Executive Summary

INTRODUCTION

Huntington Beach City School District (the "District") has retained California Financial Services, SchoolWorks and JSR Enterprises, LLC (the "Consultants") to validate and assist in the preparation of a site-based focused Facility Master Plan and to analyze potential candidate sites for an asset management program (collectively, the "Master Plan") for the District. This Master Plan has been integrated with other District planning documents to provide data to the governing board for use in determining facility management and the potential for the generation of revenue from surplus District property over the next five years.

The major elements of the evaluation comprising the planning process are as follows:

1. Review all District sites and their attendance areas; determine their physical status, capacity for growth and need for change or improvement;
2. Review on-going District instructional needs, facility needs, current and deferred maintenance plans and other District facilities plans and facility-related documentation;
3. Generate an asset management plan, with estimated costs and preliminary budgets, to meet District identified needs;
4. Review federal, State of California ("State") and local sources of revenue that can be utilized to meet District program needs;
5. Generate additional documents as required, including applications to the State School Facility Program, if appropriate, to assist in on-going District strategic planning and obtain data required to meet the requirements of the State School Facility Program, California Department of Education or other public agencies involved with current District sites and facilities that might assist in implementing such strategic planning;
6. Generate recommendations based on the asset management report, community input and District responses and prioritization.

The major issues to be discussed in this Master Plan are how does the Huntington Beach City School District:

1. Accommodate growth, if growth is forecast and additional capacity is needed or take necessary steps to realign the District if enrollment is forecast to decline?
2. Determine what assets are currently needed to accommodate forecast enrollment and what will be needed to accommodate forecast growth or decline?
3. Review District designated candidate sites for possible inclusion in an asset management program?
4. Implement an asset management program to convert potential surplus sites to revenue?
5. Generate a revenue stream to fund needed instructional programs?
6. Structure change to manage impacts financially and politically?

OVERVIEW

The Huntington Beach City School District has experienced an erosion of its general fund resources over the past several years. Although revenue exists to meet District priority classroom needs, the District has been forced to reduce or eliminate certain instructional programs, which, although desirable and indispensable in enhancing the educational environment, were considered non-academic and thus subject to reduction and elimination. Returning these programs to the curriculum has been identified as a priority by the District. Additionally, after reaching an enrollment peak in 2002-2003, the District has experienced a long period of enrollment decline, and believes that if the decline in enrollment is forecast to continue, certain facilities (both classroom and administrative) might be declared as surplus and may perhaps generate revenue outside of the general fund to reinstate desired programs and/or to reallocate District real property assets. To that end, the District has identified four candidate sites not currently housing District students for the purpose of evaluating their potential value as revenue producing assets. In addition, the District has requested a review of all operating school sites that might also be surplus to District classroom needs if future District enrollment declines.

Before moving forward, the District requires assurance from existing data supporting the position that the District truly can anticipate a future of declining enrollment and that certain facilities can be removed from use and converted to non-educational uses for the purpose of revenue generation. The District currently operates seven K-5 elementary schools and two 6-8 middle schools. The District has closed four sites: (1) LeBard – which is the current District Office; (2) Kettler – which is currently unused; (3) Burke – which has been leased to a private school; and (4) Gisler – which has been leased to a private school.

At a minimum, the District anticipates one of these sites may be available for re-use as a revenue-producing asset. Each of these sites requires validation that the site is not anticipated to be needed for future educational use as well as an evaluation of revenue-producing potential of the site. Additionally, this Master Plan reviews all other District-owned sites against future needs to accommodate growth and examines the possibility that additional candidate sites might be available for asset management, as well. Notwithstanding revenue generation potential, the District desires to find a way to implement a revenue generation program utilizing capital assets that can generate revenue for non-capital facility needs, i.e., general fund expenditure needs. Care must be exercised when proceeding toward this goal, especially in light of Senate Bill 1415, approved during the last legislative session, which places additional restrictions on using revenue generated from capital assets for other than capital outlay purposes.

The Board of Trustees has met three times to discuss various aspects of the Facilities Master Plan and Asset Management plan as prepared by our consultants, California Financial Services. As of March 30, 2007, no decision has been arrived at by the Board. Our next Board Study Sessions are scheduled for April 10 and June 5 at 6:00PM in the Board Room of the District Education Office.
All who may have an interest in this process are invited to attend these study sessions.