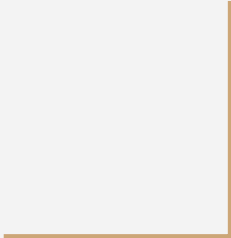




District Properties Community Input Session

October 4, 2021



Use the Interpreter Feature

Cómo utilizar la función de intérprete

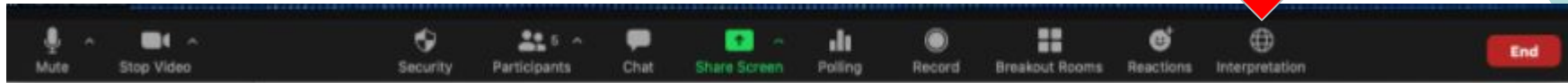
- Click on the Interpretation Button
- Choose your language preference *Spanish, Chinese, or Vietnamese*
- **Mute original audio...** *if you do not you will hear the original presenter at a low volume*
- Our interpreter will give further direction.
- Seleccione el botón para interpretación
- Seleccione su idioma preferido *español, chino, o vietnamés*
- Ponga en modo de silencio el audio original... *si no lo hace, escuchará al presentador original a un volumen bajo*
- Nuestro interpretador dará más instrucción.

使用口譯員功能

- 點擊翻譯按鈕
- 選擇您的語言偏好 西班牙語或中文
- 點擊翻譯按鈕 靜音 原來音頻...如果不靜音, 則將以低音量播放原來主持人的語音
- 我們的口譯人員將提供進一步的指示。

Cách sử dụng Chức năng Thông dịch viên

- Nhấn vào nút Diễn giải
- Chọn ngôn ngữ của quý vị Tây Ban Nha, Trung Quốc hoặc Việt Nam
- **Tắt âm thanh gốc...** *nếu không, quý vị sẽ ở đây và nghe người thuyết trình ban đầu với âm thanh rất nhỏ*
- Thông dịch viên của chúng tôi sẽ hướng dẫn thêm.



Cogswell and Voorhis Sites

After careful consideration, the Board of Education accepted the recommendation of the Facilities Advisory Committee that Cogswell be retained for District use. Additionally, Staff recommends that both Cogswell and Voorhis also be retained for District purposes, which could include:

- District offices
- Professional development
- Storage
- Community Learning Hubs

Next Steps for Board Consideration

Consider possible uses for properties, which may include the following:

1. Offer the Kranz and Madrid/District Office sites, or some portion of each, for exchange through the RFP process.
2. Hire a real estate broker (for a fixed fee or not to exceed amount) to market the Madrid/District Office property and to acquire new property(ies) as part of the exchange.
3. Consider eventual use options for the properties.

Madrid/District Office & Kranz Sites

These questions and considerations will be discussed for the next several meetings, for each of the properties, respectively:

1. Does the Board want to offer all or a portion of this property for exchange through a Request for Proposal (RFP) process?
2. If yes, will the District offer all or a portion of the property?
3. If a portion of the property is offered, which part will be exchanged and which retained?
4. How will the retained portion be used?
5. When would the Board like to review and approve an RFP and begin marketing the property?
6. Will the Board approve hiring a real estate broker at the same time to market the property?

Questions Sent in Prior to Town Hall

1. What can the funds be used for?
2. What is the timeline for the disposition of the properties?
3. Do you have to go with the highest bidder?
4. When selling the assets, will capital gains and cash flow strategies be considered to meet the monetary need of the district?
5. Who will make the decision on what to do with the properties? How can you ensure that the people making the decisions or assisting in the process do not benefit financially from the decision?

Possible Value - Madrid /District Office & Kranz Properties

- 1. The Madrid/District Office property may bring \$55-\$65 million**
 - a. For planning purposes, the District can use \$55 million as an exchange price for the entire parcel

- 2. The Kranz property may bring a value of \$1.85 million per acre or \$38.3 million for the entire site**
 - a. If the Board decides to retain a portion of the Kranz site for Head Start and the Children's Center and perhaps dedicate some portion to an alternate public use, the net acreage available for development may be closer to 12-14 acres. In that scenario, the net proceeds to the district may be reduced to the \$22-26 million range.

Possible Net Income After Exchange

1. The district might see a net of **3.5% - 5%** annually after accounting for all expenses.
2. Thus, if the district purchases income property for \$80 million, after paying taxes, insurance, maintenance, management and making allowances for a vacancy factor, it could expect a return of approximately \$2.8 to \$4.0 million per year.
3. **This will net the District \$2.8 to \$4.0 million per year.**

What Can The Money Be Used For ?

- General Fund Expenses
 - Salaries
 - Deficit Reduction (Cash Flow vs Deficit Reduction)
 - Instructional Purposes
 - Enriching After-school Programs
 - Band Programs
 - PERS STRS
- Facility Improvements
 - Enhancing Bond Projects
 - Enrichment Projects (Band Rooms, Lockers, Gym, Sports and Playgrounds)

Possible Timeline for Disposition

- Oct. - Nov. 2021 Marketing of the property (properties)
- Dec. - Jan. 2022 Board approves a purchase and sale (exchange) agreement(s) and opens escrow
- Jan. 2022 - Jan. 2023 Escrow / Entitlement period (approximately 12 months) During this period the buyer works with the City to get approvals necessary to develop the property
- Feb. 2023 Close of Escrow on one or more properties

Bid Acceptance - Highest Bidder?

Exchange

- Does not require formal Public Bid / Auction (the most beneficial offer may be selected)
- Funds are not restricted to capital outlay or cost for maintenance

Sale

- Does require formal Public Bid (highest offer is to be accepted, or all rejected)
- Funds are restricted to capital outlay or cost for maintenance (Article 4. 17462) Amended SB820 until July 1, 2024

Who makes the Decision ?

Education Code Section 17536, *et. seq.*, provides that the governing board of a school district, upon a two-thirds vote of its members, may exchange any of its real property for real property of another person or private business firm upon such terms and conditions as the parties thereto may agree, without complying with any of the disposal of surplus property provisions set forth in the Education Code.

Education Code Section 17455, *et. seq.*, provides that the governing board of any school district may sell any real property belonging to the school district or may lease for a term not exceeding 99 years, any real property, together with any personal property located thereon, belonging to the school district which is not or will not be needed by the district.

How to Avoid Conflict of Interest

- **Form 700** - Staff & Board members
 - Subject to State Law (PRA) & (GC 1090-1098)
 - Personal or private financial considerations can not be part of the decision-making process
- **RFP** - Statement that Board members & Senior Staff are not to be contacted
- **Law Firm(s)** - Contract that stipulates separation of interest
- **Property Consultant(s)** - Contract states compensation is on a hourly basis for work rendered

Community Input