

Board of Trustees Agenda Item

Board Meeting Date: April 5, 2010

Title of Item: Discussion of Middlefield Education Center Site

Background and Analysis:

The attached memo from Vice Chancellor Dunn to Chancellor Thor is presented to provide background information for Board of Trustees at their meeting of April 5, 2010.

Recommendation: Information only

Submitted by:	Andy Dunn, Vice Chancellor, ext. 6201
Additional contact names:	Charles Alen, ext. 6150
Is backup provided?	Yes



March 25, 2010

To: Linda Thor
From: Andy Dunn

Re: **Summary of Middlefield site acquisition issues**

We have operated a state recognized Education Center at the Middlefield site for more than 20 years. At this location we serve more than 4,000 students and presently certify approximately 1,300 FTES that, coupled with the Foundation grant under the new funding model, allows us to realize approximately \$6 million in operating revenue.

Until the last few years this site was the subject of a lease with the city. That lease expired and we reverted to a month-to-month rental arrangement. Getting out of the short term agreement we're currently under at Middlefield, whether through a long term lease, fee simple ownership or the acquisition of a different site entirely, would bring stability and predictability to the operation and mitigate the risk to a significant portion of our education program and budget. We currently pay about \$900,000 annually in rent payments to the city. A purchase of the site would also allow us to either leverage this rent stream for additional capital improvement activities or to provide relief in our operating budget.

The Measure C spending plan includes funds for site acquisition. In recent years we have considered three potential acquisition strategies that include the Middlefield site or various replacement options, the NASA development and properties in the Cupertino area. As we have neither a long term lease nor an ownership in the present Middlefield site we are not able to direct local Measure C funds to the site nor are we able to secure state capital outlay funds. While a long term lease would open the door to local and state capital funds, it would not provide the underlying security outright ownership does.

We have previously had discussions with the city about either a long term lease arrangement or outright ownership. In 2008 discussions were halted as acceptable terms could not be achieved. At that time the city was not open to discussions of a sale of the site. With the installation of a new city manager and several new council members we are hopeful that negotiations for a long term solution for the Middlefield site will be fruitful.

On March 23, 2010, a representative of the City Manager contacted me and asked that we schedule a meeting that would include Foothill De Anza Community College, the Palo Alto

Linda Thor
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Unified School District, and the Palo Alto City Council to discuss broad planning concepts focused on the immediate 8 acre Middlefield property and broader school site.

In light of this new information from the city of Palo Alto, I am writing this memorandum to provide background information for you and the Board of Trustees.

C: Charles Allen
Judy Miner
Denise Swett
Brian Murphy