



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.2

Meeting Date: August 4, 2011

Subject: Northwest Land Park Development Project

- ☒ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: _____)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

Division: Board of Education.

Recommendation:

Review and discuss a Letter of Intent (LOI) with the Northwest Land Park LLC (NWLP).
Review and discuss a Memorandum of Understanding with the Housing Authority of the City of Sacramento (HACS).

Background/Rationale:

Northwest Land Park LLC (NWLP) proposes to construct a residential/mixed-use community on approximately 31.7 acres within the Land Park Community Plan Area of the City of Sacramento. The development is located adjacent to Jedediah Smith Elementary School and Arthur A. Benjamin Health Professions High School.

The District currently owns a vacant two and a half acre parcel of land adjoining the elementary school site. The developer is interested in partnering with the District to develop the vacant parcel as Jedediah Farms which would be built as a model for green technology, sustainability, recycling, and safety and partnerships with the public sector, the private sector and the local community. Jedediah Farms would provide education to both students and the community in green technology, environmental protection, agriculture, health and nutrition.

The Housing Authority of the City of Sacramento (HACS) is in the process of submitting a Choice Neighborhood Planning Grant to the U.S. Department of Housing and Urban Development's Choice Neighborhoods Initiative for the Marina Vista and Alder Grove public housing communities. The Marina Vista and Alder Grove Housing Projects are within the boundaries of the District and are adjacent to and within close

proximity to Arthur A. Benjamin Health Professions High School and Jedediah Smith Elementary School and the proposed development project. Because the deadline for submission of this grant application is August 8, 2011, the MOU between the District and HACS is on the consent agenda for Board approval.

Financial Considerations:

The proposed Northwest Land Park Development project would generate approximately \$2,739,966 in new developer fees. However, the developer fees, for the NWLP development as defined in the proposed Letter of Intent (LOI which has been signed by NWLP), would be frozen at the current rate (\$2.97 per square foot for residential and the current District rate for industrial/commercial) through 2018.

Historically, developer fee rates have increased an average of 3.61% per year over the last 14 years. If that rate continues the district will lose 25.27% of potential developer fee rate increases. Accordingly, this potential revenue would not be paid to the District in consideration for benefits to be provided by NWLP to the District as well as to the City of Sacramento.

NWLP agrees to pay the District an additional \$100,000 to be used for improvements to the operations of Jedediah Smith Elementary School.

There will be costs to the district associated with the MOU with HACS as staff will be asked to support these efforts by providing data and information and by participating in the planning and implementation phases of the grant application process.

Subject to review and comment by the Board, the next steps would be the commencement of negotiations for a legally enforceable Memorandum of Understanding (MOU) with NWLP to be approved by the Board.

Documents Attached:

1. Executive Summary
2. Letter of Intent

Estimated Time of Presentation: 10 minutes

Submitted by: James C. Dobson, Director II - Planning, Construction and Operations

Approved by: Jonathan P. Raymond, Superintendent

Board of Education Executive Summary

Board of Education

Northwest Land Park Development Project

August 4, 2011



I. Overview/History of Department or Program

Northwest Land Park LLC (NWLP) proposes to construct a residential/mixed-use community on approximately 31.7 acres within the Land Park Community Plan Area of the City of Sacramento. The development is located adjacent to Jedediah Smith Elementary School and Arthur A. Benjamin Health Professions High School.

The District currently owns a vacant two and a half acre parcel of land adjoining the elementary school site. The developer is interested in partnering with the District to develop the vacant parcel as Jedediah Farms which would be built as a model for green technology, sustainability, recycling, and safety and partnerships with the public sector, the private sector and the local community. Jedediah Farms would provide education to both students and the community in green technology, environmental protection, agriculture, health and nutrition.

The Housing Authority of the City of Sacramento (HACS) is in the process of submitting a Choice Neighborhood Planning Grant to the U.S. Department of Housing and Urban Development's Choice Neighborhoods Initiative for the Marina Vista and Alder Grove public housing communities. The Marina Vista and Alder Grove Housing Projects are within the boundaries of the District and are adjacent to and within close proximity to Arthur A. Benjamin Health Professions High School and Jedediah Smith Elementary School and the proposed development project. Because the deadline for submission of this grant application is August 8, 2011, the MOU between the District and HACS is on the consent agenda for Board approval.

II. Driving Governance:

Board Policy 1000 states: "The long-term success of the greater Sacramento community is dependent upon the establishment and maintenance of strong, healthy and vibrant neighborhoods. The City and school districts can foster this endeavor by working together to provide a necessary component of a strong community - a "neighborhood place" or "center" where the goals of children, youth, families, and community can come together. Schools as "neighborhood places" or "centers" can strengthen a community's sense of identity, coherence and consensus".

Board Policy 1400 states: "The Governing Board recognizes that agencies at all levels of government share its concern and responsibility for the welfare, health and safety of youth. The Board and District staff shall take every opportunity to work cooperatively with these agencies for the benefit of our students. The Superintendent or designee shall initiate and maintain good working relationships with representatives of these agencies in order to help our schools and students make use of the resources which governmental agencies can provide.

Board of Education Executive Summary

Board of Education

Northwest Land Park Development Project

August 4, 2011



The District may enter into agreements with other agencies which involve the exchange of funds or reciprocal services. Such agreements shall be approved by the Board and executed in writing.”

Board Policy 7211 states: “In order to finance the construction or reconstruction of school facilities needed to accommodate students coming from new development, the Governing Board may establish, levy and collect developer fees on residential, commercial and industrial construction within the District, subject to restrictions specified by law and administrative regulation”.

- Operational Expectations 7 – Asset Protection
- Operational Expectations 13 – Facilities
- BP 3511 – Grimes-Kennedy Green and Grid Neutral Model Schools Policy Initiative

III. Budget:

The proposed Northwest Land Park Development project would generate approximately \$2,739,966 in new developer fees. However, the developer fees, for the NWLP development as defined in the proposed Letter of Intent (LOI which has been signed by NWLP), would be frozen at the current rate (\$2.97 per square foot for residential and the current District rate for industrial/commercial) through 2018.

Historically, developer fee rates have increased an average of 3.61% per year over the last 14 years. If that rate continues the district will lose 25.27% of potential developer fee rate increases. Accordingly, this potential revenue would not be paid to the District in consideration for benefits to be provided by NWLP to the District as well as to the City of Sacramento.

NWLP agrees to pay the District an additional \$100,000 to be used for improvements to the operations of Jedediah Smith Elementary School.

There will be costs to the district associated with the MOU with HACS as staff will be asked to support these efforts by providing data and information and by participating in the planning and implementation phases of the grant application process.

Subject to review and comment by the Board, the next steps would be the commencement of negotiations for a legally enforceable Memorandum of Understanding (MOU) with NWLP to be approved by the Board.

Board of Education Executive Summary

Board of Education

Northwest Land Park Development Project

August 4, 2011



IV. Goals, Objectives and Measures:

- To improve the lives of SCUSD students who live in the attendance boundaries of Jedediah Smith Elementary, California Middle, and C. K. McClatchy High Schools through the revitalization of the community where the students live.
- To improve the existing school facilities through the use of grant funds and developer fees.
- To enhance joint-use opportunities at Jedediah Smith and Health Professions High School.

V. Major Initiatives:

This is a major development (see Overview above) by NWLP which requires coordination between NWLP, as the developer, the District, the City of Sacramento and other public agencies.

This helps move Pillar II in the strategic plan for creating strategic partnerships and engaging our community partners.

VI. Results:

Improvement and enhancement of educational uses and neighborhood-serving community space as described in the LOI.

VII. Lessons Learned/Next Steps:

- Approval of the LOI.
- Board approval/ratification of a Memorandum of Understanding with Northwest Land Park LLC.
- Board approval/ratification of a Memorandum of Understanding with other public agencies, as necessary, with the City of Sacramento and the Housing Authority of the City of Sacramento to participate in the Choice Neighborhoods Initiative Application and Planning Grant (see attached).
- Research and secure additional funding sources from the Sacramento Municipal Utility District (SMUD), the Department of Housing and Urban Development, and other agencies.

LETTER OF INTENT

This Letter of Intent ("LOI") is entered into as of _____, 2011, by and between Northwest Land Park LLC ("NWLP") a California limited liability company, and Sacramento City Unified School District, a public school district ("District") (collectively, the "Parties").

RECITALS

A. WHEREAS, NWLP proposes to construct a residential/mixed-use community on approximately 31.7 acres within the Land Park Community Plan Area of the City of Sacramento ("Development"). The Development is located adjacent to the District's Jedediah Smith Elementary School ("Elementary School") located at 401 McClatchy Way and adjacent to the District's Arthur A. Benjamin Health Professions High School ("High School") located at 451 McClatchy Way.

B. WHEREAS, NWLP and the District desire to work collaboratively to create a 22+/- acre vibrant and neighborhood-serving community space that encompasses the Elementary School, High School, a new park with a 11,000 square foot neighborhood resource center, a produce-oriented market and a multi-use trail connecting NWLP and both Schools to surrounding areas and neighborhoods ("Open Space Plan").

C. WHEREAS, the District is authorized by State statute to levy school impact or developer fees on residential and commercial/industrial development for the purpose of funding the construction or reconstruction of school facilities. Impact fee revenues cannot be used to cover operation and maintenance costs. The District's developer fee rates effective as of the date of this Agreement are \$2.97 per square foot, and are subject to annual adjustment consistent with statutory authority.

D. WHEREAS, NWLP will be subject to the developer fees in connection with its proposed Development, as the Development will generate new students in the District and, in particular, will likely impact the Elementary School. The total developer fees for the proposed Development are currently estimated to be \$2,739,966.00, based upon the anticipated number of new residents and the corresponding student generation rate (amount to be adjusted per actual permits issued).

E. WHEREAS, the Elementary School is located adjacent to the public housing communities of Marina Vista and Alder Grove and the 751 housing units in these communities serve as the main feeder communities for the Elementary School.

F. WHEREAS, the Elementary School is in Program Improvement, at this time, and is one of the more significantly underperforming schools out of the District's 54 elementary schools.

G. WHEREAS, NWLP is interested in supporting the District in its efforts to provide locally grown, healthy foods to school cafeterias and to promote healthy eating in the District's curriculum and practice.

H. WHEREAS, NWLP is interested in partnering with the District to create an educational, sustainable garden subject to further legal review and feasibility analysis before an MOU may be entered into, on the District-owned vacant two and a half-acre parcel adjoining the Elementary School campus ("Jedediah Farms"). Jedediah Farms would be built as a model for green technology, sustainability, recycling, and safety and partnerships with the public sector, the private sector and the local community. Jedediah Farms would provide education to both students and the community in green technology, environmental protection, agriculture, health and nutrition.

I. WHEREAS, Jedediah Farms and the Open Space Plan will seek to showcase best practices for an urban farm and community garden. The plans anticipate or will explore greenhouses and open gardens including fruit trees along walkways both inside and outside the designated farm; reserved gardens for adjacent school students and community members; energy efficient structures, clean energy generation, fresh water capture systems and grey water recycling; two caretaker cottages that house graduate students involved with farm activities; a small one room style schoolhouse to provide a venue for various educational programming such as urban farming, conservation, gardening and health/nutrition. These programs, including farm activities and livestock, are subject to further legal review and feasibility analysis before an MOU may be entered into.

J. WHEREAS, Jedediah Farms and the Open Space Plan are anticipated to create a positive relationship between the community and the District, and are anticipated to increase school attendance, bring a sense of pride to the students and the community, and improve the education and nutrition of the students and their communities.

K. WHEREAS, the District recognizes the value of improving the Elementary School as a model educational facility, including using "green" and sustainable renovation and facility systems, building positive connections to the surrounding neighborhood, and creating the highest quality learning environment. The District would like to work with NWLP to localize the funding generated by NWLP to construct the improvements to the Elementary School, Jedediah Farms project, and the Open Space Plan (including security measures on the High School).

L. WHEREAS, NWLP acknowledges that it is statutorily obligated to pay school impact/developer fees in connection with its proposed Development; and the District acknowledges that it is statutorily authorized to utilize these fees for capital projects as it deems appropriate within the District.

M. WHEREAS, additional discussion and collaboration with NWLP and the City of Sacramento, legal review and feasibility analysis, are required before this Letter of Intent may be considered for a legally enforceable contract as an MOU.

NOW, THEREFORE, the Parties, by this LOI, desire to state the potential terms and conditions of an MOU, subject to further legal review and feasibility analysis, which terms and conditions would include the following:

1. Adoption of recitals substantially in the form stated above.
2. That on or before January 31, 2012, NWLP would present to the District architectural plans for Jedediah Farms and the Open Space Plan.
3. That the Parties would agree that each would cooperate and coordinate with the other in all activities contained in a comprehensive MOU.
4. By and through an MOU, NWLP is prepared to agree that it shall:
 - a. Pay its statutorily mandated school impact developer fees, as set forth in Section 5(a) of this LOI, to the District in connection with the Development.
 - b. Construct Jedediah Farms, including the cottages, as a turnkey project under a Credit/Reimbursement Agreement with the City provided the City is in agreement.
 - c. Construct an approximately 4.32 acre neighborhood park ("Park") as a turnkey project under a Credit/Reimbursement Agreement with the City; Park construction would occur in part on District property subject to future agreement.
 - d. Construct an approximately 0.4 mile-long passive recreational open space that connects the Development to pedestrian and bicycle trails and the public park on 5th Street well as to the western portions of the Development site ("Setzer Run"); construction shall include planting orchard trees along Setzer Run at NWLP's sole cost and expense, as an extension of the Jedediah Farms project.
 - e. Renovate the building envelop of the approximately 11,000 square foot bow-truss warehouse building located within the Development to ensure the building is structurally sound, free of hazardous materials, and appropriately weatherized; the building shall be dedicated to the City for use as a neighborhood resource center

("Resource Center"), with anticipated cooperative programming with the District under terms and conditions to be included in an MOU.

f. Upon developing the festival/marketplace component of the Development, NWLP shall provide vendor space to the District, at no cost to the District or to the City, for the sale of food to the public; all proceeds from such food sales shall be for the sole benefit of the Elementary School and High School subject to approval of the Board of Education and legal requirements imposed on the District.

g. Pay to the District a total sum of \$100,000, which funds shall be used by the District for improvements to operations to the Elementary School. The first payment of \$50,000 would be paid by NWLP to the District on or before December 31, 2012; the second and final payment of \$50,000 would be paid by NWLP to the District upon the City's issuance of the first building permit to NWLP for the Development.

h. Provide or cause to provide Broadband fiber to the Elementary School and High School under terms and conditions to be specified and agreed upon by the District in an MOU.

5. In the MOU, the District would agree as follows:

a. Restrict the Development's school impact developer fees to the current rate of \$2.97 per square foot through December 31, 2018.

b. Utilize all of the Development's school impact developer fees paid pursuant to Section 5(a) of an MOU first toward improving the Elementary School as a model educational facility, including using "green" and sustainable renovation and facility systems, building positive connections to the surrounding neighborhood, creating the highest quality learning environment; and second to install appropriate security features to allow for joint use of the Elementary School and High School.

6. By and through an MOU, NWLP and the District would agree to work cooperatively to:

a. Attempt to secure grants from Sacramento Municipal Utility District, and to explore other available grant programs and funding mechanisms to the extent practicable, for "greening" the Elementary School, building and operating Jedediah Farms, and furnishing and programming/operating the Resource Center.

b. Subject to negotiation in an MOU and the Civic Center Act as set forth in the California Education Code, work with the City to enter into appropriate cross-easements and/or joint use or other agreements for non-school related daytime use by the public of outdoor areas, parking facilities, the Resource Center, and certain on-site school

facilities including, but not limited to, computer labs, gymnasiums, multi-purpose rooms, and theaters.

c. Work with NWLP, the City, Sacramento Housing and Redevelopment Agency (“SHRA”) and other stakeholders to reinstate before and after school programs for the neighborhood residents on the Elementary School site.

d. Participate with SHRA, along with NWLP, City, and multiple other stakeholders, in its Choice Neighborhoods Grant application to the Department of Housing and Urban Development regarding planning for a revitalization of the entire 160 +/-acre neighborhood surrounding the Elementary School and High School

7. This LOI may be executed in one or more counterparts, each of which shall for all purposes be deemed an original and all of which shall constitute the same instrument. This LOI is a non-binding document and may not be enforced as a contract.

IN WITNESS WHEREOF, the Parties have caused this LOI to be executed by their duly authorized officers to be effective as of the date of final execution.

Date: Northwest Land Park LLC

By _____
Its: _____

Date: Sacramento City Unified School District

By _____
Its: _____