

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

532 

FORM APPROVED COUNTY COUNSEL
BY: PATRICIA MUNROE
DATE: 5/7/14
Departmental Concurrence

FROM: Economic Development Agency/Facilities Management

SUBMITTAL DATE:
May 8, 2014

SUBJECT: Resolution No. 2014-062, Notice of Intention to Purchase Real Property, District 1/District1, [\$33,209,029], 100% Mental Health Services Act (State Fund)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2014-062, Notice of Intention to Purchase Real Property identified as Riverside County Assessor's Parcel Number 249-140-032;
2. Authorize the Real Estate Division of EDA to negotiate the purchase of the building and construction of improvements by Seller for an estimated \$32,978,704 and to incur typical transaction costs including staff time, appraisal costs, title insurance, environmental review, other due diligence studies of the property, and architectural fees of \$230,325;
3. Authorize payment to Seller in the amount of \$135,000 for architectural services provided to date; and

(Continued)
FISCAL PROCEDURES APPROVED
PAUL ANGIULO, CPA, AUDITOR-CONTROLLER
BY: Esteban Hernandez 5/7/14

Lisa Brandl for
Robert Field
Assistant County Executive Officer/EDA
By: Lisa Brandl, Managing Director

FINANCIAL DATA	Current Fiscal Year	Next Fiscal Year	Total Cost	Ongoing Cost	POLICY/CONSENT (per Exec. Office)
COST	\$ 135,000	\$ 33,074,029	\$ 33,209,029	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: 100% Mental Health Services Act (State Fund)
Budget Adjustment: No
For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

Reviewed by
CIP TEAM

APPROVE

County Executive Office Signature Paul Angiulo 5/12/2014

BY: Rohini Dasika
Rohini Dasika

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the above matter is approved as recommended, and is set for public meeting on or after June 17, 2014 at 9:00 a.m.

Ayes: Jeffries, Tavaglione, Stone and Benoit
Nays: None
Absent: Ashley
Date: May 20, 2014
xc: EDA, COB

Kecia Harper-Ihem
Clerk of the Board
By: [Signature]
Deputy

Prev. Agn. Ref.: 3-20 of 12/11/12; 3-30 of 3/12/13
District: 1/1
Agenda Number:

By: [Signature]
Maria Mabey
Assistant Director, Administration, Department of Mental Health

A-30
 4/5 Vote
 Positions Added
 Change Order

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RECOMMENDED MOTION: (Continued)

4. Direct the Clerk of the Board to advertise in accordance with Section 6063 of the Government Code.
5. Authorize reimbursement to EDA/Real Estate division for costs incurred for all acquisition costs. The amount to be reimbursed to EDA/Real Estate is a not-to-exceed of \$230,325 in due diligence expenses and \$102,910 in staff time.

BACKGROUND:

Summary

The Economic Development Agency (EDA) was contacted by the Department of Mental Health (DOMH) to provide real estate services to identify potential facilities throughout the city of Riverside for consolidation of existing DOMH facilities to provide added efficiency and savings for the Department. The funding for these projects is derived from the Mental Health Services Act, which provides funds for various Mental Health programs as well as a special allocation of funds which can only be utilized for the acquisition of facilities to provide mental health services.

On December 11, 2012 and March 12, 2013 the Board of Supervisors approved items 3.20 and 3.30 respectively granting Approval in Principle for the Department and the authority to engage EDA to locate suitable space for relocation, expansion and/or consolidation of their facilities in the Riverside area. The Real Estate Division issued a Request for Proposal for both lease and purchase of a facility and received approximately sixteen responses from area property owners. Of the proposals submitted and analyzed, three finalists were selected for panel interviews. Of the three properties submitted a 150,052 square foot office building for sale located at 2085 Rustin Avenue, Riverside was determined to have the highest potential to provide the Department with the best opportunity for effective consolidation.

The Department of Mental Health assessed their existing leased facilities and after analysis concluded by terminating certain leases and consolidating into the 150,052 square foot office building and campus, the Department would save approximately 1.85 million dollars annually. The proposed consolidation would also provide efficiency of workspace and allow the Department to provide more efficient and enhanced services to the community and its residents.

The property at 2085 Rustin Avenue, Riverside consists of a partially improved single free standing office building of approximately 150,052 square feet, approximately one-third of which is unimproved shell space. A portion of the shell space has potential for reinstallation of a second level mezzanine area previously removed, which would increase the potential square footage of the building to 163,048 square feet. The building is a two level concrete tilt-up construction type, constructed in 1984, and is situated on 14.51 acres and covers only 23.7% of the entire parcel. The price of the property is \$17,000,000, which equates to \$104 per square foot based upon 163,048 square feet.

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BACKGROUND: (Continued)

To understand the potential occupancy of DOMH divisions in the building, and to estimate the potential cost of the tenant improvements, EDA coordinated space planning meetings with the DOMH and property owner representatives and their architects and after extensive space planning sessions, developed a space plan which consolidates the Department's various programs (see Attachment A "List of Consolidated Programs") into the space and provides for efficiencies not currently available due to the existing leased facilities various locations throughout the city, and promotes the concept of integrated health.

To provide the space for the consolidated programs it will be necessary for the Seller to re-install the building mezzanine and complete extensive tenant improvements, therefore the actual square footage of the acquired building will be 163,048 square feet once the entire program is completed. Essentially, the building will be renovated down to a core and shell level and the new improvements installed. The new improvements will consist of creation of separate areas and corridors for the various divisions, separate lobby entrances for the various program divisions where necessary, extensive new offices, conference rooms, meeting/training rooms, open bay areas for work stations, break rooms, restroom facilities, and data communications rooms.

The cost of the improvements will be added to the negotiated base purchase price of \$17,000,000. The estimated cost of the improvements is an amount not to exceed \$15,978,704, or \$98.00 per square foot. It should be emphasized that this estimate is based on a guaranteed maximum price construction contract between the seller and contractor, and that in addition to the commercially generic improvements listed above; certain additional improvements and repairs are included in the \$98.00 per square foot number which impact the cost. These items include the re-installation of a second floor mezzanine, HVAC replacement, and a new roof, exterior improvements including ADA improvements and the installation of a generator with enclosure.

Collectively, these improvements will ensure that the building is upgraded in a manner that will maximize efficiency and provide an effective use of space. The improvements will also upgrade the space by creating a modern work environment that is compliant with current building standards and codes.

In addition to the office building and improvements, the County will be acquiring 14.51 acres of land with approximately 1,124 parking spaces (7.5 stalls per 1,000 square feet of building). The additional land will provide the County with future expansion potential.

A summary of the proposed acquisition is as follows:

Location: 2085 Rustin Avenue, Riverside, APN 249-140-032

Improvements: A 150,052 square foot concrete tilt-up constructed building, built in 1984, to be fully improved and new mezzanine installed resulting in 163,048 square feet.

Property: 14.51 acres, building coverage of 23.7%

(Continued)

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BACKGROUND: (Continued)

- Parking: Approximately 1,124 parking spaces, 7.5 spaces for every 1,000 square feet of building area
- Base Purchase Price: \$17,000,000, or \$104 per square foot
- Tenant Improvements Costs: \$15,978,704, or \$98.00 per square foot, (not to exceed) to be completed by Seller before close of escrow, estimated to be on or before December 2014.
- Total Purchase Price: \$32,978,704, or \$202 per square foot
- Sustainability Features: Building improvements to incorporate certain LEED components
- IT Improvements: Included in improvements
- Furniture: To be contracted for and paid by the DOMH to County furniture vendor outside of this acquisition
- Due Diligence: Appraisal, physical inspection, and environmental inspection completed

The purpose of this Board item is to provide Notice of Intention to purchase the 2085 Rustin Avenue, Riverside property, and to authorize payment to the property owner for architectural services to date in the amount of \$135,000 and which will be paid for by DOMH.

EDA will then return to the Board with an Authorization to Purchase Board item together with a Purchase and Sale Agreement executed by the property owner for the Board of Supervisors consideration.

Impact on Residents and Businesses

The acquisition of this building by DOMH will provide a positive overall economic impact to the community by combining various services to the community in one location, thereby making it easier for clients and residents to access a multitude of services provided by DOMH. In addition, the construction phase will provide temporary construction jobs throughout the period of construction. The long term occupancy by the DOMH in this region will benefit the business community as a whole by providing an important and positive economic impact to local business through the sale of products and services to employees and clients of the facility. The acquisition of this facility is estimated to save the tax payers approximately 1.85 million dollars per annum in lease costs.

(Continued)

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SUPPLEMENTAL:

Additional Fiscal Information

Estimated Escrow and Title Charges	\$22,500
Appraisal	\$5,400
Environmental (Phase I)	\$4,700
Physical Inspection/Review	\$41,225
Advertising Costs	\$1,500
Acquisition Administration	\$20,000
Reimbursement for Space Planning	\$135,000
Total Estimated Preliminary Costs:	\$230,325

Contract History and Price Reasonableness

This is an acquisition. The purchase price is a fair market value.

Attachments:

Attachment A

Resolution Number 2014-062

Attachment A List of Consolidated Programs

Department of Mental Health Programs which will occupy the new facility are as follows:

- Administration
- Community Access, Referral, Evaluation and Support Line (CARES)
- Consumer Affairs
- Cultural Competency
- Substance Abuse
- Family Advocate Program
- Full Service Programs (FSP)
- Mental Health Services Act (MHSA)
- Prevention and Early Intervention (MHSA)
- Workforce and Training (WET), (MHSA)
- Multi-Dimensional Family Therapy Team (MDFT)
- Quality Management Administration, Quality Improvement – Outpatient
- Older Adult Mental Health Services
- Full Service Partnership (FSP) / Specialty Multidisciplinary Aggressive Response Team (SMART)
- Older Adults/Innovations (Healthy Life Partnership (HeLP)
- Prevention and Early Intervention (PEI) Cognitive Behavioral Therapy (CBT)
- PEI Program for Encouraging Active and Rewarding Lives (PEARLS)
- Older Adults Administration

Additionally, the DOMH is considering other divisions as well to relocate into this facility.

1 Board of Supervisors

County of Riverside

2
3 Resolution No. 2014-062

4 Notice of Intention to Purchase Real Property

5 located at 2085 Rustin Avenue,

6 City of Riverside, California

7 (Assessor's Parcel Number 249-140-032)

8
9 WHEREAS, the Department of Mental Health for the County of Riverside
10 provides Mental Health services and programs for the residents of the County of
11 Riverside; and,

12 WHEREAS, pursuant to Mental Health Services Act, the Department has
13 received funding for the acquisition of facilities for operation of Mental Health
14 programs; and,

15 WHEREAS, the Department has identified a facility to consolidate its Mental
16 Health Services operations which will promote the maximum efficient utilization of
17 resources at the least economic cost to the public; and,

18 WHEREAS, the acquisition of the facility is in the public interest and the public
19 mental health, safety, and general welfare will be promoted thereby; now, therefore,

20 BE IT RESOLVED, DETERMINED AND ORDERED by the Board of
21 Supervisors of the County of Riverside in regular session assembled on May 20, 2014,
22 and NOTICE IS HEREBY GIVEN, pursuant to Section 25350 of the Government Code
23 that this Board at its public meeting on or after June 17, 2014, at 9:00 a.m. in the
24 meeting room of the Board of Supervisors located on the 1st floor of the County
25 Administrative Center, 4080 Lemon Street, Riverside, California, intends to authorize a
26 transaction in which the County of Riverside will purchase certain real property located
27 at 2085 Rustin Avenue in the City of Riverside, County of Riverside, California, situated
28 on Assessor's Parcel Number 249-140-032, more particularly described as Exhibit "A"

FORM APPROVED COUNTY COUNSEL
BY: PATRICIA MUNROE
DATE: 5/21/14

1 attached hereto and thereby made a part hereof consisting of approximately 14.51 acre
2 site at a purchase price not-to-exceed thirty three million two hundred nine thousand,
3 twenty-nine dollars (\$33,209,029).

4 BE IT FURTHER RESOLVED AND DETERMINED that the Real Estate
5 Division of EDA is expected to expend approximately two hundred thirty thousand,
6 three hundred twenty five dollars (\$230,325) to negotiate the acquisition and
7 improvements estimated at \$33,209,029 and to incur typical transaction costs including
8 staff time, appraisal costs, title insurance, building condition audit, environmental
9 review, space planning and construction planning costs and other due diligence studies
10 of the property.

11 BE IT FURTHER RESOLVED AND DETERMINED that the Clerk of the
12 Board of Supervisors is directed to give notice hereof as provided in Section 6063 of
13 the Government Code.

14
15 ROLL CALL:

16 Ayes: Jeffries, Tavaglione, Stone and Benoit
17 Nays: None
18 Absent: Ashley

19 The foregoing is certified to be a true copy of a resolution duly
20 adopted by said Board of Supervisors on the date therein set forth.

21 KECIA HARPER-IHEM, Clerk of said Board

22 By 
23 Deputy

24
25
26
27 CC:s\050614\011MH\16.731 S:\Real Property\TYPING\Docs-16.500 to 16.999\16.731.doc
28

EXHIBIT "A"

All that certain real property situated in the County of Riverside, State of California, described as follows:

All that portion of Section 18, Township 2 South, Range 4 West, San Bernardino Base and Meridian, in the County of Riverside, State of California, more particularly described as follows:

Commencing at the intersection of the Southeasterly line of the Southern Pacific Railroad right of way with the West line of Rustin Avenue (50.00 feet wide), said point being the Northeast corner of Parcel 1 conveyed to Bear Medical Systems, Inc., by deed recorded April 30, 1982 as Instrument No. 73585 of Official Records of Riverside County, California;

Thence South $57^{\circ}05'40''$ West, along said Southeasterly line, a distance of 9.50 feet to a point in a line parallel with and distant Westerly 8.00 feet, measured at right angles from said West line of Rustin Avenue;

Thence South $00^{\circ}14'50''$ East, along said parallel line, a distance of 600.87 feet to a point therein for the true point of beginning;

Thence South $89^{\circ}45'10''$ West, a distance of 627.57 feet to a point in the West line of said Parcel 1 conveyed to Bear Medical Systems, Inc., as aforesaid;

Thence South $00^{\circ}14'35''$ East along the West line of said Parcel 1 and along the West line of Parcel 2 conveyed to Bear Medical Systems, Inc., as aforesaid, a distance of 1004.75 feet to the Southwest corner of said Parcel 2;

Thence South $89^{\circ}46'05''$ East, along the South line of said Parcel 2, a distance of 627.67 feet to said parallel line;

Thence North $00^{\circ}14'50''$ West, along said parallel line, a distance of 1010.00 feet to the true point of beginning.

Assessor's Parcel No: 249-140-032-9