AMENDED IN ASSEMBLY MAY 16, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

# ASSEMBLY BILL No. 1622

**Introduced by Assembly Member Eng**

February 8, 2012

An act to add Section 17463.8 to the Education Code, relating to school property.

LEGISLATIVE COUNSEL'S DIGEST

AB 1622, as amended, Eng. School property: San Marino Unified School District.

Existing law requires the funds derived from the sale of surplus property to be used for capital outlay or for costs of maintenance of school district property that the governing board of the school district determines will not recur within a 5-year period. Existing law authorizes the proceeds from a lease of school district property with an option to purchase to be deposited into a restricted fund for the routine repair of *school* district facilities, as defined, for up to a 5-year period. Existing law, in addition, authorizes the proceeds from the sale or lease with option to purchase to be deposited in the general fund of the *school* district if the school district governing board and the State Allocation Board determine that the *school* district has no anticipated need for additional sites or building construction for the 10-year period following the sale or lease with option to purchase, and the *school* district has no major deferred maintenance requirements and requires those proceeds to be used for one-time expenditures, and prohibits their use for ongoing expenditures, including, but not limited to, salaries and other general operating expenses.

Existing law, notwithstanding the provisions above *and until January 1, 2014*, authorizes a school district to deposit the proceeds from the sale of surplus real property, together with any personal property located on the property, purchased entirely with local funds, into the general fund of the school district and to use the proceeds for any one-time general fund purpose.

This bill would authorize the San Marino Unified School District to sell the site of the former Stoneman Elementary School to the City of San Marino and ~~use~~ *deposit* the proceeds from the sale ~~for school district education programs~~, *together with any personal property located on the property, purchased entirely with local funds, into the general fund of the school district and to use the proceeds for any one-time general fund purpose. Before exercising this authority, the school district would be required to submit documents containing certain certifications to the State Allocation Board*.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City of San Marino and the San Marino Unified School District.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) The Education Code generally restricts a school district's use of proceeds received from the sale of surplus property to capital outlay purposes or maintenance that will not recur within a five-year period unless the Legislature grants exceptions for specific transactions.

(b) In March 2011, the City of San Marino entered into a 99-year lease agreement with the San Marino Unified School District for the site of the former Stoneman Elementary School. The school district has not used the site as an elementary school since 1983. Instead, the site has been used primarily, and exclusively in recent years, by the City of San Marino for recreation classes, preschool, child care, and other such programs. Currently, an estimated 12,000 people, almost equivalent to the population of the City of San Marino, participate in activities through, or that are scheduled as a result of, the city's use of the Stoneman facility.

(c) The 99-year lease agreement between the City of San Marino and the San Marino Unified School District for the Stoneman property is widely considered a strategic step to simultaneously maintain the Stoneman site as a community resource for residents of the City of San Marino and surrounding areas and provide needed funds for public education for pupils who attend schools in the district.

(d) The lease agreement provides that if the San Marino Unified School District is able to convey title to the city, the school district will receive from the city one million dollars ($1,000,000) to be used for general fund public education purposes, as well as accelerated payment of the amounts that would otherwise be payable as lease payments, provided that the school district is able to obtain a provision of law permitting that use.

(e) This sale would provide the City of San Marino with the assurance of title that would enable the city to move forward in the future with additional use and development of the Stoneman property for recreational and other facilities that would substantially benefit the San Marino Unified School District and secure the use of the property for critical community services. Conveyance of title to the City of San Marino would create the opportunity for the long-term development of the site into a community center and recreation complex, which has received the endorsement of the school district because public school pupils would be the beneficiaries of the facilities, as would residents of the area.

(f) The proposed sale has received unanimous support and approval from the governing board of the San Marino Unified School District, the City Council of San Marino, and numerous other community groups.

(g) The proposed sale would allow the City of San Marino to take title to, and allow for the development of, the Stoneman site for the substantial benefit of the community and would provide the San Marino Unified School District with needed funds for its education programs.

SEC. 2. Section 17463.8 is added to the Education Code, to read:

17463.8. *(a)* Notwithstanding any other law, the San Marino Unified School District may sell the site of the former Stoneman Elementary School to the City of San Marino and ~~use the proceeds from the sale for its education programs.~~ *deposit the proceeds from* *the sale of the real property, together with any personal property located on the property, purchased entirely with local funds, into the general fund of the school district and may use the proceeds for any one-time general fund purposes. If the purchase of the property was made using the proceeds of a local general obligation bond or revenue derived from developer fees, the amount of the proceeds of the transaction that may be deposited into the general fund of the school district may not exceed the percentage computed by the difference between the purchase price of the property and the proceeds from the transaction, divided by the amount of the proceeds of the transaction. For purposes of this section, proceeds of the transaction means either of the following, as appropriate:*

*(1) The amount realized from the sale of property after reasonable expenses related to the sale.*

*(2) For a transaction that does not result in a lump-sum payment of the proceeds of the transaction, the proceeds of the transaction shall be calculated as the net present value of the future cashflow generated by the transaction.*

*(b) The State Allocation Board shall reduce an apportionment of hardship assistance awarded to the San Marino Unified School District pursuant to Article 8 (commencing with Section 17075.10) of Chapter 12.5 of Part 10 by an amount equal to the amount of the sale of surplus real property used for a one-time expenditure of the school district pursuant to this section.*

*(c) If the San Marino Unified School District exercises the authority granted pursuant to this section, the school district is ineligible for hardship funding from the State School Deferred Maintenance Fund under Section 17587 for five years after the date proceeds are deposited into the general fund pursuant to this section.*

*(d) Before the San Marino Unified School District exercises the authority granted pursuant to this section, the governing board of the school district shall first submit to the State Allocation Board documents certifying the following:*

*(1) The school district has no major deferred maintenance requirements not covered by existing capital outlay resources.*

*(2) The sale of real property pursuant to this section does not violate the provisions of a local bond act.*

*(3) The real property is not suitable to meet projected school construction needs for the next 10 years.*

*(e) Before the San Marino Unified School District exercises the authority granted pursuant to this section, the governing board of the school district at a regularly scheduled meeting shall present a plan for expending one-time resources pursuant to this section. The plan shall identify the source and use of the funds and describe the reasons why the expenditure will not result in ongoing fiscal obligations for the school district.*

SEC. 3. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique needs of the City of San Marino and the San Marino Unified School District regarding the property to be sold.

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