

DATE: February 15, 2022

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: Division Real Estate Strategy

ORIGINATOR: Kathy Muhlethaler, Assistant Superintendent

RESOURCE STAFF: Leanne Fedor, Roland Labbe, Stacey Pal, Kris Uusikorpi, Christopher Wright

REFERENCE: [Board Policy EA.BP – Infrastructure Planning Principles](#)

ISSUE

A public document is desired to assist the Board and administration in engaging with stakeholders regarding the Division Real Estate Strategy.

BACKGROUND

Guided by the Board of Trustees and the Infrastructure Planning Policy, the Real Estate Strategy was initiated with the purpose of developing and recommending a course of action for non-operational properties (closed schools) and vacant reserve sites. With a growing number of properties, it is no longer sustainable to retain all of these sites as the Division is not funded to operate or maintain them. When the last facility audits were completed in 2018, the deferred maintenance of the Division's closed school inventory was estimated to be \$82 million. Infrastructure Maintenance Renewal funding is calculated based fifty per cent on a per pupil basis. As an additional consideration, the approximate annual operating costs for closed school facilities is \$2.3 million and the annual revenue is \$756,000. Since 2007-2008, school divisions only receive Operating and Maintenance funding on a per pupil basis. Therefore, no funding is received from the province to operate closed school facilities. As such, the Board of Trustees has articulated value statements on the front page of the attached Real Estate Strategy that reflect the importance of being good stewards of public lands and public educational funds.

In 2018, administration began gathering data on all of the closed school facilities and vacant reserve sites. This was accomplished through existing data as well as Facility Audits. Once the data was compiled, administration needed to understand which lenses the data needed to be viewed through. To help guide the Real Estate Strategy, the Board of Trustees were engaged to help better understand what their hopes, concerns, and values were, in relation to this portfolio, as well as how the Infrastructure Planning Principles tied into this body of work. Trustee feedback led to the development of a master summary document which helped to sort or rank the properties using value-based criteria, also known as the Real Estate Strategy Action Plan. When this draft was complete, it was brought back to Trustees for feedback and review to ensure the appropriate values were reflected.

The culmination of this work laid the foundation for the creation of the Division Real Estate Strategy Booklet (Attachment I), being a single strategy and document that captures factors to be examined when considering the future of non-operational properties held by the Division.

RELATED FACTS

- The Division currently owns and maintains 21 closed school facilities and controls a number of vacant Municipal Reserve sites where schools have not been built.
- The Division is not funded to maintain or operate non-operational facilities (closed schools and non-school buildings).

RECOMMENDATION

That the Real Estate Strategy (as captured on pages 1-6 of the Real Estate Booklet, Attachment I) be approved.

CONSIDERATIONS and ANALYSIS

Administration is seeking approval that the strategy and values are in line with the desire of the Board of Trustees. The Schedules attached to the Real Estate Strategy Booklet are intended to be flexible and will be revised on an ongoing basis. Changes to the action plans will occur when there are changes in property holdings and/or a re-ranking of sites occurs as a result of new data. For example, if a closed building had a tenant and that tenant moved out, there would be a change of use and the ranking may shift. Administration will undertake necessary revisions (Schedules 1-3 in the Real Estate Strategy booklet) and provide annual updates to the Board regarding the various properties listed.

NEXT STEPS

Upon Board approval of the Real Estate Strategy booklet, Division Communications will work on the booklet design to align with Division standards.

ATTACHMENTS and APPENDICES

ATTACHMENT I Real Estate Strategy Booklet

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EDMONTON PUBLIC SCHOOLS

DRAFT Real Estate Strategy

Edmonton Public Schools' Real Estate Strategy recommends a course of action to manage non-operational infrastructure; buildings and land. The goal is to create a single strategy that reviews and assesses all the necessary data that would impact Edmonton Public Schools infrastructure and land assets. Our strategy prioritizes building collaborative relationships with our many partners. As a result, we have an opportunity to support Division initiatives through funding sources that we have not explored before.

Overarching Values Statement:

We want to be good neighbours and see public lands available for public good.

Edmonton Public Schools' Board of Trustees believes that:

- We must be good stewards of public land and public educational funding, and consider educational and community needs now and into the future.
- Community voice is important in real estate decisions that affect them.
- Public land should not be used for private or charter schools.



February 2022

Glossary of Terms

Surplus Declaration

Either Non-Reserved Land or Reserved Land which consists of a School Site and which is declared surplus by the Board.

Assembled School Site

Fully serviced sites assembled as municipal reserve through dedication. Sites are held by the City of Edmonton for future school construction.

Reserve Land

Land which has been or will be zoned as either Municipal Reserve (MR), School Reserve (SR) or Municipal and School Reserve (MSR) by the City of Edmonton. This land is NOT owned by Edmonton Public Schools.

Vacant School Site

A site that does not currently contain a school building.

Non-Reserve School Site

A parcel of land containing a school building (and may contain school playing fields) that is not reserve land. Title to the land and buildings are held by the Division.

Non-Operational Site

Properties that are not directly funded for maintenance and renewal such as closed schools and administrative sites (central office, maintenance and distribution centre). Non-operational sites are titled to the Division.

Market Value

The amount that a property might be expected to realize in a competitive market under all conditions requisite to a fair sale if it is sold on the open market by a willing seller to a willing buyer based on the appropriate zoning or rezoning of that property.

Joint Use Agreement (JUA)

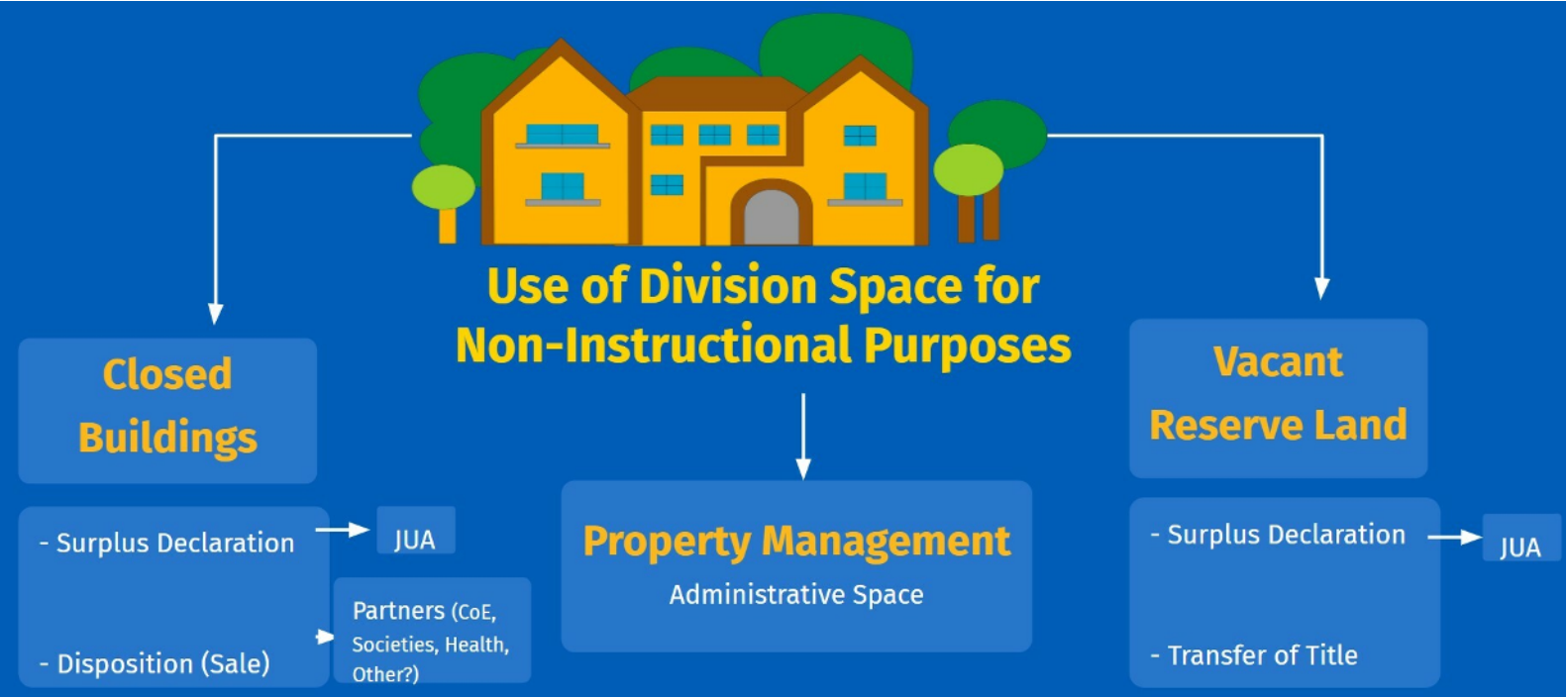
The Joint Use Agreements are partnerships of the City of Edmonton, Edmonton Public Schools, Edmonton Catholic School Division and Conseil scolaire Centre-Nord that have existed since 1959. The steering committee which is comprised of representatives from each partnering entity, maintains a strategic leadership role in the promotion and coordination of the Principles of the agreements. The JUA agreements include both the Joint Use Agreement: Facilities and the Joint Use Agreement: Land.

Current State



See Schedule 1 for Deferred Maintenance Values

How Does It All Fit Together?

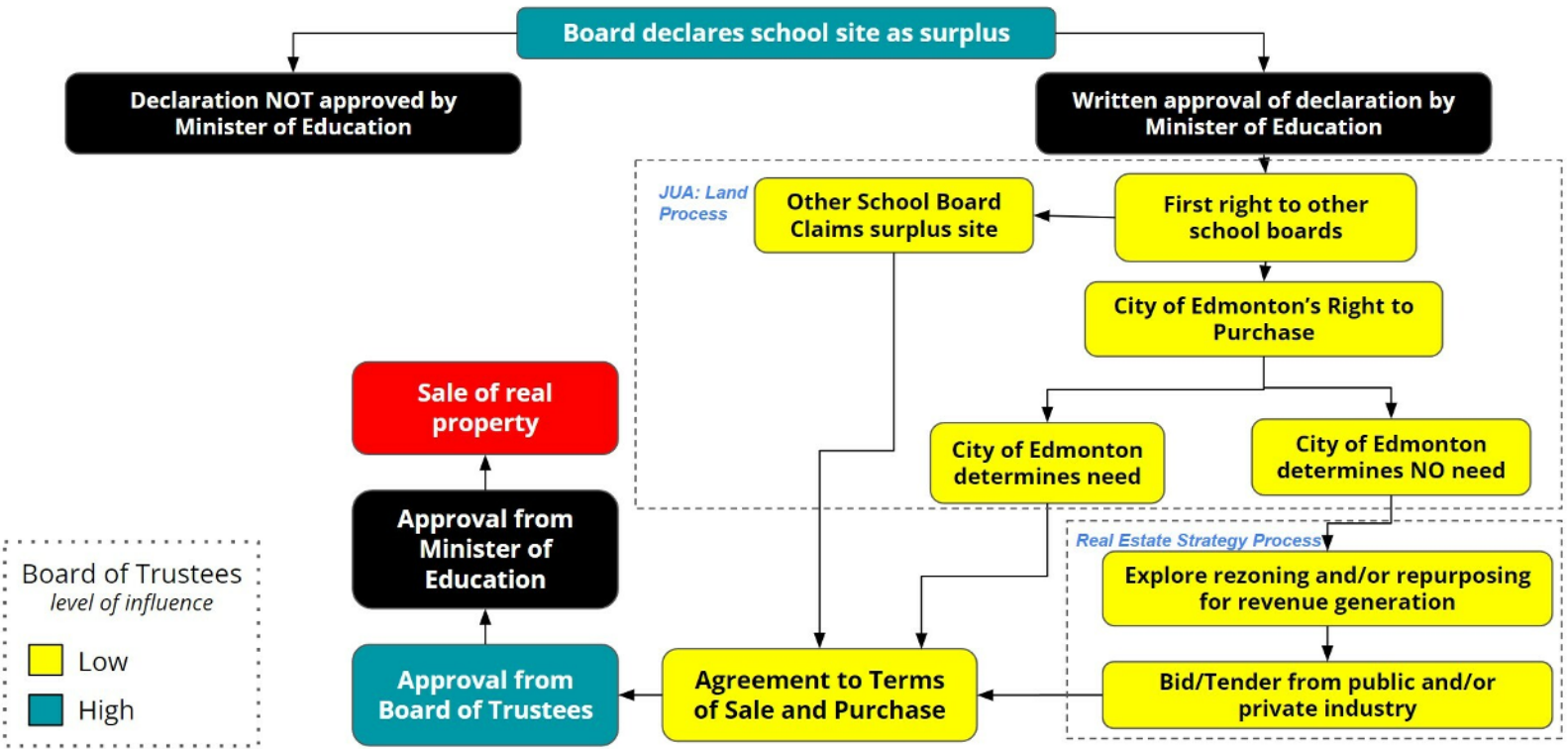


Surplus Declaration Process*

*No sites or buildings that would be subject to a capital plan request would be recommended for surplus or disposition.

School Surplus Declaration and Disposition of Property

Education Act: Sections 192 and 194, Disposition of Property Regulation (AR#86/2019) and Joint Use Agreement: Land: Sections 6, 7 and 8)



Non-Operational Site Ranking and Five-Year Action Plan

Twenty-one non-operational sites and two vacant RF3 (residential) land lots were evaluated against criteria (see next page). Values were assigned to each criteria. When added, the sum of each valuation determined the rank of each site. The lower the valuation, the sooner (earlier) the site is ranked for action. To view the map, ranking and five-year action plan of the sites, please see Schedule 2.



Criteria

Current Use

Each non-operational site is reviewed on how it is currently being used:

- *Vacant = address sooner;*
- *Leased;*
- *Administration site = address later.*

Vacant sites are ranked for quicker action as these sites cost the Division to operate and have continued deferred maintenance.



Appraised Value/Deferred Maintenance Ratio*

This refers to the ratio between the appraised value of a site and the amount of deferred maintenance:

- *Is the deferred maintenance more than the appraised value? <1:1 = address sooner;*
- *Is the deferred maintenance equal to the appraised value? 1:1;*
- *Is the deferred maintenance less than the appraised value? >1:1 = address later.*



Operational Cost vs Lease Revenue*

The operating cost of each site is compared against current lease revenue:

- *Sites that bring in less revenue than operating cost = address sooner;*
- *Sites that bring in revenue equal or more than operating cost = address later.*



Proximity to other non-operational sites*

The number of non-operational sites within a two kilometer radius of each other is identified:

- *Sites clustered together = address sooner;*
- *Stand alone sites = address later.*



Neighbourhood Growth

The number of development and building permits that have been issued by the City of Edmonton are reviewed to evaluate neighbourhood growth:

- *Fewer permits = address sooner;*
- *More permits = address later.*

Neighbourhoods with a higher number of permits may indicate a future potential shift in demographics.

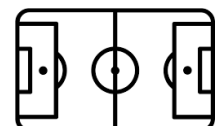


Playing Fields*

The playing field size of each non-operational site is evaluated:

- *Larger land area = address sooner;*
- *Smaller land area = address later.*

Larger pieces of land provide more flexibility and are perhaps more desirable for the market, therefore represent potential opportunity.





Vacant Reserve Sites



Any vacant site may be declared surplus by the Board of Trustees. Criteria for selecting a site for potential surplus declaration includes the following: existing student population, peak student generation in the area, potential for future development and sector capacity.

Any surplus declaration must follow the process laid out in the Joint Use Agreement: Land and respect the Disposition of Property Regulation pursuant to Section 194 of the *Education Act*. The Joint Use Agreement: Land commits school boards to a review of vacant reserve sites every three years.

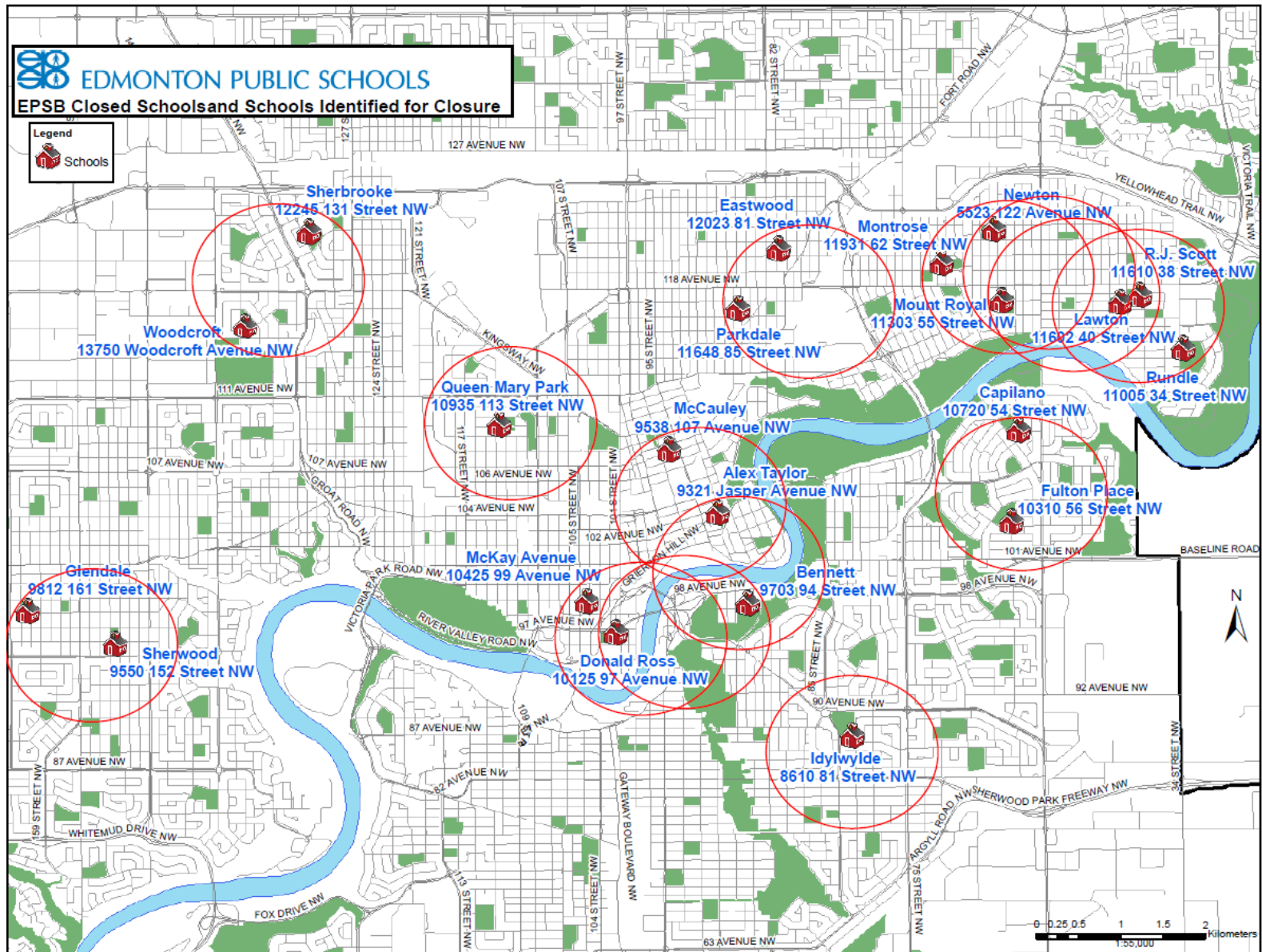
Vacant reserve sites considered for the Real Estate Strategy are assembled and are not listed on the Three-Year Capital Plan.

See Schedule 3 for Vacant Sites and Capital Requests

Schedule 1: Deferred Maintenance Values (2021)

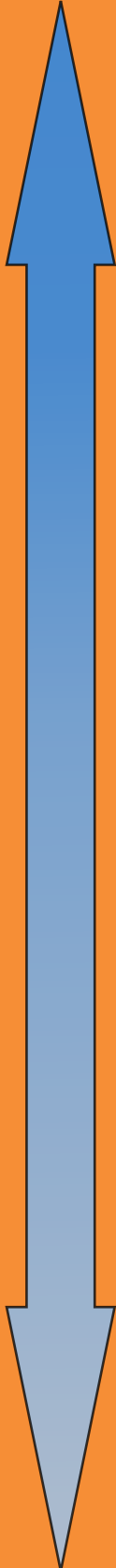
Site Name	Deferred Maintenance Value (Approx.)
Alex Taylor School	\$3,475,000
Bennett School	\$800,000
Capilano School	\$2,250,000
Donald Ross	\$2,000,000
Eastwood School	\$4,050,000
Fulton School	\$6,850,000
Glendale School	\$2,200,000
Idylwyld School	\$2,550,000
Lawton School	\$5,550,000
McCauley School	\$2,500,000
McKay School	\$1,800,000
Montrose School	\$2,500,000
Mount Royal School	\$4,050,000
Newton School	\$6,800,000
Parkdale	\$5,900,000
Queen Mary Park School	\$5,400,000
R.J. Scott School	\$5,800,000
Rundle School	\$7,050,000
Sherbrooke School	\$1,000,000
Sherwood School	\$3,000,000
Woodcroft School	\$6,050,000
TOTAL	\$81,575,000

Schedule 2: Non-Operational Site Map, Ranking and Five-Year Action Plan



2019 Ranking

ADDRESS SOON



The order of buildings presented is a general framework and is adaptable to meet the Division's changing needs.

ADDRESS LATER

Ranking	Site Name	Current Use	Appraised
YEAR 1			\$7,140,000
1	Bennett RF3 Lot	Vacant	\$390,000
2	Eastwood RF3 Lot	Vacant	\$205,000
3	Idylwyld School	Vacant	\$2,785,000
4	Lawton School	Vacant	\$3,760,000
YEAR 2			\$33,175,000
5	Newton School	Administrative	\$5,225,000
6	Alex Taylor School	Leased (Lease end date: 8/31/2025)	\$8,550,000
7	Capilano School	Leased (Overhold)	\$9,950,000
8	Sherbrooke School	Leased (Overhold)	\$5,410,000
9	R.J. Scott School	Administrative	\$4,040,000
YEAR 3			\$23,975,000
10	Rundle School	Leased	\$2,335,000
11	Queen Mary Park	Leased (Overhold)	\$5,170,000
12	Woodcroft School	Administrative	\$6,785,000
13	Eastwood School	Leased	\$4,690,000
14	Mount Royal School	2021 Closure	\$4,995,000
YEAR 4			\$25,370,000
15	Donald Ross School	Administrative	\$7,130,000
16	McCauley School	Leased	\$7,200,000
17	Fulton School	Leased	\$8,000,000
18	Glendale School	2021 Closure	\$3,040,000
YEAR 5			\$27,700,000
19	Sherwood School	2021 Closure	\$4,285,000
20	Bennett Centre	Administrative	\$6,380,000
21	Montrose School	2021 Closure	\$5,005,000
22	McKay School	Administrative	\$9,150,000
23	Parkdale	Leased	\$2,880,000
TOTAL (YEAR 1 - 5)			\$117,360,000

2022 Ranking

Ranking	Site Name	Current Use	Appraised
YEAR 1			\$12,670,000
1	Bennett RF3 Lot	Vacant	\$390,000
2	Eastwood RF3 Lot	Vacant	\$205,000
3	Idylwylde School	Vacant	\$2,785,000
4	↑ Sherwood School	Vacant	\$4,285,000
5	↑ Montrose School	Vacant	\$5,005,000
YEAR 2			\$17,300,000
6	Newton School	Administrative	\$5,225,000
7	↑ Mount Royal School	Short-Term Rentals	\$4,995,000
8	↑ Glendale School	Short-Term Rentals	\$3,040,000
9	R.J. Scott School	Administrative	\$4,040,000
YEAR 3			\$29,915,000
10	Rundle School	Leased	\$2,335,000
11	↓ Sherbrooke School	Leased (Overhold)	\$5,410,000
12	↓ Lawton School	Leased	\$3,760,000
13	Eastwood School	Leased	\$4,690,000
14	↓ Alex Taylor School	Leased (Lease end date: 8/31/2025)	\$8,550,000
15	Queen Mary Park School	Leased (Overhold)	\$5,170,000
YEAR 4			\$31,935,000
16	↓ Capilano School	Leased (Overhold)	\$9,950,000
17	↓ Woodcroft School	Administrative	\$6,785,000
18	McCauley School	Leased	\$7,200,000
19	Fulton School	Leased	\$8,000,000
YEAR 5			\$25,540,000
20	↓ Donald Ross School	Administrative	\$7,130,000
21	Bennett Centre	Administrative	\$6,380,000
22	McKay School	Administrative	\$9,150,000
23	Parkdale	Leased	\$2,880,000
TOTAL (YEAR 1 - 5)			\$117,360,000

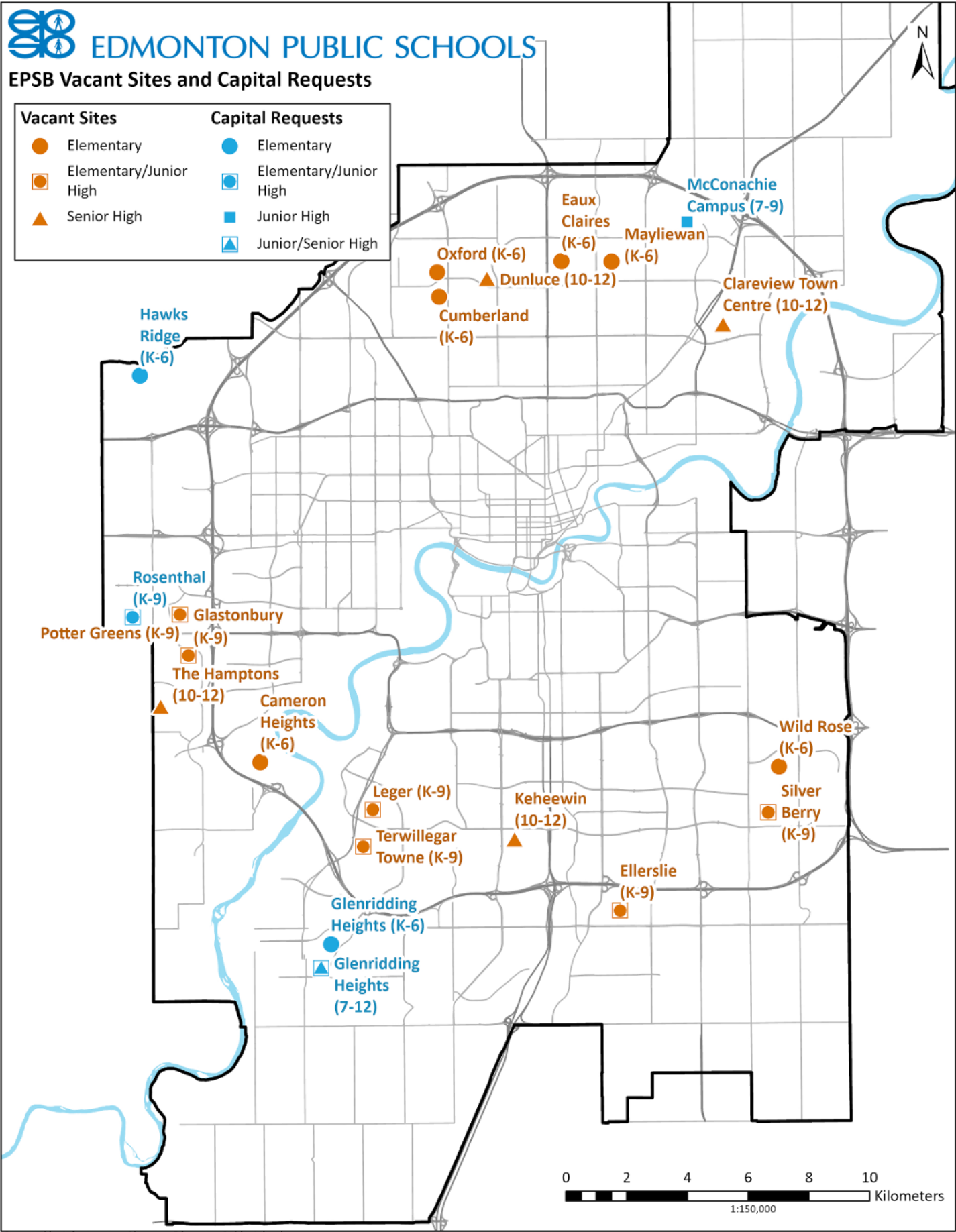
↑ Site moved up at least one year to address sooner.

↓ Site moved down at least one year to address later.

What cause a site to move in ranking?

- Four schools (Montrose, Mount Royal, Glendale and Sherwood) were closed at the end of the 20/21 school year.
- Increase in short-term rentals and the amount of space leased.
- Renovations and repairs were completed at a few sites resulting in a minor decrease of deferred maintenance.
- Some neighbourhoods have seen an increase in building and development permits.

Schedule 3: Vacant Sites and Capital Requests





EDMONTON PUBLIC SCHOOLS

Infrastructure

Property Management Office

property.mangement@epsb.ca