

Encinitas

UNION SCHOOL DISTRICT

February 28, 2014

101 S. Rancho Santa Fe Road
Encinitas, CA 92024-4349
Phone: (760) 944-4300
FAX: (760) 942-7094
www.eusd.net

Dear Community Members,

Board of Trustees

Emily Andrade
Maureen "Mo" Muir
Carol Skiljan
Gregg Sonken
Marla Strich

Over the past ten years the District has worked diligently and in good faith with community members and the City of Encinitas in attempting to reach consensus for the development, sale, lease or trade of the Pacific View property. Twice the District convened committees comprised of residents, business owners, service organization members, city staff and district representatives to inform plans that went through the Planning Commission to only be rejected by the City Council. It is the Board of Trustees' responsibility to be fiscally prudent and responsible in the oversight of District assets to insure that the present level of quality education of its students is preserved and protected.

Superintendent

Timothy Baird, Ed.D.

There have been questions from the community about the District's recent negotiations with the City of Encinitas regarding the Pacific View Property. This letter is being written to explain the District perspective of those negotiations and to explain why the District has moved forward with an auction to sell Pacific View.

Assistant

Superintendents

Leighangela Brady, Ed.D.
Educational Services

Angelica Lopez
Administrative Services

John Britt
Business Services

On December 13, 2013, the City of Encinitas presented an offer of \$4.3 million to the Encinitas Union School District for Pacific View. The City stated that this offer was based upon their appraisal of the property that estimated the property worth at \$3.3 million. The District rejected the offer. The City then sent a letter to the District requesting mediation over the issue and also threatening to look at other means to acquire the property. The City followed that letter with a City Council Meeting where they discussed using eminent domain to acquire the property. Let me explain why the District decided to not sell the property at this greatly reduced price, to not continue negotiations with the City through mediation, and to move forward with a public auction for the property.

Property Value

In 2007, the District completed an extensive appraisal of the Pacific View site that looked at the value of the property as a mixed-use zone property. That appraisal valued the property at \$13.5 million dollars. (available on our website at <http://ww2.eusd.net/Pages/Pacific-View.aspx>.) In 2012, the District attempted for a third time to sell the property to Art Pulse under existing public/semi-public zoning for \$7.5 million. The plan was to build an art center on the property. Art Pulse asked for the City Council to give them some indication of the City's support before they moved forward with the purchase. The City indicated that they would not do so while the District was in a lawsuit with the City over the property. Within 48 hours, the District dropped the lawsuit. The Art Pulse deal fell apart anyway because the City still refused to put Art Pulse on a City Council agenda before the purchase agreement expired despite repeated requests from the District and Art Pulse.

In preparation for our present attempt to sell the property again, the District used a variety of consultants and current real estate values to estimate the property worth if it were rezoned to residential. Current data show the property value today exceeds the 2007 appraisal of \$13.5 million. Even if the property were appraised at current zoning, property values in Encinitas have risen approximately 30% since the District attempted to sell the property to Art Pulse for \$7.5 million. The City was aware of this data as it was discussed in the ad hoc negotiation committee with the District that any offer made should reflect current value.

City Appraisal and Offer Price

The City received two appraisals for the Pacific View property. One estimated the value of the property at \$3.3 million. This appraisal was based upon a hospital zone in Escondido as the comparable property. During negotiations, the City conceded that this property was not comparable to beach property in Encinitas. The second appraisal was based upon comparable property in Los Angeles that was not located in a coastal zone. This appraisal was estimated at \$7.5 million but was not considered in the City offer.

City Financial Ability to Purchase Property

In two separate City Council meetings and in a staff report, which is available on the City website, the City Manager indicated that the City was only able to raise approximately \$3.3 million in money for all City projects in the foreseeable future. The District understood that this limited the City's ability to purchase the property at a fair market price and this influenced the District's response to not make a counter offer to the City. It was also discussed in the ad hoc negotiation committee discussions between the City and the District that any offer below the previous sale amount of \$7.5 million would not be accepted. The City Council knew this before making their offer. This was another indication to the District that this was all that the City could afford to pay and no further negotiation would change this.

To date, the City has put forward no real plan to raise enough money to purchase the property. Despite some discussions about possibly raising city taxes in the future and then potentially using some of that toward a purchase, there does not appear to be anything substantive in place that would allow the City to purchase this property at any time in the near future.

Potential City Use of Property

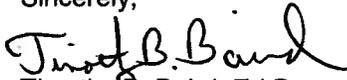
One issue that was brought forward in the ad hoc negotiation committee between the District and the City was a request from the District that the City would agree to not rezone the property themselves after purchase or to use the property for anything outside of the current acceptable uses under public / semi-public zoning. The District was surprised when the City refused to accept this term as a condition of sale stating, "They did not want to tie the City Council's hands on future use of the site." This changed many of the parameters of the potential sale to the City from the District standpoint. If the City was not willing to guarantee to use the space to create an art center, a park, or some other public use site, then why would the District offer to sell to the City at a discounted price? The potential existed that the City would buy the property at a discounted price and then rezone and sell it a fair market value thus making a profit off of the District. This was unacceptable from a District standpoint and figured prominently in the negotiations.

Future Needs of District

Pacific View Elementary School was closed in 2003 because it was too small for a school site and no longer economically viable to operate. At 2.8 acres, the PV site is too small (by 8 acres) to accommodate the (1999-2000) revised elementary school site size standards to meet changes in education, such as class size reduction in K-3, physical education, technology and parental and community involvement. Since then the District has tried numerous times to sell or develop this asset to better benefit our community. As a public agency, we recognize our fiduciary responsibility to our taxpayers to best use this valuable asset to support the students of the Encinitas Union School District. In its current state, other than the restored 1883 schoolhouse, Pacific View Elementary brings no added value to the City of Encinitas or the Encinitas Union School District. We believe that under new ownership, that will change. Our mission is to provide for the educational needs of our 5500 students and the students that will come after them. The sale of Pacific View will give us much needed resources to help address that mission as well as preserve the legacy of Pacific View.

In 1989-90, the Encinitas Union School District made it possible for the Encinitas Historical Society to relocate the original schoolhouse to the Pacific View property. Through the help of the school district and efforts by the EHS, the schoolhouse is fully restored. Local students take field trips to the school house and the monthly walking tours of historic downtown Encinitas start at the old schoolhouse. Be assured that it is the District's intent that the purchaser of the PV property is required to allow the 1883 school house on this site so that future students and residents can experience a view of Encinitas' past and the Encinitas Historical Society can continue their activities. We see this as a win-win for the community. Both the City and School District will receive benefit from the property taxes paid from development of this site. The Encinitas community will continue to see their property values rise as the result of continued performance of our high achieving school district.

Sincerely,


Timothy B. Baird, Ed.D.
Superintendent