

Presentation & Recommendation

to the

Board of Trustees

for the

Workforce Housing Project

930 Oddstad Boulevard, Pacifica, California

June 12, 2019

Agenda

1. Recommendation to engage in exclusive negotiations with Bridge Housing Corporation and the D/B Team
2. Consistency with District's Project Objectives & Brookwood Estimates
3. Revised Project Schedule / Target Initial Occupancy: December 2022
4. Optimization of Phase 1 of the Project (*45 units, currently planned*)
5. Possible Monetization of Phase 2 to support Project Objectives
6. Project Options and "Safety Valves" to protect the District's Interests
7. Period of Exclusive Negotiations to structure acceptable Agreement
8. Questions & Answers / Discussion

Having completed the RFP process, Brookwood Advisors recommends that the District engage Bridge Housing Corporation in exclusive negotiations of up to 3 months to attempt to develop mutually acceptable forms of Agreement that will enable the District to achieve its Project Objectives.

This recommendation is based on information presented on the following slides, developed in collaboration with with several other Team Members whose analyses and contributions are gratefully acknowledged.

Project Objectives

Bridge Housing Corporation is a mission-driven, non-profit Developer that embraces and shares the District's Project Goals that are restated here:

1. Provide housing to enable and improve staff 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 assets
4. Avoid material adverse Impacts to the District's operating budgets
5. Have safeguards to advance & protect the interests of the District
6. Be a good neighbor and community advocate / participant

Request for Proposals (RFP) Process

1. RFP issued February 4, 2019 to Prequalified Teams (*Bridge, EHP & Domus*)
2. EHP and Domus both politely declined to participate
3. Additional Qualified RFQ Respondents contacted; also declined
4. All potential respondents, other than Bridge, cited lack of capacity
5. Many were busy with other projects and/or lacked needed personnel
6. Pre-proposal conference held on February 22, 2019 (*as called for in RFP*)
7. Brad Wiblin and Paul Sevy (of Bridge) attended the Feb 22nd conference
8. Paul Sevy attended the Feb 27th Meeting with City Planning Department
9. Bridge submitted its Response to the RFP on May 24th (on schedule)

RFP Addenda & Timeline

1. **Request for Proposal (RFP) issued February 4, 2019** (*RFP was developed by the District with Brookwood and Counsel*)
2. **Addendum No. 1 issued March 20, 2019** (*Included the District's proposed Form of Design-Build Agreement*)
3. **Addendum No. 2 issued April 2, 2019** (*Transmits the District's completed Owner's Minimum Requirements (OMR) & Design Guide Illustrations (DGI)*)
4. **Addendum No. 3 issued April 12, 2019** (*Modified dates in RFP Schedule*)
5. **Addendum No. 4 issued April 23, 2019** (*Updated Geologic Report Letter*)
6. **Proposal Submission Date: May 24, 2019** (*Bridge Proposal Received*)

Design Guide Illustrations

Copies of Design Guide Illustrations (DGI) are provided

Workforce Housing



Bridge's Response to RFP

Workforce Housing

1. Bridge Housing Corporation (*not to be confused with the Bridging Method of Project Delivery*) was the sole respondent to the RFP and timely provided a Proposal that is generally compliant with the requirements of the RFP, especially when including supplemental information received from Bridge during the Period of May 24th – June 12th.
2. Brookwood worked with Bridge to obtain more information and then met with some members of District's Housing Committee on May 28th.
3. Bridge representative, Paul Sevy, met with the District's Housing Subcommittee, Staff and Brookwood on May 29th to discuss Bridge's qualifications and answer questions.
4. The preliminary budget presented by Bridge is within expected cost estimates. Bridge's proposed schedule milestones anticipate at least 18 months to obtain entitlements followed by 6 months for construction document production and permitting and 14 months for construction. Construction could be extended if both phases are constructed.

BRIDGE Introduction

Experience

Workforce Housing

1. BRIDGE established 1983 and organized as a 501(c)3 non-profit
2. Based in San Francisco with offices in San Diego, Orange County, Portland and Seattle.
3. Long history of property ownership in Pacifica starting in 1988 with Pacific Oaks Senior Housing and currently with more than 200 units owned and managed by BRIDGE.
4. Started working with School Districts on Housing solutions in 2005 and currently have projects with Los Angeles Unified School District, San Diego Unified District, San Francisco City College and the Sonoma County Office of Education.
5. BRIDGE since 2001 has incorporated “Green Building” components in all its buildings and has won more than 150 design awards.

Bridge Projects

Paseo at Comm 22-130 units jointly with SDUSD

Workforce Housing



Bridge Projects

Sage Park, a 90 unit joint project with LAUSD

Workforce Housing



New Preliminary Project Schedule

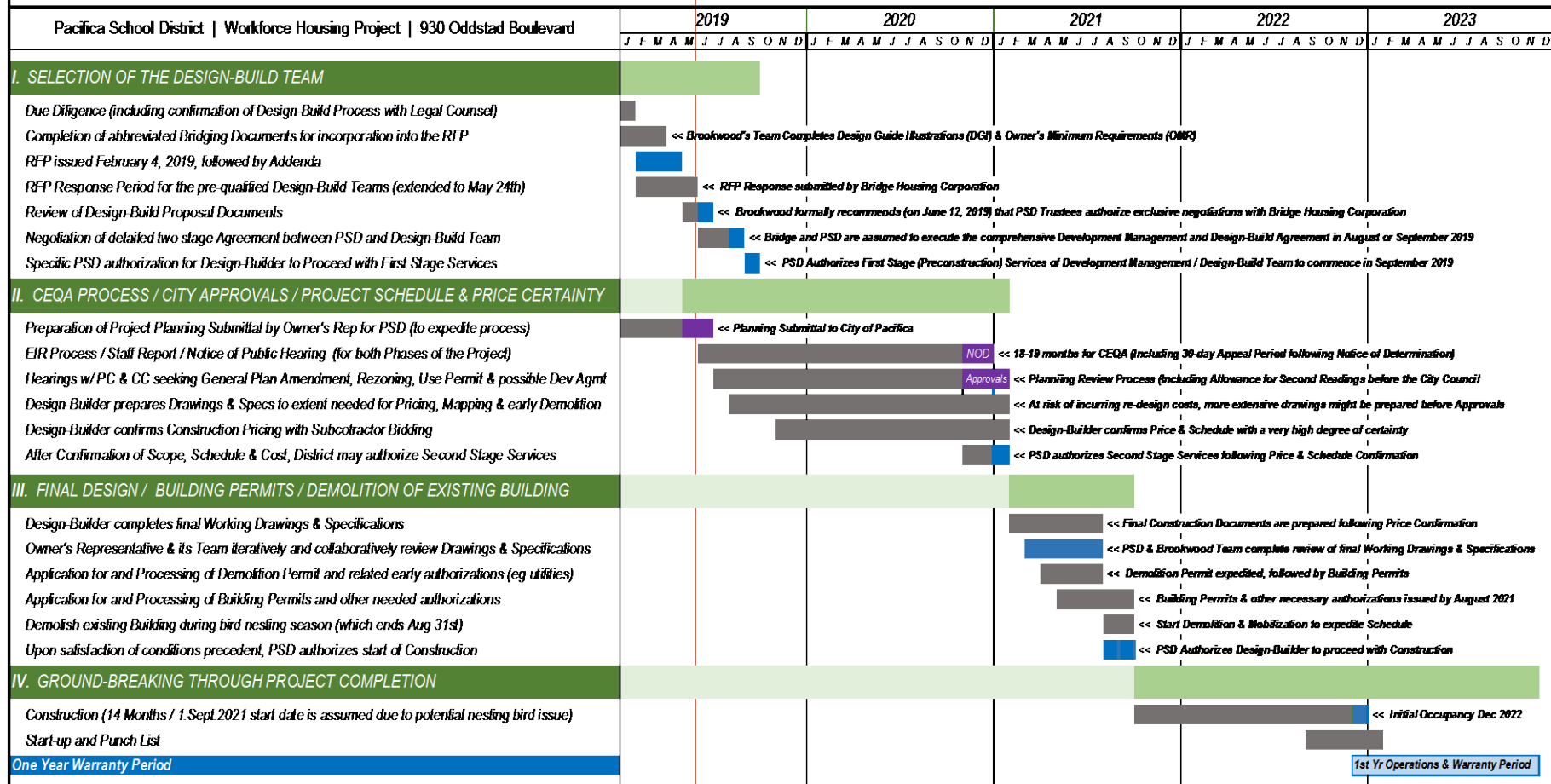
Copies of this Project Schedule are provided

Workforce Housing

Collaborative Project Schedule

Brookwood Advisors

Updated 4.June.2019 by Brookwood Advisors with input from Bridge Housing Corporation

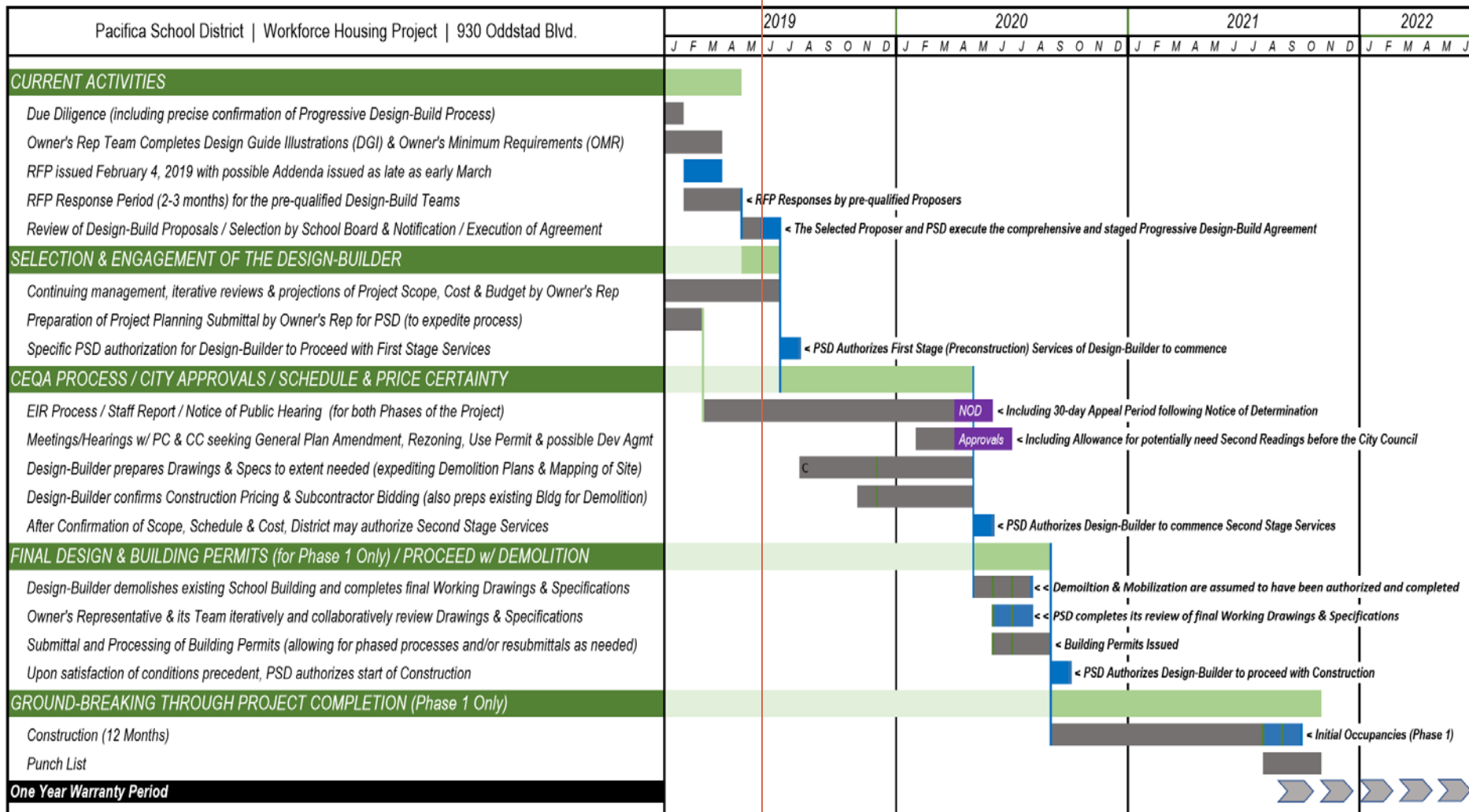


Previous Project Schedule

1 February 2019 (Aggressive) Schedule

Workforce Housing

1 February 2019



Milestones Ahead

1. Explore alternatives with Bridge to reduce costs and enhance value
2. Concurrently negotiate acceptable agreement with Bridge and proposed design-build team
3. Project Schedule anticipates execution of agreements by **Fall 2019**
4. Bridge expects CEQA & Approvals Process to be at least 18 Months
5. Proposed Schedule now assumes the following Targeted Milestones:
 - December 2020:** Complete CEQA process and Project approvals
 - January 2021:** Confirm scope, phasing & price/schedule certainty
 - June 2021:** Design/Build Team completes detailed Plans & Specs
 - August 2021:** Building Permits & related Authorizations obtained
 - September 2021** Groundbreaking / Commence Construction
 - December 2022:** Initial Occupancies for Phase 1 of the Project

Project Cost Estimates

Cost Estimates Presented Previously

Workforce Housing

- ❖ Project Cost Estimates by Bridge are generally consistent with Brookwood's recent Estimates (as indicated below within the red border)
- ❖ The Bridge Estimate consists of three components that correctly exclude some other costs that are incurred directly by the District (such as Brookwood fees)

	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 attributed Land Value or long-term Financing cost.

Cost Estimate by Bridge

Summarized from Proposal submitted by Bridge

Workforce Housing

Preliminary Estimates by Bridge of Costs incurred through PSD's Contract(s) with Bridge and/or the Design-Builder*	Phase 1	Phase 2	Combined Costs
Construction Hard Costs	\$14,610,229	\$8,745,653	\$23,355,882
General Conditions	\$876,614	\$524,739	\$1,401,353
Contingency	\$1,548,684	\$927,039	\$2,475,723
Insurance & Bonds	\$367,038	\$239,708	\$606,746
Overhead & Profit	\$1,238,947	\$741,631	\$1,980,578
Subtotal of Construction Phase Costs incurred thru Contracts w/ Bridge and/or the Design-Builder*	\$18,641,512	\$11,158,770	\$29,820,282
Pre-Construction (Both Phases)	\$2,906,000	<i>Allocation?</i>	\$2,906,000
Estimated Total Contract Amount(s) for PSD's Contracts* (that are to be administered for PSD by Brookwood)	\$21,547,512		\$32,726,282

* Excludes other Project Costs incurred directly by PSD that are outside of the Bridge Contract and/or the Design/Build Contract. Also excludes other Bridge Management Fees (to be negotiated within Soft Cost Budget).

Phase 1 Program Details

This information was presented in November 2018

Workforce Housing

- 7 of the 45 Phase One units will be Affordable
- Targeting the 38 units at an average of 77% of Market Rent creates long term sustainability with minimal short term budget impact
- The Affordable units meet City inclusionary housing ordinance requirements & exceed HEART criteria

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 total of 70 units in both phases

Optimizing Phase 1

Option for Deeper Affordability

Workforce Housing

- Flexibility on rents charged – so long as meet rent revenue target
- Sample rent plan targeting deep affordability w/ 30% rented at market-rate

1BR Apartments					
% AMIIncome		Excluding Phase 2			
		Rent	Units	% of Mkt	% of Mkt
PSD Units					
50% AMI	\$51,350	\$1,375	6	52%	52%
60% AMI	\$61,620	\$1,650	7	62%	62%
80% AMI	\$82,200	\$2,202	5	83%	83%
Avg/Total		\$1,712	18	64%	63%
Market		\$2,664	2		
Total Units		\$1,807	20		

2BR Apartments					
AMIIncome		Excluding Phase 2			
		Rent	Units	% of Mkt	% of Mkt
<u>PSD Units</u>					
50% AMI	\$58,650	\$1,650	1	53%	53%
60% AMI	\$70,380	\$1,980	2	64%	64%
80% AMI	\$93,950	\$2,643	2	85%	85%
Avg/Total		\$2,179	5	70%	62%
Market		\$3,104	1		
Total Units		\$2,333	6		

2BR Townhomes					
% AMIIncome		Excluding Phase 2			
		Rent	Units		
<u>PSD Units</u>					
50% AMI	\$51,350	\$1,650	1	44%	44%
60% AMI	\$61,620	\$1,980	2	53%	53%
80% AMI	\$82,200	<u>\$2,643</u>	<u>2</u>	<u>71%</u>	<u>71%</u>
Avg/Total		\$2,179	5	58%	56%
Market		\$3,731	7		
Total Units		\$3,084	12		

3BR Townhomes					
AMI Income		Excluding Phase 2			
		Rent	Units		
<u>PSD Units</u>					
50% AMI	\$73,300	\$1,906	-	48%	48%
60% AMI	\$87,960	\$2,288	1	58%	58%
80% AMI	\$117,400	\$3,053	2	78%	78%
Avg/Total		\$2,798	3	71%	61%
Market		\$3,932	3		
Total Units		\$3,365	6		

The possibility of proceeding with Phase II is at the discretion of the Board.

Staff Rents if Phase 2 Monetized

Increase Number of Units Rented to PSD Staff

Workforce Housing

- Monetize Phase 2 results in more affordable units or lower affordable rents
- Sample rent plan targeting deep affordability w/ 16% units at market-rate

1BR Apartments							
% AMI Income		Excluding Phase 2			Including Phase 2		
		Rent	Units	% of Mkt	Rent	Units	% of Mkt
PSD Units							
50% AMI	\$51,350	\$1,375	6	52%	\$1,375	7	52%
60% AMI	\$61,620	\$1,650	7	62%	\$1,650	8	62%
80% AMI	\$82,200	<u>\$2,202</u>	<u>5</u>	<u>83%</u>	<u>\$2,202</u>	<u>5</u>	<u>83%</u>
Avg/Total		\$1,712	18	64%	\$1,692	20	63%
Market		\$2,664	2		\$2,664	-	
Total Units		\$1,807	20		\$1,692	20	

2BR Apartments							
AMI Income		Excluding Phase 2			Including Phase 2		
		Rent	Units	% of Mkt	Rent	Units	% of Mkt
PSD Units							
50% AMI	\$58,650	\$1,650	1	53%	\$1,650	3	53%
60% AMI	\$70,380	\$1,980	2	64%	\$1,980	2	64%
80% AMI	\$93,950	<u>\$2,643</u>	<u>2</u>	<u>85%</u>	<u>\$2,643</u>	<u>1</u>	<u>85%</u>
Avg/Total		\$2,179	5	70%	\$1,925	6	62%
Market		\$3,104	1		\$3,104	-	
Total Units		\$2,333	6		\$1,925	6	

2BR Townhomes							
% AMI	Income	Excluding Phase 2			Including Phase 2		
		Rent	Units		Rent	Units	
PSD Units							
50% AMI	\$51,350	\$1,650	1	44%	\$1,650	2	44%
60% AMI	\$61,620	\$1,980	2	53%	\$1,980	3	53%
80% AMI	\$82,200	<u>\$2,643</u>	<u>2</u>	<u>71%</u>	<u>\$2,643</u>	<u>2</u>	<u>71%</u>
Avg/Total		\$2,179	5	58%	\$2,075	7	56%
Market		\$3,731	7		\$3,731	5	
Total Units		\$3,084	12		\$2,765	12	

3BR Townhomes							
AMI Income		Excluding Phase 2			Including Phase 2		
		Rent	Units		Rent	Units	
PSD Units							
50% AMI	\$73,300	\$1,906	-	48%	\$1,906	1	48%
60% AMI	\$87,960	\$2,288	1	58%	\$2,288	2	58%
80% AMI	\$117,400	<u>\$3,053</u>	<u>2</u>	<u>78%</u>	<u>\$3,053</u>	<u>1</u>	<u>78%</u>
Avg/Total		\$2,798	3	71%	\$2,383	4	61%
Market		\$3,932	3		\$3,932	2	
Total Units		\$3,365	6		\$2,900	6	

Summary / Recommendation

Having completed the RFP process, Brookwood Advisors recommends that the District engage Bridge Housing Corporation in exclusive negotiations of up to 3 months to attempt to develop mutually acceptable forms of Agreement that will enable the District to achieve its Project Objectives.

This recommendation is based on information presented on the following slides, developed in collaboration with with several other Team Members whose analyses and contributions are gratefully acknowledged.

Conclusions

Questions & Answers / Discussion