



# Facilities Overview & Key Issues

Presented by Elizabeth Sanborn Falcon, Benchmark Realty Advisors; and  
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# Objective

The NS Board of Directors will need to become more sophisticated with facilities issues to meet the long-term needs of our students. For new charters like WPS, it is also unlikely that the district will provide a high-quality short-term option through Prop 39. This presentation and dialogue will help develop a stronger understanding of NS facility needs and related issues, and the Board's role in meeting these needs.

# Elizabeth Sanborn Falcon: Background

Elizabeth represent schools and other special purpose entities in property acquisitions and financing. Total value of transactions she has negotiated is \$500M+. Elizabeth has represented Rocketship, ACE, Aspire, Voices and other charter schools. Pacific Charter School Development brought Elizabeth in to work with Navigator as part of our potential relocation effort for Gilroy Prep when high speed rail was a bigger, more timely concern.

# School Facilities: Four Major Areas

1. Site Selection and Control
2. Governmental Approvals
3. Financing
4. Construction

# Site Selection and Control

## 1. Determine Requirements

-Acreage, building square footage, location

## 2. Locate site

-Availability, zoning, educational occupancy and retrofit

## 3. Site control

-Issues include length of contingency period and required deposits

*Board Decisions: Approval of site and related agreements*

# Governmental Approvals

## 1. Planning Approvals

- Private site requires Conditional Use Permit (CUP)
- CEQA requirements (CA Environmental Quality Act)

## 2. Building Approvals

- Division of State Architect (DSA) vs. Municipality

## 3. Challenges: Cost and Timing

- CEQA, CUP, design costs and approvals

*Board Decisions: Approval of architectural and other consulting contracts*

# Financing: Long-term Facilities

Challenges related to small initial enrollment.

Potential Solutions:

1. Outside entity takes ownership and holds title until full enrollment allows school to carry debt (PCSD or similar)
2. Private Development - Construction costs built into long-term lease costs
3. Philanthropic Support - Funders pay for facilities costs

*Board Decisions: Approval of financial plans and related agreements*

# Construction: Long-term Facilities

1. Vacant land with plan to develop site with modular and/or stick build
2. Refurbishment of existing

*Board Decisions: Approval of plans and contracts*



# Legal and Organizational Risks

## **Financial loss**

- Deposits lost if contingency not met
- Architect / consultant fees expended, but plans not approved
- Lack of enrollment to support financial model
- Cost overruns
- Lower funding of SB 740 charter facilities program

# Legal and Organizational Risks

## **Program Delivery Risks**

- Poor facilities add difficulty to quality program delivery
- Prop 39 solution can challenge families for transportation
- Construction projects can disrupt educational program

## **Legal risks**

- Construction has inherent risks; insurance helps mitigate
- Must ensure all inspections completed and approved before occupancy

# Short-Term Strategy: Watsonville Prep

## **1) Existing Facility with Educational Occupancy**

- Current church with available classrooms

## **2) Renovated Facility with Minimal Work**

- Existing space with suitable exiting, bathrooms, and zoning

## **3) Land with Leased Portables**

- Timing is tight for approvals but there is a possibility to have a potential long-term site developed for Year 1.

- Temporary vacant site with existing utility infrastructure.

## **4) Prop 39: NS will be applying for this**

# Questions, Comments, Discussion