



Date: August 18, 2020
To: Navigator Schools Board
From: Kevin Sved
Subject: Watsonville Prep School Facilities Update

The 407 Main Street Project continues to progress in spite of the many challenges accompanying daily life during the COVID-19 pandemic. Due to our shared attention and diligence at the onset of the project, we are on a path for permitting and potential approval at the city level. With this in mind, an update on the project was shared with the Finance Committee at its most recent meeting on August 14, 2020. This memo summarizes the current status of the project, highlights important considerations, and lists key next steps for board action. These items are presented with additional details in a slide deck titled “407 Main Street Update” included as an attachment in the August 25 NS Board Meeting agenda.

City Planning

The Special Use Permit is on target for review by the Planning Commission in October. The submission of construction plans is scheduled for August. The best-case timeline for city approval is November, 2020.

Important Considerations

The following items must be thoroughly vetted as the project moves forward.

1. Budget, revenue, and enrollment projections are realistic and sound.
2. Operating costs remain appropriately conservative.
3. A viable path for financing is secured.
4. Key risks remain acceptable even when considering worse-case scenarios.

Upcoming Decisions

Key next steps include board approval of a new Letter of Intent (LOI) with the owner. Further information regarding the advisability of a new the LOI will be presented during closed session. In addition, mobilizing community support in preparation for the Planning Commission meeting will be an important activity. Other next steps involve securing financing, executing a lease agreement (with contingencies), soliciting bids for the project post-approval, and developing a construction contract with a Guaranteed Maximum Price (GMP).

These issues will be presented and explained to the entire Navigator community in greater detail on August 25, 2020, during the open session of the board meeting. Additional financial information regarding property negotiations will be discussed during the closed session.