



Cupertino Union School District

Superintendent Stacy Yao
Board of Education

Lorien Cunningham

Sylvia Leong
Jerry Liu
Satheesh Madhathil
Phyllis Vogel

Office Address: 1309 S. Mary Avenue, Suite 150, Sunnyvale, CA 94087-3050
Mailing Address: 10301 Vista Drive, Cupertino, CA 95014-2040

Telephone: (408) 252-3000

**Regular Virtual Meeting of the Surplus Property 7-11 Committee
Tuesday, February 8, 2022
6:00 PM – 8:00 PM PST**

Approved Minutes

1. CALL TO ORDER 6:01 PM by Richard Lowenthal, Chair Slide 1

2. WELCOME & ROLL CALL Slide 2
 - Committee Members are Identified in the Meeting - Ming Bao, Kelly Crosby, Sharon Fong, Tammy Fox, Siddharth Jain, Lili Li, Richard Lowenthal, Randy Shingai, Raj Singh, SiewMing Tang, Dean Tatsuno
 - Also in attendance:
Facilitator, Jacki Horejs
Chris Jew, CBO
Leslie Mains, Chief Engagement Officer
Clarissa Canady & Rachel Brilliant, DWK
Tina Bernal, Administrative Secretary to CBO

3. PUBLIC COMMENT GUIDELINES Slide 3
 - Facilitator Horejs reviewed guidelines for public comment

4. APPROVAL OF AGENDA Slide 4
 - There were no changes or additions to the Agenda
 - There were no public comments on this item
 - Motion to approve agenda as published by Kelly Crosby, second by Sharon Fong
 - Yes: Unanimous
 - Abstentions/Opposed: None

5. APPROVAL OF MINUTES JANUARY 18, 2022 Slide 5
 - There were no changes or additions to the Minutes
 - There were no public comments on this item
 - Motion to approve minutes as published by Sharon Fong, second by Dean Tatsuno
 - Yes: Unanimous
 - Abstentions/Opposed: None

6. NON-AGENDA PUBLIC COMMENT Slide 6
 - There were no public comments on this item

7. STAFF REPORT/DISCUSSION Slide 7/Parking Lot

- CBO Jew reviewed the Parking Lot and added links to relevant documents saved in the Google Shared Drive.
- [CUSD Surplus Property 7-11 Committee Parking Lot](#)
- Committee clarifying questions:
 - Committee confirmed access to reference docs on their own time in Google Drive.
 - Committee asked if there is anything in lease agreements that we need to abide by?
 - Chris shared that the 5 year term due in April, 2023 on District Office Lease on Mary Ave.
 - DWK could look at lease for early termination agreements for convenience.
 - District Need: Expansion of Central Kitchen Facility at Stockmeir.
 - Significant modernization would be required at any existing property for Kitchen.
 - Corporate Bus Yard is currently located at Vista Drive Operations Facility.
 - No other District Leases other than Mary Ave. District Offices.
 - No conditions on Regnart Property Deed.
 - Committee asked for any contracts or existing conditions on three properties?
 1. City of Cupertino Open Space Agreement - Regnart
 2. Next Meeting: DWK can review all encumbered agreements for each property, for termination rights, dates, and use rights if necessary
 - Montebello has a historical landmark designation (2009). DWK stated the cost for sale (in conjunction with SEQA) with more robust environmental assessment and may require additional impacts to value.
 - Committee asked if there is a Montebello appraisal for property? Reference of \$10-\$13M sale in Board Meeting?
 - Next Meeting Request: Research on impact of Historical Landmark designation
 - Next Meeting Request: Zoning Restrictions on sites and what city allows for zoning
 - Committee asked what are District allowable or non-allowable activities? There will not be any prohibited activities since they are no longer active school sites. What is community acceptable or district approved might be a different position.
 - Tenants take on all liability for possessory taxes, assessments fees, etc.
 - Committee wanted to confirm Mission statement says the Committee will look at lease options only for Regnart and Meyerholz (no consideration of sale per Board of Education) and sale or exchange for Montebello. DWK confirmed any sale of real property will go into a capital reserve fund, not a general fund. One time expenditure exception allowed currently. Exchange option of property then new property acquired could be leased and then lease proceeds put into the general fund. Committee confirmed two step Committee process - determine what is surplus and then how it is recommended to be used i.e. lease, suggested types of activities, etc.
 - Next Meeting Request: District expenses on upkeep of buildings that are leased out. District has landscaping/maintenance, deferred maintenance costs, i.e. roof, HVAC, etc.
 - Montebello applied for a building permit from the State, never completed it. Might be a gray area, property may not be an actual school, because the permit process was not completed. Maybe a loophole. If it is not a school property then it is outside of the scope of the 7-11 Committee. District could then just

move forward with sale or exchange without Committee process. No certification from DSA, still a school, but State not showing completion of certification. Nothing affects the way the property would be disposed of at this time.

- **Next Meeting Request:** Staff perspective - are any of these locations acceptable as a District Office? Are there any other District potential uses we can think of? i.e. District Workforce Housing (would be considered District Use and exempt from 7-11)
 - What other options do properties have? expansion of kitchen, lease out, move District Office to one location. Any other options for properties?
 - **Next Meeting Request:** Workforce Housing task force with FUHSD and Sunnyvale? What are the details around this?
 - Sedgwick property acquired Finch property adjacent. Land has been approved by the State for any needed construction by the District. Approx. 2 acres vacant. Plan was to expand for additional buildings or open space.
- There were no public comments on this item

8. DISTRICT LEGAL COUNSEL

Slide 8/DWK Presentation

- District Legal Counsel clarified the definition of surplus land, and the Committee is to help recommend the “highest & best use” for the District. Definitions of appropriate use: legally permissible, physically possible, geographically possible, financial feasibility, and maximum productivity. Process to Declare Surplus Property: Board Resolution, Declare Property Surplus, in Regular meeting with written findings. This Committee will make a recommendation to the Board of Education but ultimately, the Board will formally decide taking into account all of the work of the Committee.
- Committee - clarifying questions/comments
 - Committee asked about the definition of “need” of the District. Definition of “not necessary.” District can decide what is needed for operational needs. For example: a location that is surplus may not be appropriate for a District Office location. District can decide what is necessary.
 - Committee reviewed the history of State DTS approving school sites, District went to expense to prepare Finch land acceptable for school use. Expensive process. Do we want to preserve the buildings in the event we want to return a site to school use? Luther and Serra could go back to school use, if needed. Should be able to reuse Regnart & Meyerholz as schools if we need to. Setting short term and long term plans possibly.
 - Committee can evaluate possible revenue stream from lease potential. Market rent for a site is important to look at.
 - Committee can look at both short term and long term impacts.
 - District can determine need. Not quantifiable characteristics of “need.”
 - Switching costs should be considered when switching from school to lease site back to school.
 - Committee brought up the importance of community impact. May not be the most profitable but the importance of meeting community needs can be a decision point for the Committee. Each community has a different tolerance level for certain reasons and that is for the Committee to make those judgment calls in making recommendation to Board.

9. DISCUSSION

Slide 9

Facilitator Horejs led Discussion regarding covered topics thus far.

- Committee has clarifying questions:
 - Next Meeting Request: Historical information on Eaton, lease site, back to school. What was the work done?
 - Next Meeting Request: Can we review interested tenants, rental rates
 - Option might be part district use and part surplus/lease for each property
 - Demographics for enrollment projections only look 5 years into the future at this time. Next Meeting Request: Demographer projections
 - Next Meeting Request: Kitchen staff and District Office staff to tell the Committee if locations are acceptable locations for Kitchen and/or DO?
 - Committee decides property is not surplus that would be in recommendation to Board and Board would ultimately decide.
 - Next Meeting request: Sample Recommendation to Board
 - Parameters to determine surplus? Enrollment, revenue, need, etc.
 - Do enrollment numbers include TK?
 - What is good enrollment for a school?
 - Vallco Construction will drive high density housing in the future? Will this affect enrollment?
 - Table - property - short term - long term - attractiveness for lease possibilities - community where property is located and what is tolerable
 - Public Hearing will be held towards the end of process to hear from the community (i.e. April/May?) Agendas are posted publicly for these meetings.
 - The Board of Education already decided to close schools, this Committee does not have any determination/influence on school closures.
 - Committee will pick acceptable uses based on zoning designations, not tenants.
 - DWK to bring AB9 Affordable Housing Requirements
 - Committee potential tenants/leases are we looking at private schools, charters, etc? Competition for enrollment? Some 7-11 Committees have recommended NOT to make surplus available to private/charter to protect public schools.
 - Scenario: Developer could ground lease the land from the District (after cleared of buildings, etc) for 66-99 years, build housing, and the District would benefit from ground lease revenue. Most developers want to own land they build on.
 - Next Meeting request: Outreach to Community? What do we want outreach to look like?
 - 7-11 Meeting notifications on Parent Square?

10. ACTION ITEMS

Slide 10

- Motion to continue meeting virtually for the next 30 days (Resolution 2022-1) by Lili Li, second by Sharon Fong
- There were no clarifying questions from the Committee
- There were no public comments on this item
- Yes: Unanimous
- Abstentions/Opposed: None

11. ADJOURNMENT

Slide 13

- Motion by Kelly Crosby, second by Siew Ming Tang
- Yes: Unanimous
- Abstentions/Opposed: None

12. AFFIDAVIT OF POSTING

- I, Tina Bernal, certify that on Thursday, February 3, 2022, I caused to be posted a notice of the meeting of the Cupertino Union School District 7-11 District Advisory Committee.