

## Lease Revenue and Non-Use Penalties

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## Defining Important Terms

- What is an Asset?
- How do you “MAXIMIZE” IT?
- How does this help?

Are we looking for Revenue or ?.....

Are we reducing costs ?.....

The “LEASE” is a tool to implement your  
planning

## How Does This Help?

- Is it Revenue?
- Does it reduce cost?
- Is it leverage?
  - Cash Flow!
    - Delay
    - Bridge
  - Reduce Budget!
    - Substitution!
    - Washing it!

## An Asset Is . . . . .

- Unused Site!
- Under-utilized Site
- No longer operating as originally planned
- Revenue streams

The above can be used to generate a new  
revenue source to fund the District's  
Capital Facility needs and/OR ....

Reduce Costs!!

UNUSED SITES--

THE GOOD AND THE BAD

OPSC Handbook 6/2007

Owned Land Unused Except

- Used as a K-12 school site
- Housing “students” for any approved program
- Used for District Administration/Support
- Public school district preschool
- Community College if allows grades 11/12

UNUSED SITES--

THE GOOD AND THE BAD (contd.)

Value- Lost plans annual adjustment across state

Time – Five Years K-6

Seven Years 7-12

Fee – 1 percent of value can be waived, reduced –  
automatically deducted

Forms –

SAB 423 Certification of Unused Site

SAB 424 Modification of Status

## To Maximize An Asset You . . .

- Identify investment or other revenue producing potential
- Identify “DARK HOLES”
- Identify Revenue ‘Streams’
  - RDA set-aside agreements
  - Financial Liabilities
- “Strip” equity
- Liability “Swap”

## Potential Targeted Results

- Possible revenue sources include the following:
  - Lease income on land owned by the District
  - Full return on original equity & ownership
  - Participatory arrangement
  - Tax increment income
  - Equity enhancement
  - Employer/Employee-subsidized housing
  - Enhanced property disposition revenue program
  - Sale of property
  - Back load liabilities
  - Budget balance
  - Cost validation

When Dealing With Lease Revenue Put It In  
Perspective

IS IT NEW REVENUE?

IS IT CASH FLOW?

DOES IT HELP THE BOTTOM LINE

- Delay Costs
- Offset Costs
- Is it a bridge

DON'T CONFUSE THE METHOD WITH  
THE INSTRUMENT