70	1,337,645	13.2	1,148,231	2	3,433	0	0	0	\$0.77
2009 Q1	70	1,337,645	11.0	1,187,880	1	1,200	0	0	0	\$0.80
2008 Q4	70	1,337,645	9.8	1,203,509	0	0	0	0	0	\$0.80
2008 Q3	70	1,337,645	9.7	1,204,130	3	8,397	0	0	0	\$0.80
2008 Q2	70	1,337,645	8.1	1,229,644	4	9,512	0	0	0	\$0.80
2008 Q1	70	1,337,645	7.8	1,233,337	3	5,480	0	0	0	\$0.80
2007 Q4	70	1,337,645	9.0	1,217,303	3	12,044	0	0	0	\$0.80
2007 Q3	70	1,337,645	7.2	1,241,383	5	12,284	0	0	0	\$0.89
2007 Q2	70	1,337,645	7.8	1,233,686	0	0	0	0	0	\$0.89
2007 Q1	70	1,337,645	2.0	1,310,987	0	0	0	0	0	-

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

Exhibit B-6
Sonoma County
Industrial Distribution
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant	Occupied SF	Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	34	1,833,087	4.4	1,753,116	2	67,816	0	0	0	\$1.12
2016 Q2	34	1,833,087	1.0	1,815,242	1	14,312	0	0	0	-
2016 Q1	34	1,833,087	1.8	1,800,930	0	0	0	0	0	-
2015 Q4	34	1,833,087	0.8	1,818,087	1	22,000	0	0	0	-
2015 Q3	34	1,833,087	2.0	1,796,087	0	0	0	0	0	-
2015 Q2	34	1,833,087	2.0	1,796,087	1	9,023	0	0	0	-
2015 Q1	34	1,833,087	2.0	1,796,087	1	10,000	0	0	0	-
2014 Q4	34	1,833,087	1.2	1,811,087	0	0	0	0	0	-
2014 Q3	34	1,833,087	1.2	1,811,087	0	0	0	0	0	-
2014 Q2	34	1,833,087	1.2	1,811,087	0	0	0	0	0	\$0.58
2014 Q1	34	1,833,087	1.5	1,703,587	3	209,500	0	0	0	\$0.58
2013 Q4	34	1,833,087	2.8	1,781,389	2	24,198	0	0	0	\$0.58
2013 Q3	34	1,833,087	2.8	1,782,446	0	0	0	0	0	\$0.58
2013 Q2	34	1,833,087	2.8	1,782,446	0	0	0	0	0	\$0.58
2013 Q1	34	1,833,087	2.7	1,670,460	2	116,404	0	0	0	\$0.58
2012 Q4	34	1,833,087	2.3	1,677,480	1	10,950	0	0	0	\$0.74
2012 Q3	34	1,833,087	2.9	1,665,476	2	117,701	0	0	0	\$0.74
2012 Q2	34	1,833,087	2.0	1,665,476	0	0	0	0	0	-
2012 Q1	34	1,833,087	2.8	1,650,676	1	1,587	0	0	0	\$0.60
2011 Q4	34	1,833,087	3.6	1,636,273	0	0	0	0	0	\$0.60
2011 Q3	34	1,833,087	3.5	1,637,573	1	6,100	0	0	0	\$0.60
2011 Q2	34	1,833,087	6.5	1,582,773	0	0	0	0	0	\$0.60
2011 Q1	34	1,833,087	3.8	1,623,746	1	50,000	0	0	0	\$0.60
2010 Q4	34	1,833,087	3.3	1,531,946	1	60,000	0	0	0	\$0.60
2010 Q3	34	1,833,087	2.3	1,508,746	1	9,027	0	0	0	\$0.59
2010 Q2	34	1,833,087	2.5	1,504,312	2	100,000	0	0	0	\$0.59
2010 Q1	34	1,833,087	3.1	1,494,212	1	2,277	0	0	0	\$0.64
2009 Q4	34	1,833,087	4.2	1,473,912	0	0	1	0	0	\$0.64
2009 Q3	33	1,669,893	4.9	1,305,375	0	0	0	1	163,194	\$0.64
2009 Q2	33	1,669,893	3.2	1,334,484	1	2,800	0	1	163,194	\$0.64
2009 Q1	33	1,669,893	2.6	1,343,187	0	0	0	1	163,194	\$0.64
2008 Q4	33	1,669,893	2.5	1,345,587	0	0	0	0	0	\$0.79
2008 Q3	33	1,669,893	0.7	1,657,475	0	0	1	0	0	\$0.79
2008 Q2	32	1,605,204	0.5	1,596,786	0	0	0	1	64,689	\$0.79
2008 Q1	32	1,605,204	0.8	1,591,565	0	0	0	1	64,689	\$0.79
2007 Q4	32	1,605,204	0.9	1,591,065	0	0	0	1	64,689	\$0.79
2007 Q3	32	1,605,204	1.4	1,582,504	0	0	0	0	0	\$0.97
2007 Q2	32	1,605,204	1.5	1,581,004	0	0	0	0	0	\$0.97
2007 Q1	32	1,605,204	0.0	1,605,204	0	0	0	0	0	-

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

Exhibit B-7
Sonoma County
Industrial Manufacturing
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction			NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant		Occupied SF	Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	127	3,719,931	3.4	3,593,500	102,399	3	38,324	0	0	\$0.65	
2016 Q2	127	3,719,931	6.2	3,491,101	20,875	0	0	0	0	\$0.65	
2016 Q1	127	3,719,931	6.7	3,470,226	-3,648	5	41,729	0	0	\$0.65	
2015 Q4	127	3,719,931	6.6	3,473,874	-2,040	0	0	0	0	\$0.65	
2015 Q3	127	3,719,931	6.6	3,475,914	157,718	1	3,700	1	0	\$0.65	
2015 Q2	126	3,649,931	9.1	3,318,196	-4,371	4	31,749	0	1	70,000	
2015 Q1	126	3,649,931	9.0	3,322,567	10,146	0	0	0	1	70,000	
2014 Q4	126	3,649,931	9.2	3,312,421	3,698	3	6,090	0	1	70,000	
2014 Q3	126	3,649,931	9.3	3,308,723	-7,879	0	0	0	1	70,000	
2014 Q2	125	3,631,931	8.7	3,316,602	3,163	6	24,517	0	1	18,000	
2014 Q1	125	3,631,931	8.8	3,313,439	-1,119	1	8,772	0	1	18,000	
2013 Q4	125	3,631,931	8.7	3,314,558	19,330	3	24,730	0	1	18,000	
2013 Q3	125	3,631,931	9.3	3,295,228	-85,641	1	9,759	0	0	\$0.65	
2013 Q2	125	3,631,931	6.9	3,380,869	30,265	3	18,221	0	0	\$0.64	
2013 Q1	125	3,631,931	7.7	3,350,604	-5,945	5	96,955	0	0	\$0.60	
2012 Q4	125	3,631,931	7.6	3,356,549	-2,661	3	45,054	0	0	\$0.59	
2012 Q3	125	3,631,931	7.5	3,359,210	-3,000	0	0	0	0	\$0.60	
2012 Q2	125	3,631,931	7.4	3,362,210	-25,558	3	4,890	0	0	\$0.59	
2012 Q1	125	3,631,931	6.7	3,387,768	-8,500	0	0	0	0	\$0.58	
2011 Q4	125	3,631,931	6.5	3,396,268	-32,511	0	0	0	0	\$0.58	
2011 Q3	125	3,631,931	5.6	3,428,779	75,300	2	12,400	0	0	\$0.58	
2011 Q2	125	3,631,931	7.7	3,353,479	15,186	2	3,412	0	0	\$0.58	
2011 Q1	125	3,631,931	8.1	3,338,283	13,294	0	0	0	0	\$0.57	
2010 Q4	125	3,631,931	8.5	3,324,999	102,734	3	8,214	0	0	\$0.54	
2010 Q3	125	3,631,931	11.3	3,222,265	13,140	4	83,932	0	0	\$0.56	
2010 Q2	125	3,631,931	11.5	3,209,125	-111,023	2	55,825	0	0	\$0.56	
2010 Q1	125	3,631,931	8.5	3,320,148	33,384	3	27,874	0	0	\$0.56	
2009 Q4	125	3,631,931	9.4	3,286,764	43,716	7	41,241	0	0	\$0.64	
2009 Q3	125	3,631,931	10.6	3,243,048	-62,907	1	1,800	0	0	\$0.66	
2009 Q2	125	3,631,931	4.9	3,305,955	-57,798	0	0	0	0	\$0.63	
2009 Q1	125	3,631,931	3.4	3,363,753	-18,850	0	0	0	0	\$0.63	
2008 Q4	125	3,631,931	2.9	3,382,603	-4,154	0	0	0	0	\$0.63	
2008 Q3	125	3,631,931	2.7	3,386,757	-9,835	0	0	0	0	\$0.63	
2008 Q2	125	3,631,931	2.5	3,396,592	48,450	4	15,340	0	0	\$0.63	
2008 Q1	125	3,631,931	3.8	3,348,142	42,711	1	1,038	0	0	\$0.67	
2007 Q4	125	3,631,931	5.0	3,305,431	17,247	3	38,051	0	0	\$1.00	
2007 Q3	125	3,631,931	5.4	3,288,184	118,589	3	23,779	0	0	\$0.91	
2007 Q2	125	3,631,931	8.7	3,169,595	-55,469	0	55,179	0	0	\$0.85	
2007 Q1	125	3,631,931	7.2	3,225,064	0	1	13,081	0	0	\$0.85	

Source: CB Richard Ellis, CoStar, and A H Urban & Regional Economics

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

Exhibit B-8
Sonoma County
Industrial Service
2007 Through Q3 2016

Period	Rentable Building Area				Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant	Occupied SF		Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	150	1,181,298	1.3	1,165,433	0	3	12,635	0	0	0	\$1.33
2016 Q2	150	1,181,298	1.3	1,165,433	7,152	1	3,277	0	0	0	\$1.53
2016 Q1	150	1,181,298	1.9	1,158,281	1,032	3	12,025	0	0	0	\$1.67
2015 Q4	150	1,181,298	2.0	1,157,249	23,456	2	5,332	0	0	0	\$1.68
2015 Q3	150	1,181,298	4.0	1,133,793	-6,390	1	19,156	0	0	0	\$1.67
2015 Q2	150	1,181,298	3.5	1,140,183	-14,712	0	0	0	0	0	\$1.93
2015 Q1	150	1,181,298	2.2	1,154,895	1,765	2	10,024	0	0	0	-
2014 Q4	150	1,181,298	2.4	1,153,130	1,000	1	1,500	0	0	0	-
2014 Q3	150	1,181,298	2.5	1,152,130	1,580	1	2,520	0	0	0	-
2014 Q2	150	1,181,298	2.6	1,150,550	-4,000	1	4,800	0	0	0	-
2014 Q1	150	1,181,298	2.3	1,154,550	-3,598	1	1,800	0	0	0	-
2013 Q4	150	1,181,298	2.0	1,158,148	10,772	2	11,850	0	0	0	-
2013 Q3	150	1,181,298	2.9	1,147,376	-5,600	2	8,318	0	0	0	-
2013 Q2	150	1,181,298	2.4	1,152,976	-19,868	1	6,059	0	0	0	-
2013 Q1	150	1,181,298	0.7	1,172,844	2,320	0	0	0	0	0	-
2012 Q4	150	1,181,298	0.9	1,170,524	-2,320	5	10,376	0	0	0	-
2012 Q3	150	1,181,298	0.7	1,172,844	4,200	1	4,260	0	0	0	-
2012 Q2	150	1,181,298	1.1	1,168,644	-10,016	2	1,900	0	0	0	\$0.13
2012 Q1	150	1,181,298	0.2	1,178,660	1,000	0	0	0	0	0	\$0.13
2011 Q4	150	1,181,298	0.3	1,177,660	-100	0	0	0	0	0	\$0.13
2011 Q3	150	1,181,298	0.3	1,177,760	8,240	1	5,500	0	0	0	\$0.13
2011 Q2	150	1,181,298	1.0	1,168,520	3,800	0	0	0	0	0	\$0.13
2011 Q1	150	1,181,298	1.3	1,165,720	3,291	0	0	0	0	0	-
2010 Q4	150	1,181,298	1.6	1,162,429	9,039	1	3,391	0	0	0	-
2010 Q3	150	1,181,298	2.4	1,153,390	-1,170	2	6,500	0	0	0	-
2010 Q2	150	1,181,298	2.3	1,154,560	300	0	0	0	0	0	-
2010 Q1	150	1,181,298	2.3	1,154,260	3,091	1	834	0	0	0	-
2009 Q4	150	1,181,298	2.6	1,151,169	3,220	1	3,391	0	0	0	-
2009 Q3	150	1,181,298	2.8	1,147,949	-12,292	2	2,936	0	0	0	-
2009 Q2	150	1,181,298	1.8	1,160,241	-3,391	3	4,876	0	0	0	-
2009 Q1	150	1,181,298	1.5	1,163,632	-200	0	0	0	0	0	-
2008 Q4	150	1,181,298	1.5	1,163,832	-3,668	2	3,114	0	0	0	-
2008 Q3	150	1,181,298	1.2	1,167,500	-514	0	0	0	0	0	-
2008 Q2	150	1,181,298	1.1	1,168,014	13,786	1	1,038	0	0	0	-
2008 Q1	150	1,181,298	2.3	1,154,228	3,400	0	0	0	0	0	-
2007 Q4	150	1,181,298	2.6	1,150,828	-2,170	1	2,800	0	0	0	-
2007 Q3	150	1,181,298	2.4	1,152,998	14,700	0	0	0	0	0	-
2007 Q2	150	1,181,298	3.6	1,138,298	-26,000	0	0	0	0	0	-
2007 Q1	150	1,181,298	1.4	1,164,298	0	0	0	0	0	0	-

Sources: CB Richard Ellis, CoStar, and ALH Urban & Regional Economics.

Exhibit B-9
Sonoma County
Industrial Warehouse
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction			NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant		Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered		
2016 Q3	907	15,739,557	3.9	15,121,645	142,892	23	166,596	2	0	0	\$0.81
2016 Q2	905	15,577,525	3.8	14,978,753	-32,899	30	250,527	0	2	162,032	\$0.82
2016 Q1	905	15,577,525	3.6	15,011,652	31,728	20	108,093	0	2	162,032	\$0.78
2015 Q4	905	15,577,525	3.8	14,979,924	52,056	16	96,724	0	1	152,000	\$0.79
2015 Q3	905	15,577,525	4.2	14,927,868	-10,030	22	122,597	0	0	0	\$0.80
2015 Q2	905	15,577,525	4.1	14,937,898	-66,389	24	165,434	0	0	0	\$0.79
2015 Q1	905	15,577,525	3.7	15,004,287	99,982	22	73,991	0	0	0	\$0.77
2014 Q4	905	15,577,525	4.3	14,904,305	50,583	22	128,142	0	0	0	\$0.79
2014 Q3	905	15,577,525	4.5	14,853,722	74,485	18	131,756	0	0	0	\$0.68
2014 Q2	905	15,577,525	5.0	14,779,237	76,964	24	216,943	0	0	0	\$0.68
2014 Q1	905	15,577,525	5.6	14,702,273	244,321	27	177,963	0	0	0	\$0.68
2013 Q4	905	15,577,525	7.2	14,457,952	137,171	24	202,796	2	0	0	\$0.64
2013 Q3	903	15,510,439	7.6	14,320,781	-63,592	43	244,552	0	2	67,086	\$0.64
2013 Q2	903	15,510,439	7.2	14,384,373	181,988	45	235,604	0	2	67,086	\$0.62
2013 Q1	903	15,510,439	8.4	14,202,385	73,625	38	325,869	0	1	36,086	\$0.62
2012 Q4	903	15,510,439	8.8	14,128,760	-151,568	21	128,320	0	0	0	\$0.63
2012 Q3	903	15,510,439	7.8	14,280,328	17,565	41	167,466	0	0	0	\$0.68
2012 Q2	903	15,510,439	8.0	14,282,763	-26,518	24	146,960	0	0	0	\$0.74
2012 Q1	903	15,510,439	7.8	14,288,281	17,203	18	95,042	0	0	0	\$0.73
2011 Q4	903	15,510,439	7.8	14,272,078	-226,641	24	130,523	0	0	0	\$0.71
2011 Q3	903	15,510,439	6.5	14,498,719	189,851	29	287,700	0	0	0	\$0.72
2011 Q2	903	15,510,439	7.7	14,308,868	11,172	28	197,604	0	0	0	\$0.73
2011 Q1	903	15,510,439	7.7	14,297,696	64,927	27	231,025	0	0	0	\$0.70
2010 Q4	903	15,510,439	8.2	14,232,769	80,082	23	138,265	1	0	0	\$0.70
2010 Q3	902	15,498,439	8.7	14,152,687	-2,031	14	86,664	0	1	12,000	\$0.70
2010 Q2	902	15,498,439	8.6	14,154,718	133,504	26	172,821	0	1	12,000	\$0.70
2010 Q1	902	15,498,439	9.5	14,021,214	-2,082	23	157,193	0	1	12,000	\$0.71
2009 Q4	902	15,498,439	9.5	14,023,296	-71,020	24	131,729	0	1	12,000	\$0.73
2009 Q3	902	15,498,439	9.0	14,094,316	-17,453	17	116,792	0	1	12,000	\$0.75
2009 Q2	902	15,498,439	8.8	14,111,769	-263,006	16	73,992	1	1	12,000	\$0.76
2009 Q1	901	15,494,689	7.1	14,374,775	-92,557	9	38,146	1	2	15,750	\$0.73
2008 Q4	900	15,474,689	6.4	14,467,332	-58,055	12	23,876	0	3	35,750	\$0.76
2008 Q3	900	15,474,689	6.0	14,525,387	-137,368	15	99,782	1	1	12,000	\$0.77
2008 Q2	899	15,431,689	4.9	14,662,755	223,878	15	124,725	1	2	55,000	\$0.77
2008 Q1	898	15,413,689	6.3	14,438,877	112,650	13	76,756	0	3	73,000	\$0.77
2007 Q4	898	15,413,689	7.1	14,326,227	176,461	17	105,398	3	1	18,000	\$0.75
2007 Q3	895	15,220,425	7.0	14,149,766	281,435	19	159,633	0	3	193,264	\$0.73
2007 Q2	895	15,220,425	8.0	13,868,331	-108,708	3	55,458	3	3	193,264	\$0.74
2007 Q1	892	15,133,559	6.7	13,977,039	24,230	0	0	2	4	203,730	\$0.70

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

Exhibit B-10
Sonoma County
Food Processing
2007 Through Q3 2016

	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	Period	# Bldgs	Total SF		Percent Vacant	Occupied SF	Total Deals	Total SF Leased	Number Delivered	
2016 Q3	19	713,585	1.4		703,585	0	0	0	0	\$0.93
2016 Q2	19	713,585	1.4		703,585	43,670	0	0	0	\$0.93
2016 Q1	19	713,585	7.5		659,915	1,730	3	43,670	0	\$0.91
2015 Q4	19	713,585	7.8		658,185	0	0	0	0	\$0.94
2015 Q3	19	713,585	7.8		658,185	52,574	0	0	0	\$0.90
2015 Q2	19	713,585	7.3		605,611	0	1	8,460	0	\$0.85
2015 Q1	19	713,585	7.3		605,611	0	1	56,000	0	\$0.85
2014 Q4	19	713,585	7.3		605,611	-1,974	2	51,974	0	\$0.85
2014 Q3	19	713,585	7		607,585	0	1	56,000	0	\$0.85
2014 Q2	19	713,585	7		607,585	0	0	0	0	\$0.85
2014 Q1	19	713,585	7		607,585	0	0	0	0	\$0.85
2013 Q4	19	713,585	7		607,585	0	0	0	0	\$0.85
2013 Q3	19	713,585	7		607,585	0	0	0	0	\$0.85
2013 Q2	19	713,585	7		607,585	-50,000	0	0	0	\$0.82
2013 Q1	19	713,585	0		657,585	0	0	0	0	\$0.60
2012 Q4	19	713,585	0		657,585	6,000	0	0	0	\$0.60
2012 Q3	19	713,585	0.8		651,585	-56,000	0	0	0	\$0.60
2012 Q2	19	713,585	0.8		707,585	6,000	0	0	0	\$0.60
2012 Q1	19	713,585	1.7		701,585	200	1	6,000	0	\$0.60
2011 Q4	19	713,585	1.7		701,385	-900	0	0	0	-
2011 Q3	19	713,585	1.6		702,285	-4,000	0	0	0	-
2011 Q2	19	713,585	1		706,285	300	0	0	0	-
2011 Q1	19	713,585	1.1		705,985	29,400	0	0	1	-
2010 Q4	18	683,585	1		676,585	800	0	0	1	-
2010 Q3	18	683,585	1.1		675,785	300	0	0	1	-
2010 Q2	18	683,585	1.2		675,485	2,300	0	0	1	-
2010 Q1	18	683,585	1.5		673,185	-800	0	0	1	-
2009 Q4	18	683,585	1.4		673,985	400	0	0	1	-
2009 Q3	18	683,585	1.5		673,585	-600	0	0	1	-
2009 Q2	18	683,585	1.4		674,185	-1,200	0	0	0	\$0.79
2009 Q1	18	683,585	1.2		675,385	-600	0	0	0	\$0.79
2008 Q4	18	683,585	1.1		675,985	-100	0	0	0	\$0.79
2008 Q3	18	683,585	1.1		676,085	-1,100	0	0	0	\$0.79
2008 Q2	18	683,585	0.9		677,185	11,300	0	0	0	\$0.79
2008 Q1	18	683,585	2.6		665,885	19,760	0	0	0	\$0.79
2007 Q4	18	683,585	5.5		646,125	8,460	1	8,460	0	\$0.79
2007 Q3	18	683,585	3.2		661,885	0	0	0	0	\$0.98
2007 Q2	18	683,585	3.6		658,785	-24,800	0	0	0	\$0.98
2007 Q1	18	683,585	0		683,585	0	0	0	0	-

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

Exhibit B-11
Sonoma County
All Industrial
2007 Through Q3 2016

Period	Rentable Building Area			Net Absorption SF Total	Leasing Activity			Under Construction		NNN Rent Overall
	# Bldgs	Total SF	Percent Vacant		Total Deals	Total SF Leased	Number Delivered	# Bldgs	RBA Delivered	
2016 Q3	1,370	25,313,223	3.7	191,023	34	293,939	2	0	0	\$0.82
2016 Q2	1,368	25,151,191	3.8	41,100	34	271,686	0	2	162,032	\$0.77
2016 Q1	1,368	25,151,191	4.0	15,865	31	205,517	0	2	162,032	\$0.77
2015 Q4	1,368	25,151,191	4.1	111,383	21	128,488	0	1	152,000	\$0.78
2015 Q3	1,368	25,151,191	4.5	168,797	24	145,453	1	0	0	\$0.79
2015 Q2	1,367	25,081,191	4.7	-107,697	32	252,879	0	1	70,000	\$0.76
2015 Q1	1,367	25,081,191	4.3	119,917	27	152,015	0	1	70,000	\$0.81
2014 Q4	1,367	25,081,191	4.8	39,669	30	207,544	0	1	70,000	\$0.81
2014 Q3	1,367	25,081,191	4.9	64,846	31	202,526	1	1	70,000	\$0.74
2014 Q2	1,366	25,063,191	5.1	185,906	35	288,414	0	1	18,000	\$0.72
2014 Q1	1,366	25,063,191	5.4	172,452	33	401,561	0	1	18,000	\$0.72
2013 Q4	1,366	25,063,191	6.5	191,491	33	276,420	2	1	18,000	\$0.70
2013 Q3	1,364	24,996,105	7.1	-160,933	49	278,359	0	2	67,086	\$0.67
2013 Q2	1,364	24,996,105	6.4	248,221	50	269,884	0	2	67,086	\$0.66
2013 Q1	1,364	24,996,105	6.9	62,689	46	544,228	0	1	36,086	\$0.64
2012 Q4	1,364	24,996,105	7.2	-152,741	36	216,109	0	0	0	\$0.64
2012 Q3	1,364	24,996,105	6.6	-41,645	44	289,427	0	0	0	\$0.67
2012 Q2	1,364	24,996,105	6.5	-41,128	29	153,750	0	0	0	\$0.68
2012 Q1	1,364	24,996,105	6.4	28,606	21	107,429	0	0	0	\$0.68
2011 Q4	1,364	24,996,105	6.4	-269,130	28	146,610	0	0	0	\$0.67
2011 Q3	1,364	24,996,105	5.4	331,191	33	311,700	0	0	0	\$0.69
2011 Q2	1,364	24,996,105	6.7	14,015	32	212,516	0	0	0	\$0.67
2011 Q1	1,364	24,996,105	6.8	213,712	28	281,025	1	0	0	\$0.67
2010 Q4	1,363	24,966,105	7.1	237,509	30	230,990	1	1	30,000	\$0.66
2010 Q3	1,362	24,954,105	7.9	28,873	24	195,377	0	2	42,000	\$0.66
2010 Q2	1,362	24,954,105	8.0	40,172	30	328,646	0	2	42,000	\$0.65
2010 Q1	1,362	24,954,105	8.1	59,471	31	203,788	0	2	42,000	\$0.67
2009 Q4	1,362	24,954,105	8.4	165,063	35	216,671	1	2	42,000	\$0.70
2009 Q3	1,361	24,790,911	8.4	-141,255	22	133,878	0	3	205,194	\$0.71
2009 Q2	1,361	24,790,911	7.2	-370,140	20	81,668	1	2	175,194	\$0.72
2009 Q1	1,360	24,787,161	5.7	-126,835	10	41,146	1	3	178,944	\$0.70
2008 Q4	1,359	24,767,161	5.2	-375,865	15	28,870	0	3	35,750	\$0.72
2008 Q3	1,359	24,767,161	4.8	-88,616	17	120,906	2	1	12,000	\$0.73
2008 Q2	1,357	24,659,472	4.0	362,435	22	142,545	1	3	119,689	\$0.73
2008 Q1	1,356	24,641,472	5.4	197,675	18	96,114	0	4	137,689	\$0.74
2007 Q4	1,356	24,641,472	6.3	135,583	22	154,709	3	2	82,689	\$0.74
2007 Q3	1,353	24,448,208	6.1	444,824	23	184,572	0	3	193,264	\$0.78
2007 Q2	1,353	24,448,208	7.3	-345,477	3	123,337	3	3	193,264	\$0.77
2007 Q1	1,350	24,361,342	5.6	23,730	2	30,181	2	4	203,730	\$0.72

Sources: CB Richard Ellis; CoStar; and ALH Urban & Regional Economics.

APPENDIX C: FIRM INTRODUCTION

ALH Urban & Regional Economics (ALH Economics) is a sole proprietorship devoted to providing urban and regional economic consulting services to clients throughout California. The company was formed in June 2011. Until that time, Amy L. Herman, Principal and Owner (100%) of ALH Economics, was a Senior Managing Director with CBRE Consulting in San Francisco, a division of the real estate services firm CB Richard Ellis. CBRE Consulting was the successor firm to Sedway Group, in which Ms. Herman was a part owner, which was a well-established urban economic and real estate consulting firm acquired by CB Richard Ellis in late 1999.

ALH Economics provides a range of economic consulting services, including:

- fiscal and economic impact analysis
- CEQA-prescribed urban decay analysis
- economic studies in support of general plans, specific plans, and other long-range planning efforts
- market feasibility analysis for commercial, housing, and industrial land uses
- economic development and policy analysis
- other specialized economic analyses tailored to client needs

Ms. Herman's clients have included numerous cities and redevelopment agencies throughout California, transportation agencies, medical and educational institutions, nonprofits, commercial and residential developers, and many of the top Fortune 100 companies. Since forming ALH Economics, Ms. Herman's client roster includes California cities, major universities, environmental consulting firms, commercial developers, and law firms. A select list of ALH Economics clients include the University of California at Berkeley; the University of California at Riverside; LSA Associates; Raney Planning and Management, Inc.; During Associates; Lamphier-Gregory; Gresham Savage Nolan & Tilden, PC; California Gold Development Corporation; Environmental Science Associates (ESA); Arcadia Development Co.; Catellus Development Corporation; Sedgwick LLP; First Carbon Solutions - Michael Brandman Associates; City of Concord; Hospital Council of Northern and Central California; Howard Hughes Corporation dba Victoria Ward, LLC; Signature Flight Support Corporation; Blu Homes, Inc.; Ronald McDonald House; Infrastructure Management Group, Inc.; Equity One Realty & Management CA, Inc.; Remy Moose Manley; Orchard Supply Hardware; Office of Community Investment and Infrastructure as Successor Agency to the Redevelopment Agency of the City and County of San Francisco; City of Los Banos; Dudek; City of Tracy; Bay Area Rapid Transit District; Eagle Commercial Partners, LLC; City of Dublin; China Harbour Engineering Company; Alameda County Community Development Agency; Golden State Lumber; SimonCRE; Public Storage; Cross Development LLC; Alameda County Fair; and Group 4 Architecture, Research + Planning, Inc.