

**Real Property Analysis and Strategy  
Preliminary Report  
Three District Owned Parcels**

**For**

**Sacramento City Unified School District**

**By**



**Oakland and Sacramento, CA**

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## **A. REGULATORY REQUIREMENTS: SCHOOL PROPERTY USE & DISPOSITION**

### **Defining Surplus Real Property**

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### Lease

Per 17455 of the Ed Code, a lease not exceeding 99 years may be entered into. Per 17388 of the Ed Code, prior to the lease of surplus property, the governing body of the school district is required to appoint a District Advisory Committee (sometimes referred to a 7/11 committee) to advise the governing board in the development of district-wide policies and procedures governing the use (or disposition) of school building or space in school buildings which are not needed for school purposes.

Unless the lease agreement contains a purchase option, no public entities are entitled to priority in accordance with 17464 of the Ed. Code. Lease transactions may be subject to the Naylor Act.

Proposed leases of District property may be subject to California Environmental Quality Act (CEQA) requirement. District is advised to confer with legal counsel prior to any actions.

Per 17466 of the Ed Code, the District must declare its intent to lease surplus property. The Board of Education in regular open session must adopt a resolution by a two-thirds vote of all members declaring its intention to lease the surplus property. The resolution must describe the property, the minimum lease amount and the terms upon which the property will be leased. The resolution must also fix a time not less than 3 weeks to receive bids.

Per 17442 of the Ed Code at the time and place fixed in the resolution for the Board of Educations meeting, all sealed proposals received, in public session, shall be opened, examined, and declared. Those proposals submitted which conform to all terms and conditions specified in the resolution of intent to lease and which are made by responsible bidders, after deducting any commissions to be paid the highest bid shall be selected. A higher oral bid may be accepted at the meeting. An oral bid that exceeds the written bid by at least 5% cannot be finally accepted until it is received in writing. All bids may also be rejected (Ed. Code 17476). Final acceptance of a bid may occur at the meeting or at an adjourned session of the same meeting held within 10 days (Ed Code 17475).

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**Table 1: Alternatives Analysis**

Alternative	Opportunities	Challenges	Additional Work Required for Alternative
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### **C. REVIEW OF OTHER CURRENT PROJECTS AND DISPOSITIONS**

OPC has researched various approaches school districts have utilized to capture the value of surplus and under-utilized parcels and improved properties. Districts across the country have engaged in the sale or lease of

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## **E. SITE SPECIFIC EXISTING CONDITIONS ANALYSIS**

Existing conditions analysis is a critical first step in analyzing a property for future development. This section discusses important known site conditions that can be ascertained through site visits, District document review, and a public records search.

To make a final site specific judgement a developer will conduct market analysis, financial feasibility analysis and development due diligence on a site after they have analyzed the existing conditions in order to make a decision to go forward with a project.

OPC has used this section to arrive at its opinion of the preliminary development potential for each site, identify gaps in data that may be needed, and identify challenges of each site.

Each of the three sites has been analyzed in this section to fullest extent possible given time and information constraints. Conditions not analyzed include environmental hazards that could diminish the value of the site (this would be identified through a Phase I Environmental Site Assessment (ESA) and possible further analysis at a Phase II or Site Remediation Plan, if necessary), constructability analysis of the soils (gained from a geotechnical investigation), structural and materials issues with site improvements (gained from a physical needs estimate or structural analysis).

Such information and





## 2401 Florin Road (Florin Rd)

Parcel Size: The parcel is approximately 6.77 acres, or 294,901 square feet.

Present Use: The property is presently leased and utilized by Destinations Mobility, a division of Paratransit, Inc. (lessee). The lessee utilizes the former automotive dealership site for parking as well as vehicle service. Any redevelopment could

for a District project.

Zoning: The property is zoned C-2 General Commercial.

with the intent of providing a site for a new development.

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Joint Occupancy: In cases where a property is suitable to provide the District with space to provide needed facilities or services, a joint occupancy partnership should be considered. The District should have a clear idea what types of uses it could feasibly have accommodated at a particular property. A joint occupancy would be carried out

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multiple sites as it could not be guaranteed that they acquire all that they need to acquire.

Recommendation: Offer the parcels as a package or as individual transaction to increase opportunities for making a good decision and having a better understanding what the market will bear. The District should reserve the right in the RFP to reject any and all offers at its discretion and choose to enter into negotiations with as many proposers as they deem necessary to achieve its goal. District should seek options or hard money deposits should a lengthy escrow be proposed.

3. How will proposal be evaluated?

Recommendation: Convene a panel of three to five members to review, evaluate and score each proposal. Each panelist should be required to sign a confidentiality and non-disclosure agreement, sign an acknowledgment that they have no conflict of interest and in no way will gain materially from the transaction. It would be suggested that members of the Board of Education be restricted from the panel because they will ultimately have to adopt a resolution approving the District to enter into negotiations and close on the transaction.

## **I. NEXT STEPS**

1. The District needs to ensure it establishes a course of action that does not violate the Education Code.
2. District needs to determine what its goals are, what process it wants to undertake for soliciting entities to acquire the parcels, alternatives it may elect to explore, risks they are willing to take, and proceed accordingly. This can be done concurrently with taking steps to satisfy the Ed. Code.
3. Once the District satisfies the applicable sections of the Ed. Code, they would proceed with the offering process of the parcels to other potential buyers i.e. the RFQ/RFP process.
4. If seeking to pursue a Joint Occupancy, the District must evaluate its needs and determine they types of uses, or use they would seek at each site, for example if Florin Road is suitable for a central kitchen facility, that will need to be included in the solicitation for proposals for that site.
5. OPC has prepared a sample RFQ that considers the District seeking to dispose of all three parcels as a package or individually, work with a selected developer

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OPC has developed a preliminary, high level schedule for the conclusion of the analysis process, Board authorization to proceed with the proposal solicitation process and future disposition of the assets. If it can be determined that provisions in the Education Code have been satisfied or are not applicable, this schedule can be expedited.

**Table 5: High Schedule for Disposition Process**

Activity	Duration in Months	Time Line
Board Resolution Directing Process	1	Feb. 2016
Finalize Form of Offering (RFQ,RFP, RFB, Listing)	1	Feb. 2016
Offer Parcels for Disposition Under Educational Code Requirements	6	Mar. - August 2016
Offer Parcels for Disposition Under RFQ,RFP, RFB, or Listing	2	Sept. - Oct. 2016
Review Proposals/Offer and Interview Short List	1	Nov. 2016
Return to Board of Education With Recommendation for Disposition	1	Dec. 2016
Enter Into Negotiations for Disposition	1-4	Jan. - Apr. 2017
Close Transaction	20	May-17