

**From:** [Whitney Welsch](#)  
**To:** [Kathy Kleinbaum](#)  
**Cc:** [Kevin Griffith](#); [Adam Hamilton](#)  
**Subject:** RE: Follow-up Questions from Downtown Opportunity Sites RFP submittal  
**Date:** Monday, December 18, 2017 4:22:17 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)

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Hi Kathy,

Thanks for your email. Please see below/attached for responses to your questions.

As we have alluded to in the past, we are very interested in these sites and have been as transparent and upfront as possible. The City is asking for a lot with this RFP and while we would love to deliver, are beholden to economics at the end of the day. We hope that you/the City know that we would be interested in continuing to explore options to develop the strongest project possible and a win/win for all parties if what we have proposed is not feasible. We would be happy to walk you through the responses below over the phone if that would help.

Thank you again for including us in this process.

Have a wonderful holiday season!

Best,  
Whitney

P.S. If you would like me to update the proposal with the updated tables below, please let me know.

**Whitney Welsch**

—

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Four Embarcadero Center, Suite 3330  
San Francisco, CA 94111  
O: 415 905 5348  
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**From:** Kathy Kleinbaum [<mailto:kkleinbaum@cityofsanmateo.org>]  
**Sent:** Monday, December 04, 2017 3:58 PM  
**To:** Kevin Griffith <[kgriffith@bridgehousing.com](mailto:kgriffith@bridgehousing.com)>; Whitney Welsch <[WWelsch@wilsonmeany.com](mailto:WWelsch@wilsonmeany.com)>  
**Subject:** Follow-up Questions from Downtown Opportunity Sites RFP submittal

**From:** Kathy Kleinbaum [<mailto:kkleinbaum@cityofsanmateo.org>]  
**Sent:** Monday, December 04, 2017 3:58 PM  
**To:** Kevin Griffith <[kgriffith@bridgehousing.com](mailto:kgriffith@bridgehousing.com)>; Whitney Welsch <[WWelsch@wilsonmeany.com](mailto:WWelsch@wilsonmeany.com)>

**Subject:** Follow-up Questions from Downtown Opportunity Sites RFP submittal

Kevin and Whitney,

Thanks so much for your RFP submittal. Staff has reviewed the proposal and has some clarifying questions listed below. Please get the response back to me by the end of the day, Monday, December 18<sup>th</sup>. Once we get the responses, we plan to go to a closed session of City Council on January 16<sup>th</sup> to get some direction on criteria to short list the development teams.

1. What is the source of the \$3.9 million of public parking garage private financing referenced on page 67? Is the parking revenue that is being kept by the development team intended to offset this financing?

The main modification we made from the RFQ to the RFP was to incorporate all of the additional parking required by the City. At the RFQ stage, we were relying on receiving the parking subsidy to make the economics for the buildings work. With the higher parking counts required as part of the RFP, we had to modify our plans to accommodate the additional public parking requirement by including underground parking which is significantly more expensive.

In sum, these are the parking “funds” we would expect the City to generate at the inception of the project to fund the public parking components of each site:

**Public Parking Subsidy**

	480 E. 4th St.	400 E. 5th St.	Total
Portion of Downtown Parking Fund	2,224,199	2,775,801	5,000,000
Additional Parking Funding to Paid by City	6,227,965	\$2,018,199	8,246,164
Total	8,452,164	4,794,000	13,246,164

As far as revenue goes, Bridge & Wilson Meany are assuming that the garage would be privately operated and are including parking revenues toward the total returns; without the parking revenues, the returns on the market-rate housing would be too low to pencil. Wilson Meany’s annual ground lease payments are based on 3% of the land value which is a typical structure that can be reasonably financed. Bridge’s ground lease payments are proportional to Wilson Meany’s relative to the number of public parking spaces provided.

In sum, the City could anticipate receiving \$4.7 million in ground lease payments over the first 15 years of stabilization of the projects (which could presumably “cover” a portion of the \$8.2M required for the additional parking required in the RFP).

2. Clarify the annual payments to the City from both sites consisting of residual receipts payments from all proposed loans from the City (for both housing and parking) and ground lease payments by including a pro forma cash flow that shows these payments from both sites for 15 years from project stabilization.

**Ground Lease Payments from Stabilization**

	480 E. 4th St.	400 E. 5th St.	Total
2023	152,100	111,000	263,100
2024	162,654	111,000	273,654
2025	167,931	122,100	290,031
2026	167,931	122,100	290,031
2027	167,931	122,100	290,031
2028	167,931	122,100	290,031
2029	179,583	130,572	310,155
2030	185,409	134,808	320,217
2031	185,409	134,808	320,217
2032	185,409	134,808	320,217
2033	185,409	134,808	320,217
2034	198,274	144,162	342,436
2035	204,707	148,839	353,546
2036	204,707	148,839	353,546
2037	<u>204,707</u>	<u>148,839</u>	<u>353,546</u>
<b>Total</b>	<b>2,720,089</b>	<b>1,970,885</b>	<b>4,690,975</b>

3. The sources, uses and project budget on page 67 and 68 do not match. Can you confirm the correct information?

Sorry about that; the corrected sources and uses are below.

**SOURCES AND USES - 400 E. 5th Ave**

<b>Uses of Funds</b>	<b>Total</b>
Residential Hard Costs	\$36,005,000
Public Parking	\$5,238,000
Soft Costs	\$7,035,000
Financing and Reserves	\$3,298,000
Contingency	\$4,214,000
Developer Fee	\$1,400,000
<b>Total Development Costs:</b>	<b>\$57,190,000</b>

<b>Sources of Funds</b>	
Permanent Mortgage	\$17,407,000
Federal Home Loan Bank AHP	\$1,000,000
Investor Equity - Tax Credits	\$30,897,000
Portion of Downtown Parking Fund	\$2,775,801
Additional Parking Funding to Paid by	\$2,018,199
Gap Loan - Affordable Housing	\$3,092,000
<b>Total Sources:</b>	<b>\$57,190,000</b>

4. Please provide a sources and uses table for the public parking garage, including both hard and soft costs and all sources of funding. Describe the proposed terms for the City contribution and also clarify any assumptions on the use of parking revenues.

**SOURCES AND USES - PUBLIC PARKING**

	<u>480 E. 4th St.</u>	<u>400 E. 5th St.</u>	<u>Total</u>
<b>Uses of Funds</b>			
Public Parking	\$10,196,167	\$5,238,000	\$5,238,000
Soft Costs	\$1,660,320	\$767,000	\$767,000
Financing and Reserves	\$432,791	\$216,000	\$216,000
Contingency	\$719,232	\$537,000	\$537,000
Developer Fee	\$358,576	\$96,000	\$96,000
<b>Total Development Costs:</b>	<b>\$13,367,085</b>	<b>\$6,854,000</b>	<b>\$6,854,000</b>
<b>Sources of Funds</b>			
Permanent Mortgage	\$4,914,921	\$2,060,000	\$2,060,000
Portion of Downtown Parking Fund	\$2,224,199	\$2,775,801	\$2,775,801
Additional Parking Funding to Paid by	\$6,227,965	\$2,018,199	\$2,018,199
<b>Total Sources:</b>	<b>\$13,367,085</b>	<b>\$6,854,000</b>	<b>\$6,854,000</b>

All public parking revenue will be retained by Wilson Meany and Bridge housing from the 480 E 4<sup>th</sup> St and 400 E 5<sup>th</sup> St site respectively.

If you have any questions about these questions or the process, feel free to reach out to me.

Thanks,

Kathy Kleinbaum  
 Deputy City Manager  
 City of San Mateo  
 330 W. 20th Ave.  
 San Mateo, CA 94403  
 (650) 522-7153

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