



**SOLANO COUNTY GRAND JURY
2011-12**

**SOLANO COUNTY REAL ESTATE
MANAGEMENT OF OWNED AND LEASED
PROPERTY**

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2011-12 Solano County Grand Jury

I. SUMMARY

The 2011-12 Solano County Grand Jury made inquiries relative to the management of County owned and leased property. The Grand Jury found the County maintained an adequate real estate inventory listing and is effectively handling the County's real estate holdings. Our review found three properties that need further attention to minimize the short-term expenses and mitigate the long-term financial risks. These properties are:

- Fouts Springs Youth Facility
- County Events Center
- 701 Texas Street

II. INTRODUCTION

Real Estate Services, a Division of the Solano County General Services Department, provides real estate and property management services in support of the County's operational and asset management needs. The Real Estate Services Division negotiates the acquisition, sale, lease and adaptive re-use of real property that are in the best financial and legal interest of the County. Real Estate Services also negotiates appropriate leases to minimize operating expenses and maximize revenues.

Facilities Operations, a Division of the General Services Department, provides maintenance of exterior and interior of County-owned buildings/properties. This Division is responsible for ensuring that properties (occupied and vacant) are maintained in an operational condition. Associated expenses for these activities are administered and controlled by the Division.

The 2011-12 Solano County Grand Jury elected to analyze County building occupancy rates and leasing of office space. The investigation focused primarily on inventory management, operational costs of the closed Fouts Springs Youth Facility, utilization of County Events Center, and cost of environmental remediation/maintenance of 701 Texas Street.

III. METHODOLOGY

- Interviewed General Services Department representatives from:
 - Real Estate Services
 - Facilities Operations
- Examined the following:
 - Real Asset Management Plan (RAMP)

- Space Consolidation Program
- Government Code sections pertaining to County sale or lease of real property
- County Event Center (CEC) Use Policy
- CEC Fee Schedule
- CEC Reservation and Use Agreement
- CEC Calendar of Events for July-December 2011
- Fouts Springs Estimated Monthly Costs December 2011
- Fouts Springs Personal Property Assets
- Fouts Springs Building Inventory
- *County Real Property Inventory* listing dated August 31, 2011
- Reviewed responses from General Services and Probation Departments to Grand Jury questionnaires
- Reviewed U.S. Department of Agriculture Forest Service Term Special Use Permit for Fouts Springs
- Toured the County Event Center

IV. STATEMENT OF FACTS

A. Inventory Management

The Department of General Services has had a Real Asset Management Plan (RAMP) in place since 2005. The purpose of the RAMP is to provide guidance in the management, planning, acquisition, design, construction, maintenance, lease renewal, and disposition of Solano County real property. A key component of the RAMP is to maintain an accurate real estate inventory. The 2011-12 Grand Jury reviewed the *County's Real Property Inventory* listing dated August 31, 2011 received from Real Estate Services to verify its accuracy.

The *County Real Property Inventory* list provides a detailed summary of:

- County-Owned Inventory – the Solano County real property portfolio, includes all buildings and vacant land parcels owned by the County or properties the County has a joint ownership interest.
- County Leasehold Estates – all properties owned by private parties and leased by the County

Managers representing Real Estate Services and Facilities Operations provided knowledgeable responses to all Grand Jury inquiries, demonstrating a high degree of expertise. Initial review and discussion of the County's inventory list revealed a few minor description and classification anomalies. County staff subsequently provided a corrected list.

B. Maintenance Costs of the Closed Fouts Springs Youth Facility

The Solano County Probation Department operated Fouts Springs Youth Facility until it was closed on July 31, 2011 due to low usage and high operational cost. The Department of General Services took over the responsibility of maintaining the facility after it ceased juvenile detention operations. The facility operates under a federal land use agreement (expiring December 31,

2030) at an annual cost of \$6,250. The annual cost to maintain Fouts Springs is budgeted to be more than \$390,000 for fiscal year 2011-12. General Services has informed the Grand Jury of possible cost reduction in the next fiscal year.

C. Utilization of County Events Center

The County Events Center (CEC), the "Old Solano County Library," is located at 601 Texas Street, Fairfield. The CEC is located in front of the County Government Center and is a two-story structure of approximately 11,000 square feet. Renovation of the building was completed in 2010 at a cost of \$4.2 million. The annual cost to operate and maintain the building is approximately \$75,500. The entire second floor, approximately 3,600 square feet, is leased by First 5 Solano, a County department. The first floor is available to the community seven days a week for social, educational, and cultural events.

At time of the Grand Jury's review of information provided by County Staff the CEC first floor was used 47 times, only 7 of which were for non-County sponsored events during the period of July 2011 through December 2011. County staff indicated an improved marketing plan would potentially increase utilization.

D. Cost of Environmental Remediation/Maintenance of 701 Texas Street

Solano County purchased the building at 701 Texas Street on November 5, 1998 for \$600,000. The County Assessor's Office used the facility until employees detected a petroleum odor. In February 2005, the County Assessor's Office moved staff from the building, which has remained unused since that time. Subsequent testing performed after the move identified subsurface contamination.

Initial contamination clean-up planning was started in January 2005. At that time the State indicated it would take approximately 18-24 months to remediate site contamination. The State cautioned there were many variables that could impact the intended timeline. The remediation plan was implemented but corrective measures did not alleviate the issues. Periodic testing through 2009 did not clear the building for use.

In 2009, General Services received an estimate of \$127,800 to demolish the building. The initial study and remediation plan did not require demolition of the building. Subsequently, the County decided not to pursue demolition of the building but rather preserve it for future use or sale.

Between July 1, 2009 and June 30, 2011, County records indicate a total of \$184,000 was expended for the remediation of the building. The majority of these costs were for work performed by the remediation consultant and the State Regional Water Quality Control Board (RWQCB). The cost also includes charges for County staff time.

For the last seven years the total cost to maintain the building has been \$25,575. Since July 2009, the County has expended over \$230,000 to maintain the building and remediate the

contamination. It should be noted the property remains under environmental investigation overseen by the State.

In January 2012 the County submitted a new remediation work plan to RWQCB to correct two identified impediments:

- presence of petroleum hydrocarbon contaminating source
- incomplete analysis of the extent of site soil and water contamination

The work plan included the following action steps:

- install additional offsite monitoring wells to further analyze the site
- perform a sub-slab vapor probe installation to assess contaminants in vapor within the building that could be emanating from the subsurface contaminated conditions
- evaluate the feasibility of excavating the subsurface contaminants in the soil and groundwater beneath the facility

As of February 2012, the County has not received approval of the plan from the RWQCB.

Prior owners can be held responsible for contamination clean-up costs. In January 2006 the County notified prior owners of site contamination. As of April 2012 no eventful remediation discussions have taken place.

V. FINDINGS AND RECOMMENDATIONS

Finding 1 – The cost of maintaining the closed Fouts Springs Youth Facility is creating a fiscal burden on the County. The County currently budgets more than \$390,000 per year to maintain the facility, which closed in July 2011.

Recommendation 1 – Director of General Services Department take aggressive action to reduce and eliminate the expenses and other obligations connected with the former Fouts Springs Youth Facility. The goal should be to minimize the short-term expense and mitigate the long-term financial risk.

Finding 2 – The County Events Center is underutilized.

Recommendation 2 – Director of General Services Department develop a community outreach program to inform and promote the use of the County Events Center.

Finding 3 – Cost of maintaining the building at 701 Texas Street and remediating the underground contaminants is a continuing financial burden on the County. The County has incurred over \$230,000 in expense since July 2009 to maintain and remediate the property.

Recommendation 3 – Director of General Services Department take aggressive action to reduce and eliminate the expenses and other obligations connected with 701 Texas Street. The goal should be to minimize the short-term expense and mitigate the long-term financial risk.

Finding 4 – As of April 2012 no eventful remediation discussions have taken place with prior owners of 701 Texas Street.

Recommendation 4 – Director of General Services Department include prior owners of 701 Texas Street in remediation discussions.

COMMENTS

The representatives of the Solano County General Services Department were cooperative and timely in their dealings with the 2011-12 Grand Jury.

The County faces many challenges with managing owned and leased properties, including an overall downturn in the economy, falling real estate values, constant budget constraints, and stringent environmental rules.

REQUIRED RESPONSES

Director, Solano County General Services Department
Solano County Board of Supervisors