



## City Council Staff Report

**From: City Manager**

**Report Type: STUDY SESSION**

**Lead Department: Community Services**

**Meeting Date: May 15, 2023**

Report #:2304-1339

### **TITLE**

Study Session to Discuss Next Steps Following Letter Received on March 13, 2023 from Palo Alto Unified School District titled “Invitation for Cubberley Development Proposals”; CEQA status – Not a Project

### **RECOMMENDATION**

Staff recommends that the Council hold a study session to discuss the letter received from the Palo Alto Unified School District titled “Invitation for Cubberley Development Proposals” (Attachment A) and next steps.

### **EXECUTIVE SUMMARY**

Cubberley is a 35-acre site located in south Palo Alto at 4000 Middlefield Road. Most of the site is owned by the Palo Alto Unified School District (PAUSD or School District) with the City of Palo Alto owning an 8-acre portion of the land on the northern side of the site. Cubberley operated as a public high school until 1979 and later, after various land transactions, operated solely as a community center until 2020. Between 1990 and 2020, the City leased the School District-portion of Cubberley and operated the Cubberley Community Center. In 2020, the lease was reduced and PAUSD began to occupy some of the classrooms and buildings for its own uses. A complete history and timeline of the Cubberley site is provided below.

PAUSD now has an interest in relinquishing control of a portion of their land. On March 13, 2023, the PAUSD Board of Education provided a letter to the Palo Alto City Council inviting the City to submit one or more proposals to transfer a portion of PAUSD-owned land at Cubberley to the City (Attachment A). This Study Session provides the Council an opportunity to hear from the public and discuss Cubberley, the letter and next steps.

## **BACKGROUND**

### *History of Cubberley*

The 35-acre Cubberley site, located at 4000 Middlefield Road in Palo Alto, opened as a public high school in 1956 in the Palo Alto Unified School District (PAUSD or School District). Due to budget constraints resulting from the passage of Proposition 13 in 1978 coupled with declining enrollment, PAUSD closed many of its schools, including Ellen Fletcher Middle School (formerly Terman Middle School) and in 1979, Cubberley High School. During the 1980s, the City of Palo Alto (City) purchased or leased portions of the closed school sites for community uses. In 1981, the City entered into a Lease to Purchase Agreement with PAUSD to lease the Terman Site (both the school and park) for 20 years with the right to acquire the Terman Site in the year 2000. During that time, the City operated it as the Terman Community Center. The City also purchased Ventura Elementary in 1981, now the Ventura Community Center site.

In 1989, the City and PAUSD entered into a lease agreement in which the City would provide annual revenue to PAUSD in exchange for: 1) a lease of the entire 35-acre Cubberley site; 2) a Covenant Not to Develop five other neighborhood school sites; and 3) an agreement that PAUSD provide space for extended day care at each of the eleven remaining elementary school sites. The initial lease term was 15 years beginning in 1990, and the lease amount was \$2.7 million per year. The Covenant Not to Develop required the City to pay PAUSD \$970k per year to not sell or develop the school sites that had been closed.

By the early 2000s PAUSD had a need to establish a third middle school and identified Terman School as the best location to open the middle school. As a result, the City exchanged its right to acquire the Terman School site for fee title of an equivalent area of Cubberley. The City retained Terman Park, and it is currently dedicated parkland. Following this transaction, the Cubberley lease was reduced to 27 acres in consideration of the 8 acres now owned by the City. The lease of 27 acres of Cubberley to the City was extended two more times, and in 2015 the Lease was amended by replacing the Covenant Not to Develop with a Cubberley Property Infrastructure Fund of the same amount for long neglected and ongoing maintenance<sup>1,2</sup>. At the time of the lease's expiration in 2019, the annual lease amount was \$5.1M and the Covenant Not to Develop was \$1.86M. Although the lease expired, the City continues to transfer \$1.86 million into the Infrastructure Fund for repairs and maintenance of buildings, facilities, and outdoor spaces.

On July 1, 2020, in response to the City's financial constraints due to the COVID-19 pandemic, a new 54-month lease (expires December 2024) began that reduced the amount of building space leased by the City at Cubberley. The leased premises consists of approximately 52,000 square feet of building space including the theater, pavilion, Gyms A and B, and some additional rooms;

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<sup>1</sup> City Council, February 24, 2014, Agenda Item #10, SR#4506, <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2014/id-4506-cubberley.pdf>

<sup>2</sup> City Council, February 24, 2014, Meeting Minutes, <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/00-archive/2014/02-24-14-motions.pdf>

and about 16 acres of outdoor recreation area (athletic fields and track). The new lease amount is \$2.5 million per year (for approximately 17 acres). The School District occupies or has tenants in rooms and buildings no longer leased by the City. Costs to maintain and repair common areas (walkways and parking lots) are shared between the City and PAUSD.

### *Current Uses*

There are currently 23 tenants and 24 artists who lease space at Cubberley from the City, and dozens of individual groups who rent the theater, pavilion, classrooms, and athletic fields from the City. Combined, these groups provide the community with programs that support health and wellness, childcare, education, and visual and performing arts. The School District uses their spaces for educational purposes, staff offices and has leases with some tenants that were previously leasing space from the City. The parking lot in the southeast corner of the property houses several portable trailers which function as a temporary site for Palo Verde Elementary School while it undergoes renovations. Hoover Elementary School will then be relocated to the same portable trailers for two years beginning in the 2023-2024 academic year (unless construction timeframes shift).

A site map of Cubberley property lines and uses is included in Attachment B.

### *Master Plans*

There have been several master planning efforts over the years to provide a roadmap and framework for redevelopment of the Cubberley site. In 1991, A Cubberley Conceptual Master Plan was completed with community input. In 2013, a Cubberley Community Advisory Committee, consisting of four subcommittees – School Needs, Community Needs, Facilities and Finance – issued their report after working together for nine months and developing recommendations for the future of the Cubberley site. In 2016, a former City Manager and former PAUSD Superintendent signed the Cubberley Compact to demonstrate a commitment to working together to develop a vision for Cubberley. A Cubberley community co-design process began in 2018. The year-long effort resulted in publication of a Cubberley Concept Plan<sup>3</sup> in November 2019 developed with input from over 400 community participants.

## **ANALYSIS**

Since the completion of the 2019 Cubberley Concept Plan there has been limited movement on advancing a plan for Cubberley due to several reasons. These include a shift in priorities during the COVID-19 pandemic and the understanding that the PAUSD would not be able to support the Concept Plan due to limitations in funding projects that are not strictly for education purposes.

In March 2023, the PAUSD Board of Education provided a letter to the Palo Alto City Council inviting the City to submit one or more proposals to transfer a portion of PAUSD-owned land at

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<sup>3</sup> Cubberley Concept Plan, 2019, <https://www.pausd.org/about-us/committees-task-forces/archived-committees/cubberley-master-plan>

Cubberley to the City (Attachment A). The letter states the Board of Education is “...open to a deal that transfers ownership or development control over at least 7 additional acres to the City...” so the School District can retain 20 acres for development of a future school. However, the letter also states that they would be open to a proposal that transfers more than 7 acres to the City and expressed flexibility around the exact location of the City’s acquired acreage. The School District would like to reserve their acreage for a future school site as they determine necessary.

The invitation from the School District provides an opportunity to re-ignite interest in the future of Cubberley. Below is a description of the discussions and potential next steps leading to decisions needed by City Council to respond to the School District with a formal proposal. The steps described below do not assume an immediate decision on future specific uses for the Cubberley site.

At this point in the conversation with the School District, staff recommends a focus on simplifying the decision-making process involved to determine both near and longer-term uses of the property. The current interdependency of on-site infrastructure across ownership lines has confounded both parties’ ability to make longer term decisions and investments. This suggests focusing on actions that maximize the extent to which the City can make decisions and investments on the Cubberley property, while respecting PAUSD’s interest in preserving its long-term options. This would require a new structure that moves away from the current arrangement of shared use and maintenance responsibilities.

There are 3 topic areas for the City Council to discuss:

1. **What is the process the City Council would like to use for discussions and communications *with* the School District?** Options could include staff-to-staff, the Cubberley Ad Hoc Committee, the City/Schools Liaison Committee, or only through action of the full City Council. Staff recommends enabling City staff to engage with PAUSD staff to develop potentially viable options, with the City/Schools Liaison Committee as a venue for reporting on progress.
2. **What would the City Council like to include in a proposal to the School District?** This will provide guidance on what to include in a draft. Staff recommends holding some of this discussion in an upcoming closed session (within the bounds of the Brown Act). The types of decisions that will need to be made and included in a proposal are:
  - a. Scope of discussion (acreage and location within the Cubberley site, other properties, other City/PAUSD issues)
  - b. Financial considerations (price, terms of payment, or equivalent site for land swap)
3. **Would the City Council like to designate a committee to work with staff on proposal development?** Options could include the Cubberley Ad Hoc Committee consisting of Mayor Kou and Councilmember Lythcott-Haims, or another composition.

Staff has identified the next steps to follow this study session to move forward with the development of a property proposal.

1. Closed Session to discuss price and terms of payment options.
2. Finalize a property proposal for presentation to PAUSD.
3. City and PAUSD to engage in negotiations with public reporting at appropriate times.

#### **FISCAL/RESOURCE IMPACT**

The resource impact involved with next steps is dependent on the future Council direction and response by the School District. Cost and terms of payment could vary greatly depending on the method proposed to acquire land (purchase, ground lease or land swap). Staff expect that existing staffing will support this effort, however, as this was not identified as a priority objective for 2023, timing is uncertain.

#### **STAKEHOLDER ENGAGEMENT**

The first City Council discussion on this topic was intentionally scheduled as a Study Session to allow members of the public to participate and share their comments related to this very important community space.

#### **ENVIRONMENTAL REVIEW**

The Study Session is not a Project as defined by the California Environmental Quality Act (CEQA).

#### **ATTACHMENTS**

Attachment A: Invitation for Cubberley Development Proposals

Attachment B: Cubberley Current Land Ownership and Uses

#### **APPROVED BY:**

Kristen O'Kane, Community Services Director