

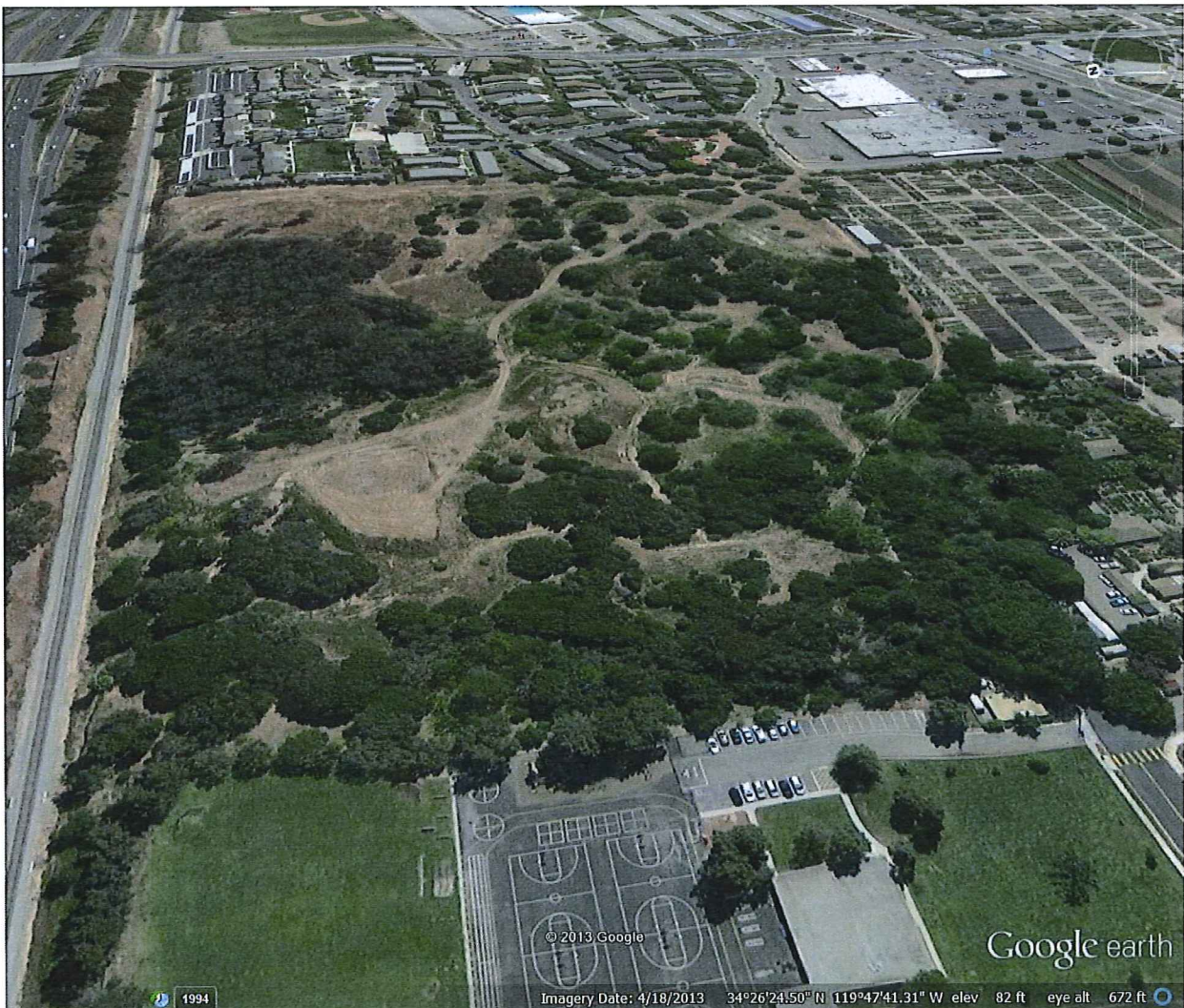
# SANTA BARBARA UNIFIED SCHOOL DISTRICT

REQUEST FOR QUALIFICATIONS/PROPOSALS:

DEVELOPMENT OF 23 ACRE SITE FOR SENIOR LIVING FACILITY

UNDER LONG TERM GROUND LEASE

MARCH 11, 2014





## **I. INTRODUCTION**

This Request for Qualifications/Request for Proposal (RFQ/P) presents a unique opportunity to develop a senior living facility on real property to be leased from the Santa Barbara Unified School District (District). The Site encompasses nearly 23 acres in the Eastern Goleta Valley. The intent of this RFQ/P is to enable the District to identify highly qualified and capable entities with experience in senior living facility development and operation that can evaluate, plan, entitle, construct and operate such a facility pursuant to a joint occupancy ground lease with the District. The District's objective is to develop this property in a manner that will be responsive to the needs of the community, fulfill senior housing needs and augment short-term and long-term District revenues. The ideal responder will: (1) be responsive to the RFQ/P submission requirements; (2) have experience and expertise in senior residential development processing and approval, including obtaining necessary entitlements; (3) have expertise and experience in design and construction; (4) have experience and expertise in senior residential marketing and operations; and (5) have financial experience and expertise, including financial capability, and access to project financing. Those responding to this RFQ/P must consider all aspects of development, including feasibility, entitlement processing, financing, construction management, marketing and operation of the resulting development. To this end, the District requires comparative information that will facilitate their decision-making process.

The District invites prospective development teams to submit a proposal for developing the Site as a ground lessee of the District. The ground lease agreement between the District and the developer entity would be made pursuant to the joint occupancy provisions of the California Education Code. (Ed. Code §§ 17515-17526.) The District intends to occupy a small portion of the premises for district purposes in fulfillment of the requirements for a joint occupancy lease.

Each proposal should also contain the proposed ground lease rent structure and timing thereof as well as how the developer would initially compensate the District for the right to pursue development, subject to negotiation.

## **II. BACKGROUND**

The subject Site has been owned by the District for many years and is vacant and undeveloped. Originally acquired for purposes of constructing a junior high school, the Site has been determined to be unnecessary for new school development. Approximately ten years ago, the District evaluated different proposals for developing the Site (along with another site referred to as "Hidden Valley") for housing under a long term ground lease, but such efforts were discontinued based upon a downturn in the economy. The Feasibility Analysis for the Site (and the Hidden Valley site) can be found at <http://www.sbunified.org/departments/business-services/facilities/facilities-plans-reports-and-fact-sheets/feasibility-analysis-of-the-hidden-valley-and-tatum-sites/>. Recently, the County of Santa Barbara evaluated this Site for residential use potential and is currently examining potential up-zoning.

## **III. DESCRIPTION OF AREA AND SITE**

The Site, also referred to as the "Tatum Site", is located northwest of the City of Santa Barbara and east of the City of Goleta in an unincorporated area of Santa Barbara County. It is at the north end of San Marcos Road, accessed from Hollister Avenue, a main thoroughfare. The Site's northern border is south of the U.S. Highway 101 and the Southern Pacific Railroad right-of-way. El Camino School (an elementary school in the Goleta Union School District) forms the western boundary of the Site. U.S Highway 101 access is available off Turnpike Road at San Simeon Dr., located just east of the Site.

## **1. Description**

The Site is approximately 22.86 contiguous acres of vacant, undeveloped land. The parcel is roughly rectangular in shape with flat-to-rolling hills topography. The Site is populated with trees, many of which are of the oak and willow varieties. At one time, the Site was developed as a walnut orchard (part of Rancho La Goleta). The Assessor Parcel Number is 65-040-26.

## **2. Surrounding Uses**

The Site is situated in a mixed-use area that includes a variety of residential, retail and urban agricultural uses. It is immediately adjacent to El Camino School to the west, San Marcos Growers agricultural site to the south (zoned for agricultural use), and a multi-family residential development to the east. It also connects with a Vons Supermarket-anchored neighborhood shopping center. San Marcos High School is approximately one-quarter mile from the Site.

## **3. Zoning**

The Site is currently zoned for residential development, which includes single-family and multi-family units, condominiums, and apartments. The current zoning designation is: DR 3.3 (Design Residential 3.3 units per acre). However, the County of Santa Barbara is currently preparing an Environmental Impact Report in which rezoning of approximately 60% of the Site to D-R 20 units/acre is being addressed (with the balance of the Site being potentially downzoned). All proposed projects should be consistent and compatible with the zoning requirements.

# **IV. GENERAL REQUIREMENTS OF PROJECT**

The selected Responder may be offered the opportunity to seek the necessary entitlements to develop the property and, if achieved, to undertake development of the Site pursuant to a joint occupancy-type ground lease with the District. The ground lease will be for a maximum term of 66 years with the District under terms to be mutually agreed upon by the parties and shall meet all requirements of California Education Code §§ 17515-17526.

The selected Responder would negotiate an agreement with the District which would be subject to obtaining any necessary entitlements and approvals from the County of Santa Barbara, as well as approvals from the State Board of Education (per above Education Code requirements).

The selected Responder will be responsible for all facets of development and shall bear all costs associated with developing the property, including any portion thereof intended for District purposes.

The selected responder will be solely responsible for all costs and risks associated with the entitlement process, design, construction, operations and all other facets of the project. Among other things, this means that the District will have no liability in the event that the approved entitlements do not enable the responding party to proceed with the project in a financially feasible manner and District's title to the Site shall not be encumbered.

The selected responder will be required to provide the District with quarterly written updates regarding the status of the project, including the entitlement progress.



## **V. CONTENT OF PROPOSALS**

All proposals will need to include the following at a minimum (see section VI D):

1. A conceptual description and plan for the Site showing the proposed uses; unit numbers, sizes and layout; open spaces and community amenities; access and circulation; and a description of the services to be provided and projected price points;
2. A description of how the proposal benefits the community as a whole and how impacts on surrounding uses will be minimized;
3. Steps to be taken to obtain the entitlements necessary for the project to proceed, including the public outreach process to be followed to ensure maximum public participation;
4. The manner in which the Responder will work with the District to ensure an open and transparent process;
5. The proposed ground lease rent structure and timing thereof as well as how the developer would initially compensate the District for the right to pursue development. The compensation proposal must include: (a) an up-front/on-contract payment at the commencement of the development process; and (b) annual ground lease rent and how rent will be calculated (guaranteed, escalators, percent of gross receipts, etc.). The exact terms of the ground lease rent would be negotiated between the District and the selected responder;
6. The means of financing the project without encumbering District's title to the land;
7. The means to accomplish, and identities of the entities who would oversee, the land use approval process, design, construction contract procurement, project financing, management of the on-site construction, marketing, facility operations and other activities required to ensure project completion and success;
8. Proposal for associated District use of a portion of the Site. By way of example, the District would be interested in classroom space and/or laboratory to be used by the San Marcos High School Health Academy (See information at [www.royalpridefoundation.org/general-fund/health-academy.php](http://www.royalpridefoundation.org/general-fund/health-academy.php)) in conjunction with services provided to residents of the senior living facility; and
9. Proposed implementation schedule for the project.

## **VI. SUBMISSION REQUIREMENTS**

The proposal must include the following sections:

### **A. TRANSMITTAL LETTER**

All submittals should include a transmittal letter signed by the principal who has the authority to negotiate with the District.

**B. PROPOSER'S QUALIFICATIONS**

Identification of the Team – The proposal should identify the proposed development team, and provide the following information:

- The name of the legal entity and type of organization;
  - The name, address, telephone number and email address of the individual and his/her firm which has the authority to represent and make legally binding commitments on behalf of the team;
  - The identity of all firms, partners (including silent partners) and the key staff members who would be involved in the development process, identifying their roles and expertise. This section of the response should also include the resumes and references for the key team members who will be responsible for the negotiation, implementation and on-going management of the facility, if selected. [NOTE: Under Government Code section 4526, construction project management services so contracted must be carried out by either a licensed architect, registered engineer, or licensed general contractor]; and
  - Identifying whether the development team members have previously worked together on other development projects described in the proposer's response to the RFQ/P, and providing specific instances.
1. Relevant Experience and References – The District is interested in ascertaining the proposer's expertise with regard to projects of this nature and magnitude, including in the California coastal region and/or Santa Barbara area. Please provide a brief description of completed projects that are most similar in design and scope to those referenced by this document. Please provide information relating to the proposer's expertise and experience with the following:
- Developing and operating senior living facilities;
  - Working collaboratively with school districts or other governmental agencies on development projects.
  - Community relations

Provide information about a maximum of five developed projects, including the following:

- Project name and location;
- Total gross and net land area and gross building area;
- Mix of product, identifying the size and number of each unit type and overall density per acre;
- Financial summary, including the total development cost, the mix of debt, equity and any other sources of financing involved;
- Photographs of the project (if constructed);
- Start and completion dates; and
- The names and contact information for references for these projects. Include development partners, public agencies and financial partners.

In addition to the maximum of five projects discussed above, please provide additional contact names and phone numbers as references to verify the relevant experience of the team members, including the names of the team members who worked on a particular study or project. The list of references should include studies and projects developed in the last five (5) years.

**C. PROPOSER'S APPROACH TO PROJECT**

Development in Santa Barbara is complex and requires a high degree of sensitivity to community interests. The District, as a participant in the project process, deems it essential that the chosen Responder has the appropriate philosophy and respect for public processes to navigate the development through the governmental regulatory and development processes, including attending public hearings and community/neighborhood meetings. Please include in the response a narrative discussion on how the proposer's team would approach the following issues:

- A. What is your approach to resolving complex entitlement issues?
- B. How do you approach collaboration with public agencies and the community?
- C. Describe your methods for achieving public input during the pre-development, development and operational phases of the project.
- D. What type of entity would be created or selected to lease the Site(s), obtain project financing, manage the project development and the on-going property operations?
- E. How would the development team minimize the District's liability for the project, including exposure to operating and revenue risk? Specifically address how the District would be insulated from lender recourse.

**D. CONTENT OF PROPOSALS**

Provide as detailed discussion as possible of each item in Section IV including a description and a preliminary plan for the proposed project.

**E. FINANCIAL AND LEGAL INFORMATION**

For the ownership entity, all equity partner entities, and key team members, please provide:

1. Audited financial statements for the last three years;
2. A statement describing: (1) any litigation in which the entity and/or team members have been a party (include state, county, name and case number) over the last five years; and (2) any instances of revocation of performance bond(s) and/or removal from a project by the entity and/or team members;
3. A statement regarding any past or current bankruptcy activities.

For confidentiality, these materials can be submitted in a separate envelope, marked confidential, addressed to District legal counsel, Craig Price, Griffith & Thornburgh, LLP, 8 East Figueroa St. Suite 300, Santa Barbara, CA 93101. Any materials so submitted must comply with the time requirements herein. The District reserves the right to perform a background and/or credit check on any of the development entities. Additional information may also be requested.

**F. ADDITIONAL INFORMATION**

Development teams may supply additional information as they consider appropriate.



## **VII. EVALUATION AND SELECTION PROCEDURE**

The District reserves the right to disqualify (or not select) any development team that does not completely fulfill all Submission Requirements. At its sole and absolute discretion, the District also reserves the right to reject any and all submissions, with or without cause, and to change the submittal requirements. The District may also reject all qualifications/proposals and resubmit, in the present or revised form of the RFQ/P, or terminate the process at any time. If the District deems it appropriate, it reserves the right to amend this RFQ/P in order to adjust the selection criteria at any time. Furthermore, the District reserves the right to negotiate the terms and conditions of the joint occupancy agreement contemplated under this RFQ/P.

The District may, but is not required to, schedule interviews with development teams which it selects following the submittal of responses to this RFQ/P. If selected to attend an interview, attendance of key development team members is required. For purposes of this RFQ/P, "key development team members" is defined as those individuals who are involved in the negotiation of agreements between the District and the selected team and those members who will be responsible for development and operational management of the project. It is the District's intent to personally meet and interview those persons with the on-going management of and hands-on involvement in these processes.

Incomplete qualifications/proposals may result in disqualification. The District reserves the right to request additional documentation to clarify or supplement information submitted in a proposal. Qualifications/proposals submitted in response to this RFQ/P may be made available following the release of the District's staff report to the Board of Education. Information considered to be confidential or trade secrets must be so designated as part of the proposal submittal and should be separately submitted to the District's legal counsel as provided herein. However, under the Public Records Act, there is no guarantee that such information or any confidential financial information can be maintained confidential and the submitting entity and all related team members absolve District of any liability in connection therewith for any materials submitted.

There is no guarantee that the District will decide to proceed with a project based on the RFQ/P submittals. Respondents assume the total cost for submitting responses to this RFQ/P. Furthermore, by submitting a response, the development team agrees to be bound by the terms, conditions and requirements of this RFQ/P.

Selection of a responding developer and the subsequent ground lease/joint occupancy agreement between the parties are subject to approval by the District Board of Education. The District makes no guarantee that such approval, even if recommended by District staff, will be obtained.

**A. SELECTION CRITERIA**

The District will review the qualifications/proposals submitted and the input provided at the interview (if selected for an interview), and will evaluate qualifications/proposals based on the following criteria:

<b>Criteria</b>	<b>Points</b>
1. Responsiveness to submission requirements outlined in Section V	20
2. Project quality and community compatibility	20
3. Quality and depth of experience and expertise in senior housing development and operations.	20
4. Proposed financial return to District and assessment of associated factors including risk.	20
5. Nature of the District's joint use of the Site	20
6. Financial experience and expertise, including financial capability, access to project financing	20
<b>Total points possible</b>	<b>120</b>

**B. PROPOSAL TRANSMITTAL**

Responders should submit proposals to the District at the address provided below. Proposals must be received by 4:00 P. M. on May 16, 2014. Postmarks, faxes or emails will not be accepted.

Mr. David Hetyonk  
Director of Facilities and Operations  
Santa Barbara Unified School District  
720 Santa Barbara Street  
Santa Barbara, California 93101

The deadline for submitting questions for clarification is 4:00 p.m. on April 23, 2014. All inquiries should be directed by email to Mr. Hetyonk at [dhetyonk@sbsdk12.org](mailto:dhetyonk@sbsdk12.org). The questions and the District's Responses shall be posted in the "Announcements" section of the District's website Home Page ([www.sbunified.org](http://www.sbunified.org)) by May 2, 2014.

The PDF version of the RFQ/RFP can be downloaded at the District's website at [www.sbunified.org](http://www.sbunified.org) (in the "Announcements" section of the Home Page).

Please provide one unbound original and seven bound copies of the submission. Facsimile or e-mail copies are not acceptable, although a CD-Rom may be requested by the District. Interviews of prospective respondents may be required.



**C. SELECTION SCHEDULE**

The anticipated selection schedule is as follows:

<b>TASK</b>	<b>DATE</b>
Release of RFQ/P:	March 12, 2014
Deadline for submitting questions for clarification:	April 23, 2014 @ 4:00 PM
Issue Response(s) to RFQ/P Questions (if any):	May 2, 2014
Deadline for submitting proposals	May 16, 2014 @ 4:00 PM
Interviews:	Week of June 9, 2014
Staff recommendation/Board of Education review of qualifications/proposals:	June 24, 2014 Board of Education Meeting
Board of Education final review of qualification/proposals (if necessary):	July 8, 2104 Board of Education Meeting