

CHARTING A COURSE FOR STATE OFFICE BUILDINGS

In an effort to better understand the condition of the state's building inventory, the California Department of General Services (DGS) contracted with Hellmuth, Obata & Kassabaum (HOK), an internationally renowned architecture and engineering firm, to conduct independent analysis of state-owned office space.

This report is the culmination of nearly a year's worth of effort by HOK to assess each state-owned office building in the Sacramento region. These buildings were then indexed by HOK using a methodology and process widely recognized by and consistent with building industry standards.

Based on this independent assessment, all buildings reviewed in this study have been identified as safe, serviceable and functioning. HOK also identifies the state buildings with the greatest need for repair or improvement.

Going forward, DGS will engage with departments in the buildings identified in this report as having the greatest need to prioritize facility improvements.

INTRODUCTION

The 2014 Budget Act appropriated funding to DGS to prepare a long-range planning study for office space in the Sacramento region. Assembly Bill 1656 (Dickinson, Chapter 451, Statutes of 2014) further codified this requirement and directed DGS to examine the long-term suitability of state-owned office buildings in the County of Sacramento and the City of West Sacramento.

DGS contracted with HOK to perform an independent analysis of the condition of the state's office building portfolio.

The consultant conducted a far-reaching planning study that assessed the condition of state office facilities (based on building industry standards) to determine the best course of action to address DGS' office building infrastructure deficiencies.

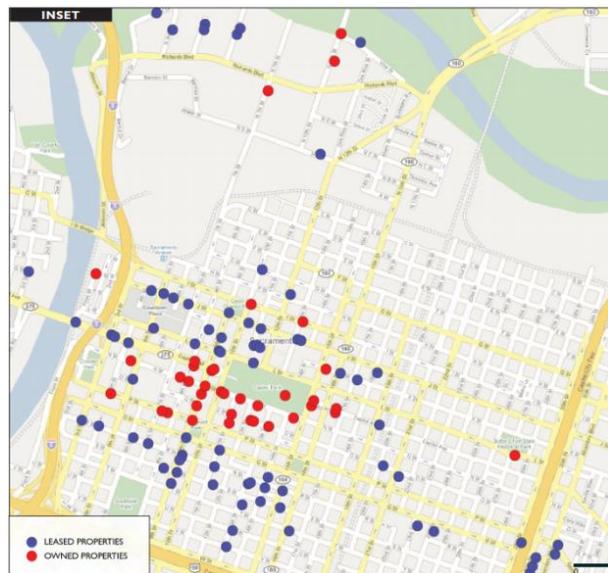


Figure 1: Sacramento State Office Locations

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Focus was placed on cataloging each facility's major systems (flooring, windows, boilers, etc.) for life-cycle and repair needs to determine the best course of action to address the state's overall infrastructure liabilities and deficiencies.

BACKGROUND

DGS controls over 16 million net square feet (NSF) of state-owned and privately owned leased general-purpose office space in the Sacramento region (Sacramento County and the City of West Sacramento). This includes 34 state-owned office buildings totaling over 8 million NSF. Fifteen of these buildings are over 25 years old. All 34 buildings in the DGS portfolio are evaluated in the planning study, except for a handful of exceptions (See insert).

Five state facilities were not included in the scope of this study as they are either not suitable or available for use as typical office space. These facilities are:

- Two former state facilities which have been decommissioned: 570 Bercut Drive and the Food and Agriculture Annex 1215 O Street.
- Special purpose buildings (not available for use as typical office space): State Capitol Building, 10th and Capitol Mall; the Department of Technology Data Center, 3105 Gold Camp Drive, Rancho Cordova; State printing plant, 344 North 7th Street

INFRASTRUCTURE AND FACILITY EVALUATION PROCESS

EVALUATION PROCESS

DGS retained outside consultant HOK and their subcontractor EMG Corporation (EMG) to provide professional architectural and engineering services to assist with the development of a comprehensive long-range strategic asset management plan for DGS' portfolio of general-purpose office buildings.

The consultant performed an extensive "snapshot in time" analysis that first assessed the condition of the building and then analyzed the risks.

Between December 2014 and February 2015, each building was assessed and the infrastructure condition documented in a Facility Condition Assessment (FCA).

The evaluation team, comprised of engineers and architects, visited each of the 29 buildings included in the Sacramento region study. The evaluation team reviewed available engineering studies and construction documents to familiarize themselves with the physical conditions of each building. The evaluation team conducted a two to three day walk-through of the building to observe building systems and components, identify physical deficiencies, and formulate recommendations to remedy any deficiencies. A detailed FCA report was compiled for each of the 29 facilities included in the planning study.

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The FCA identifies infrastructure systems and components requiring future repair or replacement based on their useful life expectancy, and estimate the capital funding needs over a 10-year life cycle period of 2015 to 2024.

The goal of the FCA is to gather the data necessary to understand the building's condition, identify strategies to meet the building's life cycle needs, and create the foundation for a long-term strategic plan.

The components of the Facility Condition Assessment included factors such as the following:

- Current condition
- Costs associated with replacement of building components as they degrade
- Recurring probable expenditures (ongoing expenses beyond expenses of typical repairs)
- Cost of repair or replacement of items requiring future action
- Remaining useful life

FACILITY CONDITION INDEX

To assess the condition of the buildings, the report has benchmarked the findings utilizing a Facility Condition Index (FCI). The FCI is an industry standard asset management methodology that is used to determine a building's condition at a point in time. Limited strictly to condition, it allows for an equivalent comparative analysis of diverse real estate portfolios such as that of DGS.

The values are based on a 0-100 percent scale and are derived by dividing the repair costs for a building by its current replacement value.

$$FCI = \frac{\text{Repair Costs}}{\text{Current Replacement Value of Facility}}$$

The standard industry practice is to consider replacement of the facility once the FCI approaches 65 percent of the replacement value. No state facilities reviewed for this study approached this 65 percent threshold.

Compiling the FCIs for the portfolio of state-owned office buildings provides an overview of the relative infrastructure condition of each facility and is a key factor in prioritizing future projects.

CONDITION-ONLY SCORE

The table on the following pages ranks the buildings' FCI scores, starting with the Sacramento region building with the most significant and immediate renovation, repair, or replacement needs.

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Condition	Definition	Ratio
Very Poor	Subjected to hard or long-term wear. Has reached the end of its useful or serviceable life. Renewal is now necessary.	Greater than 65%
Poor	Subjected to hard or long-term wear. Nearing the end of its useful or serviceable life.	Greater than 10% to 65%
Fair	Subjected to wear and soiling but is still in a serviceable and functioning condition.	Greater than 5% to 10%
Good	In new or well-maintained condition, with no visual evidence of wear, soiling or other deficiencies.	0% to 5%

The following scores are based upon building condition alone & make up 75 percent of the total score.

Rank	Building	2015 FCI	Condition
1	Resources Building	37.97%	POOR 9 Buildings ~ 31 %
2	Personnel Building	24.54%	
3	Paul Bonderson Building	22.58%	
4	Employment Development Department Annex	16.50%	
5	Jesse M. Unruh Building	16.38%	
6	Gregory Bateson Building	15.67%	
7	Justice Building	14.53%	
8	Employment Development Department Headquarters	14.09%	
9	Blue Anchor Building	10.57%	
10	Warren-Alquist State Energy Building	7.95%	FAIR 4 Bldgs ~14 %
11	Franchise Tax Board Los Angeles Building	5.98%	
12	Board of Equalization Headquarters Building	5.83%	
13	Library and Courts II Building	5.02%	
14	Secretary of State / Archives Building	4.63%	GOOD 16 Buildings ~ 55 %
15	Agriculture Building	3.70%	
16	Franchise Tax Board San Diego Building	3.03%	
17	Department of Justice Office Building	2.39%	
18	Buildings and Grounds Headquarters	2.39%	
19	East End Complex Block 225	1.68%	
20	Stanley Mosk Library and Courts Building	0.98%	
21	Campbell Building - Office of Emergency Services	0.89%	
22	Office Building 8	0.43%	
23	Office Building 9	0.40%	
24	Franchise Tax Board Sacramento and San Francisco Buildings	0.23%	
25	East End Complex Block 171	0.20%	
26	East End Complex Block 172	0.16%	
27	Rehabilitation Building (OB10)	0.15%	
28	East End Complex Block 174	0.14%	
29	East End Complex Block 173	0.10%	

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RISK ASSESSMENT

In order to provide greater analysis beyond just the condition of the building, the study also took into account a risk assessment which measured each building's environmental, fire, life, and safety deficiencies and other liabilities.

For example, some of the fire and life safety issues evaluated included:

- Building-wide fire sprinklers
- Digital fire alarms
- Egress (the path available for a person to leave a building)
- Smoke evacuation (venting smoke out of a building during a fire or other emergency)

Environmental hazards evaluated included:

- Asbestos
- Mold
- PCBs (Polychlorinated biphenyl, a type of organic pollutant)

Other risk factors taken into account included:

- Number of occupants
- Number of building stories

The risk evaluation was tabulated based on information from the FCAs, DGS, and factual building data.

CUMULATIVE SCORES

The building condition and risk assessments were weighted and combined to arrive at a numerical score, which was then utilized to rank the buildings.

The results were tabulated on a weighted scale with the greatest weight assigned to building condition (75 percent), and the balance (25 percent) to fire, life and safety, presence of environmental health hazards, the number of occupants and number of building stories. The weighted scores from each category for each building were then added to arrive at a numerical score to rank the buildings.

Adding the risk criteria is particularly important in the context of a review of office buildings as it adds a measurement of human safety and well-being on top of the larger discussion of facility condition. The inclusion of risk as an element of the study is consistent with the project criteria set forth in 2014 Budget Act and Assembly Bill 1656.

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INFRASTRUCTURE AND FACILITY EVALUATION FINDINGS

The following table summarizes the findings of the evaluation using the 10 year Facility Condition Index (FCI) and risk analysis. Based on **both** “condition” and “risk” scoring criteria the ranking of buildings is presented in order from the Sacramento regional building with the most critical to least critical need for renovation, repair, or replacement.

Ranking	Building Name	Street	Number of Stories	Age in 2015	Occupant Capacity
1	Resources Building	1416 Ninth Street	17	51	2,327
2	Personnel Building	801 Capitol	6	61	232
3	Paul Bonderson Building	901 P Street	4	32	518
4	Gregory Bateson Building	1600 Ninth Street	4	34	1,086
5	Jesse M. Unruh Building	915 Capitol Mall	6	86	448
6	Employment Development Dept. Annex	750-751 N Street	6	32	1,115
7	Blue Anchor Building	1400 10th Street	2	83	90
8	Secretary of State / Archives Building	1500 11th Street	6	20	669
9	Employment Development Headquarters	722/800 Capitol Mall	7	60	1,551
10	Justice Building	4949 Broadway	2	33	1,672
11	Warren-Alquist State Energy Building	1516 Ninth Street	4	33	668
12	Buildings and Grounds Building	1304 O Street	3	22	139
13	Franchise Tax Board - Los Angeles Building	9645 Butterfield Way	2	31	1,937
14	Library and Courts II Building	900 N Street	5	21	191
15	California Office of Emergency Services	3650 Schriever Ave	2	13	413
16	Board of Equalization Headquarters Building	450 N Street	24	23	2,455
17	Agriculture Building	1220 N Street	4	79	229
18	Department of Justice Office Building	1300 I Street	19	20	1,228
19	Franchise Tax Board - Sacramento and San Francisco Buildings	9645 Butterfield Way	4	10	2,062
20	East End Complex Block 171	1501 Capitol Avenue	6	12	1,956
21	East End Complex Block 225	1430 N Street	6	13	1,513
22	East End Complex Block 172	1500 Capitol Avenue	6	12	723
23	Franchise Tax Board - San Diego Building	9645 Butterfield Way	2	22	498
24	Office Building 8	714 P Street	18	46	922
25	Office Building 9	744 P Street	18	46	948
26	East End Complex Block 173	1615 Capitol Avenue	7	12	990
27	East End Complex Block 174	1616 Capitol Avenue	7	12	1,044
28	Rehabilitation Building	721 Capitol Mall	6	65	474
29	Stanley Mosk Library and Courts Building	914 Capitol Mall	5	87	130

RECOMMENDED SEQUENCING

It is DGS' recommendation that renovation or replacement facility(ies) be developed for the building(s) with the greatest need.

The 51 year-old Resources Building is the top candidate for renovation or replacement based on its condition and risk evaluation score. The Resources Building is 656,625 square feet and is occupied by more than 2,300 Natural Resources Agency employees. The Personnel Building (61 years old, 230 occupants) and Paul Bonderson Building (32 years old, 500 occupants) closely follow the Resources Building in the condition and risk evaluation.

Other DGS studies have previously determined that available office space larger than 75,000 square feet is in exceedingly short supply and that no office buildings of substantial size are under construction in the Sacramento area. Contiguous office space or co-located office park lease space of over 650,000 square feet is currently unavailable in the Sacramento area.

It is DGS' recommendation that the repair or replacement of the Resources, Personnel and Paul Bonderson buildings be prioritized.

NEXT STEPS

Based on the rankings listed above, DGS will engage with the departments in the buildings identified as having the greatest need to conduct conceptual architectural programming feasibility studies.

These conceptual architectural programming studies will determine the potential size and scale of the proposed facilities, as well as inform the site selection; for example, whether a new facility should be a low-rise or high-rise, or located in an urban or suburban setting. DGS will develop a thorough and systematic proposal in compliance with applicable state laws and which offers sufficient opportunity for input from client stakeholders.

This timing may allow for a proposal to be released in concert with the 2016-17 Governor's Budget in January along with proposed legislation authorizing the first phase of projects. This timetable will provide an opportunity for the Legislature to review and respond to the Administration's proposal.

As next steps are determined, DGS will collaborate with the Department of Finance and the Legislature to determine an appropriate scope, funding sources and timelines.