

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

763



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
August 16, 2012

SUBJECT: Resolution No. 2012-174, Notice of Intent to Purchase a Building and Improvements, City of Indio, County of Riverside, California

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2012-174, Notice of Intent to Purchase the Building and Improvements, located at 47-950 Arabia Street, in the City of Indio, County of Riverside, Assessor's Parcel Number 614-150-032, from Riverside County Office, Inc., a California corporation;
2. Authorize the Economic Development Agency to exercise the option to purchase the building and improvements on 5.33 acres of land described as Assessor's Parcel Number 614-150-032 at a price not-to-exceed \$2,000,000;

(Continued)

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 2,022,093	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: CORAL Bond Proceeds

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

Sereni Chon
Reviewed by *Sereni Chon*
CIP TEAM

APPROVE

BY: *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

- Policy
- Consent
- Dept't Recomm.:
- Per Exec. Ofc.:

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Buster and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Benoit and Ashley
Nays: None
Absent: Stone
Date: August 28, 2012
xc: EDA, CIP, Auditor, COB(2)

Kecia Harper-Ihem
Clerk of the Board

By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: N/A

District: 4/4

Agenda Number:

3.40

FISCAL PROCEDURES APPROVED
 PAUL JULO, CPA, AUDITOR-CONTROLLER
 BY: *Samuel Wong* 8/15/12
 SAMUEL WONG
 FORM APPROVED COUNTY CLERK
 BY: *Patricia Munroe*
 PATRICIA MUNROE
 DATE: 8/16/12

RECOMMENDED MOTION: (Continued)

3. Authorize the Economic Development Agency to incur typical due diligence and transaction costs in the amount of approximately \$22,093; and
4. Direct the Clerk of the Board to give notice pursuant to Government Code Section 6063.

BACKGROUND:

The County occupies two leased office buildings in the city of Indio located at 47-940 Arabia Street and 47-950 Arabia Street consisting of 15,000 square feet and 34,000 square feet respectively. The facilities were developed on 5.33 acres of County owned land in the late 90's through a Request for Proposal and ground lease to the developer. The buildings were then leased back to the County through building leases on a 20 year term.

The lease agreements provide rights to the County at various time periods during the lease term to purchase the buildings and improvements and upon consummation of the purchase, the ground lease and building leases terminate, giving the county full ownership of the improvements and the property. The time period for acquisition of 47-950 Arabia Street, Indio is within 90 days prior to November 4, 2012 and the time period for acquisition of 47-940 Arabia Street is within 90 days prior to January 1, 2013.

The purpose of this Form 11 and Resolution is to acquire the facility and improvements located at 47-950 Arabia Street.

The Department of Child Support Services and the Department of Environmental Health occupy the facility located at 47-950 Arabia Street and the Probation Department occupies the facility located at 47-940 Arabia Street. The Department of Child Support Services utilizes the facility primarily for its client services programs and limited administrative functions and the Department of Environmental Health utilizes the facility for its hazardous materials unit, various field inspection programs, and its food testing and inspection functions. The Probation Department's usage is primarily for client services. The departments plan to occupy the facilities on a long term basis as demand for their services continues at a high level.

The acquisition of this building will provide the County with the necessary facilities for operation of these programs on a long term basis and in addition will provide for savings to the County. The current lease rate in effect for 47-950 Arabia Street, Indio, is \$1.66 per square foot, exclusive of utilities. The estimated rate for County maintenance and County custodial upon County ownership is approximately \$0.79 per square foot, exclusive of utilities.

In addition, the Department of Child Support Services has been paying the lease payments on their facility which equates to approximately \$725,000 per year. Due to Federal law, they are unable to claim the entire lease payment costs due to the structure of the lease which results in a Net County Cost of approximately \$551,000 annually. The acquisition of the facility by the County will eliminate the leases therefore saving the Department the lease payment expense as well as saving the County approximately \$551,000 in annual Net County Costs.

(Continued)

BACKGROUND: (Continued)

The sales prices per the agreements for the facilities are as follows:

Location	Price	PSF
47-940 Arabia Street, Indio	\$1,000,000	\$67.00
47-950 Arabia Street, Indio	\$2,000,000	\$59.00

The acquisition of these properties by the County at the prices set forth above achieves a real property value significantly below replacement cost. Replacement cost is estimated to be \$210 - \$250 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 Assessor's Parcel Number 614-150-032:

Purchase Price	\$ 2,000,000
Estimated Escrow and Closing Charges	\$ 9,293
Preliminary Title Report	\$ 400
Environmental	\$ 250
Advertising Costs	\$ 2,500
Acquisition Administration	\$ 9,650
Total Estimated Acquisition Cost	\$ 2,022,093

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

Attachments:
Resolution No. 2012-174