



SUMMARY REPORT

Agenda Date: 1/31/2023

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Sonoma County Public Infrastructure

Staff Name and Phone Number: Johannes J. Hoevertsz, Public Infrastructure: 707-565-2550

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

New County Government Center - Endorsement of Potential Project Options for Further Analysis, Planning, and Development Consideration

Recommended Action:

- A. Approve the existing County Administration Center site as the tentative location for a new County Government Center, for purposes of conducting further analysis and other pre-project planning, feasibility, and development plan efforts.
- B. Conceptual approval of a phasing approach and configuration of the new County Government Center.
- C. Approve 170 ft² per full time employee as the general space standard.
- D. Receive financing update and direct staff to investigate funding options.
- E. Direct staff to issue Requests for Proposals for any needed pre-development services including all consultant services for environmental studies, land use entitlements, and preparation of plans and specifications.

Executive Summary:

This item presents information on and seeks Board approval of tentative selection of the existing County Administration Center site and conceptual design criteria for a new County Government Center, updated space standards and space allocation needs, and phased construction plan scenarios based on campus options presented. In addition, the County Administrator's Office (CAO) fiscal staff have developed and presented a cost/financing update in this item.

Re-investing in the existing County campus is consistent with the Board's Strategic Plan and the 2013 Comprehensive County Facilities Plan (CCFP) to plan, procure, and manage Sonoma County's facilities and real estate assets at their highest and best use.

In March 2022, the Board directed staff to re-visit the constructability and financial feasibility of replacing/rebuilding on the existing campus site by phasing the approach without the need for temporary workspace during construction.

Based on this direction, department staff have evaluated scenarios using baseline assumptions from the Comprehensive County Facilities Plan prepared by Gensler Architects and approved in 2013. Spatial needs and proximity requirements were revalidated in December 2021.

Discussion:

Background

The existing County Administration Center site, designed in the 1950's, has been serving the communities for more than 70 years with few improvements over time. The cost of operating the campus buildings has grown as facilities have aged, and deferred maintenance obligations also have increased over time.

The County Administration Center site represents 470,456 square feet of office space, not including the detention facility and the Sheriff's buildings. With 10,000 square feet of building area per acre, less than one quarter of the available land is used for office space. This inefficient land use inhibits the efficient delivery of services required to benefit the public, such as providing housing or generating revenue through mixed-use land uses. The County's real estate portfolio is diverse, with over two million square feet of owned and leased facilities and over 170 structures. And yet, because of the inefficiency of the portfolio, departments have leased market-rate commercial offices in order to meet their space needs. Consultants were commissioned to study opportunities for more efficient management of the County's real estate portfolio in 2007 and 2013.

The cost of operating the property portfolio has grown and, as facilities age, so do the deferred maintenance obligations. In 2014, property management consultants evaluated the condition of the County's facilities. These studies all recommended either significant ongoing investment in maintenance or the replacement of the aging County campus buildings.

Further, on May 8, 2018, your Board accepted a "[Report on Solutions for Addressing the Growing County Government Center Administrative Building Maintenance Costs <https://sonomacounty.ca.gov/Main%20County%20Site/General/Sonoma/Sample%20Dept/Sample%20Dept/Divisions%20and%20Sections/Chanate%20Complex/Sections%20and%20Units/Test%20content/Right%20Column%20Content/Staff%20Report%20on%20Deferred%20Maintenance-rem.pdf>](https://sonomacounty.ca.gov/Main%20County%20Site/General/Sonoma/Sample%20Dept/Sample%20Dept/Divisions%20and%20Sections/Chanate%20Complex/Sections%20and%20Units/Test%20content/Right%20Column%20Content/Staff%20Report%20on%20Deferred%20Maintenance-rem.pdf)". The report indicated that budget cuts between 2007-2011 resulted in postponement of regular preventative maintenance for several years, increasing the County's deferred maintenance backlog and causing county buildings and systems to deteriorate. The existing County Government Center campus buildings deferred maintenance backlog was \$258 million in FY 2016-17 and costs were projected to grow to over \$650 million by FY 2035-36. The report considered various options for constructing and financing new facilities or catching up on deferred maintenance, and ultimately concluded that new construction would be the most effective way to address the County's growing backlog of deferred maintenance and provide long-term value to the public as the cost per square foot for refurbishing/replacement was higher than the estimated cost of new construction at the time.

Redesign of the County campus has been considered by the Board in prior actions and studies as an opportunity to improve service delivery as well as reduce operating and other expenses. In January 2021, the Board received a report on potential locations for the new County Government Center, including sites in downtown Santa Rosa, near the Sonoma County Airport, and on the existing subject site. In July 2021, the Board identified the former Sears site located at Santa Rosa Plaza as the preferred site for the new County Center facilities. Ultimately, it was decided not to enter into a purchase and sale agreement for the former Sears site.

In March 2022, direction was given to review the potential for locating new County facilities on the existing

County Administration Center with the goal of identifying an alternative to the Downtown Santa Rosa site that did not require property acquisition.

Existing County Administration Center - Design Criteria Evaluated

Staff evaluated design criteria for new facilities at the existing County Administration Center site. This review included the following:

- Use existing County property
- Build new structures such that current operations may continue during construction with the intent of avoiding temporary relocation to lease space, also called “swing space,” and associated expenses of move, temporary information technology support, and furniture necessary to move to completed permanent offices.
- Limit building height to seven stories. Exceeding seven stories would require additional design features and increased costs required of high-rise construction including additional seismic mitigation, substantial foundations, increased smoke evacuation measures and many other considerations.
- Avoid the expense of constructing a parking garage.
- Consider employee telework when determining space needs.
- Maximize opportunities for renewable energy such as incorporation of a microgrid.
- Estimate building size based on head count data most recently confirmed by departments in December 2021.

Space Standards and Allocation

Size needs for a proposed building were based on a space standard assumption of 170 usable square feet (USF) per Full Time Equivalent (FTE). This space standard is a planning tool intended to equitably allocate space to each department and to control scope and cost. This space utilization standard has been adopted by federal agencies and in the private sector to maximize efficiency and use, while also minimizing environmental impacts. The space standard accounts not only for an employee's workstation, but also includes departmental spaces such as conference rooms, breakrooms, kitchenettes, and private rooms, and includes internal circulation. An additional 20 percent was applied to account for public circulation, lobbies, stairs, and public restrooms; and an additional factor of 5 percent was applied to account for growth over time.

Teleworking by County employees was a factor considered in the estimate for required space. It is expected that employees who telework may not require a full-size workstation.

Given these standard space guidelines, design elements for a potential new County Administration Center would include:

- 375,000 gross square feet (GSF) of general office space for approximately 1,700 total full- time employees. On March 1, 2022 the Board was presented with a report on financing plan for a New

County Government Center which included revised full time equivalent staff program requirements based upon updated headcount, space allocation and remote work assumptions, among other key factors. Staff's recommendation assumed that of the 4,155 total full time equivalent employees, 1,450 employees would remain in leased office space and 1,800 full-time employees would relocate to new facilities and assumed 50% remote work. Staff have further refined program requirements to 1,700 total full time equivalent employees as a result of attempting not to split departments and to free up space on campus for other potential uses, including revenue-generating opportunities. Seventeen hundred FTEs represent approximately 40% of the total number of county employees. The new office space would reorganize office space within the campus and would open new space (after demolition of vacated and unneeded existing facilities) for the remaining 60% of the county employees to potentially be relocated to the campus sometime in the future. □

- 3,200 GSF for chambers for Board of Supervisors. The existing chambers are 3,000 GSF.
- 13,000 GSF for Emergency Coordination Center (ECC).
 - □ The proposed ECC is 9,000 square feet dedicated to emergency operations and the balance is intended to function as a conference center in non-emergencies. During emergencies, the ECC may expand to the conference center as required.
- Demolition of five buildings and their foundations including Permit Sonoma (31,400 GSF single story), Human Services Building (42,000 two story), Administration Building, (46,900 GSF single story), Fiscal Building (35,600 GSF single story), La Plaza A/B (68,700 GSF two stories) and 370 Administration Drive (14,974 GSF two stories) (Attachment 2).
- The Family Justice Center (22,800 GSF) would continue to house District Attorney staff and Non-Governmental Organizations (NGO) functions until approximately 2035 when a plan as to the Hall of Justice will be presented.
- The Information Systems Building (15,600 GSF single story), will remain as a potential opportunity to house County archives.
- Use of the California Green Building Standards Code of the California Code of Regulations, Title 24, Part 11 of the California Building code as the standard for sustainable design.

Financing

During Fiscal Year 2017-18 Budget Hearings your Board approved a deferred maintenance policy as part of the County's [Financial Policies <https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/county-administrators-office/budget-and-operations/financial-policies-for-2022-2023>](https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/county-administrators-office/budget-and-operations/financial-policies-for-2022-2023), that called for 40% of growth in property tax, above what is needed to balance the budget, to be dedicated to a deferred maintenance fund on an ongoing basis. As was laid out above, the current level of deferred maintenance requires construction of new facilities, and as such the deferred maintenance fund is available to provide financing for a new County Government Center.

To date, the deferred maintenance policy has generated total capacity of \$14.8 million annually in dedicated General Fund. In addition, during the FY 2022-23 budget hearings your Board set aside \$1 million in Transient

Occupancy Tax toward the deferred maintenance fund, bringing the total annual capacity to \$15.8 million. During the March 2022 Board meeting discussing County Center, a plan to utilize \$1 million of this annual capacity for neighborhood service centers was discussed, and one-third of this was set aside for the financing of the purchase of the Bank of America site in Guerneville. Staff anticipate that the \$1 million will still be utilized for neighborhood services, leaving \$14.8 million available for financing of construction. Under the deferred maintenance policy this amount will continue to grow should tax revenue growth outpace estimates used for budgeting, however because it is tied to unanticipated revenue it is not possible to predict what this level of growth will be in advance.

A portion of funding accrued in the deferred maintenance fund has been utilized for critical projects, but significant fund balance has also accrued due to the annual contributions, a one-time contribution of funding from the sale of the Chanate property, and from FY 2020-21 Year End fund balance, which was initially earmarked for the purchase of the Sears site. Based on the current adjusted budget, the fund is anticipated to have \$50.7 million.

In order to finance construction, the County could issue tax-exempt Certificates of Participation, with ongoing capacity in the Deferred Maintenance fund supporting payments on the certificates. Unlike General Obligation Bonds, Certificates of Participation (“COPs”) do not require voter approval as they are considered contingent obligations. COPs are not backed by dedicated ad valorem property tax and instead are secured with a pledge of lease payments backed by real property, such as the project being financed. The County engaged KNN Public Finance, LLC, the County’s Independent Registered Municipal Advisor, to develop estimates of the amount that could be financed through certificates of participation financed by available resources. Based on current market conditions (January 13, 2023) plus a cushion of 1.0% to be conservative, and the County’s current credit ratings, the County could generate approximately \$239 million in COP proceeds from \$15 million in annual payments over a repayment term of 30 years. This is based on conservative estimates of interest rates at the time of sale, but the actual amount could be higher or lower, depending upon market conditions as the time of pricing. With the \$50.7 million in available fund balance, this means the County could afford approximately \$290 million in construction costs. Should the County be able to increase capacity for annual payments, each \$1 million in annual capacity would yield approximately \$15.0 million in additional proceeds for project cost. Supplemental sources of funds could include the lease and/or sale of land, and public-private-partnerships.

Proposed New County Campus - Options

After careful consideration, two options were developed to meet the county’s needs for efficiency, service, and resilience. This strategy offers the best access to existing services during construction, minimizes disruption of other operations, and affords the best opportunities for revenue. In both plans, parking areas would be ADA compliant, and equipped with solar canopies, EV charging stations, and battery storage to support a campus microgrid. Last-mile transit via modified Sonoma County Transit routes would connect the site to SMART, airport, and other regional hubs.

Cost Estimates

A professional construction management firm developed an independent cost estimate based on narrative descriptions of various building systems and design features expressed in prior visioning sessions.

Option 1: Two-Building Scenario

A scenario that maximizes construction phasing flexibility is two identical seven-story buildings that would be constructed and occupied in succession as funds become available. A one-story Emergency Coordination Center/ Multi use building would be part of later-phase construction.

The total estimated cost for this scenario is \$721 Million, consisting of: approximately \$573 Million for the office buildings; approximately \$50 Million construction engineering/project management; approximately \$54 Million for Emergency Coordination center, infrastructure, demolition, and parking; and approximately \$44 Million for IT infrastructure, communications tower, and furniture.

Option 2: One-Building Scenario

Another scenario envisions one large-seven story building. As with the first scenario, a one-story Emergency Coordination Center/ Multi use building would be part of later-phase construction.

The total estimated cost for this scenario is \$682 Million, consisting of: approximately \$537 Million for the office building; approximately \$47 Million for construction engineering/project management; and, as before, approximately \$54 for the Emergency Coordination_center, infrastructure, demolition, and parking; and approximately \$44 Million for IT infrastructure, communications tower, and furniture.

Phased Construction Plan and Financing Considerations

Employing a staggered construction strategy allows for more financial control and minimizes disruption to ongoing county operations.

Two-Building Option

An estimate and sequence of time of construction for the Two-Building option is:

1. Build and then occupy one building - 1.5 years
2. Demolish Permit Sonoma building - 9 months
3. Build parking lot and solar infrastructure- 6 months
4. Build Emergency Coordination Center - 1.5 years
5. Road improvements - 9 months
6. Build second building and occupy it - 1.5 years
7. Solar/microgrid - 1 year

Based on existing financial capacity of \$290 Million, it is estimated that items 1-4 could be completed. Under this first phase, construction of one seven level building would result in 187,500 square feet in office space,

provide occupancy of all seven floors, and accommodate 850 full time equivalent employees.

Completion of items 5-7, would require an additional estimated \$431 million to finance and would be constructed in future phases. A finance plan would be developed for each phase as they occur.

An extension of development phases includes the relocation of the Public Health Lab and Morgue which is currently in the initial concept level site plan development stage, and future disposition of the Hall of Justice building by 2035. Updates and Board actions for these projects would be brought before the Board separately and as they occur.

One-Building Scenario

An estimate of time of construction for the One-Building option is:

1. Build the building and occupy up to four floors - 2 years
2. Demolish Permit Sonoma building - 9 months
3. Build parking lot and solar infrastructure- 6 months
4. Build Emergency Coordination Center- 1.5 years
5. Road improvements-9 months
6. Build out remaining floors- 1 year
7. Solar/microgrid - 1 year

Under the County's current financial capacity of \$290 million as discussed previously, a phasing approach for the one-building option is not feasible. The County would require an estimated \$455 million to complete items 1-4. Under this scenario, only 4 floors of the building totaling approximately 214,000 square feet would be occupied and would accommodate approximately 850 employees. Items 5-7 would be constructed in later phases with finance plan developed for each phase.

Upon establishment of a construction project, the best project delivery method will be further evaluated and determined. Construction Manager at Risk (CMAR) or Design Build strategies are being considered.

Next Steps

Upon the Board's approval of the recommended actions, staff will initiate engagement of environmental consultants, architects, and engineers to move through further project plan development and assessment, including as may be required under the California Environmental Quality Act (CEQA). Timing for these activities will occur approximately over 12-24 months and will include:

- Environmental analysis and applicable CEQA review and determination
- Land Use Entitlements, if needed

- Preparation of Plans and Program Specifications

Once ready, staff will return to the Board with a proposed project, financial plan, and other supporting documentation at the earliest in fall of 2023.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillars, goals, and objectives.

Pillar: Resilient Infrastructure

Goal 1: Invest in County buildings and technology to enhance service delivery and improve employee mobility.

Objective 1: Design the new County Center to be carbon neutral and zero waste; and pursue carbon reduction and zero waste plans for remaining County facilities.

Pillar: Climate Action

Goal 2: Invest in the community to enhance resiliency and become carbon neutral by 2030.

Objective 1: Support carbon eliminating microgrid technology in communities and energy grid resilience to reduce impact of power loss during power shutdowns and natural disasters (floods, fires, earthquakes) through education and legislative advocacy, prioritizing critical infrastructure and vulnerable populations.

Goal 3 Make all County facilities carbon free, zero waste and resilient

Objective 2:

Design or retrofit County facilities that promote and maximize telework to decrease greenhouse gas emissions generated by employee commutes.

Objective 3:

Invest in County owned facilities, establishing carbon eliminating microgrid technology and improving energy grid resilience to reduce the impact of power loss during power shutdowns and natural disasters (floods, fires, earthquakes), prioritizing critical infrastructure such as command and communications facilities.

Prior Board Actions:

March 1, 2022 - Acquisition of Sears site at Santa Rosa Plaza, Santa Rosa, CA (APN: 010-660-003)

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5461708&GUID=EEB36BD7-D0CA-451D-BD4B-1415DD07C56F>

February 8, 2022 - Acquisition of Sears site at Santa Rosa Plaza, Santa Rosa, CA (APN: 010-660-003)

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5400007&GUID=85923049-0A35-4083-A831-82B44FDF6A83>

July 27, 2022 - New County Government Center - Selection of Preferred Proposed Site Location and CEQA Initiation

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=5036364&GUID=11C46654-6031-4EC2-AC8F-E47F95FF24AE>

January 5, 2021 - New County Government Center - Selection of Preferred Proposed Location

Agenda Date: 1/31/2023

<https://sonoma-county.legistar.com/LegislationDetail.aspx?ID=4742231&GUID=9DF49E87-F334-4A8A-9F61-3B84CCC701B8>

May 2018 - Staff Report on Deferred Maintenance

03/07/17 - Sonoma County Center Facilities Plan Financial Analysis, KNN Public Finance

January 15, 2013 - Comprehensive County Facilities Plan Update

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

No additional funds are requested at this time due to existing project funds. Staff will return to the Board with any future funding requests.

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- 1-Presentation
- 2-Reference Map of County Administration
- 3-Scale model photos

Related Items "On File" with the Clerk of the Board:

None.