

AVOCA CENTER

SELL or RENOVATE?

WELCOME

Board of Education:

Jeffrey Greengoss, President

Rick Zelinsky, Vice President

Bill Bazianos

Louise Dechovitz

Joel Raynes

Sheryl Swibel

Rosanne Ullman

District Administrators:

Kevin Jauch, Superintendent

Beth Dever, Chief School Business Official

Guests:

Andy Garcia, Avoca District Maintenance

Carrie Matlock, DLA Architects Ltd.

Howard Metz, Atty., Robbins Schwartz

John Adler, Community Development Dir., Wilmette

Steve Wilson, Exec. Dir., Wilmette Park District

Purpose of this presentation...

Share information:

Story of Avoca Center

How did we arrive at these options?

Advantages/Disadvantages of
Renovating

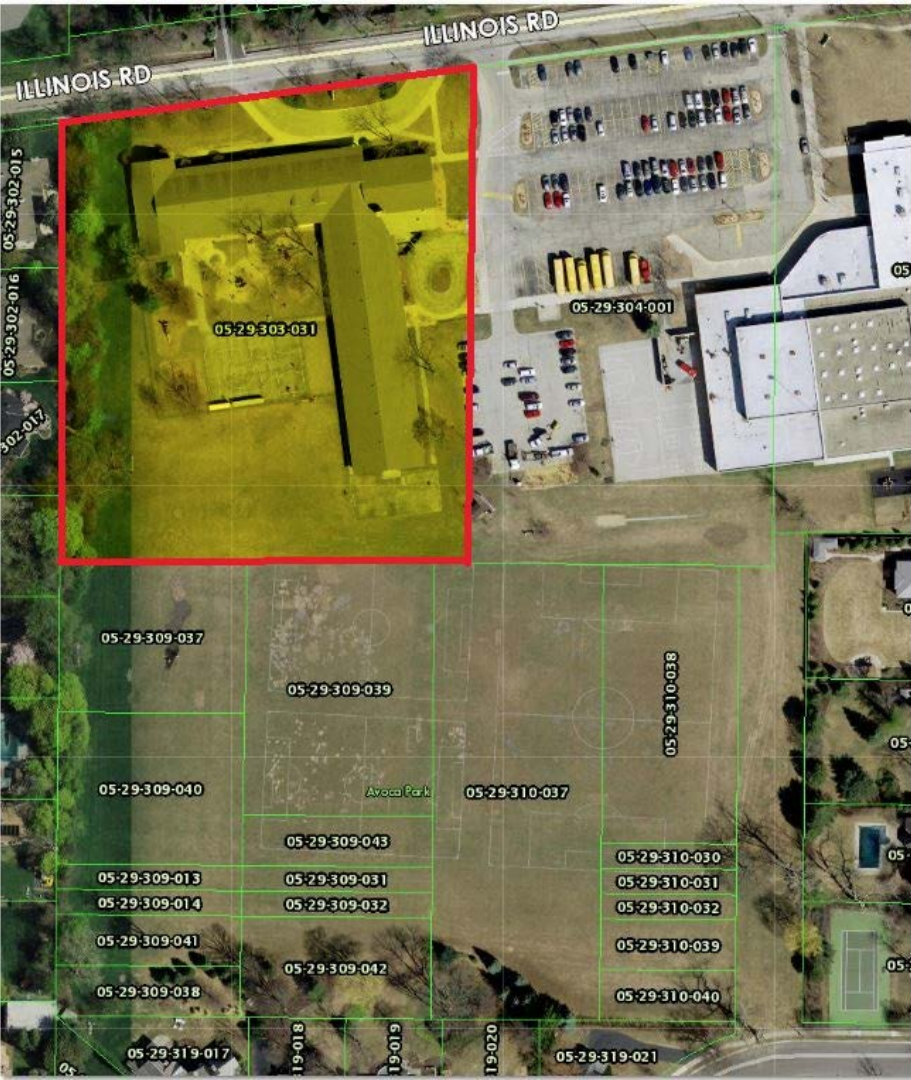
Advantages/Disadvantages of Selling

Gather Information:

Community feedback

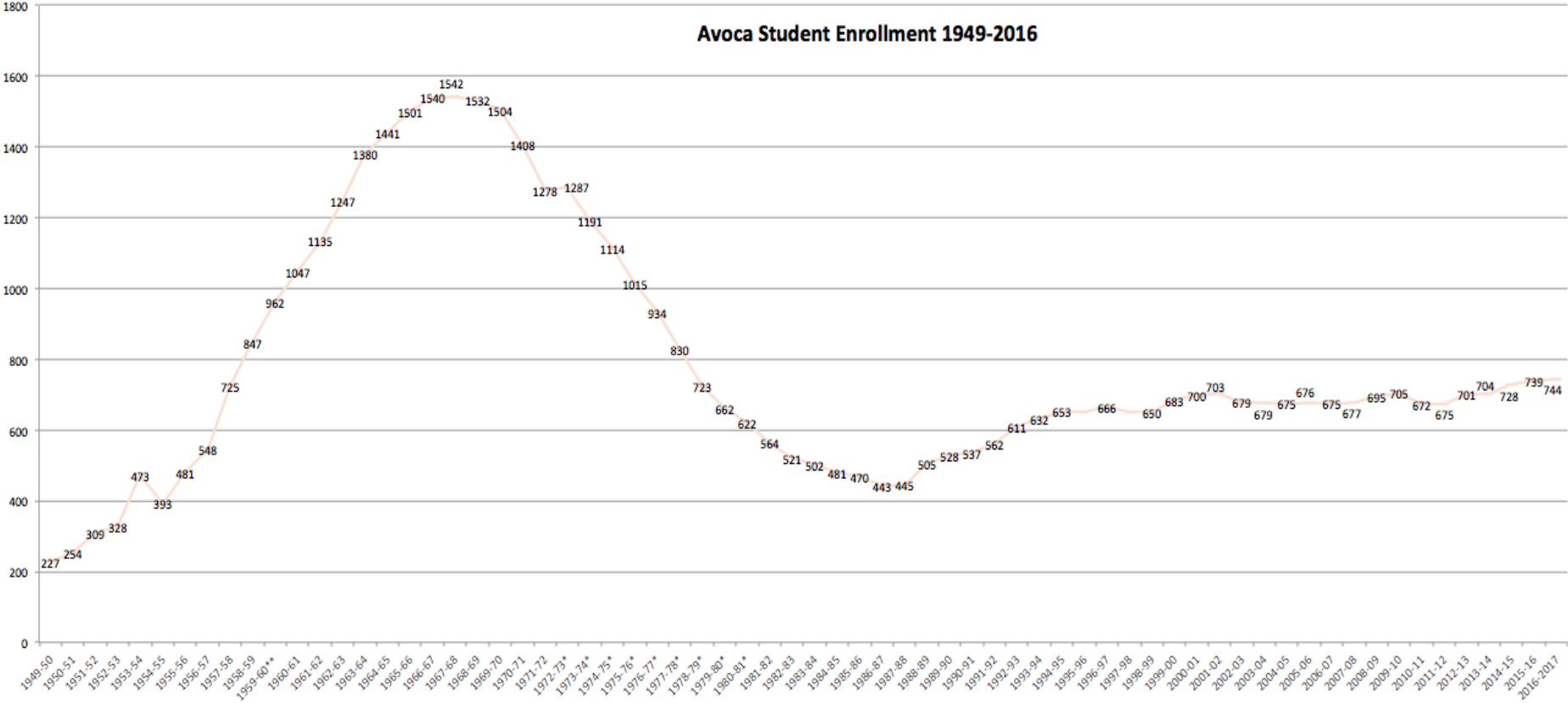
Questions

Concerns



History of Avoca Center

Avoca Student Enrollment 1949-2016



Avoca Center as a Rental Property

- New Trier High School (1977-1987) Annual Rent: \$1 plus utilities
- New Trier High School (1988-1995) Annual Rent: ~\$79,000 (increasing annually by 0.6 of consumer price index)
- Arlyn School (1995-2005)
- Lutheran General Day Care (1995-2005)
- Arlyn School (2005-2015) Annual Rent-1995: \$8.70/sq ft or \$266,394
- Lutheran General Day Care/One Hope United (2005-2010) Annual Rent- 2016: \$13.67/sq ft or \$418,615
- Arlyn School (2015-2020)
- One Hope United (2010-2015)(2012-2020)

Average Revenues & Expenditures

Annual Rent- 8 yr average: \$392,201

Annual Expenditures- 8 yr average: \$230,971

Net Income- 8 yr average: \$161,230

Salaries & Benefits: \$14,306

Purchased Services: \$124,341

Supplies: \$48,310

Capital Outlay: \$44,014

Time:

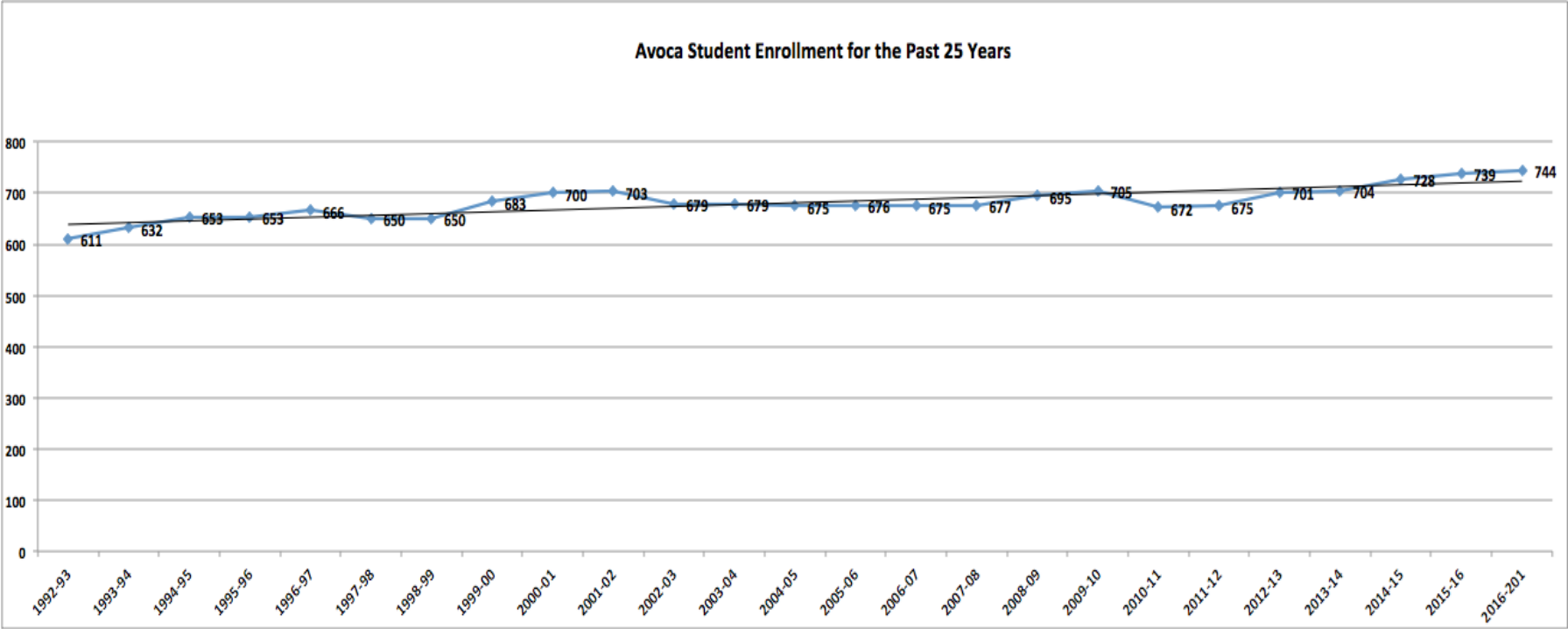
Maintenance: Depends on season: Summer, Fall & Spring ~8 hrs/wk, Winter ~15hrs/wk (not including snow removal)

Administration: Typical ~3 hrs/wk, Projects ~8 hrs/wk

Options Under Consideration

1. Renovate Avoca Center by addressing essential capital investment projects and continue to rent the building
1. Sell Avoca Center, as is, and the land to a developer for the construction of single-family homes

Current Enrollment Trend



Cost to Renovate

Mechanical, Electrical, Plumbing	\$3,621,097
Replace Roof	\$272,500
Replace Ceiling, Doors and Entrance Ramp	\$343,579
Abate and Replace Flooring	\$306,625
Renovate Washrooms	\$144,970
Contractor Costs (20%):	\$937,754
Professional Fees (20%):	\$1,125,305
Total Cost of Work:	\$6,751,830

Renovate Avoca Center

- At an annual rental profit of \$160,000, District would “break even” on \$6,751,830 (which does NOT include interest on the bonds) after 42 years.
- Anticipating higher rent and lower utility and maintenance costs, at an annual rental profit of \$260,000, District would “break even” on \$6,751,830 (which does NOT include interest on the bonds) after 26 years.

Renovate Avoca Center

Advantages:

- District would retain ownership of the land
- No aesthetic impact on the community
- Building more attractive and advantageous for our tenants
- Rental rate could be renegotiated to reflect the improved facility
- District would eventually be able to realize rental income
- Building easier to manage

Renovate Avoca Center

Disadvantages:

- Cost to renovate approximately \$6,751,830 (not including bond interest)
- Would most likely sell bonds, paid back with interest, to fund project
- Cost of tenants displacement during construction would need to be negotiated
- Bond sale, to be paid back by the community via property taxes for a building that is not being used as a school by the district
- District would continue to serve as landlord and assume liability, maintenance costs and responsibilities
- Increased rental rate could displace current tenants
- Could potentially have a renovated facility that is vacant

Sell for Development of Single-Family Homes

Advantages:

- One time significant influx of funds
- Increase in property tax base via “new growth”
 - Conservatively \$120,000 annually
- Control over how the property is developed
- More predictable future

Disadvantages:

- Would be a change to the neighborhood
- Would potentially upset some community members
- Community would lose Arlyn Day School
- Community would lose One Hope United as a local day care provider

Sell for Development of Single-Family Homes

Advantages:

- Would no longer serve as landlord or assume liability, maintenance costs or responsibility
- Avoca custodial/maintenance staff can focus on Avoca West and Marie Murphy's daily needs
- Ability to focus solely on Avoca West and Marie Murphy capital projects

Disadvantages:

- The actual construction of the homes would temporarily disrupt Marie Murphy School, district transportation and the neighborhood
- Marie Murphy school and students could potentially disturb the neighbors at times.
- District would no longer have use of or access to the property

Sell for Development of Single-Family Homes

- District can place restrictions on how that piece of property is developed.
 - Scenario below is one of many options.
- With average lot size of 13,400 sq ft, which is high for Virginia Lane and just below smallest lot on Iroquois Road, Avoca portion of property tax approximately \$10,000 per household.
- At approximately 13,400 sq ft lots, the property would hold 12 lots.
- Property tax increase realized by the school district of approximately \$120,000 annually.

Other Considerations:

- New single-family homes would change the traffic flow in the area.
- The land adjacent to both Avoca West and Marie Murphy includes enough empty space for building additions should enrollment increase significantly.
- One time influx of funds could be used to offset capital projects at AW and MM and could be earmarked for educational opportunities
- 6.5 acres of buildable land behind MM if ever needed
- Avoca School District cannot foresee using Avoca Center as an educational center

Other Considerations:

- Demolish the building and restore landscaping to grass
 - Cost: \$488,760
 - Loss of rental income and no property tax
- Sell to a Municipality
 - One time influx of money
 - No property tax
 - Loss of control regarding potential resale
- Sell to a developer, or other organization that can exist on a property zoned R-A, for their choice of building
 - One time influx of money
 - May or may not receive property tax
 - Loss of control regarding sale
 - Loss of control regarding potential resale

Next Steps

District Administration will collect public comments and questions and organize them for the Board of Education.

Comments and questions will be shared with the BOE and discussed at the Committee of the Whole BOE meeting on Thursday, November 3 at 5:30 p.m.

Based on their research, tonight's discussion and the financial, educational and community impact, the BOE could act as soon as the November 17, 2016 BOE meeting.

Questions & Comments