

State Office Space Occupancy Report City and County of San Francisco

**Report to the Legislature
May 2009**

**Prepared by:
State of California
Department of General Services
Real Estate Services Division
Asset Management Branch**



Introduction

The Department of General Services (DGS) prepared this State Office Space Occupancy Report - City and County of San Francisco per the Supplemental Report of the 2008 Budget Act, Item 1760-001-0666, Provision 2, which states: "The Department of General Services shall report to the chairs of the budget committee of each house of the Legislature and the Legislative Analyst's Office regarding existing leased space in the City and County of San Francisco. The report shall also include the following:

- projected need for future space in the San Francisco Area;
- the DGS practices in regards to reviewing potential consolidations of space requests from multiple departments;
- the DGS review of alternative locations for space requests in the City and County of San Francisco; and
- an accounting of identified program needs for locating in the City and County of San Francisco, with particular attention to those that may be candidates for consolidation in the next three years."

Current State-occupied office space

The State of California currently occupies 1.4 million usable square feet (USF) of general purpose office space in the City and County of San Francisco (excludes space occupied by the University of California and California State University). Of this amount, 71 percent (1 million USF) is located in the three DGS – owned office buildings, which include: the Edmund G. "Pat" Brown State Building, occupied by the Public Utilities Commission and constructed in 1986; the San Francisco Civic Center consisting of the Earl Warren Building renovated in 1998 and the Hiram W. Johnson State Office Building constructed in 1998. The remaining 403,691 USF of leased office space is occupied by 25 State agencies in 27 different locations, as presented in the attached occupancy chart.

Projected need for future space

The DGS has received 13 new requests for real estate services from State agencies in San Francisco within the last year. Five agencies are seeking to downsize (7,964 office square feet combined; 23 parking spaces), six are seeking to renew their current leases (78,283 office square feet combined), and two agencies are seeking new space (35,704 office square feet combined). In addition to these current requests for real estate services, the DGS expects office leasing requests in San Francisco to modestly decline due to fiscal constraints on agencies' support budgets. Several State agencies are attempting to relocate from San Francisco to less expensive office space in the East Bay and others are seeking assistance with amending current office leases to reduce their rental obligations.

Reviewing consolidation requests from multiple departments

The DGS' Real Estate Services Division (RESA), Asset Management Branch (AMB) staff assesses the future space needs of State agencies in the City and County of San Francisco in several ways:

- Regional Facilities Plans are prepared that guide strategic, long-range planning and consolidation recommendations. A survey is sent to each State agency in advance of writing the Regional Facilities Plan to assess office spaces needs, projected staffing changes, consolidation goals, budget, geographic boundaries served by program, co-location opportunities with other State agencies, etc.
- RESA Regional Portfolio Managers (RPMs) frequently communicate with State agencies to determine an agency's consolidation and/or co-location goals in a region.
- RESA Real Estate Officers (REOs) provide real estate services (leasing, acquisition, due diligence, etc.) to agencies and share agency needs with RPMs for planning purposes.
- State agencies submit a "CRUISE," an electronic space action request, to DGS to initiate a request for real estate services. The RPM assigned to the region where the services are requested analyzes all CRUISE requests to determine if a State agency could be included in a consolidation or co-location project.

Reviewing alternative locations for space requests

Upon receipt of a request for space, the RPMs first check to ascertain if there is State-owned space available for occupancy that can accommodate the need. If none is available, the request is forwarded to the Real Estate Leasing and Planning Section (RELPS).

State agencies must provide RELPS site search boundaries and parameters that meet their needs for the State program(s) that will be administered from the proposed location. They must also communicate any special facility or program requirements (parking needs, security, evidence rooms, conference rooms, etc.) so that the assigned REO can evaluate available space in the market, initiate building tours, and commence negotiations with private-sector landlords. REOs consult with agencies to ensure that site search boundaries include enough lease space inventory to create competition, which aids their negotiations. The State agency ultimately chooses the location they determine best meets their real estate requirements, program needs, and budget.

Accounting of identified program needs for consolidation

There are currently no plans for a major office consolidation project in San Francisco. The State's real estate portfolio in San Francisco has a healthy balance between State agencies in State-owned office space (71 percent) and those occupying private leased office space (29 percent). The DGS continually evaluates opportunities for office consolidation and will propose an office consolidation project if long-term occupancy costs for the State can be reduced and if State agencies can effectively administer their respective programs from a multi-tenant State office building.

The DGS uses regional facilities plans, State agency surveys, consultation with RPMs, REOs, and CRUISE requests for new services to analyze and assess the space needs of State agencies. Consolidation opportunities are analyzed based on factors that include local real estate market conditions, development costs, and long-term identified office space needs. It is standard industry practice to maintain a percentage of a real estate portfolio in leased space. For the State, this practice allows some flexibility and opportunities to address changes in office space requirements that result from organizational or programmatic adjustments. This flexibility is also important for the State's occupancy strategy for the DGS-owned buildings, as the first priority is to maintain full occupancy of these buildings. The DGS considers opportunities for consolidation and co-location with other State agencies in leased space when requests for real estate services are submitted by State departments.

SAN FRANCISCO SPACE TOTALS

State Agency	Address	Zip	Space Type	Square Feet	Monthly Rent	Lease #
Alcoholic Beverage Control, Dept. of	71 Stevenson Street	94105	Office (General)	4,807	\$17,165.02	5267002
Coastal Commission, California	446 Fremont Street	94105	Office (General)	28,036	\$149,811.68	2718002
Coastal Commission, California	539 Bryant Street	94107	Storage	1,623	\$1,380.00	2731003
Consumer Affairs, Dept. of	301 Junipero Serra Blvd	94127	Office (General)	2,506	\$7,856.91	2693001
Corporations, Dept. of	71 Stevenson Street	94105	Office (General)	8,863	\$28,850.13	5267001
Corporations, Dept. of	71 Stevenson Street	94105	Office (General)	560	\$1,801.59	5267003
Corrections and Rehabilitation, Dept. of	1727 Mission Street	94103	Office (General)	13,601	\$74,665.89	4764001
Corrections and Rehabilitation, Dept. of	101 S. Van Ness Avenue	94103	Office (General)	10,469	\$34,338.38	2668001
CSU, San Francisco	205 13 th Street	94103	Office (General)	10,157	\$28,351.00	5494001
CSU, San Francisco	2017 Mission Street	94103	Office (General)	4,630	\$6,945.00	5501001
CSU, San Francisco	3004 16 th Street	94103	Office (General)	1,547	\$5,223.00	5504001
Employment Development Department	185 Berry Street	94107	Office (General)	21,952	\$57,610.99	2721003
Employment Development Department	1700 California Street	94109	Office (Field)	7,025	\$20,500.00	4567001
Equalization, State Board of	121 Spear Street	94105	Office (General)	17,219	\$91,718.50	5054001
Financial Institutions, Dept. of	45 Fremont Street	94105	Office (General)	16,885	\$86,014.16	2718004
Financial Institutions, Dept. of	45 Fremont Street	94105	Storage	437	\$1,773.49	2718004
Food and Agriculture, Dept. of	Five Thomas Mellon Circle	94134	Office (Field)	590	\$1,432.00	2681001
Food and Agriculture, Dept. of	501 Cesar Chavez	94124	Office (General)	100	\$62.50	5418001
Franchise Tax Board	221 Main Street	94105	Office (General)	6,201	\$27,807.28	4377002
Franchise Tax Board	121 Spear Street	94105	Office (General)	5,285	\$25,869.32	5054001
Franchise Tax Board	121 Spear Street	94105	Storage	500	\$0.00	5054001
Habeas Corpus Resource Center	50 Fremont Street	94105	Office (General)	20,296	\$61,162.79	2705007
Habeas Corpus Resource Center	50 First Street	94105	Storage	2,800	\$2,240.00	5291001
Habeas Corpus Resource Center	50 Fremont Street	94105	Storage	50	\$0.00	2705007
Health Care Services, Dept. of	575 Market Street	94111	Office (General)	18,542	\$56,214.38	5261001
Health Care Services, Dept. of	575 Market Street	94111	Office (General)	9,271	\$27,907.19	5261002
Industrial Relations, Dept. of	121 Spear Street	94105	Office (General)	4,247	\$22,649.52	5054002
Industrial Relations, Dept. of	121 Spear Street	94105	Office (General)	2,315	\$12,149.52	5054003
Institute for Regenerative Medicine, CA	250 King Street	94107	Office (General)	19,500	\$0.00	5681001

State Agency	Address	Zip	Space Type	Square Feet	Monthly Rent	Lease #
Insurance, Dept. of	45 Fremont Street	94105	Office (General)	63,002	\$329,173.30	2718001
Justice, Dept. of	2720 Taylor Street	94133	Office (General)	25,525	\$54,167.16	2670001
Lieutenant Governor, Office of	225 Bush Street	94104	Office (General)	684	\$5,265.48	5878001
Motor Vehicles, Dept. of	Five Thomas Mellon Circle	94134	Office (General)	3,443	\$7,323.96	2681002
Pilot Commissioners, CA Board of	Pier 9	94111	Office (General)	2,280	\$5,227.00	5152001
Public Defender, State	221 Main Street	94105	Office (General)	19,343	\$51,848.17	4377001
Public Defender, State	101 Howard Street	94105	Storage	344	\$430.00	2732002
Rehabilitation, Dept. of	301 Howard Street	94105	Office (General)	12,181	\$34,584.36	2706003
San Francisco Bay Conserv. & Develop Comm.	50 California Street	94111	Office (General)	19,032	\$83,608.52	4826001
Social Services, Dept. of	1390 Market Street	94102	Office (General)	853	\$2,488.00	4143016
Transportation, Dept. of	595 Market Street	94111	Office (General)	14,823	\$40,604.72	2699001
Transportation, Dept. of	595 Market Street	94111	Office (General)	2,027	\$7,053.75	2699003
Transportation, Dept. of	595 Market Street	94111	Storage	140	\$238.00	2699002

San Francisco County Totals

403,691 \$1,473,512.66