



**Date:** April 26, 2019

**To:** Board of Directors

**Submitted By:** Kevin Sved, CEO

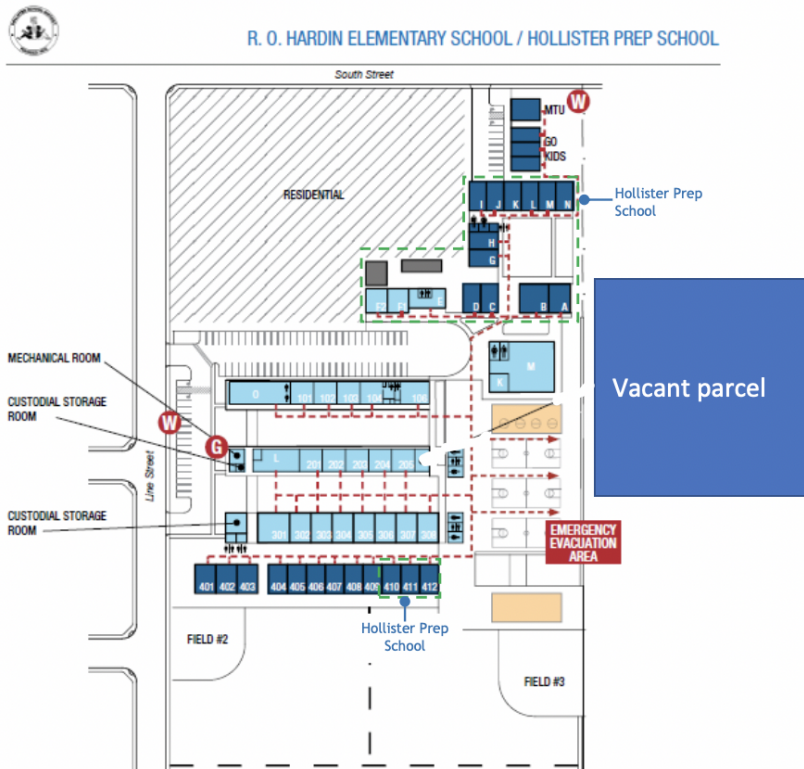
**Subject:** Long-term Facilities for Hollister Prep and Watsonville Prep

**Agenda Item Type:** Open Session – FYI, Discussion;  
Closed Session – Possible Action Re: Real Estate Negotiations

**Hollister Prep School**

**Background**

As Hollister Prep School (HPS) expanded beyond 5th grade, it has outgrown its site footprint on the north side of the R.O. Hardin campus. HSP middle school grades have used classrooms on the south side of the campus, with the K-5 classrooms of R.O. Hardin students in between, posing logistical challenges for both HPS and R.O. Hardin. (See site map below.)



In addition to the logistical challenges, the anticipated enrollment growth at R.O. Hardin over the next several years will require an alternative solution for HPS. Hollister School District (HSD) has explored splitting HPS across two HSD campuses, or potentially relocating the entire HPS to another site. Both of these options would be extremely harmful to HPS, so staff has been working with HSD to secure a long-term in-lieu of Prop 39 deal, which would provide stability for the long-term facilities need and eliminate the annual need to renegotiate a one-year facility solution for HPS.

In May 2017, as part of the Prop 51 Charter Facilities Program application process, HSD and Navigator agreed in principal on a long-term in-lieu of Prop 39 deal for a fully grown HPS to be located in buildings on the existing HPS footprint. It was also determined that providing the full K-8 program on the north side of R.O. Hardin would be greatly assisted by acquiring a parcel of vacant land that adjoins HPS. While the grant was not funded, the agreement relating to the use of the site provides a foundation for a future agreement.

At the February 16, 2019 HSD Board Meeting, board members expressed concern regarding the Prop 39 offer and Facilities Use Agreement recommended by HSD Facilities staff. It would have granted HPS two additional middle school classrooms on the south side of the campus. This was the first board meeting where R.O. Hardin staff voiced concerns and asked the HSD Board to deny a Prop 39 offer to HPS. The Prop 39 agreement was eventually approved, but required a compromise that required moving HPS middle school students to the north side of the campus. (Staff is in the process of determining which HPS grade levels will move to the south side of the campus.) This development has increased the urgency to find a long-term solution for HPS facilities needs.

### **A Potential Solution**

The most immediate need is to add six modular classrooms and one modular restroom unit. Due to the lack of open space on the north side of the campus, the most expedient pathway to this solution is to acquire an adjacent vacant parcel and develop the site to house six modular classrooms and one modular restroom unit. An appraisal of the property was recently conducted and will be discussed in closed session. The estimated cost of the overall project, including land acquisition is in the range of \$2m-\$2.5m. Financing would have to be arranged. A grant application was submitted to the California Charter School Finance Authority to assist with acquisition costs. The timeline for the grant award notification is August 2019. Other steps in the process include:

- 1) Secure **an option** to purchase property
- 2) Hire an architect
- 3) Develop project plan with input of stakeholders
- 4) Analyze City of Hollister and Division of the State Architect (DSA) requirements
- 5) Determine overall project costs
- 6) Analyze financing options
- 7) Approval of plans by both Navigator and HSD Boards, including long-term lease
- 8) After all approvals, purchase property
- 9) Project bidding
- 10) Complete site work, install portables, and open expanded campus

The aerial map below shows the vacant parcel as AP 055-030-026.

### Aerial View of Property



### Other Long-Term Facility Needs: Developing a Master Plan

There are other long-term facilities considerations for HPS, including eventual replacement of existing buildings and the addition of a gymnasium. The architect will also conduct a facilities analysis and develop a facilities master plan that provides a comprehensive review of HPS long-term facilities needs. The most urgent step to help address the long term is to acquire additional land. The most immediate step to secure HPS at its current location is to locate the six portable classrooms and a restroom.

**Possible Timeline**

Below is a sample timeline that shows the possibility for a project completion date of August 2020, providing a fully contiguous HPS K-8 campus for the 2020-21 school year.

<b>Date</b>	<b>Activity</b>
April 29, 2019	The Navigator Schools Board of Directors authorizes negotiation of purchase agreement for vacant parcel adjacent to R.O. Hardin Elementary.
May-June 2019	Navigator Schools enter contingent purchase and sale agreement or option agreement with the owner of the subject property.
May-June 2019	Navigator Schools hires an architect.
June-August 2019	Navigator Schools conducts due diligence on property, including securing an in-lieu of Prop 39 deal with Hollister School District for space on the north side of R.O. Hardin where 80% of HPS classrooms are currently located.
June-August 2019	A site plan is developed for six modular classrooms and one modular restroom building to be located on land to be acquired.
August-September 2019	All plans are approved by Navigator and HSD Boards, including long-term lease and long-term financing.
September-October 2019	The terms of purchase for the vacant lot are met, and the transaction is completed.
October 2019	Funding is secured for portable project on newly acquired land. DSA or City of Hollister approves project plans for site work, modular classrooms and restrooms.
November 2019	Bidding for site development work is completed. Orders for modular classrooms and restrooms are placed.
June 2020	Site work is completed, new classrooms and restrooms are installed, and utilities connected
July 2020	IT and fire alarms are connected, and furniture is placed.
August 2020	Improvements on acquired land are ready for occupancy.

**Next Steps**

The next step is to get the vacant property under contract. In closed session, the Board will be asked to consider authorizing the CEO to negotiate an option to purchase the vacant property, putting a specified deposit at risk, subject to the conditions of completing due diligence and obtaining subsequent Board approval prior to completing purchase.

**Summary**

Acquiring an adjacent vacant lot to house six modular classrooms and a modular restroom would help solve HPS long-term facility needs.

### **Watsonville Prep School**

The Board of the Pajaro Valley Unified School District (PVUSD) approved the Facilities Use Agreement for Watsonville Prep School (WPS) on April 24, 2019. Therefore, the facilities needs for WPS are secured at the E.A. Hall Middle School campus for the 2019-20 school year. We anticipate challenges with PVUSD providing appropriate facilities in the future and therefore are continuing to pursue long-term facility solutions for WPS.

I have continued working with Pacific Charter School Development (PCSD) to vet potential sites and perform feasibility analyses, as well as providing project management support. PCSD helped us bring on an experienced architectural firm, ARTIK, to support the site feasibility process. The support from PCSD thus far has been provided without fees, thanks to philanthropic support PCSD receives. ARTIK has been working for project fees under \$10,000. In order to perform structural analysis of one building that could serve as a potential long-term solution, the cost is estimated to be \$12,000. At this stage, we are working closely with the building owner to get a clearer picture on whether a long-term lease deal structure can work before committing additional resources into the project. Depending on the outcome of these negotiations, a request to approve the structural analysis work may be brought to the Board at the next regular board meeting.