



County Executive Office

Memorandum

May 12, 2010

To: Members, Board of Supervisors
From: Thomas G. Mauk, County Executive Officer
Subject: Purchase of 433 W. Civic Center Drive, Santa Ana

In response to your Board's directive on April 20, 2010, the following summarizes the process used by Corporate Real Estate in the purchase of the property at 433 W. Civic Center Drive in Santa Ana and includes a copy of a memo associated with the recommended acquisition, which was not provided to your Board or my office.

The Archives Division of the County Clerk-Recorder required additional archival, public display area, staff offices, and storage space. In 2007, the Clerk-Recorder identified a building for sale at 433 West Civic Center Drive in Santa Ana, which is directly across from their offices located in Building 12. The property consists of an 8,812 square foot two-story building built in two sections between 1957 and 1962, and is located on an approximately 20,036 square foot lot (approximately ½ acre). The facility includes thirty-four parking spaces.

The following inspections and reports pertaining to the property purchase were conducted prior to the close of escrow:

- A pre-occupancy inspection from CEO Risk Management/Safety, which identified a number of minor deficiencies to be corrected prior to occupancy. The deficiencies included the lack of basement emergency lighting, proper exiting hardware, and a few small electrical issues.
- A physical inspection by Resources & Development Management Department (RDMD) Facilities Operations identified that the building had been reasonably maintained.
- An asbestos hazard determination was conducted by RDMD Facilities Operations, which found that although the facility was not free of asbestos, it is safe for County occupancy, as long as the asbestos found in the ceiling and floor (typical for this period of development) was not disturbed.

- A secondary review of the condition of the facility and a limited asbestos inspection was conducted by Patriot Environmental Laboratory Services, which identified asbestos-containing material was in good condition and that in their opinion, the property was safe to occupy.
- A Phase I Environmental Site Assessment was performed by Converse Consultants and reviewed by Environmental Resources. The Converse report concluded that no evidence of Recognized Environmental Conditions was identified in connection with the property, with the exception of the historical environmental condition at the adjacent, Civic Center Garage, that had been remediated to the satisfaction of the regulatory agency.
- A preliminary scope of work was conducted by RDMD Architect & Engineering (A&E) for renovation of the existing building and possible new construction based on taking into account improvements identified by the Archive Division and A&E's own inspection walk-through, using an archival quality standard. The estimated renovation cost for the existing structure was identified as approximately \$3.56 million and building demolition and the new construction estimate was approximately \$4.44 million. The memo was provided by RDMD A&E to Clerk-Recorder staff prior to the decision to purchase the property on June 29, 2007, (See Attachment A).

The property acquisition was based on the Archives Division having a central, suitable location within the downtown area to provide services and accessibility to its customers. Key benefits of the property include its adjacency to other County-owned parcels on three sides and its future development opportunities for space in the core Civic Center area (See Attachment B). The property is located in the Santa Ana City Redevelopment area.

The asking price for 433 W. Civic Center Drive in Santa Ana was \$2,495,000 in an "as is" condition. RDMD Corporate Real Estate was authorized by your Board in closed session on September 18, 2007, to negotiate a purchase price not to exceed \$2,200,000. Concurrently, an appraisal was obtained from Parkcenter Realty Advisors, a Certified General Real Estate Appraiser that indicated a fair market value of \$2,200,000 for the property. Corporate Real Estate negotiated a purchase price of \$2,100,000. Your Board approved the recommended transaction on January 15, 2008 based on ASR #07-002608 (See Attachment C).

Since the acquisition of the property, the thirty-four parking spaces have been utilized and saved the County approximately \$26,100 a year due to the ability to reduce the number of parking spaces the County leases from the private sector. The Clerk-Recorder hired Kishimoto Architects to prepare a Feasibility Study on the property based on archival/museum level program standards and requirements. The study, dated January 12, 2009, estimated that an interior renovation of the existing building would cost approximately \$2.85 million; a renovation with east and north building additions including an additional 9,100 square feet would cost approximately \$5.66 million, and a new building with a total gross floor area of 22,500 square feet on the site would cost approximately \$7.57 million.

As the building has been empty for some time and requires improvements, OC Public Works currently estimates it would take approximately \$1.5 to \$1.8 million to renovate the building for use as office space.

In reviewing the actions taken in regard to this acquisition, it has become apparent to me that your Board was not provided with all the information known to staff at the time given the June 29, 2007 RDMD A&E memo among RDMD and Clerk-Recorder staff, (See Attachment A). Corrective action is being implemented to ensure that your Board is provided timely copies of all relevant information associated with any future purchase acquisition recommendations.

In the meantime, it does appear that having the property in our inventory is a positive outcome. The future use of the property, however, needs to be reviewed. If you have any questions or need additional information, please contact me.

Attachments

c: Rob Richardson, Assistant CEO
Alisa Drakodaidis, Deputy CEO, OC Infrastructure
Jess A. Carbajal, Director, OC Public Works



COUNTY OF ORANGE

RESOURCES & DEVELOPMENT MANAGEMENT DEPARTMENT

INTERNAL SERVICES / A&E PROJECT MANAGEMENT

MEMO

DATE: June 29, 2007
TO: Distribution
FROM: Stephen Johsz, RDMD/A&E
SUBJECT: 433 Civic Center Drive

On June 15, 2007, a cursory inspection of 433 Civic Center Drive was conducted by Clark Shen and Stephen Johsz of RDMD/A&E at the request of the Orange County Archives Director and RDMD Real Estate Services.

The wood office frame building, constructed in two sections between 1957 and 1962, is two stories with a basement and approximately 8,812 SF. The Clerk-Recorder's Office is investigating the purchase of the building, exploring either renovating the existing building or constructing a new facility at the same location. The following preliminary scope of work, proposed project cost (excluding purchase price, etc.) and schedule has been prepared for your use.

RENOVATION

(Required to meet the functional needs outlined by the Orange County Archives Director)

Exterior

- Add elevator to northeast side of building
- Install new building signage
- Seal building to improve basement humidity control
- Seal parking lot and re-stripe
- Improve landscaping and lighting for improved security
- Convert door to east side parking into emergency exit
- Seismic retrofit
- ADA retrofit
- Install new roof
- Replace HVAC system with zoned controls, humidifier and dehumidifier systems

Interior – Basement

- Create an open floor by removing basement walls, revise structural supports, add shelving

Interior – First Floor

- Create an open floor, revise structural supports
- Remove/relocate restrooms
- Add reception desk/work station

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Interior – Second Floor

- Upgrade restrooms, including ADA compliance
- Open passageway between east and west sides of floor
- Renovate existing offices to accommodate Archives Research Room and Conference Room
- Add a break room with sink, refrigerator, microwave, etc.

Interior – General

- Add centralized, zone lighting control for basement and first floor
- Remove southwest staircase (stairway must remain for emergency egress)
- Add archival standard fire sprinkler system (preaction?)

Other Work Identified by A&E During Walkthrough that will Impact the Improved Cost

- Hazardous material assessment and removal (asbestos, lead, PCB's and mold)
- Building system assessment (HVAC, electrical and plumbing systems)
- Possible upgrade of electrical and plumbing systems
- Update fire alarm system
- Structural assessment of roof and floor systems
- Parking requirements assessment
- Environmental review under CEQA
- Fire department access assessment
- Installation of CCTV
- Installation of intrusion alarm systems
- Updated telephone and data systems
- Updated floor and wall coverings/repainting
- Replacement of ceiling tiles
- Preparation of base drawings since no as-built drawings are available

Current Project Cost*

| Renovation | Cost (\$) |
|-----------------------------------|-----------|
| Design | 240,000 |
| Construction Phase Services | 60,000 |
| Plan Check Fees | 20,000 |
| Design Administration (5%) | 12,000 |
| Engineering and Design Total | 332,000 |
| Construction (8812 SF x \$270/SF) | 2,380,000 |
| Contractors O.H & Profit (12%) | 285,500 |
| Subtotal | 2,665,500 |
| Permit/Inspection Fees | 25,000 |
| Subtotal | 2,690,500 |
| Contingency, Testing, CO (15%) | 403,500 |
| Construction Admin. (5%) | 134,500 |
| Construction Total | 3,228,500 |
| Total* | 3,560,500 |

Location:
1152 E. Fruit Street, Building #1
Santa Ana, CA 92701

Mailing Address:
RDM Dept./ A&E Project Management
1152 E. Fruit Street, Building #1
Santa Ana, CA 92701

Phone: (714) 567-6573
FAX: (714) 567-6564

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Schedule

Design (A-E selection, contract award, design, CEQA and construction documents) – 16 months
 Construction (Bidding, contractor selection, construction) – 12 months

NEW CONSTRUCTION

- Demolition of existing building
- Construction of new building to meet the Orange County Archives functional needs
- New site work

Current Project Cost*

| New Construction | Cost (\$) |
|-----------------------------------|-----------|
| Design | 260,000 |
| Construction Phase Services | 70,000 |
| Plan Check Fees | 25,000 |
| Design Administration (5%) | 13,000 |
| Engineering and Design Total | 368,000 |
| | |
| Construction (9000 SF x \$350/SF) | 3,150,000 |
| Contractors O.H & Profit (10%) | 352,000 |
| Subtotal | 3,502,000 |
| Permit/Inspection Fees | 35,000 |
| Subtotal | 3,537,000 |
| Contingency, Testing, CO (10%) | 354,000 |
| Construction Admin. (5%) | 177,000 |
| Construction Total | 4,068,000 |
| | |
| Total* | 4,436,000 |

Schedule

Design (A-E selection, contract award, design, CEQA and construction documents) – 20 months
 Construction (Bidding, contractor selection, construction) – 16 months

*The preliminary project cost estimates for renovation of the existing building or for replacement of the existing building with a new facility are based on the scope of work noted above and current square footage costs of similar buildings. The estimates exclude: building purchase, escalation, moving costs, furniture, special fixtures and equipment and special storage/shelving systems. A more definitive cost estimate and schedule should be prepared once a final course of action is determined.

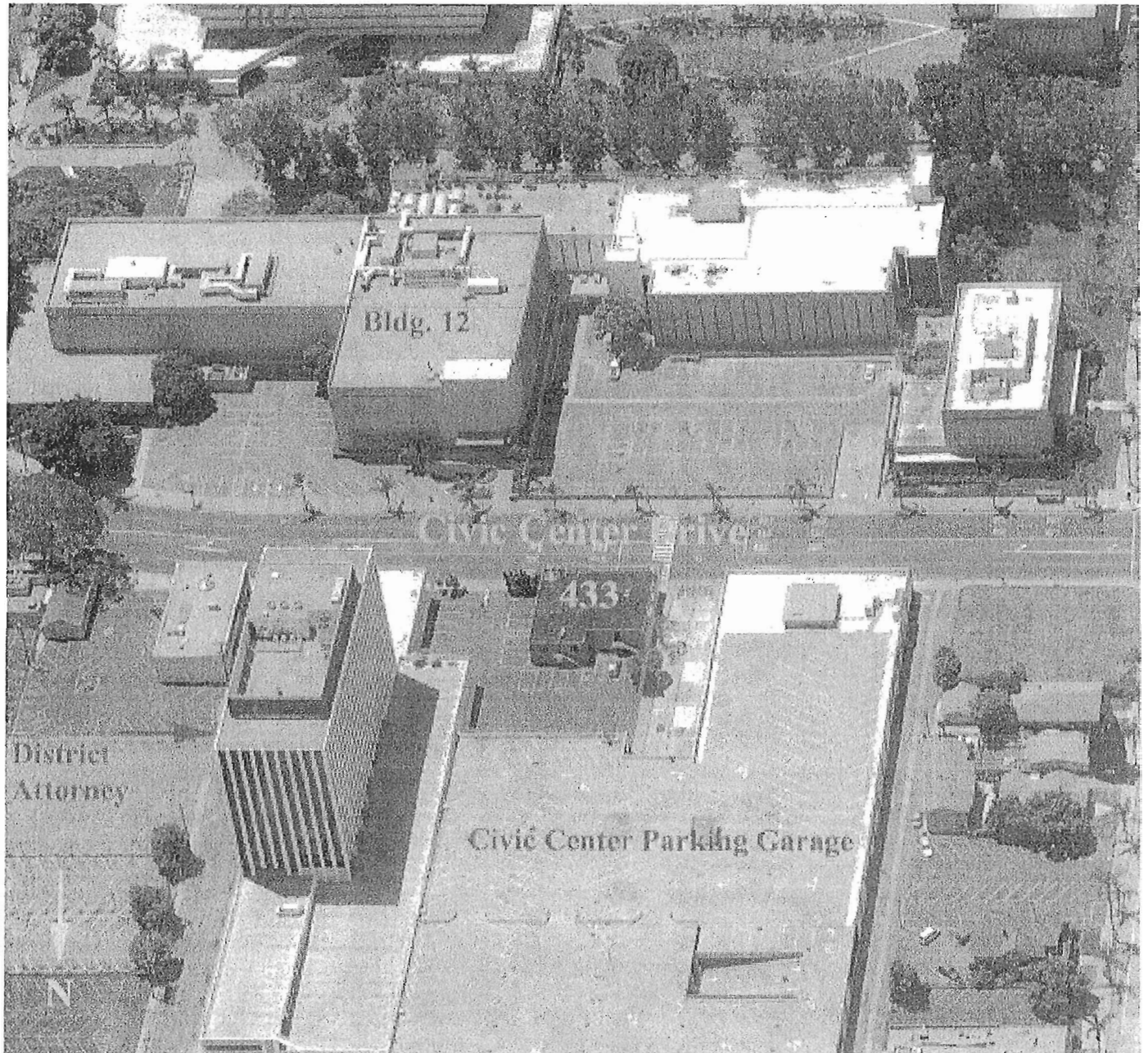
Distribution: Phil Brigandi, Clerk-Recorder
 Paul Lanning, Clerk-Recorder
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Overview Map



Agenda Item

**AGENDA STAFF REPORT**

ASR Control 07-002608

MEETING DATE: 01/15/08
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): 1
SUBMITTING AGENCY/DEPARTMENT: Resources and Development Management Department (Approved)
DEPARTMENT CONTACT PERSON(S): Jean Pasco (714) 834-2083
 Tony Ferrulli (714) 834-3790

SUBJECT: Acquisition: 433 Civic Center Drive West, Santa Ana

CEO CONCUR
Concur

COUNTY COUNSEL REVIEW
Approved Agreement to Form

CLERK OF THE BOARD
Discussion
3 Votes Board Majority

Budgeted: Yes **Current Year Cost:** \$2,115,000 **Annual Cost:** N/A
Staffing Impact: No **# of Positions:** **Sole Source:** No
Current Fiscal Year Revenue: N/A
Funding Source: Agency 059 - 100%

Prior Board Action: September 18, 2007

RECOMMENDED ACTION(S)

1. Approve and execute the Acquisition Contract with Silva Family Trust and form of Grant Deed and return two executed copies of the Acquisition Contract to the Resources and Development Management Department (RDMD) Corporate Real Estate.
2. Authorize the Chairman of the Board to accept the Grant Deed from the Silva Family Trust upon delivery by RDMD/Corporate Real Estate and return the deed for recording.
3. Authorize the Director RDMD or designee to execute any documents necessary to close the purchase transaction through the escrow holder.
4. Instruct the Auditor-Controller upon notification from RDMD/Corporate Real Estate to issue checks or similar wire transfers to escrow in the amount of \$2,100,000 from Clerk-Recorder project account Agency 059 and additional checks as required for escrow closing costs, fees associated with title insurance, and pay other fees to escrow associated with closing escrow from project account Agency 059
5. Find that the proposed project is Categorically Exempt from CEQA per Section 15305, Class 5 of the CEQA Guidelines.

6. Instruct the Auditor-Controller upon receipt of the brokerage fee of \$42,000 from LandAmerica Escrow to credit RDMD/Corporate Real Estate account Fund 135.

SUMMARY:

Approval of the Acquisition Contract and authorization to execute necessary documents and issue checks into escrow for the purchase price and all related escrow closing costs will complete the subject purchase of real property for the Clerk-Recorder Archives Division and will expand the public's access to County archive documents.

BACKGROUND INFORMATION:

The Archives Division of the County Clerk-Recorder's Office requires additional space to provide public displays, exhibits, a larger research room, and additional stack space for the Archives. Acquisition of the office building located at 433 Civic Center Drive West, Santa Ana will provide additional space to accommodate the Archives Division. The property is located across Civic Center Drive from the County Hall of Records and Finance (Building 12) and is surrounded on three sides by County-owned property.

The subject property is improved with an 8,812 square foot, 2-story office building, plus a partial basement, situated on approximately 20,036 square feet of land, and provides 34 parking spaces. The Clerk Recorder's Office currently leases parking spaces in the core Civic Center area from the private sector. Acquisition of this property will reduce the number of parking spaces being leased from the private sector and will result in an annual cost savings of approximately \$26,100.

The subject property is being purchased in an "as is" condition. RDMD staff conducted a physical inspection of the land and improvements, which concluded the property has been reasonably maintained. A safety inspection was performed by County Executive Office/Risk Management which indicated that a number of minor deficiencies must be corrected to meet County safety standards. The Clerk-Recorder's Office will correct these deficiencies prior to occupancy and refurbish the interior to meet their current and future operational requirements after the close of escrow.

As authorized by your Board on September 18, 2007, negotiations were initiated to purchase the property from the Silva Family Trust. The property was listed for sale at \$2,495,000. RDMD obtained an independent appraisal of \$2,200,000 and negotiated a purchase price of \$2,100,000, which is below the appraised fair market value after taking into consideration the physical condition of the property. Escrow, Title, and closing costs are estimated to be an additional \$15,000. The property also has added value to the County due to its adjacency to existing County-owned property and future redevelopment potential for the subject property and adjacent County-owned properties.

LEGAL REQUIREMENTS:

CEQA: In accordance with CEQA Guidelines, Section 15305, Class 5, the proposed project is exempt from the provisions of CEQA, which reflects the independent judgment of the lead agency, Orange County, and satisfies the requirements of CEQA because it involves a minor alteration in land use limitations.

GENERAL PLAN: Pursuant to Government Code Section 65402, the proposed project conforms to the City of Santa Ana General Plan.

SIXTY-DAY NOTICE: A Sixty-Day Notice, pursuant to Government Code Section 25351, was submitted to the City of Santa Ana. The City of Santa Ana approved and waived the sixty-day notice period.

LEGAL NOTICE: A legal notice of Intent to Purchase Real Property was published in the Orange County Reporter newspaper, pursuant to Government Code Section 25350.

HAZARDOUS MATERIALS ASSESSMENT:

A Hazardous Materials Assessment (Phase I Report) was performed by Converse Consultants and revealed no contamination requiring remediation. RDMD/Environmental Resources has reviewed the Phase I Report and recommends proceeding with the acquisition.

An asbestos inspection was performed by Facilities Operations which indicated that although asbestos exists in the building, the asbestos containing material is in "good" condition and the building is safe to occupy.

FINANCIAL IMPACT:

This real estate acquisition cost was budgeted by the Clerk-Recorder's Office for Fiscal Year 2007-08.

STAFFING IMPACT:

N/A

REVIEWING AGENCIES:

County Executive Office/Risk Management
Clerk Recorder

EXHIBIT(S):

Exhibit A - Acquisition Contract Summary
Exhibit B - Location Map

ATTACHMENT(S):

Attachment A - Acquisition Contract