

**Council Meeting: October 4, 2011****SUBJECT: Approval of a Request for Proposals for a Long-Term Lease of Raynor Activity Center****BACKGROUND**

The City of Sunnyvale purchased the former Raynor Elementary School from the Santa Clara Unified School District in June of 1979. Under the terms of the Agreement for Sale of Real Property with the District, the City agreed to use the property solely for park, recreational, or open space purposes. Those areas originally purchased from the District and currently used as open space by the City will continue to be used in this capacity. Any future lease agreement with a master tenant for Raynor Activity Center will only pertain to that portion of the property occupied by buildings, along with any associated walkways and landscaping. The Raynor Long-Term Lease RFP states that the City is amenable to entering into a non-exclusive use of the adjacent parkland and parking areas during tenant operating hours.

The Community Services Department presented Report to Council 08-238 in August 2008 that recommended sale of the property with the proceeds directed towards developing new open space in the City. City Council directed staff not to sell the property, but to look into lease options with a focus on cost-effectiveness and serving the community while also exploring use of the Center as a branch Library.

Initial priority was given to the Library Branch option and staff presented a Report to Council on December 9, 2008 (RTC 08-349). Council decided not to pursue the construction of a branch Library at that time.

In early 2009, staff determined it would be prudent to await the results of the City's Parks of the Future Study before determining a long-term use for the Raynor Center so that any decision would be consistent with the results of the Study. At its July 14, 2009 meeting, Council considered the completed Parks of the Future Study (RTC 09-183). Raynor Center was not identified in the Study as needed for future open space needs in the City.

On June 29, 2010, City Council declared Raynor Activity Center available for long-term lease and instructed staff to begin a public notification process to affordable housing, park and open space, school, and other public agencies as defined by State law (RTC 10-164). At the end of the 60 day notice period, no public agencies had submitted a proposal.

On January 25, 2011, City Council approved the following list of community groups, in no particular order, to consider as potential users of Raynor Activity Center (RTC 11-008):

- Local School Districts
- Regional Health and Safety Service Agencies
- Other Social Service Agencies
- Recreation Service Providers
- Other Non Profit Groups
- Day Care Providers
- Private Schools

On May 10, 2011, staff recommended a change in the process of obtaining a long-term tenant for Raynor Activity Center from a Request for Proposals to a Bid Process (RTC 11-091). After discussion, City Council directed staff to develop a Request for Proposals document and to return to Council for approval. Typically, staff does not bring RFP documents to Council for approval. However, a change in process was considered prudent given the complex and sensitive nature of the Raynor Activity Center Long-Term Lease.

DISCUSSION

Staff has prepared the attached RFP for City Council approval. As outlined in the RFP, all proposers must provide the City with background information, experience, professional reference, a detailed description of the proposed use of the premises, and information on financing, rent and escalators, capital improvements and maintenance costs.

Each proposal will be evaluated on the following criteria:

1. Rent proposed (with escalation provisions over time)
2. References provided
3. Experience and financial stability of respondent including ability to pay rent over the term proposed
4. Proposed use – most notably looking for a public benefit to the Sunnyvale community
5. Capital investment in property – priority will be given to a longer lease term commensurate with a substantial capital investment in the property
6. Overall quality of response: use, financial strength, proposed rent and escalations, security deposit, amount of capital investment, length of lease

The objectives of the RFP are to:

1. Lease the Raynor Activity Center for long-term use to one master tenant.
2. Have the tenant invest in the site to upgrade the building structures.
3. Execute a triple net (NNN) lease agreement whereby the tenant will pay the City a stipulated rent and be responsible for all costs related to maintaining and operating the site.
4. Provide a public and economic benefit to the Sunnyvale Community.

The Request for Proposals acts as an information and marketing resource for potential leases and specifies a date to submit proposals in accordance with a defined set of instructions.

City Council retains the final authority to approve any long-term lease agreement. Until the lease agreement is executed, the City retains its rights to reject any and all proposals, to waive irregularities in the process and to withdraw any and all of the described real property from the market.

If the City Council approves the issuance of the Request for Proposals for Raynor Activity Center, staff would begin the assessment process and report back to Council before entering negotiations with any successful proposer.

EXISTING POLICY

Land Use and Transportation Subelement, Goal N1: Preserve and enhance the quality character of Sunnyvale's industrial, commercial, and residential neighborhoods by promoting land use patterns and related transportation opportunities that are supportive of the neighborhood concept.

FISCAL IMPACT

Due to the uncertainty around the Raynor Activity Center over the past several years, lease revenues have only been projected for one fiscal year at a time. If a long-term lease is signed as a result of this process, revenues will be projected for the duration of the lease, increasing overall General Fund revenues. Lease revenue is currently budgeted at \$138,000 per year.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

The tenants at Raynor Activity Center and individuals and groups that have expressed interest in developments at the Center were notified of tonight's Council meeting two weeks in advance.

ALTERNATIVES

1. Approve the Request for Proposals for the long-term lease of Raynor Activity Center.
2. Do not approve the Request for Proposals for the long-term lease of Raynor Activity Center.

RECOMMENDATION

Staff recommends approval of Alternative No. 1: Approve the Request for Proposals for the long-term lease of Raynor Activity Center. Approving the Request for Proposals will allow staff to find a long-term tenant for Raynor Activity Center that will serve the Community, maintain the facility and maximize rental revenue to the City.

Reviewed by:

Kent Steffens, Public Works Director
Prepared by: Michael Chan, City Property Administrator

Reviewed by:

Grace Leung, Director of Finance

Approved by:

Gary M. Luebbers
City Manager

ATTACHMENTS

- A. Request for Proposals - Raynor Activity Center



CITY OF SUNNYVALE, CALIFORNIA

REQUEST FOR PROPOSALS

FOR THE

**LONG TERM LEASE OF 34,000 SQUARE FEET – 22 CLASSROOMS
RAYNOR ACTIVITY CENTER
1500 PARTRIDGE AVENUE
SUNNYVALE, CALIFORNIA**

IDEAL SPACE FOR:

**PRIVATE SCHOOLS, LOCAL SCHOOL DISTRICTS, REGIONAL HEALTH
AND SAFETY SERVICE AGENCIES, OTHER SOCIAL SERVICE
AGENCIES, RECREATION SERVICE PROVIDERS, OTHER NON-PROFIT
GROUPS AND DAY CARE PROVIDERS**

PROPOSALS DUE:

WEDNESDAY, November 16, 2011 AT 3:00 PM

To:

**Michael Chan
City Property Administrator
Public Works Department
Sunnyvale City Hall
456 West Olive Avenue
PO Box 3707
Sunnyvale, CA 94088-3707**

(See enclosed map in Attachment "F" for directions)

(408) 730-7416

mchan@ci.sunnyvale.ca.us

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Attachment A – Site Location Map

Attachment B – Aerial Photo of Raynor Activity Center

Attachment C – Raynor Activity Center Map

Attachment D – County of Santa Clara Assessors Map

Attachment E- Public Facility Zoning Information Sheet

Attachment F - Directions to Public Works Department for Delivery of Proposal

I. INTRODUCTION AND PURPOSE

This Request for Proposals (RFP) presents a rare and exciting master lease opportunity to develop the Raynor Activity Center, a property owned by the City of Sunnyvale in the heart of Silicon Valley located at 1500 Partridge Avenue, Sunnyvale, CA. The lease site encompasses approximately 34,000 square feet of leasable space with 22 classrooms in eight separate buildings. The site also has a multipurpose room, kitchen and office area. See Attachments A-D for information on the general location of the Center. The City is amenable to entering into a non-exclusive use agreement for the Proposer's use of the adjacent parkland and parking areas during typical school day hours. Proposer acknowledges that this parkland must also remain available to the public. This highly desirable property is located in an excellent residential neighborhood. Major transportation is available nearby on Wolfe Road and El Camino Real. The site is zoned Public Facility (Sunnyvale Municipal Code Section 19.24). See Attachment E attached for further zoning information.

The City is seeking proposals for a long-term lease of the Raynor Activity Center compatible with the attached zoning guidelines. The following are examples of potential uses:

- Private Schools
- Local School Districts
- Regional Health and Safety Service Agencies
- Other Social Service Agencies
- Recreation Service Providers
- Other Non Profit Groups
- Day Care Providers

The property is offered for lease "as is". The tenant may make additional improvements to the property or demolish all existing structures and redevelop the site provided the tenant obtains approval from the City (which will not be unreasonably withheld) and secures all necessary approvals and permits. The proposed use may require the tenant to obtain a Conditional Use Permit from the City.

II. GOALS AND OBJECTIVES

For purposes of this RFP, the City's objectives are as follows:

1. Lease the Raynor Activity Center for long-term use to one master tenant.
2. Have the tenant invest in the site to upgrade the building structures.

3. Execute a triple net (NNN) lease agreement whereby the tenant will pay the City a stipulated rent and be responsible for all costs related to maintaining and operating the site.
4. Provide a public and economic benefit to the Sunnyvale Community.

The City anticipates that the lease for land and buildings will be a long term ground lease of 10-40 years. The length of the lease term will be dependent upon the Proposer's development and improvement plans for the site. The City recognizes that extensive capital improvements to the site will require a longer lease term. Ownership of the land and buildings will remain with the City and the City will not subordinate its ownership fee interest to any financing arrangements negotiated by tenant.

III. BACKGROUND

The City of Sunnyvale purchased Raynor Elementary School from the Santa Clara Unified School District in June of 1979. The facility was renamed Raynor Activity Center shortly thereafter. Since 1979, a variety of different non-profit groups and a private preschool have used the Center.

IV. SITE DESCRIPTION

Raynor Activity Center is located at 1500 Partridge Avenue, adjacent to Raynor Park in a residential area. The Center consists of 8 single story buildings, totaling approximately 34,000 square feet which were built circa 1962. Raynor Activity Center contains 22 classrooms, a playground area, multipurpose room and administration building. The buildings have a slab on grade foundation with wood framing or concrete masonry blocks, finished with paint and plaster. The finished roof material is built up roll roofing covered with aggregate-surfaced built up roofs. Exterior doors and windows are steel.

The property will be leased in "as is" condition. The ceiling, floor tiles, and other building materials may contain asbestos, but the City has no confirmed knowledge of any hazardous materials existing on the property.

V. SELECTION PROCESS AND KEY DATES

EVALUATION OF PROPOSALS

Each proposal will be evaluated on the following criteria:

1. Rent proposed. (with escalation provisions over time)
2. References provided.
3. Experience and financial stability of respondent including ability to pay rent over the term proposed.

4. Proposed Use – most notably looking for a public benefit to the Sunnyvale community.
5. Capital Investment in Property – priority will be given to a longer lease term commensurate with a substantial capital investment in the property.
6. Overall Quality of Response: Use, Financial Strength, Proposed Rent and escalations, Security Deposit, Amount of Capital Investment, Length of Lease.

A short list of respondents will be interviewed after November 16, 2011 to clarify the term of their proposals. The most favorable proposal will be recommended to the City Council for acceptance at a meeting during January 2012.

CITY COUNCIL'S DECISION

City Council retains the final authority to approve any long-term lease agreement. Until the lease agreement is executed, the City retains its rights to reject any and all proposals, to waive irregularities in the process and to withdraw any and all of the described real property from the market.

NO COMMISSIONS

This request for proposal is made directly to interested tenants. The City will not pay a real estate commission to the tenant's broker. If the respondent desires to use the services of a broker, that respondent should make separate arrangements for compensating said broker.

SITE TOURS

If desired, interested proposers can contact Michael Chan at 408-730-7416 to schedule a tour of the property.

KEY DATES

Issuance of RFP – October 7, 2011

Proposals Due to City – November 16, 2011

City Reviews Responses during November-December 2011

City Council Determines Successful Proposer – January 2012

Notifications and checks returned to unsuccessful proposers – January 2012

Successful Proposer executes Option to Lease and Begins Due Diligence Period – February 2012

Master Lease Negotiations Begin – February 2012

Due Diligence Period Ends – March 2012

Master Lease Finalized – April 2012

Occupancy of Site Begins – After June 2012

VI. DOCUMENTATION OF FINANCIAL RESPONSIBILITY

The City reserves the right to ask for the following documentation prior to scheduling an interview with Proposer:

1. Certified financial audits or copies of filed federal tax returns for the past three (3) years in separate envelopes delineating the corresponding year.
2. Letters of reference from a major bank or lending institution.
3. Representation that the proposer is not in default under any lease or purchase contract.
4. A statement describing any litigation in which the entity and principals have been involved during the past five years.
5. A statement regarding any past or current bankruptcies involving the entity, the principals, or any affiliates during the past seven years.

Financial information shall be kept confidential to the extent permitted by law. The City reserves the right to perform a background or credit check on any proposer or its principals. Additional information may also be requested.

VII. SUBMISSION REQUIREMENTS

A. The Consultant shall submit four (4) copies of its proposal in a sealed envelope to:

**Michael Chan
City Property Administrator
Public Works Department
Sunnyvale City Hall
456 West Olive Avenue
PO Box 3707
Sunnyvale, CA 94088-3707**

Proposals must be received at the address above by 3 p.m. on Wednesday, November 16, 2011.

In addition, all proposers must submit a **cashier's check** payable to the City of Sunnyvale in the amount of One Hundred Thousand Dollars (\$100,000) which will be used as a deposit with the successful proposer. Deposits will be returned to unsuccessful proposers upon the City Council's determination of the most qualified proposal. The successful Proposer's deposit will become non-refundable once the lease agreement is fully executed. The proposer may receive their deposit back if they are unable to finalize a lease agreement with the City.

Proposer shall be responsible for the timely delivery of proposal. Proposals

received after the deadline for receipt of proposals shall not be accepted and shall be returned to the Proposer unopened unless opening is required for identification purposes.

B. Exceptions to the RFP - Any exceptions to RFP specifications, terms and conditions must be clearly stated in the proposal.

C. Sunnyvale Business License: The successful Proposer shall either possess a current, valid Sunnyvale business license or shall have submitted a Sunnyvale business license application and fee at the time of execution of the final lease agreement.

D. Rights Reserved by the City - The City reserves the right to:

1. Reject any and all proposals.
2. Reject conditional or incomplete proposals or any proposal containing alterations of form or additions not called for, erasures, or irregularities of any kind which are considered by the City to be significant.
3. Determine which proposal, if any, is best for the City.
4. Waive any irregularity in any proposal.

E. Contract and Other Required Documents

Upon execution of a lease agreement with City, the successful firm shall submit the following documents to the City Property Administrator:

1. A Sunnyvale business license application and fee if firm does not already possess such license.
2. The required Security Deposit.

F. All responses to this RFP must include the following:

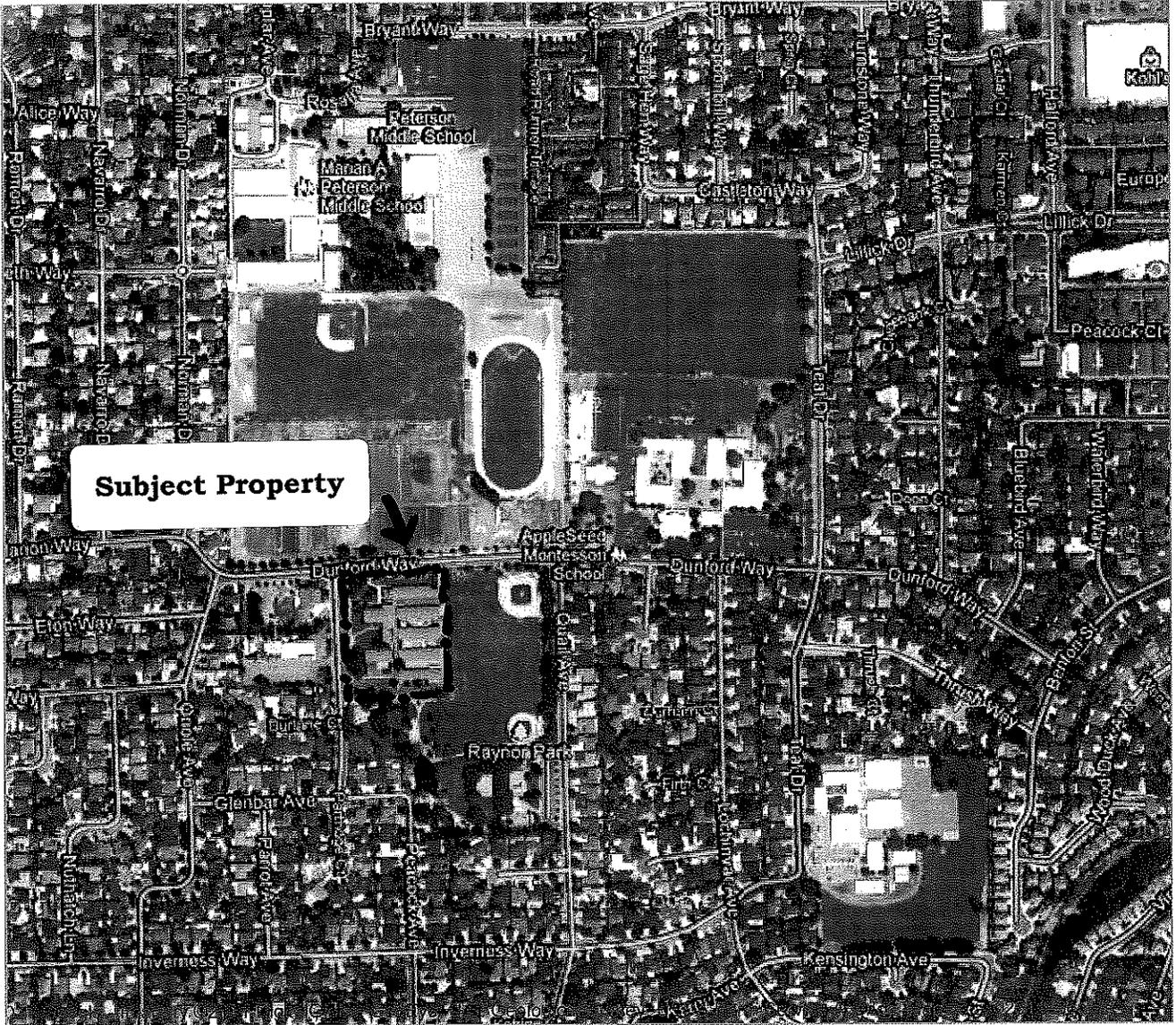
- A. Proposer's name, headquarters address, telephone and fax numbers.
- B. Address of the office from which the City's property will be managed.
- C. If applicable, the current number of clients to whom property management services are provided from this location.
- D. Name, background and experience of the person who will be in charge of the office from which the City's property will be managed.
- E. Name(s) and experience of other person(s) who will assist in the management of the City's property.
- F. A minimum of three professional references (include contact person and telephone number for each organization).

- G. A detailed description of the proposed use, including rent and escalations, improvements, how the Proposer intends to finance the improvements, and how the Proposer intends to maintain the property.
- H. Any additional information Proposer believes the City should consider when evaluating the proposal.

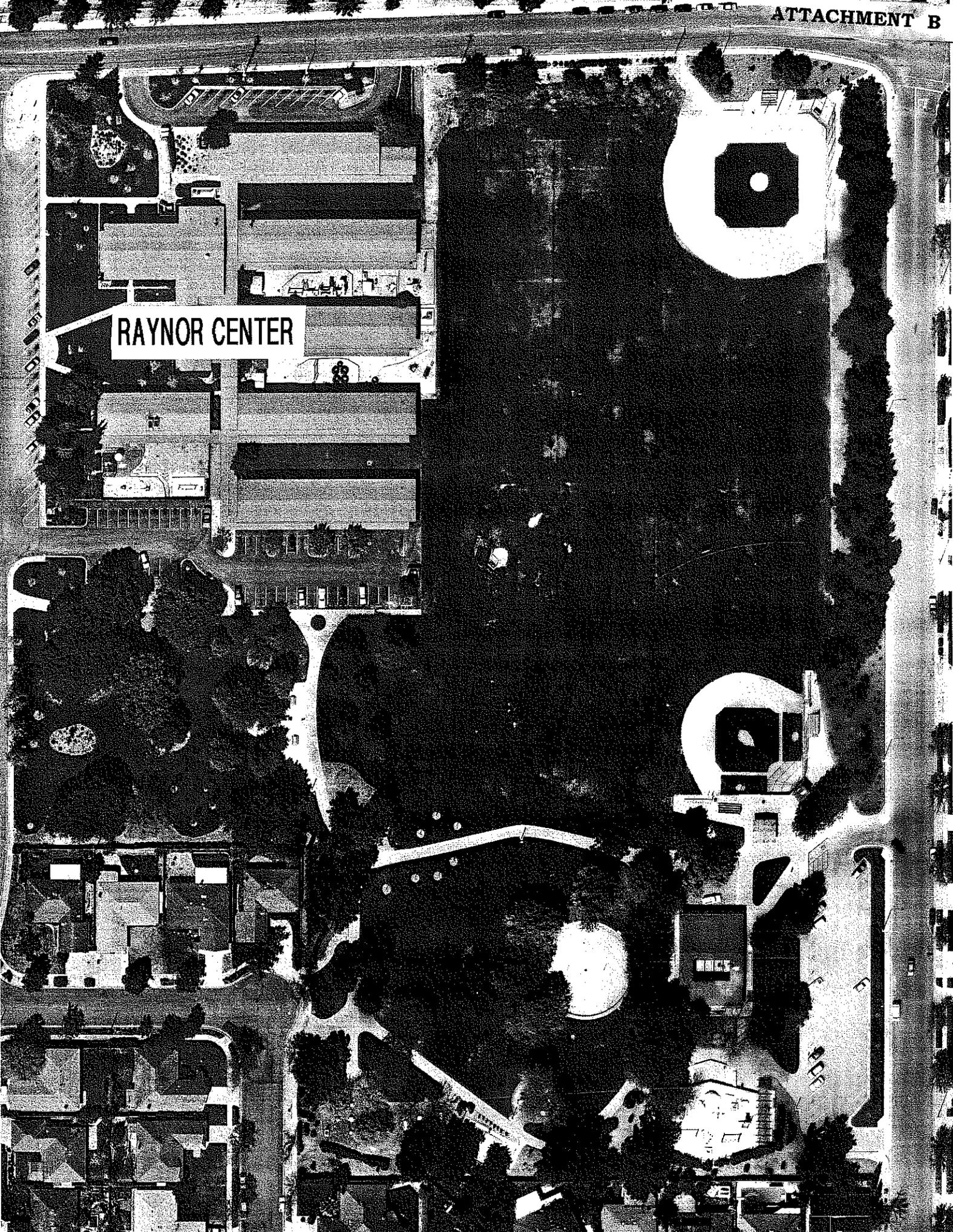
The proposal must be detailed enough to adequately describe Proposer's qualifications and ability to successfully perform the required services. However, unnecessarily lengthy proposals are discouraged.

INFORMATION DISCLAIMER:

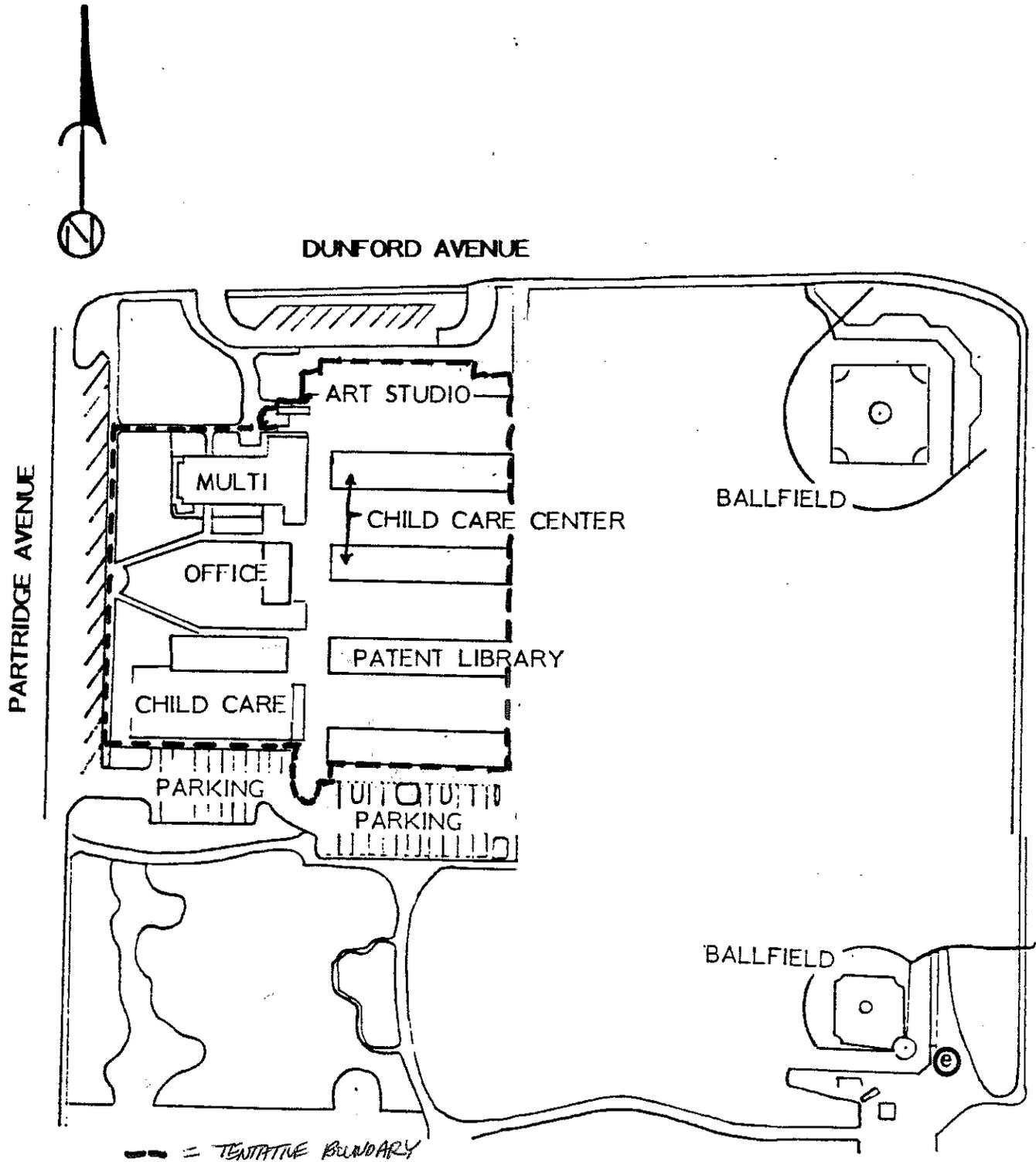
The information contained herein is in summary form. It is believed to be accurate. However, no warranties are expressed or implied. Interested parties should familiarize themselves with the property and the zoning information found in Attachments A-E.



RAYNOR CENTER



RAYNOR ACTIVITY CENTER



TO RAYNOR PARK



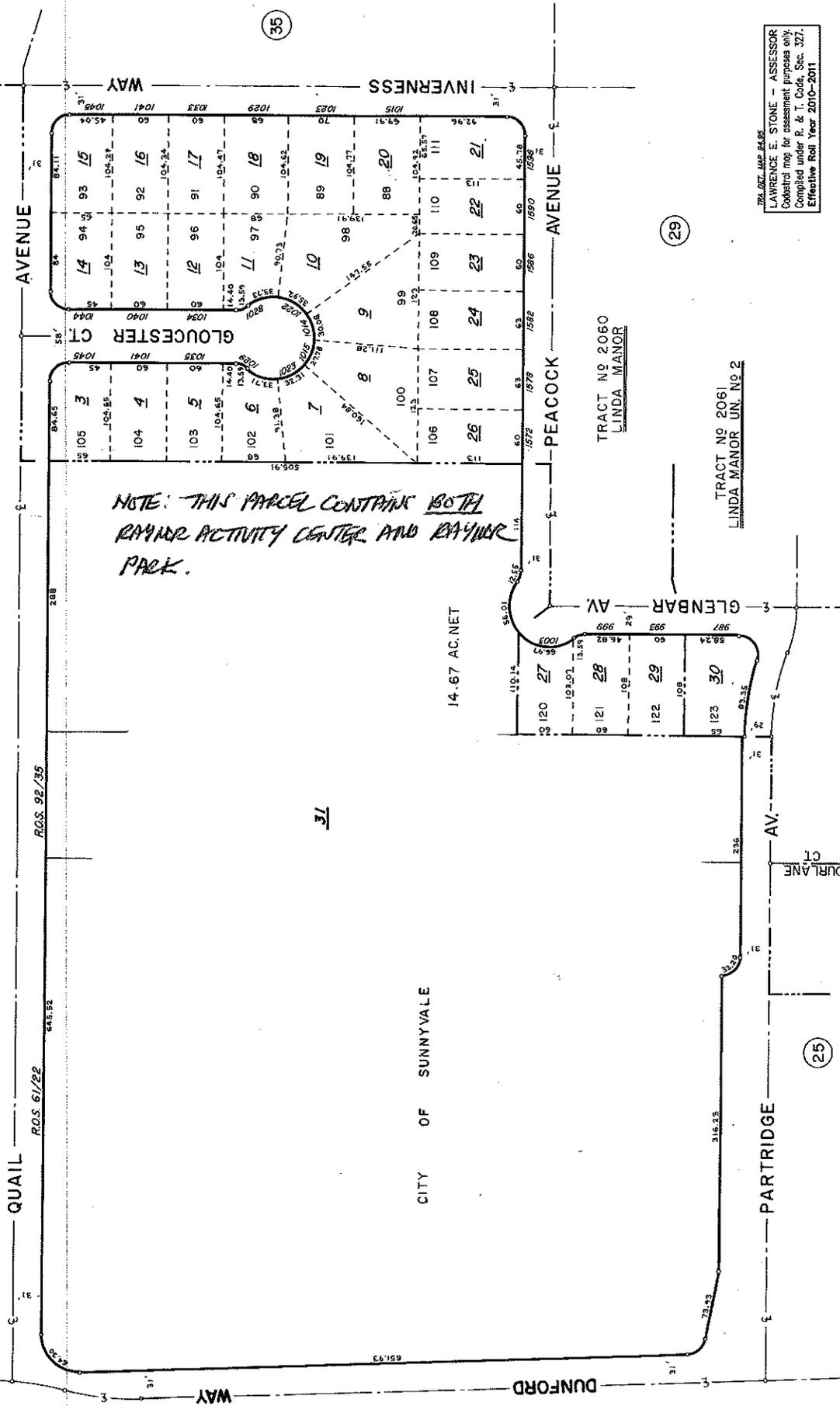
ⓔ = electrical outlet

OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

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TRA. REC. MAP 6488
LAWRENCE E. STONE - ASSESSOR
Copied map for assessment purposes only
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2010-2011

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ATTACHMENT E

PUBLIC FACILITY ZONING INFORMATION

19.24.020. Office and public facilities zoning districts.

(a) The O office zoning district is reserved for the construction, use and occupancy of administrative, professional and research offices, residential and other uses compatible with the administrative-professional character of the district.

(b) The P-F public facilities zoning district is reserved for the construction, use and occupancy of governmental, public utility and educational buildings and facilities, and other uses compatible with the public character of the district. (Ord. 2683-01 § 2 (part); Ord. 2623-99 § 1 (part); prior zoning code §§ 19.32.070(a), 19.32.080(a), 19.32.090(a)).

19.24.030. Permitted, conditionally permitted and prohibited uses in office, public facilities and civic center zones.

(a) Table 19.24.030 sets forth those uses which are permitted, conditionally permitted, and prohibited in office and public facilities zoning districts, and the type of permit a use requires.

(b) It is a violation of this chapter to:

(1) Engage in a use that is conditional without complying with the imposed conditions;

(2) Engage in a prohibited use;

(3) Engage in a use requiring a miscellaneous plan permit, use permit or special development permit without obtaining the required permit. (Ord. 2947-10 § 6; Ord. 2906-09 § 3; Ord. 2887-06 § 6; Ord. 2802-06 § 8; Ord. 2683-01 § 2 (part); Ord. 2649-00 § 3; Ord. 2623-99 § 1 (part); prior zoning code §§ 19.32.070(b)(1)—(c), (f)(1)—(5), 19.32.080 (b)(1)—(e), 19.32.090(b)(1)—(5)).

19.24.040. Uses requiring use permits; office zoning district.

(a) In the office zoning district, the following uses shall be permitted only with a use permit:

(1) Any use consisting of a building or buildings with three or more dwelling units in single ownership on one lot, including any proposed units to be added to any existing use, the total of which equals or exceeds three units. Additions to existing uses with three or more units, including the addition of carports or garages, shall require a miscellaneous plan permit in accordance with the provisions of Chapter 19.82;

(2) Any use consisting of more than one main building on a single lot;

(3) Any use consisting of a building or buildings in any of the following forms of multiple ownership: condominium, as defined in Section 783 of the California Civil Code; community apartment project, as defined in Section 11004 of the California Business and Professions Code; a stock cooperative as defined in Section 11003.2 of the Business and Professions Code; or a planned development as defined in Section 11003 of the Business and Professions Code.

(b) A use permit is required for the conversion of ownership of any existing building or buildings to any of the forms of multiple ownership set forth in subdivision (a)(3). For conversion from rental housing to community housing, Chapter 19.70 also shall apply. (Ord. 2623-99 § 1 (part)).

TABLE 19.24.030

Permitted, Conditionally Permitted and Prohibited Uses in Office and Public Facilities Zoning Districts

In the table, the letters and symbols are defined as follows:

P = Permitted use

UP = Use permitted required

MPP = Miscellaneous plan permit required

N = Not permitted, prohibited

OFFICE AND PUBLIC FACILITIES ZONING DISTRICTS	O	P-F
<i>1. Office/Care Facilities</i>		
A. Administrative, professional, medical, and research and development offices	P	UP
B. Medical clinics	MPP	UP
C. Financial institutions such as banks and savings and loan associations	MPP	N
D. Hospitals	N	UP
E. Rest homes and convalescent hospitals	UP	UP
<i>2. Public Facilities</i>		
A. Buildings and facilities used by government agencies for government purposes	UP	P

OFFICE AND PUBLIC FACILITIES ZONING DISTRICTS	O	P-F
B. Buildings and facilities used by federal, state or local government agencies (except city of Sunnyvale), for nongovernmental purposes	UP	UP
C. Public service buildings and accessory uses	UP	UP
D. Public utility buildings and service facilities	UP	UP
3. Personal Service		
A. Child care centers with occupancy of 30 or fewer persons	UP	MPP
B. Child care centers with occupancy of 31 or more persons	UP	UP
4. Education, Recreation and Places of Assembly		
A. Education – Recreation and Enrichment	N	UP
B. Education – Primary and High School	N	UP
C. Education – Institution of Higher Learning	UP	UP
D. Recreational and Athletic Facilities	N	UP
E. Places of Assembly – Business Serving	UP	UP
F. Places of Assembly – Community Serving	UP	UP
G. Cardrooms	N	N
H. Private golf courses	N	UP
5. Residential/Boarding/Lodging		
A. Residential uses	UP	UP
6. Other		
A. Adult business establishments	N	N
B. Outside display of merchandise or products	N	N
C. Electric distribution substations	N	UP
D. Electric transmission substations	N	UP
E. Massage establishments ¹	P	P
F. Recycling centers ²	UP	UP
G. Salt extraction	N	UP
H. Storage or parking of commercial or industrial vehicles	N	N
I. Storage or parking of public utility vehicles	N	N
J. Storage of materials, supplies or equipment for commercial or industrial purposes	N	N
K. Storage of materials, supplies or equipment for public utility purposes	N	N

OFFICE AND PUBLIC FACILITIES ZONING DISTRICTS	O	P-F
L. Storage, warehousing, handling, processing or assembling merchandise or products	N	N
M. Medical marijuana distribution facility	N	N

Footnotes

¹ Subject to provisions of Chapter 9.41.

² Recycling centers must be located in convenience zones, (the area within a one-half mile radius of a supermarket) as defined in Public Resources Code Section 14509.4.

S. MATHILDA AVE

Drop off proposals at
One Stop Counter –
456 W. Olive Ave

W. OLIVE AVE

