

**SHERMAN COUNTY SCHOOL DISTRICT
SPECIAL BOARD MEETING MINUTES
April 20, 2017**

The Board of Directors of Sherman County School District met in the Grass Valley Pavilion in Grass Valley, Oregon on April 20, 2017. The following were present: Chair, Bill Martin; Vice Chair, Kyle Blagg; Directors: Kristie Coelsch, Jim Macnab, Merrie von Borstel; Superintendent, Wes Owens; Business Manager, Kim McKinney; Board Secretary, Jeanie Pehlke; Members of Grass Valley City Council: Mayor, Neil Pattee, Meinrad Kuettel, Bonnie Whitley, Rita Wilson, Joanie Bird; City Manager Carol von Borstel; Visitors: Scott Susi, Terry Bibby, Leta Ann Reckman, Mike Smith, Joe Dabulskis.

SUMMARY OF ACTIONS TAKEN

Motion by Director Coelsch with second from Director von Borstel to approve the board meeting agenda as amended. **Vote:** 5 in Favor (Blagg, Coelsch, Macnab, Martin, von Borstel)
Action: The motion carried unanimously.

CALL TO ORDER

Chair, Bill Martin opened the meeting with the Pledge of Allegiance to the American Flag at 7:04 p.m. and thanked everyone for coming.

APPROVE BOARD MEETING AGENDA

An opportunity was given to make changes to the presented Special Board Meeting Agenda for this April 20, 2017 meeting. No changes were made.

Motion by Director Coelsch with second from Director von Borstel to approve the board meeting agenda as presented. **Vote:** 5 in Favor (Blagg, Coelsch, Macnab, Martin, von Borstel)
Action: The motion carried unanimously.

**JOINT DISCUSSION WITH THE CITY OF GRASS VALLEY RELATED TO THE FUTURE SALE AND
POSSIBLE USE OF THE GRASS VALLEY SCHOOL FACILITY AND PROPERTY**

Mayor Pattee then called the City Council meeting to order and their Council adopted their agenda.

City Manager, Carol von Borstel thanked everyone for coming and ensured that everyone was acquainted. Council Member, Meinrad Kuettel expressed that the goal of the City is to determine a process to move the sale of the facility forward. He recommended that the two entities could form a small sub-committee consisting of two (2) Board Members and two (2) Council Members. He reasoned that this committee could work together without the limitations of monthly meetings to develop a plan to sell the building and expedite the process.

Mr. Kuettel clarified that everyone understands and agrees that the District owns the property and has surplused it to get out of the monthly bills, but because of the complexities of the deed it has put the groups in a stalemate. He reiterated his suggestion of forming a committee with a defined mission and specific goals to move the process forward as a compatible, smooth team rather than as two adversarial groups. Superintendent Owens asked Mr. Kuettel for clarification of what he meant by adversarial. Adding that he has attended two (2) City Council Meetings to share documentation and has never felt adversarial. Superintendent Owens stated that the reason the Attorneys are involved is because we are not Attorneys. Adding that it is his understanding that both Attorneys have agreed that we need to remove the revisionary clause. Carol von Borstel stated the City's Attorney had come back with different information than the District's Attorney. She reported that according to the City's Attorney, the reverter clause creates a situation where if the district does not use the building as a school or for public use, it will revert back to the City unless the City clears the title by signing the deed. Mr. Kuettel clarified that the City does not want the responsibility of the building, but they want to be involved with the process. Adding that as long as both entities have a clear direction and agreement on how to move forward we won't have any issues. Chair Martin expressed concern that the District won't be able to sell the building without a clear deed.

Carol von Borstel mentioned an additional concern related to zoning. She suggested the District should come up with a bidder whose plan would fit into the Residential AG zoning or begin a conditional use permit process. She stated that if a bidder doesn't fit the zoning, the property will have to be rezoned to commercial, which will take three (3) months. She recommended dealing with zoning first, by determining who the bidders are. Adding that the zoning is going to have to work for the bidder to be able to bid and know that their plan for use will be allowed. Mr. Kuettel stated that he would like to see a smooth process and take care of the zoning before it becomes an issue prior to the sale. Chair Martin asked clarifying questions about the process. He asked, "Do we find a buyer and then the City has to approve that." Mr. Kuettel answered "No" adding that if the City is going to make any amendments to the zoning, the City will need to decide what they are willing to allow and will have to go through the process that includes a buy-in from neighboring properties. Chair Martin asked if this process is necessary even if the buyer fits in the current zone. Carol von Borstel suggested that because of the size of the building it is likely that a conditional use permit will be necessary. Chair Martin stated that the District wants to sell the building to try to recapture the asset for the School District. He stated that the District wants something good for Grass Valley, but rezoning may not be the District's biggest concern. He proposed that the District could find a buyer and then the buyer could come to the City to see if it fits. Mr. Kuettel stated that could be an avenue, but he thinks it would be convenient if the use information was already available to the buyers.

Mr. Kuettel clarified that a small group could be charged with handling the zoning process, determining compatible uses for that building, and get that information out so the public will know what uses are approved. Director Coelsch expressed concern that this might slow down the process. Discussion related to the process took place. Carol von Borstel agreed that the District's goal to sell the asset and the City wants to make sure the successful bidder can make

it work with the zoning in Grass Valley. Adding that it will be the bidders concern to know that the plan they have is going to work with the zoning.

It was determined that two interested parties have already contacted the District and the City of Grass Valley to check zoning. Superintendent Owens asked if either of the two interested parties' plans would work for the City. Carol von Borstel stated that one group would be commercial and the other might work for agriculture. It was noted that one of the groups has not provided an operating plan to the City and are concerned about confidentiality of their plan. She suggested that use is not the District's concern and a balance of what the bid should include needs to be determined. Carol von Borstel stated that if most of the people that are going to bid are going to bid commercial, then she needs to get going on that. Director Coelsch asked if there a chance it wouldn't get approved for commercial. Carol von Borstel said "No" but the 3-month process would involve notification and a vehicle survey. Director Coelsch asked if the bidders have been concerned about the timeline. Carol von Borstel stated that they have not, and it does not seem to be an issue. It was noted that it is costing the District \$3,100 every month to keep the building.

Superintendent Owens suggested that an announcement could go out that anyone interested in the facility should give their plans to the City. Then the City could decide if they are okay with the plans and then the District could do a pre-approval bidding process. It was clarified that the bidders will need to know that their plan works and that they have a clear title. The District has declared the building as surplus, but has not yet advertised it for sale. Chair Martin agreed with Superintendent Owens' plan to have the City review the plans prior to bidding. Director Coelsch suggested a date be set for the first process. Director Blagg stated that the concept of pre-approved bidders adds value for the bidders.

Carol von Borstel stated that she thinks one potential bidder will fit in the current agriculture zone and the other is commercial. She asked the School Board if they would like to look at this bidder, or have the city work on the rezoning to commercial to open up bidding for a larger pool of bidders. Director Blagg stated that until we know what a bidder is going to do we don't know how to zone it. Director Coelsch and Chair Martin agreed. A discussion related to how to structure a plan submittal process took place. Director Coelsch stated that once the bidders have gone through the plan submittal and has a viable plan that is pre-approved from the City, and then they would submit a bid to the District. Chair Martin suggested that Superintendent Owens could work with the Attorney.

Carol von Borstel informed the City Council that the planner suggested a conditional use permit may be necessary, for example if a higher fence is needed. The group agreed that the zoning should not be changed until the City knows who is interested in it. Carol von Borstel read permitted and conditional uses for the current Residential AG zone and then read the permitted commercial uses. She added that the zoning is old and hasn't been updated since 1972.

A discussion related to next steps took place. It was suggested that Superintendent Owens and Carol von Borstel could work with the lawyers to develop the correct language for a marketing plan. Superintendent Owens recapped the process by saying the District would first market the property to find out who might be interested, then ask those interested parties to take a plan to the City make sure they are pre-approved or if re-zoning is necessary, then the District will go to an offering process. This idea was discussed.

Chair Martin noted that the process could go another way by going out to bid contingent upon approval of the City, and then if the highest bidders plan doesn't work the District will go to the next higher bidder. This idea was discussed. The City was asked if the two parties that have contacted them fit in the current zoning. Carol von Borstel stated that the agricultural party's idea fits and they are ready to submit a plan. The commercial party would fit commercial, but would need a few conditional uses. The commercial party has not been informed of the process. Carol von Borstel stated that this idea would simplify the process. Superintendent Owens reiterated this plan idea by saying that it would be done as an RFP process with factors other than price, contingent on the approval of the City. Chair Martin clarified that the bid price would be included, but it would be contingent upon the City approving the use. Carol von Borstel added that if a buyer is smart they will come see the City first and see if their use can be worked out. She stated that it is alright for the District to encourage potential bidders to talk with the City. Mr. Kuettel received positive responses when he asked if everyone agreed with this idea.

Audience member Mike Smith asked if he could speak. He stated that he represents a potential bidder and asked if some preference could be given to one bidder over another who may provide jobs and if there is a minimum bid. Superintendent Owens responded that there will be RFP factors other than price that could include jobs, and will include a use plan; other things could be included in the RFP. Carol von Borstel asked how factors like community impact fit into the process. Chair Martin stated that the School Board would like to support jobs and good things for Sherman County, but he does not feel they are part of the school board's jurisdiction. Carol von Borstel agreed. Chair Martin suggested that Carol von Borstel and Superintendent Owens should work out details of the RFP plan and process and come back to the City Council and School Board for approval. It was clarified that Carol von Borstel and Superintendent Owens will act as the designated sub-committee to perform this task instead of a four person panel that was suggested. Superintendent Owens suggested that the Attorneys will help with the process and developing the RFP with factors other than price and he will bring it to the next School Board Meeting for Board approval. Director Blagg asked if the District has the ability to consider things other than price and not be bound to the highest bidder.

Mike Smith asked the board to consider including in the RFP language that would allow a potential bidder with higher use the ability to meet another higher bidders bid. A discussion took place and it was clarified that the RFP could be written with the ability to not accept any bids.

It was reiterated that Carol von Borstel and Superintendent Owens will work with the lawyers to put together an RFP. Superintendent Owens asked for clarification that if they put together an RFP that both groups agree on then the first decision would be the School Board selecting the bidder, and then the City will make the final decision. He asked if the City would like to be a part of the School Board's decision making process. Mr. Kuettel stated that the City will be involved, in a sense, with the selection process because of their involvement in the RFP development. Superintendent Owens asked the City if their involvement with the RFP will make them comfortable with the School Board making the first decision. Mr. Kuettel said, "It's still your school building, we don't own it". Carol von Borstel added that the City's concern and involvement with the RFP is related to the potential for the plan, economic growth, and the impact on the community. She stated that they don't want to have an impact on the District's economic process; they don't want to be in a situation to say yes or no to anything as far as dollars go. Adding that it is more about the rest of that process. Superintendent Owens pointed out that indirectly this could happen. Mr. Kuettel stated that if it does, it would not be intentional on their part.

It was agreed that no decisions will be made tonight. It was clarified that both the City and School Board Attorneys will jointly develop the RFP. Superintendent Owens stated that he is hopeful that the RFP will be ready before the upcoming School Board meeting on May 8, 2017. Carol von Borstel noted that the City has a meeting next week and the Council could get an approval then. It was noted that the District's Attorney is on vacation so the timeframe may not work. Carol von Borstel stated that she will look into how she can fast track the commercial zoning process to see what the steps are in case that is the direction that we need to go.

COMMENTS FROM VISITORS

No additional comments from visitors were received.

OTHER BUSINESS

No other business was discussed.

FUTURE AGENDA ITEMS, CLOSING COMMENTS, AND UPCOMING EVENTS

- RFP for Proposed Uses of Grass Valley Building

NEXT MEETING

The next regular board meeting is scheduled for, May 8, 2017.

ADJOURNMENT

There being no further business, Chair Martin declared the meeting adjourned at 7:55 p.m.

Chair, Bill Martin

Board Secretary, Jeanie Pehlke