



For Sale by

The State of California
Department
of General Services

October 7, 2009



5:00 p.m., Deadline for
submittals is
January 8, 2010

[Orange County Fairgrounds RFP](#)

Request for Proposals

Orange County Fairgrounds, Costa Mesa, CA



150± Acre Fairground and Event Center

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Note: The highlighted and underlined words in this document indicate links to files on the web site or to other internet web sites

It is the reader's responsibility to contact the State should the information linked not be available

Introduction and Background

By means of this Request for Proposals ("RFP"), the State of California, through the Department of General Services, Real Estate Services Division, Asset Management Branch ("State") is making available for sale the real property comprising the approximate 150 acre site commonly referred to as the Orange County Fairgrounds ("Property"). The Property is located at 88 Fair Drive in the City of Costa Mesa, California ("City") on the west side of the Costa Mesa Freeway (Hwy 55) between Fair and Arlington Drives. The Property represents approximately 1.8% of the total land area within the City.

The State is authorized to dispose of the Property under Sections [3884.2](#) of the California Food and Agricultural Code ("Authorizing Legislation").

The State intends to Execute a Purchase and Sales Agreement with the interested party or parties who, in the sole discretion of the State, pose the best opportunity for the State to achieve the highest and most certain return for the Property from a responsible bidder. Although this sale will be conducted pursuant to a public bidding process, the State is under no obligation to accept the highest bid for the Property if the State determines that said bid is not in the best interest of the State.

The Property is being sold "as-is" excepting a reservation of mineral rights as required under the Authorizing Legislation. In addition, the State requires a profit participation as a deed restriction in the event all or any portion of the Property receives City entitlements for uses other than the Property's current use as a fair and event facility. See the section on State Profit Participation Requirement for more information.

Interested parties must submit proposals in accordance with this RFP not later than 5:00 p.m. PST on January 8, 2010. Proposals received after specified date and time will be rejected. Proposals must be submitted in sealed envelopes as instructed in this RFP and be addressed to:

Dave Kalembo
Project Manager
Dept. of General Services
Real Estate Services Division
Asset Management Branch
707 3rd Street, 6th Floor
West Sacramento, CA 95605

Parties interested in submitting a bid are encouraged to refer regularly to the property web site at [Orange County Fairgrounds RFP](#) for links to additional information related to the sale of the property, as well as for updates to this RFP.

Area Description

Region – The Property is located in Orange County, California, just 45 miles south of downtown Los Angeles. With several beaches along the more than 40 miles of coastline, Orange County is home to iconic tourist attractions such as Disneyland and Knott's Berry Farm. Orange County represents the third most populous county in the State with a 2008 population of more than 3,100,000. More information on Orange County is available at the following link:

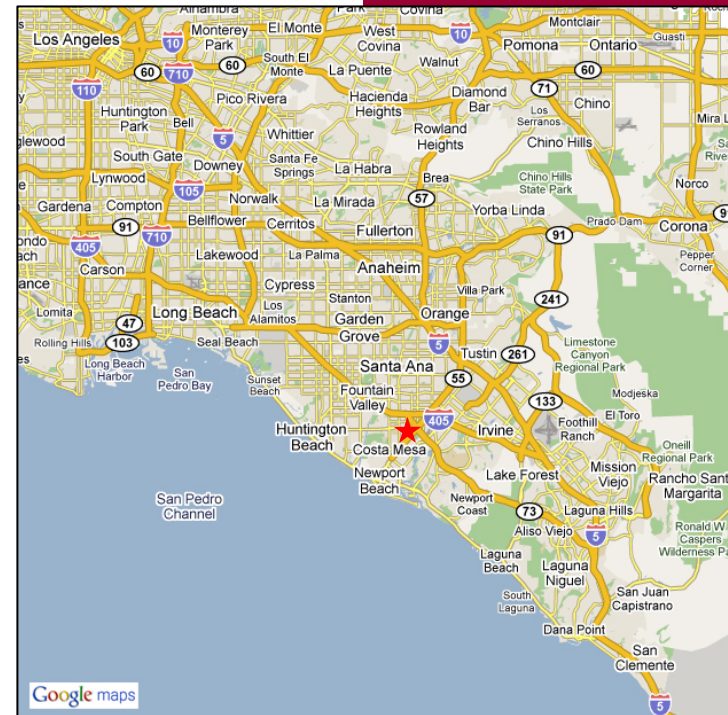
[Orange County](#)

City – Located less than 3 miles southwest of the John Wayne - Orange County Airport, the Property is located in the heart of the City of Costa Mesa. Costa Mesa's major industries are services and trade, followed by manufacturing. The City's primary designated land use is residential at 48%. Commercial and industrial uses comprise 14% each, while 24% of the city's land uses are designated for public and semi-public uses. More information on the City of Costa Mesa is available at the following link:

[City of Costa Mesa](#)

Neighborhood – The Property is bounded by major multi-lane public thoroughfares on all but the north side. The Property's bordering streets include: Arlington Drive to the north; Newport Boulevard to the east; Fair Drive to the south; and Fairview Road to the west. Vanguard University and the City's administrative offices / police and fire services are located on the south side of Fair Drive directly across the street from the Property's main entrance. Remaining land uses include Orange Coast College, single-family residential, and a church to the west, schools, parks, and the United States Army Reserve to the north, and the Costa Mesa Freeway to the east.

Transportation - Because of the Property's use as a fairground and event facility, the ingress / egress is considered excellent with designated and signalized access at several major intersections. Offsite traffic circulation as well as access to nearby freeways is also considered excellent.





Property Description

Title to the Property is held by the 32nd District Agricultural Association (32nd DAA), a state entity within the Division of Fairs and Expositions, California Department of Food and Agriculture. The 32nd DAA, doing business as the OC Fair & Event Center, operates the Property as a fairground and event facility that is host to an almost year-round calendar of events. While title is held by the 32nd DAA, jurisdiction of the Property falls under District 32a ("District 32a") which was created pursuant to Authorizing Legislation. More information the extent of the Property's operation as a fair and event facility is available at the following web site:

[Orange County Fair and Event Center](#)



Property Description - Continued

Additional Property Information – The following represents additional property information:

[Preliminary Title Report](#)
[Real Property Inventory](#)
[2000-2008 Capital Improvements](#)
[2003 EIR, Volume 1](#)
[2003 EIR, Volume 2](#)

Operational Information – The following information reflects the operational elements of the Property as a fair and event facility.

[Statement of Operations, 2005-2009 YTD](#)
[Operating Budgets, 2005-2009](#)
[August 2009 Balance Sheet](#)
[Year Round Lease Agreements](#)

Note: The State reserves the right to post additional property information or update the information provided in this RFP. The State encourages interested parties to check the web site below regularly for new Information:

[Orange County Fairgrounds RFP](#)





Property Description - Continued

Due Diligence – Unless otherwise stated herein, interested parties are responsible for undertaking all investigations of the Property that they deem necessary in connection with the evaluation of the conditions of the Property prior to proposal. A due diligence period will not be available under the [Purchase and Sales Agreement](#) executed with the successful bidder.

Property Access – Subject to prior approval of the State, the interested party, its representatives, authorized agents, or contractors, may enter on the Property to make such inspections of the Property. Inspections and/or testing requiring a disturbance to the Property must be completed under the terms of an executed [Right of Entry Agreement](#). See the section Inspection of the Property later in this RFP for more detail on gaining access to the Property for inspection purposes.



Potential Historic Resources

The Property has a rich history in Orange County and was once part of the Santa Ana Army Air Base. A more detailed account of the Property's history can be found in the Draft Environmental Impact Report ([2003 EIR, Volume 1](#) & [2003 EIR, Volume 2](#), dated March 2003, collectively referred to as "EIR") prepared on behalf of the 32nd DAA in connection with the Property's [Master Plan](#). The Cultural Resources section of the EIR notes that the research conducted did not reveal any recorded archaeological or historic resource sites within the Property. Additionally, the consultant at the time concluded that while several buildings on the Property date from the historic Santa Ana Air Base, none of the buildings retain their integrity or ability to convey historical significance ([consultant memo dated 9/17/09](#)).

Hazardous Materials

The State is currently in process of completing a Phase 1 Environmental Site Assessment on the Property, and the results of that assessment will be posted to the web site below prior to the deadline for submission of proposals.

[Orange County Fairgrounds RFP](#)





Regulatory Environment

Current & Future Land Use Authority

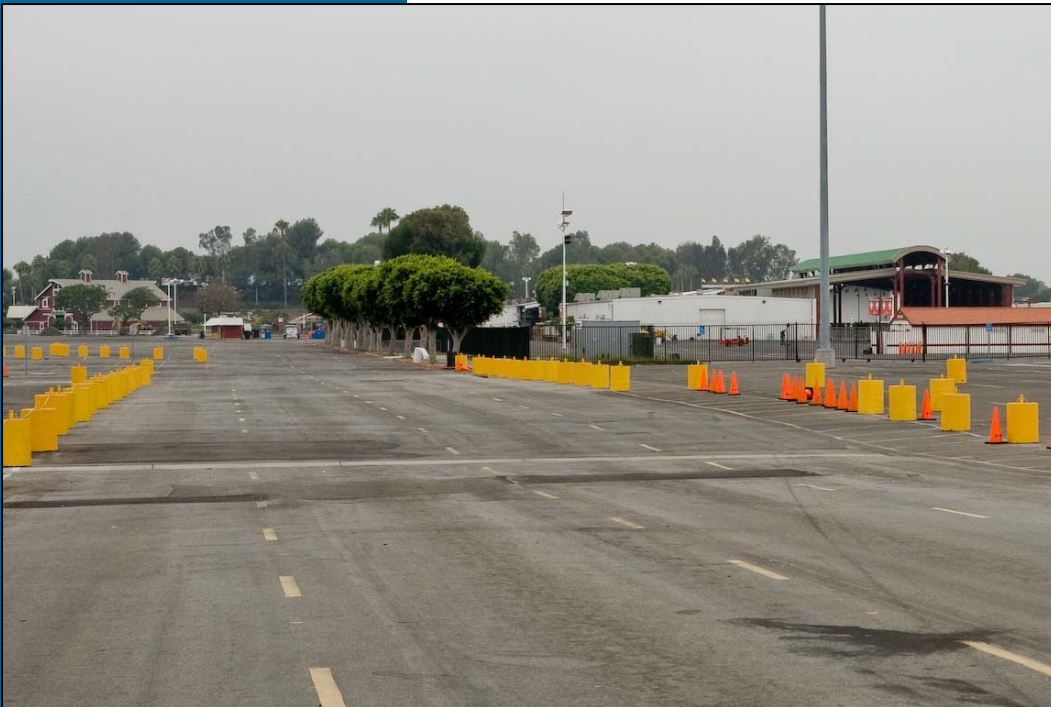
Because the Property is state owned, the State of California has acted as the lead land use authority in both the development and operation of the Property as a fairground and event facility. However, once title to the Property transfers to a private entity, the City of Costa Mesa will become the lead land use authority.

State Adopted Master Plan

The 32nd DAA adopted a 10-year strategic [Master Plan](#) in August of 2003 and is currently in the initial construction phases of the Master Plan. The Master Plan vision statement is stated as follows:

With a firm commitment to portraying the agricultural heritage of Orange county, the Vision for the Orange County Fair and Exposition Center is for it to be perceived to function as a unique dynamic resource contributing to and reflecting the culture of the County in a fiscally and environmentally responsible manner through education, recreational, and community programs during the Fair and on a year-round basis.

It is important to note that the Master Plan has not been adopted by the City of Costa Mesa, and that upon the Property's transfer to a private entity, the Master Plan will carry no authoritative backing.



Regulatory Environment

City Regulations

The City of Costa Mesa [General Plan](#) designates the Property's land use as [Fairgrounds](#), the only property with such a designation in the City of Costa Mesa. Surrounding General Plan land use designations include: Public/Institutional and Low Density Residential to the north; various land use designations to the east; Public/Institutional, Neighborhood Commercial, and High Density Residential to the south; and Low Density Residential and Public / Institutional to the west. Land uses to the east are not specified as this side of the Property borders Newport Boulevard which parallels Highway 55, the Costa Mesa Freeway.





Regulatory Environment – Continued

The Property is zoned [Institutional and Recreational](#) (I & R) which is describe in the Costa Mesa [Municipal Code](#) as:

“This district is intended to allow land uses which provide recreation, open space, health and public service uses. Development in this designation may occur on either public or private property.”

The State’s intended sale of the Property has raised public and political interest as evidenced by articles in several media outlets as well as local public meetings. [Orange County](#), the [City of Costa Mesa](#), and the [32nd DAA](#) have all passed resolutions formally taking positions on the sale of the Property. The City of Costa Mesa, responding to inquires regarding the State’s intended sale of the Property, has compiled a [Fairgrounds, Facts & Figures](#) summary addressing the City’s current and anticipated land use authority in the event the Property sells to a private entity.

The above information is provided as informational only and does not represent the State’s position as to the sale or conditions to the sale of the Property. The Property is being offered “as-is”, with the State reserving mineral rights as required under Authorizing Legislation. The State also requires a profit participation on the Property through a deed restriction should all or any portion of the property receive City entitlements for uses other than the Property’s current use as a fair and event facility. See the section on State Profit Participation Requirement for more information.



Key Dates*

Issuance of Proposal:	October 7, 2009
Deadline for Written Questions:	November 13, 2009
Responses to Questions Posted No Later Than:	December 4, 2009
Final Bid Submission Date:	January 8, 2010
Opening of Bids and Auction:	January 14, 2010
Highest Bid Recorded**:	January 14, 2010
Buyer's Execution of Purchase Contract:	January 21, 2010
State Review & Recommendation	January – February, 2010
State Execution of Purchase Contract: (subject to legislative notice)	March 15, 2010
Escrow Opened, Buyer's Deposit Increased	March 16, 2010
Estimated Close of Escrow	May – September 2010
Buyer Control of Property***	October 1, 2010

* The State reserves the right to modify the above projected dates at its sole discretion prior to and after the Final Bid Submission Date.

** Same relative dates will apply from this point forward on subsequently ranked bid proposals should a transaction fail to consummate with the initially selected bidder.

*** The sale of the Property is conditioned upon the Property's continued operation as the Orange County Fair and Event Center through the 2010 County Fair (slated to end mid-August).





State Profit Participation Requirement

In addition to the initial cash payment for the Property, the State will retain the right to profit participation in the Property in the event that all or a portion of the Property is no longer used for fairground and event uses. The State will exercise this right through recordation of the profit participation covenant as a deed restriction on the title to the Property.

Within 30-days from the date of issuance of this RFP, the State will publish an addendum to this RFP that provides more specific detail on the State profit participation requirement as it shall apply to the disposition of the Subject Property. In general, the provision shall be applicable to the Property in its entirety and such provision will take effect on any portion of the Property once the use or reuse on that portion of the Property is no longer determined by the State to be fairground and event uses.



Content of Offer

The State is requesting bid offers from parties interested in the purchase of the Property. All bids shall be submitted in sealed envelopes referencing the Orange County Fairgrounds Sale, the legal entity submitting the bid, and the primary point of contact (i.e., contact name, address, phone, fax, and e-mail address). Submittal packages must include the following:

A. Bid Deposit

Bid offers must include a deposit in the amount of \$50,000 in the form of a cashiers check or money order payable to the State of California.

B. Bid Form

All bid offers will be submitted utilizing the [Offer Form](#) provided in this RFP. The Offer Form must be completed in it's entirety and signed by a duly authorized representative of the entity submitting the bid.

C. Statement & Support of Sale Financing

The State will not accept Bid offers with a financing contingency. A Statement of intended sale financing shall accompany the [Offer Form](#) and address the bidders ability to consummate the sale as per the State's objective of receiving the highest and most certain return for the Property from a responsible bidder within the time period prescribed under [Key Dates](#). Bidders must include any information that can assist the State in determining that the bidder has secured the necessary financing to facilitate an all-cash transaction on the sale of the Property at close of escrow.





Conditions & Contingencies

Buyer Conditions & Contingencies

Conditional or contingent bids will not be accepted by the State (financing or otherwise). The Property is offered "as-is" subject only to the reservation of mineral rights as stipulated in the Authorizing Legislation and the State's [Profit Participation Requirement](#). All bidders must review and acknowledge the State's [Purchase and Sales Agreement](#) and [Preliminary Title Report](#) and accept title subject to the exceptions listed in the Preliminary Title Report.

Seller Conditions & Contingencies

It is the State's requirement that the Property remain in control of the State and that the Property continue to be operated as the Orange County Fair and Event Center through the 2010 Orange County Fair (scheduled to end mid-August 2010). Accordingly, the sale of the Property is conditioned upon the transfer of control and possession of the Property to buyer not occurring until October 1, 2010. If the Buyer desires to close escrow and transfer title before October 1, 2010, then Buyer will be required to enter into a lease with the 32nd DAA to allow the 32nd DAA's continued use through October 1, 2010 pursuant to a form of lease to be provided by DGS. There will be no monetary consideration in any lease-back arrangement should the buyer wish to close prior to October 1, 2010.



RFP Process

Selection

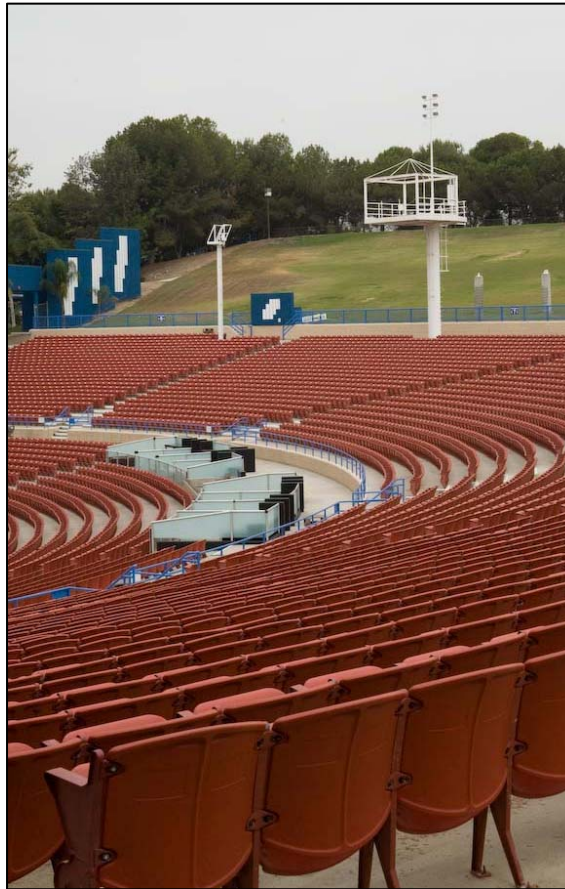
Submitted bids will be publicly opened and recorded approximately 1-week following the final submittal date at the Orange County Fairgrounds, 88 Fair Drive in the City of Costa Mesa. Bidder representatives must be present at the time submitted bids are opened, and bidders having submitted qualified bids will have the opportunity to increase their bids in an [Auction Format](#) if they elect to exceed the highest recorded bid. Only bidder representatives will be allowed to bid in the auction.

Note: Specific details as to the Auction Format, State's Profit Participation Requirements, and the Purchase and Sales Agreement will be made available in an addendum to this RFP within 30-days of the date of this RFP.

Qualified bidders will be ranked accordingly, and the high bidder will be expected to execute a [Purchase and Sales Agreement](#) substantially in the form presented, within 7 days after bid opening and auction.

The State reserves the right to select an alternative buyer or terminate the sale of the Property if the selected buyer fails to execute the Purchase and Sales Agreement within the time frame presented in [Key Dates](#) or if the buyer fails to perform under the terms and conditions of the Purchase and Sales Agreement.

All other deposits will be returned to the unsuccessful bidders at the end of the auction.



SUBMITTAL DEADLINE:

All proposals must be submitted **by of 5:00 p.m. on January 8, 2010**. Interested buyers are required to submit ten copies of their proposal to:

Dave Kalembo,
Project Manager
Dept. of General Services
Real Estate Services Division
Asset Management Branch
707 3rd Street, 6th Floor
West Sacramento, CA 95605



For additional information not contained in this RFP, please call Dave Kalembe at (916) 376-1826.

RFP Process - Continued

Selection – (continued)

Upon the high bidder's execution of a [Purchase and Sales Agreement](#), the State will analyze the high bid and make a determination if the high bid represents the highest and most certain return from a responsible bidder (i.e., bidder capable of an all-cash transaction at closing). A 30-day notification period to the California Legislature is required before the State can execute a Purchase and Sales Agreement.

Execution of Purchase Agreement

Subject to State and legislative approval, the State intends to execute a Purchase and Sales Agreement with the high bidder approximately 60-days after recording bids if, at the sole discretion of the State, the high bid offers the best opportunity to meet the State's objective of receiving the highest and most certain return from a responsible bidder. The State reserves the right to reject any or all offers at any time.

Deposit & Escrow

The total deposit will equal the greater of \$50,000 or 1% of the purchase price. Upon execution of the Purchase and Sales Agreement, the buyer may be required to increase the initial \$50,000 to comply with the total deposit requirement.

Closing Costs

All closing costs shall be paid by the buyer, including but not limited to any applicable documentary transfer taxes, premiums for any title policy, escrow fees and costs, and document recording charges for the Deed and Deed of Trust. **In no event shall the State be responsible for any real estate brokerage fees.**



Additional Information

Questions for DGS

Proponents requiring clarification of the intent and content of the RFP, or on the competitive proposal process, may request clarification only by submitting written questions to:

Department of General Services
Asset Management Branch
Real Estate Services Division
707 Third Street, 6th Floor MS-501
West Sacramento, CA 95605
Attention: Dave Kalembo

Questions must be received by November 13, 2009. Questions and answer sets will be posted to the web site below no later than ten (10) working days, following the deadline for questions identified in [Key Dates](#). The source of the request for clarification will not be identified.

[Orange County Fairgrounds RFP](#)

Any verbal representations made by RESD staff or persons affiliated with RESD are not binding on the State or the Proposer(s) and cannot be interpreted as modifications or clarifications of this RFP.

All technical questions should be directed to Dave Kalembo, Senior Real Estate Officer (Specialist), Asset Management Branch at (916) 376-1826. Administrative questions related to the RFP should be directed to Cheryl Bates, Contracts Assistant at (916) 376-1749.

RFP Updates

The State may modify any part of the RFP, prior to the date fixed for submission of final proposals, by issuance of an addendum to all parties who have required and received a copy of the RFP. Addenda will be numbered consecutively. THE STATE ENCOURAGES INTERESTED PARTIES TO CHECK THE WEB SITE REGULARLY FOR NEW INFORMATION.





Disclosures, Representations, and Warranties

The State obtained the information linked within this RFP from sources deemed reliable. However, the State makes no guarantees, warranties, or representations nor expresses or implies any opinion concerning the accuracy or completeness of the information provided. It is furnished solely as an aid to parties interested in purchasing the Property. Interested parties are responsible for undertaking all necessary investigations on and off the Property. The State will allow interested parties an opportunity to conduct "on-site" investigations of the Sale Property in accordance with the section immediately below. It is the reader's responsibility to contact the State should any linked information within this RFP not be available.

Inspection of the Sale Property

Parties interested in a non-disturbance visit to the Property should contact Steve Beazley of the OC Fair and Event Center at (714) 708-1551 to arrange for inspection. Parties interested in testing for soils conditions or any other type of inspection that may potentially disturb the property must receive an executed [Right of Entry](#) form from the State by contacting Dave Kalemba at (916) 376-1826. Such request must include the identity of the contractor(s) or entity(ies) conducting the inspection and the nature and scope of the inspections. Subject to the terms of the [Right of Entry](#), the interested party, its representatives, authorized agents, or contractors, may enter on the Property to make such inspections of the Property, provided that the interested party keeps the Property free of liens, repairs all damage to the Property resulting from such inspection, and indemnifies and holds the State harmless from and against all liability, claims, demands, damages, or costs of any kind whatsoever (including attorney's fees) arising from or connected with the inspections. Entry onto the Property for Inspection purposes without contacting the OC Fair and Event Center or receipt of an Executed Right of Entry form is prohibited.

