



**Presentations
April 6, 2011 Meeting**

DATE: March 29, 2011

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

A handwritten signature in black ink, appearing to read "Michael M. Ruane", is placed to the right of the "FROM:" field.

SUBJECT: Presentations Scheduled for April Commission Meeting

There are two presentations scheduled for the April meeting:

1. Urban Land Institute (ULI) – Pro Bono Technical Advisory Panel

The ULI Young Leaders group has completed their second Pro Bono TAP for a prior recipient of a Commission Capacity Grant. The first TAP was for the United Cerebral Palsy, the most recent was for the Orange County Therapeutic Arts Center in Santa Ana. Excerpts from the completed report are enclosed.

2. New Orange County Treasurer-Tax Collector

Sheri Freidenrich was elected the new County Treasurer in November 2010 and took office in January. The Treasurer is the elected official ultimately responsible for all funds in the County investment program (including Commission funds), and will present an update on her investment management program and reporting.

Orange County Children's Therapeutic Arts Center

Technical Assistance Panel Report - Fall 2010



SUMMARY OF TAP



The ULI Orange County/Inland Empire Young Leader Group conducted a pro-bono TAP in order to provide solutions and make recommendations to OCCTAC. Several months prior to the TAP day, the Community Outreach Co-Chairs of the YLG—Ludmilla Schappert and Michelle Thrakulchavee—met with the sponsor, Orange County Children’s Therapeutic Arts Center to develop and define the Scope of Work. It was important that the Co-Chairs understood clearly OCCTAC’s issues, vision and objectives so that relevant solutions and recommendations could be made.

After the Scope of Work was defined and OCCTAC’s objectives were clearly articulated, a call for TAP Panelists with real estate expertise and an interest in giving back to the Orange County community was made. More specifically, volunteer Panelists were sought who had experience and expertise in the following areas:

- » *City Planning*
- » *Building and Safety (Engineering)*
- » *Architecture and Interior Design (preferably with LEED Certification)*
- » *Finance and Acquisitions*
- » *Market Trends and Demographics*
- » *Construction and Development*
- » *Project Management (ideally with permitting and entitlement expertise)*

Once the YLG TAP Panelist team was assembled, each Panelist received a packet of information on OCCTAC highlighting their vision and mission. Additionally, each Panelist was encouraged to visit OCCTAC’s webpage (www.occtag.org) in order to familiarize themselves with the organization, the services provided, and the abundant programs offered to “at-risk” children and their families.

With the help of the Executive Director and Chief Operating Office of OCCTAC and other ULI members, the Community Outreach Co-Chairs created and compiled a list of ‘Community Experts’ and key ‘Stakeholders’, organizations, and institutions who could offer advice, support, recommendations, knowledge, or ideas to the Panelists as it relates to OCCTAC’s Scope of Work.

A “Panelist Kick-Off Meeting” outlined what the following three months leading up to the TAP would entail, and each Panelist was encouraged to reach out to the experts provided on the compiled list during this due diligence period. Most Panelists found it

both beneficial and necessary to contact several more, pulling from their own rolodex of colleagues, friends, and in some cases, family. Many Panelists went above the call of duty and met with several Community Experts in person, in addition to phone and email conversations.

In the months leading up to the TAP, several site visits to both OCCTAC's current facility as well as the proposed "new" location were arranged. The first site visit was scheduled for all Panelists to attend as a group. The Panelists met at OCCTAC's current facility located in Santa Ana, California and were given a tour of their current space. The site visit was led by Dr. Ana Jimenez-Hami, Founder and Executive Director and Dr. Gail Arriola-Nickell, Chief Operating Officer. This site visit was the perfect opportunity for Panelists to understand the space and idea of the Center and more specifically, the needs of OCCTAC.

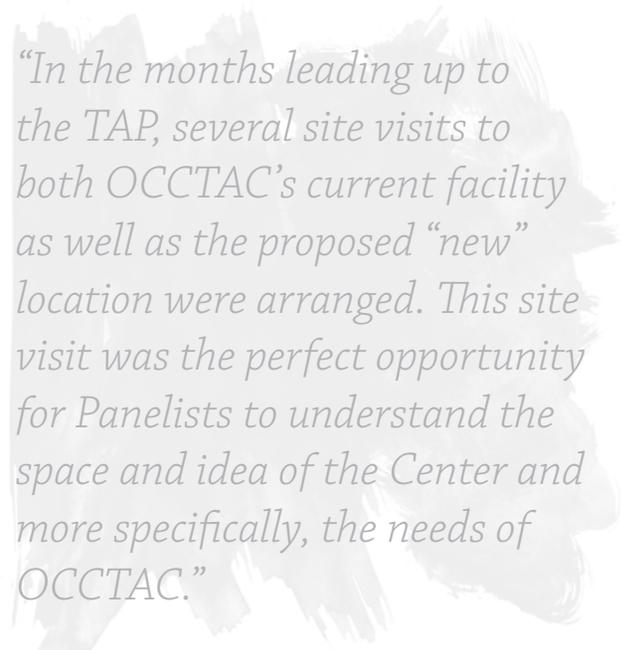
The other critical site visit for the Panelists included an existing structure OCCTAC envisioned purchasing: a historic building located in downtown Santa Ana. The Panelists met as a team at the site and toured both the inside of the historic building as well as the surrounding area. That visit alone, provided several key insights and was a critical component to the Panelist's due diligence.

The TAP was held on September 17, 2010. "Expert Interviews" were conducted during the first hour of the TAP which gave Panelists one final opportunity to ask questions and get clarification on any earlier conversations or due diligence conducted. The interview was conducted in a group setting and was formatted in a way that allowed loose conversation in a "round table" format. The Community Experts who participated during the interview hour included:

- » Michael Ruane, Executive Director – Children and Families Commission of OC
- » Jeff Stevens, LEED AP – Danielian Associates
- » Frank Dominguez, Strategic Consultant for local Non-Profits

The balance of the day involved Panel Working Sessions where Panelists both recapped observations from the interview session as well as all due diligence and site visits conducted prior to the TAP. Following this reconnaissance, the Panel discussed the Scope of Work and formulated findings and recommendations. As each bullet point from the Scope of Work was discussed, copious notes were taken as a PowerPoint presentation was created. The notes would be used to create a detailed Written Report that would be delivered to OCCTAC following the TAP. The PowerPoint Presentation was used during the last hour of the TAP when the Panelists presented the findings and recommendations to OCCTAC and their invited guests.

The findings, recommendations, and answers to the Scope of Work are found within this Written Report. Each item is specifically addressed with exhibits, tables, maps, graphs, and often pictures. The last section of the report includes a Recommendations section that specifically outlines the key recommendations for OCCTAC. The intent of the YLG team was to address the Scope of Work created by OCCTAC, provide analysis to the feasibility of their vision, and make key recommendations to the organization.



"In the months leading up to the TAP, several site visits to both OCCTAC's current facility as well as the proposed "new" location were arranged. This site visit was the perfect opportunity for Panelists to understand the space and idea of the Center and more specifically, the needs of OCCTAC."

SCOPE OF WORK



Summary of the Problem

In its initial application OCCTAC stated it, “is continuing to grow rapidly and needs a new space. We have targeted a facility in foreclosure, but acquisition is still in progress. We either need (in order of priority) to:

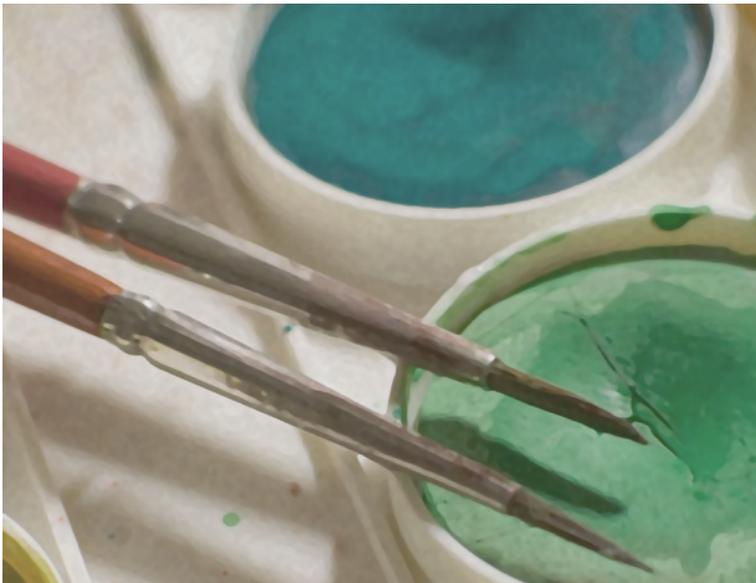
01. *Understand if the targeted facility is financially and physically feasible;*
02. *Locate an existing and available alternate facility;*
03. *Acquire land, design, and build a new facility at a targeted location; or*
04. *Redesign the current facility.”*

The YLG decided to focus on the first item, listed above as it was OCCTAC’s favored solution to their growing pains.

At the start of the Panelist’s due diligence period, OCCTAC already identified and targeted a potential new facility for the Center. They hoped to relocate to in an old historical building located in the Artist’s Village of downtown Santa Ana, California. They considered this building the absolute “perfect” solution to OCCTAC’s growing pains. Adamant that the Artists Village building was the “perfect location and building” for OCCTAC to relocate to, the non-profit needed help analyzing not only the financial feasibility of purchasing the Artists Village building but also the physical feasibility. While OCCTAC was also open to both a ground-up development of a new facility as well as a redesign of their current facility, the TAP Panel decided to focus on analyzing the feasibility of an acquisition of OCCTAC’s “perfect” building: the Artists Village Building.

The building, located at 207 W. 2nd Street, was formally the Southern California Gas Company Building, built in 1923. It has significant challenges and issues for a variety of reasons, including its historical landmark designation in the downtown Santa Ana Historic District. Additionally, it was severely damaged, unkempt, and not to code. At the time of the pro bono TAP, the building was being offered for sale or lease by a bank that had foreclosed on the property. A broker was hired by the bank to manage the sale and disposition of the property and OCCTAC was considering submitting an offer to purchase. However, OCCTAC’s interest in the property started well before the bank’s ownership of the building. In fact, OCCTAC had submitted offers directly to the building owner prior to the foreclosure to which the owner declined.

As the Executive Director of OCCTAC admitted, it was pre-mature to submit offers to purchase this building when the organization had very little understanding of the



physical, financial, and political challenges. While they believed that relocating to this building may have some “minor” challenges, they weren’t certain of the extent and truly lacked the real estate expertise needed to evaluate such a purchase. While certainly not all of the questions OCCTAC had, some of the initial questions and concerns expressed by OCCTAC included the following:

- » *What are the parking requirements and is it possible to acquire the adjacent property?*
- » *What is the city’s Redevelopment Plan for this area?*
- » *What does the General Plan and Zoning allow and what does it mean for OCCTAC?*
- » *What are possible energy savings that we can utilize and can we improve the building to LEED standards?*
- » *What are the environmental issues and how do we deal with those?*
- » *How do building permits on historical buildings work?*
- » *How do we retrofit this building and what are the costs associated with it?*
- » *How do we negotiate with a bank and use the broker hired to purchase this property?*
- » *Will our facility complement the area and will we retain our current youth and families?*

From the initial list of questions and concerns, the Community Outreach Co-Chairs and the key decisions makers at OCCTAC sat down together and brainstormed a comprehensive list of issues, concerns, questions, etc. What came of that brainstorming session is the Scope of Work.

The ultimate goal of the TAP is to address each item in the Scope of Work and to offer recommendations to OCCTAC. Ultimately, the YLG TAP members sought to create and provide a viable strategic plan for OCCTAC to utilize as they make key decisions regarding their growth.

Issues Addressed by the Panel

At the onset of ULI’s involvement, the team identified the key topics and issues that would be addressed during day of the TAP. Ultimately, the following served as the Scope of Work and framework for the recommendations given to OCCTAC.

Goal: To assess the feasibility as well as the short- and long-term use of one possible Santa Ana location and to establish a blueprint in targeting the ideal for-lease property in Santa Ana for The Orange County Children’s Therapeutic Arts Center (OCCTAC).

Available Location: Artists Village Building (207 West Second Street, Santa Ana, CA 92701)

01. Building Constraints & Considerations

- a. Parking Requirements*
- b. Environmental Impact & Possible Hazards*
- c. Historical Building*
- d. Necessary permits (i.e. building permits, special use permits, etc.)*
- e. General Plan, zoning, and land use considerations*

02. Location Analysis & Social Benefit to Local Area

- a. Proximity to user base*
- b. Adjacent uses*
- c. Local area*
 - i. Artists Village vs. California Endowment area*
 - ii. Examine existing social problems*
- d. Impact on city’s overall plan/vision for the area (i.e. Redevelopment Plan)*

03. Site and Building Design

- a. Examine functionality of the Artists Village building and whether it supports future growth for OCCTAC. What type of building should OCCTAC pursue?*
- b. What energy savings applications can be utilized?*
- c. Efficient interior architecture and interior design*
- d. Building Renovations and Retrofitting*
- e. LEED and ‘sustainable’ and/or ‘green’ building considerations*

04. Financial Structuring/Cost Analysis

- a. Cost to Acquire Sites vs. Cost to Lease*
 - i. Short term and long term financial implications*
- b. Cost of Renovation & Improvements*
 - i. Compare/contrast impact on possible renovations on budget*
- c. Community Reinvestment Act*
- d. Financial impact to OCCTAC & City of Santa Ana*
- e. Examine additional sources of funding*