

Board Office Use: <b>Legislative File Info.</b>	
File ID Number	25-0704
Introduction Date	03-20-2025
Enactment Number	
Enactment Date	



## Memo

**To** Facilities Committee

**From** Preston Thomas, Chief Systems & Services Officer  
Pranita Ranbhise, Director, Facilities Planning & Management

**Meeting Date** March 20, 2025

**Subject** Asset Management & Real Property Services - Progress Updates.

**Action Requested** Discussion; no action is needed at this time.

**Discussion** The Board of Education Services Agreement with Devine & Gong, Inc., and Brookwood Partners, approved on November 13, 2024, Enactment No. 24-2100, for the latter to provide asset management and real property services to the District to support the District's strategic goals and enhance educational facilities, as specified in Scope of Phase 1 Services.

The purpose of this agenda item is to provide a brief update on the plan to evaluate the District's vacant properties, following the Board's December 11, 2024 discussion regarding Asset Management.

**Recommendation** NA

**Fiscal Impact** Fund 35

**Attachments** Update on the Asset Management & Real Property Services initiative.

## OUSD Facilities Committee Update

<b>To</b>	Facilities Committee
<b>From</b>	Preston Thomas, Chief Systems & Services Officer Pranita Ranbhise, Director, Facilities Planning & Management Devine & Gong, Inc., and Brookwood Partners
<b>Meeting Date</b>	March 20, 2025
<b>Subject</b>	Asset Management & Real Property Services - Progress Updates.
<b>Project Phasing</b>	<p>To comprehensively study all vacant properties, the project is staged in two phases:</p> <ul style="list-style-type: none"><li>● <b>Phase I</b> is focused on three sites in order to demonstrate the key issues and trade-offs that arise. This will help the Board better understand the range of possible options and the factors that impact value, feasibility, and benefit to the District. It will also allow the project team to understand the Board's priorities.</li><li>● <b>Phase II</b> will evaluate the remaining sites, incorporating the learnings from Phase I to take a more tailored approach.</li></ul> <p>Ultimately, this phased approach is designed to save the District time and money by first gaining alignment on priorities and an evaluation framework before engaging in a detailed analysis of all properties.</p>
<b>Incorporation of Feedback on Phase I and II Sites</b>	<p>The scope of this assignment initially included 10 sites:</p> <ol style="list-style-type: none"><li>1. Ralph J. Bunche Academy</li><li>2. Former Administrative Building (1025 2nd Ave)</li><li>3. Lakeview</li><li>4. Washington CDC</li><li>5. Golden Gate CDC</li><li>6. Hillside at Castlemont</li><li>7. Bond Street Annex School</li><li>8. Former Edward Shands Adult Education Center</li><li>9. Former Tilden CDC</li><li>10. Piedmont CDC</li></ol> <p>Based on Board feedback, Phase I is focused on:</p> <ul style="list-style-type: none"><li>● 1025 2nd Ave (Former Administrative Building)</li><li>● Lakeview</li><li>● Ralph J. Bunche Academy</li></ul> <p>Phase II will be expanded to include the Old Chabot Space and Science Center and the Urban Montessori Charter School site (Tilden Campus).</p>
<b>Property Valuation Fundamentals</b>	<p>Key to this assignment is an understanding of the value of the District's properties. There are many factors that affect property valuation, which are <i>summarized below and in the attached graphic</i>. Valuations are the result of extensive analysis and will be determined at the conclusion of this work. The attached exhibit presents a visualization of the fundamentals of property valuation.</p>

**1. “As-Is” Valuation:** The current “as-is” valuation of a property is limited by its allowed uses, as well as the known and unknown risks of developing the property. These include physical, environmental, geological, regulatory, and political risks.

**2. Re-Entitled Valuation:** The value of land is frequently unlocked by a successful effort to re-entitle it for its highest and best use. Entitled land is more valuable because it has certainty about what can be developed. Therefore, the key to valuing a property is an understanding of its potential uses and the likelihood of success of a re-entitlement effort, requiring rigorous analysis of the site.

**3. Cyclical Fluctuation:** Factors like market demand, interest rates, and construction costs all impact property valuation. As such, land valuation fluctuates cyclically. The valuation today will be different from the valuation in a future economic environment, which may coincide with the time it takes to re-entitle a property to add value.

**4. Valuation vs. Value:** What the District decides to do with its property—and the associated economics—will affect the valuation. For example, workforce housing benefits the District and its employees, but has limited residual economic benefit given the restricted rent levels. Meanwhile, a market-rate housing developer will be willing to pay more for land, leaving more economic benefit for the District in a sale or ground lease. As such, decisions about how properties are used affect their valuation, and the Board will need to consider how to weigh economic benefits with other direct/indirect benefits.

*Note: Public comments about a property or its valuation can impact the District’s negotiating position in a potential future transaction. As such, it is typical for such discussions to be held in closed sessions.*

## **Timeline and Deliverables**

We will engage and update the Board according to the following timeline, to be revisited as needed:

- March 20, 2025 - Facilities Committee Update
  - Provide brief project status update
- March 13 and 20, 2025 - Tours with OUSD Labor Partners of Jefferson Union High School District's Faculty & Staff Housing project in Daly City
- March 24-25, 2025 - Phase I Board 2x2 Sessions
  - Share emerging insights on options and valuation
  - Solicit feedback on Board priorities and objectives
- Week of April 7, 2025 (yet to be scheduled) - Phase I Study Session (Open Session)
  - Summarize Phase I process and findings for the community
  - Discuss property options, along with potential direct and indirect benefits to the District
- Week of April 14, 2025 (yet to be scheduled) - Phase I Conclusion (Closed Session)
  - Review detailed valuations and property recommendations
  - Align on Board priorities and next steps for Phase II.

# Fundamentals of Property Valuation

