

To: Board Agenda Memo
From: Craig Price, General Counsel
Subject: Tatum Property
Date: July 18, 2019

This agenda item is being presented for purposes of hearing a presentation from a development team for a long-term lease of the Tatum property. Staff has had preliminary discussions with this developer, Red Tail Acquisitions, LLC and a local architectural firm, RRM Design Group. Staff has been favorably impressed with the initial proposal and the capability of the development team to successfully carry out a project that will be of benefit to the community and provide a stream of general fund revenue to the District. Following the developer's presentation and Board questions, staff recommends that the Board give direction to authorize staff to proceed with negotiation on the terms of the long-term lease of the site.

For the last several years the District has been seeking a long-term lease of the Tatum property with a developer to build a senior housing project. A long-term lease of the property will produce substantial amounts of general fund revenue, as distinguished from an outright sale, in which case the proceeds are limited to being spent for capital purposes only.

The Tatum property was originally purchased by the district in 1965 for a minimal amount and has remained vacant and unused ever since. It is located west of Turnpike Road and north of Hollister Avenue and consists of a total of nearly 24 acres. Of that total 14 acres were rezoned by the County several years ago and designated as DR20, meaning that 20 units of development per acre are allowable, not including the additional 20% density bonus for seniors. The balance of 9 acres is zoned for low density. The rezoning of the property to permit residential housing was an important step in allowing the District to realistically proceed with potential development.

An earlier effort to complete a long-term lease for a senior housing development with the Towbes Group was not successful. A common element in the previous development negotiations to date has been the inclusion of local architect Detty Peikert, with RRM Design Group. Following the termination of negotiations with the Towbes Group, Mr. Peikert brought another developer forward who staff believes has the experience, capability and capacity to complete a successful senior housing project under a long-term lease on favorable terms to the District.

The focus on leasing the property for a senior housing development is based upon both the need for such housing and the significantly lower impacts associated with such a project.

Tonight's presentation will focus on a preliminary proposal from the development team that contemplates the development of 332 age restricted units for seniors on the 14-acre portion of the site and anticipates an ancillary development of the balance of the site for a complementary use.

Under the Education Code, a lease of real property is ordinarily required to proceed through a sealed bid process. For a significant project such as Tatum, the sealed bid process is ineffective because it does not permit the District to identify a suitable development partner and negotiate the lease terms and ensuing development. As a result, staff anticipates coming back to the Board later this year to approve a resolution that would seek a waiver of the sealed bid process from the State Board of Education and allow a long-term lease agreement to be developed based upon a direct negotiation process. The SBE generally looks favorably upon such requests.

Finally, by way of background, the District previously overcame a major obstacle to the development of the property relating to the availability of water from the Goleta Water District. The District prevailed in a Superior Court proceeding under the terms of a 1989 court judgment which defined rights across the water basin, including those of the District. As a result, the District has received preliminary approval from GWD for water service, a basic requirement for moving forward with any project.

