



RAVENSWOOD
CITY SCHOOL DISTRICT

Lease Update

January 20th, 2021 Board Meeting

Leases Update

We are seeking to lease two sites – here is a quick recap of which sites and why

Which sites?



Why lease?

- We are proposing **leasing (not selling) two under-used sites**
 - We currently lease nearly half of our overall space, entirely to organizations the serve a community benefit
- We are expecting **something new to be built on each site** – while the developer we are leasing to may have a specific plan, much of this will be determined through the entitlement process
- We are hoping that the **rental revenue from these sites can address regional funding disparities**, although these revenues will not come in for **3 - 6 years**
- This has been a major and long term effort and has encompassed numerous board and other meetings, multiple newspaper articles, and a public procurement process
- Today we are **presenting staff's recommendation two leading options** – although we still have a long way to go

Leases Update

We already lease nearly half our space to local community organizations

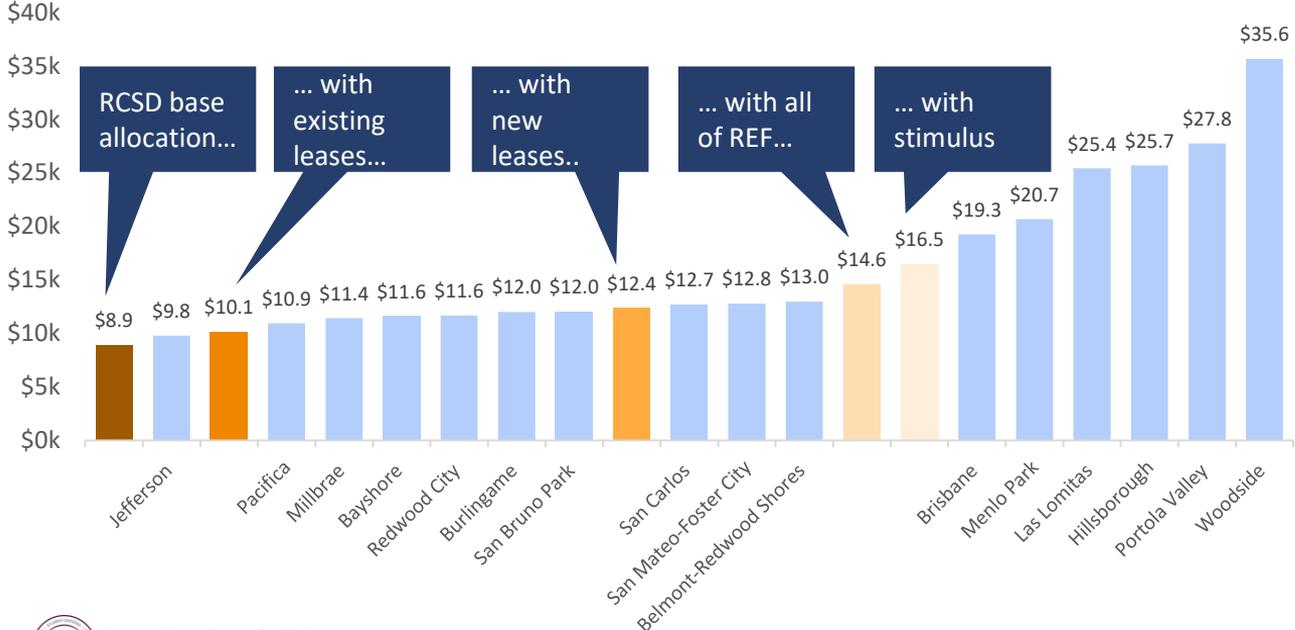
- **Nearly half of our square footage goes to organizations serving the community** (e.g. Izzy, Charter Schools, Family Connections, All Five)
- We are working on a **number of new partnerships** to improve our outdoor space and effectively add quality community spaces like parks
- The Flood and Euclid sites represent about 7% of our total footprint



Leases Update

Only with existing leases, the new leases, REF's record contributions, and the stimulus funds do we have a competitive level of funding in the county

RCS D Funds Per Weighted Pupil* by Scenario Across San Mateo, SY19-20



Takeaways

- When accounting for need, **we have the lowest amount of base funding per student in the county**
- With our existing leases, we have the second lowest amount of base funding in the county
- With **these new leases, we would be approximately average in the county**
- **Only with REF and the one-time stimulus funds are we in the top third (still less than half as much as some other districts)**

*Note: For LCFF, California weights students based on need. That is, students who are eligible for free or reduced lunch, are homeless, English learners, special education students, and other metrics of need receive higher weights.

Leases Update

We have been actively working to lease two sites – 2120 Euclid and the Flood School Site – and communicate the why and the how about each

1 Ravenswood seeks bidder to lease closed Flood Park school campus
- Mercury News, 12/04/13

2 Ravenswood district to lease out district office, closed school site to help increase teacher pay
- The Almanac, 10/1/21

3 Ravenswood district seeks bids to lease two of its properties
- The Almanac, 10/29/21

4 Ravenswood teachers are receiving a 10% pay boost, bringing their salaries on par with nearby districts... Longer term, the district plans to lease two properties to cover the majority of the cost of compensation increases.
- The Almanac, 11/19/21

	2020				2021												'22
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Initial review of options	1																
Board approves leasing exemption for flood site		★															
Facilities study session				★													
Board approves resolution to seek leases for the site								★									
JLL begins site review and informal marketing campaign													★				
Request for proposal process														3			
Board approves teacher raises															★	4	
Responses due and reviewed															★	★	

Legend

- ★ School board meeting
- 2 Newspaper Coverage



We posted a Superintendent's video update across numerous channels in October

Leases Update

We are asking the board to approve two letters of intent – one with a developer for each site

Procurement Overview

- Leading into this, the district ran a **multi-month public outreach and procurement process**
- The district received **significant interest on both sites**
- Select proposers were invited to interview
- Based on a variety of criteria, staff believes that these two proposals are the most promising

What do these letters of intent do?

- This authorizes district staff to **negotiate a long term ground lease exclusively and confidentially** with one party for each site over a limited amount of time with the broad parameters outlined in the document
- **It does not require the district to finalize a ground lease with either party** – indeed, **either party can walk away** at either time
- The **key terms outlined in the letters can be amended** throughout this process
- This **allows the public to better understand what the district is seeking to achieve** in the ground leases

Leases Update

We are recommending proceeding with Alliant Strategic's proposal for the Flood School site

Alliant Strategic Overview

- Long experience (over 25 years) in the industry
- They have developed over 23,000 affordable multifamily rental units across 60 cities across 16 states
- They currently have over 400,000 families in those apartments
- Over \$8 billion invested on behalf of institutional investors
- Deep partnership with non-profits such as the Hapi Foundation to provide on-site supports

Project Overview

- Proposed investing \$50-60m in building a three to four story affordable rental housing
- Unit mix of 1, 2, and 3 bedrooms that will provide housing to a wide range of family sizes
- Housing would have a preference for Ravenswood teachers and staff
- Would be funded through a loan and various state and federal tax credits
- This site is not currently zoned for multifamily housing, although the City of Menlo Park has indicated support for housing as a use here
- For this project, they would likely partner with Y&M Architects and Solari Enterprises

Detailed Terms

- No taxes, insurance, other expenses, or obligations paid for by the district
- Would pay the first 15 years in rent all up front
- Proposing an increasing rent escalator that would increase the annual rent materially throughout the life of the lease
- Share of sale proceeds
- 90 year lease

We continue to work with Alliant on finalizing these terms



Leases Update

We are recommending proceeding with Madison Capital’s proposal for 2120 Euclid

Madison Capital Overview

- Founded in 2002 with offices in San Francisco and New York
- Over 100 acquisitions with a \$3.1b portfolio
- Significant focus on investing and advancing local economies and integrating environmental, social, and progressive corporate governance policies
- Significant experience with ground leases and working with public entities

Project Overview

- Proposing a 7-8 story life science lab and office space – similar in scope to the project next door
- Life sciences includes a wide range of fields including pharmaceuticals, biotechnology, nutraceuticals, biomedical devices, etc. and is growing quickly due to biotech innovation, COVID-19, and the aging US population.
- Early design plans – subject to planning committee approval – include retail on the first floor and 20-40k square feet of additional and publicly accessible green space (e.g. expanding Bell Street Park)
- Will minimize the carbon footprint (e.g. seek to achieve highest LEED certification, be 100% electric, have EV charging stations, etc.)

Initial Terms

- No taxes, insurance, other expenses, or obligations paid for by the district
- Pre-pay first three years of rent (before development) as deposit
- Base rent with significant profit participation
- Proposed 99 year term

We continue to work with Madison on finalizing these terms

Leases Update

We are proposing a robust engagement plan from now until the February 20th board meeting

Date	Meeting	Location
Jan 3 rd	All Staff Meeting	Zoom
Jan 6 th	Gina “ask me anything”*	Zoom
Jan 16 th @ Xpm	Flood Overview	Zoom
Jan 16 th @ Xpm	2120 Overview	Zoom
Jan 11 th	Los Robles-Ronald McNair site meeting*	Zoom
Jan 18 th	Costano site meeting*	Zoom
Jan 18 th	CCRMS site meeting*	Zoom
Jan 27 th	Belle Haven site meeting*	Zoom
Jan 27 th	DAC / DELAC	Zoom
Jan 20 th	Board meeting	In person and YouTube

Other Outreach

- Re-posting Superintendent Sudaria’s video, and making a new overview one on social media and other channels
- Staff memo
- Included in Superintendent Newsletter
- Website (live on our facilities page)
- Press release

More meetings may be added, as needed

Leases Update

We have still have a ways to go to finalize the terms of the deal

Next Steps

DRAFT – SUBJECT TO CHANGE

Date	Overview
12/13 – 1/20	District staff working with developers to finalize term sheet
1/3 - 2/20	Community engagement (full list of proposed events later)
1/20 (Today)	Public board presentation with lease update
March (Target)	Board meeting with full contract presented for approval
March – Late Spring	(Mutual) Diligence period where either party can back out with little penalty
Late Spring	Contract goes into effect (bigger penalties for exiting)
Summer 2022	Partner works with respective agencies to go through entitlement process
2023 - 2024	Construction begins at both sites

During this stage, we are in extended negotiations where either party can walk – because of that, to protect the public interest we are only able to provide limited details on the secondary parties

We expect this entitlement process – where specifics on the site are settled through the established city process

DRAFT – SUBJECT TO CHANGE

Leases Update

Beyond the upcoming engagement, the specific entitlement process will take a significant amount of time

Entitlement Process Overview

- The School District is seeking to maximize value and minimize risk to the School District by selecting a partner who will pursue entitlements (i.e., development approvals) through a robust city planning process and construct the approved project
- Entitlements are expected to take 2 years for the Flood Park site and piggy-back with the City-led Housing Element process currently underway
- Entitlements are expected to take 1-2 years for 2120 Euclid
- Both entitlement processes will follow required City Planning public outreach protocols and will involve many other agencies critical to development