

Hacienda La Puente Unified School District
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District Real Property and Asset Management Options/Opportunities

Sarine Abrahamian
sabrahamian@ohhlegal.com
Orbach Huff & Henderson

Many Districts Don't Know...

Its Greatest Asset Is Its...

LAND

(LIKELY WORTH MORE THAN THE BUILDINGS ON IT)

What is Asset Management?

- **What is the definition of Asset Management within the context of school property?**
 - Managing a District's properties with priority to school functions and community needs, while simultaneously creating an ongoing revenue stream.

First Things First

- Selling District property is not always the best option.
- Take all necessary steps to retain ownership of District property.
- Property and buildings are some of the District's most valuable assets.

Properties Being Reviewed for Asset Management Planning

Closed School Sites – Bixby, Sunset, Los Robles & Del Valle

- On November 9, 2023, the Board approved the Final Reconfiguration Report and adopted resolutions to reconfigure District schools
- Bixby ES, Sunset ES, Los Robles Academy, & Del Valle ES were closed, while other schools and programs were combined. Del Valle Electrical wiring has been stolen
- Old Valley High School (Lomitas) site also has been closed since 2010. Electrical wiring has been stolen.
- Pursuant to the Reconfiguration Report, the District planned to engage in robust Asset Management planning for the closed school sites
- Tonight, the options and opportunities for District real property are being presented to further develop the plan

Wedgeworth Baseball Field Complex

- The Board is also exploring next best steps for developing the Wedgeworth Baseball Field Complex owned by the District
- The Complex (3 Youth fields and 1 large field) was actively operated by Hacienda Heights Little league for youth baseball till 2019-20. The fields have not been used since 2020
- Hacienda Heights Little League's non-profit status was suspended by Franchise Tax Board in August 2021
- At present, The District has no plans to use the Complex for any District use.
- The Complex infrastructure has deteriorated significantly and will need significant capital investments to bring the fields to little/ youth league standard.

Surplus Properties (Sale or Long-Term Lease)

Surplus Property Disposition Process

- Selling or long-term leasing surplus property can be a lengthy process. Some key points:
 - **7-11 Committee.** Requires the Board to appoint a “7-11” Committee to make “surplus” recommendation to Board. (Ed. Code §§ 17387, et seq.)
 - **Public Offerings/Bidding.** Requires “public offerings” to public entities prior to formal bidding of property to highest bidder for long-term lease or sale.
 - **Charter Schools.** For property surplus after July 1, 2012, Ed. Code § 17457.5 required public school districts to offer that property to any charter school that had requested to be notified. On July 1, 2016, the provision was sunsetted.

Surplus Property Disposition Process

- **Declare the Properties Surplus.** District declares property surplus by adoption of resolution
- **Public Offerings/Notice.** Properties are offered to public entities as follows:
 - To local and state entities, UC Regents, CSU, etc.
 - By Newspaper publication of resolution for three (3) successive weeks
 - By direct, mailed notice
 - Notice to local Planning Agency
 - The Naylor Act applies when the property has been used entirely or partially for school playgrounds, playing fields, or other outdoor recreational uses.
 - Depending on which agency, has 40 or 60 days to respond

(Ed. Code §§ 17485, et seq.; Ed. Code § 33050; Ed. Code § 17464; Gov. Code § 65402)

Surplus Property Disposition Process

- **Formal Bidding.** Steps for formal bidding for highest price.
 - District adopts resolution of intent to lease or sell which must include property description, minimum price, terms and conditions of sale or lease, and date bids will be considered. (Ed. Code § 17466)
 - District must provide notice to previous owner (Ed. Code § 17470)
 - District must post and publish notice of bid (Ed. Code § 17469)
 - Bid opening – Occurs on day and time set forth in the resolution (Ed. Code § 17473)
 - Open session bid opening
 - Oral bids also considered

Alternatives to Surplus Property Process: Waiver (Ed. Code § 33050, et seq.)

- (Optional) Request a Waiver. The Board may, after a public hearing and other specified procedures, request that the State Board of Education waive the surplus steps outlined in the prior slides, the public offering steps and/or the formal bidding steps. (Ed. Code § 33050.)
- If waiver of public offering and/or formal bidding requirements granted, options may include listing property for sale or lease or disposing of property through a Request for Proposal (RFP) process.

Alternatives to Surplus: Short and Long-Term Lease

Alternatives to Surplus Property Process Joint Use (Ed. Code § 17527, et seq.)

Joint Use/Short-Term Lease (Ed. Code section 17527, et seq.)

- District can lease vacant space in operating school buildings to other school districts, education agencies, government agencies, nonprofit institutions, private agencies, businesses, and individuals, under certain conditions.
 - 5-year term limit
 - Exception → 5-year terms does not apply to agreements in which capital outlay improvements are made on school property for park and recreation purposes by public entities and nonprofit corporations.
 - Fair Market Rent (Public entity exception)
- Prior to entering into a Joint Use Lease Agreement, the Board must make the following findings – that the proposed use will not:
 - Interfere with the educational program or activities of any school or class;
 - Unduly disrupt the residents of the neighborhood; and
 - Jeopardize the safety of children in the school.

Alternatives to Surplus Property Process

Joint Occupancy (Ed. Code § 17515, et seq.)

Joint Occupancy/Long-Term Lease (Ed. Code section 17515, et seq.)

- Joint occupancy lease agreements for up to 99 years allow the District to lease to any private person, firm or corporation. The District maintains a presence on the site.
- **Board Adopts Resolution of Intention (ROI).** Before advertising and issuing proposals, the Board must adopt an ROI to consider proposals.
- **Publish the ROI and Issue Proposals.** After the Board adopts the ROI, the District must publish the ROI once a week for three (3) weeks.
- **Hold the Public Meeting Advertised in the ROI.** This meeting must be not less than ninety (90) days after adoption of the ROI.
- Board to select the proposal that “best meets the needs of the District”.

Alternatives to Surplus Property Process Fee Generating (Gov. Code § 5956, et seq.)

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- District may solicit proposals and enter into agreements with private entities for the design, construction, or reconstruction of certain types of fee-producing infrastructure projects.
 - “Fee-producing infrastructure project” means that it will be paid for by the persons or entities benefited by or utilizing that facility.
 - Private entity selected by competitive negotiation process, not by formal bidding.
 - Maximum Term of 35 Years.

Alternatives to Surplus Property Process Community Recreation Act (Ed. Code § 10900, et seq.)

Community Recreation Act (Ed. Code section 10900, et seq.)

- Authorizes and empowers cities and public school districts to cooperate with one another for the purpose of authorizing, promoting, and conducting programs of public services .
 - These programs should contribute to the attainment of general recreational and educational objectives for children and adults of the state.
- Authorizes cities and school districts to enter into agreements with each other for such purposes.

Exchange Properties for the Highest and Best Value

Alternatives to Surplus Property Process Exchange (Ed. Code § 17536, et seq.)

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- The District may exchange any of its real property for real property of another entity.
- Any exchange shall be upon terms the parties may agree and may be entered into without complying with other disposition requirements. (Ed. Code § 17536.)
- Board shall adopt, by a 2/3 vote, a resolution declaring its intention to exchange the property.

School Site Disposition – Use of Proceeds

- **Lease:** Proceeds may be used in any way the Board directs.
- **Lease with option to purchase:** “[M]ay be deposited into a restricted fund for the routine repair of district facilities, as defined by the State Allocation Board, for up to a five-year period.” (Ed. Code §17462.)
- **Sale:** “[S]hall be used for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a five-year period.” (Ed. Code §17462.)

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