

Real Property Conveyance Questionnaire* for ASR

(*Applies to sale, lease, license, or easement of County or District owned assets)

Instructions:

- This questionnaire was developed with input from Auditor Controller, Internal Auditor and CEO Real Estate to assure 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 conveyance (e.g. fee, lease, license, easement)?
Fee
 - a) Why is this property being considered for lease, license, sale or other conveyance?
This property is surplus to the District's needs and District wants to be relieved of future maintenance responsibilities and liability associated with said property.
 - b) How and who identified this property as a potential conveyance?
The City of Orange and the District identified this property as a potential conveyance in December 2006, when District located its Katella Yard operations from 1750 Douglas Road to Glassell/Bristol and to 2023 Collins Avenue. The City and District entered into a Cooperative Agreement and District agreed to improve this property with the completion of a cul-de-sac on Eckhoff Street.
 - c) What factors are key in recommending this property for conveyance?
The District agreed to convey this property to the City after it had completed the cul-de-sac completion/improvement project.
 - d) How does the proposed conveyance fit into the County's/District's strategic or general plan?
It is compatible.
 - e) What are the short and long term anticipated uses of the property?
The subject property is now part of a cul-de-sac and will be used as such.
 - f) Are there any limitations on the use of the property in the conveyance documents? **No.**
2. What analysis has been performed as to whether to convey the proposed real property interest?
District staff worked with City staff and the cul-de-sac improvement project was deemed beneficial to both parties and the conveyance was part of the decision-making process.
 - a) Have there been any internally or externally prepared reports regarding this property conveyance?
Yes
 - b) Who performed the analysis? **District engineers and the County Appraiser**
 - c) Provide details about the analysis and cost/benefit comparison. **The cul-de-sac improvement project was one aspect of the cooperative agreement between the City and District, which was executed for the benefit of both parties. The City gained a completed cul-de-sac road improvement and the District was able to acquire property for its new operations yard location.**
3. How was the conveyance price, or lease/license rent, determined? **From an analysis by the County Appraiser.**
 - a) Who performed the appraisal or market study and what certifications do they possess? **County Appraiser who has an MAI designation.**
 - b) How does the price/rent compare with comparable properties? **It is comparable.**
 - c) Does the setting of the price/rent follow industry standards and best practices? **Yes.**
 - e) What are the specific maintenance requirements and other costs within the agreement and who is responsible? Provide an estimate of the costs to the County/District if applicable. **City is responsible for all costs.**
4. What additional post-conveyance remodeling or upgrade costs will be needed for the property to meet its intended use? **None.**

Attachment E

- a) Will any of the upgrades be required to meet County, ADA, or other standards and requirements? No.
 - b) Include estimates of the costs. **N/A**
 - c) What entity will be responsible for the costs? **N/A**
5. Can the County terminate the sale/easement, lease/license? **N/A**
- a) What would be necessary to terminate the agreement and when can it be terminated? **N/A**
 - b) Are there penalties to terminate the sale/easement, lease/license? **N/A**
6. What entity will be responsible for the payment(s)? **N/A**
- a) How will the funds received be used or applied? **N/A**
 - b) What fund number will the funds from the conveyance ultimately be deposited into?
 - c) If restricted funds might be created or supplemented, check with the Auditor Controller's General Accounting Unit and Counsel if you have questions about whether restricted funds are involved.)
N/A
 - d) If restricted funds might be created or supplemented, has County Counsel advised that the destination fund for the payment(s) is properly restricted? **N/A**
7. Does the proposed sale/easement, lease/license agreement comply with the CEO Real Estate standard language? Yes.
- a) List any modified clauses and reasons for modification
8. If this is a lease, is it a straight lease, an operating agreement, a lease with an option to purchase, or a capital lease (see details below)? **Not applicable.**

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 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 another party by the end of the term.
- ii) Lease contains an option for the other party 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.*
- 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.