

7-11 Surplus Property Committee

April 5, 2022

Welcome & Roll Call

Richard Lowenthal, Committee Chair

Introduction - Terra Realty, Scott Sheldon

General Business - Length of Meetings

Committee Communications with the Public

Public Comment Guidelines

- Submit an online Comment Card via the link in Chat Box prior to the start of the item
- When Staff calls your name, raise your hand in Zoom
- When the Committee Chair calls your name and invites you to speak, Staff will enable your Zoom audio
- Unmute yourself and proceed with your comment

Public comments are limited to three (3) minutes per person unless there are too many people requesting to speak, in which case the Committee Chair may limit comments to less than three (3) minutes per person.

Approval of Agenda (Committee Member Motion & Second Roll Call Vote)

1. CALL TO ORDER
2. WELCOME & ROLL CALL
3. PUBLIC COMMENT GUIDELINES
4. APPROVAL OF AGENDA
5. APPROVAL OF MINUTES MARCH 8, 2022
6. NON-AGENDA PUBLIC COMMENT
7. SUMMARY OF PROGRESS
8. STAFF REPORT/DWK REPORT
 - a. UNFINISHED BUSINESS
 - b. FOLLOW UP FROM TABLED ITEMS AT LAST MEETING
9. ACTION ITEMS
 - a. Continue Electronic Meetings During a State of Emergency pursuant to Government Code Section 54953(E) for next 30 days.
10. ADJOURNMENT
11. FUTURE MEETINGS
12. AFFIDAVIT OF POSTING

Committee Mission:

Establish a priority list of possible uses of the Meyerholz, Regnart, and Montebello properties to generate the property's highest and best use value and with the stipulations that the Meyerholz and Regnart properties be leased and the Montebello property be sold or used in an exchange.

Approval of Minutes March 8, 2022

Committee Member Motion & Second
Roll Call Vote

Non-Agenda Public Comment

Summary of Progress

1. Mission of the Committee and the expectation from the Board of Education

Committee Mission:

Establish a priority list of possible uses of the Meyerholz, Regnart, and Montebello properties to generate the property's highest and best use value and with the stipulations that the Meyerholz and Regnart properties be leased and the Montebello property be sold or used in an exchange.

2. Review site details of each location

3. Review enrollment data

4. Review Definitions of Surplus Property & Highest/Best Use

Surplus Land:

"Means land owned in fee simple by any local agency for which the local agency's government body takes formal action in a regular public meeting declaring that the land is surplus and not necessary for the agency's use."

Legal Definition:

"The highest and best use is the most profitable legally permissible use for which the property is physically, geographically, and economically adaptable." (County of San Diego v. Rancho Vista Del Mar, Inc. (1993) 16 Cal. App.4th 1289,1288)

The highest and best use is defined as 'that use, among the possible alternative uses, that is physically practical, legally permissible, market supportable, and most economically feasible...The appraiser must make a determination of highest and best use as part of the appraisal process.' (San Diego Gas & Electric Co v. Schmidt (2014) 288 Cal. App.4th 1046,1058)

5. Review District Needs

District Office (approximately 20,000 sq feet and 56 parking spaces)

*Does not include space for CEEF

Central Kitchen

6. Determine any Encumbrances

Regnart – City of Cupertino

Meyerholz, Montebello – None

District Office @ Mary – Lease De Anza Properties

7. Review Zoning & Acceptable Uses

Regnart - 1170 Yorkshire Drive, Cupertino Assessor's Parcel Number 362-08-001, the property is zoned BA – Public Building

Meyerholz - 6990 Melvin Drive, San Jose Assessor's Parcel Number 98448001, the property is zones R-1-8 - Residential Housing

Montebello - Santa Clara County Unincorporated, Assessor's Parcel Number 351-24-011, the property is zoned HS-d1-sr

8. Community Input

9. Board Recommendation

BOLD = Completed

Italics = Tonight's Meeting 4/5/22

Normal = Future Meeting

Staff Report/Discussion

Chris Jew - Chief Business Officer

Clarissa R. Canady, Attorney at Law – Dannis Woliver Kelley

Rachel K. Brilliant, Attorney at Law – Dannis Woliver Kelley

- Staff - Categories with definitions of current interested parties in leasing
- DWK - Sample Board Recommendations
- Staff - Unanswered Questions
- Staff - Community Engagement

Categories w/definitions of interested parties for leasing

Care Services - Child Care, Preschool

Enrichment Activities - Tutoring, Art, Music, Dance, Karate

Educational Business - Adult Education

Private Education Services - Private School

Realtor - Agent for the sale and purchase of buildings and land; may also be Agent for Leasing

Sample Board Recommendation(s)

7. Committee Findings and Recommendations

The Committee finds that:

- Despite renewed development in the east and south within the District boundaries, total District enrollment is expected to slightly decline.
- Residential development in the west portion of the District will not generate the need to use the 3rd Avenue Site for a school site.
- The location of the 3rd Avenue Site in downtown Chula Vista is not the ideal location for a school site.
- At approximately 2.59 acres, the 3rd Avenue Site is too small to house all central District functions.

The District Committee hereby recommends the following to the Board:

- That the 3rd Avenue Site be declared surplus to the District's needs; and
- To sell the 3rd Avenue Site to provide revenue.

After discussion of the relevant Education Code Section requirements and Board Policies, the Committee voted 7-0, 4 absences (Fernandez, Elefante-Leano, Arancibia, Silva) to make this recommendation and pursue the declaration of surplus by the Board. The committee recommends no conditions.

The Committee recommends the use of available funds for vocational training or construction trades including but not limited to plumbing, pipefitting, electrical, carpentry, roofing, and painting; and specifically to ensure the services are inclusive of students with special needs.



Unanswered Questions

Questions on General Committee Procedures:

- I saw some community members are calling for re-voting for school closures. Shall we pause until this is settled?
- Re: the professional real estate services consulting proposal mentioned by public comment caller Mr. Nastari. Does the District/Board have any plans to hire a professional real estate consultant? Why or why not?
 - To add on, email was sent by Mr. Nastari in September 2021, why was the committee not made aware or why could the committee not be made aware before the last meeting when Mr. Nastari spoke?

Questions on Community Engagement:

- Can we get clarification around social media rules (eg can I answer 7-11 Qs on social media, can I post updates, can I poll for feedback?)
- How can we poll the community on acceptable uses

Questions on Leases:

- At one point we saw a list of every lease CUSD holds as LL w/ lease terms. I cannot find it. Do you have abstracts of these leases? If so can you link these or link the table again? Thanks.
- When leasing out the school site, is there a range of what can be charged per sq footage? And if so, what is that range? And is the range within market ranges? What is the market range of leasing out buildings? This information can help when comparing what the district is paying per sq footage for the South Mary location.
- Do we know what the estimate lease price for a school like Meyerholz would be? (per squarefoot, I assume?)
- Does CUSD have a contract with a commercial leasing agent, if so who is it and what are the terms? (as either tenant or LL.)

Questions on District Needs:

- Does the Central Kitchen need to be moved or is that just to centralize everything? Unclear to me if they have a required expansion they need to do which means it can no longer reside at Stocklmeir or other?
- Can the Nan Allen site accommodate the district office? - maybe answered when we discuss the requirements of the district office
- At the end of the day, does CUSD make a profit or break even or lose money on the joint agreement with the City?

Questions regarding Montebello:

- I found a document on the Montebello site (currently in the Parking Lot folder) - clarification...if it is just the school building that is the historical landmark? If it is the building, can it not be relocated to allow the site to be sold more easily without the landmark destination?
- In looking at the document designating Montebello as a historical site, it seems, it's the school that is a historical site versus the whole property, is that correct? So a builder could presumably preserve the school and still do as they wish with the property? Am I reading the document correctly?
- Do we know what the estimated proceeds of a Montebello sale would be?
- Is this accurate: "Exhibit A. says that an acre of the site reverts back to his ownership if the school ceases to be a school. The lot described in Exhibit A is 208' 8.5" by 208' 8.5". If you do the arithmetic, that comes to 43560 sq. ft, which is an acre."? Exhibit B is a parcel map with the school site highlighted. It's hard to read the dimensions, but it clearly lists the school site as 3.58 acres. Only an acre is defined in Exhibit A. Where did the other 2.58 acres come from?

Questions on Board Recommendation:

- I noticed in the example 7-11 recommendation reports, multiple public forums were provided (so more than 1 date)? What are the guidelines here?
- The Redwood City 7-11 recommendation actually selected the tenants to? Is that expected of us or just category?
- The sample recommendations have slides and more, who is actually putting together the final product?

Other Questions not fitting a Category:

- Can we get the details process and procedures about Eaton's closure as this is a good example of a school closure, then identified as Surplus, leased out and then returned as a school site. The detailed information will help to provide background information. I would assume it went through a 7-11 committee like this current one.
- In determining that a property is surplus, do we need to make a determination as to whether it is permanent surplus or temporary surplus? And if temporary, does that mean, we should choose tenants that can preserve the current building structure? If so, I think it'd be help to actually have staff present the enrollment forecasts and more as this section was on a previous agenda but skipped

Community Engagement

Activity	Target Audience	Jan	Feb	Mar	Apr	May
Parent Square Email Meeting Notification	Enrolled Families			X	X	*
Parent Square Email Meeting Notification	Subscribers to District Info				X	*
Public Posting @ Schools & DO	Enrolled Families		X	X	X	*
Public Posting Community Libraries etc	Community	X	X	X	X	*
Website Banner	Enrolled & Community				X	*
Social Media Post on District SM	Enrolled & Community				X	*
Social Media Post by Committee (Next Door/What's App)	Enrolled & Community				X	*
Public Newspaper Ad (Cupertino Courier, etc)	Community					?
Public Ad for Public Hearing	Community					X
		X	Done			
		*	Planned			
		?	Discussion			

Zoning & Acceptable Uses

https://drive.google.com/file/d/1PnltXSRBoOeO9VhFG3dIOI-mjQwQ0_Lh/view?usp=sharing

https://drive.google.com/file/d/1PYq-wei9gq_7aVtRw1wAKre34YxCsFqm/view?usp=sharing

<https://drive.google.com/file/d/1PuGnpSoG03FDPja65RfONqOEEJeEiNL5/view?usp=sharing>

<https://drive.google.com/file/d/1PqYEVcvso0z7LbwewaHkJU-aWYxkr6zi/view?usp=sharing>

<https://drive.google.com/file/d/1Pt0T-ejOTjtoDdgcQP1LB0G6SqEGrHE3/view?usp=sharing>

https://drive.google.com/file/d/1PUJyWs_TdjGN9tW-MvbEuOHu0HDwE-de/view?usp=sharing

<https://drive.google.com/file/d/1Pr4vblrLNO7cTheQXOoIDIRnAfpYGJ3Y/view?usp=sharing>

Action Items

Committee Member Motion & Second Roll Call Vote

Continue Electronic Meetings During a State of Emergency pursuant to Government Code Section 54953(E) for next 30 days.

Adjournment

Next Meeting: May 3, 2022 6-7 pm via Zoom Public Hearing

May 3, 2022 7-9 pm via Zoom