

Attachment B

Real Property Acquisition Questionnaire* for ASR (*Applies to property purchase, or acquisition lease, license, or easement)

Instructions:

- This questionnaire was developed with input from Auditor Controller, Internal Auditor and CEO Real Estate to assure that County leadership is fully informed.
- Insert the complete answer after each question below.
- When completed, save and include as an Attachment to your ASR.
- In the body of the ASR focus on the considerations relevant to the decision.
- If you need assistance, please contact CEO Real Estate.

1. What property interest is being considered for acquisition (fee, lease, license, easement)?

600 W. Santa Ana Blvd., Santa Ana, CA

Why is this property being considered for acquisition? License agreement for Orange County Information Technology (OCIT) property located at 600 W. Santa Ana Blvd., Santa Ana.

- a) How and who identified this property for a potential acquisition? OCIT through its Director took possession of the property on March 28, 2016. This license extension is necessary to accommodate OCIT's data equipment.
- b) What factors are key in recommending this property for acquisition? The OCIT data equipment supports multiple agencies in the building.
- c) How does the proposed acquisition fit into the County's/District's strategic or general plan? The Cost and efficiency align the proposed acquisition with County/District's strategic or general plan.
- d) What are the short and long term anticipated uses of the property? The License will expire in one hundred twenty (120) months following the effective date of the First Amendment.
- e) Are there any limitations on the use of the property for its intended purposes? No.
2. What analysis has been performed as to whether to acquire the proposed real property interest? CEO/Real Estate Services and OCIT collaborated to determine that this location was the best option to meet OCIT program and client needs. This is a rent-free license.
- a) Have there been any internally or externally prepared reports regarding this property acquisition?
No
- b) Who performed the analysis? Jones Lang La Salle (JLL)
- c) Provide details about the analysis and cost/benefit comparison: This site was determined to be the best option to continue the current services.
3. How was the acquisition price, or lease/license rent, determined? N/A
- a) Who performed the appraisal or market study and what certifications do they possess? N/A
- b) How does the price/rent compare with comparable properties? N/A
- c) Does the setting of the price/rent follow industry standards and best practices? N/A
- d) What are the specific maintenance requirements and other costs within the agreement and who is responsible? The Lessor is responsible for all utilities and building maintenance. County is responsible

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for its electricity costs.

- e) Provide an estimate of the costs to the County/District if applicable. The County is not responsible for maintenance costs.
4. What additional post-acquisition remodeling or upgrade costs will be needed for the property to meet its intended use? None
- a) Will any of the upgrades be required to meet County, ADA, or other standards and requirements? N/A
- b) Include estimates of the costs. N/A
- c) What department will be responsible for the costs? N/A
5. Can the County terminate the purchase/easement, lease/license? Yes
6. What would be necessary to terminate the agreement, and when can it be terminated? Written notice at least thirty (30) days prior to said termination date.
- a) Are there penalties to terminate the purchase/easement, or lease/license? N/A
7. What department will be responsible for the acquisition payments? N/A
- a) Are the acquisition costs budgeted in the department's budget? N/A
- b) What fund number will the funds for the acquisition ultimately be drawn from? N/A
- c) Will any restricted be used for the acquisition? (Check with the Auditor Controller's General Accounting Unit and Counsel if you have questions about whether restricted funds are involved.) No
- d) If restricted funds will be used, has County Counsel advised that this is an allowable use of the proposed restricted funds? N/A
8. Does the proposed purchase/lease/license/easement agreement comply with the CEO Real Estate standard language? Yes
- e) List any modified clauses of the License Amendment and reasons for modification
- 2) Term-the term commenced on March 28, 2016 and shall continue in effect until May 31, 2030.
- 7) Payment Procedure- Must be submitted to Manager of OCIT.
- 10) Insurance-Standard County language
9. If this is a lease, is it a straight lease, an operating lease, a lease with an option to purchase, or a capital lease (see details below)? Straight license amendment

Capital Lease Determination: At the inception of any *potential* capital lease, it is important to contact the Auditor-Controller's Capital Asset Unit for further guidance to ensure that proper classification and accounting for the lease occurs. There are specialized accounting rules and required forms for capital leases. See further details in the County's Accounting Manual, Policy No. FA-1: *Accounting for Lease Purchases (Capital Leases)*, located on the intranet. For accounting purposes only, a capital lease exists if ANY one (1) of the following four (4) criteria is met:

- i) Lease transfers ownership to the County by the end of the term.
- ii) Lease contains an option to purchase the property by the end of the term for a price lower than the expected fair market value of the property? (For example \$1 or \$1,000, and based on this option price, for accounting purposes only, the ultimate purchase of the property is deemed reasonably assured at the inception of the lease.)
- iii) Lease term is equal to 75% or more of the remaining estimated useful life of the leased property.*

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- iv) Present value of the minimum lease payments is equal to 90% or more of the fair value of the property at the inception of the lease.*

*Criteria iii) and iv) don't apply if the lease term begins in the last 25% of a property's estimated useful life.

To validate whether a lease is a capital lease for accounting purposes, please contact the Auditor-Controller's Capital Asset Unit at capitalassets@ac.ocgov.com.