



CALIFORNIA STATE
PUBLIC WORKS BOARD

ARNOLD SCHWARZENEGGER, GOVERNOR

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STATE PUBLIC WORKS BOARD
February 9, 2007

MINUTES

PRESENT:

Mr. Steve Kessler, Chief Operating Officer, Department of Finance
Mr. Will Bush, Interim Director, Department of General Services
Ms. Cindy McKim, Deputy Director, Department of Transportation
Ms. Cindy Aronberg, Deputy Controller, State Controller's Office
Mr. Francisco Lujano, Deputy Treasurer, State Treasurer's Office

STAFF PRESENT:

Karen Finn, Assistant Administrative Secretary
Theresa Gunn, Assistant Administrative Secretary
Jim Martone, Assistant Administrative Secretary
Teresa Bierer, Assistant Administrative Secretary
Deborah Cregger, Counsel to the PWB
Jacqueline Sapp, Budget Analyst
Jared Ingram, Budget Analyst
Chris Sanford, Secretary to the Public Works Board

OTHERS PRESENT:

Warren Westrup, Department of Parks and Recreation
Liz Steller, Department of Parks and Recreation
Rona Rosenberg, Judicial Council (AOC)
Sabrina Winn, Department of General Services
Kelley DiPinto, Department of Parks and Recreation
Liz Yokoyama, Department of General Services
Eric, Department of General Services
David Wakubyski, Department of Parks and Recreation
Jett Peek, Department of General Services
Steve Christensen, Department of Parks and Recreation
Roy, Department of General Services

CALL TO ORDER AND ROLL CALL:

Mr. Steve Kessler, Chairperson of the SPWB and Chief Operating Officer for the Department of Finance, called the meeting to order at 10:00 a.m. Ms. Karen Finn, Administrative Secretary for the State Public Works Board, called the roll. A quorum was established.

The first order of business was approval of the Minutes from the January 12, 2007 meeting.

A motion was made by Mr. Bush and Second by Ms. McKim to approve the Minutes from the January 12, 2006 meeting.

The Minutes were approved by a 5-0 vote.

BOND ITEMS:

Ms. Finn reported that there were two Bond Items for consideration. Bond Item #1 was for the Office of Emergency Services' project for the *Los Angeles Regional Crime Laboratory* in Los Angeles County. The requested action would authorize the sale of the lease revenue bonds and other related actions in connection with the issuance, sale and delivery of said revenue bonds. The maximum par value for this series would be no more than \$106,200,000 and the maximum true interest cost would not exceed 5.43 percent. Staff recommended adoption and approval.

A motion was made by Mr. Bush and Second by Ms. Aronberg to approve Bond Item #1. Bond Item #1 was approved by a 5-0 vote.

Bond Item #2 was for the California Community Colleges four projects titled:

Menifee Valley Center, Learning Resource Center
Riverside County
Palomar College, High Tech Laboratory-Classroom Building
San Diego County
Santiago Canyon College, Learning Resource Center
Orange County
Cuesta College, Library Addition/Reconstruction
San Luis Obispo County

The requested action would authorize the sale of the lease revenue bonds and other related actions in connection with the issuance, sale and delivery of said revenue bonds. The maximum par value for this series will be no more than \$81,200,000 and the maximum true interest cost will not exceed 5.43 percent. Staff recommends adoption and approval.

A motion was made by Ms. Aronberg and Second by Mr. Bush to approve Bond Item #2. Bond Item #2 was approved by a 5-0 vote.

CONSENT CALENDAR:

Ms. Finn first noted that Consent Item #5 had been pulled from the Consent Calendar and moved to Action Items. The revised Consent Calendar covered items numbered 3,4 and 6 through 8.

(Consent Items #3, #4 & #6 - #8) In summary these items proposed:

- 2 requests authorize acceptance of real property and improvement thereon through a transfer of title [3, 4] (#4.....and equity purchase)
- 1 request authorize augmentation [6]
- 2 requests to approve preliminary plans [7, 8]

There was a 20-day letter for Item #6, the Hastings College of Law's project titled '*200 McAllister Street Facility: Code Compliance Update*' in San Francisco County'

—The letter, noticing Finance intent to recommend approval of augmentation, was sent to the appropriate Legislative Committees on January 19, 2006 and expired without comment on February 8, 2007.

In summary: staff recommended approval of the **Consent Calendar** consisting of Items numbered 3, 4 and 6 thru 8.

Mr. Kessler asked if there was any public to comment on these items?

There was no response.

A motion was made by Ms. McKim and Second by Mr. Bush to approve the Consent Calendar

The Consent Calendar was approved by a 3-0 vote.

ACTION ITEMS

Ms. Finn then stated that there were two Action Items on the agenda. Action Item #5 was a request by the Department of Parks and Recreation (Parks) to authorize acquisition for the project titled San Simeon State Park, Piedras Blancas Resort, in San Luis Obispo County.

- 20 acres on the coast, adds to the California Coastal Trail, within the Monterey Bay National Marine Sanctuary.

Ms. Finn reported that Staff had separated this item in order to bring the Board's attention this unique transaction with some unique issues:

1. Erosion is occurring at varying rates on the property, but it is not feasible for Parks to use artificial and/or engineered erosion control measures. Therefore, the department would not be requesting future funding to protect the motel structure from naturally occurring erosion.
2. A previously threatened portion of the motel had already been removed by the property owner as a condition of the acquisition and certain erosion control measures had been implemented. It was expected that the remainder of the property would undergo demolition in the next five years at a cost of approximately \$120,000. The demolition cost had been deducted from the overall fair market value of the land. Parks intended to use existing district resources and/or pursue other nominal cost alternatives to accomplish the demolition work.
3. In the interim, the department would consider adaptive uses for the structure such as a visitor contact facility, youth hostel to accommodate travelers, and/or a base of operations for park volunteers and docents. The department would not be requesting any funding for renovations or improvements to the existing structure. Capital costs would be either out of existing district funds, grants, through concession contracts, or via partnership with other agencies. Operational costs were expected to be minimal.

Ms. Finn stated this property's appraised value was--\$5.5 million but that total state purchase price was only \$5.1 million. Staff still recommended approval and let the Board know that a representative from Parks was there to answer questions

Mr. Will Bush asked if there would be any future plan for mitigation in order to save the building.

Mr. Warren Westrup, Chief of Acquisitions for Department of Parks and Recreation gave further details regarding the devaluing of the property assessment so that demolishing cost were factored in and that prison labor might also be used to demolish the buildings in sections over time. Mr. Westrup reported that State Parks policy was that Parks doesn't fight against natural wearing and erosion, so there would be no justification for using Capitol Outlay funds and that the erosion was only 1 to 3 inches in the planned use area of the acquisition. Mr. Westrup reported that the acquisition could / would be used as a base of operations to establish a presence in the area for managing the surrounding Hearst ranch.

Mr. Kessler asked approximately what percentage of land within the acquisition was eroding at the 3 to 5 feet a year.

Mr. Westrup answered that it was approximately 10 percent and showed the Board maps and pictures of this acquisition and erosion patterns.

Mr. Steve Horn, representative from the State Coastal Conservancy, gave a strong recommendation and its support for the acquisition and relayed that it was also the Conservancy's policy not to try to stop coastal erosion.

**A motion was made by Ms. McKim and Second by Mr. Bush to approve Action Item #5
Action Item #5 was approved by a 3-0 vote.**

Ms. Finn then reported on Action Item #9 which was for Parks' project acquisition of the La Grande Beach Tract for the Oceano Dunes State Vehicular Recreation Area (SVRA) in San Luis Obispo County. The requested action would recognize a scope change and authorize site selection. This item had been pulled from last month's Agenda in order to allow more time for the Legislature to comment on this request. A 20—day letter was sent to the appropriate Legislative Committees on December 22, 2006 and chair of the Joint Legislative Budget Committee responded with a letter on January 24, 2007. There was a copy of this letter in the Board's briefing packets. The JLBC expressed various concerns, but in the end concluded it would not object if the Administration would commit to supporting a finance letter to provide the additional funding for the balance of the acquisition. The Department of Finance is willing to commit its support at this time to a Spring Finance Letter to provide the additional funding needed to acquire the remainder of the property. This is not General Fund and therefore will not be competing with other GF priorities---however, we cannot ever make commitments on behalf of the full Administration. Parks has indicated that the county could change the terms it has proposed if any further delays are incurred. In addition, further delays could result in an increased cost for this first parcel.

Ms Finn also noted that if no finance letter was produced or no support from the Administration was in evidence, then the Staff can back off from this acquisition before completion, consistent with the Legislature's recommendation.

Mr. Bush asked about the amount of acreage for this acquisition compared to the original proposed acquisition.

Ms. Finn responded that the original amount was approximately 550 acres and that due to delays and some other concerns the appropriation is only enough to cover about half of that now approximately 280 acres. However Parks is still interested in purchasing and the county in selling the entirety eventually to the state.

Mr. Kessler asked for any public or Board member comments or questions. There was no answer.

**A motion was made by Mr. Bush and Second by Ms. McKim to approve Action Item #9
Action Item #9 was approved by a 3-0 vote.**

OTHER BUSINESS:

Ms. Finn updated the Board concerning the White Property donation. Last month the Board directed Staff to follow up on this possible transaction. The doner had turned down the changes

that were recommended by the Board. It is unknown what would happen next, as well as what the trustee must do.

Mr. Will Bush asked Staff to continue to monitor the situation and report back.

Ms. Finn assured him that Staff would.

REPORTABLES:

Ms. Finn reported that there were **five** reportable items for this month that staff had approved under authority delegated by the Board.

NEXT MEETING:

Ms. Finn informed the Board that the next meeting was set for **Friday, March 9, 2007, at 10:00 AM, at the State Capitol, Room 113.**

Mr. Kessler asked if there were any comments or questions from the public before adjournment. No answer was forthcoming

Mr. Kessler adjourned the meeting at 10:25 a.m.

AGENDA AND STAFF ANALYSIS

**NOTICE OF MEETING
STATE PUBLIC WORKS BOARD
Friday
February 9, 2007**

The **STATE PUBLIC WORKS BOARD** will meet on, **Friday February 9, 2007, upon adjournment of the Golden State Tobacco Securitization Corporation meeting at approximately 10:00 a.m. in Room 113 in the State Capitol, Sacramento, California.** In accordance with provisions of Section 11125 of the Government Code, a copy of the Agenda is attached.

Karen Finn
Administrative Secretary

Attachment

STATE PUBLIC WORKS BOARD

Friday

February 9, 2007

**Upon adjournment of the Golden State Tobacco Securitization Corporation meeting at
approximately 10:00 a.m.**

Room 113

State Capitol

Sacramento, California

I. Roll Call

Mike Genest, Director, Department of Finance
Will Bush, Interim Director, Department of General Services
Will Kempton, Director, Department of Transportation
John Chiang, Controller, State Controller's Office
Bill Lockyer, Treasurer, State Treasurer's Office

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Patrick W. Henning Director, Employment Development Department
(Advisory Member)

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Assembly Member, Legislative Advisor
Assembly Member, Legislative Advisor
Assembly Member, Legislative Advisor
Senator Darrell Steinberg, Legislative Advisor
Senator, Legislative Advisor
Senator, Legislative Advisor

**II. Approval of minutes from the January 12, 2007 meeting
Report on conditional approvals of last meeting.**

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BOND ITEM

BOND ITEM – 1

**DEPARTMENT OF GENERAL SERVICES (1760)
OFFICE OF EMERGENCY SERVICES (0690)
LOS ANGELES REGIONAL CRIME LABORATORY
LOS ANGELES COUNTY**

Authority: Government Code Section 14669.21

Adopt a resolution to:

1. Authorize the sale of the State Public Works Board Lease Revenue Bonds – Office of Emergency Services, 2007 Series A, Los Angeles Regional Crime Laboratory.
2. Approve the form of and authorize the execution of a Site Lease between the Department of General Services and the State Public Works Board.
3. Approve the form of and authorize the execution of a Facility Lease between the Office of Emergency Services and the State Public Works Board.
4. Approve the form of and authorize the execution of a Supplemental Indenture between the State Treasurer and the State Public Works Board.
5. Approve the form and authorize the execution of a Continuing Disclosure Agreement between the Office of Emergency Services, the State Public Works Board and the State Treasurers Office.
6. Approve the form of and authorize the execution and delivery of a Preliminary Official Statement.
7. Approve and authorize the execution and delivery of an Official Statement.
8. Approve other related actions in connection with the authorization, issuance, sale, and delivery of said revenue bonds including, but not limited to, consenting to appropriate leases and related agreements with the Los Angeles Regional Crime Lab Facility Authority, local law enforcement agencies, and educational institutions.

Estimated Project Costs to be Financed:	\$92,000,000
Estimated Par Value of Bonds to be Issued:	\$96,545,000
“To Not Exceed” Par Amount to be approximately:	\$106,200,000

APPROVED 5/0

BOND ITEM

STAFF ANALYSIS ITEM – 1

Office of Emergency Services
Los Angeles Regional Crime Laboratory
Los Angeles County

Action Requested

The requested action would authorize the sale of the lease revenue bonds and other related actions in connection with the issuance, sale, and delivery of said revenue bonds, including approving the forms of and authorizing the execution and delivery of a supplemental indenture, one site lease, one facility lease, a continuing disclosure agreement, a preliminary official statement, and an official statement.

Scope Description

This project is within scope. The project is approximately 209,000 gross square feet on a site of six acres on the California State University, Los Angeles (CSULA) campus. The site shall include 400 parking spaces. The project consists of facility construction and site improvements of a crime facility to be utilized by the Los Angeles Police Department Scientific Investigation Division, the Los Angeles Sheriffs department Scientific Services Bureau, the California State University Los Angeles School of Criminal Justice and Criminalistics, and the California Forensic Science Institute.

Funding and Project Cost Verification

This project is within cost.

\$92,000,000 total authorized project costs

\$92,000,000 total estimated project costs

\$92,000,000 total project costs for construction

CEQA

A Mitigated Negative Declaration is complete and was filed with the State Clearinghouse on December 23, 2002.

Due Diligence Status

Due diligence memo summarizing conditions of title for the Los Angeles Regional Crime Laboratory Facility located at CSULA was completed by DGS on February 10, 2004.

Project Schedule

The project schedules are as follows:

Project completion and beneficial occupancy is expected by March 2007.

Staff Recommendation: Adopt resolution

BOND ITEM

BOND ITEM – 2

**CALIFORNIA COMMUNITY COLLEGES (6870)
VARIOUS CCD PROJECTS
STATEWIDE**

**MOUNT SAN JACINTO COMMUNITY COLLEGE DISTRICT
MENIFEE VALLEY CENTER, LEARNING RESOURCE CENTER
RIVERSIDE COUNTY**

Authority: Chapter 33/02, Section 34 (a)(4)(F)

**PALOMAR COMMUNITY COLLEGE DISTRICT
PALOMAR COLLEGE, HIGH TECH LABORATORY-CLASSROOM BUILDING
SAN DIEGO COUNTY**

Authority: Chapter 33/02, Section 34 (a)(4)(I)

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
SANTIAGO CANYON COLLEGE, LEARNING RESOURCE CENTER
ORANGE COUNTY**

Authority: Chapter 33/02, Section 34 (a)(4)(A)

**SAN LUIS OBISPO COMMUNITY COLLEGE DISTRICT
CUESTA COLLEGE, LIBRARY ADDITION/RECONSTRUCTION
SAN LUIS OBISPO COUNTY**

*Authority: Chapter 33/02, Section 34 (a) (4) (E)
Chapter 208/04, Item 6870-301-0660 (1)*

Adopt a resolution to:

1. Authorize the sale of the State Public Works Board Lease Revenue Bonds–Community Colleges of California, 2007 Series B, Various California Community College Projects.
2. Approve the form of and authorize the execution of a Supplemental Indenture between the State Treasurer and the State Public Works Board.
3. Approve the form of Site Lease and authorize the execution of Site Leases between the participating districts and the State Public Works Board.

4. Approve the form of a Facility Lease and authorize the execution of Facility Leases between the participating districts and the State Public Works Board.
5. Approve the form of and authorize the execution of a Continuing Disclosure Agreement.
6. Approve and authorize the execution and delivery of a Preliminary Official Statement.
7. Approve and authorize the execution and delivery of an Official Statement.
8. Approve other related actions in connection with the authorization, issuance, sale, and delivery of said revenue bonds.

Estimated Project Costs to be Financed:	\$69,235,000
Estimated Par Value of Bonds to be Issued:	\$73,805,000
“To Not Exceed” Par Amount to be approximately:	\$81,200,000

APPROVED 5/0

BOND ITEM

STAFF ANALYSIS ITEM – 2

Community Colleges of California
Various CCD Projects
Statewide

Action Requested

The requested action would authorize the sale of the lease revenue bonds and other related actions in connection with the issuance, sale and delivery of said revenue bonds, including the approval of the forms of and authorizing the execution and delivery of a supplemental indenture, site leases, facility leases, a continuing disclosure agreement, a preliminary official statement and an official statement.

Scope Description

These projects are within scope.

Mt. San Jacinto Project

This project constructs a 27,750 assignable square foot two-story Learning Resource Center in a central location on the Menifee Valley Center campus and is designed to be compatible with other campus facilities being developed as part of the master plan. The Mt. San Jacinto Project serves as the technology hub for the campus and allows for the integration of technology into all aspects of the curriculum and a support system to allow individualized student learning, distance learning, staff development and articulation with other institutions of higher education through web-site education. Specific functions in the Mt. San Jacinto Project include library, distance learning activities, individualized study area, teleconferencing, staff development and related technology and audiovisual learning activities and services. The Mt. San Jacinto Project was occupied and completed in June 2006.

Palomar Project

This project constructs a new 67,313 assignable square foot three-story building (replacement and new space) to provide permanent facilities for the Chemistry, Life Science, Earth Science, Physics and Engineering departments. Such building provides space for a full complement of transfer and occupational lab courses in addition to providing students with learning resources to support their educational and training goals. The Palomar Project is expected to be occupied and completed in June 2007.

Rancho Santiago Project

This project consists of a new 29,329 assignable square foot two-story building that was built adjacent to other instructional buildings on the Santiago Canyon College campus. The Rancho Santiago Project serves as the campus library and technology center. The building includes space for faculty offices, laboratory, data processing, stacks, reading and studying, exhibition for specialized displays and materials, audiovisual, and support services. The Rancho Santiago Project was occupied and completed in May 2006.

San Luis Obispo Project

This project constructed a 25,029 assignable square foot two-story addition to the south of the existing Library/Administration Building on the Cuesta College campus and remodeled the existing 24,588 assignable square foot library. The Project shares a conjoined entrance lobby on the 2nd floor with a High Technology Center building adjacent to this Project. The San Luis Obispo Project is expected to be occupied and completed in June 2007.

Funding and Project Cost Verification

These projects are within cost.

Menifee Valley Center—Learning Resource Center (LRC)

\$11,736,000 total estimated project cost

\$11,736,000 project costs from lease-revenue financing

Palomar College—High Tech Laboratory-Classroom Building

\$33,327,300 total estimated project cost

\$31,640,000 project costs from lease-revenue financing

Santiago Canyon College—Learning Resource Center (LRC)

\$13,998,059 total estimated project cost

\$9,776,000 project costs from lease-revenue financing

Cuesta College—Library Addition/Reconstruction

\$16,083,000 total estimated project cost

\$16,083,000 project costs from lease-revenue financing

CEQA

The Districts certify that the projects are in compliance with CEQA.

Due Diligence:

Menifee Valley Center—Learning Resource Center (LRC)

Due diligence memo summarizing conditions of title was completed by DGS on July 27, 2004

Palomar College—High Tech Laboratory-Classroom Building

Due diligence memo summarizing conditions of title was completed by DGS on May 13, 2004.

Santiago Canyon College—Learning Resource Center (LRC)

Due diligence memo summarizing conditions of title was completed by DGS on August 6, 2003.

Cuesta College—Library Addition/Reconstruction

Due diligence memo summarizing conditions of title was completed by DGS on October 10, 2003.

Project Schedule:

The project schedule is as follows:

Menifee Valley Center—Learning Resource Center (LRC)

Complete Construction: December 2006

Palomar College—High Tech Laboratory-Classroom Building

Complete Construction: December 2007

Santiago Canyon College—Learning Resource Center (LRC)

Complete Construction: December 2006

Cuesta College—Library Addition/Reconstruction

Complete Construction: May 2007

Staff Recommendation: **Adopt the resolution**

CONSENT ITEM

CONSENT ITEM – 3

JUDICIAL COUNCIL OF CALIFORNIA (0250)
ADMINISTRATIVE OFFICE OF THE COURTS, CONCORD-MT. DIABLO COURTHOUSE
CONTRA COSTA COUNTY
AOC Facility Number 07-D1, DGS Parcel No. 10456

Authority: Trial Court Facilities Act of 2002, Chapter 1082/02, commencing with Section 70301 of the Government Code, as amended.

Authorize the acceptance of real property and improvements thereon through a transfer of title consistent with the staff analysis

APPROVED 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 3

Department of General Services
Judicial Council of California
Concord-Mt. Diablo Courthouse
Contra Costa County

Action Requested

The requested action will authorize the acceptance of real property and improvements thereon through a transfer of title.

Scope

This transaction is within scope. The County of Contra Costa (“County”) is transferring fee title in and to the court facility commonly known as the Concord-Mt. Diablo Courthouse, located at 2970 Willow Pass Road, Concord, California (“Court Facility”), to the State of California (“State”) on behalf of the Judicial Council of California (“Council”), Administrative Office of the Courts (“AOC”), pursuant to that certain Transfer Agreement Between the Judicial Council of California, Administrative Office of the Courts and the County of Contra Costa for the Transfer of Responsibility for Court Facility, dated November 14, 2006 (“Transfer Agreement”). The Court Facility consists of 0.6 acre of real property improved with a one-story building, parking lot, and associated landscaping. Following the no-cost of transfer of title, the AOC shall be responsible for the funding and operation of the Court Facility.

Costs

This transaction is within cost. The County shall not be entitled to compensation for any equity value in the square footage occupied by the Superior Court in the Court Facility pursuant to Chapter 1082, Statutes of 2002. The only costs associated with acceptance of this no-cost acquisition are the staff costs to process the acceptance.

CEQA

A Notice of Exemption was filed with the State Clearinghouse on November 9, 2006, and the 35-day statute of limitations period expired on December 14, 2006.

Project Schedule

The anticipated date of close of escrow is February 2007.

Condition of Property

The AOC was responsible for conducting a site visit to the Court Facility site on March 23, 2005; for contracting for the professional services of an environmental professional for the Phase I Environmental Site Assessment (Phase 1); for the building assessment; and for the seismic assessment. The following findings were made from the combined resources identified above:

Phase I:

A Phase I report was completed on May 2, 2005, by Tetra Tech EM, Inc., in accordance with the American Society for Testing and Materials Standard Practice for Environmental Site Assessments: Phase I (E-1527-00) (ASTM 2000). The Phase I includes an evaluation of significant environmental, health, and safety conditions impacting the interior and exterior of the Court Facility. In preparing the Phase I, a visual inspection of the Court Facility was performed to detect any apparent hazardous conditions in, on, or about the Court Facility, and the historical uses of the real property were reviewed.

The Phase I acknowledged the presence of asbestos, which is consistent with buildings constructed at that time. The presence of asbestos was detected in bulk samples of flooring material in the reception area of the courthouse, and was addressed in December 1993. At that time, approximately 710 square feet of asbestos-containing flooring materials were removed from the foyer and reception areas of the building. The Phase I recommended that a subsequent asbestos survey be conducted, and an asbestos management plan be developed to address any remaining asbestos.

Although the report cites no other recognized environmental conditions with respect to the subject site, it does mention the existence of 11 LUST sites in proximity of the courthouse within a 0.5 mile radius. Of the 11 known LUST sites in the area, two were pointed out in the report. The first LUST site is a Super Liquor Food and Gas store located 1,559 feet or 0.25 mile, west-south-west of the subject site, which was found to contain the presence of petroleum-based fuel hydrocarbons and high and increasing concentrations of diesel, gasoline and BTEX (Benzene, Toluene, Ethylbenzene, and Xylene) reported in groundwater samplings. A work plan for this facility was approved by the Water Board in November 2003, which will mitigate these environmental concerns. The Phase I also states that the migration of hydrocarbons primarily migrates to the north and west of the liquor store and away from the court facility. Furthermore, the groundwater flow is to the west, also away from the court facility, thereby limiting the likelihood that the court facility will be affected. The second LUST site identified is the Concord Armed Forces Reserve Center located 1,164 feet east-northeast of the court facility. This site has a grease rack and an active-vehicle-wash rack that is no longer in use. A preliminary assessment/site investigation was conducted at this site in August 2000 and a groundwater investigation was completed in September 2000 for this site. The Phase I Report and a determination made by the Department of Toxic Substance Control concluded that there is no

evidence of contamination that could potentially impact soil or ground water from this site subject to the courthouse facility.

Building Assessment:

Staff from the AOC's Office of Court Construction and Management ("OCCM") conducted a site visit of the Court Facility on March 23, 2005, to assess the general condition of the property. The site visit entailed a tour of the facility and surrounding property including a review of the real property for apparent conditions that could adversely impact the habitability or safety of the property; identification of furnishings, fixtures, and equipment that the County will transfer and convey to the State along with the real property; and the identification of any tenancies, encroachments, apparent easements, or other rights to occupy or use the property that might be vested in parties other than the County or the Court. The OCCM concluded that the Court Facility did not contain any apparent hazards to the health and safety of the occupants or the property.

Seismic Safety Assessment of the Improvements:

ATT Degenkolb Engineers, Inc., licensed structural engineers, performed a Tier I seismic safety assessment of the building located in the Court Facility in April 2003 and inspected and evaluated the Court Facility for seismic safety in accordance with the method and criteria developed by the Department of General Services' Real Estate Services Division. The seismic evaluation of the Court Facility was then peer-reviewed by other qualified engineers.

The AOC determined that the building has a Level IV seismic-safety rating, as defined in the Risk Acceptability Table of the State Building Seismic Program, developed by the Division of State Architect, April 1994, which is an acceptable seismic safety rating for the transfer of the title to the Court Facility to the State under Government Code Section 70327.

Other

- The State may refuse to accept responsibility for the Court Facility only if (a) the Court Facility contains one or more "deficiencies," as defined at Government Code Section 70326(b), and (b) the county and the AOC have not made provisions for the correction of the deficiencies as part of the Transfer Agreement, pursuant to Section 70326(c) or Section 70327(d) of the Government Code. Neither of these situations exists.
- The County adopted a Resolution on November 14, 2006, approving the Transfer Agreement to transfer title and responsibility of the Court Facility to the State, and authorizing the Chairperson to sign the Transfer Agreement, Grant Deed, and other documents related to the transaction, and the Director of the Department of General Services to execute any other documents necessary for the transfer of responsibility and title to the Court Facility to the AOC.
- The Transfer Agreement requires that delivery of title to the property would be free and clear of any mortgages or liens. Concurrently, with the transfer of title to the Court Facility, the AOC will purchase an owner's policy of title insurance for the Court Facility from the title company.
- The County has agreed to indemnify the AOC against any known conditions that existed in, on, or under the real property during the period of its ownership.
- The terms of the Transfer Agreement state that the County will continue to maintain, and the State will have, uninterrupted use of and access to the Building Software and hardware that operates it. The AOC will reimburse the County for the maintenance costs of the Building Software. Additionally, the County will continue to offer its telecommunication services to the State, which is a part of the County's LIM (Logical Information Machines) system. Effective as of closing, the AOC grants the County rights of ingress, egress and access to all parts of real property to which any component or subcomponent of connection to LIM is located.
- The AOC is not aware of any lawsuits pending concerning the property.

- The Superior Court occupies the entire facility; therefore, the County is not entitled to any compensation.
- As recommended in the Phase I report dated May 2, 2005, the AOC contracted the services of EMCOR Facilities Services (EMCOR Group, Inc.), which prepared an Asbestos Abatement and Maintenance Program dated December 14, 2006. As part of the plan, EMCOR personnel will coordinate periodic inspections of the buildings containing asbestos to assess condition and coordinate corrective action where required.
- In accordance with Government Code Section 70330, there is adequate parking for the Court Facility. The Court Facility includes a total of 54 unsecured, above-ground parking spaces, including two handicapped parking spaces, and three reserved parking spaces dedicated to use by judges, Court staff and employees.
- There are no historic issues associated with the Court Facility.

Staff Recommendation: Authorize the acceptance of real property and improvements thereon through a transfer of title

CONSENT ITEM

CONSENT ITEM – 4

**JUDICIAL COUNCIL OF CALIFORNIA (0250)
ADMINISTRATIVE OFFICE OF THE COURTS, OLD SUPERIOR COURTHOUSE
MERCED COUNTY**

DGS Parcel No. 10451, AOC Facility Number 24-A1

Authority: Trial Court Facilities Act of 2002, Chapter 1082/02, commencing with Section 70301 of the Government Code, as amended and Chapters 47 and 48/06, Item 0250-001-3037, Provision 1

Authorize the acceptance of real property and improvements thereon through a transfer of title and equity purchase consistent with staff analysis

APPROVED 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 4

Department of General Services
Judicial Council of California
Old Superior Courthouse
Merced County

Action Requested

The requested action will authorize the acceptance of real property and improvements thereon through a transfer of title and equity purchase.

Scope Description

This transaction is within scope. The County of Merced (“County”) is transferring fee title in and to the court facility commonly know as the Old Superior Courthouse, located at 627 West 21st Street, Merced, California (“Court Facility”), to the State of California (“State”) on behalf of the Judicial Council of California (“Council”), Administrative Office of the Courts (“AOC”), pursuant to that certain Transfer Agreement Between the Judicial Council of California, Administrative Office of the Courts and the County of Merced for the Transfer of Responsibility for Court Facility, dated December 12, 2006 (“Transfer Agreement”). The Court Facility consists of 0.976 acre of real property improved with a 17,716 square foot, one-story building, five secured on-site parking spaces, an additional 240 parking spaces to be provided by the County on an on-going basis in nearby parking lots, and associated landscaping. Following the closing of the title transfer under the Transfer Agreement, the AOC will be responsible for the funding and operation of the Court Facility.

Funding and Cost Verification

This transaction is within cost. The County shall not be entitled to compensation for any equity value in the square footage occupied by the Superior Court in the Court Facility pursuant to Chapter 1082, Statutes of 2002, Section 1(d)(6). However, since the Superior Court occupies more than 80% of the Court Facility, the State may purchase the County's equity interest in that square footage occupied by County employees for fair market value. The costs associated with acceptance of this acquisition are the County's fair market equity value in the space historically occupied by County employees (\$161,000), and the staff costs to process the acceptance. The authority for the equity purchase is Chapters 47 and 48/06, Item 0250-001-3037, Provision 1.

CEQA

A Notice of Exemption was filed with the State Clearinghouse on January 4, 2007, and the 35-day statute of limitations expired on February 8, 2007.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is February 2007.

Condition of Property

The AOC was responsible for conducting a site visit to the Court Facility site and for contracting the professional services of: (i) a professional surveyor for the preparation of the American Land Title Association (ALTA) Survey and for the development of new legal descriptions for the Court Facility parcel, the two easements to be reserved by the County, and the three easements to be granted to the State; (ii) a professional MAI (Member of the Appraisal Institute) appraiser for an appraisal of the Court Facility; (iii) an environmental professional for the Phase I Environmental Site Assessment ("Phase 1"); and (iv) a licensed structural engineer for the seismic assessment. The AOC made a site visit on June 22, 2005. The AOC made a further site visit on July 25, 2006, after the July 16, 2006 fire, to inspect the extent of the fire damage to the Court Facility.

Phase I:

A Phase I was completed in July 2005 by Earth Tech, Inc., in accordance with the American Society for Testing and Materials Standard Practice for Environmental Site Assessments (ASTM 2000). The Phase I includes an evaluation of significant environmental, health, and safety conditions impacting the interior and exterior of the Court Facility. In preparing the Phase I, a visual inspection of the Court Facility was performed to detect any apparent hazardous conditions in, on, or about the Court Facility, and the historical uses of the Court Facility and the underlying real property were reviewed. The Phase I found no recognized environmental conditions with respect to the subject site. However, based on the findings, conclusions, and recommendations from the Phase I, Earth Tech recommends the following actions for the subject Court Facility:

- Consistent with the age of the Court Facility, the Court Facility has asbestos-containing materials ("ACMs"), including ceiling tiles, floor tiles, and thermal pipe insulation. While most of the ACMs are in good condition, the Phase I noted one area where the thermal pipe insulation was damaged, resulting in a risk of friable asbestos exposure and recommends that the damaged area be repaired to avoid the risk of friable asbestos particles being released into the air.
- Develop an asbestos management plan for the Court Facility.
- The five-gallon bucket of corrosive chemical liquid used to reduce scale build-up in the Court Facility's air conditioning unit needs to be stored in a spill-containment area or in a specially designed chemical-storage cabinet.

- The 15-gallon pressure tank mounted over a walkway in the basement of the Court Facility needs to be braced to avoid damage and injury to persons and property in the walkway in the event of an earthquake.
- The discharge outlet connection for the floor drain in the basement of the Court Facility needs to be evaluated to determine whether it discharges into a sewer line, and if it does, a permit must be obtained from the County Sanitation District.
- Due to the age of the building, the presence of lead-based paint is a concern. A lead-based paint assessment should be performed prior to conducting any activity that may disturb the building materials onsite, such as renovating or constructing tenant improvements.

Included in the materials submitted by the AOC is a letter from the County describing the steps the County has taken to address the foregoing areas of concern identified in the Phase I. The AOC will ask Earth Tech to verify the work described in the County's letter prior to the close of escrow. Tech Star will manage the Court Facility property after the transfer of title and will complete an asbestos-management plan prior to the close of escrow. The AOC will investigate and address the seismic bracing of mechanical equipment, and the configuration of the discharge for the floor drain in the basement of the Court Facility as part of its facility management plan for the Court Facility.

Building Assessments:

Staff from the AOC's Office of Court Construction and Management ("OCCM") conducted a site visit of the Court Facility on June 22, 2005, to assess the general condition of the Court Facility. The site visit entailed a tour of the facility and surrounding property including a review of the Court Facility for apparent conditions that could adversely impact the habitability or safety of the Court Facility; identification of fixtures and equipment that the County will transfer and convey to the State along with the real property; and the identification of any tenancies, encroachments, apparent easements, or other rights to occupy or use the Court Facility that might be vested in parties other than the County or the Court. Prior to the fire that destroyed the County-occupied space in the Court Facility on July 16, 2006, the OCCM concluded that the Court Facility did not contain any apparent hazards to the health and safety of the occupants or property.

After the July 16, 2006 fire, the OCCM conducted a further inspection of the County Facility to assess the extent of the damage to the Court Facility. The space historically occupied by the County was significantly impaired; there was also some damage to the Court-occupied space in the Court Facility primarily consisting of smoke and water damage. The County has fully repaired two of the three court sets in the Court Facility at County expense, and the Court has re-occupied those two court sets. The County is still in the process of completing the repairs to the third-court set, which is the one closest to where the fire occurred, at County expense, and those repairs are expected to be completed by December 2007. Promptly after the fire on July 16, 2006, the County rented temporary space for the Court to occupy while repairs were being made, and the Court will continue to occupy that rented space until the County's repairs to the last court set are completed. After the title transfer, the AOC will reimburse the County for the Court's pro rata share of operating costs for the temporarily rented space.

Seismic Safety Assessment of the Improvements:

Middlebrook & Louie, licensed structural engineers, performed a Tier I seismic safety assessment of the building located in the Court Facility in July 2003 and inspected and evaluated the Court Facility for seismic safety in accordance with the method and criteria developed by the Department of General Services' (DGS) Real Estate Services Division. This seismic evaluation of the Court Facility was then peer-reviewed by other qualified engineers.

The AOC determined that the building has a Level IV seismic-safety rating, as defined in the Risk Acceptability Table of the State Building Seismic Program, developed by the Division of

State Architect, April 1994, which is an acceptable seismic safety rating for the transfer of the title to the Court Facility to the State under Government Code Section 70327.

Other

- Under the Trial Court Facilities Act of 2002, the State may refuse to accept responsibility for the Court Facility only if (a) the Court Facility contains one or more “deficiencies,” as defined in Government Code Section 70326(b), and (b) the County and the AOC have not made provisions for the correction of the deficiencies as part of the Transfer Agreement, pursuant to Section 70326(c) or Section 70327(d) of the Government Code. As a result of the fire on July 16, 2006, the County and the AOC determined that a provision for correction of the fire-damaged portions of the Court Facility was necessary and appropriate for the timely completion of the title transfer to the State in accordance with the Budget Act, as amended, although the Council did not make a formal finding of a “deficiency” under Government Code Section 70326(b). The terms of Section 4.2 and Exhibit “I” of the Transfer Agreement set forth the agreed terms of the provision for the correction of the fire damage.
- The County will not reoccupy the Court Facility. The AOC elected to exercise its rights under Government Code Section 70344(b) to purchase the County’s “equity” in the 2,975 square feet in the Court Facility previously occupied by the County. The Duff & Phelps appraisal of the Court Facility establishes the fair market value of the Court Facility, less the value of the AOC’s agreement to install new tenant improvements for the Court when the County has completed its repairs to the shell and core of the Court Facility necessitated by the July 16, 2006 fire. The equity purchase price will not exceed fair market value as determined by a DGS approved appraisal.
- The \$161,000 fair-market equity value of County-occupied space determined by the appraisal of the Court Facility assumes that the County will repair, at County cost, the damage done to the shell and core of the Court Facility as a result of a fire on July 16, 2006. The County will make the shell and core repairs after the State takes title to the Court Facility in accordance with the Transfer Agreement. The AOC will install new tenant improvements in the space vacated by the County, at AOC cost, after the County’s shell and core repairs are completed. The \$161,000 purchase price that the AOC will pay to the County was reduced from \$340,000 to \$161,000, based on the appraisal, to account for the parties’ agreement that the AOC will install new tenant improvements for the Court in the space previously occupied by the County, at AOC expense.
- The Court Facility is located within a portion of an approximately 11-acre parcel of land dedicated to the County in 1873 and is commonly known as Court House Square. The AOC engaged Psomas, Inc. to prepare an ALTA survey to include a new legal description for the real property underlying and immediately surrounding the Court Facility and for the easement parcels to be granted to the State and reserved to the County in the Grant Deed.
- The Court Facility is located in an area of the City of Merced that includes several other County-owned buildings, including six other Court-occupied buildings. In 2007, the majority of the Court-occupied space in these six buildings will be consolidated into a new downtown courthouse being constructed by the County at 2260 “N” Street, Merced, California. Due to the close proximity of these buildings to one another, the utilities and telecommunications infrastructure that serves the Court Facility is integrated with that for the other buildings in the Court House Square complex. To enable the County and the AOC appropriate access for operation, maintenance, and repair of the utilities and telecommunications systems in their respective buildings, and to enable necessary access and use of their respective properties and improvements, the County and the AOC have agreed that the County will grant to the AOC, and reserve to itself, in the Grant Deed, certain access and utility easements. All of the easements to be granted and reserved are shown on the ALTA Survey submitted by the AOC. The agreed terms for use of the easement parcels are set forth in the Transfer Agreement.
- Due to the highly-integrated nature of the utilities infrastructure for the Court Facility with that for other County-owned buildings in the Court House Square complex, the County and the

AOC have agreed that, by January 1, 2008, they will develop and jointly approve a plan for separation of the metering for all utilities that serve the Court Facility. Until that plan has been approved and implemented, the AOC will reimburse the County, on a quarterly basis, the AOC's pro rata share of the fees and charges for the jointly-metered utilities serving the Court Facility. The basis for prorating these utility fees and charges, as it will adjust from time to time, is reflected in Exhibit "H" to the Transfer Agreement.

- The AOC is not aware of any lawsuits pending or threatened concerning the Court Facility.
- The County has taken steps to address the areas of concern noted in the Phase I Environmental Site Assessment, as reflected in the letter from the County submitted by the AOC. The County has provided indemnification to the AOC in the Transfer Agreement against losses, costs, and damages arising from conditions that existed in, on, or under the Court Facility during the period of County ownership, including a specific indemnity against any liability imposed on the State pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 USC § 9601 et seq.), or related provisions for conditions that existed on the property at the time of transfer whether or not known to the County, as required by Government Code Section 70393(d).
- Merced County Department of Environmental Health oversaw the removal of a 2,000 gallon underground fuel-oil storage tank from the parking area of the site and issued a No Further Action letter dated October 10, 2002, indicating that the site had no public-health risk associated with the residual fuel-oil contamination in the soil.
- The County adopted a Resolution on December 12, 2006, approving the Transfer Agreement to transfer title and responsibility of the Court Facility to the State, including the provisions for correction of the fire damage incorporated into the Transfer Agreement, and authorizing the Chairperson to sign the Transfer Agreement, Grant Deed, and other documents related to the title-transfer transaction.
- The Transfer Agreement requires that the delivery of title to the Court Facility will be free and clear of any mortgages or liens. Concurrently, with the transfer of title to the Court Facility, the AOC will purchase an ALTA owner's policy of title insurance for the Court Facility from Chicago Title Company.
- In accordance with Section 70330 of the Government Code, there is adequate parking for the Court Facility. There are five secured-parking spaces located on the Court Facility parcel, and the County has agreed to provide to the AOC, for use by the Court on an on-going basis, an additional 240 parking spaces in four parking lots located near the Court Facility, as shown on Exhibit "D" of the Transfer Agreement.
- The Court Facility is not an historical building nor is it subject to bonded indebtedness.

Staff Recommendation: Authorize the acceptance of real property and improvements thereon through a transfer of title and equity purchase

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CONSENT ITEM

CONSENT ITEM – 5 (BECAME ACTION ITEM # 5)

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
SAN SIMEON STATE PARK, PIEDRAS BLANCAS
SAN LUIS OBISPO COUNTY

DGS Parcel Number 10446, DPR Parcel Number 003253-77

*Authority Chapter 157/03, Item 3760-301-6029(3),
as reappropriated by Chapters 47 and 48/06, Item 3760-490;
Chapter 208/04, Item 3760-301-0005(1);
Chapter 208/04, Item 3760-301-0565(1);
Chapter 208/04, Item 3790-301-0890(1),
Chapters 38 and 39/05, Item 3790-301-6029(5)
Chapters 38 and 39/05, Item 3790-301-6029(6)*

Authorize acquisition consistent with staff analysis

**MOVED TO ACTION ITEM
APPROVED 3/0**

CONSENT ITEM

STAFF ANALYSIS ITEM – 5

Department of General Services (DGS)
Department of Parks and Recreation (DPR)
San Simeon State Park, Piedras Blancas Resort
San Luis Obispo County

Action requested

The requested action will authorize acquisition for this project.

Scope Description

This project is within scope. The Legislature has approved funding from Proposition 40 (California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002) for new State Park System acquisitions without specifying particular parcels. The Legislature has also approved funding for the purchase of interests in lands that meet criteria established in a Federal Trust Fund Acquisition Program and a Department of Transportation Federal Scenic Highway Program without specifying particular parcels. This request will authorize acquisition of fee simple interest of approximately 20 acres as an addition to the San Simeon State Park.

The Piedras Blancas property is located along scenic Highway 1. The property offers a unique and much needed opportunity for the public to safely pull off the highway, park in the existing paved parking area, and access two beaches, bluffs and trails. This half-mile of coast is a critical missing link of public access on a 13 mile stretch of publicly-held coastline that is essential to the California Coastal Trail.

In addition, the property lies within the Monterey Bay National Marine Sanctuary, a preserve that encompasses 276 miles of shoreline and 5,322 square miles of ocean. Supporting one of the world's most diverse marine ecosystems, the Sanctuary is home to numerous mammals, seabirds, fishes, invertebrates, and plants in a remarkably productive coastal environment. Piedras Blancas provides critical habitat and breeding grounds for one of the Sanctuary's resident species, the northern elephant seal, which is fully protected under California state law and federally protected under the Marine Mammal Protection Act of 1972.

Funding and Cost Verification

This project is within cost. The purchase of the property would be accomplished using state funding sources with additional contributed funds from federal grant programs. The balance of the appropriation is sufficient to acquire the subject property in accordance with legislative intent.

Funding for acquisition (a total of \$5.1 million) includes:

- **\$2,298,208** - State Coastal Conservancy grants (state)
- **\$420,147** - Proposition 40 (state)
- **\$300,000** - Proposition 40 and Federal Scenic Byways Program, to be reimbursed by Caltrans (state/federal)
- **\$1,801,515** - National Oceanic and Atmospheric Administration grant (federal)
- **\$255,130** - Land and Water Conservation Fund grant (federal)

Funding for overhead (a total of \$25,000) will be provided by Proposition 40.

CEQA

A Notice of Exemption/Determination was filed with the State Clearinghouse on December 13, 2006, and the 35-day waiting period expired on January 17, 2007.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is March 2007.

Condition of Property

The Department of General Services, Environmental Services Section (ESS) staff conducted a site visit to the Piedras Blancas Motel and RV Park property on December 6, 2006. The property is located at 16420 Highway 1 in San Simeon, San Luis Obispo County, California and consists of approximately 25 acres. The western portion of the property is composed of coastal bluffs bordered by the Pacific Ocean. To the east of the property is Highway 1. The southern portion of the property is currently in use as a public access to Arroyo Del Corral Beach, which is located adjacent to the property to the south. To the north of the property are cliffs that

contain an asphalt remnant of the former location of Highway 1. The California Department of Transportation is currently relocating Highway 1 access east of this area.

The property consists of eight permanent structures currently present on the site. There is a main motel building with eleven units, a laundry facility and a manager's apartment. All structures are one story. Adjacent to the south of the main motel building is a separate structure that includes the former café and kitchen, station store, office and the service station garage with an attached shed. A single-story, two-bedroom dwelling is located on the southern portion of the property. Adjacent to the dwelling is a large detached garage with two roll up doors. Behind the garage is a wood-frame barn and large shed that are currently empty. A property manager and his family currently occupy the manager's apartment and three of the units in the main motel building. The motel is currently closed and the residence is not occupied.

Surface topography is predominantly flat, with cliffs along the western side above an unnamed beach that is accessible by an unpaved walking trail. Surface elevation ranges from sea level at the beach to approximately 35 feet above mean sea level (msl) at Highway 1. Topography generally slopes upward toward the Santa Lucia Range to the east.

A Phase I Environmental Site Assessment (ESA) was prepared for the acquisition (RRM, Inc., October 20, 2006). The ESA was reviewed by DGS-ESS staff and found to be in accordance with the American Society for Testing and Materials (ASTM) standard E1527. "No recognized environmental concerns (RECs) were identified on the subject property or in the immediate offsite area that would appear to represent a potential threat of an adverse impact to soil or groundwater at the subject site" (RRM, Inc.). However, based on the age of the structures on the property, it appeared likely that some of the construction materials contained asbestos or lead. Sampling and laboratory analysis of the paints, flooring, wall, and adhesive construction materials indicated that limited lead and asbestos are present in some locations on the property. Because these hazardous materials are not harmful if the structures remain in present condition, it is recommended that a study to determine the possible presence of lead-based paint and ACBM (asbestos-containing building materials) is present, prior to demolition or adaptation to these structures.

The gasoline dispensing facilities that were once associated with the service station facility, including underground storage tanks have been removed. Soil samples taken contained trace concentrations of petroleum hydrocarbons that are below regulatory action limits and represent a "de minimus" condition.

Two active domestic wells and one abandoned domestic well were observed during the site visit. The abandoned domestic well is not capped but has been contracted for capping in the near future. No other potential problems with hazardous materials, e.g., ground and /or vegetation staining were observed during the ESS site visit and the property is compatible with the proposed future use as an addition to the State Park access to the beach.

Other:

- The State Public Works Board approved site selection for this project on January 12, 2007.
- The non-profit Trust for Public Lands (TPL) is the current owner of the property.
- The property includes a vacant residence and a non-operating 14-unit motel and café. There is an on-site property manager under contract with TPL to perform basic maintenance and installation activities on the property. The property manager was brought in by TPL to protect the property until TPL was able to resale the property. The contractor understands that no relocation assistance would be involved with this project.
- There is no known implied dedication associated with this property.

- Of the funding sources listed earlier in the Funding and Cost Verification section, the following carry property use restrictions in the respective grant agreements:
 1. Federal Scenic Byways Program - restricts the property uses to byway-visitor enhancement, restricts ownership or operation to a government entity or a legally organized not-for-profit entity, and restricts future construction or development of the property to the current footprint or equivalent of existing structures. Remedies for possible future change in use are reconveyance of the property or refund of the grant program's proportional interest in the then fair market value of the property.
 2. Land and Water Conservation Fund – restricts the property uses to public outdoor recreation. The remedy for possible future change in use is substitution of other recreation properties of at least equal fair market value and of reasonable equivalent usefulness and location.
 3. State Coastal Conservancy – restricts the property uses to providing public access to the coast, low cost visitor serving facilities including overnight use, natural resource protection, and open space preservation. Further, the property may not be used for mitigation purposes. The grant agreement provides no remedies for any future change in use. Acceptance of grant agreements with use restrictions, but with no cures for potential future change in use is not recommended. In this case, however, the compensating factor is that the grant contractor is a State of California agency. It is understood that the grant restrictions would be subject to override, if necessary.
 4. National Oceanic and Atmospheric Administration (NOAA) Coastal and Estuarine Land Conservation Program (CELCP) – requires that the property be held in public ownership in perpetuity, provide conservation in perpetuity, and provide general public access or other public benefit as appropriate and consistent with resource protection. The grant terms provide for the recipient's return of the CELCP grant funds in the event that the property is converted to other uses inconsistent with the grant program purposes or sold or otherwise transferred. However, in contrast to other grant programs where property use restrictions and remedies for use conversion are outlined in a grant agreement with public notice accomplished by means of a recorded Memorandum of Agreement or other separate document, NOAA requires that its property use restrictions be placed into, and made a part of, the acquisition grant deed. The grant deed contains language which states the grant deed is subject to the grant agreement and CELP Program Guidelines, June 2003.
- The NOAA grant deed property use restriction described above creates a distinction between the rights to be conveyed to the state from the rights addressed in the DGS-approved appraisal. It should be noted that this grant deed use restriction is a result of NOAA grant program and not a requirement of TPL, the current property owner. Since this distinction was created on behalf of the state as a requirement of their funding source and not TPL, the impact on fair market value to the property was not considered in moving forward with this acquisition. However, the grant agreement allows DPR to reimburse the funds if the property or interest is sold, exchanged or converted to other uses that are inconsistent with the purposes for which it was acquired without prior approval of NOAA. Therefore, this remedy allows the removal of the restriction placed on the property which will convert the property back to its highest and best use. Although diminution of property rights and property value may potentially exist, the remedy described herein compensates for any significant loss the state might otherwise incur as a result of the grant deed use restriction.
- Based upon a "Geologic Assessment of Bluff Erosion and Sea Cliff Retreat, Piedras Blancas Motel, San Simeon Area, San Luis Obispo County, California" prepared by GeoSolutions, Inc., a local engineering geology consultant, a coastal bluff retreat rate of approximately 2.8 to 4.3 feet per year is occurring with the motel area (northern portion) of the site. A retreat rate of approximately 1 to 3 inches per year is occurring in the central and southern portions of the site. Based upon these retreat estimates, the remaining motel structure (located at the northern portion of the property) may require removal within the next five years. A previously threatened portion of the motel has already been removed by the property owner

as a condition of the acquisition and erosion control measures have been implemented. Based upon the above referenced geological study and the cost of the previous demolition and removal of the most northerly motel building, the appraiser estimated the demolition cost and removal cost of the remainder of the existing motel (8,694 sq. ft) to be \$120,000. The appraiser then deducted the estimated demolition and removal costs from the overall fair market value of the land. The appraiser values the land less the demolition removal costs to be \$5.5 million; the state purchase price is \$5.1 million. At such time that demolition of the structure is required, the department will utilize existing district resources and/or pursue other nominal cost alternatives such as prison labor, and California Conservation Corps to accomplish the work. In the interim, the department will consider the following adaptive uses for the structure: visitor contact facility, multi-agency visitor center, youth hostel to accommodate travelers along the California Coastal Trail, and/or a base of operations for park volunteers and docents.

- DPR policy related to coastal erosion precludes the use of artificial and/or engineered erosion control measures such as rip rap, and gunite; therefore, the department will not be requesting funding in the future to protect the motel structure from naturally occurring erosion. Further, the department will not be requesting any major capital outlay funding for renovations or improvements to the existing structure given that there would not be a sufficient time frame for any major improvement costs to be amortized.
- The Property Acquisition Agreement (PAA) provides for the Grantor to complete the following tasks prior to close of escrow: (i) tree pruning and removal of excess dead tree matter, (ii) well upgrade and repair, (iii) replacement of propane gas tank and lines, (iv) installation of post and rope fence along bluff, (v) installation of standard DPR signs for beach access and dangerous bluff alerts, (vi) provision of portable toilets, and (vii) seal coating the parking lot. The DPR will conduct a site visit to verify tasks have been completed.
- The PAA does not include the state's standard indemnification language potentially exposing the state to additional fiscal liability. However, the DGS-ESS site visit did not identify conditions which would likely pose exceptional risk to the State. Further, it should be noted that the lack of indemnification language does not relieve the grantor of liability under existing law.
- The DPR is not aware of any lawsuits pending concerning the property. The PAA will require delivery of title to the property free and clear of any mortgages or liens.
- The DPR will be acquiring the approximately 20-acre parcel as an addition to the San Simeon State Park. Although the parcel includes some structures, the intent at this time is to use the acquisition primarily as an access point to the surrounding beaches and trails. There will be no public access to the facilities at this time. Therefore, the management plan is to provide periodic patrols of the property as part of the routine patrols for the entire park unit. As such, no additional support needs are anticipated with the acquisition of this property.
- While the DPR does not foresee changes at this time to public access, development, or resource needs, any such changes will be addressed through the normal budget process.

Staff Recommendation: Authorize acquisition

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CONSENT ITEM

CONSENT ITEM – 6

**HASTINGS COLLEGE OF THE LAW (6600)
200 McALLISTER STREET FACILITY: CODE COMPLIANCE UPDATE
SAN FRANCISCO COUNTY**

Authority: Chapter 208/04, Item 6600-301-6028

Approve augmentation **\$470,000**
(2.2 percent of total project costs)
(12.1 percent cumulative)

APPROVED 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 6

Hastings College of the Law
200 McAllister Street Facility: Code Compliance Update
San Francisco County

Action requested

The requested action will approve augmentation.

Scope Description

This project is within scope. The scope includes seismic upgrading, replacing ceiling grid, asbestos and lead abatement, fire life-safety improvements, including expanding the building fire sprinkler system and upgrading the fire alarm system; updating the building to meet the American with Disabilities Act/Title 24 Compliance, and upgrading the electrical, mechanical/HVAC and plumbing systems. The scope also includes renovation of the law library located on the top three floors of the building..

Funding and Cost Verification

This project is not within cost. This augmentation, combined with the previous augmentation of \$2,042,000 will result in a cumulative augmentation of \$2,521,000 (11.1 percent of total construction and 12.1 percent of total project).

On January 19, 2007, the Department of Finance notified the chairs of the Joint Legislative Budget, the Senate Appropriations, and the Assembly Appropriations Committees of its recommendation that the Public Works Board approve this augmentation after February 8, 2007.

\$26,749,760 total estimated project costs
\$22,675,000 total authorized project costs
\$1,875,000 project costs previously allocated for preliminary plans and working drawings
\$24,404,760 project costs allocated for construction - \$18,758,000 from the State,
\$3,604,760 from Hastings College of the Law, and \$2,042,000 from State
augmentation
\$470,000 requested augmentation

CEQA

A Notice of Exemption/Determination was filed with the State Clearinghouse on June 17, 2003.

Project Schedule

The project schedule is as follows:

Construction Start: October 2005
Completion Date: June 2007

Due Diligence

The Department of General Services had completed its due diligence review (memo dated November 12, 2004), and there are no unresolved issues affecting the state's use and quiet enjoyment of the project area.

Staff Recommendation: Approve augmentation

CONSENT ITEM

CONSENT ITEM – 7

**CALIFORNIA COMMUNITY COLLEGES (6870)
LOS RIOS COMMUNITY COLLEGE DISTRICT, FOLSOM LAKE COLLEGE
PHYSICAL EDUCATION BUILDING 1
SACRAMENTO COUNTY**

Authority: Chapters 47 and 48/06, Item 6870-303-6049 (14)

Approve preliminary plans

APPROVED 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 7

California Community Colleges
Los Rios Community College District, Folsom Lake College
Physical Education Building 1
Sacramento County

Action Requested

The requested action will approve preliminary plans.

Scope Description

The project is within scope. The project constructs 20,090 assignable square feet (asf) of physical education space and 800 asf of office space.

Funding and Project Cost Verification

The project is within cost.

\$10,858,000 total authorized project costs

\$10,858,000 total estimated project costs

\$596,000 project costs previously allocated: preliminary plans \$95,000 state funds; \$501,000 district funds at CCCI 4421

\$5,913,000 state project costs to be allocated: working drawings \$58,000; construction \$5,855,000 (\$5,855,000 contracts) at CCCI 4421

\$4,349,000 local funds to be allocated: working drawings \$327,000, and construction \$3,765,000 (\$2,797,000 contracts; \$433,000 contingency; \$535,000 construction management, administration, testing and inspection) at CCCI 4421 and equipment \$257,000 at EPI 2726

CEQA

The district filed an Environmental Impact Report to meet the CEQA requirements, state reference number 90020202, and the public comment filing period has expired with no comments.

Due Diligence

Community college districts are local entities and the state does not have title to their real property, hence districts acknowledge that they have full responsibility for clearing due diligence issues for general obligation bond projects.

Project Schedule

The project schedule is as follows:

Approve working drawings	February 2007
Complete Construction	June 2008

Staff Recommendation: Approve preliminary plans

CONSENT ITEM

CONSENT ITEM – 8

**CALIFORNIA COMMUNITY COLLEGES (6870)
LOS RIOS COMMUNITY COLLEGE DISTRICT, FOLSOM LAKE COLLEGE
FINE ARTS INSTRUCTIONAL BUILDING
SACRAMENTO COUNTY**

Authority: Chapter 38/05, Item 6870-301-6041(20)

Approve preliminary plans

APPROVED 3/0

CONSENT ITEM

STAFF ANALYSIS ITEM – 8

California Community Colleges
Los Rios Community College District; Folsom Lake College
Fine Arts Instructional Building
Sacramento County

Action Requested

The requested action will approve preliminary plans.

Scope Description

The project is within scope. The project constructs a new 51,712 assignable square feet (asf) fine arts instructional facility. The project includes 2,100 asf lecture, 20,680 asf laboratory, 9,015 asf office space, 8,090 asf in assembly space, and 4,080 asf in storage space. The project also includes a district funded 7,747 asf theatre with theatre support space.

Funding and Project Cost Verification

The project is within cost.

\$41,767,000 total authorized project costs

\$41,767,000 total estimated project costs

\$1,617,000 project costs previously allocated: preliminary plans \$154,000 state funds;
\$1,463,000 district funds at CCCI 4438

\$11,280,000 state project costs to be allocated: working drawings \$127,000; construction
\$11,153,000 (\$11,153,000 contracts) at CCCI 4328

\$28,870,000 local funds to be allocated: working drawings \$1,894,000, and construction
\$24,677,000 (\$21,347,000 contracts; \$ 1,625,000 contingency; \$1,705,000
construction management, administration, testing and inspection) at CCCI 4421
and equipment \$2,299,000 at EPI 2649

CEQA

The district filed an Environmental Impact Report to meet the CEQA requirements, state reference number 90020202, and the public comment filing period has expired with no comments.

Due Diligence

Community college districts are local entities and the state does not have title to their real property, hence districts acknowledge that they have full responsibility for clearing due diligence issues for general obligation bond projects.

Project Schedule

The project schedule is as follows:

Approve working drawings	February 2007
Complete Construction	September 2008

Staff Recommendation: Approve preliminary plans

ACTION ITEM

ACTION ITEM – 9

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
OCEANO DUNES STATE VEHICULAR RECREATION AREA, LA GRANDE BEACH TRACT
SAN LUIS OBISPO COUNTY
DPR Parcel Number 6074-77, DGS Parcel Number 10438

*Authority: Chapter 106/01, Item 3790-301-0263(1),
as reappropriated by Chapter 208/04, Item 3790-491*

- a. **Recognize scope change**
- b. **Authorize site selection**

APPROVED 3/0

ACTION ITEM

STAFF ANALYSIS ITEM – 9

Department of General Services
Department of Parks and Recreation
Oceano Dunes State Vehicular Recreation Area, La Grande Beach Tract
San Luis Obispo County

Action Requested

The requested action will recognize a scope change and authorize site selection for this project.

Scope Description

This project is not within scope. The Legislature has approved funding for the purchase of interests in lands in the La Grande Beach Tract consistent with the Off-Highway Vehicle (OHV) Trust Fund. The fund is made up of monies from motor vehicle fuel taxes, OHV Green Sticker registration fees, and other sources.

The Department of Parks and Recreation (DPR) has requested a scope change for the Oceano Dunes State Vehicular Recreation Area (SVRA), La Grande Tract Acquisition project, to reduce the number of acres to be purchased from 584 to 283. Because the current project funding is insufficient to acquire all of the property within the La Grande Tract, the DPR has requested reducing the scope of the acquisition to coincide with the available funding. This request will allow the DPR to secure fee interest in a significant portion of the Oceano Dunes SVRA, which will help protect existing OHV opportunities within this park and enable the DPR to secure a no-cost option to purchase the remaining property in the future. The proposed acquisition consists of tidal land and sand dunes along the Pacific Ocean, which has been operated by the DPR as part of the Oceano Dunes SVRA under a 25-year Operating Agreement with the County. The agreement expires on June 19, 2008.

For over a decade, the DPR has been pursuing the acquisition of these County-owned lands within the boundaries of the Oceano Dunes SVRA. These lands are critical to providing continued recreational opportunities at the park for over two million visitors annually. Unfortunately, due to a number of factors, such as discrepancies in total County-owned acreage included in the original project scope, valuation disputes, and local political issues, the DPR has been unsuccessful in acquiring the property. In 1991, the Department of General Services (DGS) appraised a total of 408 acres within the La Grande Tract at \$1.95 million. The DPR received an appropriation for \$2.2 million in 1999 to acquire the property, but disputes with the County over the amount of acreage included in the DGS appraisal stalled the project. In March 2000, DGS updated the previous appraisal to include an additional 175 acres owned by the County and valued approximately 584 acres at \$2.8 million. Upon review of the state's appraisal, the County felt that the price was too low but indicated a willingness to sell the property for \$2.9 million. In 2001, the DPR secured a \$2.9 million appropriation to address increased property values. However, due to a change in local government administration, the County was again reluctant to sell the property citing valuation concerns. Although the County is now willing to sell the property based on an updated appraisal, the existing appropriation is no longer sufficient to acquire the subject property as initially authorized.

On December 22, 2006, the Department of Finance notified the chairs of the Joint Legislative Budget, the Senate Appropriations, and Assembly Appropriations Committees of its intent to approve this scope change at the February 9, 2007 State Public Works Board meeting. The

Joint Legislative Budget Committee (JLBC) sent a response on January 24, 2007 noting various concerns with the proposed change. However, the JLBC stated that they will not object to the scope change if the Administration agrees to include funding for the remaining property in a Finance Letter this May.

Funding and Cost Verification

This project is not within cost. Chapter 106/01, Item 3790-301-0263(1), as reappropriated by Chapter 208/04, Item 3790-491, provided \$2.9 million to acquire the County-owned parcels (584 acres) within the La Grande Tract at Oceano Dunes. Based on an updated DGS \$4.8 million appraisal completed in August 2006, it appears that the County is now willing to sell the property for the DGS-appraised value. However, due to increasing property values and the fact that the project funding has not been adjusted in more than five years, the appropriation is no longer sufficient to acquire the subject property. Therefore, the DPR is proposing a scope change to allow the purchase of a lesser portion (283 acres) of the property using the \$2.4 million currently available. The County has also indicated that it would be willing to enter into an option agreement with the DPR to purchase the remaining parcels by December 31, 2007 at the current approved fair market value (\$2.4 million) should funding become available. However, this option is only being offered if the state is willing to move forward with the smaller acquisition now. There is no obligation or cost to the state associated with the proposed option. The balance of the original appropriation is sufficient to acquire the subject property in accordance with legislative intent.

\$2,900,000	total authorized project costs
\$2,383,000	total estimated project costs
\$24,000	project costs previously allocated (fee appraisal and DGS staff costs)
\$2,359,000	project costs to be allocated: \$2,351,000 acquisition and approximately \$8,000 in escrow closing costs
\$517,000	estimated project savings

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is March 2007.

Condition of Property

The DGS Environmental Services Section (ESS) staff conducted a site visit to the La Grande Beach Tract parcels on October 28, 2006. The acquisition consists of seven assessor's parcels of undeveloped land comprising approximately 283 acres in San Luis Obispo County.

A Phase I Environmental Site Assessment report was not available for this property and is not deemed necessary given the physical setting of the parcels. No potential problems with hazardous materials were observed during the ESS site visit. The properties are compatible with the proposed future use, e.g. open space, vehicular recreation and natural preserve.

Other:

- The purchase price shall not exceed estimated fair market value as determined by a DGS-approved appraisal.
- The DPR is not aware of any lawsuits pending concerning the property. The Property Acquisition Agreement will require delivery of title to the property free and clear of any mortgages or liens.

- The property is vacant and unimproved.
- There is no relocation assistance involved with this project.
- There is no implied dedication applicable to this property.
- Additional resources will not be required to operate this property since it is currently part of an operating SVRA.
- Should the DPR execute the option to purchase, it would need Board approval to spend acquisition funds. Such a request would be addressed via a future Board item.

Staff Recommendation: Recognize scope change and authorize site selection

OTHER BUSINESS

OTHER ITEM –

None.

REPORTABLES

To be presented at meeting.

Respectfully Submitted
By:

Karen Finn
Administrative Secretary