

ATTACHMENT C

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)?

221 E. La Habra Blvd., La Habra (Premises)

- a) Why is this property being considered for acquisition? **To provide free public library services.**
- b) How and who identified this property for a potential acquisition? **The City of La Habra (City) and County agreed to this property specifically for a free public library.**
- c) What factors are key in recommending this property for acquisition? **The County has operated free public library services at this location as a part of the Orange County Public Libraries system (OCPL) since 1965 and the County and City are in agreement with the County continuing to provide such library services at this location.**
- d) How does the proposed acquisition fit into the County's/District's strategic or general plan? **The use of this property as a free public library falls within OCPL vision statement: "Open Doors, Free Access, Community."**
- e) What are the short and long term anticipated uses of the property? **The property will be used as a free public library.**
- f) Are there any limitations on the use of the property for its intended purposes? **The property shall be used solely as a free public library during the lease term.**

2. What analysis has been performed as to whether to acquire the proposed real property interest? **The continued use of the property is the most efficient model to deliver free public library services to the surrounding community and shall be in effect until December 3, 2060, with two (2) five (5) year options to extend the term.**

- a) Have there been any internally or externally prepared reports regarding this property acquisition? **N/A**
- b) Who performed the analysis? **N/A**
- c) Provide details about the analysis and cost/benefit comparison. **N/A**

3. How was the acquisition price, or lease/license rent, determined? **In exchange for valuable consideration of providing free public library services, County's use of the Premises shall be rent-free through the term of the Lease.**

- 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? Provide an estimate of the costs to the County/District if applicable. – . **County shall provide, at its own cost and expense, all repair, maintenance and janitorial services inside the Building until December 31, 2035. City shall provide, at its own cost and expense, all repair, and maintenance outside of the Building and Premises, including but not limited to the parking lot and landscaping.**

Commencing on January 1, 2036, the allocation of the repair, and maintenance, including the Heating, Ventilation, Air Conditioning (HVAC) system, between the Parties for the Building and

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Premises are as set forth below

County Services. County shall provide, at its own cost and expense, except as otherwise provided in this Lease or as otherwise directed by City: (1) all janitorial supplies and services to the Premises, including the supplying of restroom expendables and replacement of light bulbs and Light Emitting Diode (LED) lamps; (2) any and all necessary repair, maintenance and replacement of all equipment and personal property within the Premises; (3) the cleaning and refinishing of interior furniture and shelving and repair of all damage to the Building or Premises caused by County's patrons' use and/or misuse of the Premises, (4) carpet and painting within the Premises,

City Services. City shall provide at its sole cost and expense (except as otherwise provided in this Lease), any and all necessary repair, maintenance and replacement for the Premises, Building (and systems therein), and parking lot in good order, condition and repair and in compliance with all applicable laws, including, but not limited to, the replacement, repair and maintenance of the structural portions of the Building, the roof of the Building, the parking facilities and all Building systems including the HVAC system, the plumbing, electrical and mechanical systems, roof, paving, exterior pest control, and landscaping.

4. What additional post-acquisition remodeling or upgrade costs will be needed for the property to meet its intended use? **Roof replacement, electrical, plumbing, mechanical, HVAC, ADA upgrades, interior finishes.**

a) Will any of the upgrades be required to meet County, ADA, or other standards and requirements? **Yes the building ADA and infrastructure will be brought up to required codes.**

b) Include estimates of the costs. **Approximate costs \$6.1 Million dollars**

c) What department will be responsible for the costs? **The County/OC Public Libraries**

5. Can the County terminate the purchase/easement, lease/license? **Yes**

a) What would be necessary to terminate the agreement, and when can it be terminated? **This Lease may be terminated at any time by either Party after December 4, 2045, by giving written notice to the other Party at least one hundred and eighty (180) days prior to said termination date.**

b) Are there penalties to terminate the purchase/easement, or lease/license?

If the City terminates this Lease or withdraws from the Orange County Library System prior to December 4, 2045, the City shall, as a condition of such termination and withdrawal, pay a termination fee to County equal to the value of the Work being completed by the County pursuant to Section 10 of this Lease, currently estimated to be \$6,100,000, depreciated on a day-to-day basis from the Effective Date to the date of the termination of this Lease, with the fee on December 4, 2045 being \$0.00 (Termination Cost). Upon completion of the Work, County shall provide to City a final accounting of the cost of the Work with supporting documentation, which will then establish the initial Termination Cost as of the Effective Date of this Lease, and will be memorialized by the Director, OC Community Resources and the City Manager upon agreement. The Termination Cost shall be calculated at the time of termination based on the Effective Date divided by the number of days between the Effective Date and December 4, 2045, multiplied by the number of days between the termination date and December 4, 2045. The City shall provide County with at least six months' written notice prior to termination of the Lease or withdrawal from the Orange County Library System.

6. 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 funds 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.)
N/A

d) If restricted funds will be used, has County Counsel advised that this is an allowable use of the proposed restricted funds? **N/A**

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7. Does the proposed purchase/lease/license/easement agreement comply with the CEO Real Estate standard language? **Yes**
a) List any modified clauses and reasons for modification.

CLAUSE 8 OPTION TO TERMINATE LEASE (1.7 NA)

This Lease may be terminated at any time by either Party after December 4, 2045, by written notice at least one hundred and eighty (180) days prior to said termination date.

CLAUSE 9 RENT- By providing free public library services, lease is rent-free

CLAUSE 10 CONSTRUCTION (2.2 SA)

Within one year of the Effective Date, County shall complete, at County's sole cost, the Work consistent Exhibit D and includes improvements to Electrical/Lighting, Mechanical/HVAC, Plumbing, ADA, Interior Refresh and Roof.

CLAUSE 13 REPAIR, MAINTENANCE, AND JANITORIAL SERVICES (2.8 NA)

County is responsible for all interior repairs, maintenance, and janitorial services for the Building through December 31, 2035. City is responsible for all exterior repairs and maintenance, including the parking lot and landscaping. Beginning January 1, 2036 (the "Maintenance Commencement Date"), responsibility for repairs and maintenance including the HVAC system—will shift to the City per the agreement.

CLAUSE 50 CITY TERMINATION COST

If the City ends the Lease or withdraws from the Orange County Library System before December 4, 2045, it must pay the County a termination fee equal to the remaining depreciated value of the County's construction work. The fee starts at the final verified cost of the Work and decreases daily to zero by December 4, 2045. The City must give six months' written notice.

If the parties cannot agree on the termination cost, an independent appraiser will determine the value based on the cost of the Work minus depreciation, and the City will pay for the appraisal. The City must pay the final termination cost within six months of notice or appraisal. After payment, the County will issue a quitclaim deed transferring its interest in the Premises to the City, while keeping its personal property unless otherwise agreed.

8. 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 Lease**

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.*
- 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.*

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*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.