

Overview

The Ten Year Sequencing Plan provides a roadmap for the renovation or replacement of state office buildings in Sacramento and to address deficiencies in the State Capitol East Annex. This plan, taken together with the department's Portfolio Plan, provides a statewide, strategic, and long-term asset management strategy for DGS' portfolio of office buildings.

A key component of the sequencing plan is the integration of the results from the Facility Condition Assessments completed for the 2015 State Facility Long Range Planning Study (Planning Study). The Planning Study provided the Department of General Services (DGS) with an independent assessment of the DGS-managed office buildings and resulted in an analysis that identified the buildings with the highest need for repair or replacement.

DGS Facility Sequencing Principles

Market conditions, client needs, and fiscal circumstances change over time. Accordingly, this Sequencing Plan is subject to change so DGS may best maximize value to the State as opportunities arise.

Nevertheless, while DGS must be attuned to market conditions and client needs, the department cannot take a reactive approach to office building planning. Rather, DGS must lay out a plan for the future to provide overall direction for the state's office needs. To this end, DGS has developed long-range office facility sequencing principles that will help guide the state irrespective of changing market conditions and specific client preferences.

These ten principles align with three DGS goals – Operational Efficiency, Cost Effectiveness, and Sustainable Communities:

Operational Efficiency

- To generate operational and programmatic efficiencies, the state will aim to consolidate departmental space and co-locate departments within the same agencies and/or similar functions between departments.
- The state will use more standardized office configurations to minimize tenant improvement costs and allow for the greatest flexibility when filling space with state tenants.

Cost Effectiveness

- The state prefers to own buildings in areas with high lease costs in order to reduce space costs for state departments.
- The state shall first consider building on state property before pursuing construction on commercial sites.
- To avoid disruption and minimize costs, DGS will strive to minimize the number of moves a department must make.

- DGS will coordinate its facility sequencing strategy with its review of state leased space to generate more competitive lease rates in private sector facilities.
- DGS will continue to meet the programmatic needs of tenants in state buildings but will not complete significant building improvements in buildings it plans to completely renovate, demolish or sell within the next five years.

Sustainable Communities

- The state will design new construction and renovation projects with a goal towards achieving Zero-Net Energy by incorporating the latest proven materials, designs, technologies, and construction practices.
- The state prefers that new buildings be built in proximity to public transit.
- When feasible, the state will offer mixed use development in new office buildings to better meet our tenant and larger community needs.

These facility sequencing principles will guide the state as we begin to address the long term office building needs and determine which buildings will be retained, renovated, sold, or constructed over the next quarter century.

Initial Projects

The 2016-17 Governor's Budget included a proposal to address the need to improve the safety and capacity of the Capitol Annex building, as well as the most critical state office space deficiencies in Sacramento. With this proposal, employees in three of the five buildings identified in the Planning Study as having the greatest needs will be in new or renovated space within five years. Initial projects in 2016-17 include:

- Demolition of the vacant California Food and Agriculture Annex on O Street and a new building consisting of approximately 255,000 net square feet (NSF), to be occupied by the current tenants of the Bateson Building.
- A new building consisting of approximately 700,000 to 750,000 NSF, to be occupied by the current tenants of the Natural Resources Building and the Bonderson Building.
- A new Capitol Annex or renovation of the existing Capitol Annex to address the significant building systems and accessibility deficiencies.

In addition to projects identified in the current year budget, a parking structure was included in the 2017 Budget Act. It includes:

- Demolition of an existing warehouse and build a new mixed-use parking structure consisting of approximately 800 parking stalls and retail on the first floor. The parking will include monthly state employee parking as well as hourly parking for public use.

This sequencing plan outlines the subsequent projects that will continue with this progress.

Four Stage Approach

DGS's facility sequencing plan proposes more than 4.3 million square feet in new construction or extensively renovated state buildings, which equals one-quarter of all state-owned space in the Sacramento region. There are four stages to this facility sequencing plan. These stages are:

1. High Priority Facilities - 2016-17 Governor's Budget proposal
2. Development of the North Sacramento site
3. Renovation of historic state buildings
4. Additional demolition or renovation of state buildings

The first three stages of the facility sequencing plan will be accomplished over the next 10 years and will address the needs of the state departments housed in nine of the eleven state office buildings in the poorest condition. The following lists the affected facilities and departments within each stage.

High Priority Facilities

The 2016-17 Governor's Budget included a proposal to construct a new facility for the Natural Resources Agency and its departments, which are currently housed in the Resources Building, which was identified as the state office building in the poorest condition. The budget also includes the construction of a new facility for the California Health and Human Services Agency at the site of the vacant California Food and Agriculture Annex Building. Finally, the budget included a proposal to address the safety and capacity issues within the Capitol Annex building.

1. **Demo, Construct, and Replace: O Street Building (255,000 NSF)**
Design-Build FY 16-17 through FY 20-21, Move-in: March 2021
 - Tenants relocating from the Bateson Building
 - ◆ Development Services
 - ◆ Health and Human Services Agency
 - ◆ State Hospitals
 - Tenants relocating from other DGS-controlled buildings
 - ◆ Development Services
2. **Construct: New Resources Building (700,000-750,000 NSF)**
Design-Build FY 16-17 through FY 21-22, Move-in: September of 2021
 - Tenants relocating from the California Natural Resources Agency (CNRA) Building the Bonderson Building and leased space, representing a partial consolidation of CNRA. Tenants include:
 - ◆ Water Resources
 - ◆ Parks and Recreation,
 - ◆ Fish and Wildlife
 - ◆ Forestry and Fire Protection
 - ◆ Conservation
 - ◆ Conservation Corps
 - ◆ Wildlife Conservation Board

3. **Construct or Renovate: Capitol Annex (367,000 GSF)**
Planning discussions with the Committee on Joint Rules.
4. **Demo, Construct, and Replace existing warehouse with a new mixed-use parking structure: 805 R Street (7-story, 800 parking stalls and retail on the first floor)**
Design-Build FY 17-18 through FY 19-20, Move-in: Winter 2019

In addition to high priority projects identified in the current budget, a parking structure for state employees was approved in the 2017 Budget Act.

Development of the North Sacramento Site

The Office of the State Printer (OSP) occupies 17 acres of state-owned land in North Sacramento, which is within two miles of the State Capitol. DGS is relocating OSP from this site to commercially leased space in mid-2018. DGS proposes to construct at minimum 1 million NSF of new state office space.

1. **Environmental Assessment/Study, Demolish:**
Environment Assessment FY 16-17. Design-Bid-Build Demolition FY 17-18 through FY 20-21, Ready for Development: January 2021
2. **Construct New Office Complex (1,000,000+ NSF)**
Design-Build FY 18-19 through FY 23-24, Move-in: March 2024

Tenants planned to occupy this site:

- **Business, Consumer Services and Housing (BCSH) Agency and its departments (751,500)**
 - ◆ Business Consumer Services & Housing Agency (4,000)
 - ◆ Housing and Community Development (114,500)
 - ◆ Business Oversight 1515 K Street (44,000)
 - ◆ Department of Consumer Affairs consolidation from various leased locations (545,000)
 - ◆ Board of Chiropractic Examiners (4,000)
 - ◆ Alcoholic Beverage Control consolidate 2 locations (40,000)
- California Department of Tax and Fee Administration (394,000) and Board of Equalization (6,000) 450 N Street **(400,000)**

Renovation of Historic State Buildings

As state departments vacate state buildings in poor condition, DGS will either completely renovate or demolish and construct new state facilities on these sites. DGS proposes that the tenants of these new state facilities will largely be those departments housed in other state buildings listed in poor condition or those departments in commercial space where the state may exercise the option to terminate their lease.

1. Renovate: Bateson Building (215,000 NSF)

Design-Build FY 18-19 through FY 23-24, Move-in: April 2024

Tenants planned to occupy this site:

- California Natural Resources Agency departments not consolidating into the New Resources Building (relocating from leased space):
 - ◆ Water Resources
 - ◆ Parks and Recreation
 - ◆ CalFire
 - ◆ Fish and Wildlife
 - ◆ Conservation
 - ◆ Conservation Corps

2. Renovate: Unruh Building (114,000 NSF)

Design-Build FY 18-19 through FY 23-24, Move-in: January 2024

Tenants planned to occupy this site (STO Headquarters):

- STO from the Bonderson Building (swing space) (108,000)
- STO relocate from State Personnel Building (11,000)

3. Renovate: Resources Building (520,000 NSF)

Design-Build FY 19-20 through FY 24-25, Move-in: June 2024

Tenants planned to occupy this site:

- Employment and Development Department (EDD) (491,000)
 - ◆ EDD Headquarters Building (327,700)
 - ◆ Labor and Workforce Development Agency (7,300)
 - ◆ EDD Solar Building (120,000)
 - ◆ EDD Subterranean Building (36,000)
 - ◆ Vacant (29,000)

**4. Utilize the Bonderson Building as swing space for Unruh tenants (113,000 NSF)
Beginning FY 21-22 and vacating in FY 24-25:**

- Transportation Agency (8,000)
- State Treasurers Office (108,000)
- Government Operations Agency (5,000)
- Business Consumer Services & Housing Agency (4,000)

5. Renovate: Blue Anchor Building (17,000 NSF)

Design-Build FY 20-21 through FY 23-24, Move-in: January 2024

Administration hoteling and meeting space; accommodating staff that are located beyond the Capitol corridor.

Tenants planned to occupy this site:

- Tenants relocating to leased space (17,000)
 - ♦ Governor's Office (6,000)
 - ♦ Office of Planning and Research (11,000)

Demolition or Complete Renovation of State Buildings

With the complete renovation or construction of a new state facility on the site of the current Resources Building and the renovation of the Unruh and Bateson buildings, DGS will have four vacant buildings which it may either renovate or demolish and construct new facilities.

1. Renovate: 450 N Street Building (479,000 NSF)

Design-Build FY 21-22 through FY 26-27, Move-in: June 2026

Tenants planned to occupy this site:

- The Government Operations Agency and its departments with the exception of California Public Employees Retirement System, California State Teachers Retirement System, the California Department of Tax and Fee Administration and the Franchise Tax Board.
 - ♦ Government Operations Agency (5,000)
 - ♦ Dept. of General Services (DGS) 707 3rd Street, W.S. (319,000)
 - ♦ CalHR 1515 S Street (40,000)
 - ♦ SPB (29,000)
 - ♦ Office of Administrative Law 300 Capitol Mall (9,000)
 - ♦ Victims Compensation & Government Claims Board 400 R Street (66,000)
 - ♦ Dept. of Technology 1325 J Street (21,000)
 - ♦ DGS 2525 Natomas Park Dr (4,000)

2. Renovate: EDD Headquarters and Solar (455,000 NSF)

Design-Build FY 21-22 through FY 26-27, Move-in: September 2026

Tenants planned to occupy this site:

- CDCR 1515 K Street (33,000)
- CDCR 1515 S Street (305,000)
- California Energy Commission (124,000)

3. Use EDD Subterranean Building for construction staging and swing space (27,000 NSF)

Beginning January 2018 through FY 29-30

4. **Renovate: Warren-Alquist State Energy Building (125,000)**
Design-Build FY 24-25 through FY 29-30

Tenants planned to occupy this site:

- Dept. of Managed Health Care 980 9th St (86,000)
- Dept. of Managed Health Care - FTB (34,000)

Conclusion

Initial projects, as identified in the 2016-17 Governor's Budget have received funding through the new State Project Infrastructure Fund. The 2017-18 final budget includes authorization for bond financing for these projects. This significant investment will address the most critical state office space deficiencies in Sacramento. Future projects will be guided by the principles described in this plan.