

**Pacific Collegiate School
Swift Street Facility
Frequently Asked Questions**

How did PCS get the Swift Street Campus?

On August 30, 2002, the State Department of education's final Proposition 39 Regulations became effective, opening the door for PCS to request a meeting with Santa Cruz City Schools (SCCS) to discuss facility options. SCCS came to the table with the offer of the Swift Street campus (previously the Natural Bridges Elementary School) and a multi-year Use Agreement was subsequently negotiated. This Agreement embodied the spirit of Proposition 39, but freed both parties from the yearly cycle of application and re-negotiation.

Is Santa Cruz City Schools required to provide facilities to our students?

Proposition 39 requires that SCCS provide PCS with facilities sufficient to accommodate all our in-district students in conditions reasonably equivalent to those of students attending other public schools in the district. SCCS may charge PCS a pro-rata share of the school district's facilities costs for these in-district students. Statewide averages for this cost are quite low, between \$.040 and \$1.00 per sf per year.

For the additional facility area that is required to accommodate PCS's educational program and our out-of-district students, SCCS is entitled to charge us fair market value. Fair-market value for educational facilities is hard to determine but our research indicates that local independent schools pay between \$0.80 and \$1.27 per sf per month.

How long was the original lease agreement?

The original agreement was for five years with a three-year extension subject to agreement on the cost. The PCS Board was responsible for applying for the extension in the Fall of 2007. We entered a six month window of renewal talks in October 2007. SCCS hired an attorney to handle all aspects of the negotiations and repeatedly declined our request to negotiate directly with their board.

When does the lease agreement expire?

The current lease ends on June 30, 2009 and we intend to be here through that date.

Why would SCCS want to not negotiate with us?

SCCS is understandably looking to maximize the revenue generated from this site. Being able to lease the entire facility at market rate would be of greater benefit to them, but none of this negates their continued obligation to PCS.

Who is on the PCS Facility Negotiations' team?

The PCS negotiations team is an extremely competent group with a diverse range of skills and expertise. PCS board member Ken Cole is the new Chair and the committee includes past board members Michael Bolte, John Hamstra, Dina Hoffman, current board members Kris Reyes, Deepika Shrestha Ross and Judy Carey. Two of the team

members negotiated our current Use Agreement along with our school attorney, Paul Minney, of Spector, Middleton, Young & Minney.

What are our immediate goals?

- *Continue to call for interest-based negotiation /mediation with the Santa Cruz City Schools (SCCS).*
- Gathering and analyzing the information we need to prepare for a Proposition 39 request for facilities
- *Exploring our options for acquiring a site independent of SCCS (through partnership, lease or purchase/build), as well as analyzing our financial capacity to do so.*

FAQ's added in response to SCCS' FAQ's posted on their website:

(1) *"Why were the parties unable to reach agreement? In light of the severe budget cuts at the state level, as well as the economic downturn, SCCS must exercise fiscal prudence and maximize revenue in order to ensure classroom funding. By providing PCS a facility at well-below market rates, SCCS—and the taxpayers who fund the district—subsidizes PCS, including those students who reside outside SCCS district, at the expense of programming and resources that should be directed to SCCS students."*

SCCS is of course required BY LAW and has a responsibility to the students drawn from the SCCS district. Those PCS students not drawn from the SCCS district are not subsidized at all. PCS' offers explicitly separated the two populations. For the out-of-district students, statewide and local averages for market rate costs were used. For the in-district students an assumption of pro rata costs (as specified by Prop 39) were used.

[Refer to attached comparable USE Fees](#)

(2) *"Is SCCS obligated to provide the Natural Bridges site to PCS at a below-market rate?"*

No. Five years ago PCS and SCCS negotiated a market-rate lease, rather than a Proposition 39 facilities agreement in order to house 100% of its student body in a single facility—including students residing outside SCCS's attendance area."

The statement that the negotiation was a market-rate lease rather than a Proposition 39 facilities agreement is wrong. The language in the current Use Agreement is explicit, per these excerpts from the Agreement. Note in particular, the last sentence of part D below.

B. In a letter dated March 31, 2004, the District offered Charter School the use of a portion of the District's Natural Bridges Elementary School site based upon, pursuant to Proposition 39, the number of District residents projected to enroll in the Charter School for the 2004/2005 school year.

D. The District desires to provide all of the facilities needed by the Charter School, and the Charter School desires to obtain its facilities, pursuant to this one comprehensive Agreement, and in lieu of separately providing a portion of facilities under Prop 39 and separately leasing additional facilities to the Charter School at the same site. The parties do not intend this Agreement to constitute a lease of real property pursuant to Education Code sections 17455, et seq.

What can I do to help?

Lease negotiations take time and can often extend to the last moment. We as a community need to stay calm, continue to explore our options and let the process play out.

Our goal is to have an affordable campus that supports our mission, our academic program and our community, while providing a safe, comfortable, and stimulating environment for all our students, faculty and staff.

We will keep you fully informed as to how we can use your support and we encourage you to forward any questions or concerns which you might have to the Board President, Deepika Shrestha Ross, Facilities Board Chair, Ken Cole or Interim Principal, Chris Mercer.

Many parents have already contacted us to offer assistance – thanks to all of you. If you have expertise in Finance, Planning, Design and Construction, or Commercial Real Estate, or are not afraid of getting into the details of Prop 39 data analysis, we can use your help! This will be an open community based process, so if you are interested in participating, please contact Ken Cole, Chair of Facilities, via e-mail at kcole@scshelter.org, to become involved.