The purpose of this work session is to discuss the key elements that need to be addressed in a request for proposal (RFP) and to seek board input prior to developing a draft RFP for board review and approval in September.

Staff have provided options and an initial proposal as a means of focusing the work session conversation. The following issues will be discussed:

1. Should the district accept confidential proposals?
2. Should the district accept proposals for the north lots only, the stadium parcel only, and/or the north lots and stadium parcel together?
3. Should the district require a deed restriction which would limit the type of future property uses for a new owner?
4. Should potential buyers be required to provide assurance the development will occur as proposed?
5. What criteria will be used in evaluating proposals and how should those criteria be rated?

A time line for RFP process will also be reviewed.

**ISSUES FOR DISCUSSION**

1. **Confidentiality of Proposals**
   Should the district consider allowing limited confidentiality of proposals?

**Discussion**
While there is a strong desire for process transparency throughout the RFP solicitation and selection process, some potential proposers could choose not to submit a proposal, unless their initial response is confidential.

Any confidentiality provisions will require legal review for compliance with public records law.

**Options**

1) No confidentiality. All information would be subject to public records request.
2) Limited confidentiality. Confidentiality would be elective by proposer. Specific information would need to be identified by proposer.
3) All details of all proposals considered confidential until selection process is completed. This may be problematic under statutory public records requirements.
Proposal
Staff suggests option #2 could result in the greatest number of proposals and provide for the release of general information to the public. The RFP would require the proposers to identify what, if any, information contained in their individual proposal is to be considered confidential. A proposer may choose to require the entire proposal to remain confidential, only certain items of information, or nothing at all. Information requested to remain confidential would be held so until a recommendation (for selection) is made to the board, at which time certain key information would need to be disclosed. The RFP would spell out the "key" information and proposers would know in advance what information would be disclosed.

On the RFP due date (or shortly after), only the number of proposals and rough terms will be disclosed. Respondents will not be identified by name, unless the proposer has not requested confidentiality of this information. Proposals are not made available for review by anyone, other than the evaluation team, until after the recommendation for selection is forwarded to the board and disclosed to the proposers. Confidentiality of unsuccessful proposers would be maintained upon request.

2. Acquisition of North Lots Only or Stadium Parcel Only
The site consists of essentially two properties consisting of three separate tax lots – the **STADIUM PARCEL** (1 tax lot) and the **NORTH LOTS** (2 tax lots).

Discussion
The District’s Real Property Consultant recommendation was to sell the North Lots immediately, indicating a current market for the property, and to then dispose of the Stadium Parcel using the RFP process. During the district Land Use Decision Making Process for the disposition of the surplus property, much public input was received to encourage the district to market the combined property as a package, rather than to proceed with immediate sale of the North Lots. The indication was that the North Lots property was essential for any development scenario that preserves use of the stadium structure if such a development is to be financially viable.

Allowing for proposals for either the North Lots only, or the Stadium Parcel only, creates a level of complexity for the evaluation and selection process, but may also create the opportunity for the district to maximize the potential revenue/benefit by considering the parcels separately. If allowed, decisions will need to be made in advance whether proposals for the entire parcel will be given preference over proposals for only portions of the property. Allowing partial property proposals could provide useful information regarding comparative market value of the individual parcels.

Options
1) Solicit proposals for the entire property only.
2) Create provisions in the RFP to consider proposals for the entire property, or the individual parcels. Decide whether to give preference to proposals for the entire parcel, or how to evaluate the individual proposals, when compared to the various proposals.
Proposal
Staff suggests option #2. Provide for the opportunity for proposals to acquire the entire property, the Stadium Parcel only, or the North Lots only. Reserve the right, but not the requirement, for the district to give preference to proposals for acquisition of the entire property.

3. **Deed Restriction/Limitations of Use**
   Should the district require a deed restriction which limits type of future property uses for new owner?

**Discussion**
Requiring a deed restriction would allow the district to restrict future use of the property which might be considered undesirable with respect to the neighborhood and proximity to SEHS, but which might otherwise be allowed under land use regulations.

**Options**
1) Do not require additional limitations on use (via deed restriction) beyond those allowed by land use regulations.
2) Require a deed restriction(s) to limit future use.

**Proposal**
Staff suggests option #1. Future use limitations are recommended. Limitations would include any use that injures public health, safety, or public morals, including but not limited to adult bookstores, adult magazine sales, adult cinemas or theaters, topless or nude bars or eating establishments, massage parlors, head shops (i.e. shops selling or dealing in drug related paraphernalia), adult shop/sex shops, escort services, online adult services or chat rooms, and adult call centers

4. **Development Follow-Through Assurance**
   Should the district request or require proposers to provide assurance that development will occur as proposed?

**Discussion**
By establishing preference points for preservation of the stadium grandstands for continued use as a stadium venue, and further establishing preference points for community benefit, the school board has essentially determined that these categories will be an appropriate potential offset to revenue (direct benefit to the district) and other indirect benefits to the district. If the successful proposer is selected on the basis of these criteria (grandstand preservation and community benefit of proposed use/development) as an offset to property value, the district may wish to require assurance that the use of the property and/or development will move forward as proposed, or seek protection from loss of revenue based upon difference in value between proposed development and actual development.

Assurance could be in various forms including, but not limited to the following: deed restriction limiting the use to the proposed development; a reversion clause whereby the property "reverts" back to district ownership under certain conditions (such as
discontinued use of the stadium); performance bond; or first right of refusal to reacquire the property if resold.

**Options**
1) No development follow-through assurance required.
2) Require some form of development assurance in final agreement and be explicit about this requirement in the solicitation.
3) Request that proposers identify how they will provide the “desired” (not required) assurance, if any, and allow this issue to influence the evaluation/rating of the proposal.

**Proposal**
Staff suggest option #3. Request that proposers indicate the mechanism(s) proposed to provide this assurance (e.g., performance bond, deed restriction, reversion clause, etc.), or alternatively, how the district will be compensated if the property is not developed or used as proposed, based upon the difference in property value between the proposed development and actual development. If no assurance or protection as described above is offered, the proposer must so indicate. This issue could influence the evaluation/rating under the category of direct financial benefit (revenue) to the district.

5. **PROPOSED SELECTION CRITERIA & SCORING**
   What selection criteria should be used in the evaluation/rating of the proposals and what relative weighting should be assigned to the individual criteria?

**Discussion**
The entire premise of the RFP process is to allow for the opportunity to consider pertinent factors other than financial considerations in the evaluation of proposals and ultimate selection of the successful proposer. The decision to solicit proposals presumes that other factors will be considered.

**Options**
Consider some or all of the following criteria, or additional criteria, in the evaluation of the proposals:
1) Purchase price – direct economic benefit to the district. Include subcategories that consider the terms of the offer including, but not necessarily limited to: lump sum cash or revenue stream over time; number and degree of contingencies and projected time to resolve (remove); assurances provided for development follow-through or other protections offered.
2) Additional (non-monetary) benefit to the district.
3) Preservation of stadium grandstands for continued use.
4) Community benefit of proposed use.
5) Neighborhood compatibility or compatibility with existing land use regulations.

Weight selected criteria as deemed appropriate.
Proposal
Proposed criteria and weighting:

**REVENUE** ..........................................................50 points
Economic Benefit to the District/Total Purchase Price for all Properties
Terms of Purchase (cash or land lease)
Development Proposal Follow-through Assurance
Sale Contingencies and Timeline to Resolve
Requirement for Public Contributions or Incentives

**ADDITIONAL BENEFITS TO THE DISTRICT** ..................15 points
Facility Utilization by the District
Tax Revenues from Development
Increased Enrollment Potential

**COMMUNITY BENEFIT OF PROPOSED USE** ...............15 points

**COMPATIBILITY WITH EXISTING LAND USE REGULATIONS** ........10 points

**PRESERVATION OF GRANDSTANDS FOR CONTINUED USE** ....10 points

**PROPOSED REQUEST FOR PROPOSAL SCHEDULE**
8/18/10* RFP Work Session
9/1/10* Review Draft RFP (Future Action)
9/15/10* Approve Final RFP (Action)
10/1/10 Issue RFP
1/3/11 Proposals Due
1/5/11 – 2/2/11 Evaluations of Proposals - Executive Sessions as needed
2/2/11* Consider Selection of Highest Ranked Proposal (Future Action)
2/16/11* Select Highest Ranked Proposal (Action)

* Board meeting dates