



THE CITY OF SAN DIEGO
Redevelopment Agency's Report

DATE ISSUED: July 9, 2003

REPORT NO. RA-03-23

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of July 15, 2003

SUBJECT: Naval Training Center Redevelopment Project

REFERENCE: Manager's Report No. 00-134, dated June 21, 2000

SUMMARY

Issues – Should the Redevelopment Agency approve the partnership of Junior Achievement and Explorer Elementary Charter School as the Designated Institution to receive fee title to NTC Building 83 at no cost pursuant to the terms of the NTC Disposition and Development Agreement?

Executive Director's Recommendation –

That the Redevelopment Agency approve the partnership of Junior Achievement and Explorer Elementary Charter School as the Designated Institution to receive fee title to NTC Building 83 at no cost pursuant to the terms of the NTC Disposition and Development Agreement.

Other Recommendations – None.

Fiscal Impact – None.

BACKGROUND

The Redevelopment Agency ("Agency") and McMillin-NTC, LLC ("McMillin"), entered into a Disposition and Development Agreement (the "DDA") in June 2000. The purpose of the DDA includes effectuating the Redevelopment Plan for the Naval Training Center Redevelopment Project, adopted by the City Council in May, 1997, and the Naval Training Center Reuse Plan, adopted by the City Council in October, 1998, by providing for, among other things, the transfer of specific properties within the Redevelopment Project, by sale or long-term ground lease, from the Agency to McMillin and the redevelopment of these properties by McMillin and/or one or more assignees. The DDA contemplates the development of a mixed-use project involving the construction and installation of public infrastructure improvements, the rehabilitation and reuse

of existing buildings and construction of new buildings and improvements, as well as the development of a public waterfront park and recreation area on City-owned property.

Pursuant to Section 1.8.f. (6) of the DDA, Building 83 with 100,000 square feet of space in the NTC Education District has been reserved for conveyance at no cost to an educational institution (the “Designated Institution”) to be selected by the Agency. The Designated Institution will be required to rehabilitate the building to Priority One Renovation, to pay its proportional share of capital and maintenance costs and to comply with the conditions precedent to transfer of title and the schedule of outside performance dates in the DDA. On June 28, 2002 the Redevelopment Agency transferred all property in the NTC Education District to McMillin-NTC LLC. McMillin will transfer fee title at no cost to the Designated Institution selected by the Agency.

DISCUSSION

On November 25, 2002 a Request for Qualifications for an Educational Institution (“RFQ”) was issued which described the process for selection of and the obligations to be assumed by the Designated Institution. A notice of availability of the RFQ was published in the San Diego Daily Transcript on November 25, November 26 and December 2, 2002. On December 3, an information meeting and tour of building 83 was held at NTC for all interested parties. It should be noted that during the NTC Reuse planning process the San Diego Community College District expressed an interest in owning building 83. A representative of the College District attended the information meeting and tour of building 83 on December 3; however, the College District declined to submit a response to the RFQ and informed staff that it was no longer interested in the building.

Due to the size of the building a consortium of four organizations submitted qualifications to receive the building. Of the four, staff determined that two did not have sufficient resources to contribute to the renovation and operation of the building. The two organizations that were determined qualified to carry out the required renovation and operation of the building are Junior Achievement of San Diego and Imperial Counties (“Junior Achievement”) and Explorer Elementary Charter School (“Explorer School”), both registered 501 (c) 3 non-profit organizations who will form a separate nonprofit public benefit corporation that will take title to the building should the Agency select the partnership as the Designated Institution.

The Designated Institution will be required to satisfy all of the conditions for conveyance (“Phase Four Conditions Precedent”), and to commence and complete renovation of the building within the times specified in the DDA’s Schedule of Outside Performance Dates. The Agency and City have no part in financing the renovation. Upon completion of all infrastructure improvements and other Phase Four Conditions Precedent for the building 83 property, McMillin will convey fee title to the building at no cost to the Designated Institution.

Junior Achievement

Junior Achievement is a non-profit organization dedicated to teaching youth about business, economics, free enterprise, workforce skills and careers. Junior Achievement will locate its offices and the Enterprise Village program in building

83. Enterprise Village is an interactive model city program where public school fifth and sixth graders from throughout San Diego County will visit for a day-long field trip in which they will run their own model businesses, thereby learning through experience about government, business and finance.

Explorer Elementary Charter School

Explorer Elementary Charter School is an independent K-6 public charter school founded in 2000 by parents and educators. The school's approach to learning is individualized and project-based. Its academic program focuses on: 1) integrating critical and higher order thinking in all subjects; 2) writing across the curriculum; and 3) the development of social and community-building skills, such as problem solving, mediation, respect for diversity and communication. The school currently serves 200 children from kindergarten through sixth grade, and will expand to serve approximately 300 children by its fifth year (2004-2005).

In its first two years, Explorer students have performed extremely well in standardized measures of achievement. The school's 2002 SAT 9 results placed it in the top three elementary schools in the district, with 72% of all students scoring in the top quartile nationally at their grade level in reading, and 63% scoring in the top quartile nationally in math. Explorer enrolls through a lottery. Last year, over 200 families applied for approximately 40 spaces, and the school currently has a waiting list of approximately 200 families.

The partnership of Junior Achievement and Explorer School proposes to lease the balance of the building's usable square footage to non-profit organizations working in education and related fields. NTC's environmental documents include parking and traffic projections for building 83 based on the building being used for adult education. The uses proposed by Junior Achievement and Explorer School will result in a less intense use than the original projections. An analysis of the building has been done in order to determine the cost of renovation and tenant improvements. Funding for the renovation will be obtained through a 501(c)3 bond supported by a letter of credit issued by Bank of America or Comerica Bank.

Respectfully submitted,

Todd Hooks
Deputy Executive Director

Hank Cunningham
Assistant Executive Director