



CALIFORNIA STATE BOARD OF EDUCATION

November 2015 AGENDA

SUBJECT	
Request by San Diego Unified School District regarding California <i>Education Code</i> sections 17515 through 17526, Joint Public/Private Occupancy Proposal, allowing the San Diego Unified School District and Monarch Development Group to enter into leases and agreements relating to real property and buildings to be used jointly by the district and community for public housing and community center.	<input checked="" type="checkbox"/> Action <input checked="" type="checkbox"/> Information <input type="checkbox"/> Public Hearing

SUMMARY OF THE ISSUE(S)

California *Education Code (EC)* Section 17524(a) specifies the governing board of a school district shall not approve any joint occupancy proposal nor enter into a lease or contract incorporating a proposal until the governing board has submitted the proposal to the State Board of Education (SBE) for its approval or disapproval.

Upon receiving approval from the SBE, the district will enter into negotiations with the Monarch Development Group regarding the specific terms of the joint occupancy agreement. The district has indicated to California Department of Education (CDE) staff that any such agreement will contain limitations on access to the "STEAM" lab and district facility center property by members of the public during student use, requirements regarding liability insurance, and be in accordance with all legal requirements.

RECOMMENDATION

The CDE recommends that the SBE approve the San Diego Unified School District's proposal to enter into a joint occupancy agreement with the Monarch Development Group to develop 6.72 acres as a mixed-use multifamily residential apartment community and a 4,000 SF multipurpose state-of-the-art district facility center building, garden, and recreation areas.

BRIEF HISTORY OF KEY ISSUES

California *EC* Section 17515 allows a school district to enter into a joint occupancy agreement providing certain requirements are met, and, pursuant to *EC* Section 17517, the agreement does not exceed 66 years. A joint occupancy agreement allows the district and a private or public party to jointly develop and operate buildings on district owned property.

Pursuant to *EC* sections 17521 et seq., the district governing board issued a Request for Proposals (RFP) on August 1, 2014. Only one proposal was received.

The joint occupancy agreement is between the San Diego Unified School District and the Monarch Development Group. The proposal includes the development of the former E.B. Scripps Elementary School site. The housing development will include a mixed-use multifamily residential apartment community, featuring market-rate and affordable units as well as clubhouse/leasing center and common areas. The housing will be marketed to San Diego Unified School District teachers and employees, students' families, and the surrounding community. The site will also include a state-of-the-art district facility center building and garden. Included in the facility center will be a "STEAM" lab that will provide new learning opportunities for students throughout the district. The community will be allowed to use the facility center on weekends and in the evenings when students are not present.

The property is currently leased by Innovations Academy Charter School. San Diego Unified School District staff is currently working with the Innovations Academy on a transition plan. The Academy has identified a site that they plan to purchase and develop as a new school.

SUMMARY OF PREVIOUS STATE BOARD OF EDUCATION DISCUSSION AND ACTION

The SBE has approved several public/private joint occupancy agreements including several with the Los Angeles Unified School District, the San Diego Unified School District, Napa Valley Unified School District, Chula Vista Elementary School District, Emery Unified School District, and Lemon Grove School District.

FISCAL ANALYSIS (AS APPROPRIATE)

There is no state fiscal impact.

ATTACHMENT(S)

Attachment 1: San Diego Unified School District Letter (2 pages)

Attachment 2: San Diego Unified School District September 29, 2015 Board Agenda (4 pages)

Attachment 3: Conceptual Site Plan (1 Page)

San Diego Unified School District

Gene Fuller Director,
Real Estate Office of Special Projects
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September 30, 2015

Shannon Farrell-Hart
School Facilities and Transportation Services Division
California Department of Education
1430 N Street, Suite 120I
Sacramento, CA 95814

Via e-mail: sfarrell@cde.ca.gov

**SUBJECT: APPROVAL OF JOINT OCCUPANCY PROPOSAL BETWEEN
SAN DIEGO UNIFIED SCHOOL DISTRICT AND MONARCH GROUP**

Dear Ms. Farrell-Hart:

Under Education Code section 17515 et seq., the San Diego Unified School District (District) Board of Education approved the enclosed Joint Occupancy proposal submitted by Monarch Group for Multi-Family Housing, a District Facility, and a Community Center at Scripps Mesa Conference Center (Exhibit A). The Board approved the recommended proposal at its regularly scheduled meeting on September 29, 2015 (Exhibit B).

In accordance with Education Code section 17515 et seq., the District is requesting approval of the Monarch Group proposal from the California State Board of Education (SBE), who has forty-five (45) days from the date of receipt to notify the District's governing board of its approval or disapproval. If the District has not heard back from the SBE within that time, the District understands that SBE has approved Monarch Group's proposal. The District may then proceed with a contract incorporating the proposal, which will be approved by the District's governing board at a future meeting.

Please direct SBE's approval or disapproval to the following:

Governing Board of Education
Attn: Gene Fuller, Director, Real Estate
San Diego Unified School District 4100 Normal Street,
San Diego, CA 92103

Sincerely,



Gene Fuller
Director, Real Estate

GF:mcr

Enclosures

c: L. Dulgeroff, K. Chapin, R. White, M. Wong

At



Agenda Item Details

Meeting	Sep 29, 2015 - Regular Meeting, 5:00 P.M.
Category	I. SUPERINTENDENT'S CONSENT AGENDA
Subject	28. Selection of Proposal and Authorization for Staff to Negotiate a Joint Occupancy Agreement with Monarch Development, LLC, for Scripps Mesa Conference Center Site; BUDGETED: N/A
Type	Action
Fiscal Impact	Yes
Budget Source	REVENUE

RECOMMENDATION: Accept the Request for Proposal (RFP) evaluation committee's recommendation to select the proposal from Monarch Development Group, LLC (Monarch) to develop the Scripps Mesa Conference Center (Scripps Mesa) site.

Pursuant to Education Code section 17524 (a), authorize staff to submit the proposal to the State Board of Education (SBE) for approval.

Authorize staff to negotiate a joint occupancy agreement with Monarch, to be considered by the board following SBE approval.

Authorize staff to conduct additional community and school stakeholder outreach as outlined in the attached timeline.

Authorize staff to continue working with Innovations Academy charter school (Innovations Academy) on a transition plan.

FISCAL IMPACT: Revenue to the district, estimated at \$35,859,195 over the 66-year term of the joint occupancy agreement. Developer to build and maintain district facility at no cost to the district. Estimated value of district facility is \$2.5 million.

PRIOR YEAR FISCAL IMPACT: Approximately -\$107,909.25 (negative fiscal impact). The district receives \$131,760 in rent annually. District expense is approximately \$239,669.25 annually (includes maintenance expense of \$115,106.09 [based on a three-year average] and utilities expense of \$124,563.16).

IMPACT TO DISTRICT STAFFING: No district staff positions will be negatively impacted by the proposal.

CONSULTATION WITH BOARD ADVISORY COMMITTEE: Not applicable.

BACKGROUND: The board has developed a real estate utilization strategy to maximize the use of district-owned sites, including pursuing opportunities to develop properties, building capacity to generate ongoing revenue, and creating partnerships to help maintain real estate assets to a high standard and serve as a community resource.

The board guiding principles for the real estate utilization strategy are:

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- Maintain ownership of district property where appropriate
- Generate ongoing revenue
- Develop properties as neighborhood centers providing neighborhood services (Vision 2020 goal)
- Provide for community engagement and input in the development process

In alignment with this strategy, on July 22, 2014, the board adopted a resolution authorizing the release of a Request for Proposals (RFP) for joint occupancy at five, district-owned sites:

- Fremont/Ballard Center, 2375 Congress St., San Diego, CA 92110
- Scripps Mesa Conference Center, 10380 Spring Canyon Rd., San Diego, CA 92131
- Transportation Services Center, 4710 Cardin St., San Diego, CA 92111
- Barnard Asian Pacific Language Academy, 2445 Fogg St., San Diego, CA 92109
- Revere Center, 6735 Gifford Way, San Diego, CA 92111

On August 1, 2014, the RFP was released via Demand Star and the district Real Estate department website. On August 29, 2014, a mandatory pre-submittal conference was held to answer questions and receive initial qualifications statements from interested proposers.

From September 2014 to late November 2014, an initial community engagement period took place, during which public meetings were held at each of the RFP sites to gather community input. Attendance at these meetings was mandatory for all interested proposers in order to incorporate community feedback into their RFP response. Proposals were due to the district on February 2, 2015.

RFP Evaluation

The District received six proposals for three sites: one proposal for the Scripps Mesa site; three proposals for Revere Center; and two proposals for Fremont/Ballard Center. The District did not receive any proposals for the Barnard Asian Pacific Language Academy or Transportation Services Center sites.

The proposals were reviewed and evaluated according to the criteria listed in the RFP by a committee composed of district staff from Facilities Planning and Construction, Special Projects, Real Estate, and Finance Division, and a faculty member from the University of San Diego graduate school of real estate. The committee recommended selecting the proposal from Monarch for the Scripps Mesa site only.

Scripps Mesa Proposal

Consistent with the RFP, the proposal for joint occupancy envisions the future of the Scripps Mesa site as a high-quality shared development with the following primary features:

District "STEAM Lab" Facility, Community Center and Garden

- Innovative district facility featuring STEAM lab and makerspace (modeled from successful district partnership with Qualcomm Thinkabit lab)
- Meeting and conference room spaces for district and community use through Civic Center Act rentals
- Community garden, an amenity requested during initial outreach with cluster and neighborhood members

Multi-family Residential Community

- 264 units of "Class A" multifamily for-rent housing and resident amenities
- Of those units, 22 units designated affordable at 50 Percent Area Median Income (AMI)
- Affirmative marketing of units to district employees

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This mix of uses represents both the highest and best use of the land as well as added district and community benefit. The proposal is also consistent with the board-approved guiding principles for the real estate utilization strategy as follows:

Board Guiding Principle	Scripps Mesa Proposal
Maintain ownership of district property where appropriate	District will continue to own the property.
Generate on-going revenue	<p>Project will generate guaranteed near-term and ongoing revenue for the full term of the 66 year agreement.</p> <p>District and community facility will be built and maintained at no cost to the district (capital value of the building estimated at \$2.5 million).</p>
Develop properties as neighborhood centers providing neighborhood services (Vision 2020 goal)	<p>“STEAM lab” will provide new learning opportunities for students throughout the district and is consistent with cluster academic program alignment.</p> <p>Community meeting space and community garden offer new neighborhood services to residents.</p> <p>Residential component provides high-quality rental housing, including affordable units, designed to complement neighborhood fabric.</p> <p>Residential component of the project will offer new housing for families who can attend cluster neighborhood schools Dingeman Elementary, Marshall Middle, and Scripps Ranch High.</p>
Provide for community engagement and input in the development process	<p>“STEAM lab” concept and overall project design will be shared through additional community engagement (see attached timeline), facilitated through strong collaboration between district instructional and operations staff.</p> <p>Staff is working collaboratively with Innovations Academy on a transition plan.</p>

*These figures are estimates in the proposal that will be finalized for the joint occupancy agreement, to be considered by the board following SBE approval.

Innovations Academy Transition Plan

Innovations Academy charter school has rented the site under a short-term facilities use agreement since 2011. The agreement term has been consistently extended for discreet one year periods due to the ongoing planning for the potential reuse of the site.

Since June, staff has met and collaboratively worked with the Innovations Academy director on their facilities needs. Innovations Academy has identified a site that they plan to purchase and develop as a new school location. Staff recommends extending the facilities use agreement for one additional year to June 30,

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2017, to continue to work together on a successful transition plan.

Project Timeline and Additional Community Outreach

Pursuant to Education Code section 17524 (a), staff will submit the proposal to SBE for approval. SBE, within 45 days of the date of submission, will notify the district of its decision.

Staff and the project team will also request to attend neighborhood and school stakeholder meetings as outlined in the attached timeline. The goal of additional outreach is to share the project concept and timeline, gather input on student learning opportunities and staff professional development for the STEAM lab, and collaboratively develop the design for the community garden.

Following SBE approval and community outreach meetings, staff will return to the board with a final joint occupancy agreement for approval. If approved, construction is anticipated to begin in summer of 2017.

[Originator/Contact: Gene Fuller, Director, Real Estate, Office of the Director, Special Projects, 619.725.7045, gfuller@sandi.net]

Workflow: September 23, 2015: Approved by GM Rayburn for C. Owens

Workflow

Workflow Sep 11, 2015 5:00 PM :: Submitted by Mary Ramos. Routed to Gene Fuller for approval.
Sep 18, 2015 9:41 AM :: Approved by Gene Fuller. Routed to Kimberly Chapin for approval.
Sep 18, 2015 12:12 PM :: Approved by Kimberly Chapin. Routed to Midori Wong for approval.
Sep 22, 2015 10:54 AM :: Approved by Midori Wong. Routed to Lee Dulgeroff for approval.
Sep 23, 2015 12:14 AM :: Approved by Lee Dulgeroff. Routed to Vikki Henton for approval.
Sep 23, 2015 1:43 PM :: Approved by Vikki Henton. Routed to Cristen A Owens for approval.
Sep 23, 2015 5:16 PM :: Approved by Cristen A Owens. Routed to Debbie Foster for approval.
Sep 25, 2015 1:41 PM :: Approved by Debbie Foster. Routed to Jenny Salkeld for approval.
Sep 25, 2015 1:42 PM :: Final approval by Jenny Salkeld

Last Modified by Josefina Viorato on September 25, 2015



PROJECT SUMMARY
 PROPOSED PRELIMINARY SITE PLAN
 THREE & FOUR-STORY RESIDENTIAL DEVELOPMENT PROPOSAL -
 COMMON GARAGE WITH WRAP-AROUND RESIDENTIAL APARTMENTS
 AND COURTYARDS.

SITE AREA (PER RFP)	6.72 ACRES
APN	319-460-17
ZONING	CV-1-1
DENSITY	1 DU PER 1,500 SF LOT AREA PLUS AFFORDABLE HOUSING DENSITY BONUS

RESIDENTIAL		
1 BEDROOM / 1 BATH:	93	35%
2 BEDROOM / 2BATH:	145	55%
3 BEDROOM / 2BATH:	26	10%

TOTAL NUMBER OF UNITS:	264	100%
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REQUIRED PARKING*		
1 BEDROOM / 1 BATH:	93 X 1.0	= 93
2 BEDROOM / 2 BATH:	145 X 2.0	= 290
3 BEDROOM / 2BATH:	26 X 2.0	= 52

REQUIRED PARKING: = 435
 *PER DENSITY BONUS AFFORDABLE HOUSING GUIDELINES

PROVIDED PARKING		
SURFACE:	= 8	
PARKING STRUCTURE:	= 468 (4.0 STORY/5.0 LEVEL AT 94 SPACES/LEVEL)	

PROVIDED PARKING: = 476

COMMERCIAL		
DISTRICT FACILITY / COMMUNITY CENTER	=	4,000 SF
PROPOSED PARKING	=	20 (5 SPACES/1,000 SF)