



## MEMORANDUM

**TO:** Board of Education  
Santa Barbara School District  
Santa Barbara High School District

**VIA:** J. Brian Sarvis, Ed.D., Superintendent

**FROM:** Peter Smirniotopoulos, Vice President – Development  
Senior Project Manager

**DATE:** 04 November 2005

**RE: Report No. 1 on the Status of the Feasibility Analysis**

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### INTRODUCTION

This is the first in a series of periodic reports the UniDev Team plans to provide to the Board of Education of the Santa Barbara School District and the Santa Barbara High School District (the “School Board” and, collectively, the “School Districts,” respectively) regarding the status of the Feasibility Analysis, the contract for which was approved by the School Board at its meeting on August 23<sup>rd</sup>. These reports may serve as stand-alone, written updates to the School Board or, as is the case with this first report, be accompanied by an oral presentation at a regularly scheduled School Board meeting. In either case, the School Board may expect to receive some kind of formal briefing from UniDev approximately once each month. This is our report for November.

### BACKGROUND

A multidisciplinary team of real estate experts, led by UniDev, LLC, was selected through a competitive bidding process to undertake a feasibility analysis with respect to two undeveloped properties owned by the School Districts, commonly known as the Hidden Valley and Tatum sites (located in the city and the county, respectively). The overarching goals of the feasibility analysis are (i) to provide greater fiscal stability to the School Districts by supplementing existing revenue sources, thereby allowing the Districts to continue and/or expand high-quality educational programs available to the student body; and (ii) to explore options for providing reasonably priced, high-quality

housing for District staff, to assist with the recruitment and retention of the best-qualified employees available.

In order to satisfy these dual goals, the feasibility analysis will consider four disposition options for each of the two sites:

- A. An “as is” sale, without development entitlements;
- B. Sale after securing development entitlements (i.e. sale of “fully entitled” land);
- C. Development as workforce housing, with a revenue stream to the Districts;  
and
- D. Development and sale of market-rate housing to maximize the return.

A feasibility analysis is intended to provide an objective evaluation of the costs and benefits of the proposed development of a particular parcel of property. This is a generally accepted approach within the real estate industry, and one with respect to which UniDev has considerable expertise. For the Hidden Valley and Tatum sites, the UniDev Team’s recommendations regarding each of the four, above-listed disposition options will flow from the analytical approach outlined in the proposal submitted to the School Districts in response to the RFQ/RFP process through which UniDev was selected. That process is outlined in the attached work plan summary schedule and discussed briefly below, for the convenience of the School Board. The UniDev Team’s analytical process, in turn, will be informed by methodologically sound research and analysis, the experience of our local team members, the collective real estate development and financial expertise of all UniDev Team members, and regulatory and community input that will be collected throughout the Feasibility Analysis process.

The Feasibility Analysis Final Report will **not** make a specific recommendation from among the four disposition options for the Hidden Valley and Tatum sites; rather, it will **quantify each option** so that the School Board may make a fully informed decision about how to proceed. Once the Feasibility Analysis Final Report has been delivered, the School Board may then begin deliberating on the four disposition options presented in that report, as well as any other possible options, such as retention of one or both properties for the future construction of school-related facilities in the near or long term.

## FEASIBILITY ANALYSIS PROCESS

UniDev commenced work on the Feasibility Analysis on August 29<sup>th</sup> in Santa Barbara, a few days after the School Board’s approval of the contract. Work commenced with an initial Project Overview Meeting with the School Districts’ senior management and outside consultants involved in the process leading up to UniDev’s selection. In all, UniDev has conducted six meetings, four of which were conducted in Santa Barbara by a senior representative of UniDev, and two were conducted as conference calls.

Up to this point, all of the meetings and discussions have been focused on creating a clear and functional working relationship between the School Districts and UniDev and

establishing the integrity of the Feasibility Analysis process itself, including but not limited to:

1. Developing and implementing an internal organizational structure.
2. Clarifying respective roles and responsibilities.
3. Establishing a decision-making hierarchy within the group.
4. Determining a protocol for internal communications.
5. Developing a systematic approach to securing public input.
6. Developing a detailed schedule.
7. Outlining the parameters for an internal demand analysis.

The outcomes of these efforts are described below.

**The Executive Committee.** Through this two-month organizational process, the School Districts and UniDev decided to create an Executive Committee served by a Working Group, a structure that has proved successful in UniDev's feasibility analysis process for other clients. In addition to making all major decisions regarding the management of the Feasibility Analysis process, the Executive Committee's primary purpose is to focus on broader issues affecting the School Districts. The Executive Committee will provide feedback to the UniDev Team, through the Working Group, on any major issues that need to be brought to the School Board; all other issues may be decided directly by the Executive Committee or, in its discretion, by the Working Group. The Executive Committee is comprised of the following members:

- Nancy Harter, School Board Member
- Robert Noel, Ed.D., School Board Member
- J. Brian Sarvis, Ed.D, Superintendent
- Mary Stark, Assistant Superintendent of Business Services
- Dave Hetynk, Director of Facilities and Operations
- Craig Price, Esquire, Griffith & Thornburg, General Counsel
- James Rabe, Keyser Marsten, real estate consultant
- Pat Saley, Pat Saley & Associates, land use consultant
- Don Olson, former member of the District Advisory Committee

**The Working Group.** The Working Group's primary objective is to work directly with the UniDev Team on the hundreds of details that, collectively, comprise the Feasibility Analysis process. In order to facilitate efficiency, the Working Group is intentionally smaller, more hands-on, and holds regular meetings (as frequently as once per week, which meetings may be conducted as conference calls on an as-needed basis). The Working Group is authorized by the Executive Committee to make decisions on all issues and/or suggestions brought to it by UniDev; **provided** that any Working Group member may elect to secure formal or informal input from the Executive Committee, the Superintendent or a Resource Manager (as defined below), prior to making a decision.

The Working Group is comprised of the following members:

- Nancy Harter
- Dave Hetyonk
- Pat Saley

The Executive Committee and the Working Group have met jointly five times between August 29<sup>th</sup> (the initial Project Overview meeting) and October 28<sup>th</sup> (the most recently conducted joint meeting). The Working Group held its first solo meeting on Thursday, November 3<sup>rd</sup>, in a conference call. The Executive Committee will meet on an as-needed basis throughout the Feasibility Analysis process, as warranted by milestones in the chronology of events or as requested by the Working Group.

**Resource Managers.** The Working Group and, as recommended by the Working Group, the Executive Committee, will have access to “Resource Managers” on an as-needed basis. The Resource Managers are those individuals, both within and without the School Districts, with specific expertise on issues relevant to the Feasibility Analysis process. Examples of Resource Managers include Dr. Kristine Robertson and Elaine Alvarado in the Personnel Department; professional staff in the respective planning departments with the City of Santa Barbara and Santa Barbara County; the leadership of the Santa Barbara Teachers Association (SBTA) and the Classified School Employees Association (CSEA); and the School Districts’ outside consultants (Messrs. Price and Rabey, and Ms. Saley), even though they also serve on the Executive Committee.

**The UniDev Team.** UniDev is responsible for undertaking all aspects of the Feasibility Analysis, as more specifically described in the contract approved by the School Board, and for the delivery to the School Board of the Feasibility Analysis Final Report with recommendations for each of the four disposition options outlined above. UniDev is also responsible for organizing and conducting all Working Group and Executive Committee meetings throughout the Feasibility Analysis. UniDev is represented in this engagement by the following principals and management staff:

- Myron “Mike” Curzan, founder and CEO, Project Director
- Peter Smirniotopoulos, V.P. – Development, Senior Project Manager
- Suzanne Parmet, V.P. – Development Services, Project Manager

One or more Assistant Project Managers may be assigned to the engagement, either on-site or off-site, as needed. Either Mr. Smirniotopoulos or Ms. Parmet will attend all public meetings at which UniDev’s presence is required and will participate, either in person or by telephone, in all Working Group and Executive Committee meetings.

The UniDev Team is a multidisciplinary group of real estate and real estate-related professional services firms, many of which are based in the Santa Barbara area. UniDev is responsible for the efficient management of the entire team.

The UniDev Team members and their primary roles are as follows:

- Brian Cearnal, principal, Cearnal Andrulaitis, Local Architect;
- David C. Fainer, Jr., Esquire, Local Land Use Counsel;
- Moore Iacofano Goltsman, Inc., Public Outreach Consultant;
- Lim Chang Rohling & Associates, Inc., Design Architect;
- Hamilton, Rabinovitz & Alschuler, Inc., Entitlements Consultant;
- Robert Charles Lesser & Co., LLC, Market Analyst;
- Rincon Consultants, Inc., Environmental Impact Consultants;
- Huitt-Zollars, Civil Engineer;
- CTG Energetics, Sustainability Consultant;
- Citigroup Global Markets, Investment Banking and Public Finance Partner;
- Fannie Mae, Mortgage Financing Partner; and
- Nordman Cormany Hair & Compton, Real Estate and Transactional Counsel.

## PROCESS MANAGEMENT

UniDev has prepared a detailed Work Plan, with substantial input from the Executive Committee, which has delegated responsibility to the Working Group to make final revisions. The Work Plan will be shared with the School Board once it is in final form and approved by the Executive Committee. However, this document is far enough along in its evolution that we have prepared a summary of the major tasks and overall chronology, which is attached to this report.

To date, a number of significant tasks necessary to the commencement of the UniDev Team's substantive work have been completed or are well underway. As discussed above, all study overview and process management tasks were commenced and completed between August 29<sup>th</sup> and November 3<sup>rd</sup>. In addition to the development of the comprehensive Work Plan, a Public Outreach Plan is nearing completion and the first few steps in the public outreach process – identifying key stakeholders, scheduling meetings with primary stakeholders, and drafting a plan for holding community forums – are nearing completion. An analysis of employee demand for housing is also well underway; background data on all employees is being gathered, focus groups of randomly selected employees in selected target groups are being planned, and a written survey will be developed for distribution to all School Districts employees. Within the next few weeks, a market study measuring the supply of and demand for housing in the South Coast will be commenced, as will initial evaluations of each of the two sites and their surrounding neighborhood contexts.

**Public Outreach.** Informal, one-on-one and small group meetings with key stakeholders will be scheduled throughout November and December. Additionally, a web page will be created to allow the community to follow the Feasibility Analysis process as well as providing an additional mechanism for community input. Based on the current schedule, in mid-January three open community forums will be held on three separate days, to maximize public participation: A Thursday evening forum; a

Saturday morning forum; and a Monday evening forum are currently under consideration. Other than the days and meeting locations, the format and content for each forum will be identical. If tasks progress as planned, by the week of March 6<sup>th</sup> the Feasibility Analysis Draft Report will be delivered to the School Board, with a Work Session and public hearing to follow. Over Spring Break, the UniDev Team, with input from the Working Group and the Executive Committee, will make any necessary corrections and modifications to the Draft Report based on this additional School Board and public input, with the Feasibility Analysis Final Report being presented to the School Board as an Action Item at the April 11<sup>th</sup> Board meeting. The School Board will need to decide whether, following that receipt, it would like to schedule further public hearings as part of its deliberations over the Final Report. At this point, however, the UniDev Team's scope of work will be completed under the contract.