



County of Orange

County Executive Office

August 25, 2015

Honorable Glenda Sanders
Presiding Judge of the Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: Response to Grand Jury Report, "Orange County Real Estate: Do They Know What They Have?"

Dear Judge Sanders:

Per your request, and in accordance with Penal Code 933, please find the County of Orange response to the subject report as approved by the Board of Supervisors. The referenced memos are also attached. The respondents are the Orange County Board of Supervisors, County Executive Officer, and Chief Real Estate Officer.

If you have any questions, please contact Jessica O'Hare of the County Executive Office at 714-834-7250.

Sincerely,

Frank Kim
County Executive Officer

Enclosures

cc: FY 2014-15 Orange County Grand Jury Foreman
Mark Denny, Chief Operating Officer, County Executive Office
Jessica O'Hare, Assistant to the COO, County Executive Office
Scott Mayer, Chief Real Estate Officer, County Executive Office



Responses to Findings and Recommendations
2014-15 Grand Jury Report:

"Orange County Real Estate: Do They Know What They Have?"

SUMMARY RESPONSE STATEMENT:

On June 10, 2015, the Grand Jury released a report (Report) entitled: "Orange County Real Estate: Do They Know What They Have?" This Report directed responses to findings and recommendations to the Orange County Board of Supervisors, County Executive Officer, and Chief Real Estate Officer, which are included in the combined response below.

FINDINGS AND RESPONSES:

F.1. While the Board of Supervisors has officially recognized the need to have comprehensive management of County real estate, there does not appear to exist any sense of priority or urgency in the County relative to the development of a complete, up-to-date database.

Response: *Disagrees wholly with the finding "there does not appear to exist any sense of priority or urgency in the County relative to the development of a complete, up-to-date database."*

Currently, various database sources, including the County Real Estate Database (CRED), are available and utilized to provide details regarding County owned and leased real estate. In December 2014, the County issued a Request for Proposals, and in March 2015, the County entered into a contract for the purpose of verifying and cataloguing all County real estate ownership interests. Additionally, funding to purchase a comprehensive county-wide real estate Computer Maintenance Management System (CMMS) data base has been prioritized and a procurement project has been initiated.

These facts were brought to the attention of the Grand Jury prior to the public release of the Report, including by and through the May 28, 2015 Memo from the County's Chief Real Estate Officer (CREO) (a copy of which is attached hereto).

F.2. Management of County real estate assets is decentralized, and individual departments track property under their purview.

Response: *Disagrees partially with the finding “management of County real estate assets is decentralized.”*

Prior to June 2013, the County-wide organizational structure, management and control of real estate activities was decentralized and fragmented among the individual County departments. In June 2013, the Board of Supervisors approved the hiring of an executive level CREO. The CREO position reports directly to the County Executive Officer. Over the last two years, the CREO with the full support of the Board, County Executives and staff has restructured County real estate effectively consolidating and standardizing county-wide real estate management toward the goal of developing one department and a single unified function. The Sheriff/Coroner and John Wayne Airport continue to manage the real estate in their departments, as they have unique security issues and compliance with Federal Aviation Administration and other legal standards.

These facts are confirmed in the County Policy for Real Estate Responsibility and Authority (a copy of which is attached hereto).

F.3. The County does not have a single, comprehensive, accurate real estate database with information that can be used by the County departments.

Response: *Agrees with the finding.*

While the County does not currently have a SINGLE, comprehensive database, the County has comprehensive databases, including CRED, and is currently in the process of procuring a comprehensive real estate CMMS database.

F.4. Having a comprehensive County real estate database would be beneficial in managing County real estate assets and support prudent decision making.

Response: *Agrees with the finding.*

To benefit County real estate management and to support prudent decision making, the County has initiated efforts to verify data contained in existing real estate databases, including CRED, and is procuring a comprehensive County-wide real estate CMMS database.

RECOMMENDATIONS AND RESPONSES:

R.1. The County should create a regularly updated database that includes information that will improve the stewardship of County real estate.

This database should include a comprehensive, uniform list of data elements so that all County departments can benefit from its use. The Grand Jury recommends the following data items be included at a minimum:

1. Building address
2. Assessor's Parcel Number
3. Description of property
4. Date of acquisition
5. Building Number
6. Relationship to other properties, if appropriate
7. Property size:
 - a. Building square footage
 - b. Leased space square footage
 - c. Land square footage or acres
8. Condition of land or building (e.g., not suitable for building not suitable for building occupancy, refurbishing, open land, reserved open space)
9. Occupancy and use of buildings by square footage
10. Non-occupied space by square footage
11. Ownership details, such as:
 - a. County of Orange owned
 - b. Owned under Orange County Flood Control District (OCFCD)
 - c. Leased to County by private owner
 - d. Leased to OCFCD by private owner
 - e. Leased to private party by the County of Orange
 - f. Leased to private party by the OCFCD
12. Contract terms for County income-generating property
13. Maintenance information, including responsibility
14. Lease terms, such as:
 - a. Start and end dates
 - b. Monthly lease payments
 - c. Cost per square foot
 - d. Restrictions
 - e. Options
15. Is the property vacant land or open space?
16. Is the property not available for use? If so, why?
17. Transaction Value
18. Depreciated Value
19. Information on upgrades, remodeling
20. Insurance coverage
21. Environmental risks such as asbestos, underground storage tanks or soil contamination
22. Deed Restrictions

(F.2., F.3., F.4.)

Response: *The recommendation has not been implemented but will be implemented in the future.*

This recommendation is in process of being fully implemented. Various real estate database sources, including CRED, are updated annually and include certain of the recommended data elements. The County has entered into a contract for the purpose of verifying the accuracy of currently available databases. It is anticipated that this project will be complete within the current fiscal year. Additionally, the County has initiated procurement efforts to acquire a comprehensive County-wide real estate CMMS system. Plans for the CMMS system include all recommended data elements and property details. Preliminary project plans anticipate the release of a solicitation for proposals during the third quarter of 2015 and the procurement of a CMMS system during the first quarter of 2016.

R2. **The County should establish a person or position to be accountable for the ongoing accuracy of the real estate database. The County should also consider the feasibility of performing an annual inventory of the County's real estate to help to ensure the information in the database is accurate. (F.3., F.4.)**

Response: *The recommendation has not been implemented but will be implemented in the future.*

This recommendation is in process of being fully implemented. CRED is updated and reviewed annually by a designated member of CEO Real Estate's staff. The County has entered into a contract for the purpose of verifying the accuracy of database details. It is anticipated that this project will be complete within the current fiscal year. Additionally, the County has initiated procurement efforts to acquire a comprehensive County-wide real estate CMMS system. Preliminary project plans include the release of a solicitation for proposals during the third quarter of 2015 and the procurement of a CMMS system during the first quarter of 2016.

R.3. **The County should establish a timeline with realistic deadlines for its project to create and populate a comprehensive real estate database. This timeline should include target completion dates for major stages of the project. (F.1.)**

Response: *The recommendation has not been implemented but will be implemented in the future.*

This recommendation is in process of being fully implemented. It is anticipated that the County's current contract for the purpose of verifying County ownership interests in various County real estate database sources, including CRED, will be completed within the current fiscal year. Activities toward the procurement of a comprehensive County-wide real estate CMMS system have been initiated. Preliminary project plans include the release of a solicitation for proposals during the

third quarter of 2015 and the procurement of a CMMS system during the first quarter of 2016.