

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

688



FORM APPROVED COUNTY COUNSEL  
BY: PATRICIA MUNROE  
DATE: 8/28/13

**FROM:** Economic Development Agency / Facilities Management

**SUBMITTAL DATE:**  
August 28, 2013

**SUBJECT:** Resolution No. 2013-209, Notice of Intention to Purchase and Assume a Leasehold Interest, Certain Furniture, Fixtures and Equipment, and Certain Client Agreements Located Within an existing Data Center at the City of Riverside, County of Riverside, California, CEQA Exempt

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Adopt Resolution No. 2013-209, Notice of Intention to Purchase and assume a leasehold interest certain furniture, fixtures and equipment, and certain client agreements for space or services located within an existing Data Center at 1960 Chicago Avenue, Building F, in the City of Riverside, County of Riverside, situated upon a portion of Assessor's Parcel Number 249-110-030, from ACORN Technology Corporation, Inc., a California corporation;

**REVIEWED BY CIP**

(Continued)

*[Signature]*  
**Christopher Hans**

**FISCAL PROCEDURES APPROVED**  
**PAUL ANGULO, CPA, AUDITOR-CONTROLLER**  
BY: *[Signature]*  
**TANYA S. HARRIS, CPA**

*[Signature]*  
**Robert Field**  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 7,139,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$0	Budget Adjustment:	No
	Annual Net County Cost:	\$0	For Fiscal Year:	2013/14

**COMPANION ITEM ON BOARD AGENDA:** No

<b>SOURCE OF FUNDS:</b> County of Riverside Asset Leasing Corporation Bond Financing	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

BY: *[Signature]*  
**Jennifer L. Sargent**

**County Executive Office Signature**

Policy  Policy   
Consent  Consent   
Dep't Recomm.:  Per Exec. Ofc.:

Prev. Agn. Ref.: N/A

District: 2/2

Agenda Number:

**3-32**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**RECOMMENDED MOTION:** (Continued)

2. Authorize the Real Estate Division of the Economic Development Agency to negotiate the assignment and assumption of the existing leasehold interest, as well as negotiate an extension of the existing lease for a fixed price and term, and to assume certain client agreements to provide space and services to government, quasi government and public agencies; and to provide space without services, or with nominal service, to private sector entities.
3. Authorize the negotiation of a Bill of Sale for the furniture, fixtures and equipment located within the existing Data Center for an estimated \$7,000,000 and to incur typical transaction costs including staff time, appraisal costs, improvement condition audit, and other due diligence studies of the property at a cost not-to-exceed \$139,000;
4. Find that the purchase of the improvements are exempt from CEQA pursuant to CEQA guidelines section 15061(B)(3) as it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment; and section 15301, Class1, as the project involves negligible or no expansion of an existing use or alterations; and
5. Direct the Clerk of the Board to give notice pursuant to Government Code Section 6063.

**BACKGROUND:**

The Riverside County Information Technology Department (RCIT) currently operates a data center in the downtown Riverside County Administrative Center (CAC) for the management and control of the County's information systems. For many years the location has been viewed as unfit for a large scale data center since the data center operations are located on the tenth floor. Conventional large scale data centers are most often located at the ground level for greater stability, safety, and security reasons. The standard data center rating for the County data center facility is Tier 2.

In 2012, RCIT contacted the Economic Development Agency (EDA) to request assistance in procuring a new data center location. In June 2012, EDA issued a Request for Proposal (RFP) for a new data center location and received multiple responses. A question and answer session was held on August 27, 2012, and the final deadline for responses was September 27, 2012. ACORN Technology Corporation (ACORN) submitted a response for the County's consideration which included the potential purchase of a leasehold interest and data center equipment in their leased facility located at 1960 Chicago Avenue, Building F, Riverside. After thorough review of ACORN's response, it has been decided that the ACORN Data Center location use of existing data center improvements and the leasehold interest in the property are desirable for a new County data center. In addition, the existing client agreements for space or services will provide additional revenue to RCIT.

(Continued)

**BACKGROUND:** (Continued)

The ACORN Data Center is rated as a Tier 3 data center and is comprised of essential equipment and safety and security equipment and features which are unique and highly conducive to County data center operations. Furthermore, the short supply of data center facilities in the greater Riverside and San Bernardino County areas and the close proximity of the ACORN facility to downtown Riverside make the facility an attractive option for the County. The data center facility and improvements including furniture, fixtures and equipment (FF&E) and existing facility lease, existing customer agreements are described as follows:

Data Center Facility, Equipment, and Lease

Location: 1960 Chicago Avenue, Building F, Riverside, California, located within the Riverside Technology Business Park.

Building Size: Approximately 24,475 square feet, including 18,700 square feet of data center raised floor area.

Lease Terms: Although there is a current lease in effect between the landlord and ACORN, the terms are not consistent with County objectives therefore the County will commence negotiations with the existing landlord to negotiate a new lease and terms and will provide these new lease terms to the Board together with the necessary agreements to be submitted to the Board in the near future.

Interim License Agreement: The County is currently negotiating an Interim License Agreement with ACORN to allow for early occupancy by the County to set up the County data center operations.

Power/Equipment Fire Life Safety & Connectivity: Ample main redundant city power, standby power system, uninterruptible power supply (UPS), electrical protection, fire/water protection, security, cooling system and multiple provider network the specifics of which will be provided in the Authorization to Purchase document to be submitted to the Board in the near future.

Existing Client Agreements: Approximately 23 agreements with colleges, health organizations, and private sector companies are in full force and effect which may be assigned to the County and the County may benefit from the revenue generated thereby; specifically, by maintaining space and service to government, quasi government and public agencies, and maintaining space and facility security to private sector companies.

(Continued)

**BACKGROUND:** (Continued)

The Justification for the purchase of the leasehold interest and existing agreements along with the FF&E is as follows:

Justification for Purchase

1. It is necessary to relocate the data center off the tenth floor of the CAC since this location does not provide adequate safety for the center and is not an efficient and conventional location for a large scale data center. The same is true for other smaller RCIT enterprise data centers located throughout the County which will be consolidated into this location.
2. The ACORN facility provides an immediate accessible and usable location that:
  - a. Provides more space than RCIT's analysis to build one out in the Press Enterprise building and at a much lower cost.
  - b. Meets higher data center requirements than the current RCIT data centers.
  - c. Allows the County to close other centers which are currently under lease.
  - d. Provides critical data space for RCRMC that is required for current projects.
  - e. Provides space for other Departments that are currently seeking or leasing space.
  - f. Provides existing and future revenue by leasing data center space to other outside agencies and entities.
3. The business park in which the ACORN facility is situated will also afford us the opportunity to co-locate needed RCIT warehouse space which will cut down on warehousing in the Press Enterprise building and add to efficiencies.

Programs and Services to be performed within the Data Center to the County and other Government, Quasi Government and Public Agencies:

1. Leased or Licensed Data Center Space
2. Hosted Systems
3. Platform Services
4. Data Storage
5. Mainframe Services
6. Security Services

(Continued)

**BACKGROUND:** (Continued)

Programs and Services to be performed within the Data Center to Private Sector Entities:

1. Leased or Licensed Data Center Space
2. Security Services of Facility

The assumption and assignment of the leasehold interest and existing client agreements by the County at the price set forth above achieves a value significantly below replacement cost. Data Center replacement cost is estimated to be \$800 - \$1200 per square foot.

This Resolution has been approved as to legal form by County Counsel.

**FINANCIAL DATA:**

The following summarizes the funding necessary to acquire the improvements, equipment, leasehold interest, and client agreements:

Purchase Price	\$ 7,000,000
Estimated Escrow and Closing Charges	\$ 17,000
Preliminary Title Report	\$ 2,000
Environmental	\$ 15,000
Appraisal	\$ 50,000
Physical Inspection	\$ 25,000
Advertising Costs	\$ 3,000
Acquisition Administration	\$ 27,000
Total Estimated Acquisition Cost	\$ 7,139,000

EDA has already covered the costs for due diligence (preliminary title reports) and will be reimbursed by the Executive Office (EO). The remaining costs associated with the acquisition will be paid directly by the EO. Any necessary budget adjustments will be brought forward under separate cover seeking authorization to purchase. No additional county costs will be incurred as a result of this transaction.

Attachments:  
Attachment A  
Resolution No. 2013-209

2 Resolution No. 2013-209

3 Notice of Intention to Purchase and Assume a Leasehold Interest, certain Furniture, Fixtures,  
4 and Equipment, and certain Client Agreements located at  
5 1960 Chicago Avenue, Building F, City of Riverside, California

6 A portion of APN: 249-110-030  
7

8 BE IT RESOLVED, DETERMINED AND ORDERED by the Board of  
9 Supervisors of the County of Riverside in regular session assembled on September 10, 2013,  
10 and NOTICE IS HEREBY GIVEN, pursuant to Section 25350 of the Government Code that this  
11 Board at its public meeting on or after October 1, 2013, at 9:00 a.m. in the meeting room of the  
12 Board of Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon  
13 Street, Riverside, California, intends to authorize a transaction in which the County of Riverside  
14 will purchase and assume a leasehold interest, subleases agreements and furniture fixtures  
15 and equipment within an existing data center located at 1960 Chicago Avenue, Building F,  
16 Riverside, County of Riverside, California, situated on a portion of Assessor's Parcel Number  
17 249-110-030, purchase price not-to-exceed seven million dollars (\$7,000,000).

18 BE IT FURTHER RESOLVED AND DETERMINED that the Real Estate Division of EDA  
19 is expected to expend approximately one hundred thirty nine thousand dollars (\$139,000) to  
20 complete due diligence on the property, consisting of a preliminary title report, appraisal costs,  
21 an environmental survey and miscellaneous other studies as deemed necessary, and including  
22 miscellaneous escrow closing costs.

23  
24 (SIGNATURES PROVISION ON THE FOLLOWING PAGE)  
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26  
27  
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1 BE IT FURTHER RESOLVED AND DETERMINED that the Clerk of the Board  
2 of Supervisors is directed to give notice hereof as provided in Section 6063 of the Government  
3 Code.

4  
5 APPROVED AS TO FORM:  
6 Pamela J. Walls  
7 County Counsel

8 By: \_\_\_\_\_  
9 Patricia Munroe  
10 Deputy County Counsel