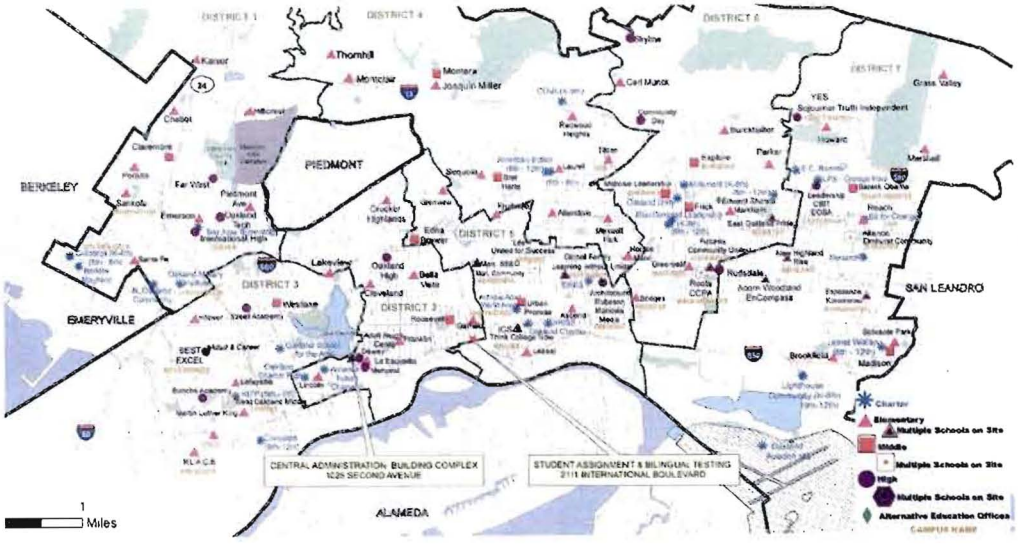


Facility and Real Property Asset Management Study

DRAFT Working Document

10/28/09

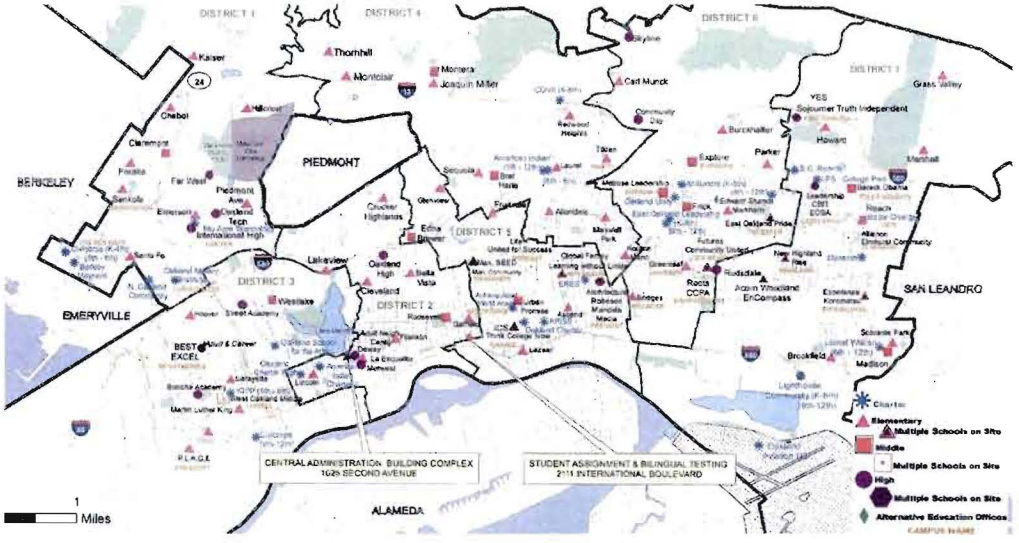
MKTHINK

File ID Number: 09-3145
Introduction Date: 11-10-09
Enactment Number:
Enactment Date:
By:

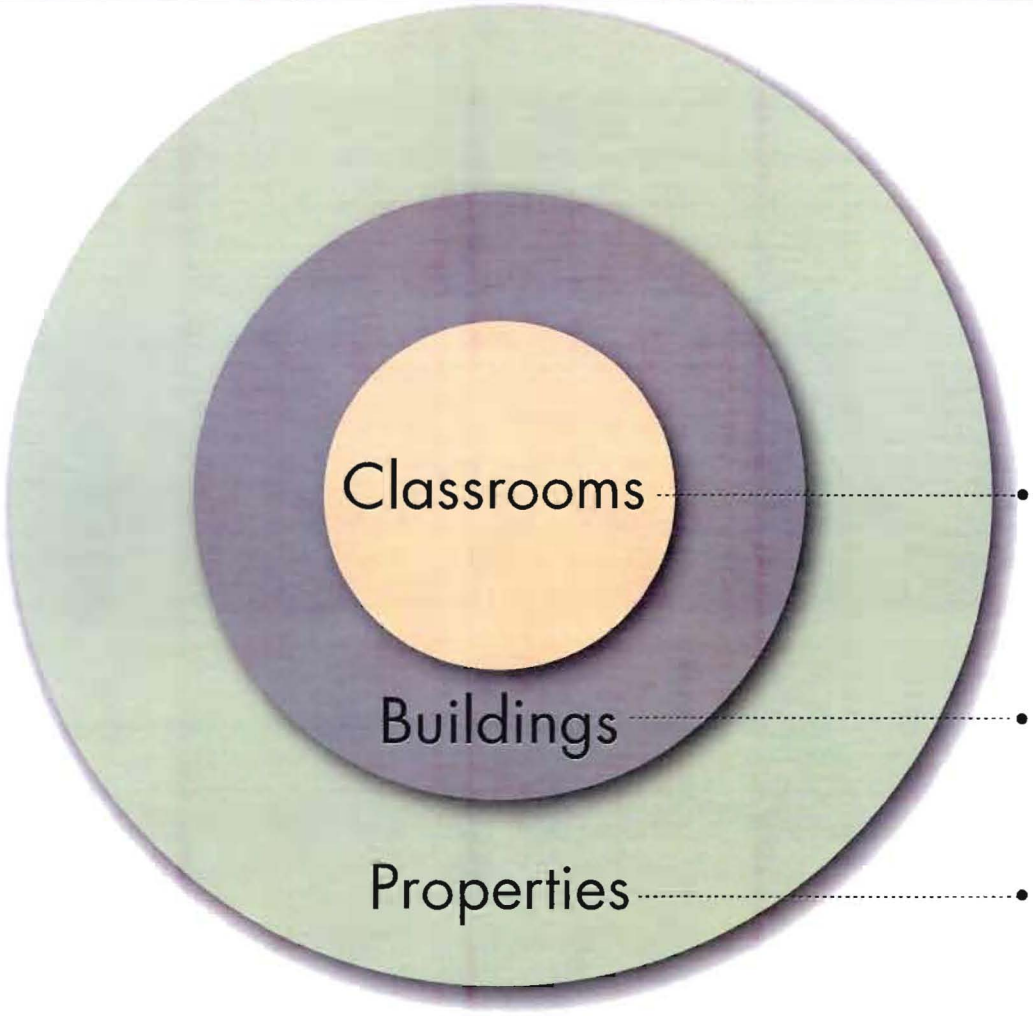
Contents

Project Objectives

- Develop and assess inventory of all OUSD space used to provide education and related support services for students and their families
- Develop utilization and occupancy targets that better support OUSD mission, goals, school operations and associated programs
- Recommend specific strategies to 'right size' the district, including improving utilization, and optimizing use and allocation of assets

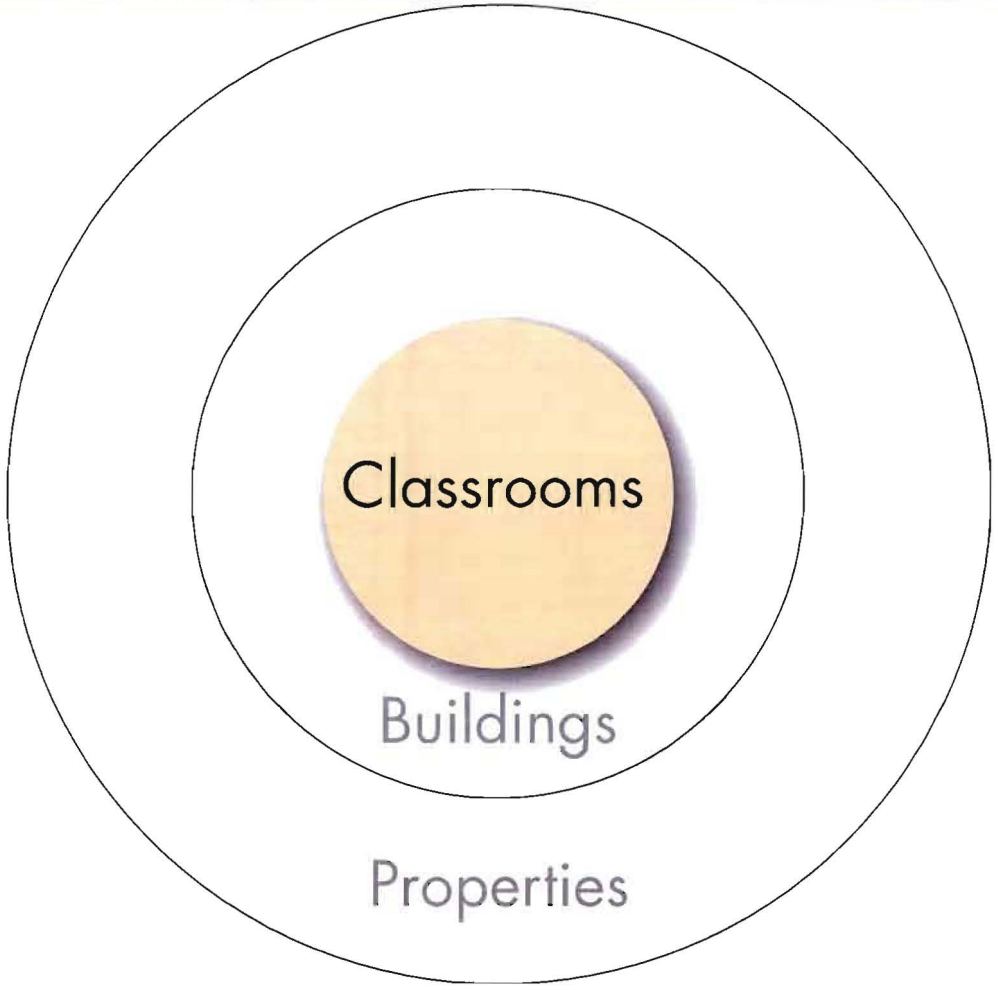


Asset Management Framework
Quantify the district's physical assets



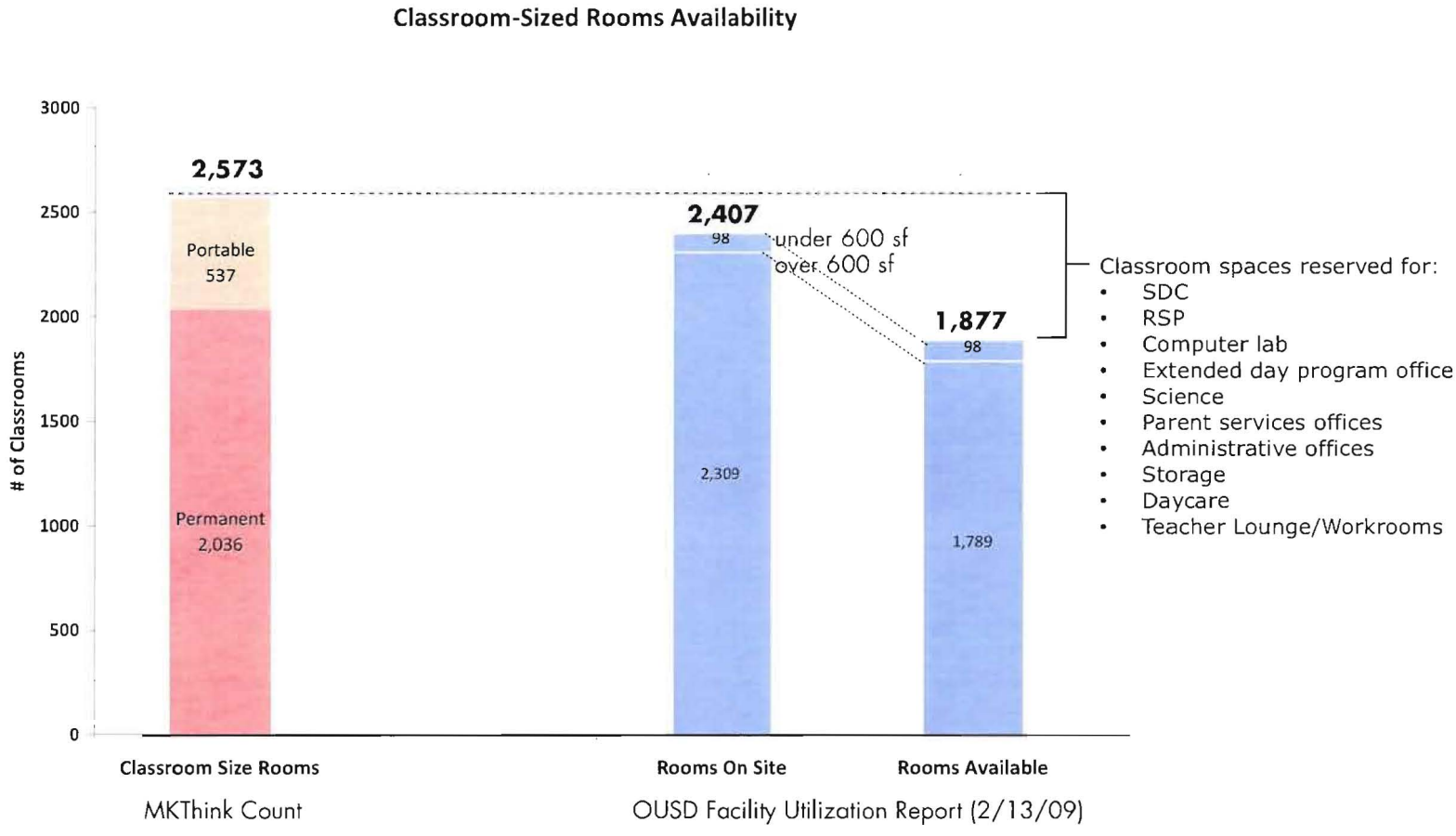
- **Classrooms** — Basic unit of service delivery
- **Buildings** — Required support infrastructure, as well as value added 'climate'
- **Properties** — Required support infrastructure, as well as primary driver of value for alternative uses

Classrooms are the physical unit of education delivery



- Basic unit of value delivery
  - Primary location of education delivery
  - Limiting variable for student enrollment/revenue
  - Direct relationship to teacher staffing levels/costs
  - Highest area of impact for teaching and learning
  - Quality of space sets student expectations

Many of the district's classroom-sized rooms aren't being used as classrooms



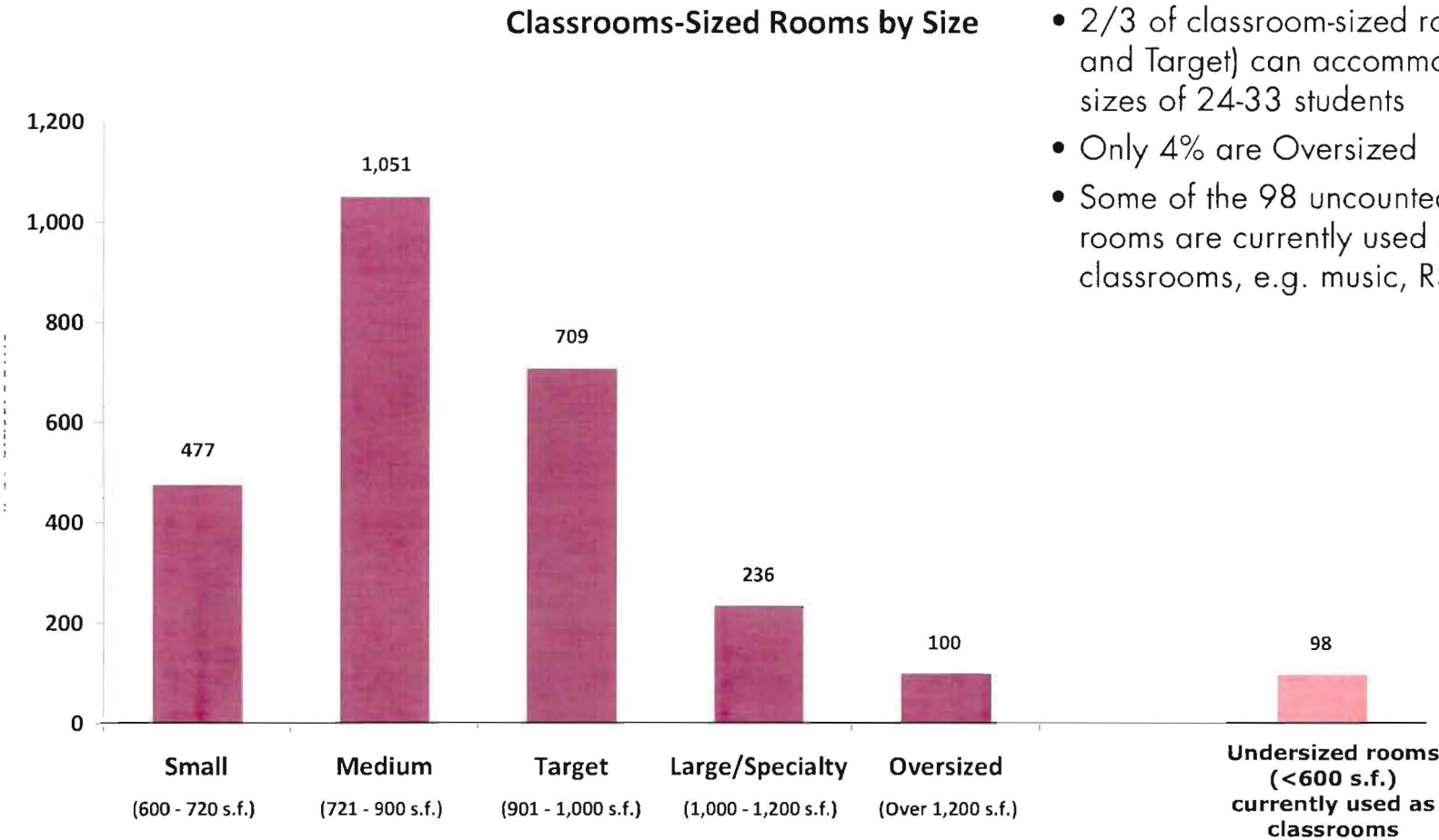
Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings); OUSD Facility utilization report (2/13/09)

Classrooms fall into 5 overall categories

Size	Square footage range	Students accommodated
Small	600–720	20–27 @ 30 s.f./student 24–32 @ 25 s.f./student • permission required to build a general classroom this size
Medium	721–900	27–32 @ 30 s.f./ • permission required to build a general classroom this size
Target	901–1000	32 @ 30 s.f./student • state guideline for classrooms in new schools is 960 sf
Large/ Specialty	1001–1200	Specialty use/equipment-dependent
Oversized	1200+	• Oversized for classroom use, opportunities to rightsize and recapture space • State standard for K is 1350, for labs is 1300+

Source: Title Five, California Code of Regulations for School Facilities Construction

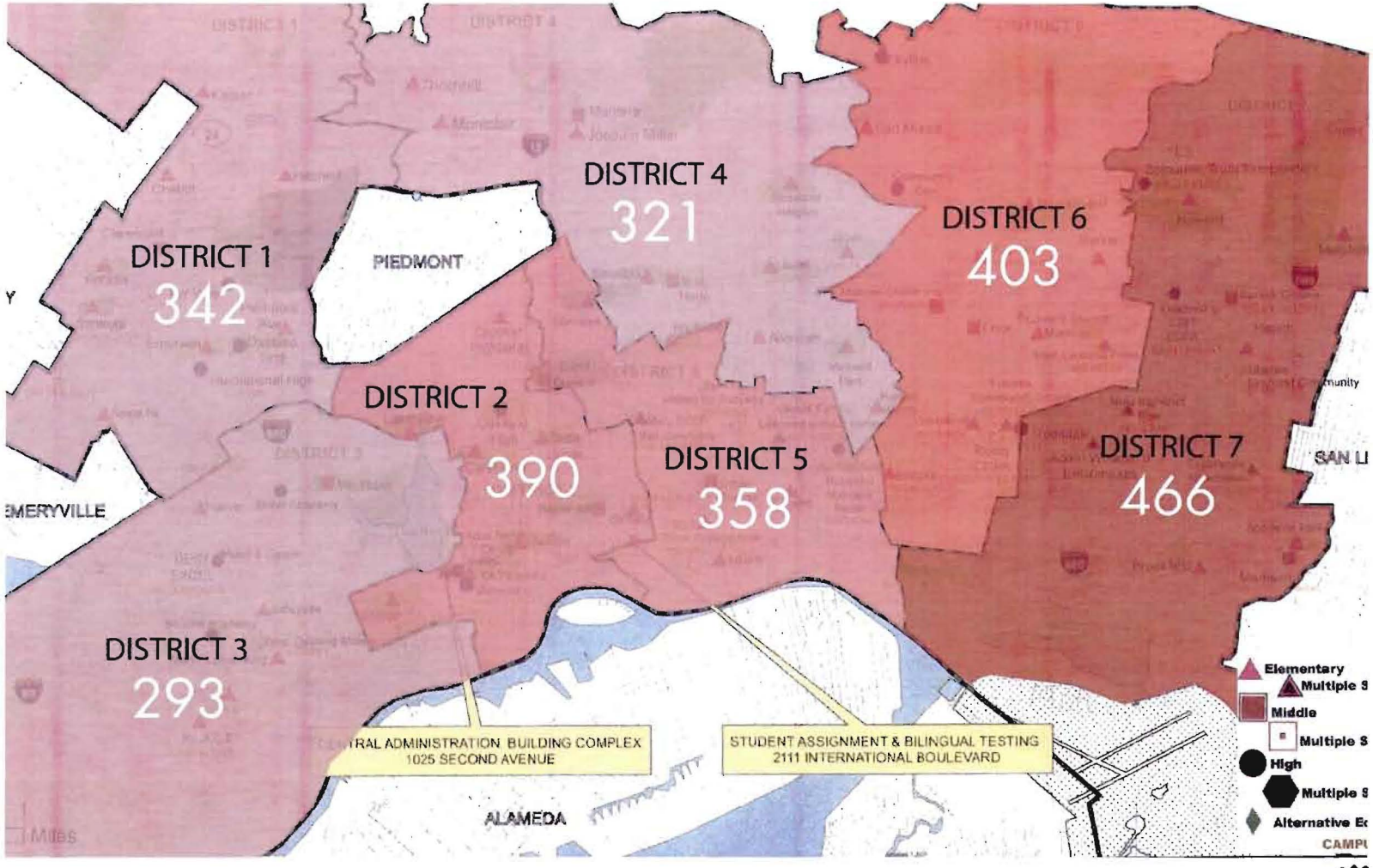
The majority of classrooms are appropriately sized for current class sizes



- 2/3 of classroom-sized rooms (Medium and Target) can accommodate class sizes of 24-33 students
- Only 4% are Oversized
- Some of the 98 uncounted undersized rooms are currently used as speciality classrooms, e.g. music, RSP, and SDC

Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

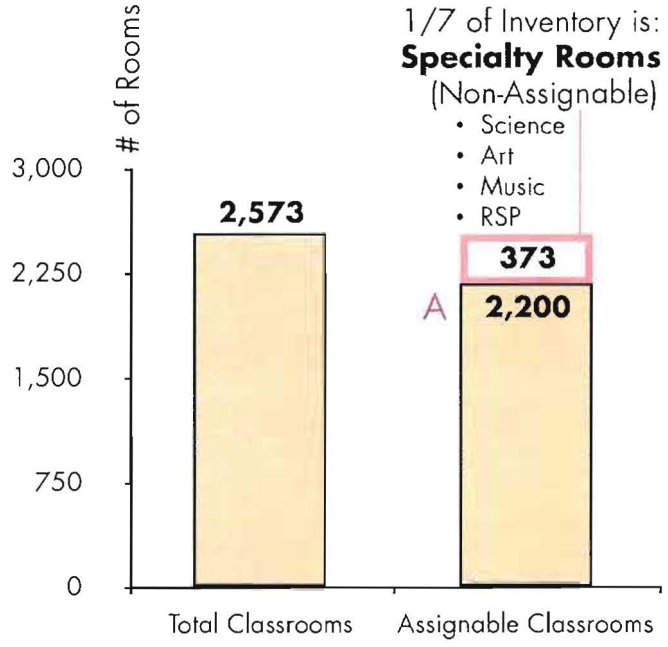
Classrooms are distributed unevenly across the district

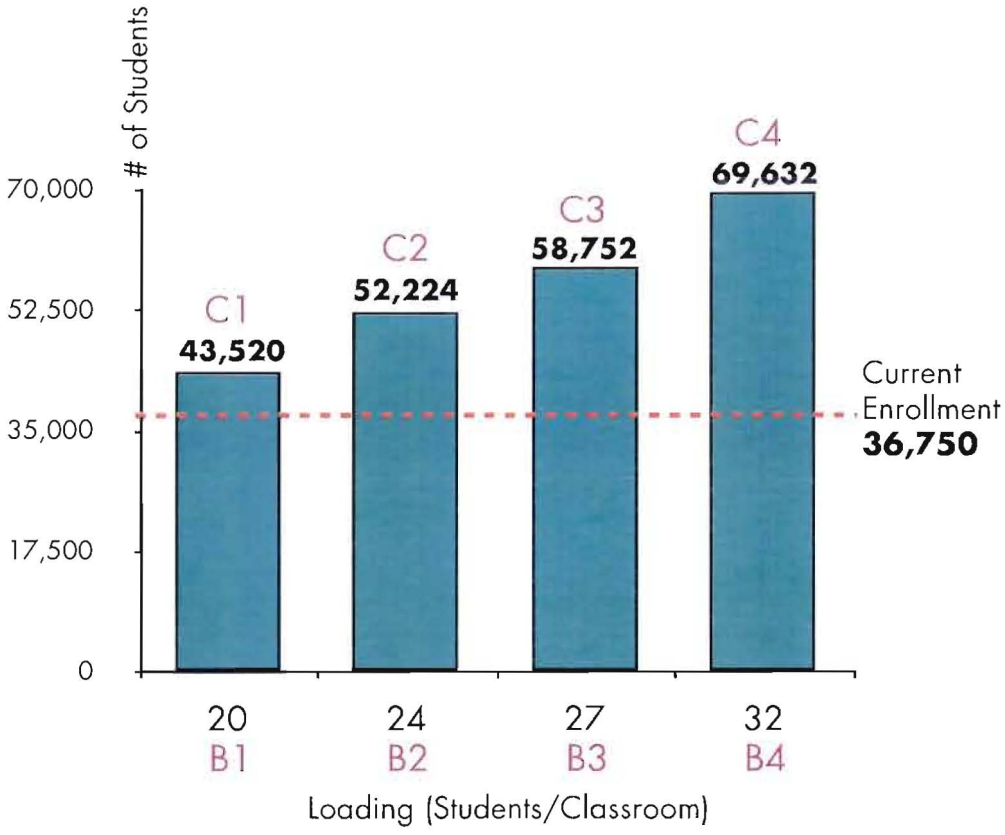


Current classroom inventory can accommodate nearly twice as many students as are currently enrolled

$$A \times B = C$$

A. Number of Classrooms
B. Students/Classroom
C. # of Students that can be accommodated



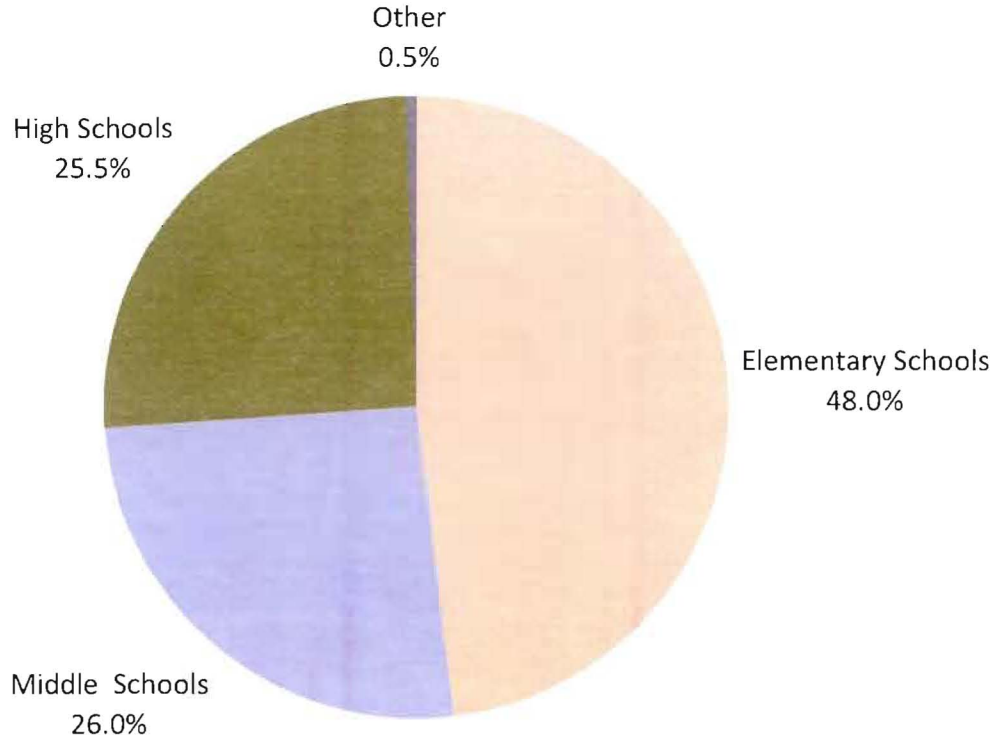


Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings); Classroom Loading by Category (see page 7).

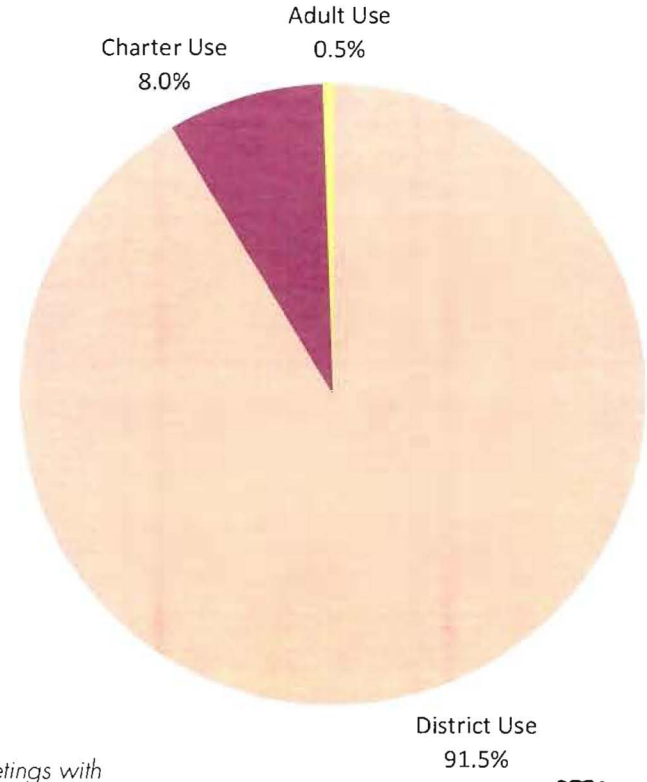
Total SF is 5.8 million

- Portables comprise 10% of total SF

Square Footage Distribution by Ages Served

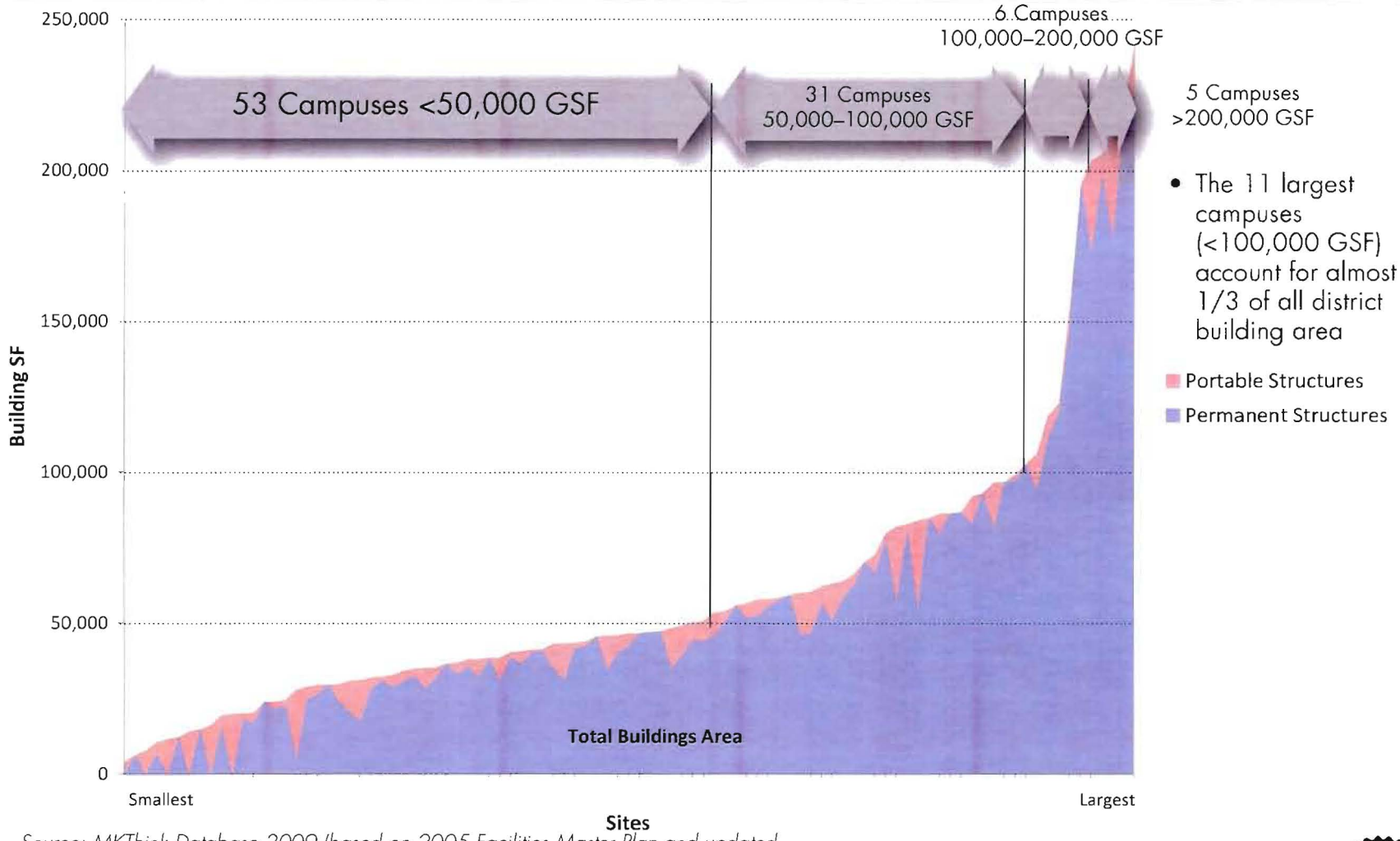


Square Footage Distribution by Use



Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

We are working to identify the threshold for efficient operation



Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

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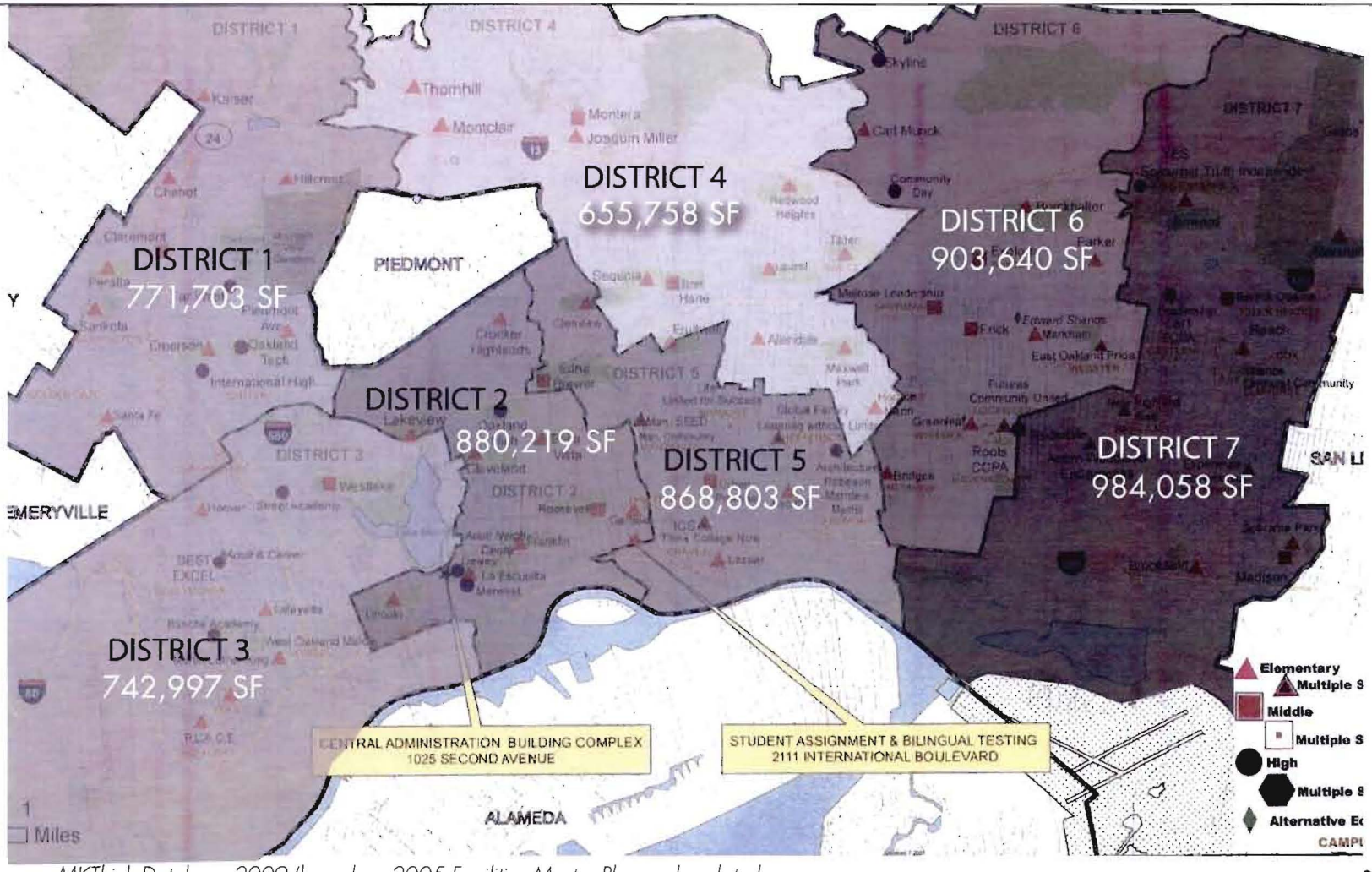
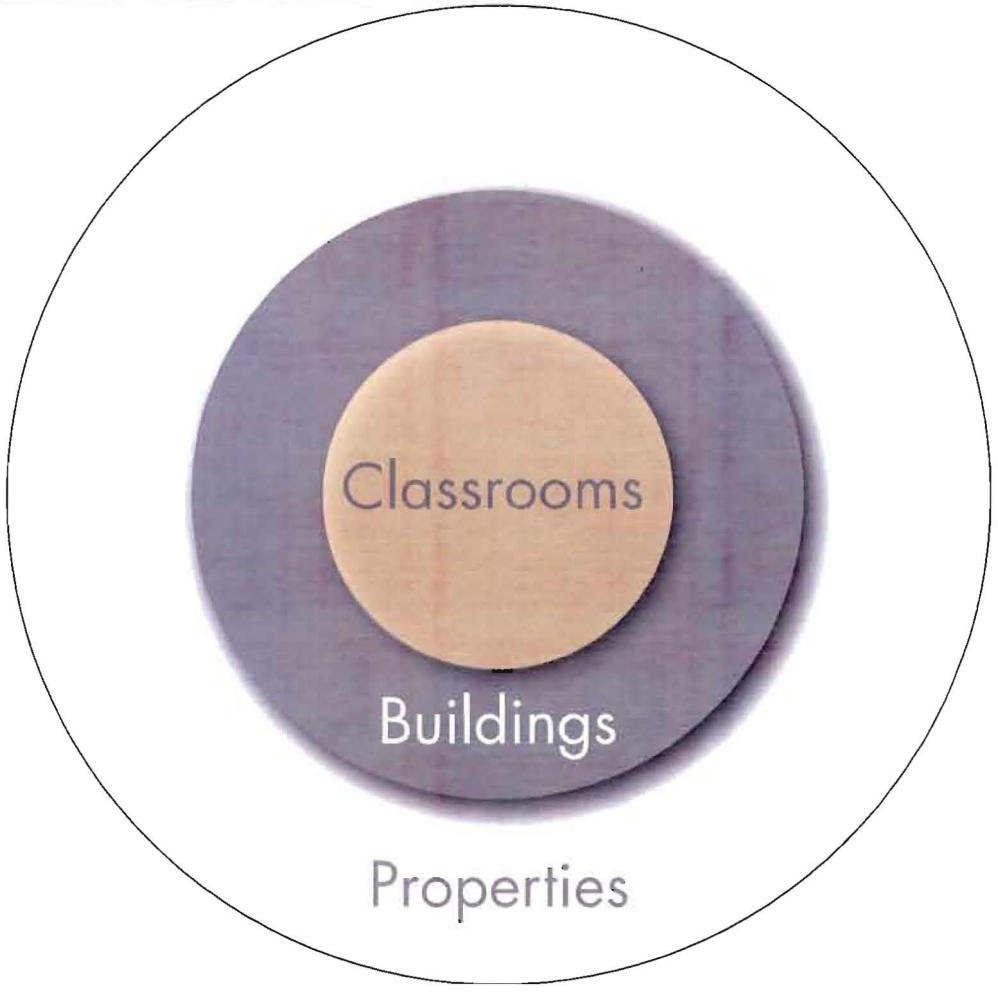
SF Density is highest on the Eastern side of the city



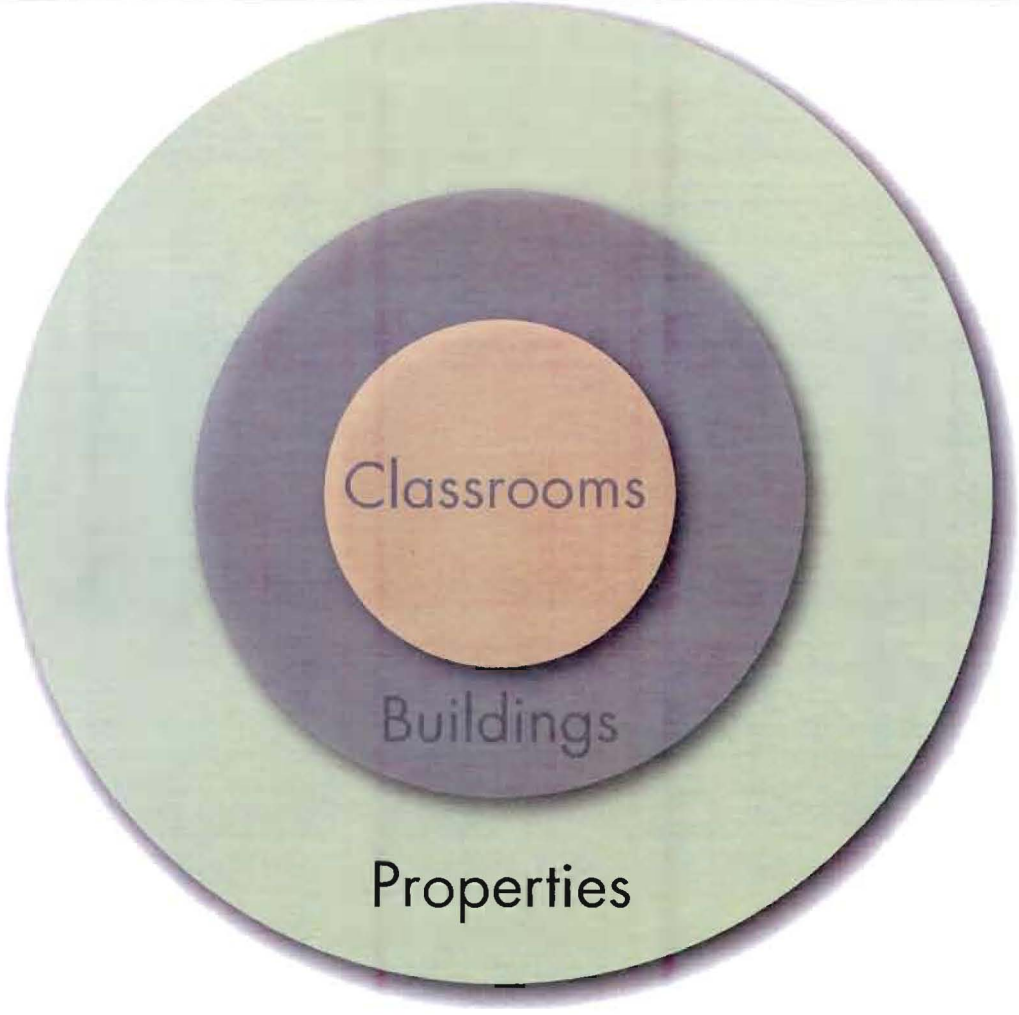
Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

Buildings are the infrastructure that supports classrooms



- Provide required support infrastructure
  - Necessary envelope for classroom functions
  - Contain required ancillary spaces
- Primary driver of operating expenses
- Value-added offerings
  - Contribute to school 'climate'
  - Can support high value program offerings and activities
  - Drive teacher retention
- Can create barriers to learning
  - Environmental and social conditions

Property supports expansion and growth

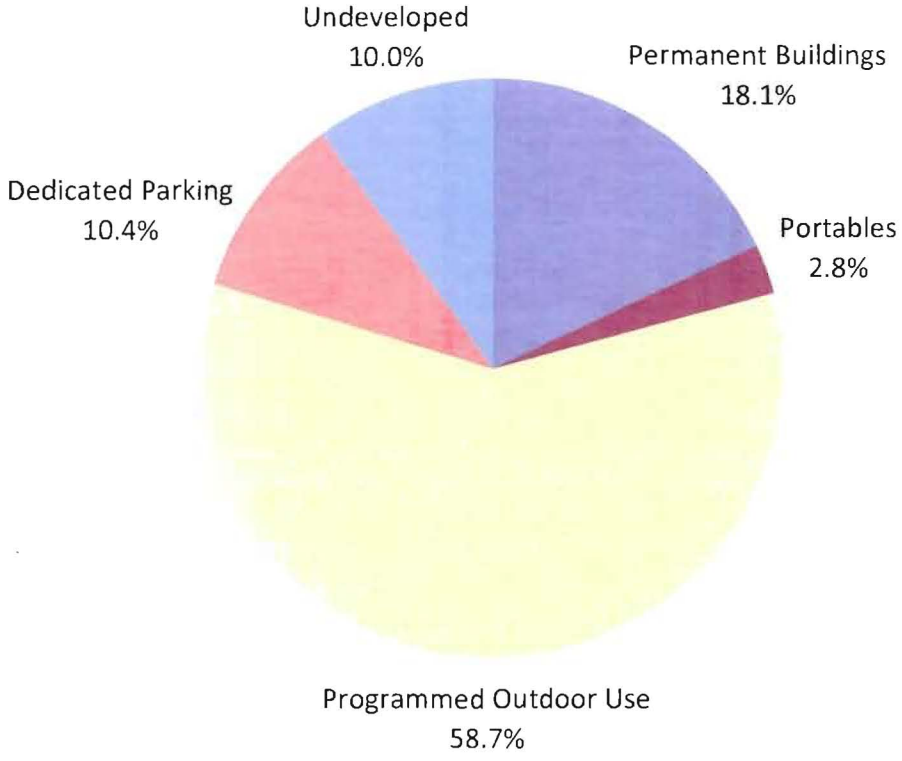


- Required support infrastructure
- Primary driver of alternate-use economic value (market value)
- Value-added opportunities
  - Support expansion and growth
  - Curricular opportunities
  - Athletics
  - Community use
- Can foster barriers to learning
  - Impact of poor conditions
  - Perimeter boundary/security
  - Neighborhood linkages and perceptions

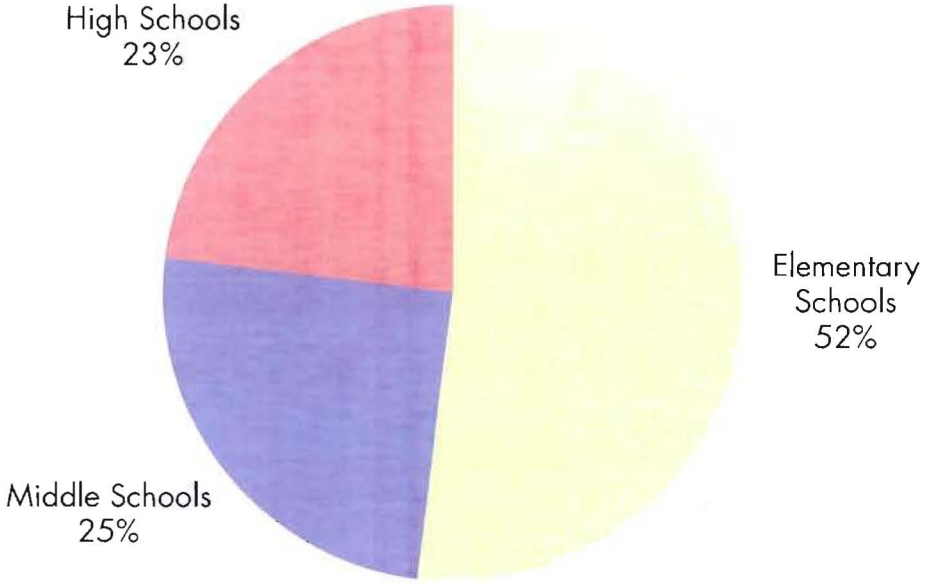
The district's 487 acres of school property...

- Some of the "undeveloped" land is not suitable for future development, e.g. on steep slope or preservation area
- Reprogramming of the "programmed outdoor use" area could increase utilization effectiveness

Acreage Distribution by Coverage

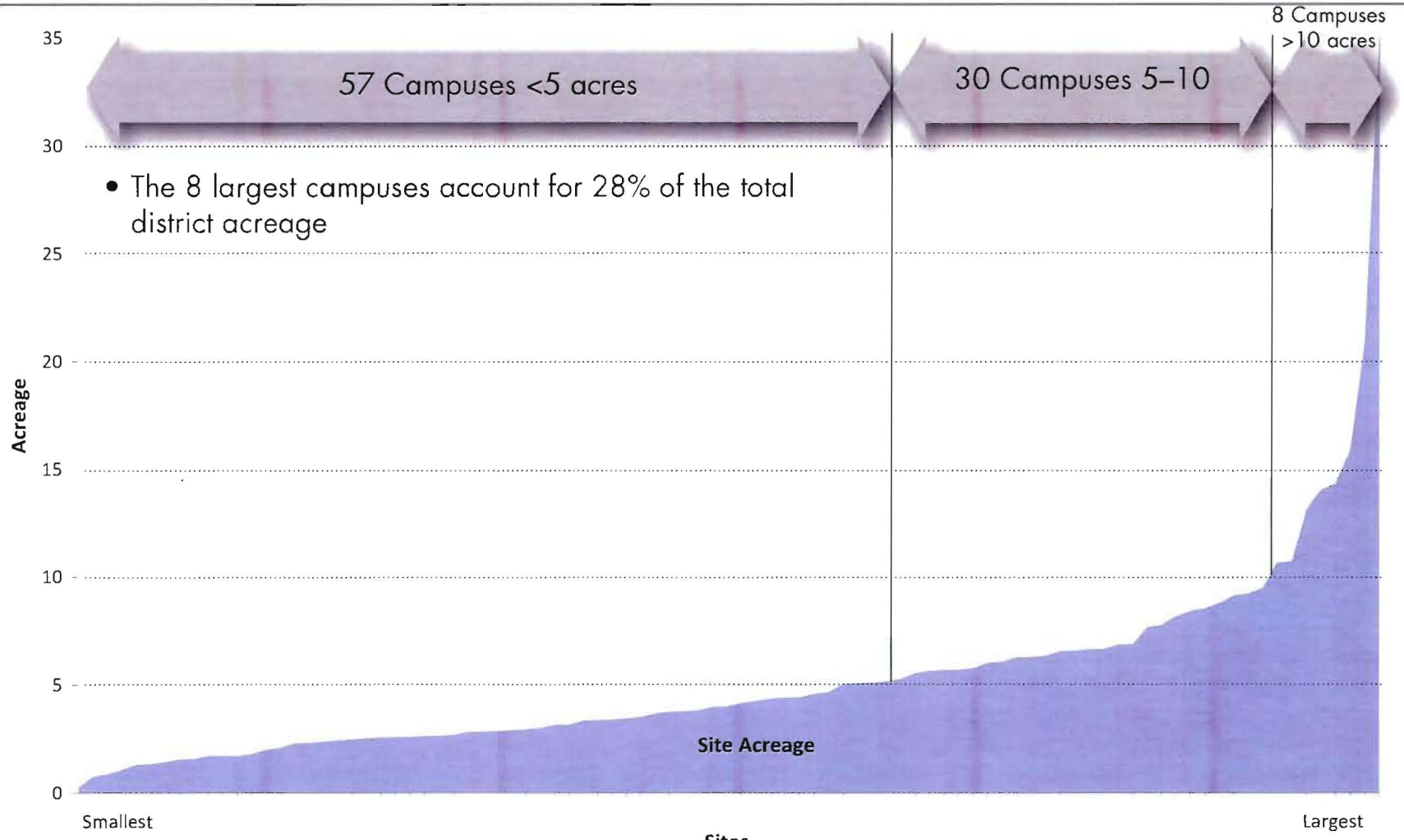


Acreage Distribution by Age Served



Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

Campus Acreage: 487 acres over campuses



Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

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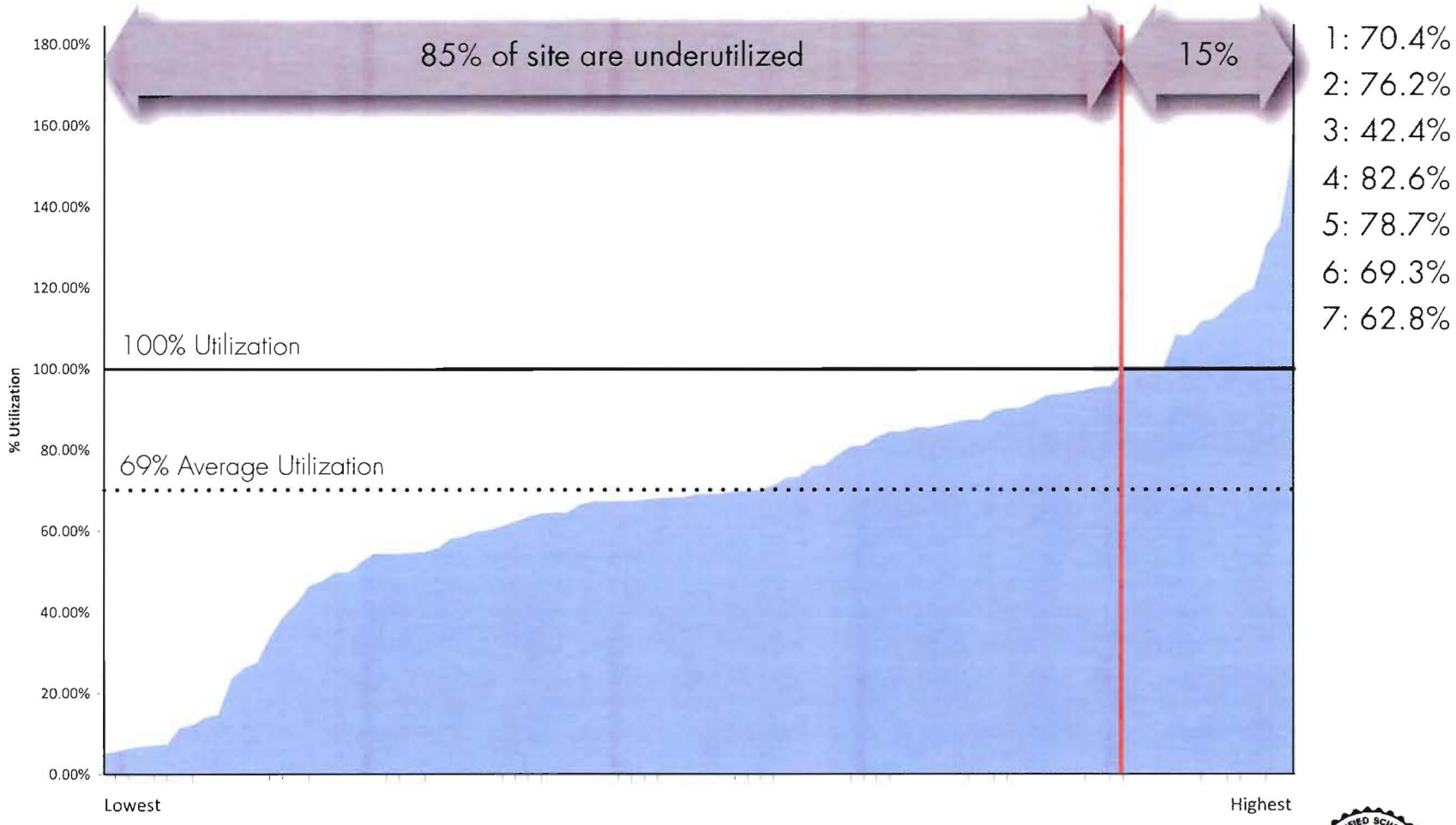
Level of Utilization by Site

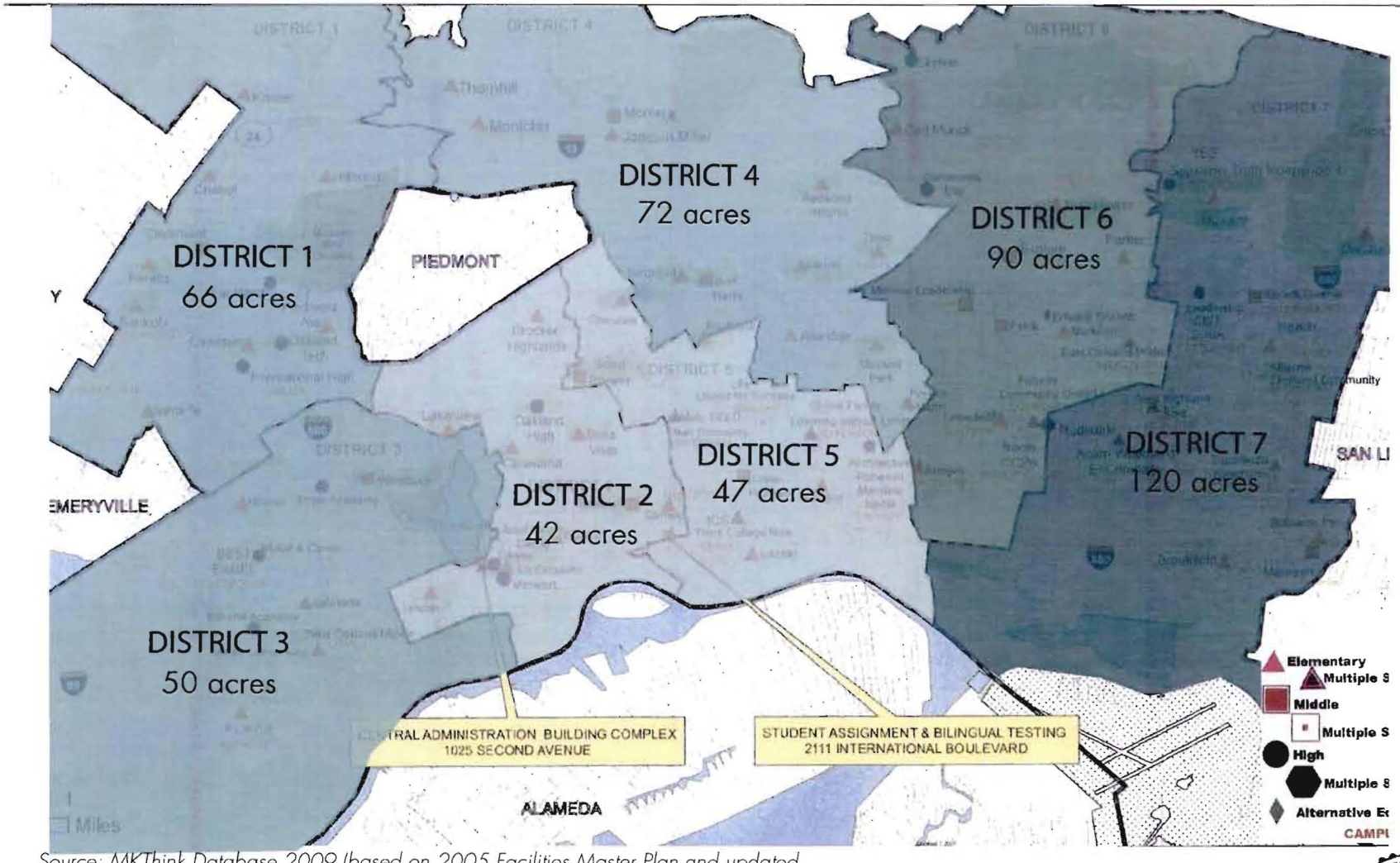
- Average Utilization by District:



Schools Utilized at 50% or less

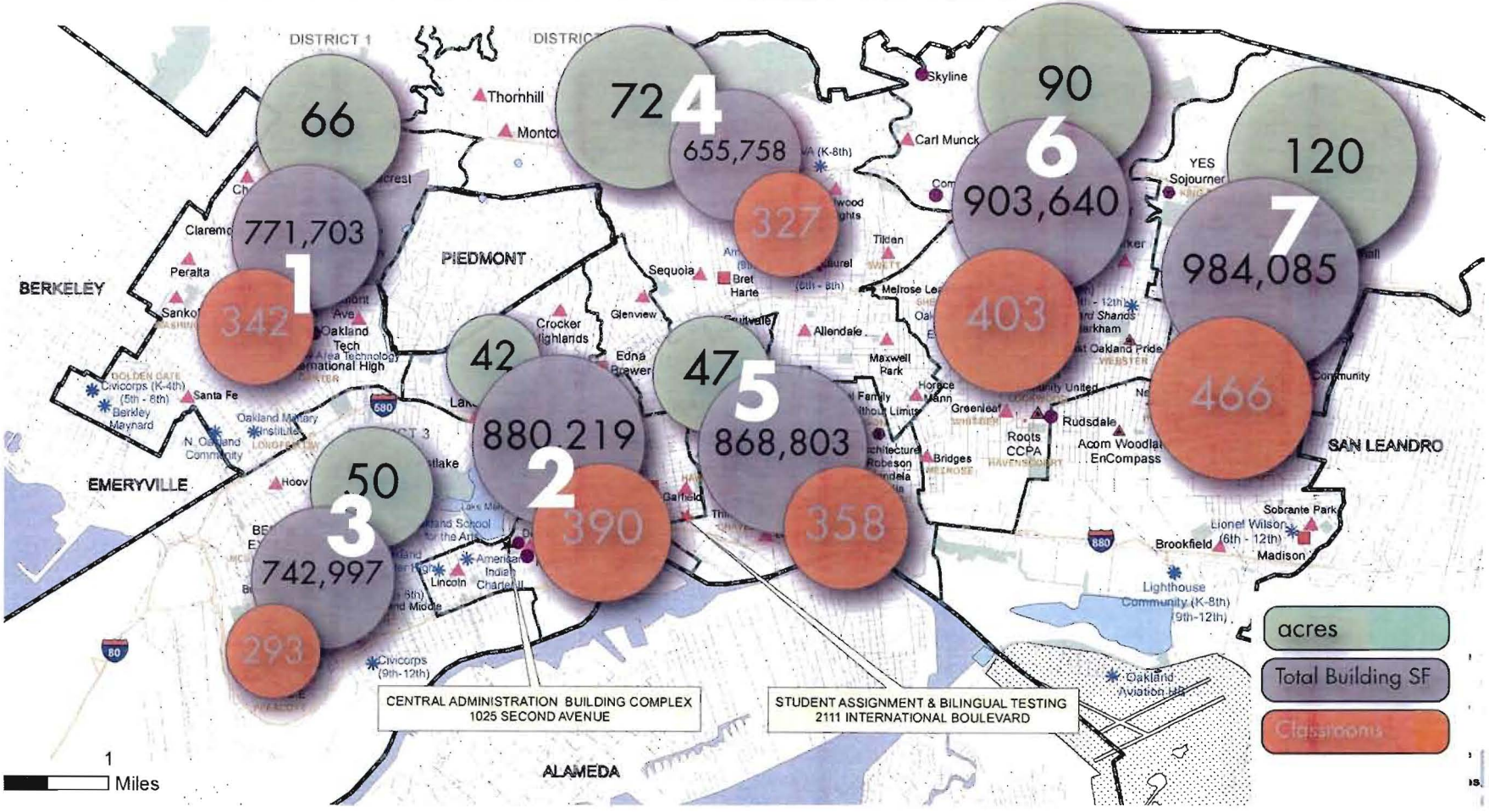
Toler Heights Elementary School	50.00%
Far West High School	50.00%
Howard Elementary School	47.83%
Washington Elementary School	46.67%
Ralph Bunche Middle School Academy	42.31%
Verdese Carter Middle School	39.13%
Castlemont Community of Small Schools	34.09%
E. Morris Cox Elementary School	27.78%
McClymonds High School	26.53%
Lowell Middle School	23.81%
John Swett Elementary School	15.00%
Tilden Special Education Facility	14.29%
School of Social Justice	12.50%
Cole Middle School	11.76%
Golden Gate Elementary School	7.69%
Longfellow Elementary School	7.41%
Hawthorne Elementary School	7.14%
Edward Shands Adult Ed. Center	6.67%
Life Academy	5.88%
Foster Elementary School	5.26%

Site acreage distribution across the district



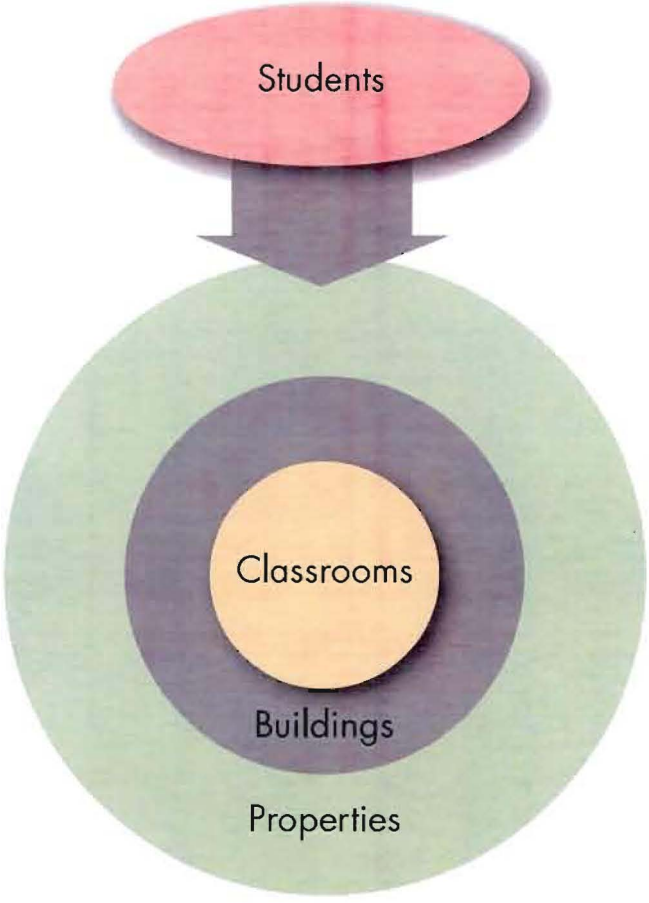
Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

Distribution of Physical Assets by Board District



Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings)

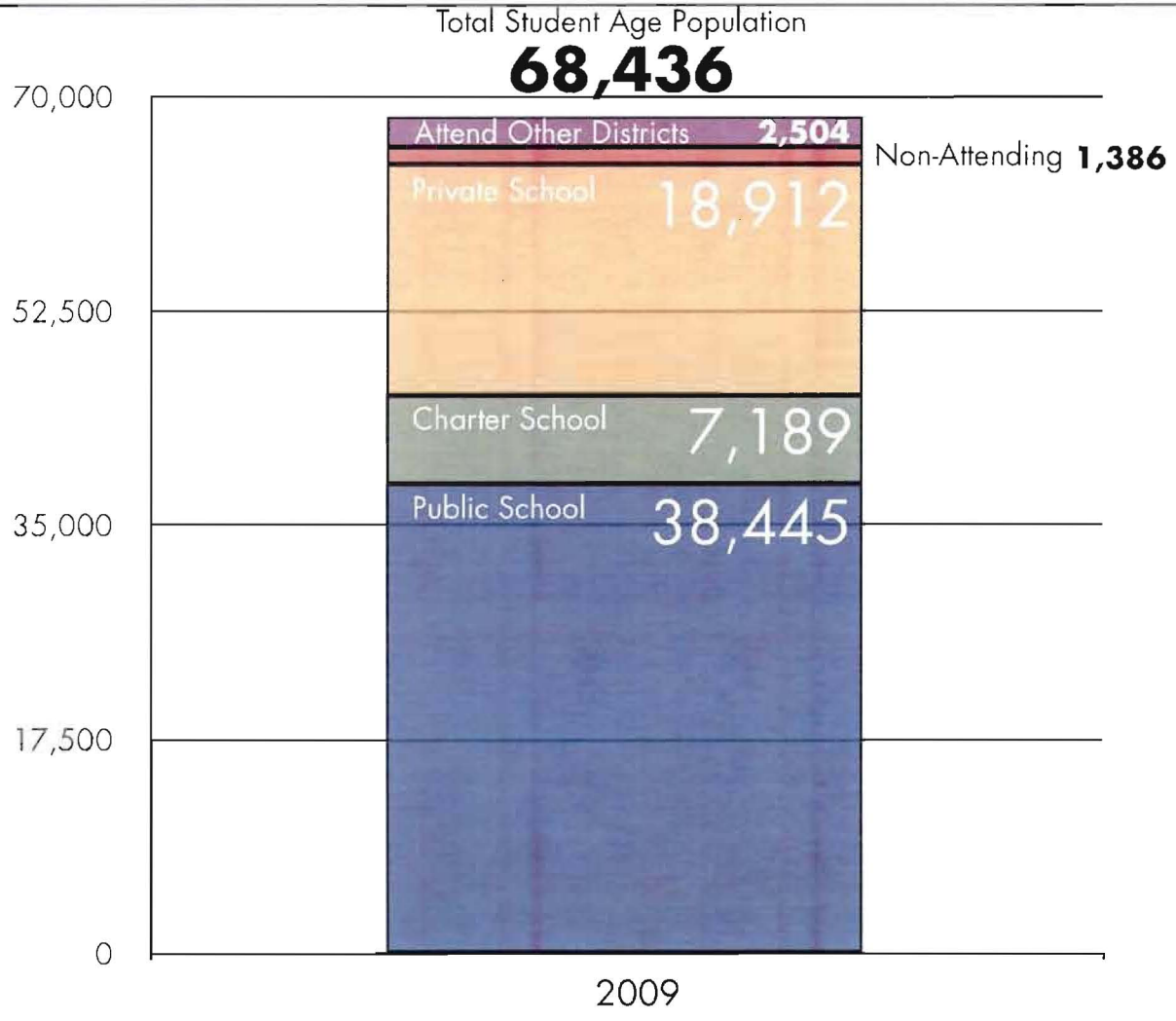
Asset Management Framework
Customer Value



- Source of value: Education delivery to students
- Source of income

- What quantity/quality of physical asset is needed to meet demand?

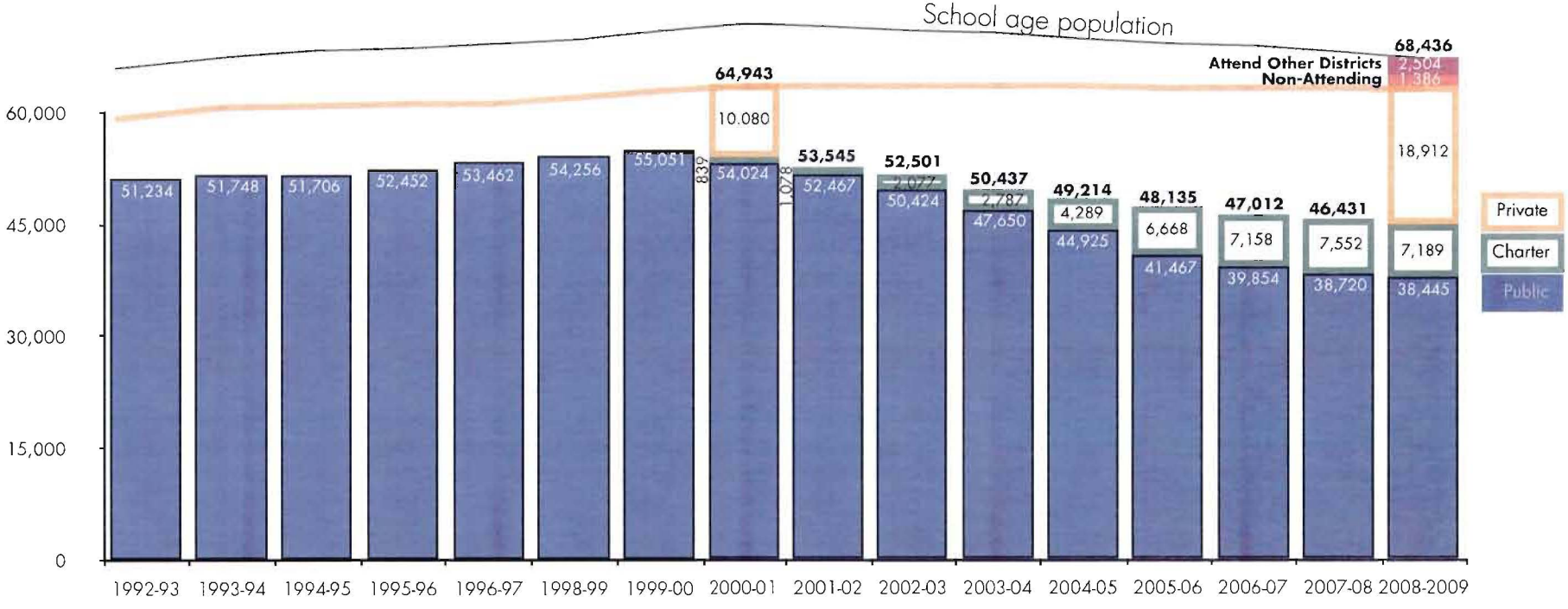
Just over half of Oakland's school aged population attends OUSD schools



Source: greatschools.net, MKThink Research, CA Department of Finance

OUSD Historic Enrollment Figures, 1992 - 2009

- Enrolled students peaked at 55,000 in 1999-2000
- Approximately half of the public school enrollment decline has been absorbed by charter schools
- Private school enrollment has nearly doubled since 2000



Source: www.greatschools.net, www.ed-data.k12.ca.us, CA Department of Education, National Center for Education Statistics (1990, 2000 U.S. Census Data), MKThink Research

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School aged population has increased since 2000

Exhibit --
District and City Demographic Trends
OUSD Asset Management
Demographic Trends
For the City of Oakland
2000-2014

	2000	est. 2009	projected 2014 (2)	2000-2009 %Change	2009-2014 %Change
Population	399,484	411,736	425,335	3.1%	3.3%
# Children 0-4 y.o.	28,292	29,493		4.2%	
# Children 5-17 y.o.	65,468	69,832		6.7%	
# Households	150,790	152,716	152,584	1.3%	-0.09%
% Households w/ children	33.5%	33.1%		-1.1%	
% Labor Force Participation	61.6%	61.3%		-0.4%	
% H.S. graduates	73.9%	73.3%		-0.9%	
HH Income (mean)	$40,055	$71,851		79.4%	
Per Capita Income	$21,936	$27,010		23.1%	
# Housing Units	157,508	163,026		3.5%	
# Units Built Prev. decade	6,781	11,953		76.3%	
% Single Family Units (1)	49.6%	48.9%		-1.3%	
% Owner occupied	41.4%	41.1%		-0.8%	

source: Conley Consulting Group, Claritas, Inc. August 2009
Year 2000 data from US Census. Other data from Claritas.
(1) Includes both attached and detached units
(2) Claritas only projects number of persons and households for 2014

Districts 5 - 7 have high school-age population and high number of households with children

Board District Demographic Trends
OUSD Asset Management
Demographic Trends
By OUSD Board District
2000-2014

	District 1*	District 2	District 3	District 4	District 5	District 6	District 7
Population, 2000	58,558	57,089	57,390	57,391	56,299	56,698	57,621
Population, 2009 est.	59,193	59,557	61,004	58,237	58,206	58,161	58,948
%Change	0.01084	0.04323	0.06297	0.01474	0.03387	0.02580	0.02303
Population, 2014 proj.	60,572	61,864	63,812	59,786	60,258	59,995	60,670
%Change	*2.3%*	*3.9%*	*4.6%*	*2.7%*	*3.5%*	*3.2%*	*2.9%*
# Children 0-4 y.o.(2009)	2,834	3,757	3,506	3,704	5,322	4,959	5,503
# Children 5-17 y.o.(2009)	7,443	9,317	8,470	9,563	11,418	11,492	12,380
# Households, 2000	27,605	22,269	27,296	21,766	16,513	18,629	17,333
# Households, 2009 est.	27,531	23,082	28,389	21,713	16,623	18,690	17,293
%Change	*-0.3%*	*3.7%*	*4.0%*	*-0.2%*	*0.7%*	*0.3%*	*-0.2%*
# Households. 2014 proj.	28,079	23,977	29,487	22,177	17,031	19,122	17,633
%Change	0.01990	0.03877	0.03868	0.02137	0.02454	0.02311	0.01966
% H.H. w/ Children	21.7%	30.2%	21.4%	34.2%	47.8%	44.4%	50.0%
% Labor Force Participation (2009)	69.1%	62.5%	61.0%	66.6%	55.6%	58.2%	54.5%
% High School graduates (2009)	88.8%	67.8%	76.6%	84.0%	58.1%	68.9%	82.2%
2009 Household Income (mean)	$92,428	$64,709	$49,448	$103,025	$59,882	$66,223	$46,861
2009 Per Capita Income	$27,010	$25,285	$23,641	$38,571	$17,599	$21,467	$18,970
# Housing Units (2009)	29,134	24,422	31,877	22,641	17,582	19,750	17,293
# Units Built (2000-2009)	1,737	2,116	3,594	1,115	1,151	1,184	1,089
# Units Built (1990-2000)	2,229	882	879	673	863	523	722
% Single Family Units(1) (2009)	49.2%	30.8%	15.9%	76.3%	49.9%	70.6%	72.4%
% Owner occupied (2009)	43.7%	27.7%	13.2%	65.4%	34.6%	54.5%	56.8%

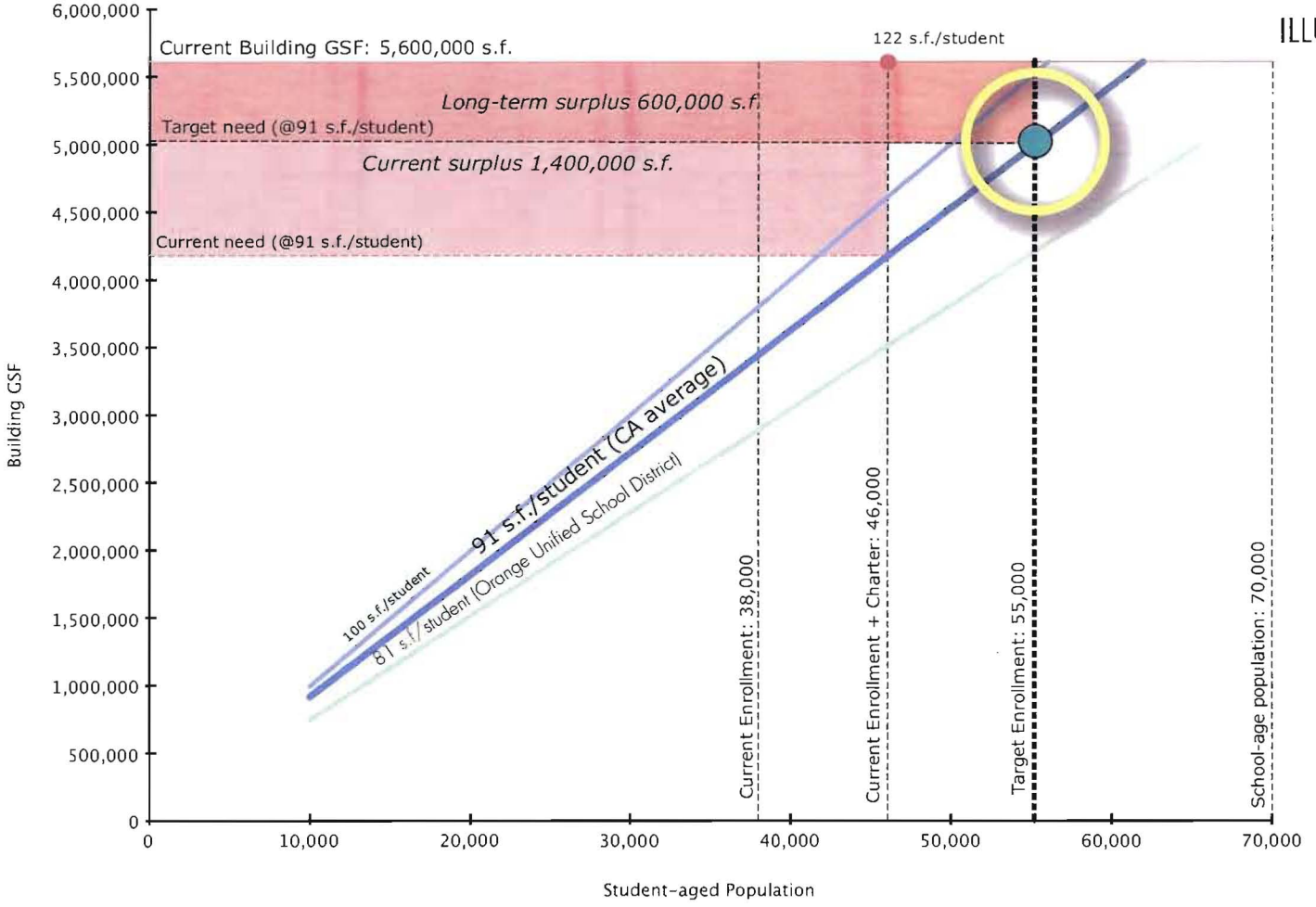
source: Conley Consulting Group, Claritas, Inc. August 2009

(1) Includes both attached, detached and single family units.

*District 1 units built primarily as replacement housing units after the Oakland Hills fire

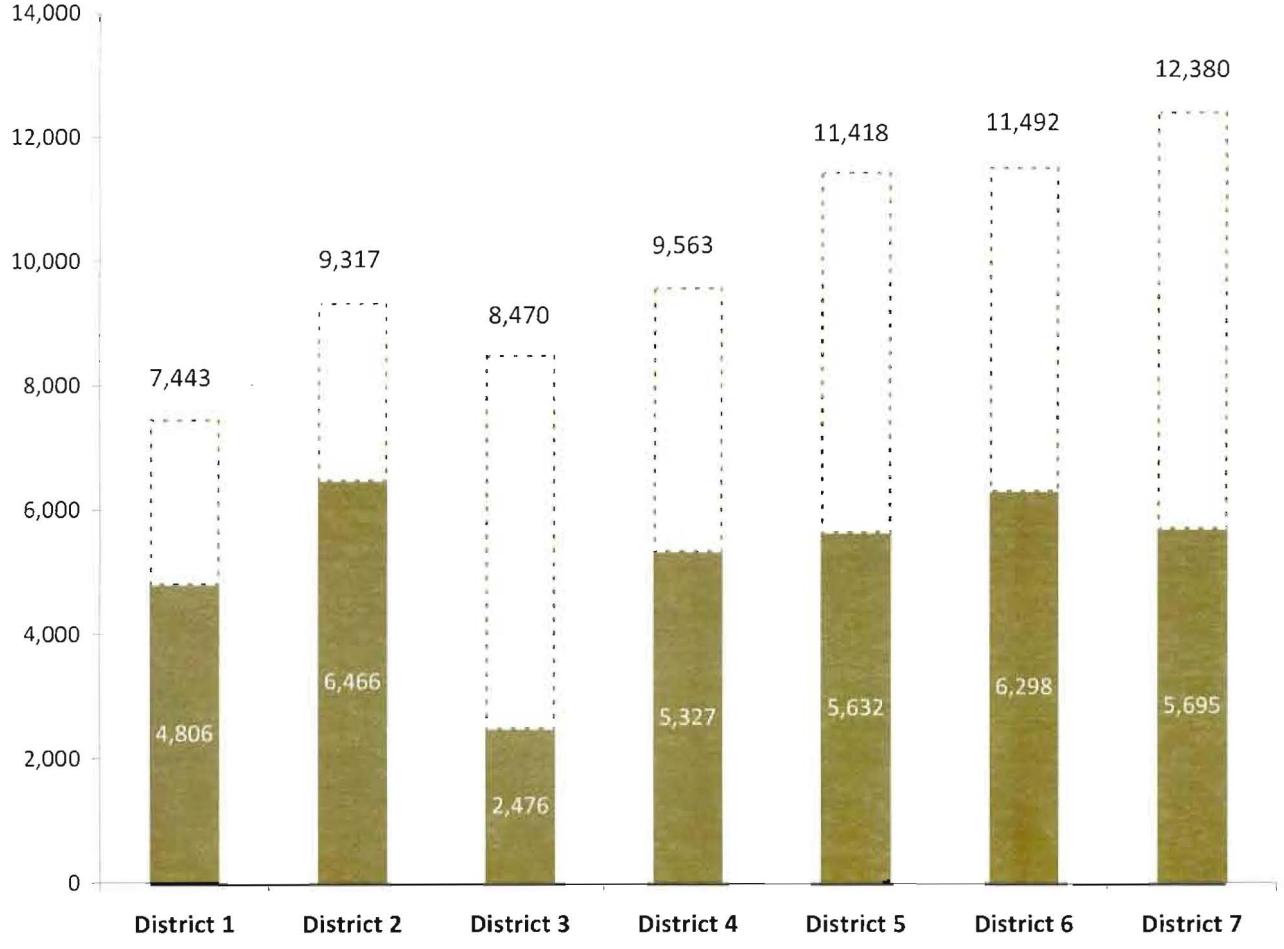
The current space surplus can be leveraged for near-term alternate use, but banked for future student enrollment growth

ILLUSTRATIVE



Source: MKThink phone conversations with Orange Unified and Sacramento Unified School District Facilities Departments (9/23/09), Flex Your Power Awards 2006 (www.fypower.org/feature/awards/6th/profile.html?company=fusd), MKThink OUSD Database 2009 and MKThink Analysis

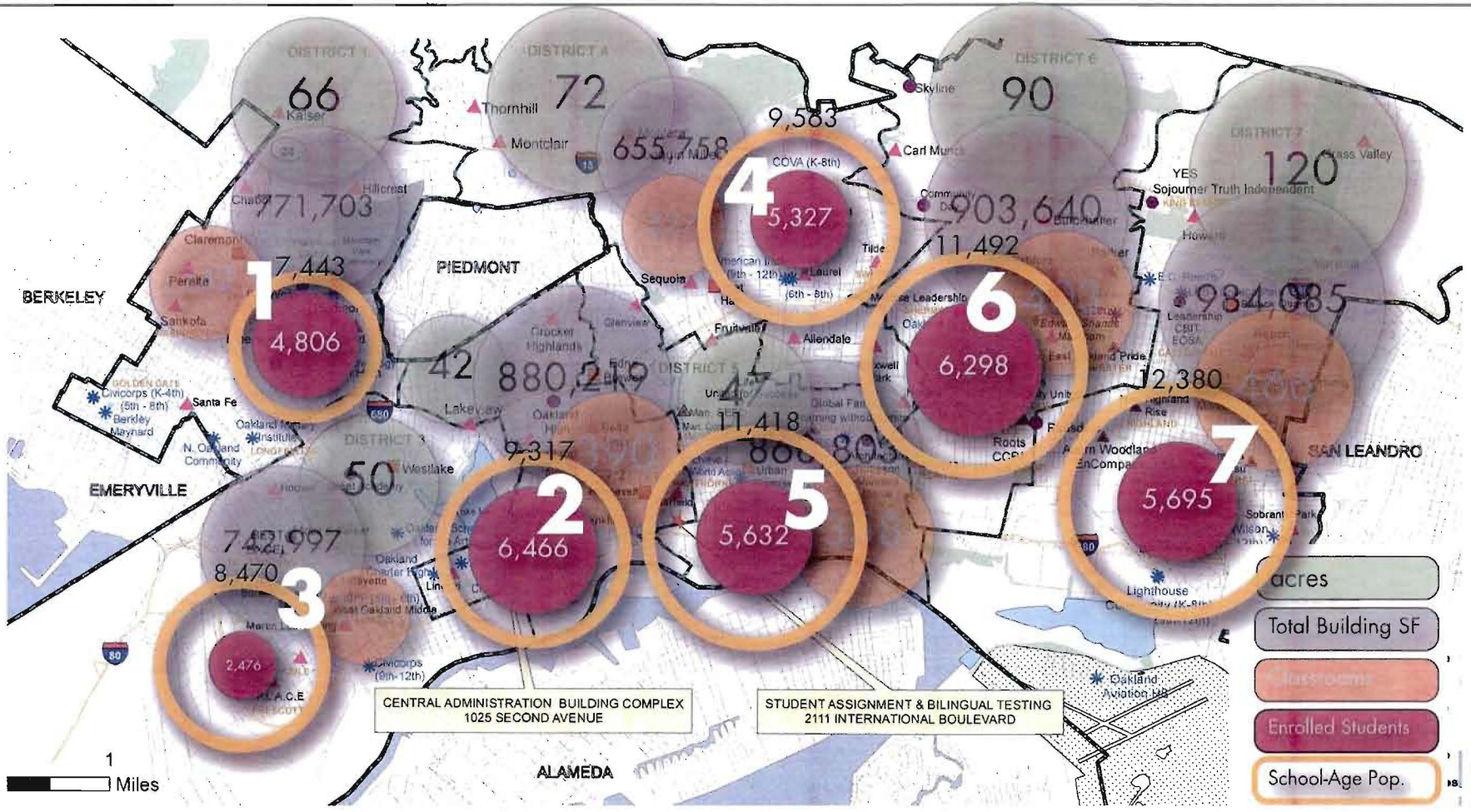
The ratios of enrollment to student-age population by board district mirror the district-wide ratio (~50%)



- Mirrors district-wide ratio (approx 50%) for districts 4-7
- 29% of the student aged population in District 3 is enrolled in OUSD
- 69% of the student aged population in District 2 is enrolled in OUSD

Source: Facility utilization report (2/13/09); Conley Consulting Group "Council Demographic Trends" Excel File (10/13/09)

Physical Assets and Enrollment by District



Source: MKThink Database 2009 (based on 2005 Facilities Master Plan and updated based on meetings with OUSD staff, satellite images, walkthroughs, and new drawings); Facility utilization report (2/13/09); Conley Consulting Group "Council Demographic Trends" (10/13/09)

Asset Management Strategies: Aligning the physical assets with the student demand

1. High Efficiency School Choice Model

- Optimize utilization of highest capacity campuses
  - Only operate as many campuses as required to meet current enrollment
  - Protect unused campuses for future enrollment growth
    - Alternate users (short/medium term)
    - Income producers
  - Sell/jointly develop properties not needed for long-term student demand

2. Community School Model

- Make all campuses economically sustainable
- Incorporate complementary and income producing uses into existing campuses
  - Operate all campuses needed for long term demand
  - Change administration and operational model to ensure long term sustainability
- Align with long-term district wide attendance model

Asset Management Strategies: Opportunities and implications of each model

1. High Efficiency School Choice Model

OPPORTUNITIES

- Potential for immediate income generation through redevelopment alternatives
- Efficient operations and administration achieved with relative ease due to consolidation
- Reduced operating costs

IMPLICATIONS

- Potential for disproportionate distribution of schools across the district
- Students may have to commute to a school not in the immediate vicinity of their homes

Asset Management Strategies: Opportunities and implications of each model

2. Community School Model

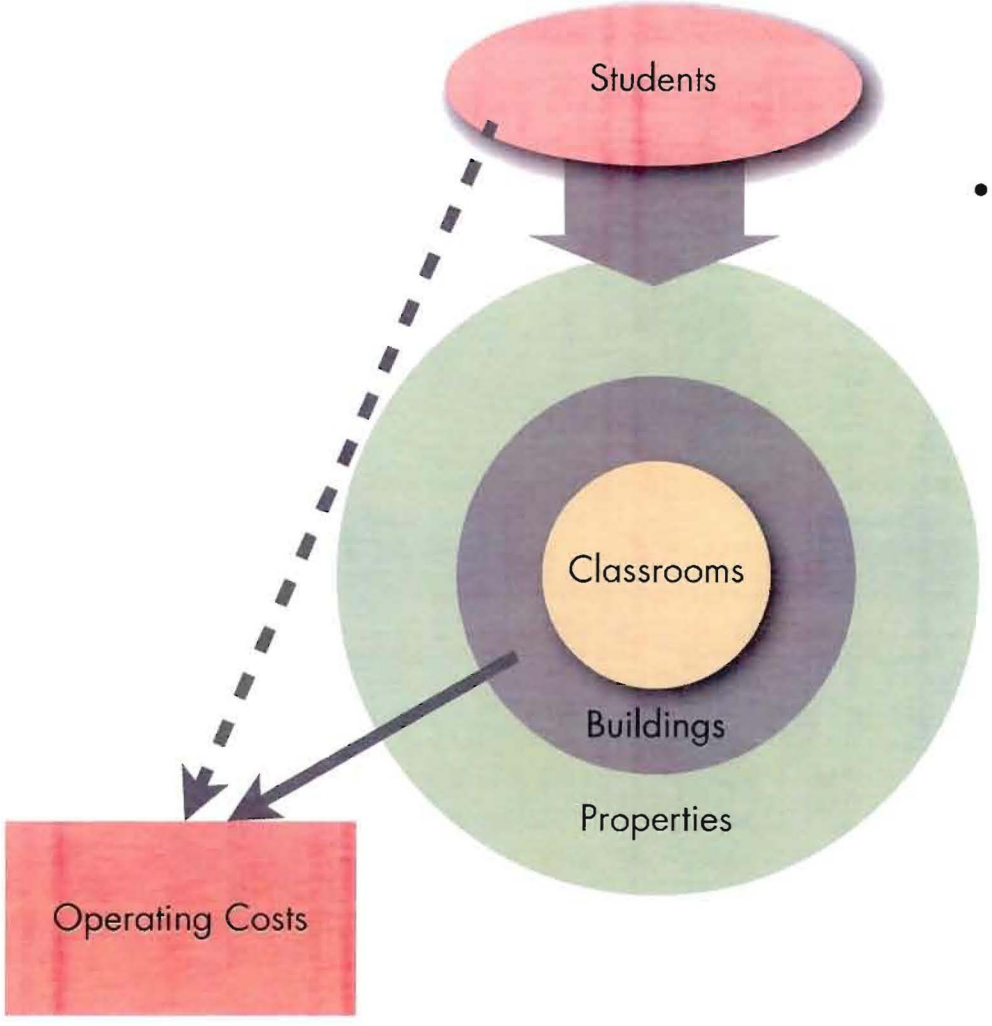
OPPORTUNITIES

- Schools become vital centers for community
- Potential for immediate income generation through alternative public use
- Enrollment distribution is more predictable due to desire to attend neighborhood schools

IMPLICATIONS

- Current school choice policy makes the community school model more difficult to implement
- Operational changes may be required to encourage student enrollment at their community school

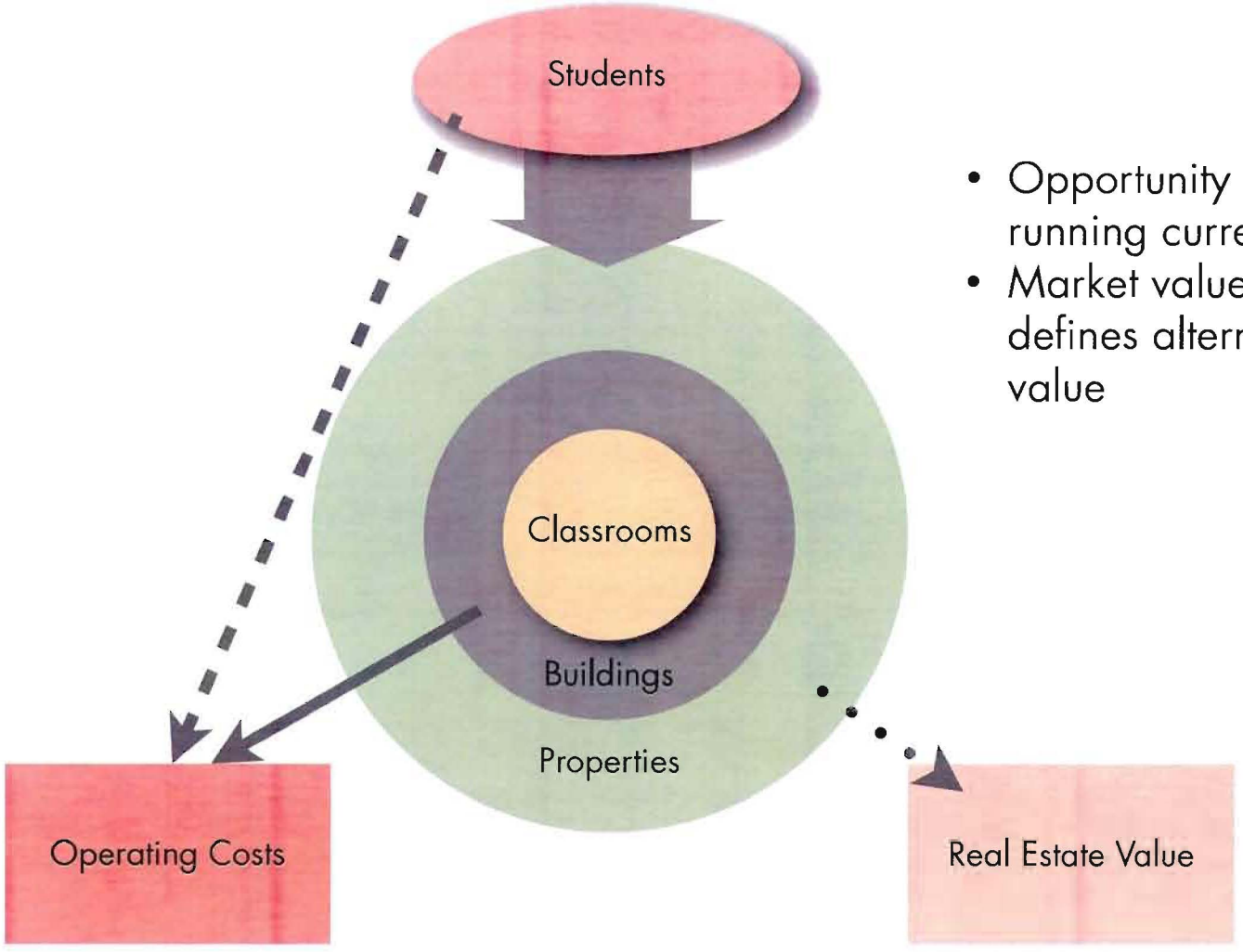
Asset Management Strategies:
Cost Model



- Costs associated with providing service
  - Linked to site or student?
  - Variable/fixed by site

NOTE: Add total costs, separate the teacher cost from building cost
Get a by-school cost for teachers vs. real estate

Asset Management Strategies:
Alternate Use Value



- Opportunity cost of running current operation
- Market value for property defines alternate use value

Asset Management Strategies:
Property Value Analysis

a) As land value

b) Property reuse value redevelopment

Clawson School

Asset Management Strategies:
Highest and Best Use Sample Study

WORKSHEET __
ASSET MANAGEMENT
HIGHEST & BEST USE
OAKLAND UNIFIED SCHOOL DISTRICT

	Skyline HS *(High)*	**Claremont** MS *(High)*	**Bret Harte** MS *(Mid)*	**Burckhalter** ES *(Mid)*	**Fremont** HS *(Low)*	**Calvin Simmons** MS *(Low)*	**MLK Jr.** ES *(Low)*
Units per Net Acre	3 du	8 du	20 du	20 du	30 du	35 du	25 du
Parcel Size	36.3 AC	9.3 AC	5.9 AC	2.5 AC	8.5 AC	6.1 AC	4.8 AC
Less: Circulation @ 15%	5.4 AC	1.4 AC	0.9 AC	0.4 AC	1.3 AC	0.9 AC	0.7 AC
Less: Green Space dedication	5 AC	AC	AC	AC	AC	AC	AC
Net developable acres	25.85 AC	7.9 AC	5.0 AC	2.1 AC	7.2 AC	5.2 AC	4.1 AC
# DU	77.00 du	74 du	118 du	50 du	255 du	214 du	120 du
Land Value/du	$ 700,000	$ 400,000 du	$ 41,250 du	$ 41,250 du	$ 20,000 du	$ 25,000 du	$ 20,000 du
Net Land Value	$ 53,900,000	$ 29,760,000	$ 4,867,500	$ 2,062,500	$ 5,100,000	$ 5,337,500	$ 2,400,000
per Acre	$ 1,484,848 AC	$ 3,200,000 AC	$ 825,000 AC	$ 825,000 AC	$ 600,000 AC	$ 875,000 AC	$ 500,000 AC
per SF land	$ 34.09 SF	$ 73.46 SF	$ 18.94 SF	$ 18.94 SF	$ 13.77 SF	$ 20.09 SF	$ 11.48 SF

Source: Conley Consulting Group, September 2009

a) As land value: Properties can be evaluated based on land value

b) Property reuse value redevelopment: Properties can be evaluated based on potential for residential or commercial use

Joint Occupancy and Use: Enabling Legislation

California Education Code Section 17515:

"Any school district may enter into leases and agreements relating to real property and buildings to be used jointly by the district and any private person, firm, or corporation pursuant to this article."

AB 1080:

"Authorizes the governing board of the Emery Unified School District (EUSD) to, upon a two-thirds vote, enter into a joint-use, joint ownership agreement with a governmental agency to construct a new school and community services facility on land owned by the school district."

- These two pieces of legislation form the legal foundation for joint-use and public-private partnership redevelopment strategies
- Using this legislation, districts can develop creative alternatives for use and repurpose of school facilities

Source: http://www.totalcapitol.com/?bill_id=9572...; http://law.onecle.com/california/education/17515.html

Joint Use Example: Emeryville Center of Community Life

The **Emeryville Center of Community Life** will include:

- Emery Secondary School Campus (7-12)
- Anna Yates Elementary school
- EUSD Administration
- Health, wellness, and social service center for students and community members
- Parenting center for students and community members
- Indoor and outdoor recreation facilities for students and community members
- Teen after-school programs to promote public safety

"The goal of the Center is to become a truly integrated facility that shares space resources across programs and agencies, breaking down unnecessary facility constraints and serving as a model for urban community development."

Source: http://info.sen.ca.gov/pub/09-10/bill/asm/ab_1051-1100/ab_1080_cf...

Methodology

Inventory & Data Collection

- Confirm Timeline
- Develop Project Goals, & Success Criteria
- Collect Property and Site Data
- Inventory Current Property Use
- Collect Enrollment Information
- Produce Inventory Summary and Database of All Education and Program Properties
- Phase I Deliverable: Inventory Summary and Database

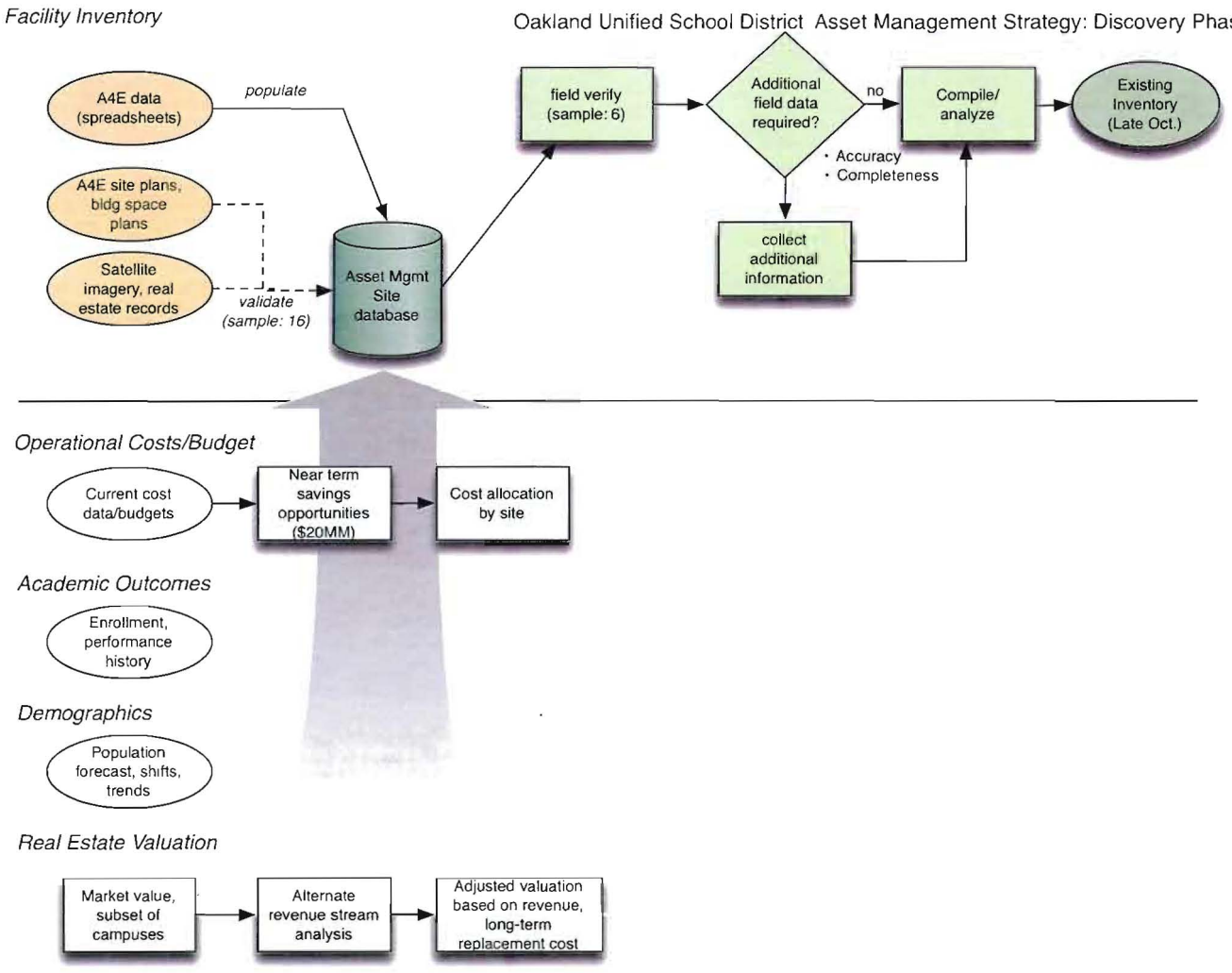
Assessment

- Define and analyze current conditions using selected site visits
- Analyze enrollment Projections
- Assess space utilization of properties using formula
- Develop market value assessment of properties
- Develop utilization analysis
- Develop highest and best use scenarios (3)
- Phase II Deliverable: Property assessment and analysis summary

Recommendations

- Develop Facility/Site Use and Disposition Plan
- Develop Facility/Site Financial and Programmatic Success Criteria
- Develop Enrollment and Growth Impact
- Produce Revenue Ideas
- Integrate Operational Expectations with Revenue Strategy
- Phase III Deliverable: Recommendation Report
  - Community Plan
  - Roll-out Plan

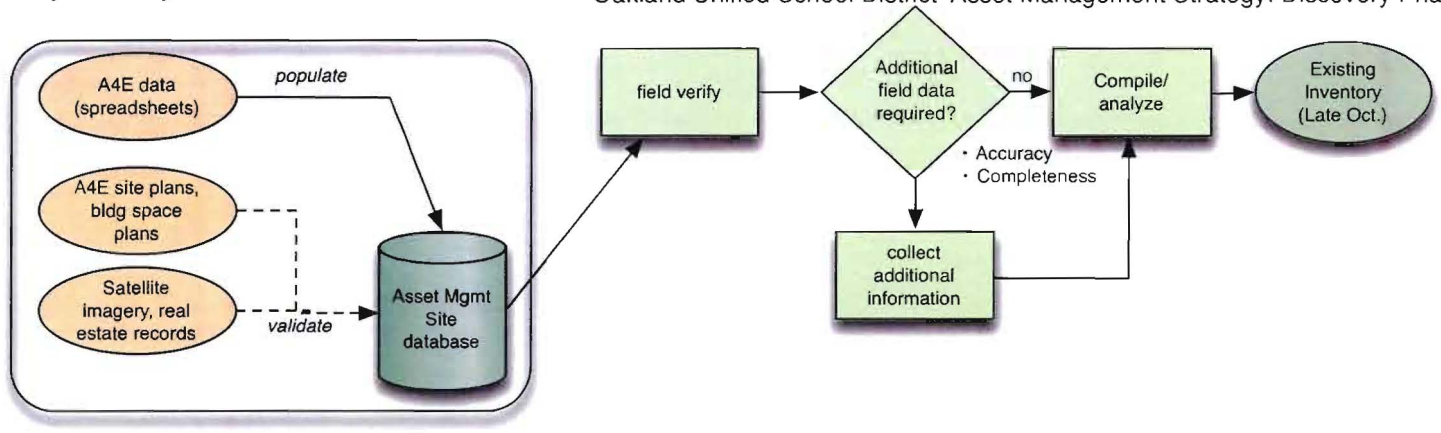
Discovery Phase: Collection and Validation



Facility Inventory Data Validation

Facility Inventory

Oakland Unified School District Asset Management Strategy: Discovery Phase



Collected for all 95 sites

Validation for 24 sites

- Bret Harte
- Edna Brewer
- Cesar Chavez
- Cox
- Franklin
- Fruitvale
- Havenscourt
- Marshall
- Melrose
- Montara
- Peralta
- Piedmont
- Simmons
- Castlemount
- Fremont Federation
- Skyline
- Prescott
- Redwood Heights
- Sherman
- Stonehurst
- Washington
- Webster
- Whittier
- Woodland

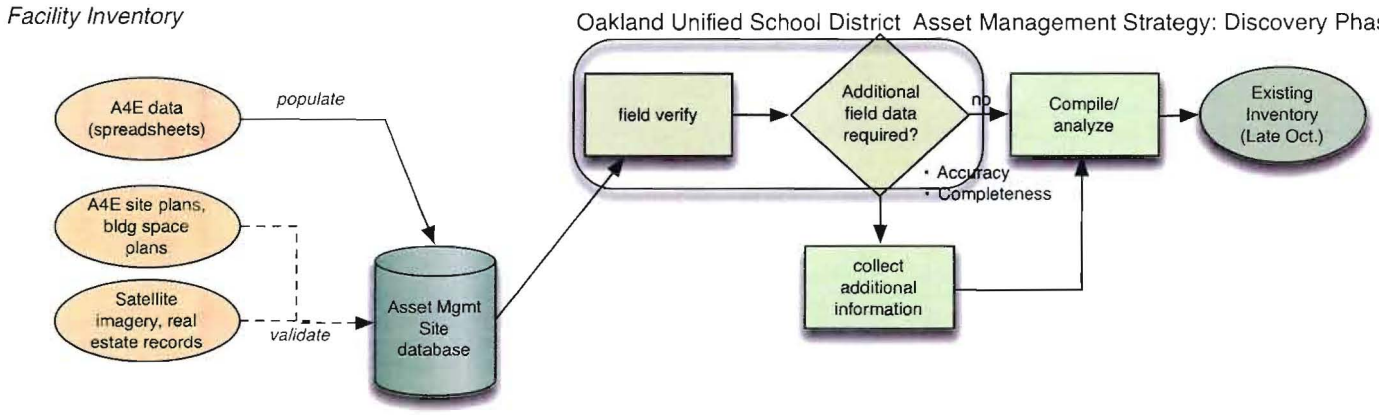
Validation for report - plan consistency

- Inconsistent counting of classrooms
- Recommendation: Validate all 95 sites, maintain separate count of 'classroom-sized' rooms

Validation for plan - aerial photograph consistency

- Changes since 2005 (portables, new construction) need to be reflected
- Recommendation: Working group meetings to review sites and adjust for known changes

Field Validation



Validation for 5 sites (10 schools)

- Simmons (United for Success, Life Academy)
- Cesar Chavez
- Martin Luther King Jr.
- Fremont (Mandela, Media, Robeson, College Prep)
- Woodland (ACORN, EnCompass)

Real Estate Analysis visits

- Simmons
- Fremont
- Martin Luther King Jr.

Validation for plan/actual consistency

- Minor remodels, limited impact on inventory
- Significant change of classroom use from 2005 plans
- Recommendation: Working group meetings to add plans for new construction/major projects
- No additional validation needed for plan validity
- Site inspection necessary for room use determination

Next Steps

- In-depth use and underutilized facility analysis
- Property assessment analysis with revenue-generating scenarios
- Operating costs and budget analysis
- Develop and test the High Efficiency School Choice and Community Schools Models
- Present benchmark projects that reflect successful joint-use or redevelopment projects
- Test asset management strategies by different geographic boundaries, e.g. Neighborhood Crime Prevention Council Zones, High School Enrollment Area, etc.