



## Building 16 Developer Selection

August 21, 2012

Presenter: OC PUBLIC WORKS



# BACKGROUND

- **Building 16 is a County owned three-story concrete reinforced structure of approximately 36,000 gross square feet.**
  - **The building has not been occupied since mid-1980's.**
- **The adjacent 199-space parking lot is used for Civic Center visitor parking.**
- **Site reuse planning alternatives were requested.**
  - **OC Public Works was directed to identify qualified firms for a potential public/private partnership development of the site.**

# BUILDING 16 SITE





16

OC CIVIC CENTER  
→  
City Library  
Courthouse  
City Hall etc.  
Public Law Lib.  
State/Fed. Bldg.  
←  
Halls of  
Records  
Finance  
Admin.  
etc.

OC CIVIC CENTER



# DEVELOPER PROPOSALS

- A Request for Statement of Qualifications (SOQ) identified five (5) qualified firms.
- The 5 qualified firms responded to a Request for Proposal by the March 14, 2011 deadline.
- Evaluation panel ratings identified the following three firms as highest rated:
  - 1) RELATED/Griffin
  - 2) Birtcher Garfield Traub
  - 3) Lowe Enterprises

# PROPOSAL REQUIREMENTS

## Benchmark Development Concept

- 150,000 sq. ft. (Target amount) of Class “B” or better office space.

## Respondent’s Development Concept

- Option given to Developers to present a different concept plan.

- Financing Plans –

- Required for both concept plans

- County Occupancy –

- County to lease-purchase office space at a competitive rate in the proposed development.



# FINDINGS

- **Public financing by the County was identified as the most cost effective financing plan for development.**
  - **Private Financing was not available without long term County commitment to lease the office space**
- **The County is currently leasing office space totaling over 275,000 sq. ft. In the Civic Center area at a cost of over \$6 million per year, and is paying for over 1000 parking spaces at over \$600,000 per year**
  - **Plus additional square footage of leased facilities and parking outside the Civic Center area**
- **Options for providing office space in the most cost effective fashion can be further identified through examining development options.**
- **Selecting a developer to join with the County in a public-private partnership is an effective way to consider all options and space requirements.**

# CIVIC CENTER LEASES

## SANTA ANA CIVIC CENTER AREA LEASES EXPIRING LEASES AS OF AUGUST 15, 2012 (without early termination costs)

YEAR EXPIRING	EXPIRING SQUARE FEET	ANNUAL RENT	AVERAGE RENT PER SQUARE FOOT
Currently Expired	71,253	\$1,716,282	\$2.01
2013	13,184	\$310,315	\$1.96
2014	0	\$0	\$0.00
2015	0	\$0	\$0.00
2016-2021	<u>194,624</u>	<u>\$4,100,262</u>	<u>\$1.76</u>
TOTAL	279,061	\$6,126,859	\$1.83



# WHY? WHY NOW?

- **The proposals were previously extended with the agreement of the developers**
  - **Current extensions expire September 14, 2012**
  - **This process started in December 2009 with Board approval of a competitive solicitation process**
- **The County's pending lease expirations in the Civic Center and surrounding area warrant the review of alternatives to traditional leases.**
  - **Selection of and negotiation with a Developer will result in better understanding of the cost of a public-private development compared to traditional leased space or County construction of a public building**
- **Development of the Building 16 site has been much discussed and long delayed over the past 20+ years.**
- **Government Code section 25515.2(c) provides for the public-private development of public property for a valid public purpose.**

# RECOMMENDATIONS

- **Select RELATED/Griffin as the potential primary developer.**
- **Select Birtcher Garfield Traub as the potential alternate developer.**
- **Authorize OC Public Works to explore potential development options and negotiate a contract for Board consideration.**