



CENTRALIA ELEMENTARY SCHOOL DISTRICT

ADDENDUM NO. 2

**REQUEST FOR PROPOSALS
FOR THE GROUND LEASE OF
REAL PROPERTY**

RFP #2023-24-01

**(16.71 acres of real property located at 7300 La Palma Avenue, Buena Park, CA 90620,
known as the Walter Knott Education Center Property)**

Dated: November 30, 2023

To: All Prospective Respondents (via electronic mail & dissemination only)

With this Addendum No. 2, Centralia Elementary School District (“District”) provides the following clarifications to the Request for Proposals (“RFP”) issued on October 16, 2023, as amended by Addendum No. 1 dated November 3, 2023, for the potential long-term ground lease of real property identified as follows:

Approximately 16.71 acres of real property located at 7300 La Palma Avenue, Buena Park, CA 90620, known generally as the Walter Knott Education Center (the “Property”), as is depicted in the RFP.

Except as explicitly stated herein, the statements in the RFP and Addendum No. 1 shall remain in full force and effect with respect to the Property and the RFP process.

I. WAIVER GRANTED

As set forth in the RFP, the District sought a waiver from the California Department of Education (CDE) to allow the District to use the “Request for Proposal” (RFP) procedure to pursue a lease of the Property. The CDE approved the District’s waiver application on November 9, 2023. As a result, the District is authorized to proceed with the process as set forth in the RFP to consider awarding a lease of the Property. Therefore, the District will proceed with this RFP process, and any statements in the RFP indicating that the District may revise or alter the RFP as a result of the waiver are hereby deemed moot.

II. RFQ QUESTIONS

Pursuant to Section VIII of the RFP, as amended by Section II of Addendum No. 1, the District received the following questions and hereby responds to each as follows. As noted above, the District received several questions about the waiver which are now inapplicable because the District received the waiver and will not be enacting its right to terminate or alter the RFP if the waiver was not received. Therefore, the waiver questions are not listed below. As for other questions, please note the following:

1. As stated in the RFP packet, the agreement with Apple Tree Early Intervention Center expires annually on November 1 and cannot be terminated without prior written notice. How far in advance must written notice be given?

The license agreement with Apple Tree Early Intervention (the “Apple Tree License”) allows the District to terminate with written notice. The Apple Tree License states that the District will endeavor to provide three months’ notice prior to termination but explicitly states that the District is not required to provide this amount of notice. The District will ensure the Apple Tree License does not interfere with or delay any lease agreement formed pursuant to this RFP.

2. What are the District’s priorities when evaluating submittals? Is it the rent amount, deposit structure, length of escrow, etc.?

First, please note that the District is not entertaining Proposals to purchase the property. This is an RFP for the potential ground lease of the Property. As stated in the RFP, the District “will give high priority to the Respondent offering the highest rent, both in terms of monthly rental payments as well as total payment over the term of the ground lease.” Beyond this priority, the District does not prioritize the other factors that will be considered when assessing proposals. All Respondents are encouraged to provide the most attractive terms possible to the District for its consideration.

3. What would the District prefer to see developed on the Property? In other words, what is the District's ultimate goal through the release of this RFP?

The District does not have a stated preference for the development of the Property and the District's Governing Board will be presented with all Proposals from which it can choose. The City will ultimately determine the validity of any proposed Property development. The District's ultimate goal through the release of this RFP is to obtain Proposals and then review such Proposals in order to determine the most beneficial transaction for the District. Therefore, the District's primary focus will be on the terms that provide the most benefit to the District in terms of payment. However, the District may also consider the benefit that a proposed development provides to the local community when assessing Proposals. In other words, the proposed development of the Property may serve as a "tie breaker" if the District receives multiple offers with similar terms; however, the type of development will not necessarily be a determinative factor in the District's assessment of the Proposals.

4. Can you provide us with a better idea of the selection process and what happens after the December 8th deadline? Will the District reach out to Respondents for their "Best and final" offers after reviewing all proposals?

The District's selection process will largely depend on the responses. If the District receives multiple competitive offers, it may reach out to the competitive Respondents and may ask clarification questions or ask if their terms can be revised. However, if the District receives one offer that is clearly better than the others, it may simply award a lease to the best Respondent without further discussions. While it is entirely possible that the District may negotiate with one or more Respondents prior to selecting the "winning" Proposal, Respondents are highly encouraged to submit their best and final offer because it is also possible that Respondents will not get an opportunity to change or negotiate the Proposal terms they submit.

5. Is there a specific way the RFP should be organized (for example, how each section should be labeled)?

The District does not require the responses to be organized in any particular way, other than to generally make it easy to follow. Respondents can use the labels set forth in the RFP to guide their responses. For example, Section III titles General Qualifications, lists several pieces of information that Respondents must provide so Respondents may list each item and provide the response. The RFP does not require any specific format so Respondents are encouraged to present their responses in a way that is easy to review for the District.

6. Is there any situation in which the \$25,000 cashier's check, that becomes refundable upon the selection of the successful Respondent by the District's Governing Board, would be refunded to the developer after the execution of the PSA? For example, if the District only spends \$15,000 to negotiate the PSA, would the developer receive a refund for the \$10,000 that the District didn't use?

No, the District will retain the entire \$25,000 from the selected Respondent. This amount will cover the negotiation of the agreement along with all costs incurred to finalize the agreement and monitor the lease terms throughout the agreement so the District's total costs will likely exceed \$25,000. Please also note that the District will be entering into a lease agreement (and likely an option agreement associated therewith), and not a PSA (purchase and sale agreement).

7. In the case that we are not the chosen Respondent, when will the \$25,000 cashier's check be refunded? If we are the chosen Respondent, how soon after being selected does that check become non-refundable?

The District will immediately return the \$25,000 payments received from all Respondents except the Respondent that is selected to enter into a lease agreement. The \$25,000 payment will be deemed nonrefundable to the selected Respondent as soon as the selected Respondent is notified that it has been selected as the "winning" Respondent. This \$25,000 is required both to cover the District's costs of forming the lease agreement and to protect the District in case a Respondent refuses to enter into the agreement after the District selects it as the "winning" Respondent.

8. Has the District had any preliminary conversations with the City regarding the proposed disposition of the site? If yes, what were the City's thoughts/comments on the site development and what was the City's estimated timeline of getting through entitlements?

The City has been available to talk with interested parties regarding zoning and the entitlement process. Respondents are solely responsible contacting the City to discuss its potential development and the District does not guarantee the accuracy of any information provided herein regarding the City's zoning or entitlement process.

Based on information provided by the City, the District believes that the Property's current zoning designation of RS-6, which allows up to 7.26 du's/ac. When a cluster bonus is approved in accordance with Section 19.348.020, the dwelling unit density of a single-family development shall not exceed a density twenty percent greater than otherwise permitted. The City might support a zone change to RM-10 which allows up to 10 du's/ac. This is because the site zoned immediately to the west is RM-10. Apart from allowing higher densities with an affordable component, it may be somewhat difficult to get approval for a density higher than RM-10. It may also be possible that the Property be zoned for something other than residential use.

9. Are we able to contact the City regarding the matters of this RFP to determine if a higher density project would be supported?

Yes, all Respondents are free to contact the City about the Property.

10. Has the District had any public outreach with surrounding residents to discuss their plans? Have local residents opposed new residential development on the site?

The District has not conducted any direct public outreach to residents regarding the Property. However, the District has discussed the possible ground lease of the Property at open session Board meetings, including a public hearing. The District also conducted several open session meetings and a public hearing during the process followed by its Surplus Property Advisory Committee, which made a recommendation to the School Board that the District declare the property surplus and seek ground lease transaction opportunities.

11. If the District receives the approved waiver from CDE, does state law require there to be an affordable housing component within the project? For example, the typical SLA process requires 25% low income. If so, what percentage of units must be designated as affordable and at what income level?

The District was informed by the City that there is no inclusionary housing requirement if the Property is developed in conformance with the current zoning RS-6. However, a higher density could trigger an affordability requirement. As noted above, this information was provided to the District through the City and therefore, the District does not guarantee its accuracy. All Respondents are encouraged to contact the City separately to discuss their proposed development.

12. What does the process look like following submission in terms of next steps and timeline? Are the business terms offered expected to be final, or does the District anticipate a negotiation period?

As noted above in Response No. 4, the District may decide to contact selected proposers to clarify or negotiate some of their terms depending on the competitiveness of the responses received. However, the District does not guarantee that any Respondent will have the opportunity to negotiate or change the terms in its response, so all Respondents are highly encouraged to submit their best and final offer.

13. At what point does a proposal and its content become public? Immediately, upon final decision/announcement, or somewhere in between?

All responses will remain confidential while the District goes through the selection process to protect the District's right and ability to negotiate with the Respondents. This confidentiality will apply to all responses. Once the District enters into a signed lease agreement, all responses to this RFP will be made available to the public, if requested and as may be applicable through the California Public Records Act.

14. Regarding the candidate selection process, will there be a single RFP candidate chosen with a due diligence period solely for the chosen candidate? Or could there be multiple candidates chosen during the initial process?

The District will select one candidate to enter into a lease agreement (or associated option agreement) with a due diligence period. If the selected Respondent terminates the agreement during the due diligence period, the District may reach out to other Respondents to determine if they are interested in finalizing another agreement.

15. Is there a particular format style expected for the RFP response?

As noted above in Response No. 5, there is no specific format style required for the RFP.

16. The RFP requests information on pending litigation over \$250,000 for Respondent, including any parent, subsidiary or affiliated entities. To clarify on the jurisdictional scope of the request, should we limit the scope to pending litigation matters with California jurisdiction?

This response should include any litigation in any jurisdiction. Please note that the District will not automatically disqualify any Respondent involved in pending litigation depending on how it relates to the proposed agreement and lease transaction.

17. Can you please provide me with the available due diligence information for the site?

The District will not provide any information to Respondents about the Property other than what is provided in the RFP and the Dropbox file which may be accessed through this link:

<https://www.dropbox.com/scl/fo/wynf3mqixvf67rh27bm8d/h?rlkey=7uc8p940sz7r79c22v2yqvtd0&dl=0>.

The selected Respondent will be provided with any additional District Property documentation.

18. Do you have any information on the permitted uses, per the City of Buena Park for the site?

The District provides its Responses No. 8 above and No. 20 below; however, as noted herein, the District does not warrant the accuracy of this information. All Respondents are encouraged to contact the City to discuss their planned development.

19. Also, is there any guidance as to the maximum, or optimal ground lease term the District will consider for the RFP?

The District does not have a minimum term for the Property lease necessarily, but does envision entering into a long-term transaction. The maximum term for the Property lease will be the statutory limit of 99-years. Respondents may propose a specific term, or may suggest a range of years with or without applicable extensions (up to 99-years total) in their Proposals.

20. The zoning is R-6 which allows for only 7 units per acre. Also, the property does not appear to be included in the Buena Park Housing Element. Have there been discussions with the city as to what densities they will consider? What does the city want to see on this site? What affordability percentages do they desire?

The District provides its Responses No. 8 and No. 18 above; however, as noted herein, the District does not warrant the accuracy of this information. All Respondents are encouraged to contact the City to discuss their planned development.

21. I noticed some large piles of dirt on the south side of the site. Why is that? What is that from?

These piles of dirt are in the process of being removed, and the Property in this particular area will be returned to its original condition. Accordingly, Respondents need not include any cost for such removal or factor these piles of dirt in any Proposals.

22. Has the district had any consulting studies performed on the property recently? Are there any environmental issues with this site? Has a Phase 1 or 2 been recently performed?

The District has not conducted any consulting studies on the Property recently. The selected Respondent will be authorized to conduct studies of the Property during the “due diligence period” established through the lease agreement.

23. Has there been any discussion with the city or utility providers for any additional capacity that must be added because of the size of this site.

The District has not conducted any discussions with the City or utility providers about additional capacity. Respondents may discuss these issues directly or note that these issues must be addressed during the “due diligence period” of the lease agreement.

24. RS-6 zoning allows up to 7.26 dwelling units per net acre. In the unlikely event a developer maintains this density throughout the whole project, does that mean the city will not require 20% of the units to be deed-restricted affordable?

The District offers the following thoughts on this question based on preliminary discussions, noting again that the District does not guarantee the accuracy of these comments, or any comments provided herein regarding the zoning or the City’s potential requirements for developments on the Property. Respondents are encouraged to contact the City directly to discuss specific issues:

If a residential developer proposed a project that complied with the current RS-6 zoning, the City Council may not require the 20% affordability; however, the City may request or require some affordable component if the proposed Project seeks a density higher than that allowed by the RS-6 zoning designation.

25. If the project requires discretionary approval, does the city simply follow the State Density Bonus Law parameters?

As noted above, the District cannot definitively state how the City will respond to any proposed development on the Property. Generally, any proposed project would require some level of discretionary approval, the number and type of entitlements required will depend on the project type proposed. If a developer wants to take advantage of Density Bonus to increase the density and/or take advantage of concessions, it would be in accordance with State Density Bonus laws. Respondents must consult with the City and their legal counsel to determine the specific requirements applicable to their proposed development.

26. It appears the District would like non-refundable monies at the start of diligence. However, it is not yet known if the property is exempt from affordable housing requirement required under SLA. This is expected in late 2024. Upon selection a buyer (“leasee”) will begin an expensive entitlement process without knowing if the waiver was granted, or possibly even if the RFP conforms the HCD requirements. Should the property not be exempt will the lease cost be reduced by an amount that maintain’s the Leasee’s return targets, or will the Leasee be able to recover third party costs expended.

As noted above, the District received the CDE waiver. Regarding the Surplus Lands Act (SLA), Addendum No. 1 addressed SLA as follows:

District has declared the Property an “exempt surplus land” in accordance with the Surplus Land Act. Therefore, the Property, and its potential ground lease, is exempt from the requirements of the Surplus Lands Act. Therefore, the District’s RFP process and its potential ground lease of the Property will not be affected by any of the requirements of the Surplus Lands Act.

The District maintains that the Property is exempt from SLA. If the SLA is amended to create additional requirements applicable to the Property, the District will consider revisions to the lease agreement with the selected Respondent. However, even if the SLA is changed after the District enters into the Property lease, the changes should not retroactively apply to the Property since the District already declared the Property exempt

from SLA, and the lease will likely be executed before any changes are made. Also, the District is unaware of any considered or pending changes to the SLA that would affect the Property.

III. CONCLUSION

This Addendum No. 2 provides new information, clarifications, and addresses some initial general questions received by the District. Except as explicitly stated herein, all statements and documents referenced in the RFP and Addendum No. 1 shall remain unchanged with the exception of those elements added, revised, deleted, or clarified by this Addendum No. 2. In case of conflict between the RFP, Addendum No. 1, and this Addendum No. 2, this Addendum No. 2 shall govern and shall supersede any information in the RFP that contradicts or otherwise differs with this Addendum No. 2. Except as specifically addressed herein, all other original provisions of RFP issued prior to this Addendum No. 2 shall remain in effect as written. This Addendum No. 2, taken together with the RFP and Addendum No. 1, represents the entire proposal process associated with the Property.

The District reserves the right to issue additional addenda if the District determines, at its sole discretion, that further changes or clarifications are necessary to the RFP. However, as stated in the RFP and Addendum No. 1, no further questions will be accepted by the District. Unless and until any such subsequent addenda are issued, the RFP, Addendum No. 1 and this Addendum No. 2 shall constitute the entire and complete RFP.