



# SURPLUS PROPERTY

Twin Rivers Unified School District  
7-11 Committee  
March 1, 2017

© 2017 School Services of California, Inc.

## LEASE OR SALE OF SURPLUS PROPERTY

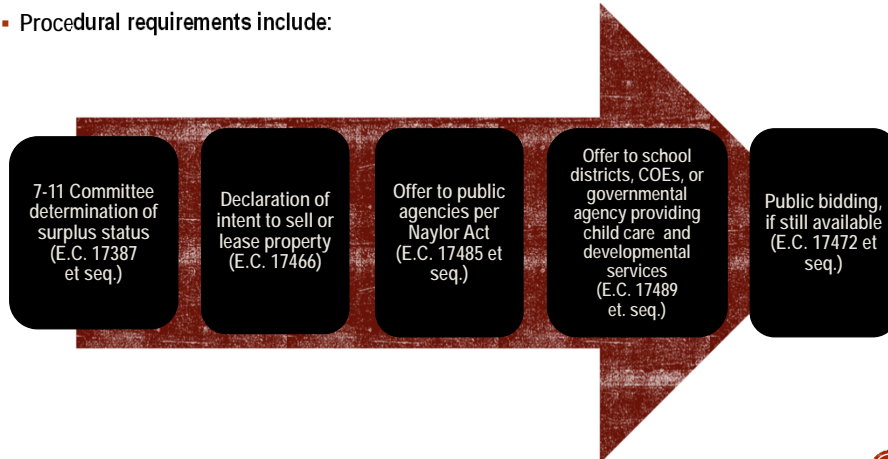
- The Education Code authorizes a district to sell or lease, for a term not exceeding 99 years, any real property, together with any personal property located thereon, which is not needed nor will be needed for school classroom buildings (E.C. 17455)
  - Proceeds may be used solely for:
    - Capital outlay purposes (e.g., acquisition of real property, and the construction, reconstruction, and renovation of school facilities); or
    - Cost of maintenance that will not recur within a five-year period

© 2017 School Services of California, Inc.



## LEASE OR SALE OF SURPLUS PROPERTY

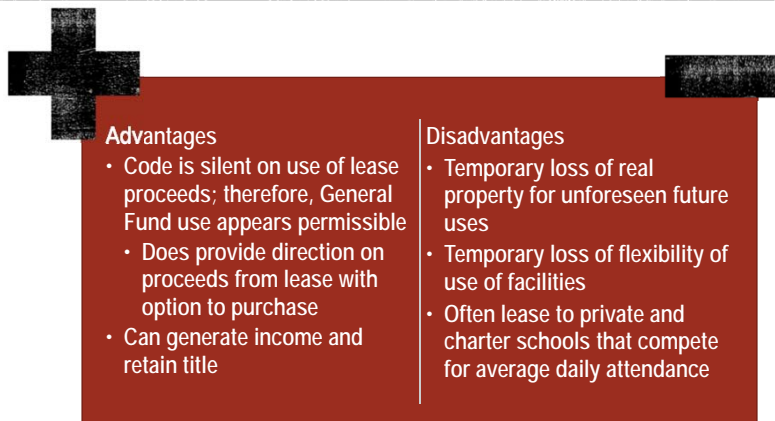
- Procedural requirements include:



© 2017 School Services of California, Inc.

2

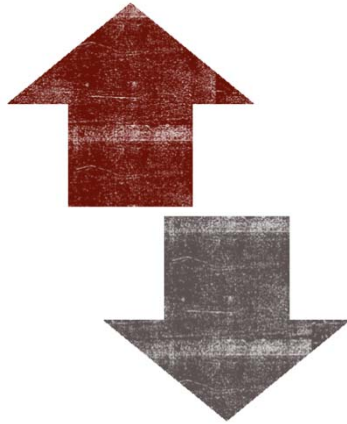
## LEASE OF ASSET



© 2017 School Services of California, Inc.

3

## SALE OF ASSET



- Advantages
  - Save operating funds for educational uses
  - Reduce personnel costs
  - Reduce maintenance costs
  - Avoid penalties
  - Generate funds from sale or lease/option
- Disadvantages
  - Loss of real property for unforeseen future uses
  - Loss of flexibility of use of facilities
  - May bring in competition from charter or private schools



© 2017 School Services of California, Inc.

## HIGHEST AND BEST USE

- The analysis of the reasonable, probable, and legal use of a property based on what is physically possible, appropriately supported, financially feasible, and that can result in the highest value
- Highest and best use may be different than a property's existing use
- Typically, the highest and best use is in line with the surrounding land uses as the entity purchasing the property will use it to develop a project consistent with the surrounding uses
  - Especially true when dealing with real property owned by a public entity, which are typically zoned "PF" or "public facilities"
- Not required to actually change the zoning or get necessary entitlements
- Appraisal can be completed and fair market value established based on the ability of the purchasing entity to access the desired zoning and entitlements
  - Entitlements allow the addition of significant value, but may require cost and resources to secure



© 2017 School Services of California, Inc.