
Agenda Item #5



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

Report Number:	273-08/09
Date:	March 10, 2009
Subject:	Selection of Proposal and Authorization for Staff to Enter into Agreements for the Development of the Gardena High School Workforce Housing and Joint Amenities Project.
Responsible Staff:	
Name	Joseph A. Mehula, Chief Facilities Executive
Office/Division	Facilities Services Division
Telephone No.	(213) 241-4811

A. EXECUTIVE SUMMARY

Action Proposed: Staff proposes that, pursuant to Education Code Sections 17515-17526, the Board of Education select Bridge Housing Corporation as the preferred proposer to develop the Gardena High School Workforce Housing and Joint Amenities Project. Staff further proposes that the Board of Education authorize the Chief Facilities Executive, or his designee(s), to enter into a lease, development agreement, and any other related documents necessary to complete the Project, subject to the State Board of Education's approval of the selected Proposal.

Staff Recommendation and Rationale: Staff is recommending Bridge Housing after a thorough and transparent procurement process supplemented by extensive community input. A Selection Panel consisting of District employees, supported by a team of community and stakeholder experts, was charged with evaluating all submissions. Fourteen development teams submitted their qualifications to partner with LAUSD. Bridge Housing was ranked as the most qualified of the 14, and was invited along with the second-ranked developer, to submit a specific proposal. The Selection Panel evaluated the proposals, and unanimously agreed that Bridge Housing put forth a superior proposal. The technical review team agreed with this assessment. Staff thus recommends the Board select Bridge Housing as the preferred proposer, and authorize the Chief Facilities Executive or his designee(s) to negotiate and execute the necessary agreements in order to complete the project.

Background: On June 24, 2008 the Board adopted a Resolution authorizing staff to release a Request for Qualifications (RFQ) and a Request for Proposals (RFP) to determine the feasibility of and select a proposer to design, build and operate LAUSD workforce housing and campus/community amenities located at the north side of the Gardena High School campus.



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

On October 28, 2008 the Board adopted a Resolution pursuant to Education Code Section 17521 to consider proposals for the development of workforce housing and joint-use facilities at this site pursuant to Education Code sections 17515 – 17526.

It is intended that a selected developer would finance, build, operate and manage the housing and any amenities under a long-term lease not to exceed 66 years. District objectives for this project are to: save costs and generate revenue; help recruit and retain teachers and staff; and to create new campus and community amenities.

Process

Pursuant to the Education Code, an RFQ was released on July 31, 2008 and widely disseminated to potential interested parties including public agencies, private developers and community stakeholders. Notice of the RFQ was also advertised in the *Daily Breeze* newspaper, and posted on the LAUSD website. Fourteen (14) submissions were received by the District on September 5, 2008.

The submissions were reviewed by a Technical Advisory Team (TAT) and the Selection Panel. Members of the TAT included campus, community, and City agency representatives. They served as technical advisors to the Selection Panel. The Selection Panel consisted of four District employees appointed by the Chief Facilities Executive. Each of the 14 submissions were evaluated based on criteria identified in the RFQ. The Selection Panel found two (2) development teams to be within the competitive range. A public announcement of the findings was made on October 17, 2008, and the two teams were invited to respond to an RFP. In addition, all of the unsuccessful submitters were provided the opportunity to be de-briefed, and ten (10) of these submitters accepted a detailed debriefing.

An RFP was issued on October 31, 2008 and posted on the LAUSD website. Two proposals were received by LAUSD on January 16, 2009. The proposals were reviewed by the Technical Advisory Team, and evaluated and scored by the same Selection Panel who reviewed the RFQ submissions, using pre-established criteria identified in the RFP. The entire procurement process was overseen by a District employee in the LAUSD Facilities Contract Services department acting as a non-voting chair person.

The Selection Panel, the Technical Advisory Team, and the chair person concluded that Bridge Housing submitted a feasible proposal that best



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

meets the District's objectives. The Bridge Housing project team is comprised of Bridge Housing Corporation, a non-profit developer based in Los Angeles and San Francisco; Steinberg Architects; Morley Builders; the John Stewart Company as property manager, and the California Housing Partnership Corporation as the financing partner.

Recommended Proposal

The recommended development concept is a 128-apartment rental development targeted to LAUSD teachers and classified staff, with a mixture of studios, one and two bedrooms, and townhomes. One hundred (100) of the apartment homes are proposed to be leased at rents below market rate. The site plan is designed to physically improve the character of the neighborhood, promote walking and community interactions, and includes numerous security features. Residential amenities include a fitness center, a pool, and joint use of the proposed amenities. The proposal also includes a homeownership program to help tenants buy their first homes when they leave this development.

The proposed campus and community amenities include an art center to exhibit the Gardena High art collection, a programmable community room with kitchen, a re-designed expansion of community gardens, and a redesigned and improved center for the Los Angeles Police Department to run its juvenile impact program. The proposal includes a lease payment to the District, which is subject to final negotiations.

Next Steps

Under the authority of Education Code Article 17515, subject to State Board of Education approval, the District would enter into a lease and development agreement and other Project related agreements with the successful proposer for the purposes of design, construction, financing and long-term operation of the housing development and amenities. The development will be subject to City of Los Angeles planning requirements, and built to City codes.

Pursuant to Education Code 17515 et seq. and the Board's Resolution adopted on October 28, 2008, the Board is to consider all proposals and select a preferred proposal for approval by the State Board of Education. The State Board has 45 days from receipt of the preferred proposal to notify the District of its approval or disapproval of the preferred proposal.



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

This site is located in Local District 8 and Board Member District 7 (Vladovic).

Policy Implications: This action supports an objective included in the Board-adopted Facilities Services Division Planning and Development Strategic Execution Plan, which calls for “evaluating opportunities to enter into public-private partnerships ... to include developing ... workforce housing.”

Budget Impact: The requested action will direct the expenditure from the Planning and Development budget allocated from the general fund for staff time and legal costs to oversee the development process. Staff expects costs incurred will be reimbursed to the general fund from project revenues.

Issues/Considerations: The District objectives for partnering to create a development at the north side of the Gardena High School campus are: to help recruit and retain teachers and staff; to save costs and generate revenue; and to create new campus and community amenities.

Many LAUSD teachers live far from where they work. For example, there are 200 new teachers (defined as having less than 3 years of LAUSD experience) who work at the 13 schools in the Gardena attendance area. These teachers drive a cumulative 4380 miles daily to and from work. In fact, none of these new teachers lives in the zip code of their school. The turnover of newly-hired teachers working in this attendance area is 32%. District-wide, ten percent (10%) of all non-retiring teachers who resigned in 2007 said they left because their travel time and/or distance between home and work was too long.

Workforce turnover has a negative impact on the general fund. The District spends millions of dollars each year in general funds and grants to recruit, hire, train and develop new teachers and staff. LAUSD offers dozens of mandatory and voluntary training courses and professional development. These investments are lost when a teacher or staff person leaves LAUSD. Facilities staff estimates that the recommended proposal will save over \$7.8 million in staff recruitment, retention and professional development costs over the term of the lease.

Currently, the subject site generates no revenue for LAUSD. The recommended proposal includes a proposed \$12.5 million payment to the District for leasing the ground. This lease payment proposal is subject to negotiations over amount and terms.



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

New and improved amenities beyond staff housing are proposed for this site. The north side of Gardena High has fallen into disrepair and is under-utilized. The recommended Proposal includes \$1.9 million worth of new and improved facilities for use by the campus and the community, including:

- a new community room and kitchen for District and neighborhood programming;
- a new art center to exhibit and program the Gardena High School's famed art collection;
- upgrading and expanding community gardens to 20,500 sq feet for 100 plots;
- upgrading the LAPD juvenile program by building an improved outdoor obstacle course and a new LAPD center.

Effect of “yes” vote:

A “yes” vote will support the staff recommendation to chose Bridge Housing Corporation as the preferred proposer to develop a Gardena High School Workforce Housing and Joint Amenities Project. A “yes” vote authorizes staff to submit this proposal to the State Board of Education for their review. A “yes” vote authorizes the Facilities Services Division, upon approval from the State Board, to negotiate a lease, development agreement, and other necessary documents needed to complete the Project.

Effect of “no” vote:

A “no” vote will mean that the staff recommendation is not supported, Bridge Housing Corporation is not chosen as the preferred proposer to develop a Gardena housing and amenities project, that the Bride Housing proposal will not be forwarded to the State Board of Education for review, and that staff is not authorized to negotiate the necessary agreements to complete the Project.



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

B. BOARD REPORT

Action Proposed: Staff proposes that, pursuant to Education Code Sections 17515-17526, the Board of Education select Bridge Housing Corporation as the preferred proposer to develop the Gardena High School Workforce Housing and Joint Amenities Project. Staff further proposes that the Board of Education authorize the Chief Facilities Executive, or his designee(s), to enter into a lease, development agreement, and any other related documents necessary to complete the Project, subject to the State Board of Education's approval of the selected Proposal.

Expected Outcomes: Approval of this action will allow staff to forward the recommended proposal to the State Board of Education for review. Subject to the State Board's approval, the present action will authorize the Chief Facilities Executive, or his designee(s), to enter into negotiations and execute a lease, development agreement, and any other related documents necessary to complete the Project with Bridge Housing Corporation.

Staff expects the outcome from this process to be the creation and operation of workforce housing for LAUSD teachers and staff, the creation of a new revenue stream for the District, the saving of recruitment and training costs over the term of the lease, and the creation of new and improved facilities for the use of residents, the District and the community.

Expected Timeline:

- State Board of Education approval: prior to May 1, 2009
- Development Agreement & Ground Lease: Dec. 2009
- Construction: 1st quarter 2011
- Occupancy: 2nd quarter 2012

Board Options and Consequences: Board adoption of this resolution will allow staff to proceed with the procurement of the LAUSD staff housing and amenities project at the north side of the Gardena High School campus.

The Board may reject this resolution, thereby ending the workforce housing initiative at this site, and more generally throughout the District.

Policy Implications: This action supports an objective included in the Board-adopted Facilities Services Division Planning and Development Strategic Execution Plan, which calls for "evaluating opportunities to enter into public-private partnerships ... to include developing ... workforce housing."



LOS ANGELES UNIFIED SCHOOL DISTRICT Board of Education Report

Budget Impact:	The requested action will direct the expenditure from the Planning and Development budget allocated from the general fund for staff time and legal costs to develop and review the Request for Qualifications/ Proposals. Staff expects costs incurred will be reimbursed to the general fund from project revenues
Issues and Analysis:	The California Education Code Sections 17515 – 17526 allow for the creation of long-term land leases for approximately 66 years on District property. The current project is not the first time LAUSD has used this code section to effectuate its objectives. Facilities staff works with the Office of General Counsel and other appropriate departments on an on-going basis to assure that LAUSD incorporates the Code section parameters in all of its dealings regarding this project.
<input type="checkbox"/> No legal issues	
<input type="checkbox"/> Legal informative attached	
Committee Information:	This item is scheduled to appear on the March 5, 2009 Facilities Committee agenda.
Bond Oversight Committee Recommendation:	This item is scheduled to appear as an informational item at the Bond Oversight Committee on March 24, 2009. No local bond funds will be utilized for this project, so no BOC action is required.
Reporting Requirements and Benchmarks:	The Planning and Development branch Strategic Execution Plan (SEP) is updated annually. SEP amendments are also reported on the Facilities Services Division website http://www.laschools.org/ .
Accountable Staff:	John P. Creer, Director, Planning and Development Branch
Applicable Board Delegations:	N/A
Superintendent's Comments:	The Superintendent recommends approval of these items.
Miscellaneous Issues and Matters:	N/A
<input type="checkbox"/> Desegregation Impact Statement attached	



LOS ANGELES UNIFIED SCHOOL DISTRICT

Board of Education Report

**Division of
Accountability and
Systemwide
Performance**

Informative

Respectfully submitted,

RAMON C. CORTINES
Superintendent of School

APPROVED &
PRESENTED BY:

JOSEPH A. MEHULA
Chief Facilities Executive
Facilities Services Division

APPROVED BY:

DR. JAMES MORRIS
Chief of Staff