

## ATTACHMENT A – BUILDING NARRATIVES

### Building Narratives – Immediate Surplus

#### ***San Diego State Office Building***

This downtown building was constructed in 1963 and has approximately 123,226 usable square feet. It is centrally located at 1350 Front Street in the city's downtown core. Many of the building systems are original and have far exceeded their useful life. There are 16 departments in the building occupying or paying for space ranging from 299 square feet to 27,540 square feet. However, only approximately 61,832 usable square feet are currently occupied and DGS has requests from current building occupants to relocate. It is almost impossible to accommodate state departments' programmatic needs due to design inefficiencies and hazardous materials in the building that make tenant improvement work prohibitively expensive.

- **Recommendation:** DGS proposes moving tenants into leased space, preferably into suburban areas where rates would be substantially lower. DGS notes that it may be feasible to sell the nearby DGS-controlled parking lot that serves the building to a developer. As part of that deal, the developer would be required to construct a new office building on the site and provide DGS with first right of refusal to lease space.

#### ***Fresno Water Resources Building***

This building, so named because it is occupied primarily by the Department of Water Resources (DWR), only has approximately 30,187 usable square feet. However, only 19,900 square feet are currently occupied. This very small building is old, with critical systems nearing the end of their useful life. Like San Diego and Santa Ana, it is inefficient and the presence of hazardous materials makes repairs and tenant improvements prohibitively expensive. There are three departments in the building occupying space ranging from 2,413 square feet to 14,118 square feet, with DWR recently requesting to vacate due to frequent security issues, vandalism and theft at the building.

- **Recommendation:** Fresno is not a high-rent area, and this building represents a very small footprint for the state. DGS recommends that tenants be relocated to private-sector leased space. An appraisal would be needed, but the neighborhood indicates the land would be desirable for a fast-food retail tenant. The state should expect a return if the building is declared surplus and approved for sale by the Legislature.

### ***Alfred E. Alquist Building (San Jose)***

The Alfred E. Alquist Building in San Jose is a three-story building with two large and five small courtyards that has 91,513 usable square feet and no onsite parking. The building is situated in close proximity to the campus of San Jose State University and was constructed in 1980. It is a multi-tenant building with the Department of Industrial Relations, Department of Public Health and the Department of Rehabilitation as some of its larger tenants.

The FCA costs are nearly 50 percent of the building's value, and tenants have expressed security concerns, including vandalism and graffiti that continue to be issues at the building after business hours. Finally, there is strong local interest in the state vacating the building with the site then being repurposed.

- **Recommendation:** Relocate the tenants into private-sector leased space. In terms of sequencing, consideration should be given to finding space within Santa Clara County to ensure that the constituencies of the tenants won't be impacted. There is strong local interest in the site and a development deal may be feasible.

### **Building Narratives – Potential Future Surplus**

#### ***Stockton State Building***

The Stockton State Building has only approximately 43,000 usable square feet, with 10 departments occupying space ranging from 115 square feet to 12,120 square feet. The building is not fully occupied (only 22,907 square feet are in use). This very small building is old, with critical systems nearing the end of their useful life. Like San Diego and the surplus Santa Ana building, it is inefficient and the presence of hazardous materials render repairs and tenant improvements prohibitively expensive.

- **Recommendation:** Stockton is not a high-rent area, and this building represents a very small footprint for the state. DGS recommends that tenants be relocated to leased space. An appraisal is needed, but the state building site and the adjacent surface parking lot should net a return if the building is declared surplus and approved for sale by the Legislature.

### ***Hugh Burns State Building***

The Hugh Burns State Building is a five-story building with a basement built in 1960, with 127,490 usable square feet. This is a multi-tenant building. Larger tenants include the Employment Development Department, the Department of Industrial Relations and the Department of Rehabilitation. There is a two-story parking garage. Due to its age, size and the existence of hazardous materials, the FCA costs far exceed the value of the building.

- **Recommendation:** Fresno is not a high-rent area. DGS recommends that tenants be relocated to leased space. The timing of the surplus recommendation is based on the time needed to identify adequate space to house the tenants.

### ***Redding State Building***

The Redding State building is a one-story building constructed in 1963 with 19,371 usable square feet. The majority tenant is the Department of Motor Vehicles, which occupies 7,160 square feet. This is another very small, old building with aging infrastructure nearing the end of its useful life and burdened with hazardous materials. It has significant repair costs relative to its value.

- **Recommendation:** Redding is not a high-rent area, and this building represents a very small footprint for the state. DGS recommends that the tenants be relocated to leased space. However, available space in the area is limited, so the surplus of this building should be sequenced relative to local availability. Appropriate commercial real estate may need to be developed and constructed in order to accommodate the tenants.

### ***Red Bluff State Building***

The Red Bluff State Building is a one-story building constructed in 1969 with 20,885 usable square feet occupied solely by DWR. The building sits on a 3.14-acre parcel with a large fenced parking area where DWR stores state vehicles used to carry out their program in the area. The building contains hazardous materials and infrastructure that is at or near the end of its useful life, and has significant repair costs relative to its value.

- **Recommendation:** There is no appropriate leased space available in Red Bluff. DGS recommends working with DWR to determine if their program needs can be met in Redding where there would be leased space that may meet their needs. If adequate space can be found, DGS recommends relocating DWR into private-sector leased space. Absent relocation, the surplus of this building should be sequenced relative to

local availability. Appropriate commercial real estate may need to be developed and constructed in order to accommodate the tenants.

### ***Junipero Serra Office Building***

The Junipero Serra Office Building is a 10-story building with 331,131 usable square feet in downtown Los Angeles that was originally constructed in 1914 as the Broadway Department Store. The building was renovated in 1999. This is a multi-tenant building whose larger tenants include the Department of Industrial Relations, the Water Resources Control Board, the Department of Business Oversight, the Department of Real Estate and the Public Utilities Commission.

While the FCA repairs are reasonable compared to the overall building value, significant water intrusion in the sub-basement of the building has been present for many years, which may be undermining the structural integrity of the building. Multiple attempts to identify the source of the water and suggestions on how best to address the water intrusion have been unsuccessful. The building represents a significant potential liability to the state.

- **Recommendation:** Relocate tenants into leased space, as opposed to investing a significant amount of funding into a building that is more than 100 years old and is suspected to have structural issues that would substantially increase the amount of funding necessary to ensure its continued viability in the portfolio. In terms of sequencing, the building is 100 percent occupied.

### ***Justice Joseph A. Rattigan Building (Santa Rosa)***

The Justice Joseph A. Rattigan Building is a four-story building with 73,014 usable square feet, located in downtown Santa Rosa. This is a multi-tenant building with some larger tenants that include the Department of Industrial Relations, the California Department of Tax and Fee Administration and the Department of Rehabilitation. Parking for building tenants is provided via a lease in a city-owned parking structure located across the street from the building. The building has an open atrium that provides natural light via a skylight, however, that feature makes the building's design inefficient. The FCA costs are more than 50 percent of the value of the building.

- **Recommendation:** Relocate the tenants into private-sector leased space. In terms of sequencing, consideration should be given to finding space within the county to ensure that the constituencies of the tenants won't be impacted.

### **Retained Buildings**

The DGS buildings not recommended for surplus are fairly diverse. Not only are they spread throughout the state, but several have special circumstances that make their future disposition unique. While these buildings shall undergo an annual review, DGS is recommending the following general paths forward:

#### ***Special Circumstance Buildings (Maintain)***

There are three buildings that are only temporarily in DGS' jurisdiction. These buildings must be maintained prior to transferring to the client agencies for which they were constructed. Additionally, the California Tower building in Riverside is not technically a state-owned building, but will transfer to the state in 2024.

- Leo J. Trombatore Building (Caltrans District 3), Marysville
- Wadie P. Deddeh State Office Building (Caltrans District 11), San Diego
- 4<sup>th</sup> District Court of Appeal Building, Riverside
- California Tower, Riverside

#### ***Buildings in Fair Condition (Maintain)***

These two buildings are in fair condition. However, their FCA costs are among the lowest in DGS' portfolio, and are less than 25 percent of the building's value. DGS recommends utilizing existing maintenance budgets to make appropriate repairs to these buildings.

- Van Nuys State Building
- Mission Valley State Building, San Diego

#### ***Buildings to be Renovated/Major Repairs to be Completed***

While the five buildings listed below have FCA costs valued at less than 25 percent of building value, the actual FCA costs are high and far exceed DGS' ability to repair with existing funds.<sup>1</sup> Additionally, these buildings are generally large and located (in the case of San Francisco and Oakland) in rent areas significantly above current DGS rates.

- Governor Edmund G. "Pat" Brown Building (CPUC), San Francisco
- Elihu M. Harris Building, Oakland
- Hiram W. Johnson State Office Building, San Francisco
- Earl Warren Building, San Francisco
- Ronald Reagan Building, Los Angeles

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<sup>1</sup> The Earl Warren Building has FCA costs somewhat comparable to Van Nuys and Mission Valley. However, the building is significantly older, so the need for additional work is highly likely.