



Facilities Support Services
5735 47th Avenue
Sacramento, California 95824
(916) 643-9233

REQUEST FOR PROPOSALS

**QUALIFIED REAL ESTATE DEVELOPERS
FOR
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
OLD MARSHALL SITE**

RFP ISSUED: August 12, 2016
DUE DATE/TIME: September 30, 2016 3:00 PM

PLACE: Facilities Support Services
5735 47th Avenue
Sacramento, California. 95824

CONTACT: Elena Hankard
elena-hankard@scusd.edu
916-643-9233

SUBMITTAL INSTRUCTIONS: Complete proposals must be delivered to the above address in a sealed envelope *prior* to the date and time specified. ***Late submittals will not be considered.*** In addition to your complete firm name and address, please annotate the envelope as follows: "CONFIDENTIAL – PROPOSAL FOR QUALIFIED REAL ESTATE DEVELOPERS – OLD MARSHALL"

RFP FOR QUALIFIED REAL ESTATE DEVELOPERS – “OLD MARSHALL”

The Board of Education of the Sacramento City Unified School District (“SCUSD” or “District”) is seeking a qualified developer to redevelop the real property asset hereinafter referred to as the “Old Marshall Site”.

I. INTRODUCTION

On June 28, 2016, the Board of Education (“Board”) for the SCUSD adopted a resolution authorizing SCUSD staff to release a Request for Proposal (RFP) for qualified Real Estate Developers to submit their Proposals for the redevelopment of the Old Marshall Site located 2718 G Street in Sacramento, CA (“Site” or “Subject Property”). The Subject Parcel is described in greater detail later in this RFP and is also hereinafter referred to as the “Site”. Neither the Site’s real property nor improvements are considered to any longer be suitable for school purposes or other District uses. The Board has determined that the Subject Property has a higher value to the District as an income producing asset that may also provide SCUSD with some use under a Joint Occupancy Agreement. The District reserves its rights to consider a sale, or other disposition or use, of the property pursuant to applicable provisions of the California Education Code.

Through this RFP process, SCUSD intends to select a qualified Real Estate Development Entity (“Entity”, “Development Team” or “Real Estate Developer”) to enter into an Exclusive Negotiations Agreement (ENA), and negotiate terms of a potential Joint Occupancy Agreement.

It is SCUSD’s belief that involving all of the project participants early in the selection process in a collaborative atmosphere of equals will result in projects that can be delivered with more predictable results: optimal lease rate (based on the appraised Fair Market Value (FMV) of the real estate as the minimum acceptable compensation for the Site), reasonable levels of participation by the District in the development and execution of the development proposal, and the best possible quality of the resulting project from the Entity’s executed development proposal. SCUSD seeks to gain the benefit of an environment where team members are encouraged to share ideas freely in an atmosphere of mutual respect, tolerance, and trust, and to explore ways to deliver projects that mitigate the uncertainty, frustration and risk while balancing the limited resources within the SCUSD.

The selected Entity will be expected to negotiate and work collaboratively and cooperatively with the SCUSD team, the affected community within the Site’s project area, other public agencies expected to be involved in the project proposed by the Entity including but not limited to the City and County of Sacramento, and other stakeholders identified in the process of developing and agreeing to a development plan and the resulting project development culminating in the Joint Occupancy Agreement.

The District reserves the right to verify sources available to SCUSD, and to require an interview with the entity to determine that the Entity’s stated qualifications are true,

accurate and will serve the interests of SCUSD. The District's decision regarding the most optimal proposal will be based on objective evaluation criteria.

II. CRITICAL DATES AND INFORMATION FOR THE RFP

Proposal Due Date: September 30, 2016 3:00 PM

The Proposal shall be marked: "CONFIDENTIAL – PROPOSAL FOR QUALIFIED REAL ESTATE DEVELOPERS – OLD MARSHALL"

Sacramento City Unified School District
 Facilities Support Services
 5735 47th Avenue
 Sacramento, California 95824
 ATTENTION: Elena Hankard

Submission of the Proposal by facsimile or e-mail is not acceptable. Proposals not received by the deadline will be returned unopened.

Questions Regarding the RFP:

Any questions regarding the RFP are due by 5:00 PM on September 7, 2016. Questions must be submitted in writing to Elena Hankard.

Potential Schedule of Events (Subject to Change)

EVENT	DATE
Release of RFP Documents	August 12, 2016
Site Visit	August 31, 2016
Deadline for Questions Regarding the RFP***	September 7, 2016
Response to Questions Received	September 12, 2016
Proposals Due	September 30, 2016 at 4PM
Evaluate Qualifications & Reference Checks	Week of October 3, 2016
Notification of Initial Interviews if Applicable	Week of October 3, 2016
Interviews if Necessary	Week of October 10, 2016
Selection Committee Review / Recommendation to Board for Short List	Week of October 10, 2016
Presentation of Proposals to Board by Staff in Accordance with Joint Occupancy Requirements or Ground Lease Requirements	November 3, 2016
Board Authorization to Proceed With Short List of Proposers	November 17, 2016
District to Notify Short List and Request Advanced Proposals	Week of November 21, 2016
Final Advanced Proposals Due From Short Listed Real Estate Developers	December 22, 2016
Review of Proposals From Short List of Proposers	Week of January 9, 2017

Recommendation to Board from Short List	January 19, 2017
Presentation of Proposals to Board	TBD
Board Authorization to Proceed With Negotiations With Selected Entity	TBD

*****Questions pertaining to the RFP:**

Questions related to this RFP should be submitted in writing to elena-hankard@scusd.edu no later than Wednesday, September 7, 2016 at 5:00 PM. Specify "RFP for Old Marshall Parcel" in the subject line. Responses to all questions received will be posted on the District website, <http://www.scusd.edu/old-marshall-and-thomas-jefferson-information> no later than 5:00 pm. on September 12, 2016.

Requirements to Be Deemed Responsive

Mandatory pre-submittal conference on Wednesday, August 31, 2016. Time and location to be determined. Development Teams are required to attend. Consultants are also encouraged to attend and network with prospective Real Estate Developers, District staff and community members.

Proposals must be submitted by September 30, 2016.

Description of Properties

SCUSD is offering the 1.18 acres of RU-3-A residential zoned property located 2718 G Street in Sacramento, CA with an assessor parcel number of 003-0202-001. Site includes building improvements and is a registered historic resource in Sacramento.

An entity may, in the form a single and sole party, corporation, limited liability company or partnership, or joint venture, propose to acquire interest in the Site as described in the Transaction Parameters below.

III. Transaction Parameters

The District has determined that it seeks proposals from qualified Real Estate Developers interested in acquiring a leasehold interest in the Subject Property through a Joint Occupancy Agreement or, possibly a Long-term Ground Lease in the alternative from SCUSD.

The limiting conditions of both the Joint Occupancy and the Ground Lease property utilization options are described below.

Joint Occupancy Agreement: Under a Joint Occupancy Agreement the District is allowed to enter into a lease with any person or entity for a period of 66 years. The Joint Occupancy Agreement must include the following:

- 1) The contracting party must construct or provide for the construction of building(s) which will be jointly occupied by both parties.
- 2) Title to that portion of the building to be occupied by the private party remain the exclusive personal property of the private party.
- 3) Title to that portion of the building to be occupied by the District shall vest in the District upon completion and acceptance by the District.
- 4) No rental fee or other charges for the use of the building shall be paid by the District.
- 5) Require lessee to either post a performance bond or irrevocable letter of credit in the District's discretion.

The annual lease payment may not be less than FMV as determined by a real estate appraisal prepared by the District. The District may also negotiate other consideration in addition to the annual lease payment. Creative approaches are encouraged and the District is looking for the most advantageous financial solution that meets its programmatic requirements.

Long-term Ground Lease: Subject to other requirements by law, the District has authority to enter into a lease not to exceed 99 years with any party, so long as no

purchase option is considered in the lease agreement. Therefore, no purchase options may be considered. The annual lease payment may not be less than FMV as determined by a real estate appraisal prepared by the District. The District may also negotiate other consideration in addition to the annual lease payment.

Acceptable Proposal Characteristics

The District seeks proposals that have the following characteristics:

1. Proposed Site redevelopment for a residential mixed project with a possible retail component.
2. Proposed Site control to remain as SCUSD as the fee title owner with the Real Estate Developer holding a leasehold interest in the property.
3. The Real Estate Developer, at its cost, must secure all land use entitlements necessary for the construction of the Project.
4. No proposed grants, loans, or other financial participation from SCUSD.
5. The proposer will be required to demonstrate adequate debt and equity financing to construct and operate the property on a long term basis.
6. It is intended that the proposer would be required to pay for any remediation costs associated with any environmental issues related to the property or its improvements including but not limited to asbestos and lead based paint.
7. If at all feasible, retain all or a portion of the building improvements in the project.

Deposits

The District shall require a minimum of a \$25,000 deposit to serve as liquidated damages should the District and the Entity enter into an Exclusive Negotiations Agreement (ENA) but not enter into and close on a final Joint Occupancy Agreement through an escrow.

Any deposit that does not become liquidated damages will be applied to the transaction if necessary. Any unearned monies by the District will be returned to the entity at the close of escrow without interest.

Financing

SCUSD shall not contemplate providing seller financing to the Entity for any purpose. SCUSD does not expect to enter into any lease back agreements. Entity must secure its own financing to acquire the Subject Property and develop any proposed project at the Site.

Fees

SCUSD will not contemplate paying any development fee, brokerage fees or commissions, or finder's fees to the Entity or any affiliate or representative of the Entity. Entity profit and loss is its sole responsibility.

Project Cost

The District is offering the use of the land it owns and in return the development team would be responsible for the design, construction, operation and maintenance of the improvements and all costs associated with the Project, including community outreach and environmental concerns.

SCUSD shall not pay any cost related to the Entity's pre-development, development, financing, or construction cost associated with the Entity's proposed project at the Site. The cost of any studies or reports that SCUSD requires from the Entity shall be paid for by the Entity and will not be paid for or be credited to them through the exchange.

SCUSD Participation

SCUSD shall only commit to limited participation at its discretion to assist the Entity with due diligence by providing access to the Subject Property, providing available, pertinent documents for the Site, and sharing information with the Entity's consultants, lenders, or other parties to assist in the due diligence, feasibility analysis, project design and close of escrow; or written letters of support should the Entity apply for public financing.

IV. Scope of Relationships

Entity shall agree to engage with the constituents of the Subject Property to give information regarding any proposed project and receive feedback from the constituents regarding the proposed project. SCUSD may or may not elect to participate in such meetings.

The SCUSD team, the Entity and other stakeholders may help to establish the proposed project. Such participation may be captured within or outside of the real property exchange agreement. However, the Entity shall be solely responsible for securing any necessary and required land use approvals from the City of Sacramento. SCUSD has no authority to approve or ensure any approval of the Entity's proposed project.

V. Proposal Format and Content

The District intends to select a qualified reputable Real Estate Developer who can demonstrate strong relevant experience with similar projects, financial capacity, and sensitivity to the District's academic vision, and the local community. Evidence of ability to finance, undertake and complete the proposed project(s) is crucial to a successful submission. In addition to seeking a team that can provide proven expertise in design and development, the District is also interested in a team that will provide creative opportunities for revenue generation from the properties subject to this solicitation. The District will look favorably towards qualified teams of Real Estate Developers that provide viable ideas for revenue generation that are supported with concrete, market driven business cases and/or investments.

The proposal shall be clear, concise, complete, well organized and demonstrate entity's qualifications, ability to follow instructions, and work cooperatively with SCUSD.

Fifteen (15) bound copies of the Statement of Proposal should be provided, with all materials bound to an approximately 8-1/2" x 11" format, not to exceed forty (40) single-sided pages total length. Pages must be numbered. We will not count, in the total, the graphic cover sheet, cover letter, table of contents, financial information, blank section dividers (tabs) and a maximum of 6 resumes (demonstrating team experience with their proposed project (s) and development projects, generally).

The Proposal shall be sealed with the entity's name, address, and "CONFIDENTIAL – PROPOSAL FOR QUALIFIED REAL ESTATE DEVELOPERS – OLD MARSHALL" clearly visible on the outside.

All entities are requested to follow the order and format specified below. Please tab each section of the submittal to correspond to the numbers/headers shown below.

Submittal Cover

Include the RFP title and submittal due date, the name, address, fax number, and the telephone number of entity (or entities for joint venture or association).

1. Table of Contents

Include a complete and clear listing of headings and pages to allow easy reference to key information.

2. Cover Letter

Include a cover letter signed by an officer of the entity submitting the proposal, or signed by another person with authority to act on behalf of and bind the entity. The letter should certify that the information contained in the proposal is true and correct, and that the signatory (ies) has authority to act on behalf of and bind the entity. Please also indicate the contact person(s) for the negotiations.

3. Executive Summary

Briefly summarize or paraphrase your proposal. Entities are encouraged to provide comments on the proposed team, its track record or track record of the team members, proposed exchange parcels, other potential consideration to be given to the District if necessary to provide the District at least FMV or other agreed to consideration, and agreement terms including closing, and participation requested of SCUSD, and briefly describe your company philosophy on collaboration with public agency partners.

4. General information

Include number of employees, years in business, name(s) of owner (& home office location, local office location (if different), types of licenses held, primary business types and market areas.

5. Organization

Show an organizational chart for the team indicating principals, project managers and other vital managerial and leadership staff. Give a brief description of the roles of each person on the team and their office location. In narrative form, briefly discuss each member's experience and its relevance to the proposal.

6. Experience

Describe your specific experience with transactions with K-12 public school districts of other public agencies.

7. Proposed Financial and Other Transaction Terms

Describe the anticipated value the District shall receive and any other consideration that may be provided to ensure the District shall receive FMV for the Subject Parcel. Describe the proposed closing schedule and other pertinent terms concerning the transaction with SCUSD. Should the entity expect to have to provide other consideration to the District, the Entity shall demonstrate its ability to provide this consideration to the District in the form of a letter of credit, loan commitment, its own cash reserves, or letter from investor who can demonstrate an equal level of proof of funds to deliver the potential additional consideration.

8. Proposed Project at Subject Property

Provide a description of the proposed project to be developed at the Subject Property including product type i.e. residential or mixed use, for residential market served i.e. market rate, affordable, for rent or for sale, architectural style, approach to preserving any Site improvements, proposed land use entitlements required, and other pertinent information that describes the project(s).

Project must emphasize the characteristics stated in the Proposal Characteristics provided under that section of the Transaction Parameters.

VI. Selection Process

A. Selection Committee

The responses will be evaluated by a District selection committee ("Selection Committee") that will review the submitted responses.

B. Selection Process

The Selection Committee will evaluate submissions based on the quality of the materials submitted pursuant to this RFP. Using the evaluation criteria listed in the following table, materials will be evaluated and scored based on their completeness, feasibility, innovation, and responsiveness to the District's stated project objectives.

Evaluation Criteria

1. Demonstrate experience to successfully design, construct and operate similar facilities and demonstrate the best approach for the Project.
2. Demonstrate financial ability to provide project financing.
3. Creative approaches to achieving ancillary revenues through ground leases and revenue participation, including upfront lease payments to the District.
4. Creative and viable approaches to providing the District with a functional asset that meets its program requirements.
5. Have demonstrated ability to perform successful community engagement on projects.

District staff will select teams with the highest combined scores from the written submission. In addition, the District will conduct interviews with the highest scoring teams.

C. Development Teams are prohibited from contacting any Board member or their staff in reference to this RFP other than in public during a public hearing to assure a fair and equitable process. Development Teams failing to abide by this prohibition will be disqualified from submitting.

District Rights

The District may investigate the qualifications of any individual or firm under consideration, require confirmation of information furnished, and require additional evidence of qualifications. The District also reserves certain rights, including, but not limited to, the following:

1. Reject any or all of the proposals.
2. Issue subsequent RFPs.
3. Cancel the entire RFP.
4. Amend any part of the RFP process by addenda.
5. Appoint evaluation committees to review qualifications or proposals.
6. Seek the assistance of outside technical experts in qualification or proposal evaluation.
7. Require Development Teams to clarify submittals and to submit additional information.
8. Meet with and interview Development Teams or individual members.
9. Approve or disapprove the use of particular contractors or subcontractors.
10. Establish a short list of firms eligible for discussions.
11. Waive informalities and irregularities in the RFPs.

12. Inquire of District personnel and consultants regarding Development Team's past performance.

Capabilities of Proposers

A. Firm Experience

1. Experience with types of development proposed
2. Record for delivering projects on time and on budget
3. Financial capabilities
4. Insurance requirements
5. Claims, litigation and arbitration history
6. Experience with community outreach
7. References
8. Experience in public/private partnerships

Experience of Key Personnel on Similar Projects

1. Project management experience
2. Past experience working with other firms on the overall team
3. Sustainable design experience
4. Educational background
5. References

Evaluation Criteria/Scoring

All submittals in response to this RFP will be reviewed for their relative strengths and weaknesses based on the requirements described above. Rankings will be based generally on the completeness, responsiveness and quality of answers to this solicitation. Submittals will be evaluated more specifically based on the following weighted criteria:

A. Development Team's Expertise 30%

The following items will be the key criteria by which submissions for this section will be evaluated:

1. Resumes of key team members with the following items of importance:
 - a. Historic track record and experience with similar projects of Development Team, and Development Team architects, attorneys and property managers.
 - a. Project-based experience working with stakeholders and community engagement processes for similar projects. Of importance are specific examples of challenging projects in this regard, and the Development Team's ability to meet these challenges.
 - b. Past performance in meeting entitlement, funding and construction schedules.
2. The demonstrated record of the Real Estate Developer and development team to create and complete projects that are similar in size, type, magnitude and tenancy to the proposed project.
3. The financial capacity of the Development Team, which includes sound operating financials for the Real Estate Developer itself; demonstrated regular access to capital for project development; proven ability to gain public financing when project-appropriate; and a strategy or plan to gain financing in the current economic conditions.
4. Demonstrated ability to gain entitlements within the City of Sacramento or other locations in California including an operative knowledge of updates to the City and state development code.

B. Project Proposal 35%

The following items will be the key criteria by which submissions for this section will be evaluated:

1. Manner in which the proposed project will specifically benefit the following entities:
 - a. District
 - b. Students
 - c. Community
 - d. Development Team
2. Describe any non-monetary assets, qualification or resources that the Development Team may provide that will enhance or sustain the proposed project.
3. Description of your team's "Value Proposition" and unique expertise your team brings to this project.
4. Understanding of project scope, sensitivities and stakeholders.

5. Team organizational chart and description of reporting relationships.

6. Overall project management structure and accountabilities.

C. Public/Private Partnership Experience 15%

Describe the quality, complexity, stability and longevity of Development Team's partnerships with public agencies. Of importance is any development experience with other secondary educational institutions; any specific examples of working on a challenging project with a public entity successfully; and the quality of public sector references in this regard.

D. Operations Plan and Revenue Generation Opportunities 20%

The following items will be the key criteria by which submissions for this section will be evaluated:

1. Overall approach to operating and maintaining educational facilities.

2. Examples of where your team has successfully implemented programs and services that generate offsetting revenues. Specific expertise of team members in this area.

3. State willingness to risk share with the District in revenue generation activities (e.g., master lease of private uses) and provide examples of such activities.

4. Show financial underwriting that form the basis of the development team's proposal.