

THE SCHOOL DISTRICT OF  
PITTSBURGH

# ASSET MAXIMIZATION PLAN

For

Unused School Properties



Presented by

**FOURTH RIVER DEVELOPMENT LLC**

March 1, 2013

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## I. Introduction

On July 20, 2012, the School District of Pittsburgh directed Fourth River Development LLC (FRD) to evaluate 19 closed school properties and present recommendations designed to maximize property values through enhancement procedures leading to site-specific disposition strategies as well as detailed preliminary asset management strategies.

The 19 closed schools under consideration are:

Northview Heights	McNaugher	Mann
Sheraden (Schaeffer)	Stevens	Schaeffer
Beltzhoover	Knoxville	Bon Air
Murray	Burgwin	Gladstone
Madison	Fort Pitt	Rogers
McCleary	Morningside	Belmar
Homewood (Old)		

Later, FRD was directed to include Columbus School in this property enhancement process, which brings the number of former schools to 20.

FRD has now completed its detailed investigation and presents the following recommendations. During this process, FRD reviewed District policies and procedures that impact property values and disposition, as well as evaluating the marketability of the individual properties. The overall approach has been that of an independent third-party using an “Owner’s” point of view to look for possible road blocks and hindrances that may not be apparent to District administration and Board Members.

## II. Premise and Goal

To the District, these 20 properties represent either (1) a valuable but unproductive fixed asset that must be converted to cash or (2) a cash drain that must be eliminated to reduce operating costs. Simply stated, the goal of FRD is to lower property holding costs, find possible sources of supplemental income, and recommend disposition strategies that create the highest return of value to the District in light of existing market conditions.

The District has indicated that it will pursue an aggressive disposition strategy for these properties in order to increase assets available for educational purposes. Annual operating cost for just these 20 properties exceeds \$700,000. Sales proceeds combined with these operating cost savings will certainly improve the District's financial status.

### III. Process

Commencing with signing of its contract with the District, FRD has:

- conducted a thorough investigation of District policies and procedures related to real estate assets
- investigated District "Facilities" operations
- collected and reviewed property ownership records and plans
- toured and inspected each property
- surveyed the surrounding neighborhoods and communities
- held introductory fact-finding conversations with community leaders
- conducted preliminary discussions with representatives of the City of Pittsburgh Planning Department, the Urban Redevelopment Authority, and the Pittsburgh History and Landmarks Foundation.

This detailed knowledge base, combined with FRD's experience as asset managers and investment builders, is the foundation of our findings and recommendations.

These recommendations are divided between District policies and procedures that impact real estate values and site specific issues.

### IV. Recommendations - School District Policies and Procedures

- 1. Work within Board Policy and the School Code to use all available means to sell/dispose of these 20 properties. Consider removing the restriction that sales prices must exceed outstanding debt. Or avoid this restriction by paying down debt early when it burdens a building to the extent it is not marketable.**

Individual property values will be determined by the market place via a bidding process or by obtaining appraisals from state certified appraisers. While the goal is to achieve maximum property values, certain situations may produce values that are less than the

outstanding debt on the associated property. The sale of a property should not be delayed, or even halted, by an excess debt load. The District should commence negotiations with bond holders to facilitate releases or substitution of security interests (i.e. transfer debt from closed schools to operating schools or other District properties to the extent permitted by law).

2. **Utilize proceeds from recent sales of former District schools to offset the outstanding debt of the current 20 properties.** The offset could be applied to the schools where debt exceeds value or could be prorated and applied to each available school based on that schools debt balance compared to the District’s total debt on all properties.
3. **Establish a “reuse program” of operating equipment from closed schools.**  
There may be systems (e.g. air conditioning, emergency backup generators, and compressors) in closed schools that could be used in operating schools, or be available for replacement and parts opportunities
4. **Inventory each school for artwork, valuable artifacts, and memorabilia worth salvage and retention by the School District.**  
Remove any items deemed to be of value. Establish a web based auction to sell such assets.
5. **Inventory and remove furniture, supplies and non-operating equipment from schools.**  
Decisions need to be made regarding materials currently stored in closed schools as there are still large quantities in the buildings and District manpower is limited and must be focused on operating schools. By selling or disposing of these materials the District could generate income or at the minimum eliminate the cost of removing the materials. Most buyers of the available schools will not accept the asset with these materials on site.

Several of the 20 former schools are currently used as collection centers for materials from other schools. The District should establish a warehouse facility, possibly at one of the former schools, to house a reduced volume of materials. The cost to accomplish this could be substantial. Cost mitigation measures would include:

- a. School staff from operating schools to have first opportunity to claim materials for their schools. School District Facilities staff to assist with the relocation of these materials.
- b. Issue a Request for Proposals from salvage/demolition contractors to bid on the right to remove all remaining materials. The salvage value may be sufficient to offset any cost and may even generate a positive cash flow to the District.

This entire process needs to be closely managed to preserve the value of District property. There are items that may not appear to have value when, in fact, they could be sold.

**6. Retain all mineral rights upon sale of any School District real estate (not just these 20 properties).**

With the development of the Marcellus Shale gas formation it is clear that retention of mineral rights may be a future source of income to the District. Documentation and procedures should be established now to insure that future generations of students reap any benefit to be derived.

**7. Investigate utility usage and maintenance procedures to look for cost saving measures.**

Examples of potential savings:

- a. Reduced electrical usage
- b. Reduced water consumption
- c. Reduced outside maintenance.

Empower field staff to offer cost saving recommendations. Consider a bonus “reward” system for accepted internal suggestions.

**8. Bundle school properties.**

Consider a requirement that a buyer of a valuable site must assume ownership of a site designated for demolition. Buyer will be required to complete the demolition. An alternative: buyer to complete the demolition but the District to retain ownership.

**9. Initiate a marketing effort for properties identified as having a high potential for sale. Contact potential buyers who have already expressed interest and begin negotiations within the bounds of Board Policy and the School Code.**

**10. Initiate a search for state and federal remediation funds to assist in the removal of hazardous materials from schools.**

**11. Work with other local agencies that own or control public property (City of Pittsburgh, PennDOT, and the Allegheny County Regional Asset District).**

Consider (1) cooperative efforts to market adjacent or nearby properties and (2) transfer/trade ownership of properties to enhance particular assets.

**12. Offer the 20 former school properties and all other currently operating school properties as candidates for mobile communication cell sites and billboard locations for revenue enhancement.**

**13. Obtain Appraisals and Install Appropriate Signage.**

As appraisals are ordered, FRD will meet with appraisers on-site to ensure that (1) there is a clear understanding of the property and its parameters and (2) that all possible marketing opportunities are considered. For example: is there a higher value if vacant land is considered as a separate parcel for potential “spin-off” and sale?

**14. Revise District “Properties for Sale” webpage**

Modify webpage so that it is easy to locate available properties and their relevant information.

## **V. Recommendations - Site Specific**

The following recommendations are site specific and are based on Fourth River Development’s investigation of each property and our experience and expertise in real estate marketing and asset management. These site recommendations also reflect the Policies and Procedures recommendations listed above in Section IV.

Note: FRD has assisted the District to update the District’s webpage for surplus properties which links directly to FRD’s website ([www.frd.us.com/pghschools](http://www.frd.us.com/pghschools)) containing a marketing flyer and all pertinent information on each of the individual properties. This will facilitate quick and easy reference to each property by potential buyers, appraisers, District staff, community groups and all interested parties. Hard copies of these webpages are included in the Appendix. Some of the following recommended uses for the properties are at variance with current City of Pittsburgh Zoning code; however, we believe that the probability of a variance, conditional use permit or change in zoning is high and warrants consideration of all possible uses.

A sales and marketing plan is included in Appendix B which details the steps that FRD will take to market the properties once District approval of these recommendations has been granted.

In addition, Appendix E presents a **Proposed Timeline** for the implementation and execution of the recommendations to better define and outline the project.



Most of the following recommendations call for a **“Negotiated Sale”** process. For purpose of clarity, we offer the following definitions:

**“Negotiated Sale”** is the most common form of real estate transaction. It is a process of marketing an asset by soliciting individual buyers to make an offer to purchase an asset which the owner will either accept or issue a counteroffer. Multiple offers and counteroffers may be necessary before the process is completed (successfully or unsuccessfully). Final offers must meet or exceed the value opinions of the appraisals.

The Negotiated Sale is typically conducted by an agent representing the owner and includes:

- a marketing plan to announce the availability of the asset consisting of signage installation and widespread distribution of marketing collateral.
- telephone calls, meetings, and site inspection tours with all prospective buyers to clarify property details and possible sale terms.
- transmit all offers from individual buyers to the owner and assist in negotiating maximum sales price and minimum time period.
- manage sales process to closing date.

**“Request for Proposal” (RFP)** is a marketing effort that focuses on a bidding process by multiple bidders for the potential sale of an asset, asking potential bidders to submit an offer to purchase real estate assets. The RFP process brings structure to the procurement decision and is meant to allow the risks and benefits to be identified clearly up front. The RFP presents preliminary requirements for the real estate asset, and dictates the exact structure and format of the bidder’s response. Bids need not exceed appraised values so this is a particularly good tool when properties are likely to bring either lower bids than the appraisals or higher than the appraisals.

In principle, an RFP:

- informs bidders that an asset is available for sale and encourages them to make their best effort.
- alerts bidders that the selection process is competitive.
- allows for wide distribution and response.
- ensures that bidders respond factually to the identified requirements.
- follows a structured evaluation and selection procedure, so that the owner can demonstrate impartiality - a crucial factor in public sector procurements.



**“Demolition”** is the process of pulling down all building materials from a property and grading the land to a smooth and level condition. All hazardous materials are removed first by properly licensed contractors. When possible, brick and concrete is crushed on site and used to fill basement areas.

## **SITE RECOMMENDATIONS BEGIN ON THE NEXT PAGE**

Each of the following Site Recommendations includes a two page draft property information flyer that will be used in Fourth River’s marketing process. Once the District has approved a disposition recommendation the flyer will be changed to reflect this approval (e.g. “For Sale”).



## School: Northview

310 Mt. Pleasant Road, Pittsburgh 15214

Year Built: 1962/1966

Year Closed: 2012

Historical Designation: No

Land Area: 13.915 acres

Gross Building Size: 67,873 square feet

Annual Operating Cost: \$39,000

Current Debt: \$1,950,000

Estimated HazMat Remediation: \$160,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$550,000

Current Appraisals: None

Zoning: Low Density Residential



Neighborhood: Northview Heights

**Market:** Located in North Hills, near I-279 and accessible from East Street (parallel to I-279). Good location for multiple redevelopment uses. Close to central business district but not impacted by traffic, parking, etc. The proximity to the Northview Heights housing project could negatively impact the redevelopment of this property should alternative access not be available.

**Property:** Large developable land area. Large portions of the site are significantly sloped hillside but would still be developable. The buildings are in good condition. This location lends itself to multiple uses – office, residential, or community center for adjacent housing. Property value would be enhanced by gaining access directly off East Street via PennDOT Right of Way.

### Recommendation: Negotiated Sale

Order 3 new appraisals, title search and initiate full marketing program

**Special Considerations:** Pursue availability of PennDOT Right of Way at East Street for improved access to property. Contact with PennDOT already initiated (see following letter).





November 9, 2012

Mr. Jeff Powell  
Pennsylvania Department of Transportation  
Right of Way Office  
45 Thoms Run Road  
Bridgeville, PA 15017

Re: Northview Heights Elementary School (Closed)  
310 Mt. Pleasant Rd., Pittsburgh, PA 15214  
Assessor's Block & Lot # 77-C-245

Dear Mr. Powell,

As discussed on the phone, Fourth River Development represents the School District of Pittsburgh in evaluating and disposing of certain closed public schools, including the subject property. PennDOT has Right of Way property that abuts the school property and we would like to know if a portion of this property is surplus to your needs and available for purchase.

I have enclosed an Assessor's Block and Lot map which shows the school property and PennDOT right of way property in question.

I will call you in a few days to make sure that you received this request and to discuss your first impressions.

Sincerely,

**Fourth River Development LLC**

Jerry Tullius  
Project Manager  
Cell 412.736.8111



## School: McNaugher

2610 Maple Street, Pittsburgh 15214

Year Built: 1908

Year Closed: 2012

Historical Designation: No

Land Area: 1.81 acres

Gross Building Size: 58,909 square feet

Annual Operating Cost: \$38,500

Current Debt: \$532,400

Estimated HazMat Remediation: \$196,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$470,000

Current Appraisals: None

Zoning: Local Neighborhood Commercial



Neighborhood: Perry South

**Market:** The property is located just off Perrysville Avenue with good public transportation and high traffic volume. Neighborhood is moderately stable. Market rents and prices will limit development opportunities.

**Property:** The building is large and in good condition. New construction and parking for future uses can be provided on the playground area and vacant school land. Potential uses are residential in nature, such as market rate apartments, and senior and special needs housing.

**Recommendation: Negotiated Sale**

Order 3 new appraisals, title search and initiate full marketing program



**School: Mann**

**2819 Shadeland Avenue**

**Year Built: 1874**

**Closed: 2006**

**Historical Designation: No**

**Land Area: 3.128 acres**

**Gross Building Size: 56,760 square feet**

**Annual Operating Cost: \$26,000**

**Current Debt: \$33,500**

**Estimated HazMat Remediation: \$85,000**

**Underground Storage Tanks? One**

**Estimated Demolition Cost: \$450,000**

**Current Appraisals: None (2006 - \$415,000)**

**Zoning: Moderate Density Residential**



**Neighborhood: Marshall-Shadeland**

**Market:** Stable neighborhood with good public transportation. Surrounding residential properties are in generally good condition.

**Property:** The building is in fairly good condition; although there are several areas with water damage. It has very good street “exposure”. It includes a large grass playground area that adds significantly to development potential or could be sold off separately. Possible uses include: school building conversion to apartments with limited first floor retail; new apartment or condominium construction on playground area.

**Recommendation: Negotiated Sale**

Order 3 new appraisals, title search and initiate full marketing program

**Special Considerations:** The City of Pittsburgh believes that they have a legal right to use and control the playground as a public facility. School District staff indicates that there is a Use Agreement but it was never executed. This needs to be resolved and eliminated as a possible hindrance to a sale.



## School: Sheraden

3128 Allendale Street, Pittsburgh 15212

Year Built: 1959

Closed: 2012

Historical Designation: No

Land Area: 2.47 acres

Gross Building Size: 30,890 square feet

Annual Operating Cost: \$21,450

Current Debt: \$229,900

Estimated HazMat Remediation: \$97,500

Underground Storage Tanks? No

Estimated Demolition Cost: \$200,000

Current Appraisals: None

Zoning: Moderate Density Residential



Neighborhood: Sheraden

**Market:** Stable neighborhood with good public transportation. Surrounding residential properties are in generally good condition. The large park with public pool that is located directly behind school can add to the marketability of this property. Convenient access to the central business district.

**Property:** The building is in good condition. There is a modular “outbuilding” located at the street corner, a large playground area plus parking lot, which will provide generous parking for any future use. The site is heavily influenced by the surrounding residential neighborhood, so an apartment conversion, senior center or a neighborhood commercial use, such as medical office, are some of the reuse possibilities for this property.

### **Recommendation: Negotiated Sale**

Order 3 new appraisals, title search and initiate full marketing program



## School: Stevens

822 Crucible Street, Pittsburgh 15220

Year Built: 1938

Closed: 2012

Historical Designation: No (under investigation)

Land Area: 1.48 acres

Gross Building Size: 64,080 square feet

Annual Operating Cost: \$25,900

Current Debt: \$565,000

Estimated HazMat Remediation: \$177,000

Underground Storage Tanks? One

Estimated Demolition Cost: \$515,000

Current Appraisals: None

Zoning: High Density Residential



Neighborhood: Elliott

**Market:** Good residential neighborhood with public transportation nearby. Surrounding residential properties are in generally good condition. The small public park adjacent to school adds to the properties marketability. Convenient access to the central business district.

**Property:** The building is in very good condition. Due to the size of the building, parking may be an issue limiting future development or reuse of the building. Suggest a cooperative sales effort with the City of Pittsburgh to include the adjacent park area. This would provide additional parking area and create a more desirable access to the property from Chartiers Avenue. Reuse opportunities include market rate apartments or commercial with improved access.

### Recommendation: Negotiated Sale

Order 3 new appraisals, title search and initiate full marketing program

**Special Considerations:** Contact the City of Pittsburgh to determine (1) if the adjacent park site is surplus and (2) if the city will allow the site to be sold in tandem with the school property. Include the park area in new appraisals but as a separate parcel and value. Also, determine if site is impacted by perceived city Use Agreement.



## School: Schaeffer

1235 Clairhaven Street, Pittsburgh 15205

Year Built: 1960

Closed: 2012

Historical Designation: No

Land Area: 1.004 acres

Gross Building Size: 26,780 square feet

Annual Operating Cost: \$15,400

Current Debt: \$296,700

Estimated HazMat Remediation: \$87,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$200,000

Current Appraisals: None

Zoning: Low Density Residential



Neighborhood: Crafton Heights

**Market:** Solid community. Property located one block removed from Noblestown Rd. Surrounding residential properties are in generally good condition. City ball field and playground are located directly behind school. Convenient access to the central business district.

**Property:** The building is in good condition, but there is very limited parking available which will limit development opportunities. Need to explore potential land swap with the city or cooperative sales effort if ball field is determined to be surplus. Possible uses include a community center or partial demolition (to add parking area) and apartment conversion.

### Recommendation: Negotiated Sale

Order 3 new appraisals, title search and initiate full marketing program

**Special Considerations:** Contact the City of Pittsburgh to determine (1) if the ball field and playground are surplus and (2) if the city will allow the site to be sold in tandem with the school property. Include the park area in new appraisals but as a separate parcel and value. Also, determine if site is impacted by perceived city Use Agreement.



## School: Beltzhoover

320 Cedarhurst Street, Pittsburgh 15210

Year Built: 1905

Closed: 2004

Historical Designation: Yes

Land Area: 1.89 acres

Gross Building Size: 60,023 square feet

Annual Operating Cost: \$26,400

Current Debt: \$32,000

Estimated HazMat Remediation: \$83,400

Underground Storage Tanks? Two

Estimated Demolition Cost: \$480,000

Current Appraisals: None (2004 - \$0 value after HazMat)

Zoning: High Density Residential



Neighborhood: Beltzhoover

**Market:** This neighborhood has experienced serious deterioration. There are many empty lots and vacant houses surrounding the property. A number of years ago the Urban Redevelopment Authority assisted in the redevelopment of a limited number of new homes in the area. There has not been any further new development in the area for many years.

**Property:** The building is in poor condition, and has no parking available. Development or reuse potential is extremely limited.

### **Recommendation: Limited Marketing, Donation, Demolition**

Initiate short term marketing effort. Search for financially capable local community groups to donate property as discussed in earlier recommendations, then demolish if no reasonable plan is established.

**Special Considerations:** During demolition, salvage any items of historical value (e.g. tower bell) or of use in the operation of other schools.

## School: Knoxville

324 Charles St., Pittsburgh 15210

Year Built: 1926

Closed: 2006

Historical Designation: Yes

Land Area: 2.652 acres

Gross Building Size: 132,685 square feet

Annual Operating Cost: \$71,700

Current Debt: \$616,800

Estimated HazMat Remediation: \$198,000

Underground Storage Tanks? Three

Estimated Demolition Cost: \$800,000 (\$6.00 psf)

Current Appraisals: None

Zoning: High Density Residential



Neighborhood: Knoxville

**Market:** This neighborhood has experienced serious deterioration. There are many empty lots and vacant houses surrounding the property.

**Property:** The building is in fair condition, and includes a modular “out building”. Limited parking area will hamper development or reuse of the property. There is a small parking lot plus a larger asphalt playground that could be used for parking but this is still too small given the building’s size. Development or reuse potential is limited. Demolition costs will be high given the large size of the property so alternative uses should be considered.

**Recommendation: (1) Retain as District warehouse for furniture, supplies, etc.**

**Consolidate other District operations on this site.**

**(2) Demolition**

If demolition, first offer property to financially capable local community groups as discussed in earlier recommendations, then demolish if no reasonable plan is established.

**Special Considerations:** During demolition, salvage any items of historical value or of use in the operation of other schools.



**School: Bon Air**

**252 Fordyce Street, Pittsburgh 15210**

**Year Built: 1955**

**Closed: 2012**

**Historical Designation: No**

**Land Area: 14,870 square feet**

**Gross Building Size: 14,600 square feet**

**Annual Operating Cost: \$18,000**

**Current Debt: \$18,000**

**Estimated HazMat Remediation: \$39,000**

**Underground Storage Tanks? No**

**Estimated Demolition Cost: \$117,000**

**Current Appraisals: None (2007 - \$71,000)**

**Zoning: Low Density Residential**



**Neighborhood: Bon Air**

**Market:** Very solid neighborhood with well maintained houses. Small community park across the street from site. Within walking distance to the “T” station.

**Property:** The building is small but in very good condition. There are only two parking spaces and this will be an obstacle to any reuse of the building. Possible uses include a community center, daycare center, senior center, and apartments if the parking issue can be solved.

**Recommendation: Negotiated Sale**

Order 3 new appraisals, title search and initiate full marketing program



## School: Murray

800 Rectenwald Street, Pittsburgh 15210

Year Built: 1956

Closed: 2011

Historical Designation: No

Land Area: 4.88 acres

Gross Building Size: 78,170 square feet

Annual Operating Cost: \$33,900

Current Debt: \$379,000

Estimated HazMat Remediation: \$188,500

Underground Storage Tanks? No

Estimated Demolition Cost: \$625,000

Current Appraisals: None

Zoning: Moderate Density Residential



Neighborhood: Mount Oliver-City

**Market:** This neighborhood has experienced gradual decline but seems to have stabilized now.

**Property:** The building is in very good condition. Existing parking is adequate but not generous. There is a large playground that could be converted to parking. This playground fronts on Mountain Avenue which should be marketed as the entrance to this property. The City of Pittsburgh owns the ball field adjacent to the school, which may be surplus. Suggest a cooperative sales effort with the City of Pittsburgh to include the adjacent ball field area, which would provide additional buildable area and enhance the access. Potential uses include senior housing, new single family residential combined with apartment reuse.

### **Recommendation: Negotiated Sale**

Order 3 new appraisals, title search and initiate full marketing program

**Special Considerations:** Contact the City of Pittsburgh to determine (1) if the adjacent ball field site is surplus and (2) if the city will allow the site to be sold in tandem with the school property. Include the ball field area in new appraisals but as a separate parcel and value. Also, determine if site is impacted by perceived city Use Agreement.



## School: Burgwin

5401 Glenwood Avenue, Pittsburgh 15207

Year Built: 1937

Closed: 2006

Historical Designation: No

Land Area: 2.677 acres

Gross Building Size: 62,175 square feet

Annual Operating Cost: \$27,200

Current Debt: \$244,600

Estimated HazMat Remediation: \$130,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$500,000

Current Appraisals: Three (\$200,000; \$320,000; \$405,000)

Zoning: High Density Residential



Neighborhood: Glen Hazel

**Market:** Moderate to good residential neighborhood. Convenient access to downtown. Surrounding residential properties are generally in good condition. City ball field and playground are located directly behind school.

**Property:** The building is in very good condition, but there is limited parking available which will hinder development opportunities. Need to explore potential land swap with the city or cooperative sales effort if ball field and playground are determined to be surplus. Several potential buyers have expressed interest in this site and so we have requested authorization to sell under separate cover in order to take advantage of the expressed interest. Potential uses include low income and/or market rate housing, and special needs housing and support.

### Recommendation: Negotiated Sale

3 existing appraisals are valid – Minimum sales price is \$405,000; order title search and initiate full marketing program

**Special Considerations:** Contact the City of Pittsburgh to determine (1) if the ball field and playground are surplus and (2) if the city will allow the site to be sold in tandem with the school property. Include the ball field and playground area in new appraisals but as a separate parcel and value. Also, determine if site is impacted by perceived city Use Agreement.



## School: Gladstone

327 Hazelwood Avenue, Pittsburgh 15207

Year Built: 1914

Closed: 2001

Historical Designation: No

Land Area: 6.621 acres

Gross Building Size: 142,520 square feet

Annual Operating Cost: \$80,200

Current Debt: \$43,000

Estimated HazMat Remediation: \$333,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$850,000 (\$6.00 psf)

Current Appraisals: None

Zoning: High Density Residential



Neighborhood: Hazelwood

**Market:** This neighborhood has experienced serious deterioration but has now stabilized. There are many empty lots and vacant houses. There has been no new activity or development in the immediate area that would indicate a requirement for a property of this size and nature.

**Property:** The building is in very poor condition having been vacant for over 11 years. Development or reuse potential is extremely limited.

### **Recommendation: Limited Marketing, Donation, Demolition**

Initiate short term marketing effort. Search for financially capable local community groups to donate property as discussed in earlier recommendations, then demolish if no reasonable plan is established.

**Special Considerations:** During demolition, salvage any items of historical value or of use in the operation of other schools.



**School: Madison**

**3401 Milwaukee Street, Pittsburgh 15219**

**Year Built: 1902**

**Closed: 2006**

**Historical Designation: Yes**

**Land Area: 37,011 square feet**

**Gross Building Size: 46,450 square feet**

**Annual Operating Cost: \$30,000**

**Current Debt: \$58,300**

**Estimated HazMat Remediation: \$53,000**

**Underground Storage Tanks? No**

**Estimated Demolition Cost: \$370,000**

**Current Appraisals: Two (\$100,000; \$150,000)**

**Zoning: Low Density Residential**



**Neighborhood: Upper Hill**

**Market:** Good residential neighborhood with direct public transportation. Surrounding residential properties are in generally good condition. Large park with community center located directly across the street from site. Good access to central business district and Oakland.

**Property:** The building is in good condition. Parking is limited, which will hinder development or reuse of the building. Buyer could remove the gymnasium to create additional parking area. Reuse of the property is most likely residential, either apartment or condominium, special needs and/or possibly senior related.

**Recommendation: Negotiated Sale**  
Order 3 new appraisals, title search and initiate full marketing program

**Special Considerations:** Contact the existing senior center to see if there is any interest and ability to relocate into this property.

## School: Fort Pitt

5101 Hillcrest Street, Pittsburgh 15206

Year Built: 1906                      Closed: 2011

Historical Designation: Yes

Land Area: 3.08 acres

Gross Building Size: 88,760 square feet

Annual Operating Cost: \$46,000

Current Debt: \$1,864,000

Estimated HazMat Remediation: \$124,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$700,000

Current Appraisals: None

Zoning: Moderate Density Residential



Neighborhood: Garfield

**Market:** Neighborhood is strictly residential (no commercial opportunity). Surrounding residential properties are in generally fair condition. Newer single family development nearby.

**Property:** The building is in good condition. Parking is very limited, which will hinder development or reuse of the building. Buyer could remove the building addition (in rear) to create additional parking area. City owned ball field and URA owned tennis courts are contiguous to the site. Need to explore potential land swap with the city and URA or cooperative sales effort if ball field and tennis courts are determined to be surplus. Addition of these properties will greatly enhance the school property. Reuse of the property is most likely residential, either apartment or condominium, and possibly senior related.

### **Recommendation: Negotiated Sale**

Order 3 new appraisals, title search and initiate full marketing program

**Special Considerations:** Contact the City of Pittsburgh and URA to determine (1) if the ball field and tennis courts are surplus and (2) if the city and URA will allow the sites to be sold in tandem with the school property. Include the ball field and tennis court areas in new appraisals but as a separate parcel and value. Also determine if site is impacted by perceived city Use Agreement.



## School: Rogers

5525 Columbo Street, Pittsburgh 15206

Year Built: 1915

Closed: 2009

Historical Designation: Yes

Land Area: 2.817 acres

Gross Building Size: 60,600 square feet

Annual Operating Cost: \$38,950

Current Debt: \$93,100

Estimated HazMat Remediation: \$503,000

Underground Storage Tanks? One

Estimated Demolition Cost: \$485,000

Current Appraisals: None

Zoning: High Density Residential



Neighborhood: Garfield

**Market:** This transitional neighborhood has been in decline but has experienced recent limited improvement. Strictly residential in nature (limited commercial opportunity).

**Property:** The building is an impressive structure and in good condition. Parking and street access are very poor, which will hinder development or reuse of the building. There has been an expression of community interest.

### **Recommendation: Limited Marketing, Donation, Demolition**

Initiate short term marketing effort. Search for financially capable local community groups to donate property as discussed in earlier recommendations, then demolish if no reasonable plan is established.

**Special Considerations:** During demolition, salvage any items of historical value or of use in the operation of other schools.



## School: McCleary

5251 Holmes Street, Pittsburgh 15201

Year Built: 1900

Closed: 2011

Historical Designation: Yes

Land Area: 31,810 square feet

Gross Building Size: 25,100 square feet

Annual Operating Cost: \$18,500

Current Debt: \$19,100

Estimated HazMat Remediation: \$24,600

Underground Storage Tanks? No

Estimated Demolition Cost: \$200,000

Current Appraisals: Three new appraisals on order due to high level of interest

Zoning: Very High Density Residential



Neighborhood: Upper Lawrenceville

**Market:** Good residential neighborhood experiencing the resurgence of the Lawrenceville community. Surrounding residential properties are generally in good condition.

**Property:** The building is in very good condition with adequate parking area. Building recently upgraded with full fire sprinkler system. Modular “out building” located in playground area could be utilized or demolished, depending on specific plans. Potential uses include: apartment and condominium; office; boutique hotel; bed and breakfast; medical; live/work. Several potential buyers have expressed interest in this site and so we have ordered three new appraisals to expedite the sales process in order to take advantage of the expressed interest.

### **Recommendation: Negotiated Sale**

Three new appraisals and title search already ordered; initiate full marketing program

**Special Considerations:** Local community groups and elected officials have expressed their interest and concern regarding the disposition of this property. We will maintain close contact with all and advise them as we proceed.



## School: Morningside

1802 Jancey Street, Pittsburgh 15206

Year Built: 1897

Closed: 2006

Historical Designation: No (but can be acquired)

Land Area: 34,133 square feet

Gross Building Size: 36,190 square feet

Annual Operating Cost: \$21,100

Current Debt: \$9,200

Estimated HazMat Remediation: \$105,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$290,000

Current Appraisals: One existing (\$90,000) and two new appraisals on order due to high level of interest

Zoning: Local Neighborhood Commercial



Neighborhood: Morningside

**Market:** Good stable community. Surrounding properties are generally in good condition. The property is located in the middle of a healthy commercial district. Good access to public transportation.

**Property:** The building is in good condition, with adequate parking area. Potential uses include: mixed use (office/retail/residential); office; boutique hotel; bed and breakfast; medical; live/work. Several potential buyers have expressed interest in this site and so we have ordered two new appraisals to augment the one current appraisal and expedite the sales process in order to take advantage of the expressed interest.

### Recommendation: Negotiated Sale

New appraisals (2<sup>nd</sup> & 3<sup>rd</sup>) and title search already ordered; initiate full marketing program

**Special Considerations:** Local community groups and elected officials have expressed their interest and concern regarding the disposition of this property. We will maintain close contact with all and advise them as we proceed.

## School: Belmar

7109 Hermitage Street, Pittsburgh 15208

Year Built: 1900

Closed: 2011

Historical Designation: No

Land Area: 1.78 acres

Gross Building Size: 58,830 square feet

Annual Operating Cost: \$63,650

Current Debt: \$1,344,000

Estimated HazMat Remediation: \$21,000 (Partial)

Underground Storage Tanks? One

Estimated Demolition Cost: \$470,000

Current Appraisals: None

Zoning: Low Density Residential



Neighborhood: Homewood North

**Market:** This neighborhood has experienced serious deterioration. There are many empty lots and vacant houses. There is no new activity or development in the area that would indicate a requirement for a property of this size and nature.

**Property:** The building is in good condition and has adequate parking area. The basement kitchen/cafeteria was renovated a few years ago. The site is somewhat isolated in this residential neighborhood, which limits its development/reuse potential. Potential new uses include senior housing, low income housing and community center; however, the probability of a sale for these uses is considered low.

### **Recommendation: Limited Marketing, Donation, Demolition**

Initiate short term marketing effort. Search for financially capable local community groups to donate property as discussed in earlier recommendations, then demolish if no reasonable plan is established.

**Special Considerations:** During demolition, salvage any items of historical value or of use in the operation of other schools.



## School: Homewood (Old)

7100 Hamilton Avenue, Pittsburgh 15208

Year Built: 1891

Closed: 2011

Historical Designation: No

Land Area: 1.461 acres

Gross Building Size: 33,300 square feet

Annual Operating Cost: \$43,000

Current Debt: \$153,000

Estimated HazMat Remediation: \$177,000

Underground Storage Tanks? No

Estimated Demolition Cost: \$265,000

Current Appraisals: None

Zoning: Moderate Density Residential



Neighborhood: Homewood South

**Market:** The surrounding community includes commercial, residential and industrial uses. Great public transportation, with bus stop and walking distance to East Busway. Carnegie Library across street. Surrounding residential properties are generally in good condition with newer townhomes located just off the property. City ball field and pool are located directly behind school.

**Property:** The building is in fair to good condition, with marginally adequate parking. Great street frontage exposure. The structure is not an optimal layout for development but may be utilized with modifications. Potential uses include: medical; office; live/work; apartments; senior living; church; community center. Need to explore potential land swap with the city or cooperative sales effort if ball field and playground are determined to be surplus.

### **Recommendation: Negotiated Sale**

Order 3 new appraisals, title search and initiate full marketing program.

**Special Considerations:** Contact the City of Pittsburgh to determine (1) if the ball field and pool are surplus and (2) if the city will allow the site to be sold in tandem with the school property. Include the ball field and pool area in new appraisals but as a separate parcel and value. Also, determine if site is impacted by perceived city Use Agreement.



**School: Columbus**

**1805 Buena Vista Street, Pittsburgh 15212**

**Year Built: 1965**

**Closed: 2006**

**Historical Designation: No**

**Land Area: 3.992 acres**

**Gross Building Size: 99,155 square feet**

**Annual Operating Cost: NA (Leased on a “Net” basis)**

**Current Debt: \$657,850**

**Estimated HazMat Remediation: \$972,000**

**Underground Storage Tanks? No**

**Estimated Demolition Cost: \$600,000**

**Current Appraisals: None -Three ordered due to tenant’s request to purchase property**

**Zoning: Moderate Density Residential**



**Neighborhood: Central North Side**

**Market:** Stable neighborhood located near Mexican War Streets and Allegheny General Hospital. Population and income continue to decline but appear to be stabilizing. Good public transportation and convenient access to central business district.

**Property:** The building is in good to very good condition with adequate parking area. It is currently leased to Propel Charter Schools on a modified “net” basis. Propel has expressed an interest in buying the property and it is the general consensus that this would represent the highest and best use for the property. Therefore, we have ordered three new appraisals to establish fair market value and expedite the sales process in order to take advantage of Propel’s interest.

**Recommendation: Negotiated Sale**

Three appraisals and title search already ordered; initiate full marketing program

## VI. Conclusion

Clearly, the School District of Pittsburgh is taking a very difficult but critically necessary step to “right-size” its facilities and operations; turning fixed assets into cash and reducing operating cash demands. Fourth River Development LLC is proud to be a part of this effort. When implemented, these recommendations will give evidence, backed by results, that the District is pursuing all options to address its current financial situation while continuing to provide quality education to the Pittsburgh community.

In addition to the recommendations in this report, Fourth River Development respectfully suggests that the District expand their evaluation of surplus facilities and consider options relating to all district properties. After immersing ourselves in the review of the District facilities and operations, we believe that a Master Plan to analyze all District properties is necessary. This Master Plan would look for options to consolidate, combine, and enhance operations that will produce very positive results and lead to substantial positive cash flow. Property options will include outright sales, leases and sale/leaseback. We would be pleased to meet with District representatives to discuss specifics of a Master Plan.



*“The beginning is the most important part of the work.”*  
Plato



# Appendix

to

**THE SCHOOL DISTRICT OF PITTSBURGH**

**ASSET MAXIMIZATION PLAN**

For

**Unused School Properties**



**FOURTH RIVER DEVELOPMENT LLC**

## Appendix A

### Recommendation Approval Form

Recommendation – Policies and Procedures	Approved	Not Approved
1. Work within Board Policy and the School Code to use all available means to sell/dispose of these 20 properties. Consider removing the restriction that sales prices must exceed outstanding debt. Or, avoid restriction by paying down debt early when it burdens to the extent it is not marketable.		
2. Utilize any proceeds from the recent sale of former District schools to offset the outstanding debt of the current 20 properties.		
3. Establish a “reuse program” of operating equipment from closed schools.		
4. Inventory each school for artwork, valuable artifacts, and memorabilia worth salvage and retention by the District.		
5. Inventory and remove all furniture, supplies and non-operating equipment from schools.		
6. Retain all mineral rights upon sale of any District real estate (not just these 20 properties).		
7. Investigate utility usage and maintenance procedures to look for cost saving measures.		
8. Bundle school properties.		
9. Initiate a marketing effort for properties identified as having a high potential for sale. Contact potential buyers who have already expressed interest and begin negotiations within the bounds of Board Policy and School Code.		
10. Initiate a search for state and federal remediation funds to assist in the removal of hazardous materials from schools.		
11. Work with other local agencies that own or control public property (City of Pittsburgh, PennDOT, and the Allegheny County Regional Asset District).		
12. Offer the 20 former school properties and all other currently operating school properties as candidates for mobile communication cell sites and billboard locations for revenue enhancement.		
13. Obtain Appraisals and Install Appropriate Signage.		
14. Revise District “Properties for Sale” webpage.		

<b>Recommendation – Site Specific</b>	<b>Approved</b>	<b>Not Approved</b>
<b>Northview: Sale – order appraisals, title search and initiate marketing.</b>		
<b>McNaugher: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Mann: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Sheraden: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Stevens: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Schaeffer: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Beltzhoover: (1) Limited marketing, (2) Donation or (3) Demolish.</b>		
<b>Knoxville: (1) Retain as warehouse or (2) Demolish.</b>		
<b>Bon Air: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Murray: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Burgwin: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Gladstone: (1) Limited marketing, (2) Donation or (3) Demolish.</b>		
<b>Madison: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Fort Pitt: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Rogers: (1) Limited marketing, (2) Donation or (3) Demolish.</b>		
<b>McCleary: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Morningside: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Belmar: (1) Limited marketing, (2) Donation or (3) Demolish.</b>		
<b>Homewood: Sale – order appraisals, title search and initiate marketing.</b>		
<b>Columbus: Sale – order appraisals, title search and initiate marketing.</b>		



# Appendix B

**School District of Pittsburgh**  
**Marketing Program**  
**For**  
**Unused School Properties**

While several of these former school properties are well-located and present attractive development opportunities, other properties will require an aggressive marketing effort to create awareness and interest.

An effective marketing program involves organizing and preparing the appropriate materials. Once created, it is imperative to efficiently distribute this information to prospective buyers and other interested parties.

The following outline details the steps necessary for a complete marketing package.

## **Creation/Gathering**

In this stage of activity, information pertaining to each property is identified and obtained for use in the final marketing package.

- 1) Multiple exterior photos of each facility
- 2) Multiple interior photos of each facility
- 3) Floor plans for each facility
- 4) Property fact sheet listing size, age, location, description of property, utilities (service providers), Tax parcel ID, mechanical systems, etc.
- 5) Prepared survey (if available) for each property
- 6) Description of any significant capital expenditures made to the facility within the last 5-10 years (i.e. new roof, windows, boiler, etc.)
- 7) Description of age of key items such as roof and boiler
- 8) List of any warranties which may be in place and go with the property in a sale
- 9) Aerial photos of the facility and neighborhood
- 10) Description of neighborhood amenities
- 11) Contact information for the City/URA relating to programs available for the rehab of these properties
- 12) Description of zoning information pertinent to each property
- 13) Environmental reports pertinent to each property



- 14) Sale process information pertinent to each property
- 15) Sheet maps/location pertinent to each property
- 16) Contact information for the Zoning office to inquire about properties' use
- 17) Contact information for designated person with the URA of Pittsburgh
- 18) Documentation of operating expenses for each property when in full operation

### **Organization of Marketing Program**

The items referenced above are then organized into two levels of marketing pieces which have been completed and are ready for use.

- 1) **Marketing Flyers**

These are 1-2 page documents which contain one or more property photos, a location map, and a brief description of the property available for sale. This flyer is intended to provide only the basic information pertaining to the subject property.

- 2) **Marketing Packages**

These contain all the information, if available, listed in the creation stage except for any information which the School District may consider confidential (i.e., environmental or asbestos reports). The marketing package, along with the appropriate tours and inspection facility, should provide a prospective buyer enough information to determine their level of interest in acquiring the property.

### **Implementation**

#### **For Sale Signs**

For Sale signs announce that a property is available "For Sale" with the telephone number and website address to contact for information. These signs should be prominently erected on each property advertising the availability of the School.

#### **Website Creation**

A link to a dedicated website is an extremely important feature in effectively marketing these surplus properties.

Fourth River Development has worked with School District staff to revise the School District's webpage "***Properties for Sale***". The revised webpage is now operational and contains a city map with toggle flags at each school location. Toggling over a flag produces a "pop-up" window with the school's picture and a direct link to Fourth River Development's website



([www.frd.us.com/pghschools](http://www.frd.us.com/pghschools)). The Fourth River Development website displays a marketing flyer, site pictures and all pertinent information.

In this process, there are two venues for access to the properties' marketing information: (1) directly to Fourth River Development website or (2) indirectly through the School District webpage.

Features of the web site:

- Update property information quickly and easily
- Fully demonstrate multiple buildings and availabilities
- E-mail potential buyers/clients/investors and track their interest
- General print-quality multi-page PDF flyers for all properties

### Real Estate Databases

All "For Sale" properties will be uploaded and maintained on local and national databases including CoStar, Loopnet, Pittsburgh Prospector and West Penn Multi-List (where appropriate) maximizing exposure to potential buyers.

### Targeting Prospects

In addition to groups which have been identified previously, we will use our proprietary database of 2000-plus real estate brokerage offices, investors, architects, engineers, non-profit and community organizations and companies to identify targeted prospects for outreach.

Multiple e-mail notices, sent through services such as Constant Contact, using Fourth River Development's database will begin immediately to transmit information to the widest possible audience.

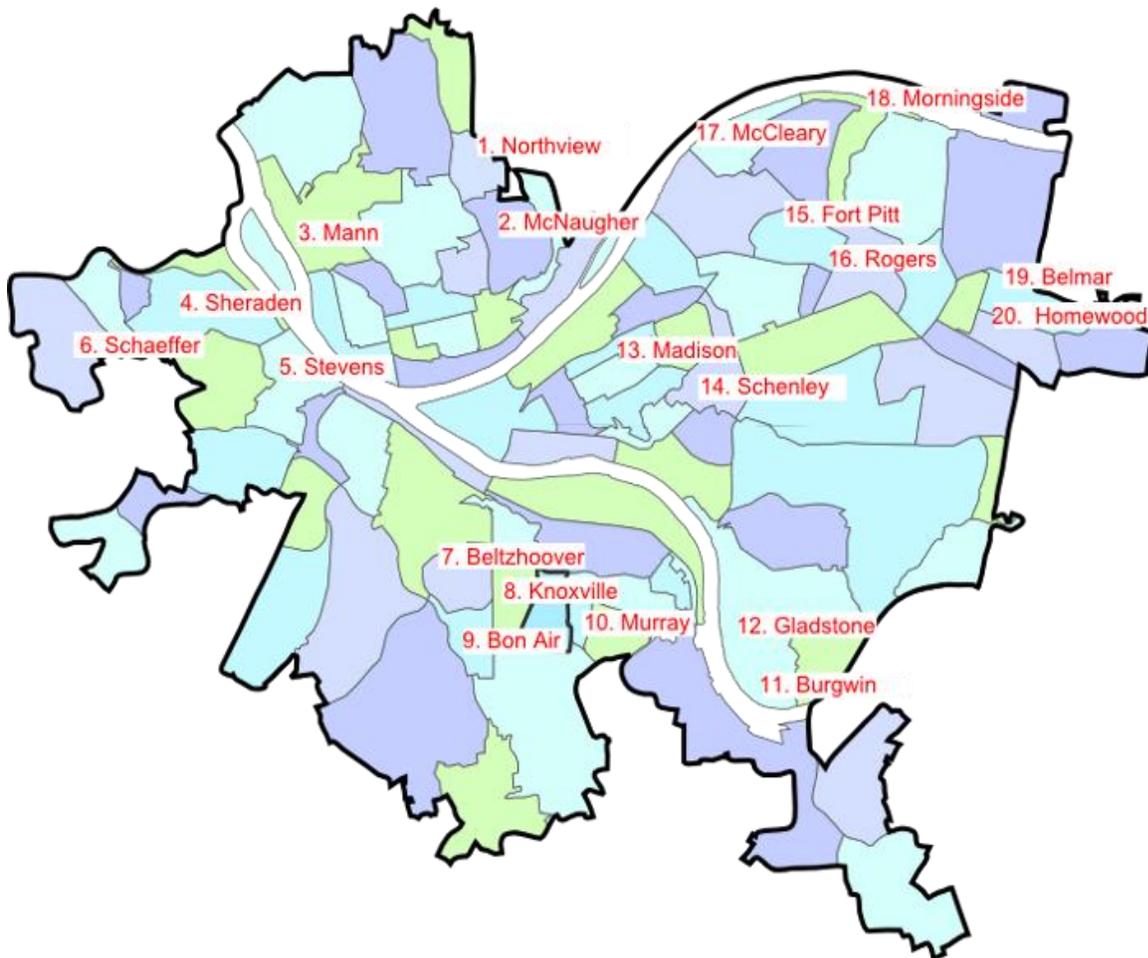


# Appendix C

## School District of Pittsburgh Webpage Mockup

The School District of Pittsburgh Announces  
Value Enhancement Plan for Closed Schools

On June 27, 2012 the Pittsburgh Board of Public Education authorized a contract with Fourth River Development LLC to evaluate and recommend ways to increase the value of the District's vacant former school properties. Fourth River has begun their evaluation process which will lead to various implementation strategies. In addition, on September 26, 2012 the Board authorized the issuance of a Request for Proposals by Fourth River Development for the purchase and redevelopment of the former Schenley High School property located in the city's North Oakland neighborhood. All of these properties are listed below and shown on the following map, with direct links to Fourth River Development's website for more details at <http://www.frd.us.com/pghschools/pghschoolproperties.htm>.



- [ [1.Northview](#) ] [ [2.McNaugher](#) ] [ [3.Mann](#) ] [ [4.Sheraden](#) ] [ [5.Stevens](#) ] [ [6.Schaeffer](#) ] [ [7.Beltzhoover](#) ]
- [ [8.Knoxville](#) ] [ [9.Bon Air](#) ] [ [10.Murray](#) ] [ [11.Burgwin](#) ] [ [12.Gladstone](#) ] [ [13.Madison](#) ]
- [ [14.Schenley](#) ] [ [15.Fort Pitt](#) ] [ [16.Rogers](#) ] [ [17.McCleary](#) ] [ [18.Morningside](#) ] [ [19.Belmar](#) ] [ [20.Homewood](#) ]



# Appendix D

## Fourth River Development LLC Webpage Mockup



### FOURTH RIVER DEVELOPMENT LLC

HOME

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DEVELOPMENT

---

BROKERAGE

---

RESIDENTIAL

---

PROPERTY MANAGEMENT

---

**PITTSBURGH SCHOOL  
PROPERTIES**

---

CONSULTING

---

PROPERTY PORTFOLIO

---

ABOUT US

---

NEWS

---

CONTACT US

---

**FOURTH RIVER  
DEVELOPMENT LLC**  
600 Waterfront Drive  
Pittsburgh, PA 15222  
Fax: 412.231.2305  
Phone: 412.231.4444



#### Pittsburgh School Properties

Fourth River Development was selected by the School District of Pittsburgh to initiate an Asset Management Plan to maximize the value of a portfolio of twenty closed school properties within the city. The plan consists of (1) a thorough investigation and evaluation of each school, (2) recommendations to reduce holding costs and increase value, and (3) creative marketing/sales techniques for these very unique and in many cases historical properties.

Click on the school name for details.

[[Northview](#)] [[McNaugher](#)] [[Mann](#)] [[Sheraden](#)] [[Stevens](#)] [[Schaeffer](#)] [[Beltzhoover](#)]  
[[Knoxville](#)] [[Bon Air](#)] [[Murray](#)] [[Burgwin](#)] [[Gladstone](#)] [[Madison](#)] [[Schenley](#)]  
[[Fort Pitt](#)] [[Rogers](#)] [[McCleary](#)] [[Morningside](#)] [[Belmar](#)] [[Homewood](#)]



## **Appendix E**

### **Proposed Project Timeline**

The following Proposed Timeline is based on the professional experience and expertise of Fourth River Development; however, it is subject to change as conditions, challenges and opportunities arise. Proposed marketing methods and strategies may vary which may also affect the proposed schedule.

