

Presentation
to the
Board of Trustees
for the
Workforce Housing Project
930 Oddstad Boulevard, Pacifica, California

May 22, 2019

Agenda

1. Review Project objectives, RFP status, schedule & budget
2. Control variables to assure that Project objectives will be met
3. Discuss optimization of Phase 1 of the Project (*45 units currently planned*)
4. Explore possible ways to monetize Phase 2 to support Project objectives
5. Questions & answers / discussion
6. Next steps

Project Objectives

1. Provide housing that enables and improves recruitment and retention
2. Optimize the value of District assets to support the educational mission
3. Retain long-term ownership & control of District real property
4. Avoid material adverse impacts to the District's operating budgets
5. Implement safeguards to advance & protect the District's interests
6. Be a good neighbor and community advocate / participant
7. Other objectives?

Request for Proposals (RFP)

1. RFP issued February 4, 2019 to Prequalified Teams (*Bridge, EHP & Domus*)
2. EHP and Domus declined to submit proposals
3. Additional qualified RFQ respondents contacted and also declined
4. Pre-proposal conference with Bridge held on February 22, 2019 (*as called for in RFP; attended by Brad Wiblin and Paul Sevy*)
5. Paul Sevy invited to observe the Feb 27th Meeting with City Planning
6. Addendum No. 1 issued March 20, 2019 (*includes Form of Agreement*)
7. Addendum No. 2 issued April 2, 2019 (*which transmits the completed Owner's Minimum Requirements (OMR) & Design Guide Illustrations (DGI)*)

Design Guide Illustrations

Copies of Design Guide Illustrations (DGI) are provided

Workforce Housing



Milestones Ahead

1. Obtain Proposal pursuant to and in compliance with the RFP
2. Baseline and potential Alternative Proposals are due on May 24, 2019
3. Brookwood recommends Submission Date be extended to late May
4. Negotiate mutually acceptable Agreement with Bridge Housing, with the goal of executing Agreement by **July 2019**
5. Schedule also assumes the following earliest potential Milestones:

Spring 2020: Completion of CEQA Process & Project Approvals

Summer 2020: Groundbreaking / Commence Construction

Fall 2021: Initial Occupancies of Phase 1 of the Project

Workforce Housing

Pacifica School District Workforce Housing Project 930 Oddstad Blvd.	2019												2020												2021												2022											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J						
CURRENT ACTIVITIES																																																
Due Diligence (including precise confirmation of Progressive Design-Build Process)																																																
Owner's Rep Team Completes Design Guide Illustrations (DGI) & Owner's Minimum Requirements (OMR)																																																
RFP issued February 4, 2019 with possible Addenda issued as late as early March																																																
RFP Response Period (2-3 months) for the pre-qualified Design-Build Teams																																																
Review of Design-Build Proposals / Selection by School Board & Notification / Execution of Agreement																																																
SELECTION & ENGAGEMENT OF THE DESIGN-BUILDER																																																
Continuing management, iterative reviews & projections of Project Scope, Cost & Budget by Owner's Rep																																																
Preparation of Project Planning Submittal by Owner's Rep for PSD (to expedite process)																																																
Specific PSD authorization for Design-Builder to Proceed with First Stage Services																																																
CEQA PROCESS / CITY APPROVALS / SCHEDULE & PRICE CERTAINTY																																																
EIR Process / Staff Report / Notice of Public Hearing (for both Phases of the Project)																																																
Meetings/Hearings w/ PC & CC seeking General Plan Amendment, Rezoning, Use Permit & possible Dev Agmt																																																
Design-Builder prepares Drawings & Specs to extent needed (expediting Demolition Plans & Mapping of Site)																																																
Design-Builder confirms Construction Pricing & Subcontractor Bidding (also preps existing Bldg for Demolition)																																																
After Confirmation of Scope, Schedule & Cost, District may authorize Second Stage Services																																																
FINAL DESIGN & BUILDING PERMITS (for Phase 1 Only) / PROCEED w/ DEMOLITION																																																
Design-Builder demolishes existing School Building and completes final Working Drawings & Specifications																																																
Owner's Representative & its Team iteratively and collaboratively review Drawings & Specifications																																																
Submittal and Processing of Building Permits (allowing for phased processes and/or resubmittals as needed)																																																
Upon satisfaction of conditions precedent, PSD authorizes start of Construction																																																
GROUND-BREAKING THROUGH PROJECT COMPLETION (Phase 1 Only)																																																
Construction (12 Months)																																																
Punch List																																																
One Year Warranty Period																																																

Project Costs

- ❖ The table below (presented previously) compares the original EHP estimate (which excluded some categories of costs) to the original and updated Brookwood estimates. The November 2018 Budget was conservative.

	Original EHP Estimate	Brookwood Estimate 11/2017	Brookwood Estimate 11/2018
Land	--	--	--
Construction	\$11.4 Million	\$15.5 Million	\$19.0 Million
Construction Escalation	--	\$1.2 Million	\$2.3 Million
Soft Costs	\$1.6 Million	\$4.1 Million	\$4.0 Million
Soft & Hard Cost Contingency	\$1.3 Million	\$1.5 Million	\$0.9 Million
Pre-Dev Financing	--	\$0.1 Million	\$0.1 Million
Total	\$14.3 Million	\$22.4 Million	\$26.3 Million
Extra Escalation Contingency	--	\$0.6 Million	\$0.7 Million
Total Project Cost	\$14.3 Million	\$23.0 Million	\$27.0 Million

**Not including long-term financing.*

Project Costs

Workforce Housing

- ❖ We have reason to believe that previous assumptions concerning construction cost escalation can be revised to prudently work within a Project Budget of \$26 Million for the 45 Residential Units in Phase 1.

	Original EHP Estimate	Brookwood Estimate 11/2017	Brookwood Estimate 11/2018	Brookwood Estimate April 2019
Land	--	--	--	--
Construction	\$11.4 Million	\$15.5 Million	\$19.0 Million	\$19.0 Million
Construction Escalation	--	\$1.2 Million	\$2.3 Million	\$2.0 Million
Soft Costs	\$1.6 Million	\$4.1 Million	\$4.0 Million	\$4.0 Million
Soft & Hard Cost Contingency	\$1.3 Million	\$1.5 Million	\$0.9 Million	\$0.9 Million
Pre-Dev Financing	--	\$0.1 Million	\$0.1 Million	\$0.1 Million
Total	\$14.3 Million	\$22.4 Million	\$26.3 Million	\$26.0 Million
Extra Escalation Contingency	--	\$0.6 Million	\$0.7 Million	--
Total Project Cost	\$14.3 Million	\$23.0 Million	\$27.0 Million	\$26.0 Million

**Not including long-term financing.*

Project Costs

Workforce Housing

- ❖ Estimate A (*shown below*) assumes that only Phase 1 is constructed at this time. Estimate B (*also shown below*) assumes that Phases 1 & 2 are concurrently constructed, thereby resulting in economies of scale that reduce Project Cost to \$25 Million for the Phase 1 portion (or between \$38 Million and \$39 Million for all 70 units in a combined Project that monetizes the value of Phase 2).

	Original EHP Estimate	Brookwood Estimate 11/2017	Brookwood Estimate 11/2018	Brookwood Estimate A April 2019	Brookwood Estimate B April 2019
Land	--	--	--	--	--
Construction	\$11.4 Million	\$15.5 Million	\$19.0 Million	\$19.0 Million	\$18.2 Million
Construction Escalation	--	\$1.2 Million	\$2.3 Million	\$2.0 Million	\$1.8 Million
Soft Costs	\$1.6 Million	\$4.1 Million	\$4.0 Million	\$4.0 Million	\$4.0 Million
Soft & Hard Cost Contingency	\$1.3 Million	\$1.5 Million	\$0.9 Million	\$0.9 Million	\$0.9 Million
Pre-Dev Financing	--	\$0.1 Million	\$0.1 Million	\$0.1 Million	\$0.1 Million
Total	\$14.3 Million	\$22.4 Million	\$26.3 Million	\$26.0 Million	\$25.0 Million
Extra Escalation Contingency	--	\$0.6 Million	\$0.7 Million	--	--
Total Project Cost	\$14.3 Million	\$23.0 Million	\$27.0 Million	\$26.0 Million	\$25.0 Million

**Not including long-term financing.*

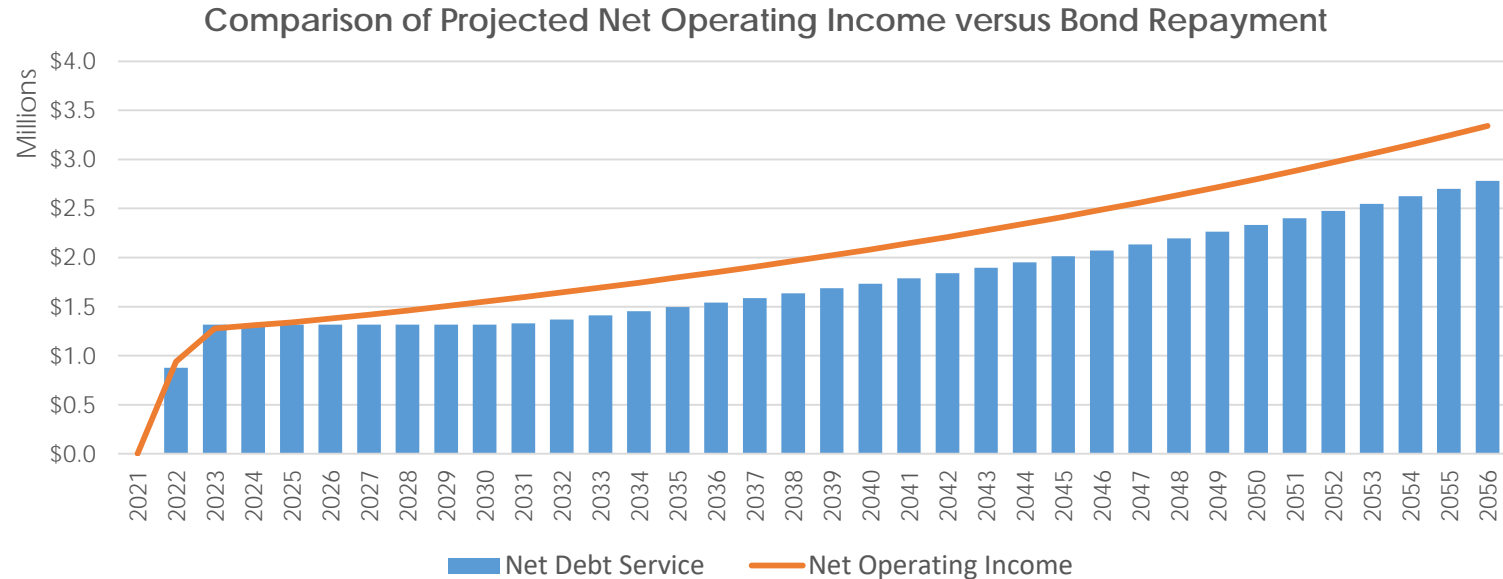
A. Certificates of Participation (COPs)

COPs Require Minimal Outside Contribution

Workforce Housing

- ❖ COPs have more structuring flexibility and can track the expected escalation in rents.
- ❖ Debt service exceeds net income in 2023 and 2024 by a total of \$46,000 and would require a minimal outside contribution of funds
- ❖ COPs pledge the general fund for repayment

Example from November, 2018



B. Privatized Project Financing (PPF)

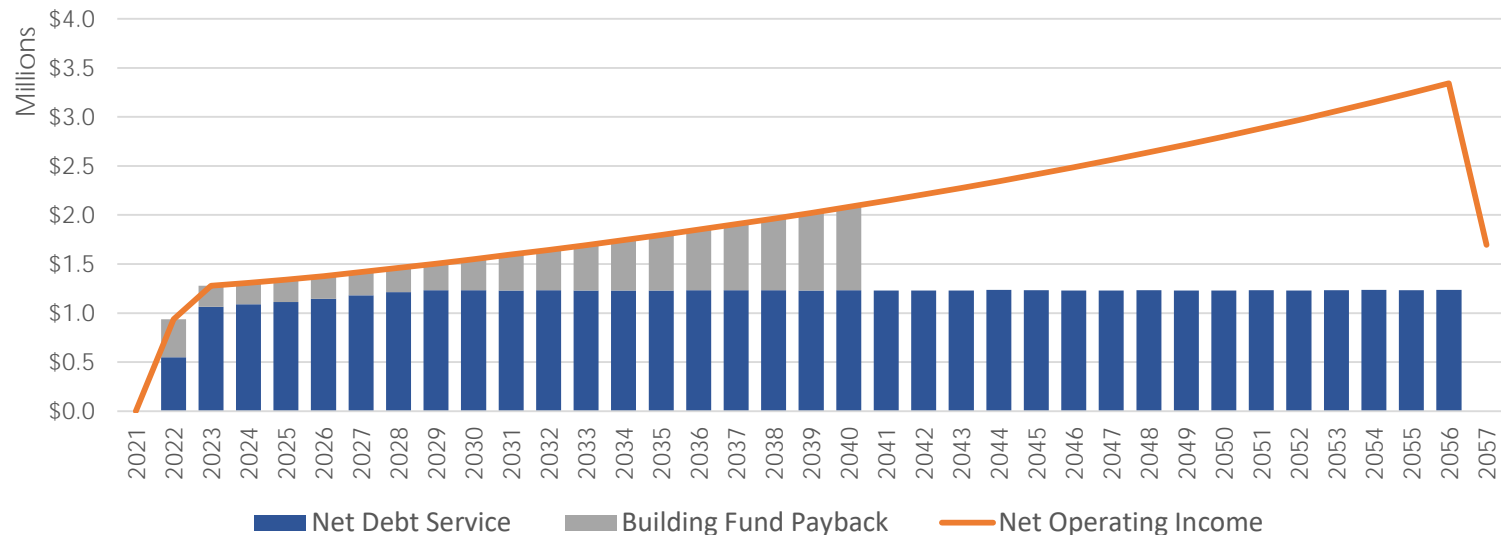
Alternative that Separates Financing from General Fund

Workforce Housing

- ❖ A Privatized Project Financing is a funding alternative to COPs and would raise up to \$18.2 million / **Additional \$8.8 million needed from another source to fully fund project**
- ❖ Protects the general fund, as only project revenues are pledged for repayment.
- ❖ More costly and less flexible with respect to structure.
- ❖ Tracks financing structure used by higher education institution to fund student housing.

Example from November, 2018

Comparison of Projected Net Operating Income versus Bond Repayment



Phase 1 Program Details

This information was presented in November 2018

Workforce Housing

- 38 Phase One units will be Workforce and 7 will be Affordable (and occupied by district employees.)
- Targeting the 38 Workforce units at an average of 77% of Market Rent creates long term sustainability with minimal short term budget impact
- The **Affordable** units comply with City's inclusionary housing ordinance & exceed HEART requirements (and would be occupied by district employees)

Unit Type	Workforce Housing (Ave)	Affordable @ 80% AMI	Affordable @ 100% AMI	Affordable @ 120% AMI
1 BR / 1 BA (Apartments)	18 units (\$2,300 / mo)	1 unit (\$2,149 / mo)	1 unit (\$2,167 / mo)	1 unit (\$2,612 / mo)
2 BR / 2 BA (Apartments & Townhomes)	15 units (\$2,393 / mo)	1 unit (\$2,579 / mo)	1 unit (\$2,599 / mo)	
3 BR / 2 BA (Townhomes)	4 units (\$3,280 / mo)	1 unit (\$2,976 / mo)		1 unit (\$3,618 / mo)
Property Manager's Unit	1 unit (\$1,000 / mo)			
Total	38 Units	3 units	2 units	2 units

- Phase Two will include 25 units, for a combined total of 70 units

Optimizing Phase 1

Deeper Affordability

Workforce Housing

- Flexibility on rents charged – so long as they meet rent revenue target
- Sample rent plan targeting deep affordability

1 Bedroom Units - Market Rent					2 Bedroom Units - Market Rent				
Occupants	Income	Rent	# of Units	Yr Savings	Occupants	Income	Rent	# of Units	Yr Savings
1 or 2	\$46,100	\$1,153	2	\$17,814	3 or 4	\$71,100	\$1,778	1	\$15,918
1 or 2	\$52,650	\$1,316	0	\$0	3 or 4	\$94,850	\$2,371	2	\$8,793
1 or 2	\$55,320	\$1,383	5	\$15,048	3 or 4	\$105,350	\$2,634	3	\$5,643
1 or 2	\$63,180	\$1,580	4	\$12,690	Total			6	
1 or 2	\$73,750	\$1,844	4	\$9,519					
1 or 2	\$84,300	\$2,108	3	\$6,354					
1 or 2	\$94,850	\$2,371	2	\$3,189					
1 or 2	\$105,350	\$2,634	0	\$0					
Total			20						
2 Bedroom Twnhse Units - Market Rent					3 Bedroom Twnhse Units - Market Rent				
Occupants	Income	Rent	# of Units	Yr Savings	Occupants	Income	Rent	# of Units	Yr Savings
3 or 4	\$94,850	\$2,371	2	\$16,317	4 or 5	\$78,960	\$1,974	0	
3 or 4	\$105,350	\$1,844	0		4 or 5	\$113,800	\$2,845	0	
3 or 4	\$147,750	\$3,694	6	\$447	4 or 5	\$147,750	\$3,694	4	\$2,859
2 Group		\$2,400	2		3 Group		\$3,000	2	
2 Group		\$3,000	2		Total			6	
Total			12						

Staff Rents if Phase 2 Monetized

Workforce Housing

- Monetize Phase 2 results in more affordable units or lower affordable rents

1 Bedroom Units - Market Rent						2 Bedroom Units - Market Rent					
Occupants	Income	Rent	Units w/ P2	Units w/o	Yr Savings	Occupants	Income	Rent	Units w/ P2	Units w/o	Yr Savings
1 or 2	\$46,100	\$1,153	2	2	\$17,814	3 or 4	\$71,100	\$1,778	1	1	\$15,918
1 or 2	\$52,650	\$1,316	3	0	\$15,849	3 or 4	\$94,850	\$2,371	3	2	\$8,793
1 or 2	\$55,320	\$1,383	3	5	\$15,048	3 or 4	\$105,350	\$2,634	2	3	\$5,643
1 or 2	\$63,180	\$1,580	3	4	\$12,690	Total			6	6	
1 or 2	\$73,750	\$1,844	5	4	\$9,519						
1 or 2	\$84,300	\$2,108	2	3	\$6,354						
1 or 2	\$94,850	\$2,371	0	2	\$3,189						
1 or 2	\$105,350	\$2,634	2	0	\$39						
Total			20	20							
2 Bedroom Twnhse Units - Market Rent						3 Bedroom Twnhse Units - Market Rent					
Occupants	Income	Rent	Units w/ P2	Units w/o	Yr Savings	Occupants	Income	Rent	Units w/ P2	Units w/o	Yr Savings
3 or 4	\$94,850	\$1,844	2	2	\$22,647	4 or 5	\$78,960	\$1,974	1	0	\$23,496
3 or 4	\$105,350	\$1,844	3	0	\$22,647	4 or 5	\$113,800	\$2,845	3	0	\$13,044
3 or 4	\$147,750	\$2,108	3	6	\$19,482	4 or 5	\$147,750	\$3,694	0	4	\$2,859
2 Group		\$2,400	2	2		3 Group		\$3,000	2	2	
2 Group		\$3,000	2	2		Total			6	6	
Total			12	12							

Decision Timeline for Monetizing Phase 2

Workforce Housing

Developer entitles project
on behalf of PSD

4 to 6 months



Decision to
proceed with
entitlements

Select
Developer

Confirm whether to build
Phase 2 subsequent to or
concurrent with Phase 1, or
to sell land

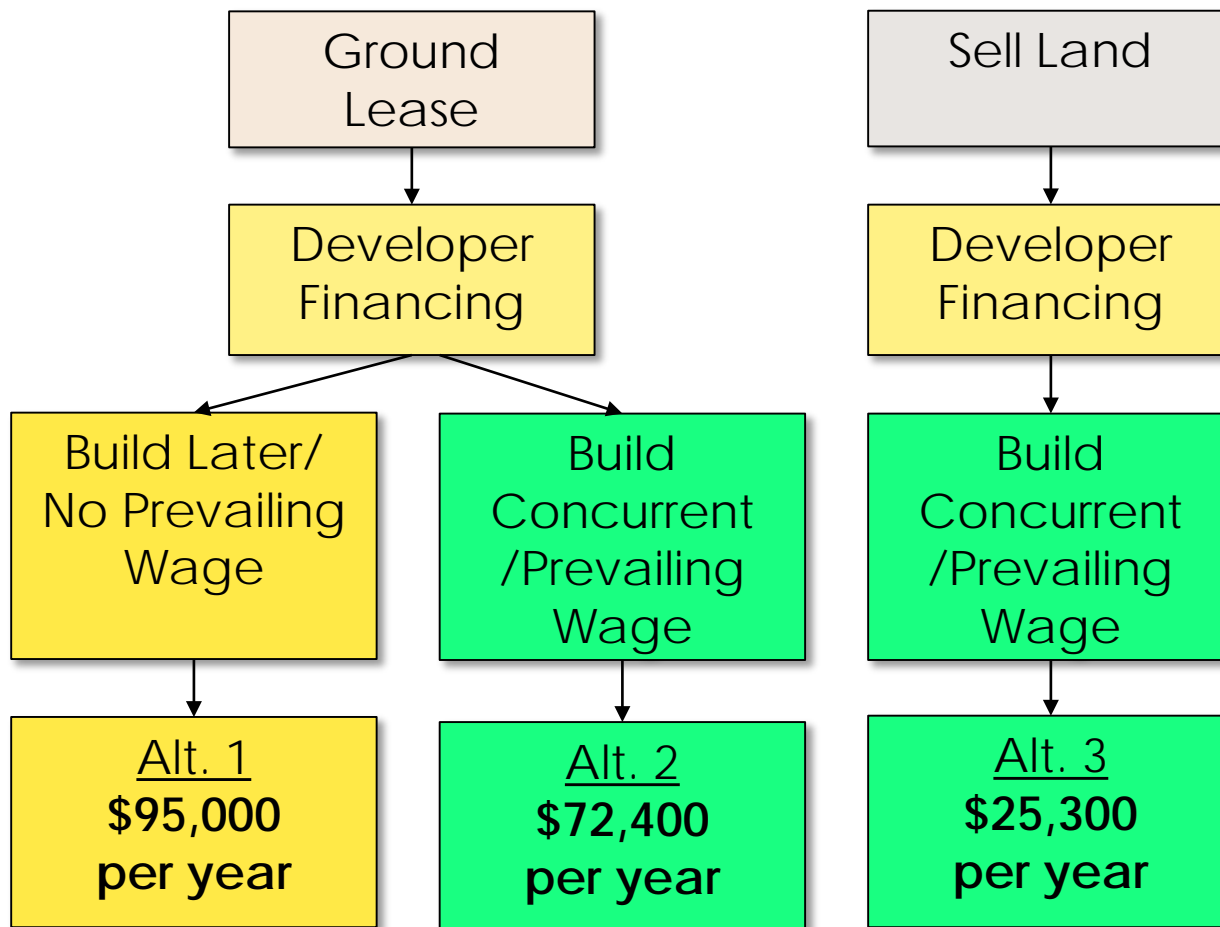
Earliest
Construction
Start

Preliminary decision
whether to pursue Phase
2 subsequent to or
concurrent with Phase 1

Decision required to finalize
capital sources and
agreements, finalize
construction costs, etc.

Options for Monetizing Phase 2

Workforce Housing



Questions and Answers / Discussion

Next Steps