

Rules tie up Milwaukee Public Schools real estate

Becky Vevea of the *Journal Sentinel* | Dec. 31, 2010

27 Milwaukee school buildings are vacant, and district restrictions prevent sale to possible competitors

The former Garfield Elementary School building, stately and picturesque, looks as if it could be used for a movie set. That would be one way to fill the empty school with life.

For now, the century-old building at 2215 N. 4th St. sits empty.

Just down the road, construction is under way for a \$7 million expansion to St. Marcus Lutheran School, one of the highest performing voucher schools in the city.

But before St. Marcus raised millions of dollars, school leaders spent months in conversations with Milwaukee Public Schools about purchasing one of several nearby vacant buildings, including Garfield Elementary. They were unsuccessful.

For MPS, one less building would mean revenue from the sale and a reduction in maintenance costs. So what happened?

"We were told we could buy them, but could not operate them as a school in competition with MPS," said Henry Tyson, St. Marcus' superintendent. "It became clear that the acquisition of one of those vacant MPS buildings was just not an option."

MPS owns 27 empty school buildings with a total maintenance cost of more than \$1 million each year.

"The biggest barrier to expansion in Milwaukee is a facility," said Tim Sheehy, president of the Metropolitan Milwaukee Association of Commerce and a board member for Milwaukee College Prep, a high-performing charter school that recently expanded after failed negotiations to buy the empty Thirty-Eighth Street School from MPS.

Milwaukee College Prep launched its second campus instead by taking over the struggling Academy of Learning and Leadership at 1530 W. Center St., an independent charter school that lost its contract with Milwaukee's Common Council because of low test scores.

Although the city technically owns these empty schoolhouses, MPS and ultimately the School Board control the sale and lease of district property. MPS maintains a deed restriction on these properties preventing them from being used as schools that are not part of MPS.

"The buildings that are desirable and empty are under the thumb of MPS," said state Sen. Alberta Darling (R-River Hills), who is gearing up to push legislation that would free up these buildings to other entities, specifically independent public charter schools that operate through the University of Wisconsin-Milwaukee or the city.

"They're in no condition to use these buildings because MPS is not growing," Darling said. "It makes no sense at all. What would you want a school for other than to provide some educational environment?"

The value of the vacant schools could vary greatly, but Heather Heaviland, a real estate consultant who works primarily with schools, said it's likely they would have an estimated appraisal amount between \$15 and \$20 per square foot. Using the \$15 estimate, the total value of the buildings alone is roughly \$34.7 million.

District officials did not provide appraisals for any of the buildings because they are done on a case-by-case basis and tend to expire quickly. Michelle Nate, director of facilities and planning, said Heaviland's estimate would be accurate only if the buildings were being sold as schools and not for other development.

In the last several years, only one vacant school - the former Jackie Robinson Middle School - has been sold, said assistant city attorney Tom Gartner, who has worked with MPS building sales for roughly 30 years.

"A number of them have been vacant for years," Heaviland said. "It's not like all of a sudden MPS came upon 27 facilities."

MPS enrollment decline

School Board members and the administration in MPS are well aware of the district's property surplus and declining enrollment. But it's more complicated than just selling the buildings to any interested party, they say.

"Our strategy is fill them with kids that are part of the MPS family," Superintendent Greg Thornton said. "I would not be recommending to the board to lease to anyone that is going to take enrollment."

Because of the budgetary responsibilities MPS has to students outside its enrollment count, Thornton and some board members say it is important to think strategically about these properties.

For example, MPS pays for a portion of the Milwaukee Parental Choice Program out of its budget, which is largely determined by annual student enrollment. Choice students in private schools are not included in MPS' enrollment count, nor are students who attend independent charter schools authorized to operate by the Milwaukee Common Council or UWM.

Additionally, MPS is often obligated to provide transportation and special education services to city students who enroll in charter or private voucher schools, district officials and School Board members said.

"We'd be acting hastily if we made any decisions without having a larger context and without knowing what is going to happen with education in the city," said Peter Blewett, vice president of the School Board.

"When we look at the whole educational picture, I'm not sure that the voucher system is serving students of Milwaukee well."

Tyson and Sheehy said they recognize that MPS doesn't want to contribute to its own declining enrollment, and they both agree MPS needs to continue to be an option to students in Milwaukee. But they also see a community need to fill buildings with quality educational programs, regardless of who is running them.

"The goal here from a community standpoint isn't to save MPS; the goal is to serve students," Tyson said. "There's absolutely no doubt in my mind that if the restriction on the sale of these buildings remains in place, the expansion and replication of great schools in our city will be inhibited."

MPS may push charters

Thornton said his administration is in the process of solidifying negotiations with several national charter providers to start schools under the umbrella of MPS. By having these schools charter with MPS, the students would count toward the district's enrollment numbers, which would increase the amount of state funding the district is granted. "That's a win-win-win," Thornton said.

In theory, it is.

But the district has been criticized for not being aggressive in seeking - and now in keeping - national charter school operators with a track record of academic success with urban children. Charters are public schools given more autonomy over curriculum in exchange for meeting goals outlined in contracts with chartering agencies.

As recently as last month, a national nonprofit

charter provider, Lighthouse Academies, pulled out of contract negotiations that would've brought a school to the old Garfield building for the 2011-2012 school year.

"When MPS negotiates its contracts, it seems to have an interesting process," said Mike Ronan, president and CEO of Lighthouse Academies, which operates high-performing schools across the country. "We finally got to the point where we had a charter contract that had several issues in it that needed to be resolved."

Those issues: building space and per pupil funding. When a draft of the contract landed on Ronan's desk, the document listed less building space than the school needed and required Lighthouse to pay for the building's upgrades, including bringing it into compliance with the Americans with Disabilities Act, Ronan said.

Lighthouse is now applying for two charters, one through UWM and one through the city, and is working with a Chicago-based company to either buy buildings on the private market or build new schools, Ronan said.

Ronan said the goal is to have 250 students in both schools during their first year, with an expected growth to 650 each within five years. If that goal is attained, those 1,300 students will likely be drawn out of MPS.

"We would've been two additional schools within the MPS portfolio," Ronan said.

Even if MPS contracted with national charter providers, filling all or most of the vacant buildings would be challenging.

"I don't care who owns the building, people aren't going to rush in to buy these properties," Thornton said, adding that the real estate market still hasn't turned around since the recession started.

Property market

But Heaviland said despite the hard economic times, the education sector is one of the few that is growing. Finding school facilities on the private market is very difficult because not all buildings have things such as a playground or a gym, she said.

In May, Chicago-based nonprofit IFF released a study revealing a scarcity of good schools on the north and northwest sides of Milwaukee, identifying eight ZIP codes with the highest needs. Eleven of the 27 vacant properties are in those areas.

The study focused on the importance of bringing quality schools into every neighborhood - a familiar concept that MPS championed in 2000, when it launched the \$102 million Neighborhood Schools Initiative. The massive construction project became the subject of a 2008 *Journal Sentinel* investigation that revealed most of those additions sat empty.

Thornton said the IFF study is a guiding light for him as he begins to look at what buildings the school needs to work to fill.

"Certainly it's not our intent to use all 27 sites, but there are areas of the city where we need to have those real estate options," Thornton said.

As far as the buildings that MPS doesn't have interest in using, Thornton said he's been working with the Common Council and the mayor to find community uses for them, but some are too old and should probably be torn down. With a lack of performing schools in areas where some of these buildings sit empty, there should be a collective sense of urgency to fill them, Heaviland said.

"The longer it takes for charter schools and other schools that want to expand to find buildings, the more time a student has to wait for a better educational opportunity," Heaviland said.