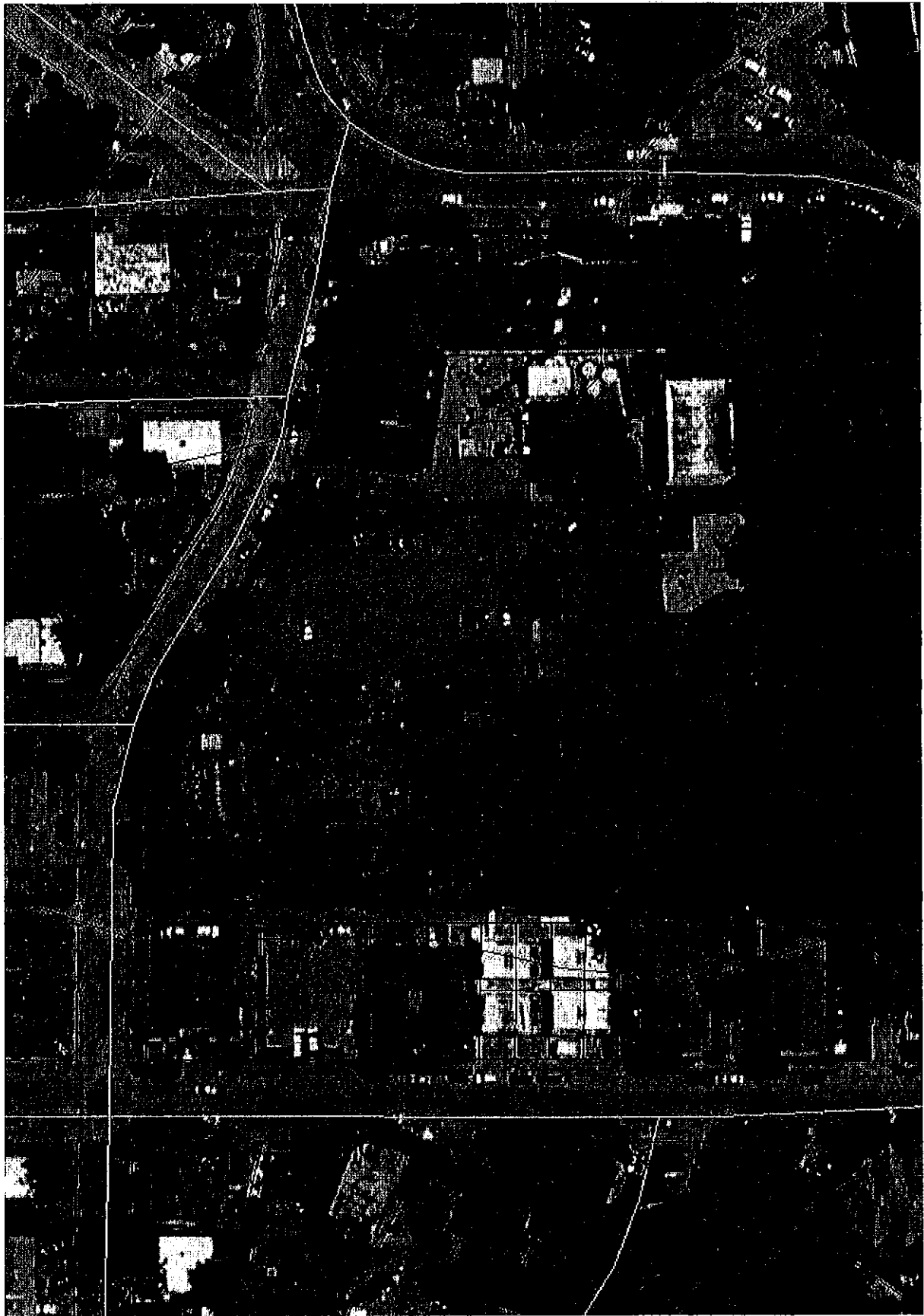


AGENDA

Fauntleroy Community Services Agency
Community Meeting
Update on Efforts to Acquire the Fauntleroy School
Wednesday March 26
6:30 p.m. – 8:00 p.m.

- I. Welcome and Purpose of Meeting
- II. Background
- III. Report on Building Condition Assessment
- IV. Report on Financial Analysis
- V. Possible Scenarios for Site Development/Redevelopment
- VI. Community Discussion and Q & A
- VII. Next Steps



Background Introduction

- Fauntleroy Community Services Agency (FCSA) and Fauntleroy Children's Center (FCC) created in 1978 – FCC currently serves 110 families, educating over 140 children, with a staff of 38.
- FCSA has leased the school building and site (5 acres) from the School District since 1982 and serves as the master tenant.
- Lease expired February 28, 2008, but has been extended (with a significant rent increase) for one year to February 2009.
- FCSA leases space to tenants. Current tenants include FCC, Tuxedos and Tennis Shoes, Seattle Civic Dance Studio, and West Seattle Nursery.
- School District has changed Fauntleroy School designation from "inventory" to " Surplus". District is surplusng four other schools.
- School District attempting to sell all sites for fair market value.
- FCSA, as long-time master tenant, has first right to purchase the site.
- Property zoned single-family. Initial appraisal by District suggested value of \$9 - \$10 million. FCSA having appraisal examined – expect final sale price to be substantially lower.
- There is considerable deferred maintenance on the building, which will require additional funds beyond acquisition.
- District has set a deadline of June 28, 2008 to submit a plan for acquisition.
- FCSA pursuing public funding - \$2.5 million from City (\$1 million already secured) and funding from State.
- FCSA exploring all options to acquire the site.

Building Analysis

- The National Development Council (NDC), a non-profit organization, was asked by the City of Seattle and Cascade Land Conservancy (CLC) to evaluate the existing facility, review current operating income and identify financing strategies for acquiring and renovating the school by its current master tenant.
- NDC work had five objectives:
 - Assist FCSA in evaluating purchase options for the property; and
 - Identify some operating adjustments that could generate funds for financing requirements; and
 - Identify critical building improvement needs and 2009 cost estimates to extend the useful life of the structure; and
 - Assists public funders identify initial funding needs for the master tenant to acquire and manage the facility for the long-term benefit of the community; and
 - Provide some next step advice for increasing leasable space to the master tenant while minimizing conversion from existing community serving uses.
- NDC, contracted with MAKERS architecture and urban design firm; and GVA Kidder Mathews.
- MAKERS was asked to generate a building conditions report and evaluate needed building investments.
- GVA Kidder Mathews was asked to review site appraisals and generate comments and observations that could be used in negotiations with the Seattle School District.

Assessment of School Building Renovation Needs

- Since the closure of the school, there have been minimal capital investments in the building. This has resulted in a backlog of needed repairs for existing uses and high operating expenses for utility costs.
- MAKERS Architecture and Urban Design, and a team of engineers, reviewed the building and have generated a series of recommendations for renovation needs for the structure.
- They have divided the renovation needs into three categories:
 - **Urgent** – Investment needed upon purchase. Examples include installation of sprinkler systems, lead paint removal, upgrades to meet current seismic codes.
 - **Immediate** – Additional improvements needed within 2 years after purchase. Examples include adding insulation under roof, replace/upgrade steam heating controls, installation of all new lighting to meet current energy code.
 - **Intermediate Need** – Improvements needed 3 – 5 years after purchase. Examples include installation of double-glazed windows, replacement of all plumbing piping, roof repair and partial replacement.
- Initial estimates for the three categories of repair:
 - **Urgent** Renovations (Upon Purchase) - \$2 Million
 - **Immediate** Renovations (Within Two Years) - \$2.4 Million
 - **Intermediate** Renovations (Three – Six Years) - \$4 Million
- It is important to note that these are initial estimates and further detailed analysis will be needed to confirm figures.

Financial Analysis

- ▣ Like many surplus schools, the building's previous use significantly limits the building's economic potential. Only 66% of gross square footage is leasable space.
- ▣ These inefficiencies cost the master tenant in higher heating and lighting costs with limited opportunity to recover those costs through rent.
- ▣ This basic inefficiency, plus the degree of deferred maintenance is reflected in very low average rents in 2007.
- ▣ FCSA will explore the potential to reconfiguration space for the tenants and potential improvements to the attic area of the building.
- ▣ The FCSA should work with the broader community to identify potential uses for the back lot which would be compatible with the facility uses and generate a financial return.
- ▣ As building owner FCSA should be able to make financial decisions which improve the long-term viability of the building and generate funds needed for financing building improvements. Options include:
 - Reprogram School District rent payments to support financing
 - Reduce energy costs and recover some utility expenses
 - Lease adjustments
 - Other building operating adjustments (i.e. landmark designation from the City or historic designation from Federal govt.)
- ▣ If public partners can support acquisition costs, then the master tenant can focus on strategies to renovate the building.

- The focus of the next phase of analysis should be done with an eye to evaluating increasing usable space in the building through expansion in the attic and elimination of corridor space.
- Initial appraisal likely overstates value of property.
- **CONCLUSIONS AND RECOMMENDATIONS – FCSEA, as the building’s master tenant, should look at strategies that accomplish several goals:**
 - Acquire the site to guarantee a permanent home to the community uses or future similar uses
 - Generate resources needed to improve the building for existing tenants while extending the useful life of the building
 - Create an operating structure that can manage the long-term needs of the building, including capital improvements
 - Pursue the potential for a compatible development on the back portion of the site.
- The combination of public agency partners and thoughtful renovation strategies has the potential to ensure the long-term viability of the community serving uses in the Fauntleroy School.

Principles to Guide Work on Site Development/Redevelopment Options

- Maintain and renovate the school building on the site.
- Continue to use the school building as the home for the Fautleroy Children's Center.
- Our hope is that existing tenants – TNT & Seattle Civic Dance – will remain in the school.
- Maximize generation of revenue from leaseable space in the school.
- Building operations must be self-sustaining – will likely drive up rents.
- Maintain a mixture of non-profit and private uses in the school building that are compatible with each other and with the character of the community.
- We are open to new development on the back lot, but any new development scenario must generate sufficient revenues to help acquire and renovate the school building,
- New development on the site needs the support of the community.
- Open to considering partnerships with others that can accomplish these principles.

Possible Scenarios for Site Developments

Single-family development

- Subdivision of the back lot into single-family development.
- Creation of cluster housing, where single-family homes would be grouped on the property.

Multi-family development

- Senior rental housing.
- Work force housing for those being priced out of housing rental market.
- Market rate rental housing.

Additional Option for development of School Building

- Redevelop second floor of school for use as housing.

Alternative if School Property is Not Acquired for Community Uses

- If school is demolished underlying zoning would allow entire lot to be subdivided into single family lots.

Next Steps

- ▣ Negotiations with School District
- ▣ Continue to build team – architect, negotiator, appraiser
- ▣ Close Funding Gap
 - Continue Pursuing Government (City/County/State)
 - Pursue additional public and private funding sources
 - Refine Development Options
- ▣ Continue Community Involvement
 - Additional community meeting late spring/early summer
 - School District community meeting in April as part of process to sell site
- ▣ For more information, follow-on comments and questions please contact: Kevin Wooley, illiniwooley@yahoo.com

How You Can Help

- ▣ Let us know how you feel about the direction we're headed.
- ▣ Keep an open mind. To save the building we have to find ways to generate funding.
- ▣ Provide us your email address and ways you think you could help.
- ▣ Keep helping us with the government contacts as requested.
- ▣ Attend follow up community meetings.

