

# **DPS Facility Disposition Process**

Board of Education Update

June 18, 2009

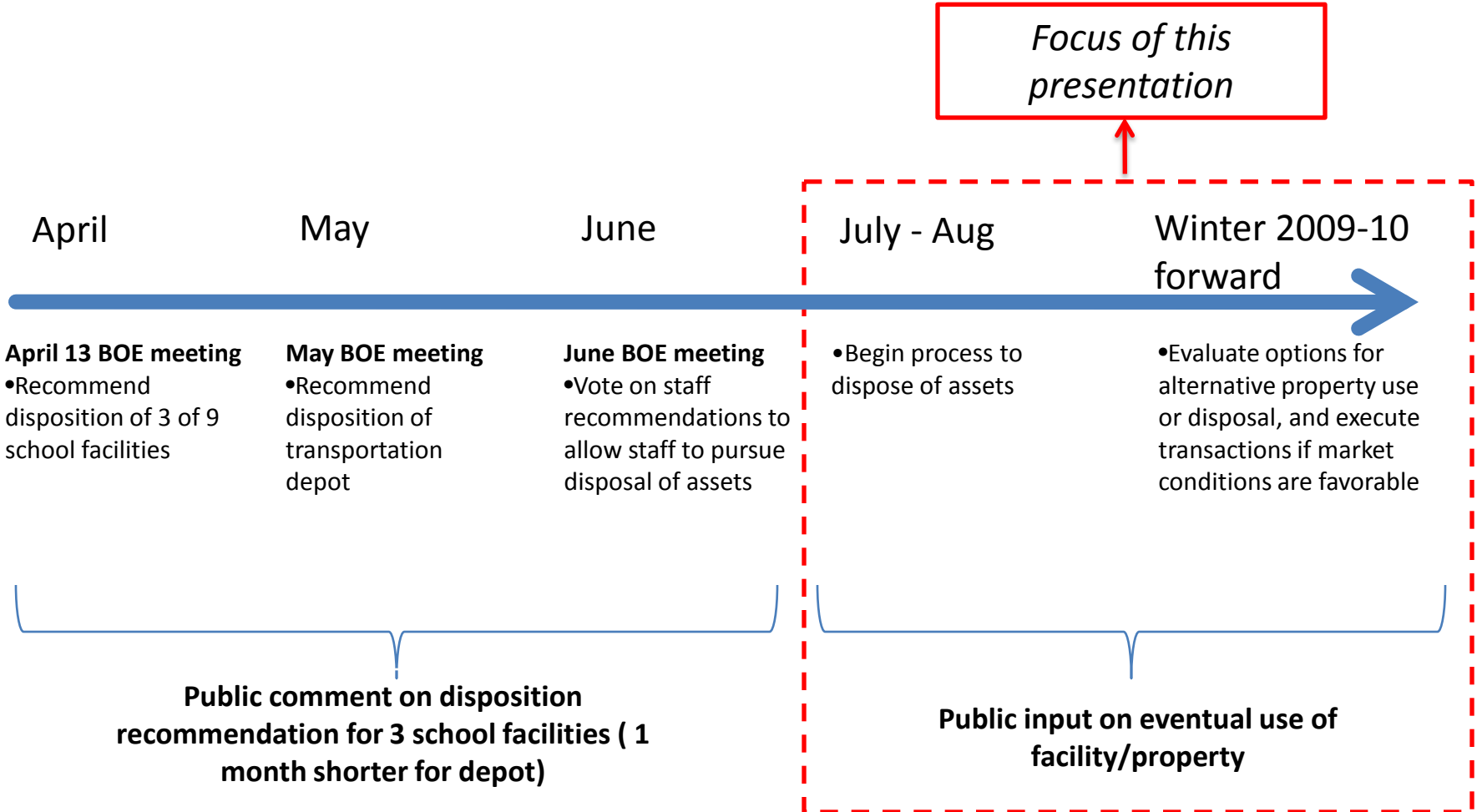
# Scope and Background

- DPS currently has 12 vacant or soon-to-be-vacant school facilities, 1 vacant administrative facility, 3 vacant land properties and several currently-used facilities that are likely not being put to their highest-and-best use.
- DPS staff made recommendations this spring to the Board of Education on next steps with these 16 properties, based on an analysis of whether facilities would be needed as schools in the near or long term.
- Recommendations were to hold 9 of 12 school properties, and 3 of 4 non-school properties.
- Remaining properties (3 former school buildings—Byers, Gove, Remington— and the old transportation depot) are recommended to enter into a disposition process (see following page for details).
- Several of the facilities require significant capital expenditure, warranting action to prevent further value decline driven by vacancy and limited maintenance.
- Board of Education to vote on June 18 to allow staff to move forward with disposition on 4 surplus properties.
- This presentation outlines process for disposition of the surplus properties following an affirmative vote on June 18<sup>th</sup>.
- DPS in process of hiring asset manager to assist with disposition process and to manage DPS real estate portfolio.

# Principles in Disposition of Surplus Properties

- DPS should dispose or seek alternative uses of facilities and properties where there is greater value than holding the property, and should use existing properties to serve district priorities where it is economically viable.
- Local community input should be sought in making disposition and school-use decisions.
- It is the responsibility of the DPS staff and Board of Education to effectively manage both currently active and required facilities, along with obtaining maximum value in the use or disposal of surplus properties to best serve the educational mission of the school district, and steward the taxpayer-owned assets.
- Funds generated from disposal or alternative use of facilities should be used to fund other district priorities, including increasing dollars spent in our classrooms.
- Seek sale or long-term lease of a facility when market conditions allow. If market conditions are not attractive, consider various interim arrangements until market conditions are appropriate for sale or long-term lease.
- No timeline set for disposition – allow market conditions and quality of offers received to determine eventual timing of disposition of facilities.

# Timeline for Disposition of Properties



# Background & Elements of Disposal Process

- Practices to be employed during disposition process:
  - Clearly communicate the process upfront, including priorities/criteria that will be used to make decisions on alternative use or disposal of properties.
  - Provide opportunity for community involvement early on in the process.
  - Set reasonable expectations about how community input is used in the process.
  - Multiple effective ways of obtaining community input including use of 3<sup>rd</sup> parties to facilitate meetings and run the public process:
    - Goal to increase effectiveness and transparency in the process, not transfer responsibility for the decision.
  - Use a central database to maintain names of parties wishing to be involved in receiving information about properties on the market.
  - Clearly document community input, and link rationale for decisions to established criteria.
  - Engage outside resources and trusted advisors as needed to manage parts of the process.

# Disposal Process

*to begin in July 2009*

- Process begins with BOE approval for disposition on June 18
- Process to be conducted for each facility separately
- **Note:** Elements of process below may be managed by outside resources engaged by DPS (e.g. commercial real estate brokers)

Communicate Process

- What: process for disposition of property, and how community can receive additional notifications.
- Whom: Homeowners adjacent to property, local elected officials, neighborhood groups, general public.

30 days

Obtain Community Input

- Conduct 1-2 public meetings (for each facility) to capture input regarding issues DPS should consider in disposition of property, and ideas to include in marketing of property. Meetings should be scheduled before notification process.

45 days

Market Properties

- Develop marketing plan and priorities for properties including: 1) Type of transactions to be entertained, 2) Market value for sale, long-term lease or short-term lease and benefits of each to DPS including students, families and Denver taxpayers, 3) Desired property uses based in part from civic/community recommendations from public meetings; and 4) Legal and regulatory considerations.
- Communicate property and plans broadly, allowing sufficient time to obtain effective responses.
- Evaluate and rank proposals based upon effectiveness in meeting priorities (DPS).

Public Review of Proposals

- Present highest ranked proposals at public meeting(s).
- Include public input in recommendations.

TBD

Proposal Selection

- DPS to make selection based upon priorities, and incorporating public feedback received through the proposal review process.
- **Note:** if no responses adequately meet criteria established, DPS may choose to not accept any responses or defer until additional or modified proposals are received.

Public Notification

- Publicly communicate the results of the selection process, and next steps.
- If a sale or lease transaction is recommended, negotiate final terms.