District Moves toward Likely Sale of Property to SF State

(San Francisco) April 10, 2012 - The San Francisco Unified School District (SFUSD) is moving forward with the sale of a property located at 700 Font Boulevard to the California Department of General Services (DGS) acting on behalf of San Francisco State University (SFSU) for a purchase price of approximately $11 million.

The property at 700 Font Boulevard is the site of the former Louise Lombard School. It is a 2.5 acre site with a vacant 51,000 square foot one-story school building that was constructed in 1956. The site is adjacent to and surrounded on two sides by SFSU, which has a State bond allocation to purchase this property and intends to construct a new academic classroom building on the site. The property has not had a school in it since 2002. The purchase price is eleven million one hundred thousand dollars.

Both the district and DGS have obtained recent appraisals for the “fair-market” value for the property and the sale price is reflective of the appraised value.

“This possible sale represents a great opportunity for both our district and SF State,” says Superintendent Carlos Garcia. “If a property is no longer needed to advance our educational goals for our students, we are committed to pursuing other options.”

700 Font Street sale

Pursuant to the California Education Code (Section 17464), the district has noticed its intent to offer the property for sale by certified letter and advertised public notices to the required public local agencies. DGS remains the only public agency that has notified the district in writing of its interest in purchasing the property on behalf of SFSU. Should DGS and the district not come to terms, then the district is allowed, under the provisions of the Education Code, to offer the property for sale by public auction.

The District and the University have been in discussions over the possible purchase since the public school was closed in 2002. The allocation by the State of bond funds, which are available for the purchase, enabled both parties to negotiate the sale.

Proceeds from the sale

As set forth in Section 17462 of the Education Code, the funds derived from the sale of surplus property shall 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.
SFUSD does not currently use general fund dollars for capital improvement costs. Therefore, upon selling a surplus property, the district cannot directly put money back into the general fund.

However, SFUSD intends to use the proceeds from the sale to pay off a long term debt obligation, similar to a mortgage, for one of its other properties. By doing so, SFUSD will achieve a direct savings to the district’s general fund of approximately $880,000 annually for the next 16 years for a total savings of nearly $14 million dollars.

**Process for selling district property**

As a public entity, the process of selling a district property involves detailed statutory requirements, including but not limited to holding various public hearings; declaring the property surplus; offering the property to other public entities; allowing for open bids; and limits on how to utilize proceeds from a sale.

The San Francisco Board of Education makes property decisions based first on the needs of its student population. These needs are not static, and include considerations such as rising or falling enrollment rates (for example, recent increases in kindergarten enrollment); policy development (such as the design of a new student assignment system); or programmatic needs (such as charter school demands for facility space or development of new or expanded language pathways).

**SFUSD surplus property**

In 2007 the Board of Education approved the Surplus Space and Real Property Report, which evaluated all of the district’s real property holdings, that was drafted by an advisory committee as required by the California Education Code. The advisory committee’s analysis included a review of the district’s demographic reports and enrollment forecasts as well as the effect of the use of district property in various neighborhoods. This information was then used to determine each property’s priority in the support of delivering access for educational and programmatic uses.

The report declared certain district properties surplus, including the 700 Font Boulevard site. Several of the sites have since been removed from the surplus list as they have been reopened for educational purposes.

Every two years, the Board approves a ten-year Capital Plan, which provides a comprehensive overview of district properties and is updated to reflect the changing needs and priorities of the district’s educational programs and facility requirements. The district also works cooperatively with the City and County of San Francisco in the development of their capital plan in order to assure alignment with other public use properties and priorities in the City.

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