

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)?

Easement

a) Why is this property being considered for lease, license, sale or other conveyance? The easement rights are no longer needed by the Orange County Flood Control District (District).

b) How and who identified this property as a potential conveyance? City of Anaheim (City) staff initiated a request for the District to review whether certain District held easements that encumber City owned property may be removed from title.

c) What factors are key in recommending this property for conveyance? The easement rights were deemed as not necessary for the operations of the Santa Ana River Channel or its adjacent trail and bikeway.

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 City has development plans for the property that includes an urban village built around sports, homes, hotels, shopping, dining, entertainment, workplaces, and public transit; including plans for a 7-acre Community Benefit Park and a minimum of 466 affordable housing units.

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? Discussions with County staff as to the utility of the property for flood control purposes were undertaken.

a) Have there been any internally or externally prepared reports regarding this property conveyance?

Yes

b) Who performed the analysis? An appraiser.

c) Provide details about the analysis and cost/benefit comparison. As these easements encumber City property for an unnecessary purpose, the removal of them from the Property is appropriate and any minimal value is balanced out from the District's relief from ongoing obligations for the easement area and associated liability.

3. How was the conveyance price, or lease/license rent, determined? By an analysis of value performed by a licensed appraiser with an MAI designation.

a) Who performed the appraisal or market study and what certifications do they possess? A licensed appraiser with 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? City is responsible for all such costs. Provide an estimate of the costs to the County/District if applicable. None.

4. What additional post-conveyance 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? Yes

b) Include estimates of the costs. Unknown

c) What entity will be responsible for the costs? City

Attachment D

5. Can the County terminate the sale/easement, lease/license? **Yes**
 - a) What would be necessary to terminate the agreement and when can it be terminated? **The Board would not approve the deeds presented to them.**
 - b) Are there penalties to terminate the sale/easement, lease/license? **No.**
6. What entity will be responsible for the payment(s)? **City**
 - a) How will the funds received be used or applied? **Funds received will be deposited in Flood Fund 400.**
 - b) What fund number will the funds from the conveyance ultimately be deposited into? **Flood Fund 400**
 - 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.)
 - 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.

Attachment D

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)?

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.