

# Sacramento Bee

## METRO

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### Financial Lessons

#### Natomas district takes new approach to funding high school.

*By Dirk Werkman  
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The construction of Natomas' next high school is being paid for by a private development company that will lease the \$58 million campus to the Natomas Unified School District.

The financing approach is new to California and will let the district spend bond money on improvements at other campuses a year sooner than planned. The district can own the new school, to be called Inderkum High School, after it repays the Eastridge Companies, the nationwide firm paying for the campus.

The district could take 20 to 30 years to repay Eastridge Companies, but Superintendent David Tooker said he expects the tab could be covered around the time of Inderkum's August 2004 opening through a combination of state funds, local bond revenue and developer fees.

**Jeff Baize**, development director for the Los Angeles-based Western region of the Eastridge Companies, said the project "will not exceed" the \$58 million the district scheduled for it. In fact, Baize said his company will save the district "a lot of money" over what would be spent with a more traditional method of constructing a school.



*Construction of the new Inderkum High School*

The financing arrangement is allowing the district to spend \$15 million on elementary school improvements sooner than planned. The money is part of a \$45 million bond measure Natomas voters approved last year.

The \$15 million would have gone toward Inderkum High's construction but now can be used to upgrade elementary schools. The money for Inderkum High won't be needed until the lease with Eastridge Companies is paid off, Tooker explained.

So, Bannon Creek and Jefferson elementary schools will get new playground equipment and expanded kitchens a year ahead of schedule, he said.

And Natomas High School will get a swimming pool and American Lakes Elementary School will get a library sooner than expected.

Inderkum High is being built on district-owned land at Del Paso Road, just west of Truxel Road-Natomas Boulevard. It is part of a complex that will include a public library and Los Rios Community College District satellite campus.

The education complex is a key component of the North Natomas Town Center and Regional Park that will serve as the civic center of an eventual community of 60,000 residents.

Inderkum is being constructed under a 7-year-old state law and finance program called "lease-leaseback." Under the law, a school district leases land to a developer, who builds a campus and then leases it back to the district, ultimately selling it to the school system.

The Palm Springs Unified School District is using lease-leaseback to build an \$11.5 million elementary school scheduled to be completed in September.

William Schmidt, Palm Springs' facilities director, said it looks like the district could save about \$300,000 over the cost of an identical campus constructed three years ago.

Traditionally, a district will hire an architect to design a school, then hire a contractor to build the campus. Under lease-leaseback, Schmidt said, the architect and developer can be hired together and work more closely, cutting construction delays.

"This method allows the school district to be in full control of a project," Schmidt said.

Dave Walrath, a consultant to the Sacramento-based Coalition for Adequate School Housing, said the lease-leaseback law hasn't been used much because school officials are generally "unbelievably conservative" when it comes to trying new approaches.

A change in attitudes was reflected in May when more than 200 people attended a San Diego conference on school construction issues, including lease-leaseback, he said.

"My sense in talking to people in education is that more are looking at trying to use lease-leaseback," Walrath said. "The main advantage of lease-leaseback is that it saves time and limits fiscal liability if something goes wrong. The school is constructed with a fixed-price contract."

Susan Eastridge, chief executive officer of the Eastridge Companies, said the California law has been "recent in its application." Eastridge Companies said similar laws and approaches are "more prevalent" in other states. "I think it's probably safe to say that they (Natomas) are one of the first in California" to try the lease-leaseback approach, she said.

A "topping off" ceremony was held at the school site earlier this month, as the top-most steel beam to be included in the 230,000-square-foot, two-story structure was placed into position.

Among those attending the ceremony were members of the Inderkum family, for whom the high school is named. The family has been prominent in the local dairy industry and community activities since the 1880s. Two family members, Basil Clark and Gene Inderkum, served on the Natomas school board.

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