


**Council of the District of Columbia
Committee on Economic Development
Committee Report**

1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

2011 JUL -5 PM 12:52

OFFICE OF THE
SECRETARY

To: All Councilmembers

From: Kwame R. Brown, Chair 
Committee on Economic Development

Date: June 30, 2011

Subject: Report on Proposed Resolution 19-269, the "McGogney School Disposition Approval Resolution of 2011".

The Committee on Economic Development reports **favorably** on PR 19-269 the "McGogney School Disposition Approval Resolution of 2011", and recommends its approval by the Council of the District of Columbia.

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I. BACKGROUND, PURPOSE AND EFFECT

This legislation was introduced on June 13, 2011 by Chairman Brown at the request of the Mayor, and subsequently referred to the Committee on Economic Development.

The purpose of PR19-269 is to approve the disposition of District-owned real property located at 3400 Wheeler Road, SE, commonly known as the McGogney School and designated for tax and assessment purposes as Square 5934, Lot 0802.

McGogney will be leased to the Eagle Academy Public Charter School for a period of 25 years. The site will eventually be developed to provide education opportunities to students from birth to 8 years old. Moreover, they are partnering with Howard University to provide medical services, mental health services, dentistry, social services, and recreation for the greater community. The proposed ground lease would be for 25 years with one 25-year renewal option, and throughout the course of the initial lease, Eagle Academy would pay fair market value for the property which would be offset by a rent credit reflecting the \$23 million expected in capital repairs and renovations

II. LEGISLATIVE HISTORY

- | | |
|---------------|---|
| June 13, 2011 | Proposed Resolution 19-269, the "McGogney School Disposition Approval Resolution of 2011", is introduced by Chairman Brown at the request of the Mayor. |
| June 21, 2011 | Proposed Resolution 19-269 is referred to the Committee on Economic Development. |
| June 24, 2011 | Notice of intent to act on Proposed Resolution 19-269 is published in the <i>D.C. Register</i> . ¹ |
| June 17, 2011 | Notice of public hearing on Proposed Resolution 19-269, before the Committee on Economic Development, is published in the <i>D.C. Register</i> . ² |
| June 27, 2011 | The Committee on Economic Development holds a public hearing on Proposed Resolution 19-269. |
| June 30, 2011 | Consideration and vote on Proposed Resolution 19-269 by the Committee on Economic Development. |

¹ *D.C. Register* 58/25.

² *D.C. Register* 58/24.

III. SUMMARY OF TESTIMONY

The Committee on Economic Development held a joint public hearing on Proposed Resolution 19-269 on June 27, 2011. The hearing commenced at 1:12 pm. Councilmember Mary Cheh, Chair of the Committee on Government Operations and the Environment, presided over associated resolutions concerning surplus declarations.

Testimonies submitted by public witness are summarized below:

Michael Musante, FOCUS, testified in support of the disposition of McGogney School to Eagle Academy Public Charter School. Mr. Musante testified to the need for charter schools to enjoy the amenities available in former school sites for the betterment of their student population.

Cassandra Pinkney, Executive Director, Eagle Academy Public Charter School, testified about the educational and community services that Eagle Academy plans to provide, including their partnership with Howard University for the creation of a health complex on the site.

Joe Smith, Chief Financial Officer, Eagle Academy Public Charter School, testified regarding the community benefits the proposed development would provide to the community, including a health complex and the potential for a retail component.

Testimonies submitted by government witnesses are summarized below:

Brian Hanlon, Interim Director, Department of Real Estate Services (DRES), testified that a panel comprised of representatives from DRES and the Deputy Mayor for Education chose Eagle Academy due to its vision for the school, academic track record, financial support, and commitment to serving Ward 8 students and parents. The building would be LEED certified and comply with District green building requirements. He stated that the proposed ground lease would be for 25 years with one 25-year renewal option, and throughout the course of the initial lease, Eagle Academy would pay fair market value for the property which would be offset by a rent credit reflecting the \$23 million expected in capital repairs and renovations

IV. FISCAL IMPACT

There are no expenditures necessary in conjunction with the approval of this bill.

V. SECTION BY SECTION ANALYSIS

- Section 1 States the short title of the legislation.
- Section 2 Approves the disposition of the land extension.
- Section 3 Adopts the Fiscal Impact Statement.

Section 4 Directs the Secretary to transmit a copy of this resolution to the Mayor.

Section 5 Provides the effective date of the Bill.

VI. IMPACT ON EXISTING LAW

See Section-by-Section Analysis.

VII. COMMITTEE ACTION

The Committee on Economic Development convened at 2:20p.m. on June 30, 2011, to consider and vote on Proposed Resolution 19-269. Committee Chair Brown recognized the presence of a quorum, consisting of himself and Councilmembers Yvette Alexander, Michael Brown, and Jack Evans.

Committee Chair Brown made brief opening remarks regarding the bill.

Committee Chair Brown then moved Proposed Resolution 19-162, with leave for the Committee staff to make technical and conforming amendments.

The members voted as follows:

	<u>Report</u>	<u>Committee Print</u>
Chairperson K. Brown	YES	YES
Councilmember Alexander	YES	YES
Councilmember Barry	ABSENT	ABSENT
Councilmember M. Brown	YES	YES
Councilmember Evans	YES	YES

Thus, the Committee Print on the proposed resolution and the accompanying report were approved unanimously by the Committee Members in attendance.

The committee meeting adjourned at 2:30 p.m.

VIII. ATTACHMENTS

- A. Proposed Resolution 19-269 as introduced.
- B. Committee Print of Proposed Resolution 19-269
- C. Fiscal Impact Statement
- D. Notice of Intent to Act published in D.C. Register
- E. Notice and Agenda of Public Hearing
- F. Written testimony of Public Witnesses.
- G. Written testimony of Government Witness.

ATTACHMENT

A

Chairman Kwame R. Brown
at the request of the Mayor

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Chairman Kwame R. Brown, at the request of the Mayor, introduced the following resolution, which was referred to the Committee on _____.

To approve the disposition of District-owned real property located at 3400 Wheeler Road, SE, commonly known as the McGogney School and designated for tax and assessment purposes as Square 5934, Lot 0802.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "McGogney School Disposition Approval Resolution of 2011".

Sec. 1. Definitions

For the purposes of this resolution, the term:

(a) "CBE Agreement" means an agreement with the District governing certain obligations of the Lessee or the developer of the Property under the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*) ("CBE Act"), including the equity and development participation requirements set forth in section 2349a of the CBE Act (D.C. Official Code § 2-218.49a).

(b) "Certified business enterprise" means a business enterprise or joint

36 venture certified pursuant to the CBE Act (D.C. Official Code § 2-218.01 *et seq.*).

37 (c) "First Source Agreement" means an agreement with the District
38 governing certain obligations of the Lessee or any developer of the Property pursuant to
39 section 4 of the First Source Employment Agreement Act of 1984, effective June 29,
40 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.03, and Mayor's Order 83-265
41 (November 9, 1983)), regarding job creation and employment generated as a result of the
42 construction on the Property.

43 (d) "Lessee" means Eagle Academy Public Charter School, a District
44 of Columbia non-profit corporation or its successor.

45 (e) "Property" means the real property located at 3400 Wheeler Road,
46 SE, commonly known as the McGogney School and designated for tax and assessment
47 purposes as Square 5934, Lot 0802.

48 Sec. 2. Approval of Disposition

49 (a) Pursuant to subsections 1(b) and (b-1) of an Act Authorizing the sale of
50 certain real estate in the District of Columbia no longer required for public purposes (the
51 "Act"), approved August 5, 1939 (53 Stat. 1211; D.C. Official Code §10-801(b) and (b-
52 1)), the Mayor transmitted to the Council a request for Council to authorize a lease of the
53 Property to the Lessee.

54 (b) The proposed disposition would occur through a negotiated ground lease
55 of greater than twenty (20) years to the Lessee, whose primary address is 770 M Street,
56 SE, Washington, DC 20003.

57 (c) Lessee was chosen as the successful respondent to a competitive
58 solicitation issued by the District.

ATTACHMENT

B

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6 **A PROPOSED RESOLUTION**
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11 **IN THE COUNCIL OF THE DISTRICT OF COLUMBIA**
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14

15
16 Chairman Kwame R. Brown, at the request of the Mayor, introduced the following
17 resolution, which was referred to the Committee on _____.
18

19
20 To approve the disposition of District-owned real property located at 3400 Wheeler
21 Road, SE, commonly known as the McGogney School and designated for tax and
22 assessment purposes as Square 5934, Lot 0802.
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25 this resolution may be cited as the “McGogney School Disposition Approval Resolution
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31 and Disadvantaged Business Enterprise Development and Assistance Act of 2005,
32 effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.01 *et seq.*)
33 (“CBE Act”), including the equity and development participation requirements set forth
34 in section 2349a of the CBE Act (D.C. Official Code § 2-218.49a).

35 (b) “Certified business enterprise” means a business enterprise or joint

36 venture certified pursuant to the CBE Act (D.C. Official Code § 2-218.01 *et seq.*).

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38 governing certain obligations of the Lessee or any developer of the Property pursuant to
39 section 4 of the First Source Employment Agreement Act of 1984, effective June 29,
40 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.03, and Mayor's Order 83-265
41 (November 9, 1983)), regarding job creation and employment generated as a result of the
42 construction on the Property.

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44 of Columbia non-profit corporation or its successor.

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52 1)), the Mayor transmitted to the Council a request for Council to authorize a lease of the
53 Property to the Lessee.

54 (b) The proposed disposition would occur through a negotiated ground lease
55 of greater than twenty (20) years to the Lessee, whose primary address is 770 M Street,
56 SE, Washington, DC 20003.

57 (c) Lessee was chosen as the successful respondent to a competitive
58 solicitation issued by the District.

59 (d) The proposed disposition is expected to include the following terms and
60 conditions, in addition to such other terms and conditions as the Mayor deems necessary
61 or appropriate:

62 (1) The Lessee shall redevelop the Property in accordance with plans
63 approved by the District and shall use the Property primarily as a public charter school
64 and other uses as approved by the District.

65 (2) The Lessee will enter into a CBE Agreement with the District.
66 The CBE Agreement will require the Lessee to contract with certified business
67 enterprises for at least 35% of the contract dollar volume of the redevelopment of the
68 Property, if any, and if possible, will require at least 20% equity and development
69 participation of local, small and disadvantaged business enterprises.

70 (3) The Lessee will enter into a First Source Agreement with the
71 District.

72 (d) The Council finds that the Property is not required for public purposes.

73 (e) The Council finds that the Mayor's analysis of economic and other policy
74 factors supporting the disposition of the Property justifies the lease proposed by the
75 Mayor.

76 (f) All documents submitted with this resolution shall be consistent with the
77 executed term sheet transmitted to the Council pursuant to section 1(b-1)(2) of the Act
78 (D.C. Official Code §10-801 (b-1)(2)).

79 (g) The Council approves the disposition of the Property.

80 Sec 3. Transmittal

81 The Secretary to the Council shall transmit a copy of this resolution, upon its

82 adoption, to the Office of the Mayor, the Department of Real Estate Services and the
83 Chief Financial Officer.

84 Sec. 4. Fiscal Impact Statement.

85 The Council adopts the fiscal impact statement in the committee report as the
86 fiscal impact statement required by section 602(c)(3) of the District of Columbia Home
87 Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-
88 206.02(c)(3)).

89 Sec. 5. Effective Date.

90 This resolution shall take effect immediately.

91

ATTACHMENT

C


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: May 13, 2011

SUBJECT: Fiscal Impact Statement - "McGogney School Disposition Approval Resolution of 2011"

REFERENCE: No bill number, draft legislation shared with OCFO on May 9, 2011.

Conclusion

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed resolution. The proposed disposition of this property would reduce District real property assets by approximately \$10,013,910.¹ Since assets are not included in the budget and financial plan, the disposition of the property through a long term lease will have no direct fiscal impact on the District's budget and financial plan.

Background

The proposed resolution would authorize the Mayor to execute a long-term lease for a District-owned property located at 3400 Wheeler Road, SE, commonly known as the McGogney School, and legally known as Square 5934 in Lot 0802. The Mayor intends to lease the property to the Eagle Academy Public Charter School ("Tenant"), a District of Columbia non-profit corporation, for 25 years with two optional 25-year renewal terms² for the operation of a public charter school.³ In addition, the Tenant intends to operate a full service community center to provide medical, dental, mental health, social, educational, and community development services to the community and construct up to 35,000 square feet of additional space for non-educational purposes, subject to the District's approval.

¹ FY 2011 Proposed Tax Assessed Value according to OTR's Real Property Tax Database, accessed May 9, 2011. <https://www.taxpayerservicecenter.com>

² Contingent on the completion of 35,000 square feet of additional space for non-educational purposes.

³ See District of Columbia School Reform Act of 1995, effective April 26, 1996 (Pub. L. 104-134, § 2001, D.C. Official Code § 38-1800.01 *et seq.*)

The assessed value of the property is \$10,013,910. The disposition of this property is not an outright sale, but a long-term lease, which grants a possessory interest to the Tenant. The Department of Real Estate Services (DRES) chose the Tenant through a competitive bid.

According to DRES, the Annual Base Rent is \$1,089,816 throughout the entire term of the lease.⁴ The lease amount is adjusted to reflect the Tenant's commitment to renovate the property. After the completion of any additional space by the Tenant to be used for non-educational purposes, the Annual Base Rent would increase by \$5.17 per rentable square foot for the additional space.

The Tenant would be eligible for three different rent credits:

- Rent Credit – Starting Year 1 and through Year 15 of the lease, the lease payments would be subject to a rent credit adjustment up to the full amount of the lease payments and not to exceed the value of the Tenant's actual construction costs. Any remaining construction costs not applied as a rent credit during this period would be amortized over Year 16 through Year 25 of the lease.
- Additional Rent Credit – After the completion of initial improvements, the amount the Tenant invests in capital alterations above \$1,000,000 and in accordance with the lease would be credited against the Annual Base Rent for the full amount until the entire credit has been applied during the initial lease term and any option terms.
- Community Benefits Rent Credit – The Tenant would be eligible for additional rent credit for providing community benefits at the request of the District, including but not limited to the community use of Tenant facilities outside of school hours.

The Tenant is also required to enter into an agreement with the Mayor to contract with Certified Business Enterprises (CBE) for at least 35 percent of the contract dollar volume of the project, and to require at least 20 percent equity and 20 percent development participation of CBEs. Additionally, the Developer is required to enter into a "First Source Agreement" with the District requiring it to hire certain levels of District residents for new jobs created as a result of construction on the property.

Financial Plan Impact

Funds are sufficient in the FY 2011 through FY 2014 budget and financial plan to implement the proposed resolution. The proposed resolution would approve the disposition of real property currently owned by the District. The assessed value of the property is \$10,013,910. This disposition would reduce the value of the total assets held by the District, but because assets are not included in the budget and financial plan, the proposed resolution does not have a direct fiscal impact on the District's budget and financial plan.

⁴ The rentable space is approximately 80,832 square feet of building area and 210,748 square feet of land.

ATTACHMENT

D

**COUNCIL OF THE DISTRICT OF COLUMBIA
NOTICE OF INTENT TO ACT ON NEW LEGISLATION**

The Council of the District of Columbia hereby gives notice of its intention to consider the following legislative matters for final Council action in not less than **15 days**. Referrals of legislation to various committees of the Council are listed below and are subject to change at the legislative meeting immediately following or coinciding with the date of introduction. It is also noted that legislation may be co-sponsored by other Councilmembers after its introduction.

Interested persons wishing to comment may do so in writing addressed to Nyasha Smith, Secretary to the Council, 1350 Pennsylvania Avenue, NW, Room 5, Washington, D.C. 20004. Copies of bills and proposed resolutions are available in the Legislative Services Division, 1350 Pennsylvania Avenue, NW, Room 10, Washington, D.C. 20004 Telephone: 724-8050 or online at www.dccouncil.us.

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COUNCIL OF THE DISTRICT OF COLUMBIA	PROPOSED LEGISLATION
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BILLS

B19-341 District of Columbia Unjust Imprisonment Act of 2011

Intro. 6-13-11 by Chairman K. Brown at the request of the Mayor and referred to the Committee on the Judiciary

B19-344 Extension of Time to Dispose of South Dakota Avenue-Riggs Road Excess Property Amendment Act of 2011

Intro. 6-15-11 by Chairman K. Brown at the request of the Mayor and referred to the Committee on Economic Development

PROPOSED RESOLUTIONS

PR19-268 McGogney School Surplus Declaration Resolution of 2011

Intro. 6-13-11 by Chairman K. Brown at the request of the Mayor and referred to the Committee on Government Operations and the Environment

PROPOSED RESOLUTIONS cont'd

PR19-269 McGogney School Disposition Approval Resolution of 2011

Intro. 6-13-11 by Chairman K. Brown at the request of the Mayor and referred to the Committee on Economic Development

PR19-272 Public Employee Relations Board Charles J. Murphy Confirmation Resolution of 2011

Intro. 6-17-11 by Chairman K. Brown at the request of the Mayor and referred to the Committee on Government Operations and the Environment

PR19-273 Public Employee Relations Board Wynter P. Allen Confirmation Resolution of 2011

Intro. 6-17-11 by Chairman K. Brown at the request of the Mayor and referred to the Committee on Government Operations and the Environment

PR19-274 Zoning Commission for the District of Columbia Marcie I. Cohen Confirmation Resolution of 2011

Intro. 6-17-11 by Chairman K. Brown at the request of the Mayor and referred to the Committee of the Whole

PR19-276 Board of Directors of the Washington Metropolitan Area Transit Authority Thomas J. Bulger Alternate Member Appointment Resolution of 2011

Intro. 6-20-11 by Chairman K. Brown and referred to the Committee of the Whole

ATTACHMENT

E

Council of the District of Columbia
Committee on Government Operations and the Environment
Committee of the Whole
**Notice of Joint Public Roundtable and
Notice of Joint Public Oversight Roundtable**
John A. Wilson Building, 1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

**COUNCILMEMBER MARY M. CHEH, CHAIRPERSON
COMMITTEE ON GOVERNMENT OPERATIONS AND ENVIRONMENT
AND
CHAIRMAN KWAME R. BROWN, CHAIRPERSON
COMMITTEE OF THE WHOLE**

**ANNOUNCE A JOINT PUBLIC ROUNDTABLE
AND A JOINT PUBLIC OVERSIGHT ROUNDTABLE ON**

**PR19-268, the McGogney School Surplus Declaration Resolution of 2011,
PR19-269, the McGogney School Disposition Approval Resolution of 2011,
and the Proposed Surplus and Disposition of the following District-owned properties:
Rabaut School (100 Peabody Street, N.W.), Harrison School (2120 13th Street N.W.),
and Scott-Montgomery School (421 P Street, N.W.)**

Monday, June 27, 2011
John A. Wilson Building, Room 123
1350 Pennsylvania Avenue, N.W.
1:00 PM

On Monday, June 27, 2011, Councilmember Mary M. Cheh, Chairperson of the Committee on Government Operations and the Environment, and Chairman Kwame R. Brown, Chairperson of the Committee of the Whole, will hold a joint public roundtable on PR19-268, the McGogney School Surplus Declaration Resolution of 2011, and PR19-269, the McGogney School Disposition Approval Resolution of 2011.

The Committee's will also hold a joint public oversight roundtable on the proposed surplus and disposition of the following properties: 100 Peabody Street, N.W. (Rabaut School), 2120 13th Street N.W. (Harrison School), and 421 P Street, N.W. (Scott-Montgomery School). Transmittal of the legislation by the Mayor for surplus and disposition of the properties is forthcoming. This public oversight roundtable provides notice to the public of these actions and to hear testimony. The roundtables will begin at 1:00 p.m. in Room 123 of the John A. Wilson Building, 1350 Pennsylvania Avenue, N.W.

The Committee invites the public to testify or to submit written testimony, which will be made a part of the official record. Anyone wishing to testify at the roundtable should contact Aukima Benjamin, staff assistant to the Committee on Government Operations and the Environment, at 724-8062, or via e-mail at abenjamin@dccouncil.us. All witnesses will be permitted a maximum of three (3) minutes for oral presentation.

If you are unable to testify at the hearing, written statements are encouraged and will be made a part of the official record. Copies of written statements should be submitted either to the Committee on Government

Operations and the Environment, or to Ms. Nyasha Smith, Secretary to the Council, Room 5 of the John A. Wilson Building, 1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004. The record will close at the end of the business day on July 4, 2011.

**Council of the District of Columbia
Committee on Government Operations and the Environment
Committee of the Whole**

John A. Wilson Building, 1350 Pennsylvania Avenue, N.W., Washington, D.C. 20004

**COUNCILMEMBER MARY M. CHEH, CHAIRPERSON
COMMITTEE ON GOVERNMENT OPERATIONS AND ENVIRONMENT
AND
CHAIRMAN KWAME R. BROWN, CHAIRPERSON
COMMITTEE OF THE WHOLE**

**ANNOUNCE A JOINT PUBLIC ROUNDTABLE
AND A JOINT PUBLIC OVERSIGHT ROUNDTABLE ON**

**PR19-268, the McGogney School Surplus Declaration Resolution of 2011,
PR19-269, the McGogney School Disposition Approval Resolution of 2011,
PR19-255, the New Communities Northwest One – Site 2 Disposition Extension Approval
Resolution of 2011, and the Proposed Surplus and Disposition of the following District-
owned properties: Rabaut School (100 Peabody Street, N.W.), Harrison School (2120 13th
Street N.W.), Scott-Montgomery School (421 P Street, N.W.)**

**Monday, June 27, 2011
John A. Wilson Building, Room 500
1350 Pennsylvania Avenue, N.W.
1:00 PM**

McGogney School (3400 Wheeler Road, S.E.)

Public Witnesses

Cassandra Pinkney, Executive Director, Eagle Academy Public Charter School
Joe Smith, Chief Financial Officer, Eagle Academy Public Charter School
Michael Musante, FOCUS

Rabaut School (100 Peabody Street, N.W.)

Public Witnesses

Karen Dresden, Head of School, Capital City Public Charter School
Carol Mitten, Board Member, Capital City Public Charter School
Claire Lincoln, Public Witness
Christian Martinez-Chavez, Public Witness

Harrison School (2120 13th Street N.W.)

Public Witnesses

Robinette Breedlove, Principal, Meridian Public Charter School
Ron Ridker, Board Chairman, Meridian Public Charter School
Nichole Maigna, Public Witness
Jasmine Marquez, Public Witness

Scott-Montgomery School (421 P Street, N.W.)

Public Witnesses

Alex Shawe, Director of Real Estate, KIPP DC
Tiffanie Williams, Vice Principal, KIPP DC
Martin Moulton, President, Convention Center Community Association
Marla Blount, Public Witness

New Communities One – Disposition Extension

Public Witnesses

Brad Fennell, Senior Vice President, William C. Smith & Co.

Government Witnesses

Brian Hanlon, Interim Director, Department of Real Estate Services
Scott Burrell, Office of the City Administrator
Senthil Sankaran, Director of Development, Deputy Mayor for Planning and Economic Development

ATTACHMENT

F

Testimony of Michael F. Musante, Friends of Choice in Urban Schools
PR19-268 and PR19-269: McGogney School Surplus Declaration Resolution and School
Disposition Approval Resolution of 2011
Committee on Government Operations and the Environment
and the Committee of the Whole
June 27, 2011

Chairman Brown and Councilmember Cheh:

My name is Michael Musante and I am the Director of Government Relations for the Friends of Choice in Urban Schools (FOCUS). I am here to testify in support of the disposition of the McGogney School to Eagle Academy.

Councilmember Cheh visited Eagle Academy on April 27th to celebrate Earth Day and the school's efforts in "Going Green." Eagle, through its Food, Fitness, and Fun program, is also a leader in providing healthy meals and increased physical activity to its students. But Eagle has even more ambitious plans. In addition to a public charter school, it will provide educational programs for children from birth through two years. The Eagle campus also will serve as a community center, full-time medical and dental service center, full-time social service center, and full-time mental health service center, all in a LEED Silver building. The City is desperately looking for programs that can solve the myriad of challenges communities face. The Eagle Academy plan for the McGogney School is a perfect example of how public charter schools are launching community-transforming initiatives and serving not just schoolchildren but the entire community in which they are located. Another example is Cesar Chavez PCS, which recently won a coveted Promise Neighborhood Grant in recognition of the charter's far-reaching impact on the community in which it sits.

Although we are gratified that Eagle Academy is being given access to a former DCPS school building, all too often public charter schools are denied access to buildings DCPS no longer needs. Many surplus DCPS buildings with cafeterias, kitchens, gymnasiums and playgrounds, critical elements of a school, are bestowed on developers for their enrichment or used to house government bureaucrats. As to the latter, the government insists that it is more economical to house government agencies in school buildings than in expensive commercial space.

But we would like to use this opportunity to call for a study as to whether the District actually saves any money by converting surplus schools into offices while funding public charter schools to renovate commercial space into schools. We're fairly certain that such a study will reveal that there are good economic reasons to turn more surplus buildings over to charter schools.

FOCUS also supports the favorable disposition of the Rabaut School to Capital City, the Scott Montgomery Building to KIPP and the Meridian School in the Harrison Building.

Thank you.

**THE EAGLE CENTER: AN INTEGRATED COMMUNITY-SERVICES
SCHOOL IN WARD 8, WASHINGTON, DC**

Testimony of Cassandra Pinkney, Executive Director and Joe Smith, Ph.D., CEO

Based on Eagle Academy Public Charter School's nine years of experience serving children and families from Ward 8 (72% of our students), our conversations with Ward 8 ANCs, consultations with DC officials and our targeted research, we decided two years ago that we will move our high-performing school to Ward 8. Through a competitive process, the District has awarded Eagle a 67,000 SF school on 4.1 acres in Ward 8 – the former McGogney Elementary School - in which to develop *The Eagle Center: An Integrated Community-Services School*. We estimate that the renovated facilities will be ready for occupation by August 2012.

The facility would be renovated utilizing healthy and sustainable building design, construction and operations, including energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. The renovated building and the new addition for the gym, pool, and Healthplex will be at least LEED Silver trying for Gold. An environmental education program will also be established for the community using the building itself as a model for how to be environmentally friendly at home.

The Eagle Center represents a strategy that integrates, under one roof, a continuum of supports: academics (for 3-8 year-olds), Early Head Start (for 0-3 year-olds), Women, Infants, and Children (WIC) center, medical services, mental health services, dentistry, social services, cultural opportunities, community development, and recreational opportunities to improve student learning, develop stronger families, and create healthier neighborhoods. This would be the first public school in the District of Columbia to which many other urban school districts would come to see how to turn around an underserved community. The establishment of this unique, first-of-its-kind model program of a Full Service Community Center will provide a framework for structuring similar programs across the country.

Eagle Academy staff members have met with five of the ANC's in Ward 8 and have received very strong support for this project. Eagle Academy staff members have also worked with eleven (11) members of City Council, the Deputy Mayor for Economic Development and Planning, the Deputy Mayor for Education, and the Departments of

Health, Mental Health, and Parks and Recreation in designing this Center. This is a project that will make a difference and has strong support from community and political leaders.

Programs and services to be provided at The Eagle Center include:

Educational Services

- Eagle Academy Public Charter School, Grades PreK-3 through Grade 3, Middle States Accredited, high performing
- Full special education program, Levels 1 through 4
- Before and After Care program from 6:30 a.m. to 6:00 p.m., educational, developmental, and praised by parents
- Full Summer School
- Early Head Start program, ages 0-3
- Swimming Pool and Swimming Lessons (all children will know how to swim before they graduate)
- Full size Gymnasium available for community use

Medical Services

- Primary Care
- Pediatric Care
- Maternal Care (OB/GYN)
- Dental Care, regular and pediatric
- Ophthalmology
- Physical Therapy
- Geriatrics
- Psychiatric
- Psychologists for families and children
- Imaging Center (requires additional funding)
- Swimming Pool available evenings and week-ends for therapy

Social Services

- Women, Infants, and Children's Center
- Family Services Center
- Social Workers
- Adult Literacy
- GED and other training programs identified by the community
- Financial Literacy

Recreational Services/Community Events (DC Parks and Recreation)

- Community leagues in Eagle's gym at night and weekends (basketball, volleyball, etc)
- Use of Auditorium for community theater and community meetings
- Use of Cafeteria for community events

Commercial Services (Possible Phase 2)

- Grocery Store with healthy, low-cost choices
- Other basic businesses identified by the community (a shoe repair store, a bank branch, a pharmacy, and a family friendly sit-down restaurant have been suggested).

ATTACHMENT

G



Government of the District of Columbia



Department of Real Estate Services

Testimony of
Brian J. Hanlon
Interim Director

**Joint Public Roundtable On
Proposed Surplus and Disposition of District-owned Properties:
Rabaut School, Harrison School, McGogney School, Scott-
Montgomery School**

Council of the District of Columbia
Committee on Economic Development
The Honorable Kwame Brown, Chairperson
and
Committee on Government Operations and the Environment
The Honorable Mary Cheh, Chairperson

June 27, 2011
01:00 p.m.

Room 500
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Good afternoon Chairman Brown, Councilmember Cheh and members of the Committee on Economic Development and the Committee on Government Operations and the Environment. My name is Brian Hanlon, and I am the Interim Director of the Department of Real Estate Services (DRES). Thank you for the opportunity to testify on the proposed surplus and disposition of:

- The Harrison School, located at 2120 13th Street, NW in Ward 1;
- The McGogney School, located at 3400 Wheeler Rd, SE in Ward 8; and
- The Rabaut School, located at 100 Peabody Street, NW in Ward 4.

All three properties have been deemed surplus by DRES and are proposed to be leased to public charter schools. In accordance with Section 38-1802 of the DC Official Code, otherwise known as the Landrieu Act, DRES created three separate Request For Offers (RFO) for each of the closed schools and at the close of each RFO process, high-performing charter schools were awarded long-term ground leases on the properties. A long-term ground lease to the public charter schools is the most beneficial method of disposition for the District because:

1. It allows the District to retain ownership of the property while shifting all responsibility for maintenance, operations and capital repairs to the proposed lessee; and
2. It permits the District to impose restrictions on use and development and most expeditiously regain possession of the property in the event of non-compliance.

Other disposition methods, including transferring title, would not provide these benefits because the District would not retain any legal interest in the property.

I will now explain, in greater detail, why each school is considered surplus and the reasoning behind the selection of each public charter school.

Harrison Elementary School

The Harrison Elementary School building, located at 2120 13th St, NW, was built in 1890 and is designated as historic by the DC Historic Preservation Office. The building is approximately 49,218 square feet on approximately 31,720 square feet of land. There is no on-site parking. The school was closed by DC Public Schools (DCPS) in 1999 and the property has served the Ward 1 community as a charter school for the past decade. In June 2010, the tenant of the Harrison School, Children's Studio Public Charter School relinquished its charter to the Charter School Board. When this occurred, DRES reviewed the feasibility of repurposing the building for District agency use. DRES determined that the cost to renovate the facility for agency use would be cost-prohibitive and exceed more than \$11.7 million dollars. Due to the physical attributes of the property, historic designation, lack of on-site parking, redevelopment costs and other capital needs, DRES concluded that the property would not effectively meet existing District needs, should be deemed surplus, and would be best utilized if leased to a third-party.

Once the property was deemed surplus, DRES issued a competitive Request for Offers (RFO) in September, 2010 to provide a right of first offer to public charter schools, pursuant to the

Landrieu Act. The selection criteria emphasized project vision, school performance and the financial capacity of each respective offeror. The RFO was open for one month and the District received four responses. A selection panel was convened, consisting of representatives from DRES and the Deputy Mayor for Education and, after review of all respondent submittals, the panel recommended the Meridian Public Charter School for award.

Meridian's plan for the school's redevelopment, along with its proven academic excellence and long-standing commitment to providing outstanding educational opportunities to the Ward 1 community were among the reasons why Meridian was chosen. For the past eleven years, Meridian Public Charter School has served the Ward 1 community and approximately two-thirds of Meridian's students live within walking distance to the Harrison School. Meridian envisions serving approximately 530 students. Moreover, Meridian has the finances and project team needed to bring this proposed redevelopment of the property to fruition.

The proposed construction will reface the front façade of the historic building by repairing and/or replacing the exterior masonry façade. The renovation will also add off-street parking, a 12,000 square feet addition for a new cafeteria, and a new playground. The renovation will meet or exceed LEED Silver certification consistent with the Green Building Act.

As required by the Landrieu Act, the proposed ground lease is for a term of twenty-five (25) years with a twenty-five (25) year option. Rent is set at fair market value, but is offset with a

rent credit for capital improvement costs. The current estimate for restoration is \$22 million. The District will incur no expense for the restoration of the property.

On February 28, 2011, DRES held a public hearing to solicit community input on the proposed surplus and disposition to the Meridian Public Charter School. DRES posted the hearing notice in the D.C. Register and provided the Advisory Neighborhood Commission (ANC) with 30 days written notice. Forty-two people attended the hearing and I am pleased to report that there were no objections to the surplus designation.

McGogney School

The McGogney School, located at 3400 Wheeler Rd, SE was built in 1965. The building is approximately 80,832 square feet on approximately 210,748 square feet of land. The facility was closed by DCPS in 2006 and has been vacant ever since. DCPS originally planned to re-occupy the McGogney School, but later decided to consolidate operations at the MC Terrell School located at 3301 Wheeler Rd, SE. In 2009, the property was transferred to DRES for repurposing.

DRES reviewed the school's potential uses to determine how it might be used to satisfy the District's real estate needs. Significant factors considered in this decision-making process included the functionality of the school for possible agency use, redevelopment costs and capital needs for the property. Renovating the facility for District agency use would be cost-prohibitive, at approximately \$19.2 million dollars. Since the property was originally designed

as an educational facility, the best use was determined to be a ground lease to a public charter school.

Consistent with the Landrieu Act, DRES maximized competition by issuing a competitive Request for Offers (RFO) on March 19, 2010. The RFO provided a right of first offer to eligible public charter schools and emphasized project vision, school performance, and financial capacity in the selection criteria. The solicitation was open for 30 days and two charter schools responded to the RFO. A selection panel was convened with representatives from DRES and the Office of the Deputy Mayor for Education.

Eagle Academy Public Charter School was recommended for award by the selection panel because of its unique vision for the school and proven academic excellence. Moreover, Eagle Academy has an established history of commitment to providing outstanding service to Ward 8 students and parents. Eagle Academy also has the financial support and project team to make this proposed redevelopment a reality.

The proposed redevelopment of the McGogney School will consist of a LEED certified design and construction and complies with the zoning requirements for the property and the District Green Building Act.

Additionally, Eagle Academy's proposed vision for the McGogney School includes a sublease to the Howard University Hospital and the United Planning Organization (UPO). This

redevelopment will provide a state-of-the-art Healthplex that will offer pediatric healthcare, family medical care, oral healthcare and a cutting-edge imaging center. The partnership with Howard University Hospital will provide a complete range of medical and dental services plus a WIC program for the entire community. Additionally, UPO will have a satellite office providing family support services, GED, and other training programs. The Healthplex and the UPO offices will both be open to the community through a separate entrance. Eagle Academy's proposed plan for the property will provide comprehensive wrap-around services for students, parents, and the Ward 8 community.

Pursuant to the Landrieu Act, the proposed ground lease to the Eagle Academy is for a term of twenty-five (25) years with a rental rate reflective of fair market value and a corresponding rent credit to offset the \$23 million dollars in required capital improvements which the Eagle Academy will fund at its sole expense. The proposed lease will also have a twenty-five (25) year renewal option term.

DRES held a public hearing on March 1, 2011 to solicit public input on the proposed surplus and disposition to the Eagle Academy. Approximately fifty people attended the first meeting and at the request of a local Advisory Neighborhood Commissioner (ANC), a second meeting was held on March 22, 2011 to solicit additional community input. Forty people attended the second meeting. Although the proposed surplus and disposition received overwhelming support, some residents expressed concern that there were already too many charter schools in Ward 8. However, it is important to note, that 88% of the Eagle Academy's students already live in Ward

8 and a number of parents from the charter school were in attendance to voice their support. After the public hearing held by DRES, the Eagle Academy met with ANC8E on April 19, 2011 and DRES received a letter of support from the ANC on May 6, 2011.

Rabaut School

The Rabaut School, located at 100 Peabody St, NW, was built in 1965 and has a number of environmental issues with which to contend such as lead pipes and asbestos. The building is approximately 168,000 square feet on approximately 297,283 square feet of land. Overall, the facility is in a serious state of disrepair.

Closed by DCPS in 1993, the school has been used by public charter schools for the past several years. The current tenant is occupying the building on a month-to-month tenancy as a result of an expired lease. This tenant will vacate the premises at the end of this school year, June 30, 2011.

DRES reviewed the potential uses of the Rabaut School to determine how it could be used to satisfy the District's real estate needs. DRES has determined that there is no practical use for the property outside of an educational facility. The building is not well suited to adaptive reuse, bearing outdated design and construction features of the late 1960s. The property features expansive load bearing walls, thirteen (13) foot ceilings, and wide double loaded corridors; as well as special purpose space such as a large auditorium, gymnasium and field space. While the property is ideal for an educational facility, a District reuse of this site for agency office space is

impractical and cost prohibitive. The school's design is not conducive for office space. It would cost the District approximately \$17.9 million to restore the building, if a viable use for the sight could be identified. Moreover, the property has served as a hub for charter schools since 1999. For these reasons, it should continue to serve the public as an educational facility.

Pursuant to the Landrieu Act, DRES maximized competition for reuse of the property by issuing a competitive Request for Offers on May 18, 2009. The RFO included a right of first offer to all eligible public charter schools and the selection criteria emphasized project vision, school performance, and financial capacity. The RFO was open for 30 days and the District received three responses. A selection panel, consisting of representatives from DRES and the Deputy Mayor for Education reviewed all solicitation responses.

The selection panel recommended the award to the Capital City Public Charter School because of its demonstrated academic success and outstanding ten-year track record. Capital City has been noted by many dignitaries and educators as a stellar educational program. For example, the Charter School Board has rated it as "exemplary" in all categories measured by the Program Development Review, an annual outside evaluation commissioned by the DC Public Charter School Board. The Program Development Review rates a school in five categories, including instruction, student assessment, school climate and governance. Moreover, President Obama had this to say about Capital City Public Charter School, and I quote:

"This kind of innovative school, the outstanding work that's being done here by the entire staff, and the parents who are so active and involved, is an example of

how all our schools should be. We're very proud of what's been accomplished at this school and we want to make sure that we're duplicating that success all across the country."

The proposed lease of the property will also allow Capital City Public Charter School the ability to consolidate its upper and lower schools located at 3220 16th Street, NW and 3047 15th Street, NW into one facility. The Rabaut School will serve as the main campus for Capital City and its students will get the full benefit of a consolidated K-12 program. The school's program will be greatly enhanced by having a single campus setting with shared spaces such as the outdoor space, an upgraded auditorium, gymnasium, and cafeteria. In addition, the proposed redevelopment will result in another LEED certified school in the District.

The proposed method of disposition is consistent with the Landrieu Act and is a long-term ground lease of twenty-five (25) years with a rental rate reflective of fair market value and a corresponding rent credit for capital repairs. The proposed lease will also have a twenty-five (25) year option term. The proposed lessee will fully renovate the property at its sole expense. The current estimate for restoration is \$24 million including hard and soft construction costs. The District will not contribute any funds towards the renovation of the property.

To solicit community input on the proposed surplus and disposition, DRES held a public hearing on June 9, 2011. Approximately twenty people attended the meeting and there were no objections to the proposed surplus of the school. In addition, Advisory Neighborhood

Commission 4B voted unanimously to support the disposition of the Rabaut School to the Capital City Public Charter School and DRES received a letter of support from the ANC on May 27, 2011.

Conclusion

In conclusion, DRES recommends the proposed methods of disposition for these properties as outlined in this testimony. All schools have been deemed surplus and the proposed methods of disposition allow the District to maintain ownership of these facilities through long term ground leases. Furthermore, the public charter schools that have been awarded the properties will renovate and redevelop the properties at no cost to the District while maintaining the buildings' original purpose as educational facilities. Additionally, the chosen public charter schools will deliver award-winning educational services to District students and provide high-performing public school choices for District families. Thank you for the opportunity to testify and I am now available to answer any questions.