

California Department of Education

Executive Office

SBE-005 (REV. 1/2018)

General Waiver

# California State Board of Education May 2024 AgendaItem #W-01

## Subject

Request by the **Davis Joint Unified School District** to waive California *Education Code* sections specific to statutory provisions for the sale or lease of surplus property.

## Waiver Number

4-12-2023

## Type of Action

Action, Consent

## Summary of the Issues

The Davis Joint Unified School District (DJUSD) is requesting to waive all of California *Education Code* (*EC*)sections 17473, and portions of sections 17455, 17466, 17468, 17469, 17470, 17472, 17473, 17474 and 17475, which will allow the district to lease a piece of property in a manner that best serves its schools and community, through the request for proposal (RFP) process.

## Authority for Waiver

California *EC* Section 33050

## Recommendation

* Approval: No
* Approval with conditions: Yes
* Denial: No

The California Department of Education (CDE) recommends approval with the following conditions: The proposal that the DJUSD governing board determines to be the most desirable shall be selected within 30 to 60 days of the public meeting where the proposal was received, and the reasons for that determination be discussed in public session and included in the minutes of the meeting.

Approval of this waiver only applies to aforementioned sections and provisions of the Education Code from which DJUSD seeks a waiver and does not extend to any other legal requirements that may be applicable to the sale or lease of property.

**Summary of Key Issues**

### Under provisions of *EC* Section 33050, the DJUSD requests that the specified *EC* sections be waived in order to allow the district to maximize their flexibility in negotiating the sale or lease of the district’s current administration office (D.O.) and Davis School for Independent Study (DSIS), located at 526 B Street, Davis, California (Property), in a manner that best serves its schools and community. The district will work to develop a strategic plan for advertising and marketing the Property in order to solicit proposals from potential lessees interested in the Property.

Originally built as a junior high school in 1949, the Property has seen various transitions, and currently, the majority of the D.O’s 70 administrative staff members share the space with the DSIS, which currently serves 176 students and employs 20 staff members.

However, due to the Property’s age and lack of maintenance, it is in poor condition, requiring substantial modernization, reconfiguration, and repairs. A comprehensive assessment identified numerous issues, including non-compliance with the Americans with Disabilities Act (ADA), security concerns, drainage problems, and the need for asbestos and lead-based paint abatement, with estimated repair costs reaching millions of dollars. The district acknowledged that the converted classrooms are impractical for administrative employees, as the space is excessively large to effectively accommodate 70 staff members. In addition, demographic analysis, presented by Davis Demographics & Planning, Inc. on March 2, 2023, predicted that the enrollment decline that began in 2020–21, will continue.

Due to these challenges, the district’s governing board took action on September 21, 2023, to approve the appointment of a District Advisory Committee (DAC) for the purpose of determining whether the Property should be declared as surplus, and, if so, to establish a priority list of uses of the Property that would be acceptable to the community. The DAC recommendations were based on community input including a series of three public meetings. The district subsequently issued Priority Notice of Sale or Lease of Surplus Property to Public Entities in November 2023.

The District has stated that a waiver will allow it to better facilitate its operations by not accruing costs or burdening District resources to conduct the sealed and oral bidding process, while maximizing the return of the sale or lease through an RFP process.

Recognizing its obligations regarding the potential rehousing of DSIS students and staff and the D.O. staff, the district is actively exploring several options for the DSIS program. These include constructing a new facility, retroactively reconstructing a building to comply with Field Act standards or co-locating on an existing site near the current parcel, and/or leasing or reconstructing an existing building in downtown Davis.

Moreover, the district anticipates minimal impact on and disruption to DSIS students and staff. This is because the DSIS offers three distinct programs, serving students district-wide with home schooling, hybrid (grades 7-12), and virtual academy (grades 7-12) options, with a typically small number of students on campus during regular school hours. With respect to the D.O. administrative staff, the district plans to transition them to purpose-built offices, as the current setup of offices for the D.O. staff housed in the Property is not functional for them, given that it is overly spacious and not conducive to their needs.

### Demographic Information

DJUSD is an urban school district in the city of Davis, within Yolo County. It has a population of 8,398 students.

Because these are general waivers, if the SBE decides to deny the waivers, it must cite one of the seven reasons in *EC* Section 33051(a), available on the California Legislation Information web page at <https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=33051.>

**Summary of Previous State Board of Education Discussion and Action**

The State Board of Education (SBE) has approved all previous waivers regarding the bidding process and the sale or lease of surplus property. The district is requesting to waive the same or similar provisions for the sale or lease of surplus property.

## Fiscal Analysis

## The flexibility in property disposition requested herein will allow the district to maximize value from the sale or lease of the properties.

## The district has certified that the sites have been owned for more than 10 years and there have been no improvements funded by monies from the State School Facilities Program within the last 10 years. Therefore, pursuant to *EC* Section 17462.3, financial reimbursement is not due to the State Allocation Board.

## Attachments

* **Attachment 1:** Summary Table (1 page)
* **Attachment 2:** Davis Joint Unified School District General Waiver Request 4-12-2023 (2 pages). (Original waiver request is signed and on file in the Waiver Office.)

## Attachment 1: Summary Table

## California EC Section 17455 et seq.

| **Waiver Number** | **District** | **Property** | **Period of Request** | **Local Board Approval Date** | **Public Hearing Date** | **Bargaining Unit Representatives** | **Advisory Committee Consulted** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 4-12-2023 | Davis Joint Unified School District | 526 B St. Davis, CA 95616 | **Requested:**March 21, 2024, toMarch 20, 2026**Recommended:**March 21, 2024, toMarch 19, 2026 | 12/7/2023 | 12/7/2023Public Hearing Advertised: District posted a notice of the public hearing on its website. The public hearing was also noticed as part of the Board’s meeting agenda, pursuant to the Brown Act. | California School Employees Association Sande Royval President11/06/2023**Neutral**Davis Teachers AssociationVictor LagunesPresident11/06/2023**Neutral** | District Surplus Property Advisory Committee 10/10/2023No Objection |

Created by the California Department of Education

May 2024

## **Davis Joint unified School District General** **Waiver Request 4-12-2023**

**California Department of Education**

**WAIVER SUBMISSION - General**

CD Code: 5772678

Waiver Number: 4-12-2023

Active Year: 2023

Date In: 12/8/2023 4:35:51 PM

Local Education Agency: Davis Joint Unified

Address: 526 B St.

Davis, CA 95616

Start: 3/21/2024

End: 3/20/2026

Waiver Renewal: No

Waiver Topic: Sale or Lease of Surplus Property

Ed Code Title: Sale of Surplus Property

Ed Code Section: 17455, 17466, 17468, 17469, 17470, 17472, 17473, 17474 and 17475

Ed Code Authority: 33050

*Education Code* or *CCR* to Waive: *Education Code* § 17455: The governing board of any school district may sell any real property belonging to the school district or may lease for a term not exceeding 99 years, any real property, together with any personal property located thereon, belonging to the school district which is not or will not be needed by the district for school classroom buildings at the time of delivery of title or possession. The sale or lease may be made without first taking a vote of the electors of the district [, and shall be made in the manner provided by this article]. RATIONALE: The bracketed language is to be waived since the District is asking that several provisions of the article be waived and consequently, the sale will not be made in the manner provided in Article 4.

*Education Code* § 17466: Before ordering the sale or lease of any property the governing board, in a regular open meeting, by a two-thirds vote of all its members, shall adopt a resolution, declaring its intention to sell or lease the property, as the case may be. The resolution shall describe the property proposed to be sold or leased in

such manner as to identify it [and shall specify the minimum price or rental and the terms upon which it will be sold or leased and the commission, or rate thereof, if any, which the board will pay to a licensed real estate broker out of the minimum price or rental. The resolution shall fix a time not less than three weeks thereafter for a public meeting of the governing board to be held at its regular place of meeting, at which sealed proposals to purchase or lease will be received and considered.] RATIONALE: District requests the bracketed language be waived so that District will not be required to receive sealed proposals or oral bids at a public meeting, allowing the District to directly negotiate with interested purchasers of the Property with the most flexibility for pricing, rental, and other terms to present to the governing board for consideration. Since the District cannot predict in advance the timing of negotiations, it cannot at the time of adopting the resolution know when proposals must be brought back to the Board for consideration. After passing a resolution that authorizes the District to go forward with the RFP process, the District intends to solicit proposals for the Property and bring all proposals to the governing board to consider the approval of an agreement.

*Education Code* § 17468: If, in the discretion of the board, it is advisable to offer to pay a commission to a licensed real estate broker who is instrumental in obtaining any proposal, the commission shall be specified in the resolution. No commission shall be paid unless there is contained in or with the [sealed] proposal [or stated in or with the oral bid,] which is finally accepted, the name of the licensed real estate broker to whom it is to be paid, and the amount or rate thereof. Any commission shall, however, be paid only out of money received by the board from the sale or rental of the real property. RATIONALE: The bracketed language is to be waived because the District is requesting that the requirement of opening sealed bids and concurrently receiving oral bids during a Board meeting be waived, allowing the District to negotiate directly with interested purchasers through the RFP process.

*Education Code* § 17469: Notice of the adoption of the resolution [and of the time and place of holding the meeting] shall be given by posting copies of the resolution signed by the board or by a majority thereof in three public places in the district , [not less than 15 days before the date of the meeting,] and by publishing the notice not less than once a week for three successive weeks [before the meeting] in a newspaper of general circulation published in the county in which the district or any part thereof is situated, if any such newspaper is published therein. RATIONALE: The bracketed language to be waived assumes the Board would be holding a meeting to open sealed bids and receive oral bids for purchase of the property. Such a requirement is requested to be removed pursuant to the language requested to be stricken in *Education Code* section 17466. The posting of the resolution and publication of the notice will still be required, but will not be tied to a fixed date for a Board meeting to open sealed bids and receive oral bids.

*Education Code* § 17470: (a) The governing board of a school district that intends to sell real property pursuant to this article shall take reasonable steps to ensure that the former owner from whom the district acquired the property receives notice [of the public meeting prescribed by Section 17466,] in writing, by certified mail [,at least 60 days prior to the meeting]. (b) The governing board of a school district shall not be required to accord the former owner the right to purchase the property at the tentatively accepted highest [bid] price nor to offer to sell the property to the former owner at the tentatively accepted highest [bid] price. RATIONALE: The stricken language to be waived assumes the Board would be setting a specific meeting to open sealed bids and receive oral bids. However, such requirements are requested be removed pursuant to the language stricken within *Education Code* section 17466. Notice of to the former owner will still be required, but will not be tied to a fixed date for a Board meeting to open sealed bids and receive oral bids.

*Education Code* § 17472: [At the time and place fixed in the resolution for the meeting of the governing body, all sealed] proposals which have been received shall, in public session, be [opened,] examined [,] and declared by the board. [Of the proposals submitted which conform to all terms and conditions specified in the resolution of intention to sell or to lease and which are made by responsible bidders, the proposal which is the highest, after deducting therefrom the commission, if any, to be paid a licensed real estate broker in connection therewith, shall be finally accepted, unless a higher oral bid is accepted or the board rejects all bids.] RATIONALE: The bracketed language is to be waived because the District is requesting that the requirement of opening sealed bids and receiving oral bids during an identified meeting be waived, allowing the District to directly negotiate with interested purchasers of the Property through the RFP process. The terms and conditions will not be specified in the Board’s resolution of intention to sell or to lease the property, as that requirement is requested to be stricken from *Education Code* section 17466.

*Education Code* § 17473: [Before accepting any written proposal, the board shall call for oral bids. If, upon the call for oral bidding, any responsible person offers to purchase the property or to lease the property, as the case may be, upon the terms and conditions specified in the resolution, for a price or rental exceeding by at least 5 percent, the highest written proposal, after deducting the commission, if any, to be paid a licensed real estate broker in connection therewith, then the oral bid which is the highest after deducting any commission to be paid a licensed real estate broker, in connection therewith, which is made by a responsible person, shall be finally accepted. Final acceptance shall not be made, however, until the oral bid is reduced to writing and signed by the offeror.] RATIONALE: The entire bracketed section is to be waived because the District will not be accepting oral bids, but desires to directly negotiate with a potential purchaser of the Property through the RFP process.

*Education Code* § 17474: [In the event of a sale on a higher oral bid to a purchaser procured by a licensed real estate broker, other than the broker who submitted the highest written proposal, and who is qualified as provided in Section 17468 of this code, the board shall allow a commission on the full amount for which the sale is confirmed. One-half of the commission on the amount of the highest written proposal shall be paid to the broker who submitted it, and the balance of the commission on the purchase price to the broker who procured the purchaser to whom the sale was confirmed.] RATIONALE: This entire bracketed section is to be waived because the District will not be accepting oral bids for the purchase of the Property, but desires to directly negotiate with a potential purchaser of the Property through the RFP process.

*Education Code* § 17475: The final acceptance by the governing body may be made [either at the same session or] at any [adjourned session of the same] meeting [held within the 10 days next following]. RATIONALE: The bracketed language requested to be waived would remove the requirement for the Board to accept a proposal at the same meeting it is examined, or at a subsequent adjourned session within 10 days. Instead, this modification would allow the Board to consider proposals received and direct further negotiation. The statute, as modified, still requires acceptance of the contract to purchase the Property at a Board meeting.

Outcome Rationale: The District Board established a community advisory committee for its surplus property at its regular meeting on September 21, 2023, pursuant to *Education Code* section 17387 et seq. (“7-11 Committee”). Following a number of committee meetings and public hearings, the 7-11 Committee presented its report and recommendations to the District Board on November 2, 2023. In its report, the 7-11 Committee recommended that the Board declare the “District Office Site,” a 2.2-acre parcel located at 526 B Street in the City of Davis (“Property”), surplus to the District’s educational and administrative needs. In addition, the 7-11 Committee recommended that the Board seek a waiver from the SBE of the statutory bid procedures, in order to consider the committee’s recommended goals in disposing of the District Office Site.

Thereafter, the District Board adopted Resolution No. 29-24 (see Attachments Section), which declared the Property surplus, and authorized staff to proceed with sending and advertising statutorily required priority notices to public entities, and prepare a waiver request to the SBE. On November 2, 2023, the District issued its notices to the priority entities and advertised a general notice for three consecutive weeks, as required by *Education Code* section 17464.

Pursuant to *Education Code* section 33050 et seq., District is requesting that specific portions of the *Education Code* relating to the sale or lease of surplus property be waived. Specifically, the required process of opening sealed proposals and concurrently conducting oral bidding to sell or lease the Property only to the highest bidder. A waiver will allow District, through the RFP process, to consider all proposed options from the

public, and the 7-11 Committee’s recommended goals and parameters set forth in its report, directly negotiate with potential buyers or lessees in an effort to maximize the proceeds from the sale or lease, while also ensuring that the terms will serve the District’s best interests. The process will better facilitate District’s operations by not accruing costs or burdening District resources to conduct the sealed and oral bidding process, while maximizing the return of the sale or lease through an RFP process.

Student Population: 8398

City Type: Urban

Public Hearing Date: 12/7/2023

Public Hearing Advertised: District posted a notice of the public hearing on its website (see Attachments Section). The public hearing was also noticed as part of the Board’s meeting agenda, pursuant to the Brown Act.

Local Board Approval Date: 12/7/2023

Community Council Reviewed By: 7-11 Surplus Property Committee

Community Council Reviewed Date: 10/10/2023

Community Council Objection: No

Audit Penalty Yes or No: No

Categorical Program Monitoring: No

Submitted by: Ms. Karina Samaniego

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Bargaining Unit Date: 11/06/2023

Name: California School Employees Association

Representative: Sande Royval

Title: President

Phone: sroyval@djusd.net

Position: Neutral

Bargaining Unit Date: 11/06/2023

Name: Davis Teachers Association

Representative: Victor Lagunes

Title: President

Phone: vlagunes@djusd.net

Position: Neutral