



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Office of the County Manager



DATE: September 26, 2011
BOARD MEETING DATE: October 4, 2011
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: Peggy Jensen, Deputy County Manager
SUBJECT: 2012 – 2020 Occupancy Plan for County Center and Circle Star

RECOMMENDATION:

Provide staff with direction on the 2012 to 2020 Facilities Occupancy Plan for the Circle Star complex and the County Center facilities.

BACKGROUND:

In March of 2011, the Board purchased the Circle Star complex. The purchase added 208,000 square feet of office space and parking for over 700 vehicles to the County real estate portfolio. The building was purchased to reduce long term occupancy costs by moving staff from leased into owned space. The County has large blocks of leased space coming up for renewal in 2012, 2017 and 2020.

In May of 2011, the Board adopted the San Mateo County Facilities Master Plan. The plan outlined guiding principles for future space allocation including reducing the amount of leased space, co-locating departments with common services and customers, creating one-stop customer service centers and sharing common spaces.

In June of 2011, the Department of Public Works received two engineering reports on 455 County Center. Both reports concluded that the building needs additional structural work. The most cost effective way to complete that work is if the building is empty.

The first step in allocating office space is developing an occupancy plan, which blocks out gross amounts of space to determine which groups of staff will fit on each floor of each building. The need to do work on 455 County Center expanded the occupancy planning work for Circle Star to include the County Center buildings.

This past August, staff presented an occupancy concept for Circle Star and County Center to the Finance and Operations Committee. The Committee directed staff to meet individually with the other Board members to get their input. We learned at those meetings that Board members have differing opinions about some aspects of the occupancy plan. That is why this report provides the Board with three occupancy plan options for consideration and requests direction from the Board on which plan to implement.

DISCUSSION:

The three occupancy plan options share the following features:

- Involve three phases, 2012, 2017 and 2019 - In 2012, vacate 455 County Center, temporarily move some departments to Circle Star and then re-populate 455 County Center in 2017 to make room for Health staff coming from leased space and additional Human Services staff coming from leased space in 2019.
- Assumes some leased space will always be needed for community based services such as clinics and human services intake centers
- By 2020, reduces leased space by about 180,000 square feet
- Keeps the Board chambers in the Hall of Justice
- Co-locates Health, Housing and Human Services staff at Circle Star as their leases expire in 2012, 2017 and 2019
- Creates a one-stop housing and social services customer center at Circle Star
- Moves Public Safety Dispatch to Circle Star with the option of adding additional space over time
- Co-locates Public Works/Parks, Planning, Real Property, LAFCo and C/CAG temporarily at Circle Star and then returns the group to a remodeled 455 County Center building in 2017
- Creates a one-stop permit center at Circle Star that would be moved to 455 in 2017
- Creates shared conferencing, meeting and “hoteling” space at Circle Star and County Center

The key difference between the three options is the location of the Board of Supervisors and the County Manager’s Office. The three options are:

1. No change - keeping the offices in the Hall of Justice
2. Move to the 5th floor of 555 County Center in late 2012 or early 2013
3. Move to the 2nd floor of a renovated 455 County Center in 2015 or 2016.

A summary of considerations for each option are presented on the attached chart.

Providing direction to staff on the 2012 - 2020 occupancy plan meets the Collaborative Community vision by developing a facility plan focused on maximizing owned space and improving our customer service facilities.

FISCAL IMPACT:

There is no direct fiscal impact associated with providing staff direction on the 2012 to 2020 occupancy plan. However, there are both significant costs and substantial projected savings associated with the implementation of the plan.

The costs are associated with the retrofitting of 455 County Center and preparing the Circle Star complex for occupancy. The County Center retrofit is estimated at \$15 million with possible additional costs for furnishings if we do not have sufficient surplus to fully outfit the building. When the Circle Star complex was purchased, staff presented an estimated improvement allowance to your Board of \$10.4 million based on \$50 per square foot. The estimate included interior design and construction costs and the cost to

install and make electrical connections to work stations. The allowance is also expected to cover the costs of a move coordinator but does not include any new furniture, installation of telephone and data equipment and a contract with a moving company. It should be noted that the \$10.4 million is an estimate. As the architects develop their designs, the costs will be refined and a comprehensive budget and funding plan will be presented to your Board.

The projected savings come over time as staff move from leased to owned space. Owning a building fixes the real estate component of occupancy costs at the purchase price. Annual increases in occupancy costs are limited to changes in maintenance and operations expenses. Historically, rents have increased about 3% a year and current rents for comparable space are significantly higher than the County base costs for Circle Star, over \$3.00 a square foot. compared to around \$2.40. As with the costs, staff will also provide savings data as the project moves forward.

Facilities Master Plan Options: 2012 to 2020 Circle Star and County Center

Location of Board of Supervisors and County Manager's Offices: Option and Consideration Summary

Location	Timing	Considerations
Hall of Justice	N/A	Human Services, the Health System and other County Departments are creating a one-stop service center for state parolees returning to the County due to realignment. The parolees first meet with the Probation Department in the Hall of Justice. Health and Human Services want a "warm" hand off to the one-stop center, so the center needs to be in the Hall of Justice. To start, the re-entry center will be located in the current Budget and Performance offices on the first floor of the Hall of Justice. That group will move to currently vacant space on the 4th floor of 455 County Center. However, over time, the re-entry center may need additional space. The current CMO/BOS office space would be an ideal location for a larger re-entry center due to the adjacencies to all the law enforcement departments and the security in the building. The space would be set up to block access to the Chambers and retain closed session meeting space.
Hall of Justice	N/A	Although the Court is not currently interested in moving traffic and small claims into the Hall of Justice, the current Board and County Manager's space could, at some future date, be used for the administrative functions of those divisions. If the space is readily available, that might help the court make that decision, which would free up the entire "FATCo" parcel for economic development or other future County use. Staying in the current location would preclude that opportunity.
Hall of Justice	N/A	Staying in the Hall of Justice means the Board offices remain next to the Chambers and near the rooms for closed sessions. The Chambers are also close to the Board staff offices.
Hall of Justice	N/A	The County is responsible for 48% of the Hall of Justice space under the current agreement with the Courts. Until new tenants are found for any space the County vacates in the Hall of Justice, we must continue to pay the rent for all 48%. This consideration applies to all move options.

Facilities Master Plan Options: 2012 to 2020 Circle Star and County Center

Location of Board of Supervisors and County Manager's Offices: Option and Consideration Summary

Location	Timing	Considerations
5th Floor, 555 County Center	2012/2013	Public Works is moving to Circle Star as part of the Community Services consolidation. They occupy the 5th floor of 555 County Center, so 20,000 sq. ft. will be available in late 2012 or early 2013. Using the County space standards of 250 sq. ft. per employee, the Board and the County Manager's Office require 11,250 sq. ft. which is a little more than half of the 5th floor. The balance of that space could set up as large and medium sized meeting and conference rooms and hoteling space for staff needing "touch-down" space between meetings at County Center. County staff could access this meeting area from both the lobby and rear elevators. Another option would be sharing some of that space with Human Resources, although that would require their staff to be split between Circle Star and County Center.
5th Floor, 555 County Center	2012/2013	Moving the Board and the County Manager's Office out of the Hall of Justice may reduce the amount of leased space converted to owned space by about 10,000 sq. ft. in 2020. However, until we have the final designs for both Circle Star and the county Center facilities from the architects, we will not know exactly how many staff can be accommodated in the space we own. Depending on how the space is laid out and our space needs in future years, the current space may be adequate.
5th Floor, 555 County Center	2012/2013	Moving the Board Offices out of the Hall of Justice while keeping the Board Chambers in the building would require some planning to accommodate all the needs of the Board on meeting days. That could be accomplished by retaining areas for closed session, a staff work area, the kitchenette and other resources identified by the Board. This consideration applies to any move option.
5th Floor, 555 County Center	2012/2013	Moving the Board and County Manager's offices creates an opportunity to redesign the workspace to improve communication, workflow and adjacencies. Board staff could be located next to their Board members, Budget and Performance staff would be located in the same office as the County Executive team and "way finding" throughout the office could be improved. This consideration applies to either move option.

Facilities Master Plan Options: 2012 to 2020 Circle Star and County Center

Location of Board of Supervisors and County Manager's Offices: Option and Consideration Summary

Location	Timing	Considerations
5th Floor, 555 County Center	2012/2013	Until a new tenant is found for the current Board and CMO space in the Hall of Justice, the County will continue to pay rent. That tenant could be another County department, the court or some other entity. This consideration applies to both move options.
2nd Floor, 455 County Center	2015/2016	The occupancy plan calls for re-populating 455 County Center after the retro-fit. We expect this will be in 2015 or 2016. Each floor of 455 County Center has about 13,000 square feet, which would be sufficient to house the Board and the County Manager's Office with some additional space for meeting and conference rooms on one floor. If this was the preference, we'd suggest the Board be located on the 2nd floor.
2nd Floor, 455 County Center	2015/2016	Moving to the second floor of 455 County Center creates an opportunity to open up the lobby space in that building and possibly create a staircase to the second floor, improving visual and "healthy" access to the Board and County Manager's office.
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Facilities Master Plan Options: 2012 to 2020 Circle Star and County Center

Location of Board of Supervisors and County Manager's Offices: Option and Consideration Summary

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