



STAFF REPORT CITY COUNCIL

DATE: February 7, 2017

TO: Honorable Mayor and City Councilmembers

FROM: Christopher L. Foss, City Manager

SUBJECT: Overview of Dublin Crossing School Site and Related Negotiations with Dublin Unified School District
Prepared by: Linda Smith, Assistant City Manager

EXECUTIVE SUMMARY:

The City Council will receive an informational report on the history of the Dublin Crossing school site, including the ongoing discussions with Dublin Unified School District and provide direction to City Staff.

STAFF RECOMMENDATION:

Receive the report and provide direction to Staff.

FINANCIAL IMPACT:

None.

DESCRIPTION:

On November 5, 2013, the City Council approved the Dublin Crossing Specific Plan (DCSP) and related entitlements. The DCSP included the construction of up to 1,995 single- and multi-family residential units, up to 200,000 square feet of retail, office, and/or commercial uses, a 30-acre Community Park, a 5-acre Neighborhood Park, and a 12-acre elementary school site.

The Dublin Crossing project's 12-acre school site was intended for use by Dublin Unified School District for a future school site to accommodate up to 900 students. After the project's approval, it became apparent that the District, due to the unavailability of state bond funds and the state's failure to authorize Level III fees, lacked the ability to fund school sites to serve new development. It was also uncertain whether a new local bond would pass, and no other solutions had been proposed by Governor Brown to bridge the construction funding gap between the resources local school districts have to build new facilities to serve growth and the actual costs to build new school facilities.

In late 2014, City Staff, in an effort to assist the District, approached SunCal to discuss options for the City to obtain the school site free of charge. At that time, the Superintendent informed City Staff that both the Jordan Ranch School Site and the Dublin Crossing School Site needed to be open to serve students by 2018-19 and 2019-20 respectively.

After much discussion and negotiation, SunCal and the City reached an agreement that would allow the dedication of the future school site to the City at no cost in exchange for modifications to project entitlements and monetary concessions. The modifications required amendments to the General Plan, the Dublin Crossing Specific Plan and the Development Agreement (but they did not increase the current maximum number of housing units allowed in the Project).

In exchange for the dedication of the school site to the City, the City conceded the following to the Dublin Crossing developer:

Concession	What it Means	Approximate Value
Inclusion of Chabot Creek in Community Park	Net loss of 1.5 acres of Community Park	\$3.6 million
Elimination of mandatory commercial square footage at Arnold Rd. and Dublin Blvd.	Loss of 75,000 square feet and related taxable revenue producing lands	\$2 million (over a 10-year period, minimum)
Removed dedication and improvement funding requirement for 5-acre neighborhood park	Loss of 1 acre neighborhood park to community	\$4.5 million
Reduced Community Benefit Payment	Lost revenue to General Fund	\$1.2 million
Total		\$10.3 million

MOU Negotiation and Extension

Immediately following the City Council’s approval of amendments to the General Plan, Dublin Crossing Specific Plan, and Development Agreement, the City Council, on May 19, 2015, reviewed and approved a Memorandum of Understanding between the City and District which set out the general terms under which the City and District would negotiate a ground lease on the 12-acre school site. The MOU was set to expire 360 days after execution.

The deal terms presented by Staff were as follows:

- A long-term, as-is, ground lease whereby the District will lease the school site from the City for a nominal sum to allow for construction of a school and joint use facilities.
- District construction of a school and joint use facilities on the leased land by District.
- District *option* to purchase the site from the City at fair market value.

- District maintenance of park site area suitable for use as a park and for recreational programs and services.

In approving the MOU, the City Council also directed Staff to negotiate a “purchase requirement” as a part of the lease. The video excerpt of that meeting is attached to this Staff Report. City Council members expressed the view that the District should purchase the site if state funds ever became available to do so.

Subsequent to that meeting, the City Manager immediately discussed the purchase requirement with the Superintendent to ensure it was well understood what the City Council expected. However, because the City and District were currently negotiating the Jordan Ranch terms and preparing that item for the City Council and Board of Trustee action in late 2015, the discussion of the Dublin Crossing School site was deferred.

On March 29, 2016, the City and the District held a Liaison Meeting – which is comprised of two City Council members and two District Trustees – to discuss a number of items, including an update on the MOU for Dublin Crossing. It was at this meeting that the Superintendent broached the idea of a 10-year option to lease for the site and that a request would be coming to the City shortly.

Following the meeting, the City Manager spoke with the Superintendent to voice concerns that the City Council may not be interested in a long and protracted, 10-year period of time that creates uncertainty about the school use of the site.

On April 20, 2016, the City and the District held another Liaison Meeting and the subject of the MOU was on that agenda. City staff provided the Liaison Committee with an update on the City’s position regarding the Ground Lease and specifically regarding the requirement that the District eventually purchase the site. City staff indicated that the City Council would be acting on the extension to the MOU at the May 3, 2016 meeting prior to its expiration.

On May 3, 2016, the City Council extended the MOU term to September 30, 2016 and included the ability for the City Manager and Superintendent to extend for an additional 90 days (which was subsequently exercised). The staff report had recommended that the MOU be extended by 18 months, and the District requested a shorter period in order to encourage the parties to reach agreement quickly.

On Monday, August 29, 2016, the City Manager and Assistant City Manager met with Superintendent Boozer and Kim McNeely, Executive Director of Facilities, to discuss the history of this MOU and review the general parameters regarding the lease terms that the City would be seeking, including a requirement to purchase. Most importantly, Staff wanted to provide the new Superintendent a fuller account of why the City offered the site, what concessions the City had to make to obtain the site, what discussions transpired over the previous year, and highlighting those items that are important to the City in the lease agreement.

Prior to the September 30, 2016 termination of the MOU, the Superintendent and the City Manager extended the term to December 30, 2016.

In October 2016, the City Attorney, acting as the City's designated negotiator, formally submitted the City's response to the District's proposed option to lease and lease agreement. The response proposed a two-year option to lease the site (versus the 10 years proposed by the District), a lease term of 55 years, six acres of joint use facilities at the school site for park/recreation uses outside of school hours, and a requirement that the District purchase the site within five years of operation. To date, the City has received no response from the District.

On November 21, 2016, the City and the District held another Liaison Meeting where the subject of the Dublin Crossing School Site was on the agenda. The respective representatives discussed the City's purchase requirement request from the City in the context of the District applying for State funds to acquire lands and to provide any monies given by the State to the City as compensation for the land. The District position was that this request for compensation was not discussed or included in the MOU. City representatives advised them that this has been a transparent request for more than a year when the City Council took action on the original MOU and that the City would be open to different ways of achieving the City's objectives from the purchase requirement.

In December 2016, the City and the District agreed to extend the MOU term to June 2018.

Analysis and Options to Proceed

As noted above, the City and District have held numerous discussions related to the MOU, much of the time without consensus as to the terms and conditions of a future agreement. The City is still awaiting a formal response to the submittal to the District in October 2016.

City Staff believes that the purchase requirement term is major sticking point between the District and the City. The current position of the City Council is if the District is able to obtain funds from the State for the acquisition of that land, the City should be compensated for the monetary and land use concessions it had to make in order to deliver the school site for District use. Recent statements by Trustees made at District Board meetings and recently at a City Council meeting suggest that the District is not interested in compensating the City for the land. Thus, the negotiations appear to be at an impasse.

Staff believes there are two options that the City Council can consider at this time, other than awaiting the District's formal response:

1. Defer any discussion or negotiation until the District has concluded its decision on the future high school site. The high school decision, whether comprehensive or satellite, and its location and form, will help to clarify funding available through the local bond, available of State bond dollars, or through the collection of the Level III fee available. This would inform the City Council if the District has the financial bandwidth to compensate the City for the value lost.


2. Establish a Negotiating Committee of the City Council. Appoint two members to serve as a Negotiating Committee and to work with Staff and the District on terms and conditions that would be recommended to the City Council. Should the City Council consider this direction, the City Council would request that the Board of Trustees appoint two of its members as a Negotiating Committee.

NOTICING REQUIREMENTS/PUBLIC OUTREACH:

A copy of this Staff Report has been provided to Superintendent Boozer.

ATTACHMENTS:

1. March 17, 2015 - City Council Staff Report re: Dublin Crossing Amendments
2. Video Clip of May 19, 2017 CC Meeting, Item 8.3 Memorandum of Understanding between the City and the Dublin Unified School District for the Dublin Crossing Project School Site


Chris Foss, City Manager

2/1/2017




STAFF REPORT CITY COUNCIL

CITY CLERK
File #420-30

DATE: March 17, 2015

TO: Honorable Mayor and City Councilmembers

FROM: Christopher L. Foss, City Manager 

SUBJECT: General Plan and Dublin Crossing Specific Plan Amendment Study Initiation Request
Prepared by Linda Smith, Assistant City Manager and Kristi Bascom, Principal Planner

EXECUTIVE SUMMARY:

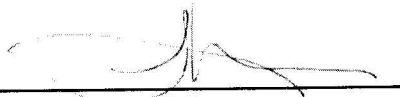
The City Council will consider directing staff to proceed with a proposed transaction with SunCal that would result in the delivery of a 12-acre site to the City free of charge in exchange for certain land use changes. The City would be able to use the site to assist Dublin Unified School District in the acquisition and development of a school site within the Dublin Crossings Project. If the City Council directs Staff to proceed with the transaction, Staff would commence a General Plan and Dublin Crossing Specific Plan Amendment Study to: 1) Incorporate the 1.5 acre Chabot Creek into the Community Park and increase the acreage devoted to Medium Density Residential by 1.5 acres; 2) Re-designate the 13 acre "Mixed Use" site to "General Commercial/DC Medium-High Density Residential"; and 3) Allow use of the site designated "School" for both school and park purposes. The proposal would not increase the total number of residential units in the Dublin Crossings project area. The project will also involve modifications to the Dublin Crossing Development Agreement and a minor technical amendment to the Eastern Dublin Specific Plan boundary to be consistent with the Dublin Crossing Specific Plan boundary.

FINANCIAL IMPACT:

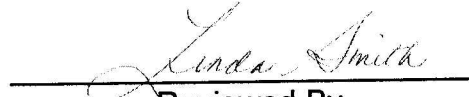
All costs associated with preparing the General Plan and Specific Plan Amendment Study, if authorized by the City Council, would be borne by the Applicant. If the proposal moves forward and the Development Agreement Amendments are approved, the City will forego \$1.2 million in Community Benefit Payments and \$2.1 million in park construction funding.

RECOMMENDATION:

Staff recommends that the City Council provide its feedback on the negotiated terms with SunCal and adopt the **Resolution** Approving the Initiation of a General Plan and Dublin Crossing Specific Plan Amendment Study to: 1) Incorporate the 1.5 acre Chabot Creek into the Community Park and increase the acreage devoted to Medium Density Residential by 1.5 acres; 2) Re-designate the 13 acre "Mixed Use" site to "General Commercial/DC Medium-High Density Residential"; and 3) Allow use of the site designated "School" for both school and park purposes.



Submitted By
Community Development Director



Reviewed By
Assistant City Manager

DESCRIPTION:

Background

Staffs from the City of Dublin and the Dublin Unified School District (DUSD) maintain an ongoing dialogue regarding population growth, particularly in the Eastern Dublin, where DUSD has future school sites identified to accommodate its growing student population. In fall 2015, DUSD will open Amador Elementary School in the Positano neighborhood.

The City's General Plan identifies, and DUSD is planning to utilize, two future schools sites: one located in the Jordan Ranch subdivision and one located in the future Dublin Crossing project. Despite the best efforts of former State Assemblywoman Joan Buchanan last year, a state ballot measure for school construction was not placed on the November 2014 ballot, and no solutions have been proposed by Governor Brown to bridge the construction funding gap that exists between the resources local districts have to build new facilities and the actual costs to build new schools. The lack of funding support from the State means that local school districts, like DUSD, need to find alternative solutions to the now-broken State model that has funded school construction over the years.

Realizing the predicament faced by DUSD, City staff has been working closely with the DUSD staff on potential options and ways for the City to assist in bridging the gap between land acquisition costs, the current development impact fee structure set by the State, and the need to provide adequate facilities for existing students and to accommodate future student populations.

In addition to this proposal which will be outlined below, Staff has also proposed a framework for the City to provide DUSD a site within the Jordan Ranch subdivision, which will be considered on tonight's agenda. This proposal would likely save DUSD approximately \$33 million in land acquisition costs, which is the current land value for the Existing School Site called E-5; and would free up both current and future development impact fee revenue that could then be used towards the construction of a new school at this location. In addition, Staff has also been working on a proposal for the other remaining school site at Dublin Crossing.

City Staff's Dublin Crossing Proposal

The Dublin Crossing project was approved in November 2013. The project allows for the construction of up to 1,995 single- and multi-family residential units; up to 200,000 square feet of retail, office and/or commercial uses; a 30 acre Community Park; a 5-acre Neighborhood Park, and a 12 acre elementary school site to serve approximately 900 students. Due to the nature of the land exchange agreement between the developer, Dublin Crossing Venture LLC (SunCal), and the Department of the Army, it is anticipated that the multi-phased project will take 8-12 years to construct. According to the project Phasing Plan and as identified by SunCal, the 12 acre school site is in Phase 3 of the project and should become available in 2017.

Unfortunately, based on the Governor's stated position that school construction bond funding will not be authorized by the State, it is unlikely that DUSD will have the ability to acquire the

Dublin Crossing school site in the near term, with a current land value of approximately \$36 million.

City staff approached SunCal to discuss options for the City to obtain the 12-acre school site in an effort to assist DUSD. It should be noted that SunCal did not initiate these discussions, and SunCal has indicated that they are satisfied with their existing entitlements as approved.

After discussion and negotiation, SunCal and City Staff have reached agreement on tentative deal terms that would allow the transfer of the future school site to the City at no cost in exchange for modifications to the entitlements for the Dublin Crossing project. To summarize, the negotiated terms require amendments to the Dublin Crossing Specific Plan and the Dublin Crossing Project Development Agreement in the following areas:

Under the proposal agreed to by City Staff and SunCal, the Specific Plan would be amended to:

- Incorporate the 1.5 acre Chabot Creek into the Community Park and increase the acreage devoted to Medium Density Residential by 1.5 acres
- Re-designate the 13 acre "Mixed Use" site on the corner of Arnold and Dublin Boulevard to "General Commercial/DC Medium-High Density Residential", thereby removing the requirement for both the 5-acre Neighborhood Park site and a minimum of 75,000 square feet of commercial development on the site; and
- Modify the designation of the 12-acre school site to allow both school and park uses.

Attachment 1 illustrates the affected parcels in the Specific Plan area.

Under the proposal agreed to by City Staff and SunCal, the Development Agreement would be amended to:

- Remove the requirement to provide construction funding for a 5-acre Neighborhood Park (\$2.143 million);
- Remove requirement for the final Community Benefit Payment (\$1.2 million); and
- Include language related to the no-cost transfer of the school site. Details of the transfer will be further described in the amendments to the Development Agreement.

Minor amendments to General Plan Section 2.5 (Dublin Crossing Planning Area) would also be needed to ensure consistency with the amended Dublin Crossing Specific Plan. Lastly, a cleanup item to the Eastern Dublin Specific Plan will update figures to reflect the adopted Dublin Crossing Specific Plan boundary.

The proposed changes to the Dublin Crossing Specific Plan and Development Agreement will result in the delivery of the 12-acre school site to the City without increasing the current maximum number of housing units (1,995) allowed in the project. Staff would propose, if the City Council concurs, to ground lease the property to the School District at a price to be negotiated; and similar to the Jordan Ranch project, operate the facility as a joint School/Park site. The agreement terms between the City and DUSD remain to be negotiated and would be presented for City Council consideration at a future date.

The City staff proposals, including the Jordan Ranch proposal and acquisition of the Dublin Crossing site, have a value to the community of nearly \$70 million. The City and DUSD have had a long standing partnership over the years, however this is the first time that the City Council has been asked to consider land use and financial term changes to assist DUSD through this unprecedented time.

Staff recommends that the City Council provide feedback on the negotiated deal terms with SunCal and initiate a General Plan and Dublin Crossing Specific Plan Amendment Study. A draft Resolution approving the initiation of the study is included as Attachment 2 to this Staff Report.

If the City Council opts to initiate the General Plan and Dublin Crossing Specific Plan Amendment Study, Staff will:

1. Prepare amendments to the General Plan, Dublin Crossing Specific Plan, Dublin Crossing Project Development Agreement, Eastern Dublin Specific Plan, and will complete the appropriate level of environmental review.
2. Begin negotiations with DUSD regarding the joint use of the Dublin Crossings school site and draft a Memorandum of Understanding (MOU) between the City of Dublin and DUSD to help DUSD obtain the rights to a site to build a school, at minimal cost, while maintaining the ability of the public to use the site for parks and recreation programs. The MOU will detail the agreement terms for the City Council and the School Board's consideration at a future date.
3. Prepare Staff Reports detailing the necessary approvals for a recommendation by the Planning Commission and consideration by the City Council.

NOTICING REQUIREMENTS/PUBLIC OUTREACH:

Public noticing is not required to review a request to initiate a General Plan Amendment Study. Although not required, the City mailed notices to all property owners and tenants within 300 feet of the subject property. A notice was also published in the Valley Times and posted in the designated posting places. A copy of this Staff Report was distributed to the Applicant and Property Owner.

ENVIRONMENTAL REVIEW:

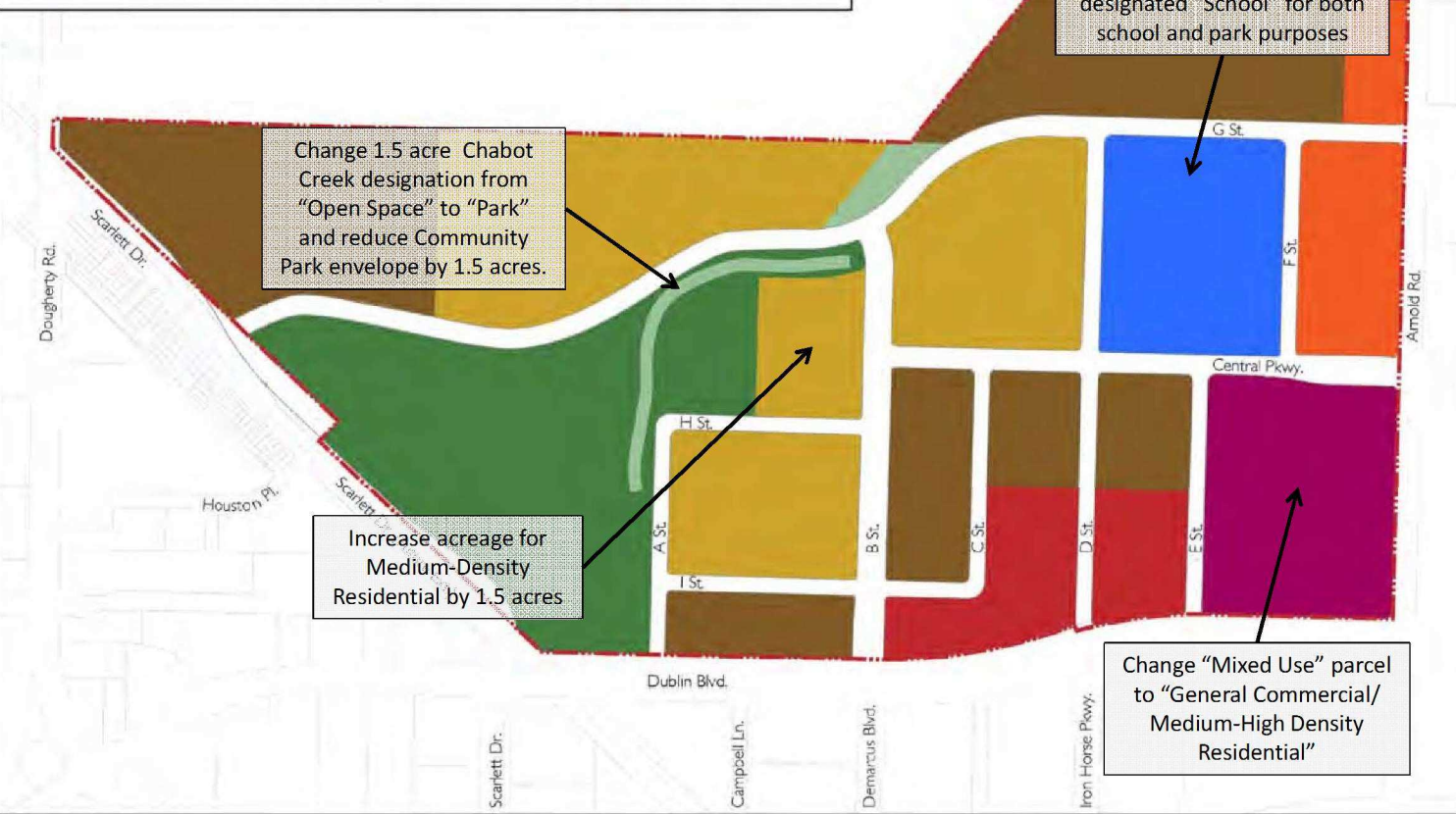
Staff recommends that the project be found exempt from the California Environmental Quality Act (CEQA) under Section 15306, Class 6 of the State CEQA Guidelines because initiation of a General Plan Amendment study, in and of itself, will not result in disturbance to an environmental resource.

ATTACHMENTS:

1. Depiction of Proposed Changes to Dublin Crossing Specific Plan Land Use Map
2. Resolution Approving the Initiation of a General Plan and Dublin Crossing Specific Plan Amendment Study to: 1) Incorporate the 1.5 acre Chabot Creek into the Community Park and increase the acreage devoted to Medium Density Residential by 1.5 acres; 2) Re-designate the 13 acre "Mixed Use" site to "General Commercial/DC Medium-High Density Residential"; and 3) Allow use of the site designated "School" for both school and park purposes

Legend

- DC Medium Density Residential
- DC Medium-High Residential
- General Commercial/DC Medium-High Density Residential
- General Commercial/DC High Density Residential
- Mixed Use
- School
- Park
- Open Space
- Project Area Boundary



Change 1.5 acre Chabot Creek designation from "Open Space" to "Park" and reduce Community Park envelope by 1.5 acres.

Increase acreage for Medium-Density Residential by 1.5 acres

Allow use of the site designated "School" for both school and park purposes

Change "Mixed Use" parcel to "General Commercial/Medium-High Density Residential"

RESOLUTION NO. xx-15

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF DUBLIN**

APPROVING THE INITIATION OF A GENERAL PLAN AND DUBLIN CROSSING SPECIFIC PLAN AMENDMENT STUDY TO: 1) INCORPORATE THE 1.5 ACRE CHABOT CREEK INTO THE COMMUNITY PARK AND INCREASE THE ACREAGE DEVOTED TO MEDIUM DENSITY RESIDENTIAL BY 1.5 ACRES; 2) RE-DESIGNATE THE 13 ACRE "MIXED USE" SITE TO "GENERAL COMMERCIAL/DC MEDIUM-HIGH DENSITY RESIDENTIAL"; 3) ALLOW USE OF THE SITE DESIGNATED "SCHOOL" FOR BOTH SCHOOL AND PARK PURPOSES.

(APNS 986-0001-001-15 (PARTIAL), 986-0034-002-00, AND 986-0034-006-00.)

WHEREAS, the City Council is considering initiating a General Plan and Dublin Crossing Specific Plan Amendment Study to: 1) Incorporate the 1.5 acre Chabot Creek into the Community Park and increase the acreage devoted to Medium Density Residential by 1.5 acres; 2) Re-designate the 13 acre "Mixed Use" site to "General Commercial/DC Medium-High Density Residential"; 3) Allow use of the site designated "School" for both school and park purposes; and

WHEREAS, the General Plan and Dublin Crossing Specific Plan Amendment Study would also include amendments to the Dublin Crossing Project Development Agreement and minor amendments to the Eastern Dublin Specific Plan ensure that there is consistency on all figures between the boundaries of the Dublin Crossing Specific Plan area and the Eastern Dublin Specific Plan area; and

WHEREAS, the initiation request has been reviewed in accordance with the provisions of the California Environmental Quality Act (CEQA) and was found to be Categorically Exempt under Section 15306, Class 6 of the State CEQA Guidelines; and

WHEREAS, a Staff Report was submitted outlining the issues surrounding the request; and

WHEREAS, the City Council did hear and consider all such reports, recommendations, and testimony hereinabove set forth, and supports the initiation of General Plan and Dublin Crossing Specific Plan Amendment Study; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Dublin does hereby approve the initiation of a General Plan and Dublin Crossing Specific Plan Amendment Study to: 1) Incorporate the 1.5 acre Chabot Creek into the Community Park and increase the acreage devoted to Medium Density Residential by 1.5 acres; 2) Re-designate the 13 acre "Mixed Use" site to "General Commercial/DC Medium-High Density Residential"; 3) Allow use of the site designated "School" for both school and park purposes.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Dublin on this 17th day of March 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

City Clerk