

School Board Action



DATE: September 15, 2008
FROM: Dr. Maria Goodloe-Johnson, Superintendent
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STRATEGIC THEME/FOCUS AREA: Surplus Property Sales – Crown Hill Elementary

TITLE AND BRIEF DESCRIPTION:

Approval of Agreement to sell the Crown Hill Elementary School Property to the Small Faces Day Care

For Introduction:	September 17, 2008
For Action:	October 1, 2008

TIMELINE FOR IMPLEMENTATION/EVALAUATION:

Board Committee meetings: several meetings since June 2007
Superintendent/CFOO recommendation: September 2008
Finance Committee approval: August 14, 2008

RECOMMENDED MOTION

I move that the School Board approve offers to purchase the Crown Hill Elementary School site, from the Small Faces Child Care for the building area for \$1,300,000 and from the City of Seattle Parks Department for the playground area for \$5,300,000.

Adoption of this motion is recommended by the Finance Committee.

ISSUE:

The School Board adopted a motion in June 2007, declaring the Crown Hill Elementary School site and four other sites (Allen, Fauntleroy, University Heights and Webster) to be surplus to the needs of the District and directing the Superintendent to offer the properties for sale to the master tenants of each site. The Small Faces Day Care has been the master tenant at Crown Hill for over 20 years, and has offered to pay \$1,300,000 for the main building and the area immediately around it. The City of Seattle Parks Department has offered to acquire the remainder of the site, i.e., the playground area, for \$5,300,000. The required public notice has been given, a public hearing held, and an appraisal of the fair market value obtained.

BEST PRACTICES:

Best practices are to dispose of surplus properties to generate income for the District and to permit community organizations to acquire such properties where they serve the community at large.

Best practices also are to utilize the proceeds of property sales prudently, but identifying the revenues that will no longer be realized from the leasing of the property and taking appropriate steps to replace those revenues.

RESEARCH AND DATA SOURCES:

Pursuant to state law, an appraisal was conducted to determine the fair market value of the property. The appraisal took into account such factors and the age and condition of the building, the historical value of the buildings on site, and the opportunity for future development and the potential revenues and expenses to be realized from operating the building. The price to be paid meets the requirement of state law that it be at least 90% of the fair market value.

The agreement provides for payment to be made in 2009, with extensions if needed by the buyer and for interest to be paid on the unpaid balance. The District will retain title to the property until all amounts owed are fully paid. The offer from Small Faces is contingent upon obtaining funding from the City of Seattle and State of Washington. The offer from the Parks Department is contingent upon City Council approval.

The proceeds of the sale will be deposited in the Capital Eligible Projects Fund, pursuant to Board Procedure H 02.01.

POLICY IMPLICATION:

By approving this transaction, the District will be carrying out the provisions of Board Policy H 02, relating to Closed Schools, and requiring the sale or long term disposition of surplus properties, to generate revenues for the District. This transaction will also further the purposes of that Policy, by selling the building to the current master tenant, which is a well established community organization, and the playground to the City for a park, thereby keeping the property available for public use.

COMMUNITY ENGAGEMENT PROCESS

The June 2007 decision to offer the property for sale was preceded by numerous Board committee meetings. A public hearing was conducted at the site, where over 25 people attended, with all of those testifying in favor of the sale of the property to Small Faces and the Parks Department.

This transaction is supported by the City of Seattle, in the form of funding to be provided towards the purchase price. In addition, as a result of actions in the 2008 legislative session, the state budget includes \$4.7 million for acquisition of community schools, and identifies this school as one of the eligible buildings.

CONCLUSION/RECOMMENDATION

The offers received from the Small Faces Day Care and the Parks Department to purchase the Crown Hill Elementary site should be accepted. Approval of the motion is recommended.