

# COUNTY OF ALAMEDA REAL ESTATE MASTER PLAN

June 2009



# Table of Contents

<b>Section I: Executive Summary</b>	<b>p. I-1</b>	<b>Section IV: Department Profiles (cont.)</b>	
Overview	p. I-2	Human Resource Services	p. IV-21
Project Objectives and Drivers	p. I-4	Information Technology /	
Project Team and Process	p. I-5	Registrar of Voters	p. IV-23
Key Findings	p. I-7	Probation Department	p. IV-25
Options	p. I-10	Public Defender	p. IV-27
Recommendations	p. I-13	Public Works Agency	p. IV-29
<b>Section II: Background</b>	<b>p. II-1</b>	Sheriff's Office	p. IV-31
Context, Purpose and Goals	p. II-2	Social Services Agency	p. IV-33
Scope of Inquiry	p. II-3	Treasurer – Tax Collector	p. IV-35
Process Overview	p. II-6		
Methodology	p. II-8	<b>Section V: Options</b>	<b>p. V-1</b>
Project Drivers	p. II-14	Introduction	p. V-2
Key Assumptions	p. II-15	Guiding Principles	p. V-3
<b>Section III: Findings</b>	<b>p. III-1</b>	Locational Models	p. V-4
Introduction	p. III-2	Real Estate Scenarios Overview	p. V-6
Supply	p. III-3	Scenario Locations	p. V-8
Demand	p. III-33	Lake Merritt Scenarios	p. V-10
Real Estate	p. III-51	Broadway Scenario	p. V-28
<b>Section IV: Department Profiles</b>	<b>p. IV-1</b>	Downtown Scenario	p. V-37
Introduction	p. IV-2	Hayward Scenario	p. V-46
Assessor's Office	p. IV-3	Asset Disposition Opportunities	p. V-53
Auditor-Controller	p. IV-5	Financial Analysis	p. V-63
Child Support Services	p. IV-7	Additional Options	p. V-75
Community Development Agency	p. IV-9		
County Administrator /		<b>Section VI: Recommendations</b>	<b>p. VI-1</b>
Clerk of the Board	p. IV-11	Introduction	p. VI-2
County Counsel	p. IV-13	Real Estate Scenario Benefits	p. VI-3
District Attorney	p. IV-15	Alternative Workplace Strategies	p. VI-4
General Services Agency	p. IV-17	Sustainable Real Estate Practices	p. VI-6
Health Care Services Agency	p. IV-19	Space Planning/Design Guidelines	p. VI-8
		The Next Steps	p. VI-9
		<b>Appendix</b>	(separate volume)



# I. Executive Summary

## TABLE OF CONTENTS

Overview	p. I-2
Project Objectives and Drivers	p. I-4
Project Team and Process	p. I-5
Key Findings	p. I-7
Options	p. I-10
Recommendations	p. I-13

# OVERVIEW

Alameda County's core mission is **to enrich the lives of Alameda County residents through visionary policies and accessible, responsive, and effective services**. A critical component to accomplishing this mission is the effective utilization of real estate and facilities. Decisions related to these assets represent significant opportunities and costs.

Therefore, the County has identified the need for a Real Estate Master Plan report that will serve as a tool for integrated planning and decision-making for a substantial portion of the County's office and parking real estate portfolio in Oakland and Hayward.

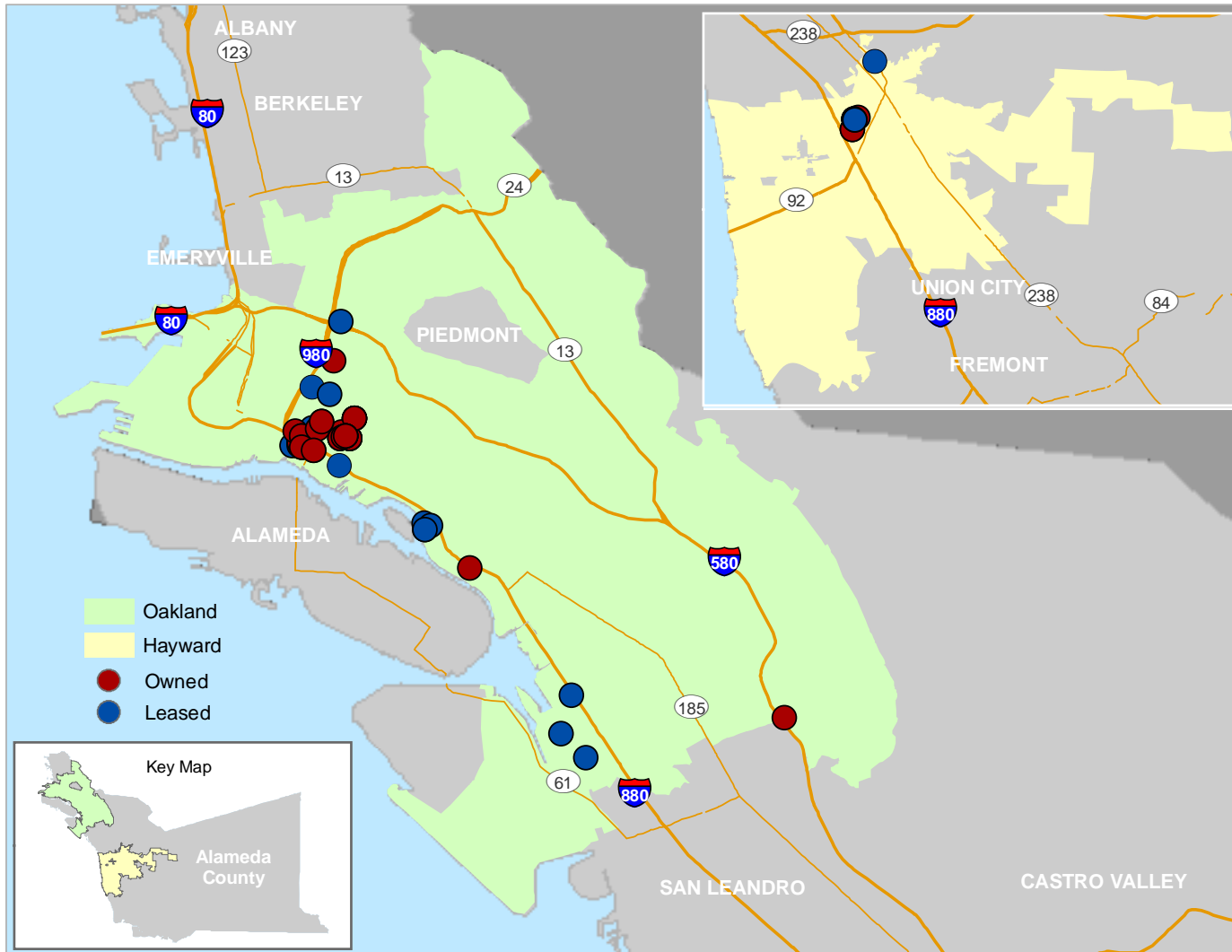
The goal of this 20-year Real Estate Master Plan report is to make recommendations to the Board of Supervisors for the most efficient and economic use of County owned and leased facilities at a five, ten, and twenty year increment in Oakland and Hayward.

Given the broad and comprehensive nature of such a report, the Team's approach to crafting a set of credible recommendations is guided by:

- The County's **expectations and directives** as defined by the scope of services.
- The need to employ a **comprehensive methodology** that leads to both long-term plans and more immediate real estate and facilities solutions.
- A clear **understanding of existing conditions**, which affect the content and implementation of the plan.
- Our professional expertise in evaluating and balancing **opportunities and hurdles**.

# OVERVIEW

## MAP OF FACILITIES IN OAKLAND AND HAYWARD STUDY AREAS



# PROJECT OBJECTIVES AND DRIVERS

## PROJECT OBJECTIVES

To meet the project goal of determining the most effective and efficient use of County properties, these principal objectives were identified:

- Develop two **comprehensive, long-term strategic master plans** for the development of County Center complexes in Oakland and in Hayward.
  - **Generate revenues and reduce operating costs** through a portfolio analysis and disposition/ acquisition plan.
  - **Add real estate value** to County properties as a by-product of the Real Estate Master Plan.
  - **Identify opportunities for best practices** in the physical work environment to attract and retain qualified employees.
  - Align a portion of the County real estate portfolio to **enhance productivity, creativity, customer service, and encourage cost efficiencies**.
  - Be **cognizant of how sustainability and “green” practices** can influence the Real Estate Master Plan.
- Fiscal constraints in County government are permanent. It is essential to **optimize real estate assets which are not needed for County purposes**.
  - Notwithstanding the current downturn in market conditions, portions of Alameda County’s real estate portfolio present **significant real estate opportunities** that could be exploited to help off-set capital costs for new, more efficient facilities.
  - Technological advances present numerous **opportunities to optimize work place operations** for the benefit of customers, employees, and tax-payers. Real estate planning needs to recognize that “electronic capital” is quickly becoming a critical component in the equation.
  - Recent **government mandates** require a new approach to facilities (e.g. AB 32-greenhouse gas legislation).
  - Alameda County, like all government agencies, is increasingly subject to the same economic forces as the private sector. Rapidly changing economic conditions demand that public entities **adopt proactive strategies** to minimize costs, and to whatever extent possible, increase revenues from independent sources.
  - Several properties currently owned by the County have been identified as **possible candidates for disposition**. These parcels might have a higher value to the County if they were to be sold, leased, or developed.

## PROJECT DRIVERS

The recommendations are based on key Project Drivers that have guided the County’s thinking and the Team’s approach:

- County facilities are beginning to age. As time goes on **buildings will become more costly to operate** in terms of energy and maintenance.
- Well-recognized **benefits of sustainability** may not be achievable within the existing portfolio.

# PROJECT TEAM AND PROCESS

## PROJECT TEAM

Throughout the process **Gensler** was supported by sub-consultants that comprised the Team and provided specific expertise:

- **Asset Strategies** - Real estate planning
- **DMJM Harris** - Parking analysis
- **DVP Associates** - Project management and acquisition/disposition strategy
- **Gruen Gruen + Associates** - Financial modeling and market analysis
- **Saylor Consulting** - Cost estimating

## PROJECT PROCESS

The work approach and process diagrammed on the following page were designed to integrate rigorous data collection and analysis with the active participation of County staff and key decision-makers. The process commenced in June 2007 and led to this final report in November 2008.

Major areas of inquiry included:

- Electronic surveys
- Site and facility tours
- Department interviews
- Data validation and informal discussion
- Market studies
- Quantitative and qualitative cost/benefit analyses.

Based on this process, as well as an understanding of the Project Drivers, the Team developed several real estate scenarios for Oakland and Hayward. These scenarios focused on various locations in Oakland and the existing Hayward campus. Studies in Oakland concentrated on the Lake Merritt area, the County's owned properties on Broadway near Jack London Square, and in the Downtown area. All scenarios assumed both the acquisition of new properties and the disposition (e.g. sale or lease) of County-owned surplus parcels. Each of the scenarios would present the County with significant opportunities and challenges. In our analysis, all of the scenarios were subjected to a series of quantitative and qualitative evaluation criteria.

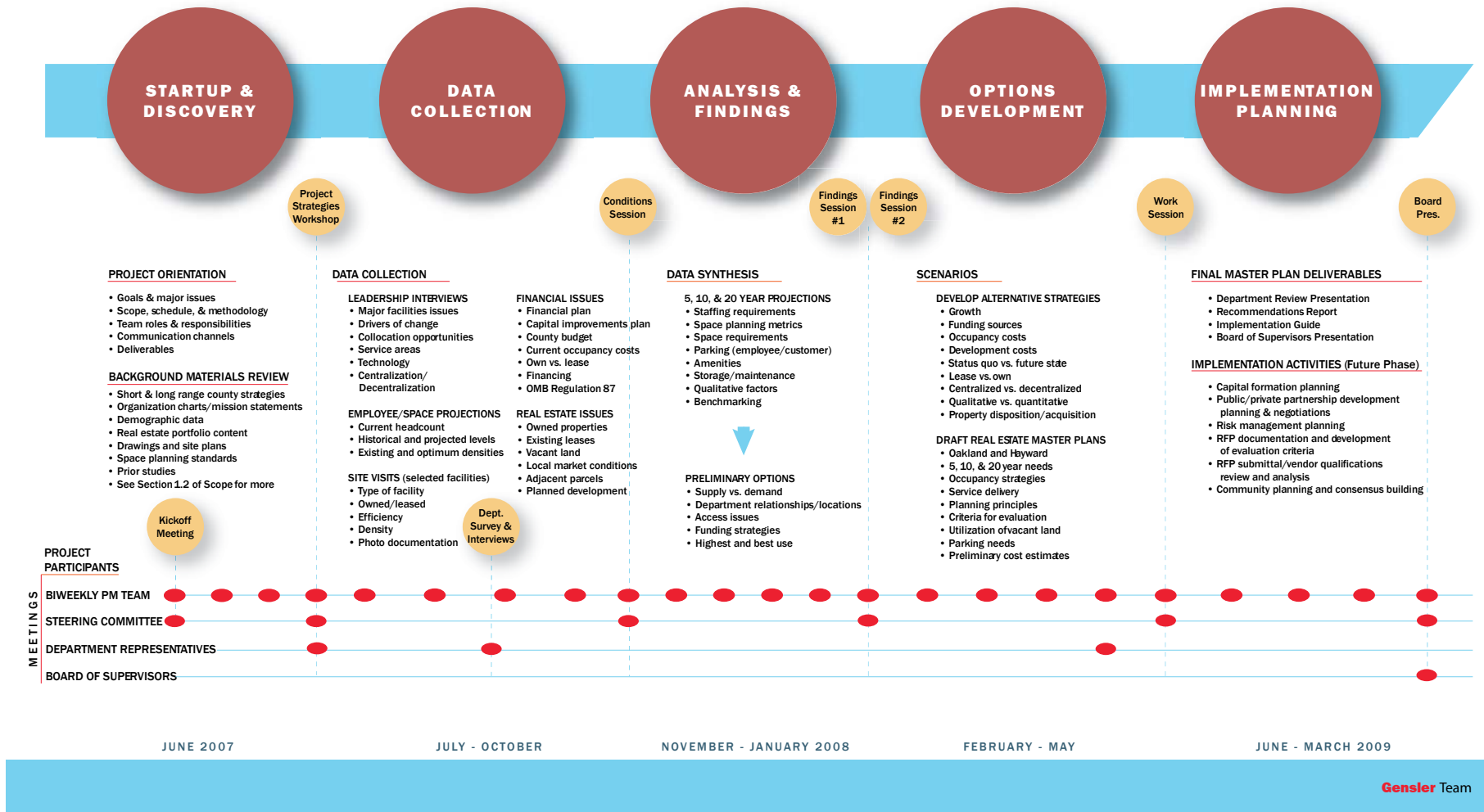
The basis of the quantitative analysis was to compare each of the scenarios against a status quo alternative. The status quo calculation assumed that there would be no changes in the County's owned and leased facilities other than normal maintenance and leases for new space in accordance with the growth projections. These financial models were projected over a 20-year period on both a cash and present value basis.

On the qualitative side, a series of criteria (such as employee convenience, neighborhood impact, etc.) were identified and scored. Based on this analysis, the Team selected the Recommended Plan.

The Recommended Plan is centered in the Lake Merritt area but also includes a significant relocation of departments currently located in Oakland to an expanded Hayward campus.

# PROJECT TEAM AND PROCESS

## ALAMEDA COUNTY REAL ESATE MASTER PLANS OAKLAND AND HAYWARD DOWNTOWN AREAS STRATEGIC PORTOLIO ANALYSIS PROCESS





# KEY FINDINGS

## OFFICE SUPPLY

### Existing Owned and Leased Portfolio

The scope of this study included a substantial portion of the County’s leased and owned office space in Oakland and Hayward.

Buildings	43
Owned Gross Square Footage (GSF)	835,722
Leased GSF	478,487
Total GSF	1,314,209
Headcount	4,031
Average GSF Per Person	326

A summary of the major findings is as follows:

- The **County’s facilities are well located for client services** and interdepartmental adjacency requirements.
- With a few exceptions, **the quality of the workspace ranges from adequate to excellent.**
- Workspace conditions in the Broadway facilities are generally poor and hamper the effectiveness of service delivery.
- The **Coroner’s Building is totally inadequate** for the Sheriff’s staff and their clients.
- **The Eden Multi-Service Center is running out of space.** Already at a high density and with staff projected to grow substantially over the next five years, new office space is needed.

## OFFICE DEMAND

### Adjacencies, Projected Growth, and Space Needs

- Since 1990, **County headcount has grown 1.07% per year on average.** This growth is in alignment with growth of the overall County population (1.03% annually).
- Overall, **County department leadership projected headcount growth to be 1.79%,** or 57 staff annually.
- Departments belonging to the General Government group are collectively projected to grow the fastest over the next 20 years at an average rate of 2.07% per year, followed by Public Assistance at 1.67% per year, Health Care at 1.56% per year and Public Protection at 0.42% per year.
- The current average office space is utilization 326 GSF per person among the properties in this study. However, based on industry benchmarks and planning metrics (both public and private sector) and County work practices, a more appropriate goal is to achieve 275 GSF per person.
- **If this could be achieved, it would take only 9% more space to accommodate 29% more staff.**
- Using the 275 GSF per person planning metric, **the County will require approximately 1.4 million gross square feet of office space in the study areas by budget year 2027/28 to meet projected headcount growth.** This is approximately 100,000 SF more office space than the County has now within the two study areas.

# KEY FINDINGS

## PARKING AND PUBLIC TRANSPORTATION

As part of the overall evaluation, on-site parking utilization and operational observations were conducted at 18 parking lots and structures in Oakland and Hayward. The data cited below is based on one-day field observations conducted from 8 a.m. to 5 p.m. during a workday. It should be noted that actual utilization rates can vary from 5-10% day to day. The following table summarizes the County supply and average utilization rates based on observations and statistics provided by the Team’s parking consultant.

### OAKLAND

Parking Facility	Stalls	Utilization
		Rate
400/401 Broadway Surface Parking	234	45%
585 7th Street Structure	544	45%
414 27th Street Structure	77	30%
470 27th Street Surface Parking	25	75%
ALCO Park Parking Garage	696	80%
1401 Lakeside Drive Structure	76	60%
1406 Franklin Surface Parking	77	55%

### HAYWARD

Parking Facility	Stalls	Utilization
		Rate
224 W. Winton Ave. Surface Parking	544	55%
24360 Amador Structure	600	45%
24085 Amador Surface Parking	173	40%
24100 Amador Surface Parking	588	78%

## Observations

- The County’s largest and most heavily used structure, ALCO Park Parking Garage, is **seriously deteriorated and needs to be replaced.**
- **For employee monthly parking, a utilization rate of 80% or higher, as found at ALCO Park, is considered at maximum capacity.**
- **Parking for employees and visitors in the Lake Merritt County Center area is in short supply.**
- Several County parking facilities in the **Broadway area are underutilized.**
- **Despite the County Center’s nearness to BART, all departments located there cited serious parking shortages for visitors and employees.** During departmental interviews there was frequent mention of employees continually having to leave their desks during the day to re-fill parking meters.
- **Only about 20% of employees regularly use BART or some other form of public transportation to reach the County Center,** though it is less than four blocks from the County Administration Building.
- **County staff will require adequate parking in Hayward** as there is no BART station nearby.
- Overall, **approximately 15% of County staff use public transportation to get to work** based on information received from the department survey forms.

# KEY FINDINGS

## REAL ESTATE

- Monthly market lease rate averages **\$2.24 PSF in Oakland and \$1.85 PSF in Hayward.**
- The County’s average monthly office lease rate is \$2.56 PSF in Oakland and \$2.19 PSF in Hayward, **both above average rates for their respective markets.**
- Multi-family residential sales prices in Oakland have declined, absorption rates have slowed considerably and the overall supply is higher than any time in the past decade.
- There may be an opportunity for the Social Services Agency to relocate it’s departments and staff at the County-owned 401 Broadway (approximately 77,000 USF) into leased space in order to take advantage of Federal reimbursement programs.

## SPACE UTILIZATION

The following selected information is noted for its relevance in crafting the various scenarios described in *Section V: Options*. Throughout this document there are references to gross and rentable square feet. Wherever possible, gross has been converted to rentable because industry-standard in office space financial analysis focuses on rentable square feet.

Existing Average GSF Per Person	326
Comparable Organizations (Benchmarks)	275
<b>Possible Savings</b>	<b>51</b>

Current County Office GSF in Study Area	1,314,209
Projected Office GSF Required in 2027	1,427,948
GSF Increase	113,740
<b>% Increase</b>	<b>9%</b>

Existing Headcount	4,031
Projected Headcount by 2027	5,193
Headcount Increase	1,161
<b>% Increase</b>	<b>29%</b>

With more efficient space utilization, **only 9% more space would be required to accommodate 28% more people.**

# OPTIONS

Numerous scenarios were developed, analyzed, and discussed with the County’s project management team. Ultimately, six options and two locational models were developed for key areas within Oakland and Hayward. These options are discussed in detail in *Section V: Options*.

## CENTRALIZED OAKLAND MODEL

### Oakland / Lake Merritt Scenarios

In the Centralized Oakland model, the three Lake Merritt scenarios envision the development of approximately 560,000 gross square feet (GSF). This would include approximately 540,000 SF of office space and approximately 20,000 SF of retail space in each scenario. Approximately 200 staff from four departments would be permanently relocated to Hayward.

- In **Option A**, this square footage is split between two 280,000 GSF buildings. One building would be located on the site of the existing ALCO Park Parking Garage, and the other located on the site of the private parking lot on Jackson Street between 13<sup>th</sup> and 14<sup>th</sup> Streets. Parking for approximately 700 cars would be part of each development (for a total of about 1,400 stalls).
- In **Option B**, one building would be located on the site of the existing ALCO Park Parking Garage, and the other located on the site of the County Administration Building. Parking for approximately 700 cars would be part of each development (for a total of about 1,400 stalls).

- In **Option C**, a single tower containing the entire 560,000 GSF would be located on the site of the existing ALCO Park Parking Garage. A single parking structure accommodating approximately 1,400 cars would be constructed on the site of the private parking lot on Jackson Street between 13<sup>th</sup> and 14<sup>th</sup> Streets.

### Broadway

In this scenario, the County would use its parcel at 400 Broadway (Probation Center) to construct a new building of approximately 629,000 GSF, including 609,000 GSF of office space and approximately 20,000 GSF of retail space. A parking structure accommodating approximately 870 cars would also be part of the development. The remaining parking requirements would be met at the County’s existing underutilized structure two blocks away at 585 7<sup>th</sup> Street and/or a nearby private parking structure closer to Jack London Square. This scenario would require the City to rezone the property to accept an increased floor area ratio (FAR).

### Downtown

The Downtown scenario requires the purchase of a privately owned parking structure at 13<sup>th</sup> and Franklin on which a new approximately 599,000 GSF building would be constructed including approximately 579,000 GSF of office space and approximately 20,000 SF of retail space. Current zoning in Oakland would accept this configuration. The building would also include approximately 925 parking spaces.

# OPTIONS

## CENTRALIZED OAKLAND MODEL (cont.)

### Hayward Scenario

The Hayward campus will have a key role in continuing to serve the eastern and southern part of the County. It may also be necessary to accommodate space that cannot be developed in Oakland due to zoning restrictions. In the Centralized Oakland model, a new building of approximately 290,000 GSF would be constructed on the site of the current facility at 224 W. Winton Ave, including approximately 270,000 GSF of office space and approximately 20,000 GSF of retail space. A new separate parking structure would also be constructed that would accommodate approximately 1,170 cars.

## REGIONAL MODEL

### Oakland / Lake Merritt Scenarios

In the Regional model, three Lake Merritt scenarios would include the development of approximately 394,000 gross square feet (GSF) , including approximately 374,000 GSF of office space and approximately 20,000 GSF of retail. Approximately 750 staff from ten departments would be permanently relocated to Hayward.

- In **Option A**, this square footage would be split between two 197,000 GSF buildings. One building would be located on the site of the existing ALCO Park Parking Garage, and the other located on the site of the private parking lot on Jackson Street between 13<sup>th</sup> and 14<sup>th</sup> Streets. Parking for approximately 575 cars would be part of each development (for a total of about 1,150 stalls).

- In **Option B**, this square footage would be also be split between two 197,000 GSF buildings. One building would be located on the site of the existing ALCO Park Parking Garage, and the other located on the site of the County Administration Building. Parking for approximately 575 cars would be part of each development (for a total of about 1,150 stalls).
- In **Option C**, a single tower containing the entire 394,000 GSF would be located on the site of the existing ALCO Park Parking Garage. A single parking structure accommodating approximately 1,150 cars would be constructed on the site of the private parking lot on Jackson Street between 13<sup>th</sup> and 14<sup>th</sup> Streets.

### Broadway

In this scenario, the County would use its parcel at 400 Broadway (currently occupied by the Probation Center) to construct a new building of approximately 446,000 GSF, including approximately 426,000 GSF of office space and approximately 20,000 GSF of retail space. A parking structure accommodating approximately 600 cars would also be part of the development. The remaining parking requirements would be met at the County's existing underutilized structure two blocks away at 585 7<sup>th</sup> Street and/or a nearby private parking structure closer to Jack London Square. This scenario may require the City to rezone the property to accept an increased floor area ratio (FAR).

# OPTIONS

## REGIONAL MODEL (cont.)

### Oakland / Lake Merritt Scenarios (cont.)

#### Downtown

The Downtown scenario requires the purchase of a privately owned parking structure at 13<sup>th</sup> and Franklin on which a new approximately 416,000 GSF building would be constructed, including approximately 396,000 GSF of office space and approximately 20,000 SF of retail space. Current zoning in Oakland would accept this configuration. The building would also include 650 parking spaces.

#### Hayward Scenario

In the Regional model, a new building of approximately 473,000 GSF would be constructed on the site of the current facility at 224 W. Winton Ave. This would include approximately 453,000 GSF of office space and approximately 20,000 SF of retail space. This larger size would be required to accommodate the 750 staff that would be permanently relocated from Oakland to Hayward. A new separate parking structure would also be constructed that would accommodate approximately 1,850 cars.

# RECOMMENDATIONS

The Team has developed a series of operational recommendations designed to enhance the performance of GSA Real Property, the portfolio at large, and ultimately the County workforce.

## CONTINUE TO EVALUATE REAL ESTATE SCENARIOS AS ECONOMIC CONDITIONS IMPROVE

We have created a tool that gives the County a way to evaluate the scenarios using both quantitative and qualitative criteria.

## EVALUATE THE USE OF ALTERNATIVE WORKPLACE STRATEGIES

Alternative workplace describes a range of strategies that support non-traditional work styles and more efficient use of the workplace. These strategies include:

- Flex time
- Telecommuting
- Leveraged seating
- Team-based settings
- Swing offices

The aim of these strategies is to respond to the changing nature of work and the changing context of business by better supporting a diversity of work styles, enhancing employee satisfaction and productivity, and utilizing resources more efficiently and sustainably.

It is important to note that **there is no single strategy that is appropriate for all organizations**. Each alternative workplace strategy responds to a specific set of needs and goals, and also has its own specific set of potential benefits and challenges. **Each strategy should be evaluated for potential benefits within the context of organizational goals, job functions, workplace culture and employee workstyles.**

## EXPAND SUSTAINABLE PRACTICES TO EXISTING BUILDINGS

The County should continue its commitment to excellence in sustainability by expanding its green building practices to its existing facilities. More specifically, the County should consider LEED-EB certification for its current portfolio of buildings.

## UTILIZE A CONSISTENT SPACE PLANNING GUIDELINE

A consistent space planning guideline should be used as the fundamental building block in reviewing and evaluating all prospective acquisitions/transactions (leasing, buying, and building). As described in the *Section III: Findings*, the Team recommends using a planning guideline of 275 GSF/Person wherever possible to plan for new or reconfigured space, understanding that varying building and floorplate sizes and configurations will necessitate some deviations.

# RECOMMENDATIONS

## **ADOPT AN INDUSTRY-STANDARD SPACE PLANNING METHODOLOGY**

The BOMA 96 standard is nationally the most widely accepted space allocation standard for office space. It attempts to allocate common areas equitably to all occupants in a building. This approach is especially critical in the County's multi-agency buildings. The Team recommends the adoption of BOMA 96 to measure and define space across the County's portfolio.

The Team has developed a series of operational recommendations designed to enhance the performance of GSA Real Property, the portfolio at large, and ultimately the County workforce.



## II. Background

### TABLE OF CONTENTS

Context, Purpose and Goals	p. II-2
Scope of Inquiry	p. II-3
Process Overview	p. II-6
Methodology	p. II-8
Project Drivers	p. II-14
Key Assumptions	p. II-15

# CONTEXT, PURPOSE & OBJECTIVES

In June 2007 the County of Alameda engaged the Gensler Team to complete a Real Estate Master Plan for its approximately 1.4 million square feet (SF) of owned and leased space located in the Oakland and Hayward study areas (see chart below and map on the following page).

## Total Owned and Leased SF in Study Areas

	Owned (USF)	Leased (RSF)	Total
Oakland	730,789	135,459	866,248
Hayward	381,961	193,354	575,315
Total	1,112,750	328,813	1,441,563
%	77%	23%	

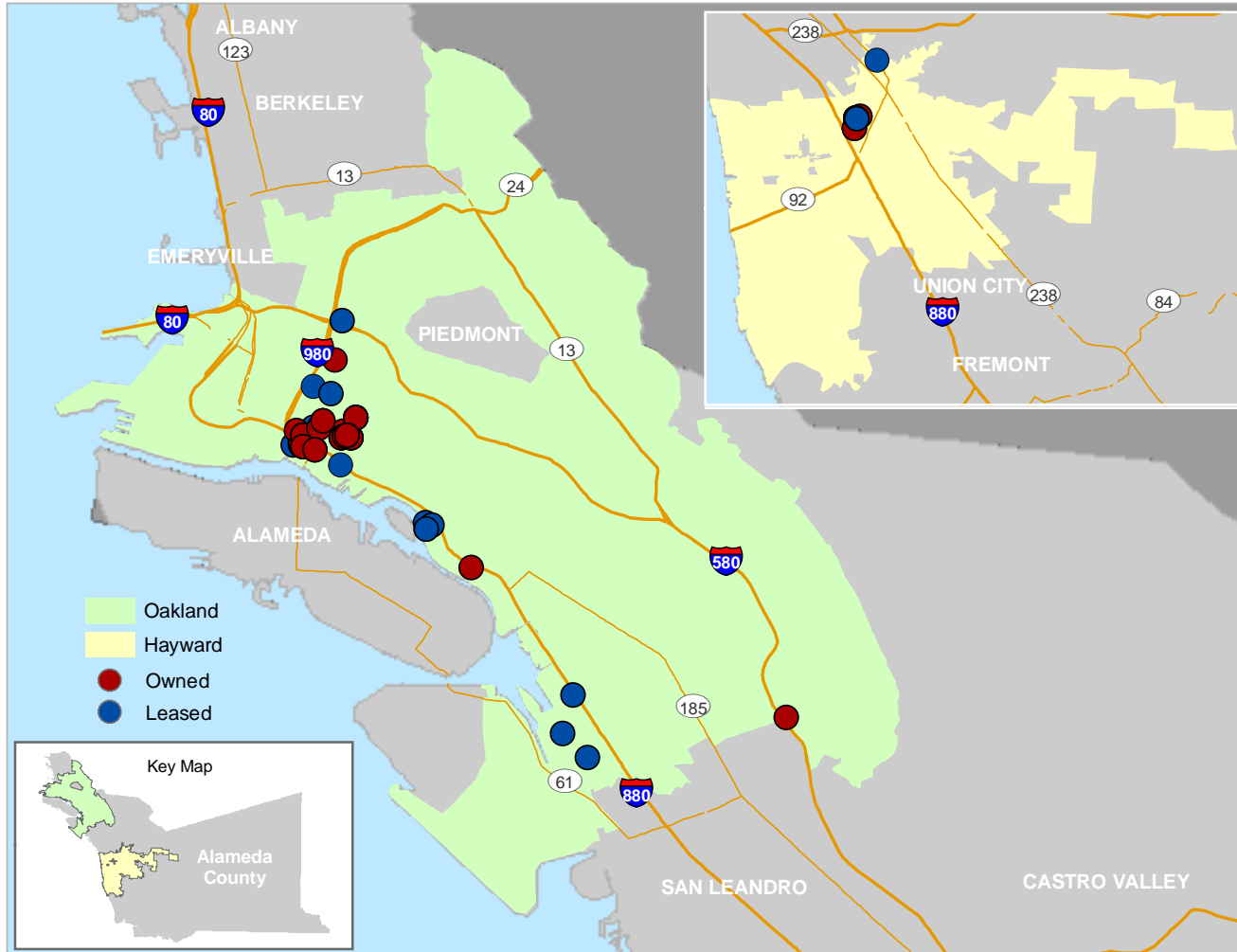
The study was driven by several principal objectives:

- Develop two **comprehensive, long-term strategic master plans** for the development of County Center complexes in Oakland and in Hayward.
- **Generate revenues and reduce operating costs** through a portfolio analysis and disposition/acquisition plan.
- **Add real estate value** to County properties as a by-product of the Real Estate Master Plan.
- **Identify opportunities for best practices** in the physical work environment to attract and retain qualified employees.
- Align a portion of the County real estate portfolio to **enhance productivity, creativity, customer service, and encourage cost efficiencies.**
- Be **cognizant of how sustainability and “green” practices** can influence the Real Estate Master Plan.

The Real Estate Master Plans that have emerged are planning frameworks for the County’s real estate and facilities that support the optimization of resources and the delivery of services to the people of Alameda County.

# SCOPE OF INQUIRY

The Real Estate Master Plans focus on County facilities within two distinct study areas. The map below identifies the current geographic locations of the facilities within Oakland and Hayward.



# SCOPE OF INQUIRY

The following is a listing of the buildings included in the Oakland and Hayward study areas. This list was current as of January 1, 2008.

## OAKLAND FACILITIES INCLUDED IN THE STUDY

FACILITY ADDRESS	FACILITY NAME	OWNED/LEASED
1000 Broadway, 5th FL, Oakland	Public Health Department Building	Leased
1001 22nd Avenue, Oakland	Lead Abatement Program	Leased
1106 Madison Street, Oakland	Recorder's Building	Owned
1221 Oak Street, Oakland	Alameda County Administration Building	Owned
1225 Fallon Street, Oakland	René C. Davidson Courthouse	Owned
125 12th Street, Oakland	12th & Oak Street Building	Owned
1401 Lakeside Drive, Oakland	1401 Lakeside Drive Building	Owned
1406-1424 Franklin Street, Oakland	Parking Lot (Surface)	Owned
165 13th Street, Oakland	ALCO Park Parking Garage	Owned
1900 Embarcadero St, Oakland	HCSA-1900 Embarcadero	Leased
1970 Broadway, STE 114, Oakland	HCSA HIV/AIDS-1970 BW	Leased
2000 Embarcadero #300, Oakland (Site 3)	Embarcadero #1	Leased
2000 Embarcadero St, # 4, Oakland	BHCS-2000 Embarcadero #4	Leased
2000 San Pablo Av., Oakland	2000 San Pablo Building	Leased
2901 Peralta Oaks Ct., Oakland	Peralta Oaks Building	Owned
3024 East 7th Street, Oakland	Estuary Bridge Offices	Owned
31 4th Street, Oakland	SSA Warehouse-31 4th St	Leased
312 Clay Street, Oakland	Public Defender Branch Office	Leased
333 5th Street, Oakland	Weights and Measures Building	Owned
333 Hegenberger Road, 600	HCSA-333 Hegenberger Road	Leased
3600 Telegraph Ave., Ste 100, Oakland	Pub Hlth-3600 Telegraph Ste 100	Leased

# SCOPE OF INQUIRY

## OAKLAND FACILITIES INCLUDED IN THE STUDY (cont.)

FACILITY ADDRESS	FACILITY NAME	OWNED/LEASED
3600 Telegraph Ave., Ste B, Oakland	3600 Telegraph Ave., Ste B, Oakland	Leased
380 Washington Street, Oakland	Public Defender Branch Office	Leased
393 13th Street, Oakland	393 13th Street Building	Owned
400 Broadway, Oakland	Probation Center	Owned
401 Broadway, Oakland	Social Services Agency Building	Owned
414 27th Street, Oakland	Parking Lot	Owned
470 27th Street, Oakland	Central Health-470 27th St	Owned
480 4th Street, Oakland	Coroner's Building	Owned
499 5th Street, Oakland	Public Health Lab Building	Owned
585 7th Street, Oakland	Parking Structure	Owned
661 Washington Street, Oakland	Wiley W. Manuel Courthouse	Owned
7677 Oakport Street, Ste. 650, Oakland	7677 Oakport	Leased
7677 Oakport Street, Ste. 750, Oakland	DA Welfare Fraud-7677 Oakport	Leased
8000 Capwell Drive, Oakland	Registrar of Voters	Leased

## HAYWARD FACILITIES INCLUDED IN THE STUDY

FACILITY ADDRESS	FACILITY NAME	OWNED/LEASED
22225 Foothill Blvd., Hayward	SSA Child Assessment Center	Leased
10 Moran Court, Hayward	Motor Vehicles Shop	Owned
224 W Winton Ave., Hayward	224 West Winton Ave. Building	Owned
24085 Amador Street, Hayward	Courthouse Square	Owned
24360 Amador Street, Hayward	Hywd Amador Parking Lot	Owned
399 Elmhurst St., Hayward	PWA Building	Owned
Winton-Amador-Elmhurst, Hayward	Parking Lot-Winton	Owned
24100 Amador Street	Eden Area Multi-service Center	Leased

# PROCESS OVERVIEW

The Real Estate Master Plan process consisted of five phases:

- Startup & Discovery
- Data Collection
- Analysis & Findings
- Options Development
- Implementation Planning

The process diagram on the following page details the specific activities that were involved in each phase. An overview of the primary data collection and analysis activities follows the diagram.

The process was designed to be highly interactive and involved the participation of County staff during face-to-face meetings and responding to electronic survey forms. The Team was also guided by discussions and work sessions with senior GSA staff, the County Administrator, and a steering committee comprised of senior agency and department representatives.

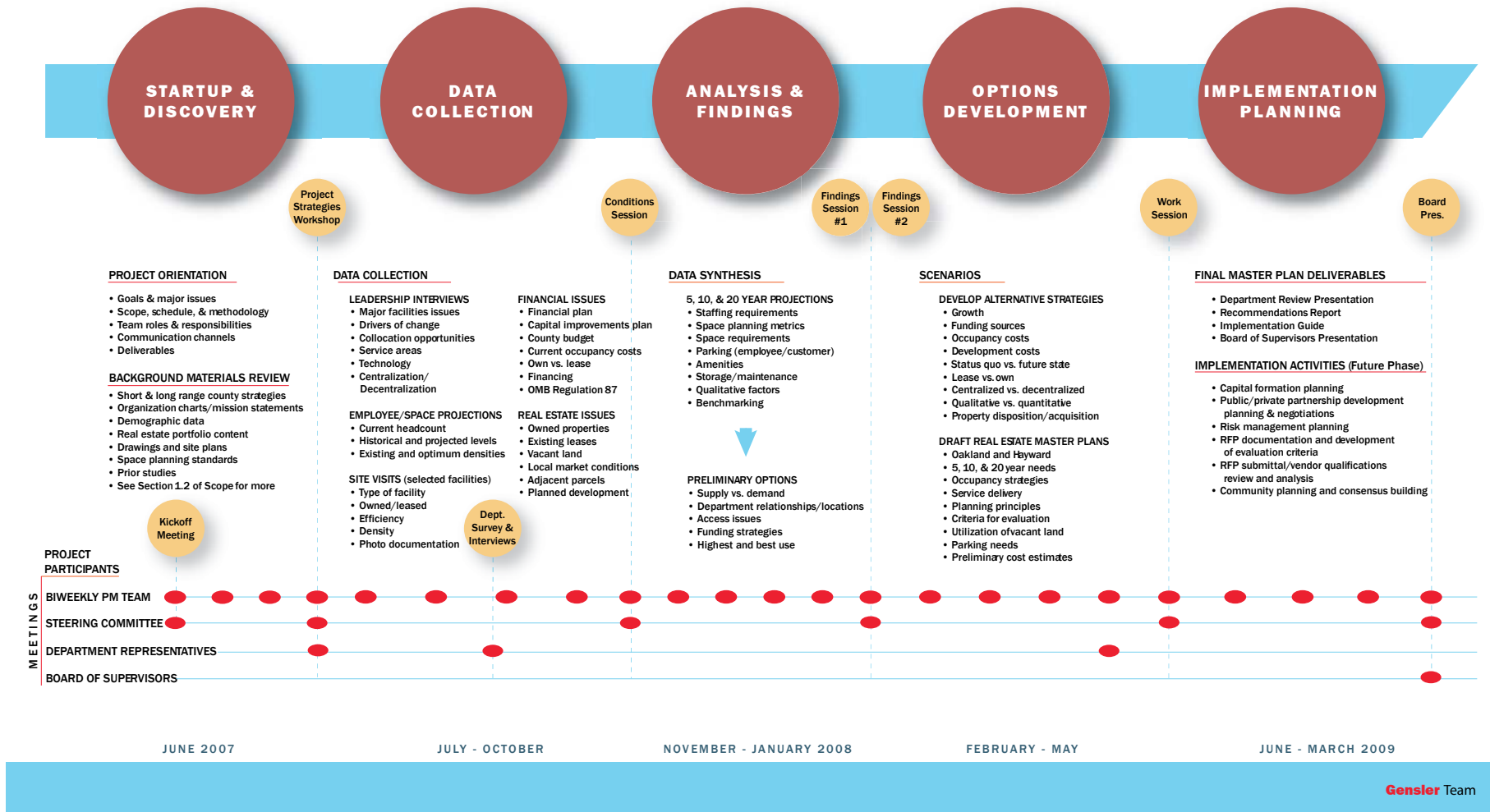
## PROJECT TEAM

Throughout the process **Gensler** was supported by sub-consultants that comprised the Team and provided specific expertise:

- **Asset Strategies** - Real estate planning
- **DMJM Harris** - Parking analysis
- **DVP Associates** - Project management and acquisition/disposition strategy
- **Gruen Gruen + Associates** - Financial modeling and market analysis
- **Saylor Consulting** - Cost estimating

# PROCESS OVERVIEW

## ALAMEDA COUNTY REAL ESTATE MASTER PLANS OAKLAND AND HAYWARD DOWNTOWN AREAS STRATEGIC PORTOLIO ANALYSIS PROCESS



# METHODOLOGY: Data Collection

## SURVEYS

In August 2007 electronic surveys were distributed to representatives of the following County agencies and departments:

- Assessor
- Auditor-Controller
- Child Support Services (DCSS)
- Clerk of the Board
- Community Development Agency (CDA)
- County Administrator (CAO)
- County Counsel (CC)
- District Attorney (DA)
- General Services Agency (GSA)
- Health Care Services Agency (HCSA)
- Human Resource Services (HRS)
- Information Technology Department (ITD)
- Probation
- Public Defender (PD)
- Public Works Agency (PWA)
- Registrar of Voters (ROV)
- Sheriff (ACSD)
- Social Services Agency (SSA)
- Treasurer-Tax Collector

The purpose of the survey was to gather and confirm the following information:

- Each department's existing locations within the two study areas.
- Estimated headcount growth projections over five, ten and twenty years.
- Trends impacting service delivery and work processes.
- Feedback on existing facilities and work environments.
- Critical and desired adjacencies (inter- and intra-departmental).

A portion of the first page of the survey form is shown on the following page. A full version of the survey form is included in the Appendix.



# METHODOLOGY: Data Collection

## SURVEY FORM SAMPLE

County Of Alameda Real Estate Master Plans	Agency/Department Survey
<p>As part of the Real Estate Master Planning process, we are submitting this survey to be filled out by the agencies and departments in the study areas. The questions in the survey focus on such issues as projected departmental growth, primary locational requirements, work with other departments or functional groups, storage, parking, and other critical real estate and facilities issues. In completing the survey, please take care to represent all your department's facilities that are included in the study areas in downtown Oakland and Hayward. To make the reading easier, we have referred to everyone as a "department," even though you may officially be an "agency."</p>	
<p>Please fill out the survey forms directly in Microsoft Word and Microsoft Excel, and then submit both forms via e-mail to vince_sena@gensler.com. We ask that you return your completed surveys by August 16. You are not limited to the space provided and the document will automatically adjust to accommodate additional information in any of the sections. If there is additional information that you feel is pertinent, please use Section VIII. Additional Comments. Accompanying this Word document is an Excel spreadsheet that asks for information specific to the individual facility locations of your department. Please fill in this spreadsheet when completing Sections II, III, V &amp; VII.</p>	
<p>Concurrent with the survey, we will be scheduling interviews with each of you to discuss some of the more qualitative issues around your work and facilities. If you have questions in the meantime, please feel free to contact our consultant Paul Natzke (310.449.5815, paul_natzke@gensler.com) or Elizabeth Brink (310.449.5753, elizabeth_brink@gensler.com).</p>	
<p>Please provide your name and phone number below in case we need to contact you with questions.</p>	
Name: _____ Tim Timberlake _____	
Email Address: _____ tim.timberlake@acgov.org _____	
Phone Number: _____ 510.208.9741 _____	
<b>DEPARTMENT OVERVIEW</b>	
Please confirm the formal name of your agency or department:	
Agency/Department: _____ General Services Agency _____	
<b>I. MISSION, GOALS &amp; CUSTOMERS SERVED</b>	
Please briefly describe your department's mission. What's most important about it?	
<b>MISSION:</b> To provide high quality services that are on time, fiscally responsible and convenient for our customers.	
<b>GSA VISION:</b> To achieve the greatest value for our customers through innovative, proactive and convenient service solutions.	

# METHODOLOGY: Data Collection

## SITE VISITS

Tours were conducted at the following locations to understand site issues and current occupancy, gather impressions of building conditions, and validate survey responses.

### Oakland

- 1000 Broadway (Public Health)
- 1106 Madison (Auditor-Controller)
- 1221 Oak Street (County Administration Building)
- 125 12<sup>th</sup> Street (Law Library/Conference Center)
- 1401 Lakeside Plaza (ACSD, GSA, HRS, PD)
- 1406 Franklin Street (Parking lot)
- 165 13<sup>th</sup> Street (ALCO Park)
- 1900 Embarcadero Street (Behavioral Health)
- 1970 Broadway (Public Health)
- 2000 Embarcadero (Behavioral Health)
- 2000 San Pablo Avenue (SSA)
- 2901 Peralta Oaks Court (DCSS)
- 312 Clay Street (Public Defender)
- 333 5<sup>th</sup> Street (Weights and Measures)
- 380 Washington Street (Public Defender)
- 393 13<sup>th</sup> Street (DCSS)
- 400 Broadway (Probation)
- 401 Broadway (SSA)
- 414 27<sup>th</sup> Street (Parking lot)
- 470 27<sup>th</sup> Street (Family Justice Center)
- 480 4<sup>th</sup> Street (Coroner)
- 499 5<sup>th</sup> Street (Public Health Lab)
- 585 7<sup>th</sup> Street (Parking structure)
- 7677 Oakport Street (DA)
- 8000 Capwell Drive (ROV)

### Hayward

- 224 W Winton Avenue (CDA and parking lot)
- 24085 Amador Street (Courthouse Square)
- 24360 Amador Street (Parking structure)
- 399 Elmhurst (PWA)
- 24100 Amador Street (Eden Center)

## DEPARTMENT INTERVIEWS

Meetings were held in September and October 2007 with key representatives of County agencies and departments located within the two study areas. Discussion topics included organizational change caused by external and internal factors, major issues and challenges, change to the nature of the department's work, service delivery methods, critical real estate issues, headcount projections, storage requirements, parking, and funding. Information gleaned during these meetings was used to inform the Real Estate Master Plan findings and recommendations. This information is summarized along with the survey responses in *Section IV: Department Profiles*.

# METHODOLOGY: Data Synthesis

## CALCULATING DEMAND

In order to assess the County’s demand for space, the Team determined an appropriate square foot per person based on industry benchmarks (both public and private sector) and County work practices. This number was “built up” by including a factor for support/amenity spaces, building efficiency, and conversion of rentable square feet to gross square feet. The Team recommends these metrics be used in the long-range planning of County space going forward.



# METHODOLOGY: Data Synthesis

## EMPLOYEE AND SPACE PROJECTIONS

The determination of the demand for space was a three-step process.

1. First, a survey was distributed to each department requesting, among other things, existing headcount and square footage by facility as well as staffing projections for 5, 10, and 20 years in the future (through 2027).
2. Existing facility square footages were then refined (as best as possible) to exclude non-office spaces, such as large training rooms, public-facing areas, storage, and warehouses.
3. Finally, using the previously determined planning metric, the Team translated the headcount projections into space projections.

An example of the headcount projection portion of the survey is shown below. A full version of the survey form is included in the Appendix.

## ASSESSOR

II. LOCATION					III. HEAD			
FACILITY ADDRESS	FACILITY NAME	Primarily Office Space?	Programs Served	Why is this location important?	OFFICE SPACE			
					Current Headcount 2007	Projected Headcount 2012	Projected Headcount 2017	Projected Headcount 2027
1221 Oak Street, Oakland	Alameda County Administration Bldg.	yes	Public contact, real property assessment	Proximity to the Auditor, Tax Collector, Recorder and Clerk, Assessment Appeals Board	156	216 (proposed law change)		
125 12 th Street, Suite 320	Third floor of the Conference Center	yes	Public contact, business personal property assessment	Proximity to the Auditor, Tax Collector, Recorder and Clerk, Assessment Appeals Board	31	31		

SAMPLE EMPLOYEE AND SPACE PROJECTION FORM

# METHODOLOGY: Data Synthesis

## BEST PRACTICES

One of the critical factors in planning for Alameda County's future was an understanding of what other similar governments and organizations are doing and how they're doing it. Collectively, the Team has drawn upon its similar experiences and lessons learned from a number of other counties, cities, the State of California, and private companies in order to provide direction to Alameda County. These benchmarked entities include:

- County of Orange
- County of San Bernardino
- County of Los Angeles
- County of Monterey
- County of Marin
- City of Los Angeles
- City of Sacramento
- State of California
- Los Angeles Unified School District
- Southern California Edison
- MetLife
- The Hearst Corporation

# PROJECT DRIVERS

The analysis and recommendations are based on key Project Drivers that have guided the County's thinking and the Team's approach:

- County facilities are beginning to age. As time goes on **buildings will become more costly to operate** in terms of energy and maintenance.
- Well-recognized **benefits of sustainability** will not be achievable within the existing portfolio.
- Fiscal constraints in County government are permanent. It is essential to **optimize real estate assets which are not needed for County purposes**.
- Notwithstanding the current downturn in market conditions, portions of Alameda County's real estate portfolio present **significant real estate opportunities** that could be exploited to help off-set capital costs for new, more efficient facilities.
- Technological advances present numerous **opportunities to optimize work place operations** for the benefit of customers, employees, and taxpayers. Real estate planning needs to recognize that "electronic capital" is quickly becoming a critical component in the equation.
- Recent **government mandates** require a new approach to facilities (e.g. AB 32-greenhouse gas legislation).
- Alameda County, like all government agencies, is increasingly subject to the same economic forces as the private sector. Rapidly changing economic conditions demand that public entities **adopt proactive strategies** to minimize costs, and to whatever extent possible, increase revenues from independent sources.
- Several properties currently owned by the County have been identified as **possible candidates for disposition**. These parcels, which include the 1401 Lakeside Drive building, the Alameda County Administration Building, Probation Center, the Social Services Agency Buildings to name a few, might have a higher value to the County if they were to be sold, leased, or developed.

# KEY ASSUMPTIONS

Recommendations and alternatives are based on information provided by County agencies and departments in terms of facility locations, square footages, current and projected headcount, lease information, acreage, and other facility and financial data. However, the County's portfolio is dynamic, so unforeseen changes that differ significantly from the data provided to the Team could impact the outcomes of the recommendations.

## EXCLUDED PROPERTIES

Several buildings or spaces within buildings have been excluded from the headcount projection analysis because they contain non-office workspaces. This includes (among others) warehouses, hearing rooms, and detention facilities. This was done so that office space needs projections would not be skewed and so that a standard square foot per person planning metric could be consistently applied. A complete list of excluded space and facilities is included in the Appendix.

## MAJOR PLANNING PARAMETERS

Several planning parameters were established to guide the space projection analysis:

- A "gross-up" factor of 7% (based on industry standards) was used to convert rentable square footage in leased facilities to gross square footage in order to create consistency in the analysis of owned and leased space demand.

- The Team assumed that the Federal program - detailed in the Office of Management and Budget Circular #87 (OMB 87) - that provides reimbursements to qualifying agencies and departments will continue over the next 20 years.
- Headcount growth assumptions were developed using a combination of historical trends and projected staffing level increases provided by each agency and department.

# III. Findings

## TABLE OF CONTENTS

Introduction	p. III-2
Supply	p. III-3
Demand	p. III-33
Real Estate	p. III-51





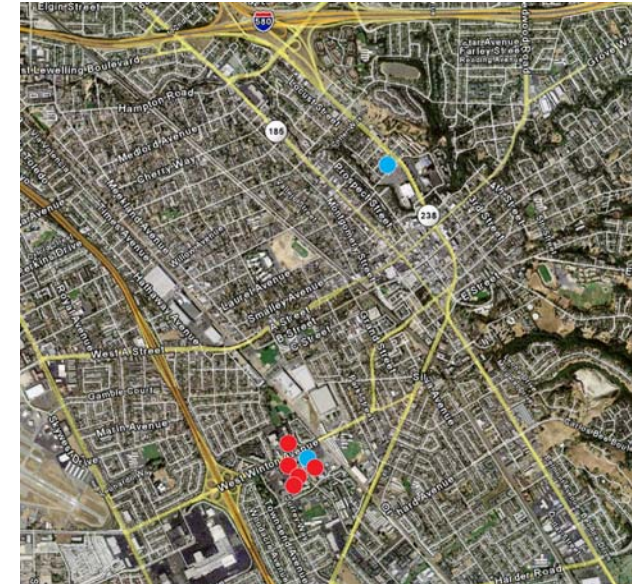
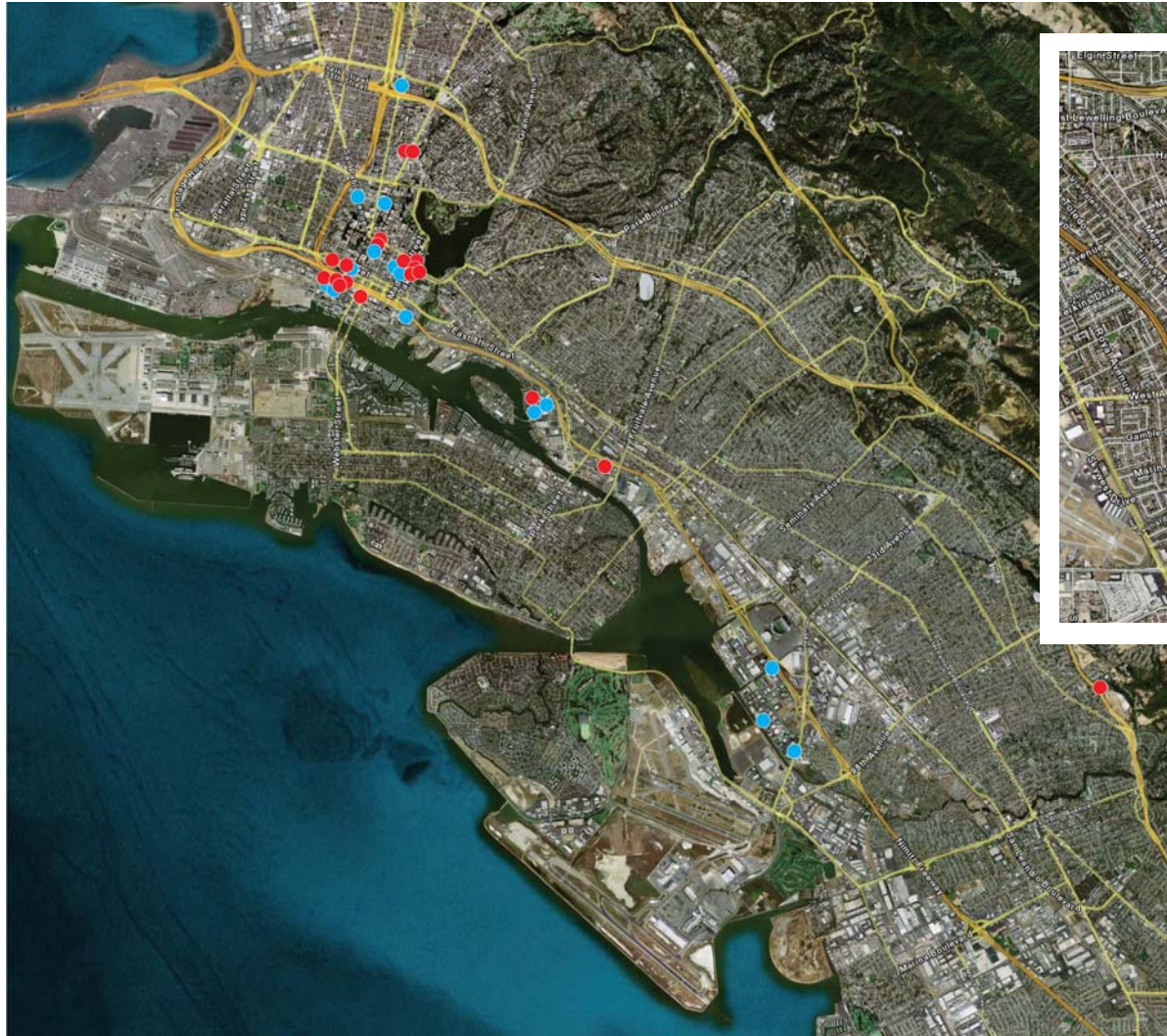
# INTRODUCTION

This Section details key findings as well as needs and opportunities that will likely occur within the planning horizon. The findings and opportunities discussed in this Section become the drivers for the recommendations that follow.

The Real Estate Master Plan analysis is based on a framework that looks at the supply and demand for space over a short and long-term horizon. The planning horizon identified for this Master Plan is twenty years, a relatively long period for any planning purposes.

# SUPPLY: Overview

## Oakland Facilities



Hayward Facilities

- Owned Facilities
- Leased Facilities

# SUPPLY: Overview

<b>Current Total Owned and Leased Space in Study Areas<sup>1</sup></b>			
	<b>Oakland</b>	<b>Hayward</b>	<b>Total</b>
Owned Space (Usable Square Feet)	730,789	135,459	866,248
Leased Space (Rentable Square Feet)	381,961	193,354	575,315
Office Headcount - Owned Space	2,009	429	2,438
Total Office Headcount - Leased Space	908	693	1,601
<b>Total Office Headcount in Study Areas</b>	<b>2,917</b>	<b>1,122</b>	<b>4,039</b>
Total Headcount per 2007-08 Final Budget			9,107
% of Total Headcount within Study Areas			44%
Average Owned Usable Square Feet per Person	364	316	355
Average Leased Rentable Square Feet per Person	421	279	359

Note:

1. As of October 2007. Based on returned survey forms and data provided by the County.

# SUPPLY: Portfolio

## Lake Merritt Complex

### Key Findings

- The County’s facilities at the Lake Merritt Complex are well located to serve constituents and for interdepartmental adjacencies.
- In general, the quality of the workspace found at the Lake Merritt Complex is adequate to excellent.
- With a few exceptions, overcrowding and space underutilization are not evident at the Lake Merritt facilities. An adequate amount of “swing space” is available for departmental moves.



Location Map for Lake Merritt Complex

Owned   
Leased 

# SUPPLY: Portfolio

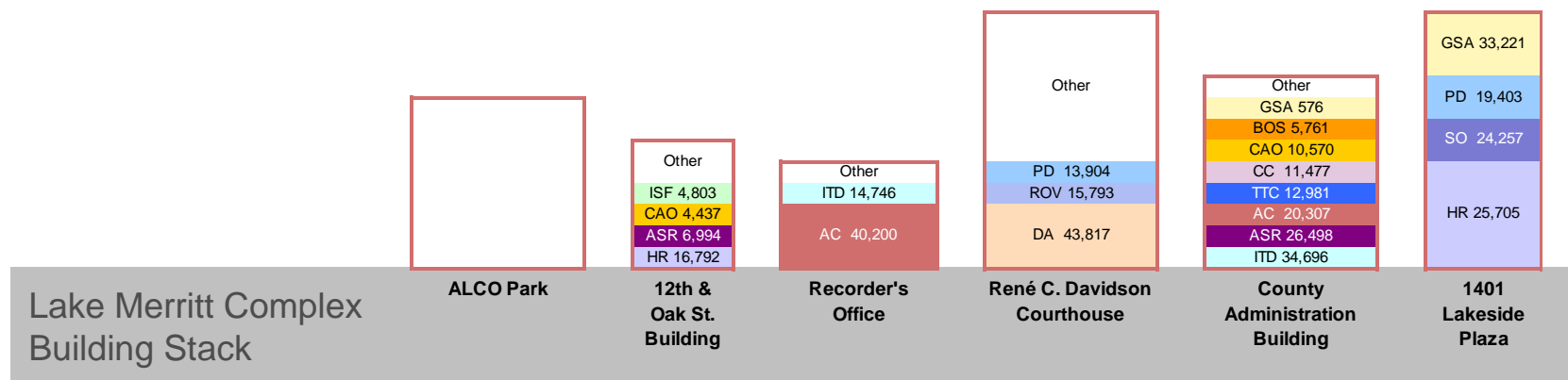
## Lake Merritt Complex

### Key Findings

- A lack of employee and visitor parking was consistently reported by all departments.

	Staff	SF
Owned	1,231	386,938 USF
Leased	0	0 RSF
<b>Total</b>	<b>1,231</b>	

Abrv	Department	SF
ASR	Assessor	33,492
AC	Auditor-Controller	60,507
BOS	Board of Supervisors	5,761
CAO	CAO	15,007
CC	County Counsel	11,477
DA	DA	43,817
GSA	GSA	33,797
HR	Human Resource Services	42,497
ISF	Internal Service Funds	4,803
ITD	ITD	49,442
PD	Public Defender	33,307
ROV	Registrar of Voters	15,793
SO	Sheriff's Office	24,257
TTC	Treasurer-Tax Collector	12,981
Other	Includes non-County uses, common space	



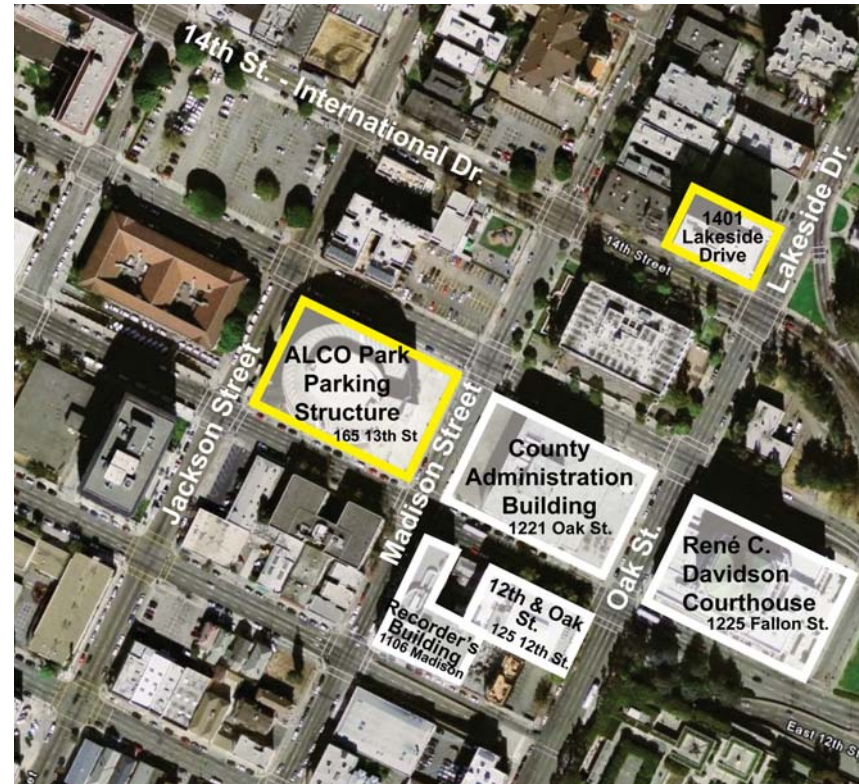
Note: Based on returned survey forms and data provided by the County as of October 2007. Square footage includes non-office uses such as public counters, large training rooms, public mtg. rooms.

# SUPPLY: Portfolio


## Lake Merritt Complex

### Major Issues

- Without exception, the **biggest issue as indicated by the departments in the Lake Merritt area is the scarcity of parking.** Many departments mentioned that the waiting time to obtain a parking space at ALCO Park is more than six years, forcing employees to use street parking or private lots.
- County workers who park on the street must feed parking meters every 2 hours, wasting time and disrupting workflow.



Parking Location Map for Lake Merritt Complex

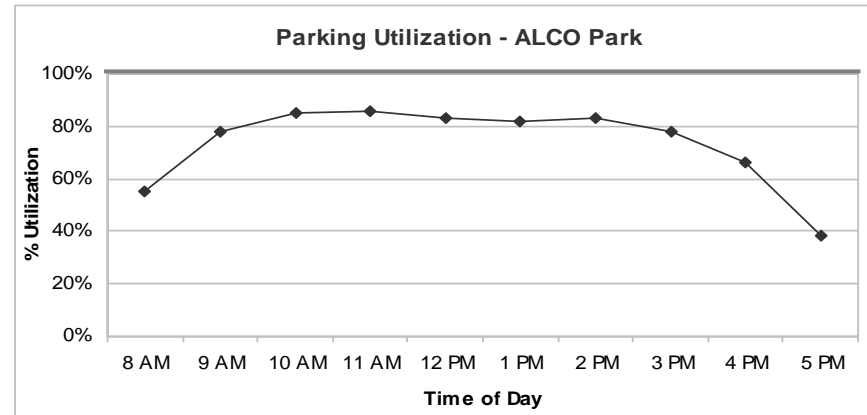
Parking 

# SUPPLY: Portfolio

## Lake Merritt Complex

### Major Issues

- **ALCO Park**, as seen on the chart, is at **80% capacity or greater** throughout most of the work day. **Utilization at this level is generally considered an overcrowded condition.**
- Due to the lack of available onsite parking, employees have cited **security as a major concern when walking to public transit or private parking lots late at night.**
- The **lack of adequate office space was the second most mentioned issue.** In our observations, however, **overcrowding was not necessarily the cause of inadequacy.**
- The **one exception of overcrowding was the District Attorney's offices in the René C. Davidson Courthouse** in which two attorneys typically shared a single office. This, we were told, was more by choice than by necessity and typifies the preference to be in the historic courthouse.



Lake Merritt Complex Parking Space Count			
	Surface	Structure	Total
Parking Spaces	0	772	772 *

Note: Parking Utilization and Parking Space Counts are from the Team's parking consultant, DMJM Harris.

\* Total structure counts include 696 spaces at ALCO Park and 76 spaces at 1401 Lakeside.

# SUPPLY: Portfolio

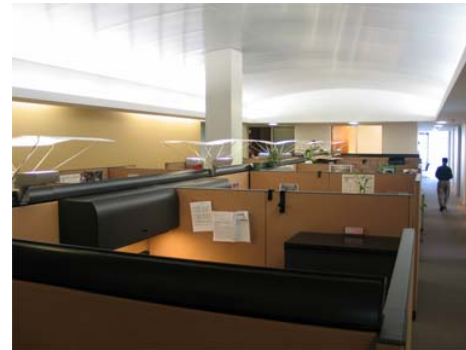
## Lake Merritt Complex

### Workplace

- While the majority of space is adequate-to-excellent, **it is uneven across the Lake Merritt Complex**, ranging from cramped work spaces (DA's ninth floor offices in the René C. Davidson Courthouse and the Board of Supervisors offices in the County Administration Building) to spacious work environments (the County Counsel offices in the County Administration Building).
- Offices, work stations, support space, public areas, furniture and fixtures **vary widely in quality** (i.e. the County Counsel's offices in comparison to the CAO's offices).
- Overall, **client-facing areas are in good condition and serve constituents well**, although space needs sometimes exceeds capacity during peak demand (e.g. Tax Collector counters during tax season).



Cramped quarters of the District Attorney in René C. Davidson Courthouse



Modern, elegant offices of the County Counsel at the County Administration Building



Typical, new workstations found in the Lake Merritt complex (Human Resources Services space in 1401 Lakeside Drive)



# SUPPLY: Portfolio

## Lake Merritt Complex Storage and Electronic Imaging

- For many departments, **electronic imaging has substantially reduced the need for onsite storage.** However, a few departments have not yet fully implemented this technology, such as the Assessor, and Sheriff.



Client-facing counters, like these at the Clerk Recorder's space in the Recorder's Building, are generally welcoming and efficient



Document imaging in mass production at the Auditor-Controller's offices in the Recorder's Building



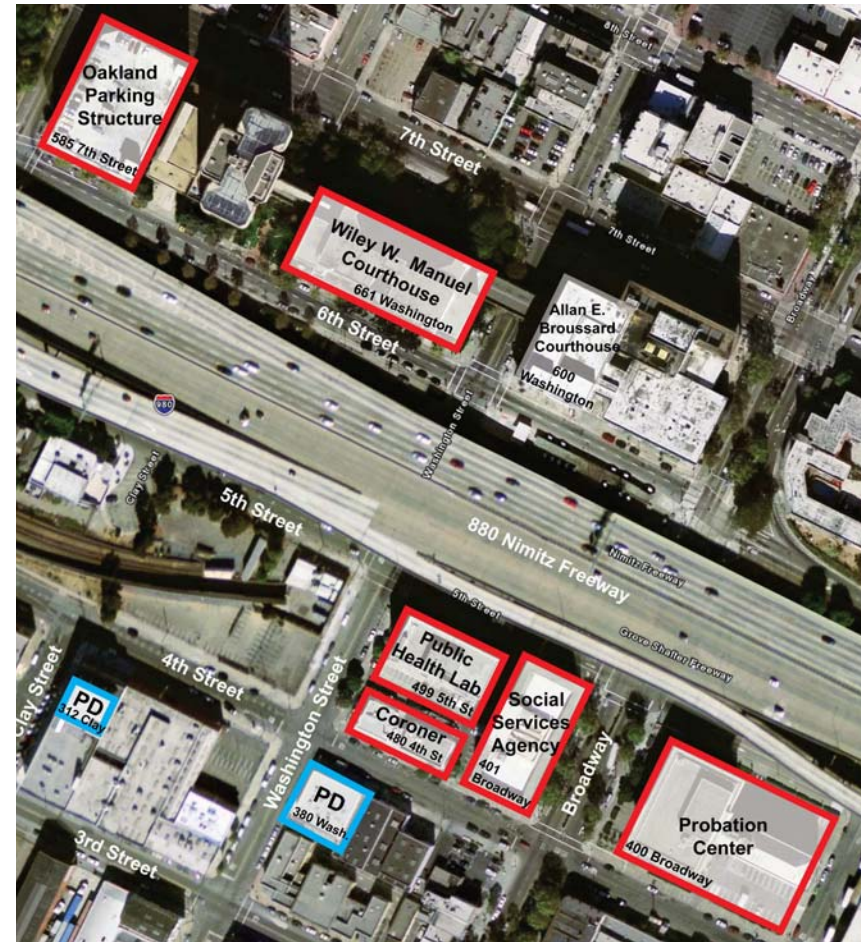
Hallways used for storage needs at the CAO's offices in the County Administration Building

# SUPPLY: Portfolio

## Broadway Complex

### Key Findings

- Although the County's Broadway facilities are well located for client service and interdepartmental adjacencies, **working conditions in many of these buildings hamper the effectiveness of County employees to deliver services.** This is especially true for the Coroner's Building.
- With a few exceptions, the **quality of workspace in the Broadway Complex is poor to adequate.**
- Due to organizational moves and shifting need, **vacant and underutilized space is much more evident in the Broadway facilities,** most notably the Public Defender space at 380 Washington, the Public Health Lab, and the Probation Center at 400 Broadway.



Location Map for Broadway Complex

Owned   
Leased 

# SUPPLY: Portfolio

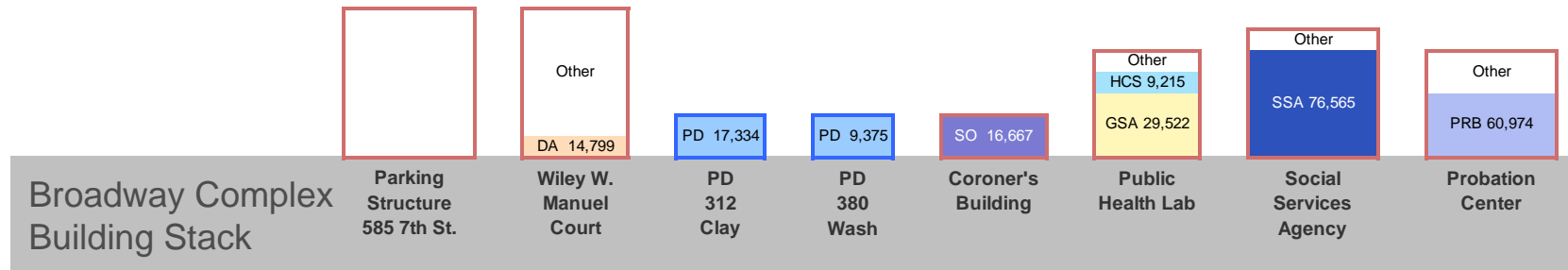
## Broadway Complex

### Key Findings

- The **Allen E. Broussard Justice Center's deterioration and subsequent evacuation** brings to light the shortcomings of the Broadway facilities.
- The SSA is not taking advantage of Federal reimbursements available under OMB 87 for it's space in 401 Broadway. If this space were located in a leased facility, approximately 85% of lease costs could be eligible for reimbursement.

Broadway Complex Space		
	Staff	SF
Owned	521	207,742 USF
Leased	64	26,709 RSF
<b>Total</b>	<b>585</b>	

Broadway Complex Space by Department		
Abrv	Department	SF
DA	District Attorney	14,799
GSA	GSA	29,522
HCS	Health Care Services	9,215
PD	Public Defender	26,709
PRB	Probation	60,974
SO	Sheriff's Office	16,667
SSA	Social Services Agency	76,565
Other	Includes non-County uses, common space	



Note: Based on returned survey forms and data provided by the County as of October 2007. Square footage includes non-office uses such as public counters, lab space, public mtg. rooms.

# SUPPLY: Portfolio

## Broadway Complex

### Major Issues

- The most glaring issue in addressing existing space utilization is the total inadequacy of the **Coroner's Building** for the Sheriff's staff and their clients.
- Of immediate concern is **deciding the best use of the excess space in the Probation Center, the Public Defender's 380 Washington building and the Public Health Lab Building.**



Parking Location Map for Broadway Complex

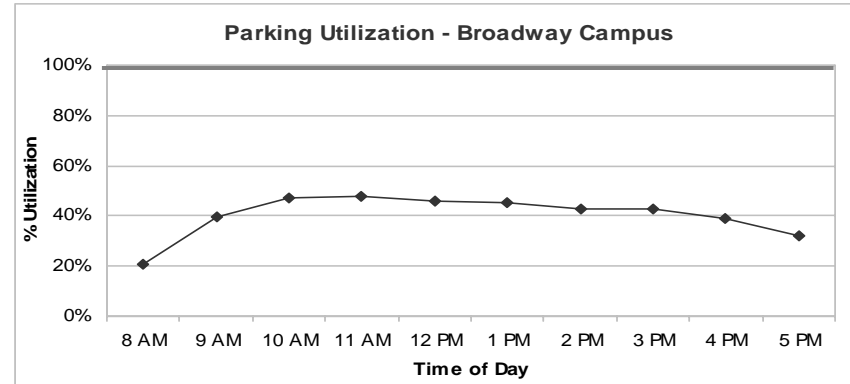
Parking 

# SUPPLY: Portfolio

## Broadway Complex

### Major Issues

- **Parking, in general, is not an issue at the Broadway complex** unlike the Lake Merritt complex. As the parking utilization chart indicates, **parking is utilized less than 50% of the time** on site and at adjacent lots and structures.
- However, the Social Services Agency (SSA) has noted a need for **more parking immediately adjacent to its 401 Broadway location** for its child welfare workers when dropping off children.



Broadway Complex Parking Space Count			
	Surface	Structure	Total
Parking Spaces	234	622	856

Note: Parking Utilization and Parking Space Counts are from the Team's parking consultant, DMJM Harris.

# SUPPLY: Portfolio

## Broadway Complex

### Workplace

- The **quality of space is highly uneven across the Broadway complex**, ranging from the well-designed, well-lit Public Defender offices to the unworkable conditions of the Coroner's Building, to the deteriorating and vacant floors of the Public Health Lab building.
- Offices, work stations, support space, public areas, furniture and fixtures also **vary widely in size and quality**.
- In general, **client-facing areas are inadequately designed**, characterized by the porous security system at the Probation Center and the minimal client-facing area at the Coroner's Building.



Well-designed Public Defender space at 380 Washington



Crowded, antiquated workspace at Coroner's Building



Typical workstation in the Probation Center at 400 Broadway

# SUPPLY: Portfolio

## Broadway Complex

### Storage and Electronic Imaging

- For many departments in this area, electronic imaging has not been fully implemented. As a result, **there is a need to manage onsite and long-term storage space.**



Inadequate public counter at the Coroner's Building



"Make-do" client meeting area in lobby of Social Services Agency Building at 401 Broadway



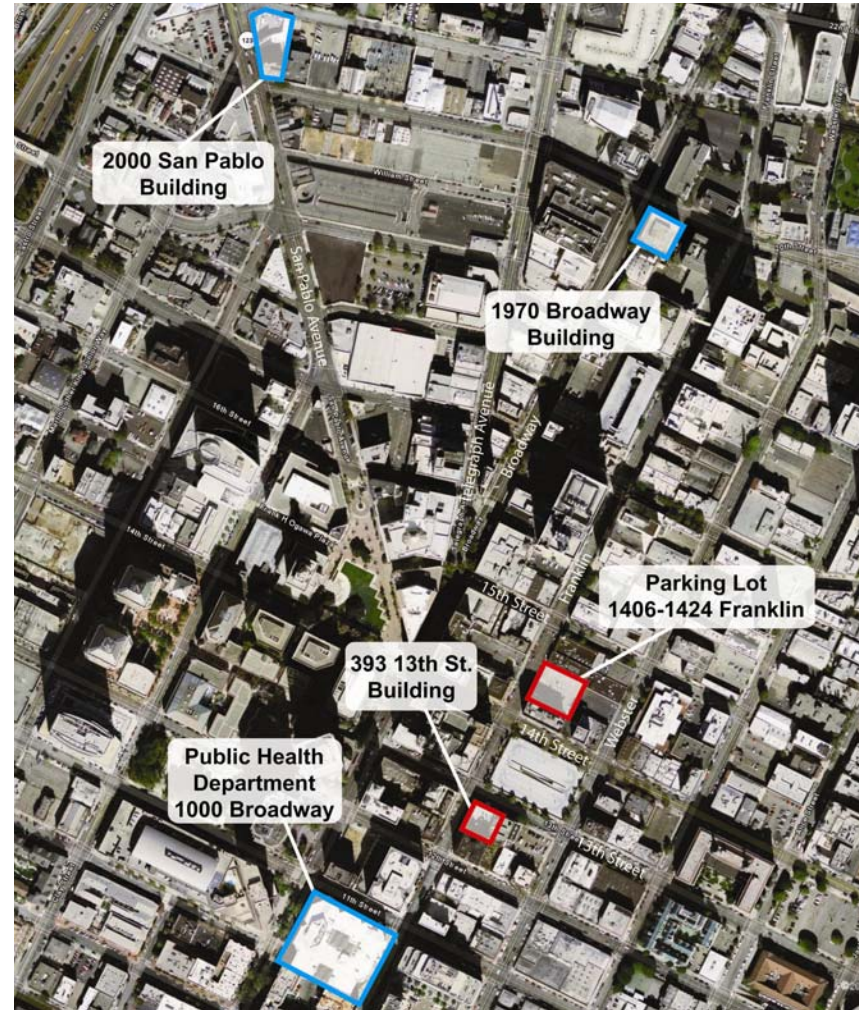
Onsite file storage is more evident, like this found at the Public Defender space in 312 Clay, at the Broadway complex

# SUPPLY: Portfolio

## Downtown Oakland Area

### Key Findings

- In general, **the quality of the workspace** in the Downtown Oakland Area is **good to excellent**.
- The facilities are reported to be **well located for client service**.
- For the departments in this area, Health Care, Social Services, and DCSS, **interdepartmental adjacencies are not critical to their operation**.



Location Map for  
Downtown Oakland Area

Owned   
Leased 



# SUPPLY: Portfolio

## Downtown Oakland Area

### Key Findings

- 1000 Broadway is overcrowded and suffers from a confusing and light-deficient space layout. Most other facilities in the Downtown area are neither overcrowded nor underutilized.

Downtown Oakland Space		
	Staff	SF
Owned	64	42,600 USF
Leased	520	159,292
<b>Total</b>	<b>584</b>	

Downtown Oakland Space by Department		
Abrv	Department	SF
DCS	Department of Child Support Svcs	42,600
HCS	Health Care Services Agency	56,888
SSA	Social Services Agency	102,404
Other	Includes non-County uses, common space	



Note: Based on returned survey forms and data provided by the County as of October 2007. Square footage includes non-office uses such as public counters, large training space, public mtg. rooms.

# SUPPLY: Portfolio


## Downtown Oakland Area

### Major Issues

- With DCSS staff moving out of the the 393 13<sup>th</sup> Street building, much of this building will become vacant. A new County user has not been identified and the space may be difficult to lease in the near term.
- The SSA staff at 2000 San Pablo has noted that **they are quickly running out of space**. However, this facility has generously-dimensioned workstations and circulation space. **Density could be increased to accommodate more staff.**



Parking Location Map for Downtown Oakland Area

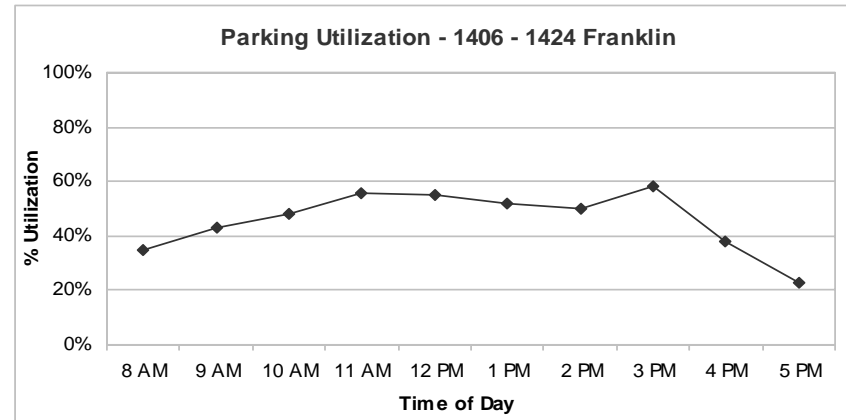
Parking 

# SUPPLY: Portfolio

## Downtown Oakland Area

### Major Issues

- **Affordable and available staff parking is limited** at the Downtown Oakland Area, especially at the 2000 San Pablo location. **This situation will worsen as the surrounding neighborhoods continue to densify.** Proximity to public transit seems to mitigate this issue.
- **The 1406-1424 Franklin parking lot appears to be underutilized and could be used for County employee parking,** though it is not within walking distance of 2000 San Pablo.



Downtown Oakland Area Parking Space Count			
	Surface	Structure	Total
Parking Spaces	77	0	77

Note: Parking Utilization and Parking Space Counts are from the Team's parking consultant, DMJM Harris.

# SUPPLY: Portfolio

## Downtown Oakland Area

### Workplace

- Due to the newness of the spaces and recent renovations, **the quality of space at these facilities is uniformly good.**
- Offices, work stations, support space, public areas, furniture and fixtures **are typically of good quality.**
- **Client-facing spaces are generally well-designed**, in good condition and seem to serve clients well.
- At the Public Health Department building at 1000 Broadway, **the combination of a large floor plate, closed offices and long corridors creates an inefficient, poorly-lit work environment with confusing navigation.**



New workstations, an abundance of natural light, and good support spaces in the SSA's 2000 San Pablo facility



Spacious workstations and broad aisles are common in most of these facilities (2000 San Pablo)



Long corridors and a large floor plate create an inefficient work environment at Public Health Department space at 1000 Broadway

# SUPPLY: Portfolio

## Downtown Oakland Area

### Storage and Electronic Imaging

- Electronic imaging has been actively pursued, especially by SSA, and has significantly reduced the need for onsite file storage.



Ground floor space at HCSA's 1970 Broadway facility serves clients' needs well



Comfortable, welcoming waiting area at Public Health Department space at 1000 Broadway



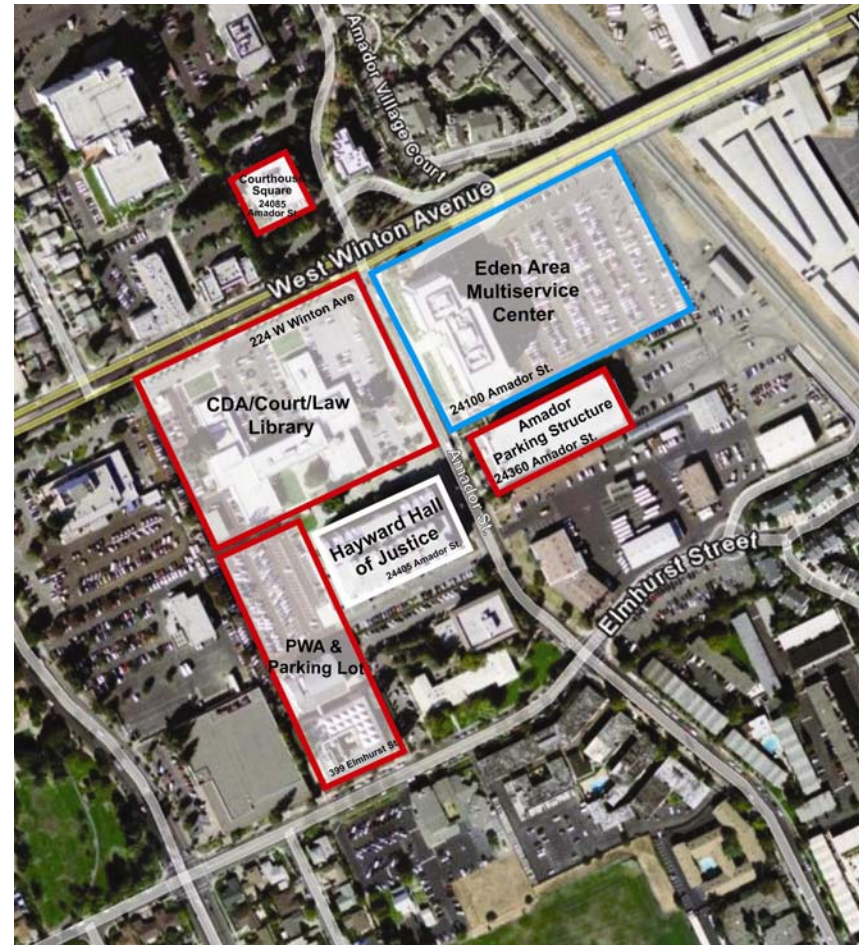
Finding an efficient use for the 393 13<sup>th</sup> Street Building with its large first floor public space will be challenging

# SUPPLY: Portfolio

## Hayward Complex

### Key Findings

- The quality of workspace in the Hayward Complex is, in general, moderate-to-very good. Many of the workspaces are new or have been recently renovated.
- Other than the 224 West Winton building, space at the Hayward Complex appears to be well-utilized. The Eden Area Multi-service Center is at the point of overcrowding.
- As the service hub for South Alameda County, the Hayward Complex is well located to serve clients.



Location Map for Hayward Complex

Owned   
Leased 

# SUPPLY: Portfolio

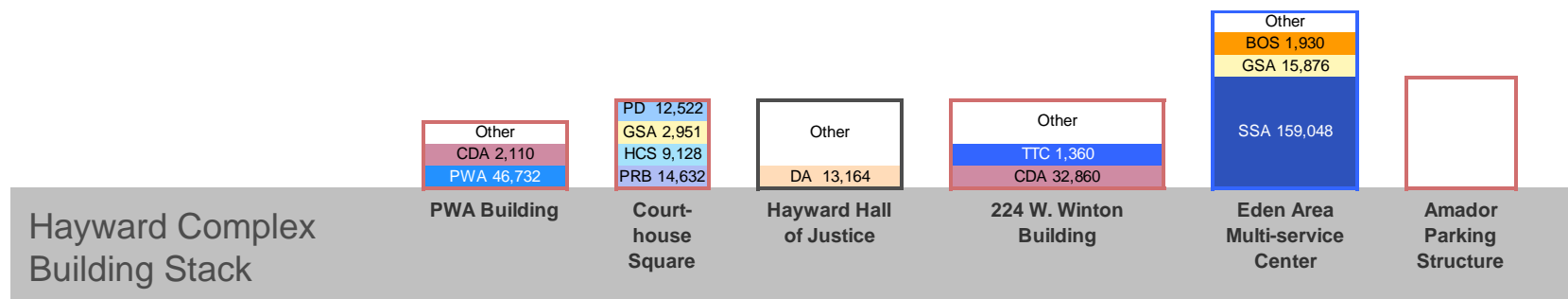
## Hayward Complex

### Key Findings

- With all facilities located near each other, **departmental adjacency is not a major issue but can be improved through consolidation.**
- The **capacity for parking currently exceeds demand**, readily able to accommodate both employees and visitors.

Hayward Complex Space		
	Staff	SF
Owned	429	135,459 USF
Leased	652	176,854 RSF
<b>Total</b>	<b>1,081</b>	

Hayward Complex Space by Department		
Abrv	Department	SF
BOS	Board Of Supervisors	1,930
CDA	Community Development Agen	34,970
DA	District Attorney	13,164
GSA	GSA	18,827
HCS	Health Care Services Agency	9,128
PD	Public Defender	12,522
PRB	Probation	14,632
PWA	Public Works Agency	46,732
SSA	Social Services Agency	159,048
TTC	Treasurer-Tax Collector	1,360
Other	Includes non-County uses, common space	



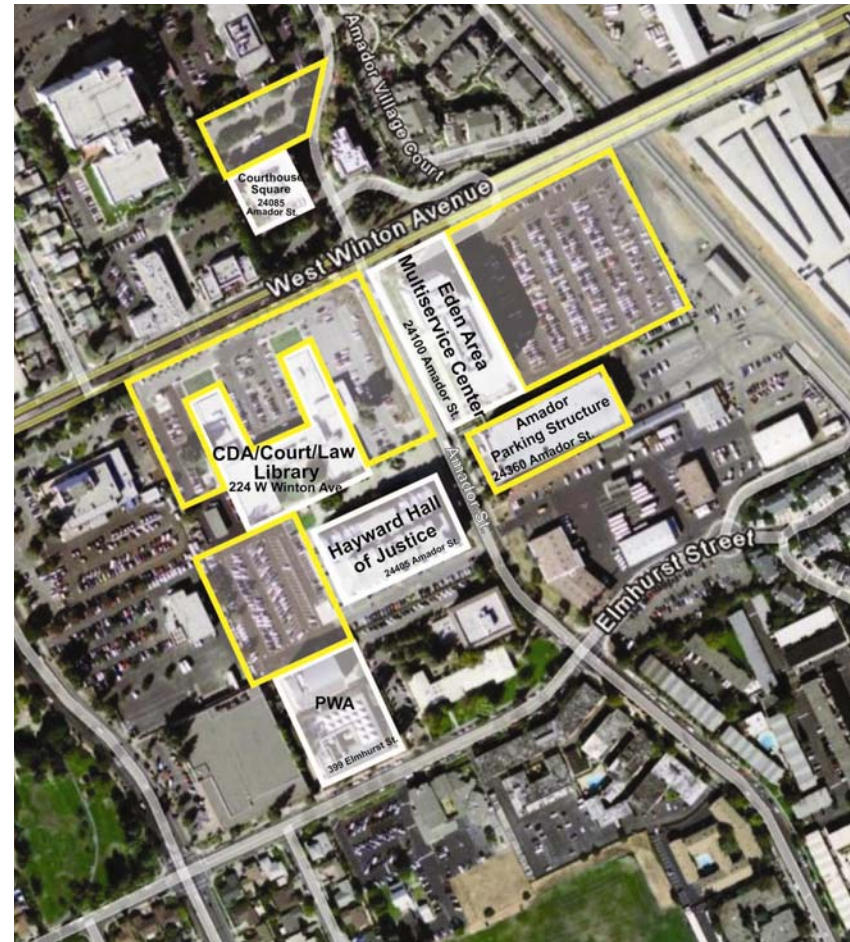
Note: Based on returned survey forms and data provided by the County as of October 2007. Square footage includes non-office uses such as public counters, large training space, public mtg. rooms.

# SUPPLY: Portfolio


## Hayward Complex

### Major Issues

- **The Eden Area Multi-Service Center is running out of space.** Already at a high density and with staff projected to grow substantially over the next five years, new office space is needed.
- **Much of 224 West Winton is severely underutilized and is in need of major renovations.**
- Although the departments in this location are all near each other (within a city block), **efficiency can be increased by consolidating departments into one building.**



Parking Location Map for Hayward Complex

Parking 



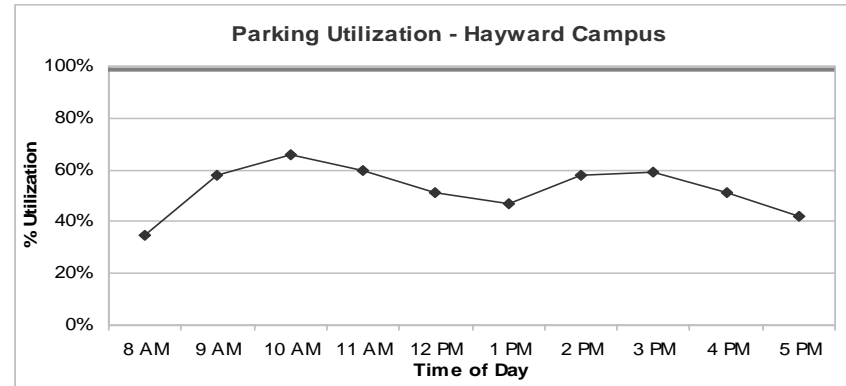
# SUPPLY: Portfolio

## Hayward Complex

### Major Issues

- With population projected to grow in south Alameda County by 21% and east Alameda County by 36% by 2030, **increased demand for services will drive the need for more space, especially for departments like Clerk-Recorder which are not yet located here.**
- Social Services has expressed a **need at Eden for special parking for its child welfare workers to drop off children.**

Note: Population projections from Association of Bay Area Governments, Projections 2007.



Hayward Complex Parking Space Count			
	Surface	Structure	Total
Parking Spaces	1305	600	1905

Note: Parking Utilization and Parking Space Counts are from the Team's parking consultant, DMJM Harris.

# SUPPLY: Portfolio

## Hayward Complex

### Workplace

- Unlike the Lake Merritt and Broadway complexes, the **quality of space at the Hayward facilities is uniformly good.**
- Offices, work stations, support space, public areas, furniture and fixtures **are typically of good quality.**
- In general, **client-facing areas are well designed, in good condition, and seem to serve clients well.** As an example, the newly-renovated public spaces at the Community Development Agency (CDA) headquarters are attractive, open, efficient and client-friendly.



Newly-renovated Community Development Agency workspace at 224 W. Winton Ave.



Typical, new workstations in PWA offices at 399 Elmhurst.



Open, welcoming public area in CDA offices at 224 W. Winton Ave.

# SUPPLY: Portfolio

## Hayward Complex

### Storage and Electronics Imaging

- **Electronic imaging has been actively implemented**, as exemplified by the Public Works Agency's efforts, and **has substantially reduced the need for onsite file storage.**



Well-designed public counter in CDA offices at 224 W. Winton Ave.



Electronic scanning of drawings has reduced PWA's need for file storage at 399 Elmhurst.



Electronic imaging has kept corridors clear of file boxes (PWA Building at 399 Elmhurst).

# SUPPLY: Portfolio

## Outlying Buildings

### Key Findings

- Outlying buildings have been included in this study to account for staff who may be relocating to any new or reorganized facilities as part of the real estate master plans.
- With some exceptions, **workspace in the outlying buildings**, as typified by the office space at the Embarcadero facilities, **are generally in good to very good condition.**



Location Map for outlying Oakland and Hayward Buildings

# SUPPLY: Portfolio

## Outlying Buildings

### Key Findings

- Since most of these facilities are back-of-house operations, **their location relative to clients is generally not critical.** Interdepartmental adjacencies are apparently well-served at these locations.
- **The leased Welfare Fraud space and the owned Peralta Oaks facility are underutilized.**
- **Parking availability did not appear to be an issue at these locations.**

Outlying Buildings Space		
	Staff	SF
Owned	193	71,528 USF
Leased	358	240,014 RSF
<b>Total</b>	<b>551</b>	

Outlying Buildings Parking Count			
	Surface	Structure	Total
Parking Spaces	25	77	102

Note: Parking Space Counts from DMJM Harris study

Outlying Building Space by Department		
Abrv	Department	SF
<b>CDA</b>	Community Development Agency	8,295
<b>DA</b>	District Attorney	45,790
<b>DCS</b>	Department of Child Support Svcs	50,864
<b>HCS</b>	Health Care Services Agency	114,411
<b>SSA</b>	Social Services Agency	16,500

Note: Based on returned survey forms and data provided by the County as of October 2007. Square footage includes uses such as public counters, large training space, public mtg. rooms. Does not include warehouse space.

## SUPPLY: Space Utilization

When taken as averages, the 355 usable square foot (USF) per person found in the County's owned portfolio and the 357 rentable square foot (RSF) per person found in the County's leased portfolio reflect a combination of underutilization, vacancy, and in some cases, liberal space planning.

<b>Space Utilization</b>			
<b>Selected Owned Buildings</b>	<b>Staff</b>	<b>USF</b>	<b>USF/Person</b>
County Administration Building	488	122,866	252
1401 Lakeside Drive	290	102,586	354
Social Services Agency Building (401 Broadway)	287	76,565	267
Recorder's Building	224	54,946	245
Peralta Oaks Building	175	50,864	291
Probation Center (400 Broadway)	158	60,974	386
René C. Davidson Courthouse	158	73,514	465
224 W. Winton Ave. Building	108	34,220	317
12th & Oak Street Building	49	43,586	890
<b>Average Space Utilization - Owned Buildings</b>			<b>355</b>
<b>Selected Leased Buildings</b>	<b>Staff</b>	<b>RSF</b>	<b>RSF/Person</b>
Eden Area Multi-service Center	652	176,854	271
Public Health Department Building (1000 Broadway)	283	56,888	201
2000 San Pablo	237	102,404	432
BHCS 1900/2000 Embarcadero	171	84,186	494
<b>Average Space Utilization - Leased Buildings</b>			<b>357</b>

# SUPPLY: Parking

As part of the overall evaluation, on-site parking utilization and operational observations were conducted at 18 parking lots and structures in Oakland and Hayward. The data cited below is based on one-day field observations conducted from 8 a.m. to 5 p.m. during a workday. It should be noted that actual utilization can vary from 5-10% day to day. The following table summarizes the County supply and average utilization rates based on observations and statistics provided by the Team's parking consultant. The complete report is found in the Appendix to this report.

## OAKLAND

Parking Facility	Stalls	Utilization
		Rate
400/401 Broadway Surface Parking	234	45%
585 7th Street Structure	544	45%
414 27th Street Structure	77	30%
470 27th Street Surface Parking	25	75%
ALCO Park Parking Garage	696	80%
1401 Lakeside Drive Structure	76	60%
1406 Franklin Surface Parking	77	55%

## HAYWARD

Parking Facility	Stalls	Utilization
		Rate
224 W. Winton Ave. Surface Parking	544	55%
24360 Amador Structure	600	45%
24085 Amador Surface Parking	173	40%
24100 Amador Surface Parking	588	78%

## Observations

- The County's largest and most heavily used structure, ALCO Park Parking Garage, is **seriously deteriorated and needs to be replaced.**
- **For employee monthly parking, a utilization rate of 80% or higher, as found at ALCO Park, is considered at maximum capacity.**
- **Parking for employees and visitors in the Lake Merritt County Center area is in short supply.**
- Several County parking facilities in the Broadway area are underutilized.
- **Despite the County Center's nearness to BART, all departments located there cited serious parking shortages for visitors and employees.** During departmental interviews there was frequent mention of employees continually having to leave their desks during the day to re-fill parking meters.
- **County staff will required adequate parking in Hayward** as there is no BART station nearby.
- Overall, **approximately 15% of County staff use public transportation to get to work** based on information received from the department survey forms.

# DEMAND: Adjacencies

## METHODOLOGY

Information regarding adjacency requirements was collected through Departmental surveys and augmented during Departmental Interviews. It was then compiled and analyzed during internal Gensler Team work sessions.

## Key Findings

- Most departments **reported that they did not need to be directly adjacent** to other departments.
- Two natural groupings are very evident, **General Government Departments** and **Court-related Departments**.

**General Government departments have been grouped as follows:**

### *Board of Supervisors Group*

Board of Supervisors  
Clerk of the Board  
CAO  
County Counsel  
GSA  
Human Resources

### *Fiscal Group*

Auditor-Controller/Clerk Recorder  
Assessor  
Tax Collector-Treasurer

### *Construction-related Group*

Community Development Agency  
Public Works Agency

## ▪ **Court-related departments include:**

District Attorney  
County Counsel  
Public Defender  
Probation Department  
Sheriff's Office  
Child Welfare workers (SSA)

- The District Attorney and Public Defender require close physical adjacency to the courthouses they serve.
- Certain departments (Social Services Agency and the Health Care Services Agency) work fairly autonomously from other County departments, but did require close adjacency to outside governmental entities and community-based organizations.
- Parts of SSA (e.g. Child Welfare) need to be near the courts while other SSA entities need to be near their clients.
- The agencies cited most often by other departments as being "extremely critical" or "important" to be adjacent to were the County Administrator, County Counsel, GSA, Auditor-Controller/Clerk Recorder, and ITD.



# DEMAND: Adjacencies

## DEPARTMENT GROUPINGS

Recent budget documents group the various County departments into the four groups identified below. For purposes of analyzing adjacencies (and headcount projections later in this Section) the Team has adopted this grouping methodology.

### General Government

- Assessor
- Auditor-Controller/Clerk Recorder
- County Administrator's Office
- Clerk of the Board
- Community Development Agency
- County Counsel
- General Services Agency
- Human Resources Services
- Information Technology Department
- Public Works Agency
- Registrar of Voters
- Treasurer-Tax Collector

### Health Care

- Agency Administration
- Behavioral Health Care
- Environmental Health
- Public Health

### Public Assistance (Social Services Agency)

- Administration and Finance
- Adult and Aging
- Children and Family Services
- Workforce and Benefits Administration
- Department of Child Support Services

### Public Protection

- District Attorney
- Probation Department
- Public Defender
- Sheriff's Office

# DEMAND: Adjacencies

## DEPARTMENTAL

### Adjacency Importance Legend

- 1 Extremely Critical
- 2 Important
- 3 Would Be Nice

	General Government	Assessor	Auditor-Controller/Recorder	Board of Supervisors	Community Development Agency	County Administrator	County Counsel	General Services Agency	Human Resources Services	Information Technology Department	Public Works Agency	Registrar of Voters	Treasurer-Tax Collector	Health Care	Agency Administration	Behavioral Health Care	Environmental Health	Public Health	Public Assistance (Social Services)	Administration and Finance	Adult and Aging	Children and Family Services	Workforce and Benefits Administration	Department of Child Support Services	Public Protection	District Attorney	Probation Department	Public Defender	Sheriff's Office	
<b>General Government</b>																														
Assessor		2											2																	
Auditor-Controller/Recorder	2			2	2	2	2	2	2				2				3	3	3	3										
Board of Supervisors				1	1																									
Community Development Agency			3		3	3	2			1			3													2				
County Administrator		1	1			1																						2		
County Counsel	3	1	1	3	1		2	1	2	3	1	3		3	3	3	3													
General Services Agency					2									3	3	3	3												3	
Human Resources Services		2			2																									
Information Technology Department	2	2	2	2	2	2	2	2		2	1	2		2	2	2	2								2	2	2	2	2	
Public Works Agency				3		3	3	3																					3	
Registrar of Voters						3	3			2																				
Treasurer-Tax Collector	1	1			2	2		3	1																					
<b>Health Care</b>																														
Agency Administration		3				3	3		3	3																			3	
Behavioral Health Care		3				3	3		3	3																			3	
Environmental Health		3				3	3		3	3																			3	
Public Health		3				3	3		3	3																			3	
<b>Public Assistance (Social Services)</b>																														
Administration and Finance																														
Adult and Aging																														
Children and Family Services																														
Workforce and Benefits Administration																														
Department of Child Support Services																														
<b>Public Protection</b>																														
District Attorney																														
Probation Department			3			3	3	2	3	3			2	2	2	2									2	2	2	2	1	1
Public Defender		2																												
Sheriff's Office						2	2																						2	

# DEMAND: Adjacencies

## EXTERNAL

### Adjacency Importance Legend

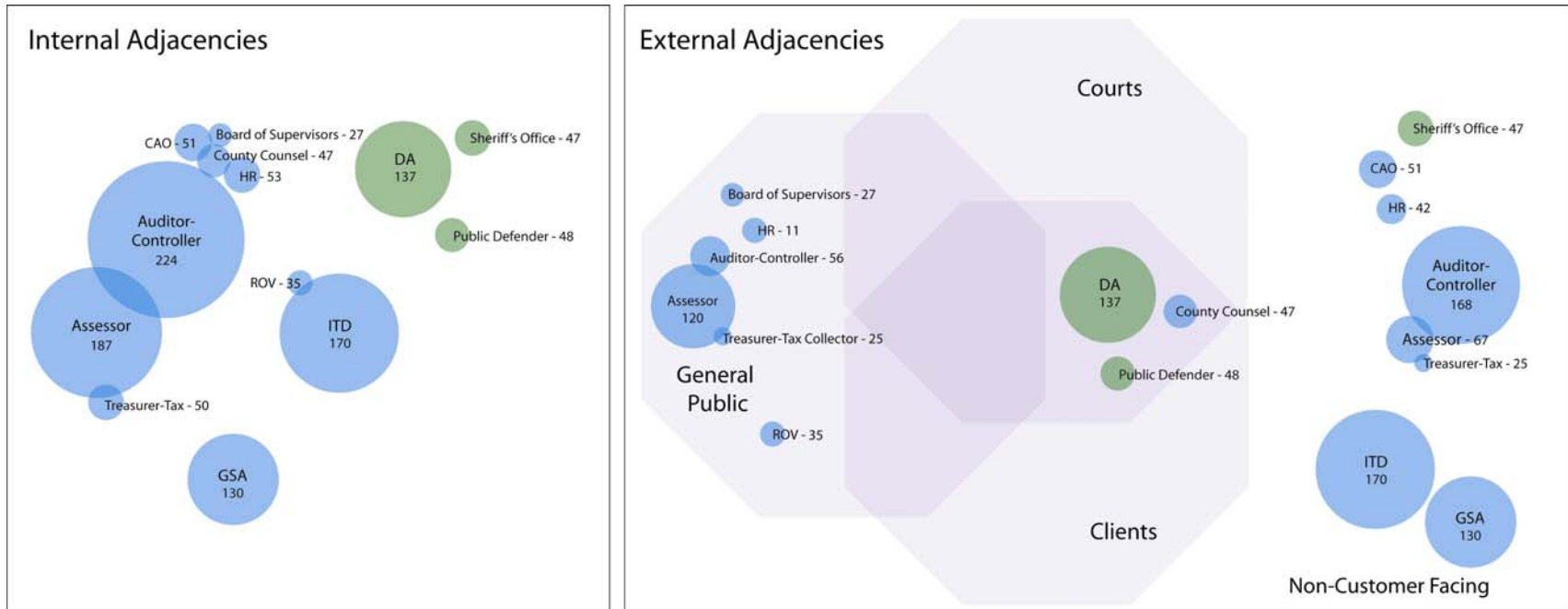
- 1 Extremely Critical
- 2 Important
- 3 Would Be Nice
- Significant Percentage of Staff

	Other Agencies	Courts	State Agencies	City of Oakland	Other Cities in Alameda County	City Building Departments	Local Law Enforcement	State Law Enforcement	Federal Law Enforcement	Community-Based Organizations	Ambulance and Paramedic Agencies	Client-Facing/Non-Client Facing	General Public (In Community)	People In Need (In Community)	People In Need (In County Facilities)	Court-Related (In Community)	Non-Client Facing
<b>General Government</b>																	
Assessor					2					•							
Auditor-Controller/Recorder	3	3	3	3						•						•	
Board of Supervisors										•							
Community Development Agency										•							
County Administrator																	•
County Counsel	2										•		•				
General Services Agency																	•
Human Resources Services																	•
Information Technology Department						3											•
Public Works Agency										•							
Registrar of Voters											•						
Treasurer-Tax Collector		3	3							•							
<b>Health Care</b>																	
Agency Administration								3	3								•
Behavioral Health Care			1	1				3	3			•	•				
Environmental Health								3	3	•	•						
Public Health			1	1				3	3				•				
<b>Public Assistance (Social Services)</b>																	
Administration and Finance																	•
Adult and Aging												•	•				
Children and Family Services												•	•	•			
Workforce and Benefits Administration												•					
Department of Child Support Services																	•
<b>Public Protection</b>																	
District Attorney	1				1	2	2					•					•
Probation Department	1											•					•
Public Defender	1											•					•
Sheriff's Office	1	3	3	3								•	•	•			

# DEMAND: Adjacencies

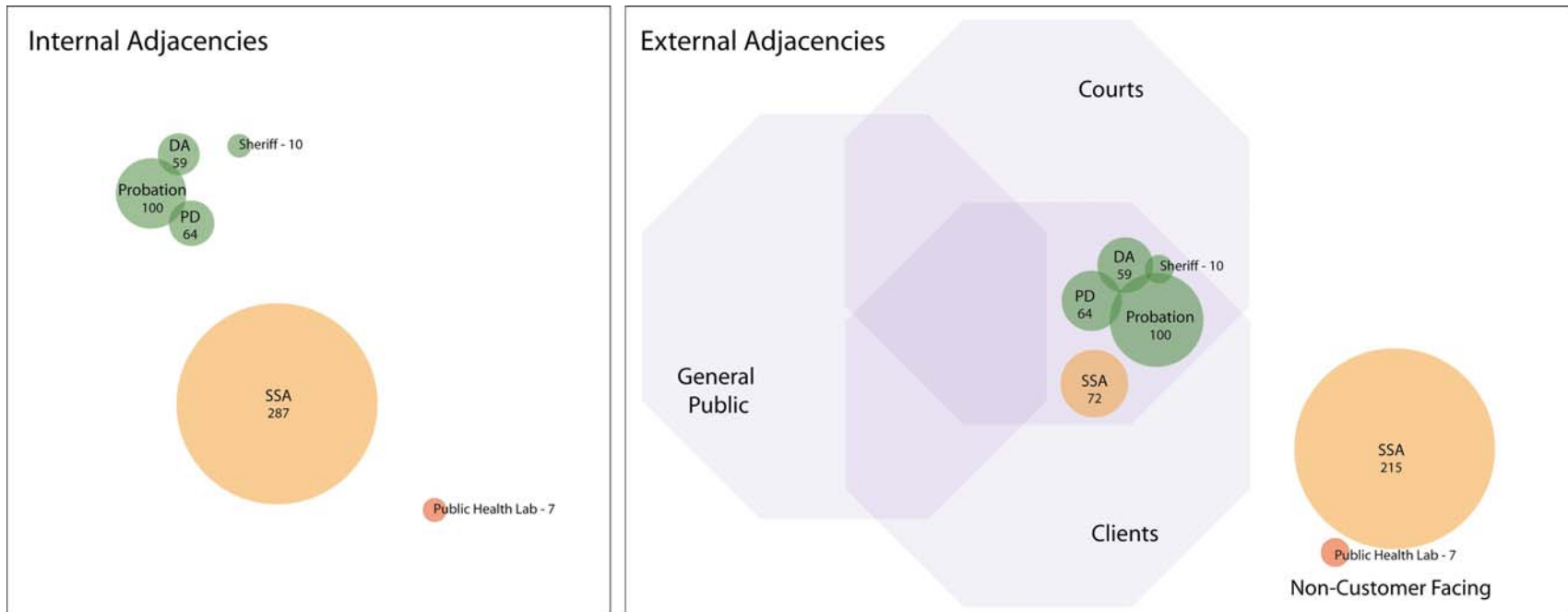
The following series of adjacency diagrams graphically illustrate the critical internal adjacencies between departments and the critical external adjacencies between the departments and external groups (general public, clients and the courts). These diagrams are organized by the geographical areas of Lake Merritt, Broadway, Downtown Oakland, Hayward and the outlying buildings.

## Lake Merritt Complex



# DEMAND: Adjacencies

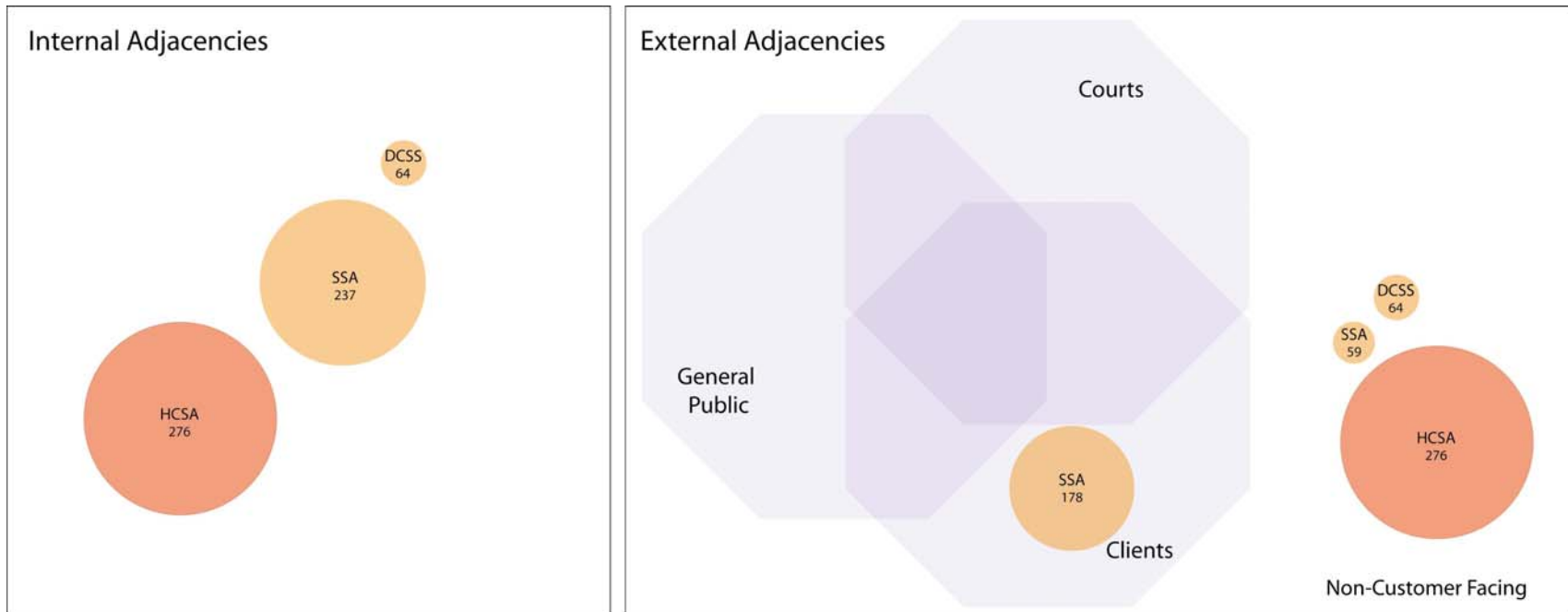
## Broadway Complex



- Public Protection
- Public Assistance
- General Government
- Health Care

# DEMAND: Adjacencies

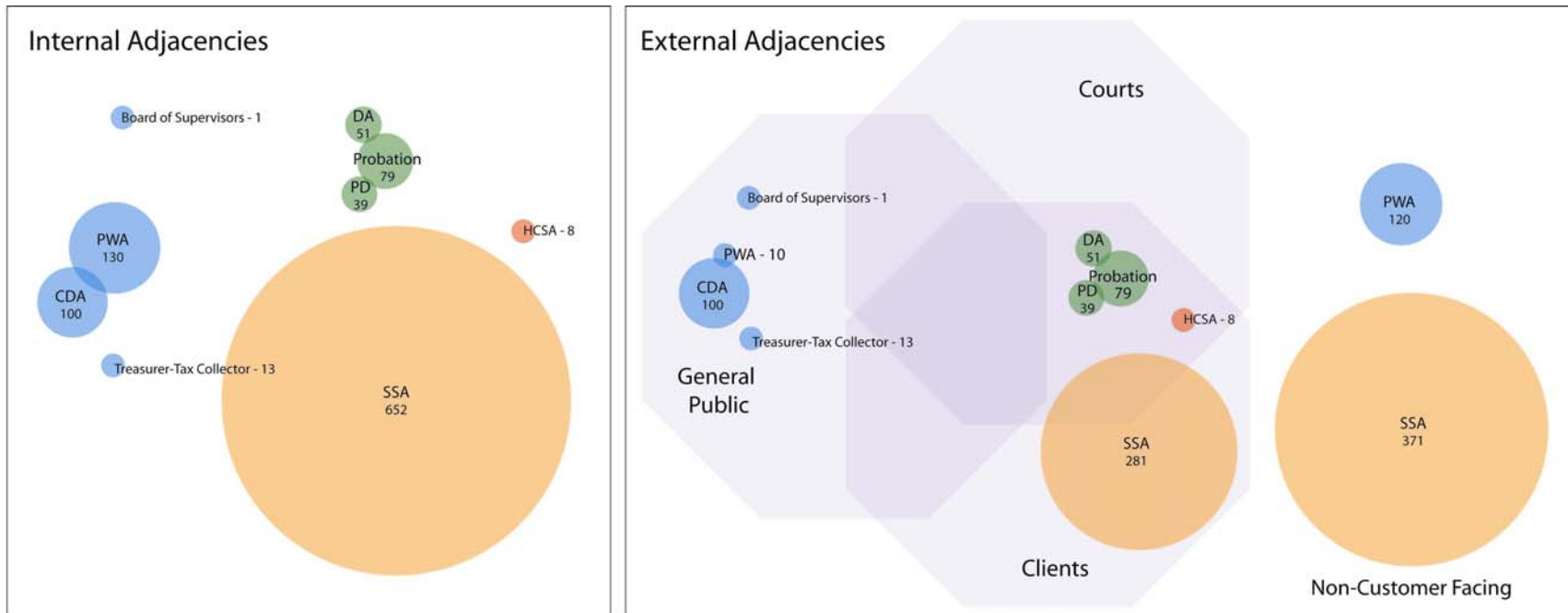
## Downtown Complex



- Public Protection
- Public Assistance
- General Government
- Health Care

# DEMAND: Adjacencies

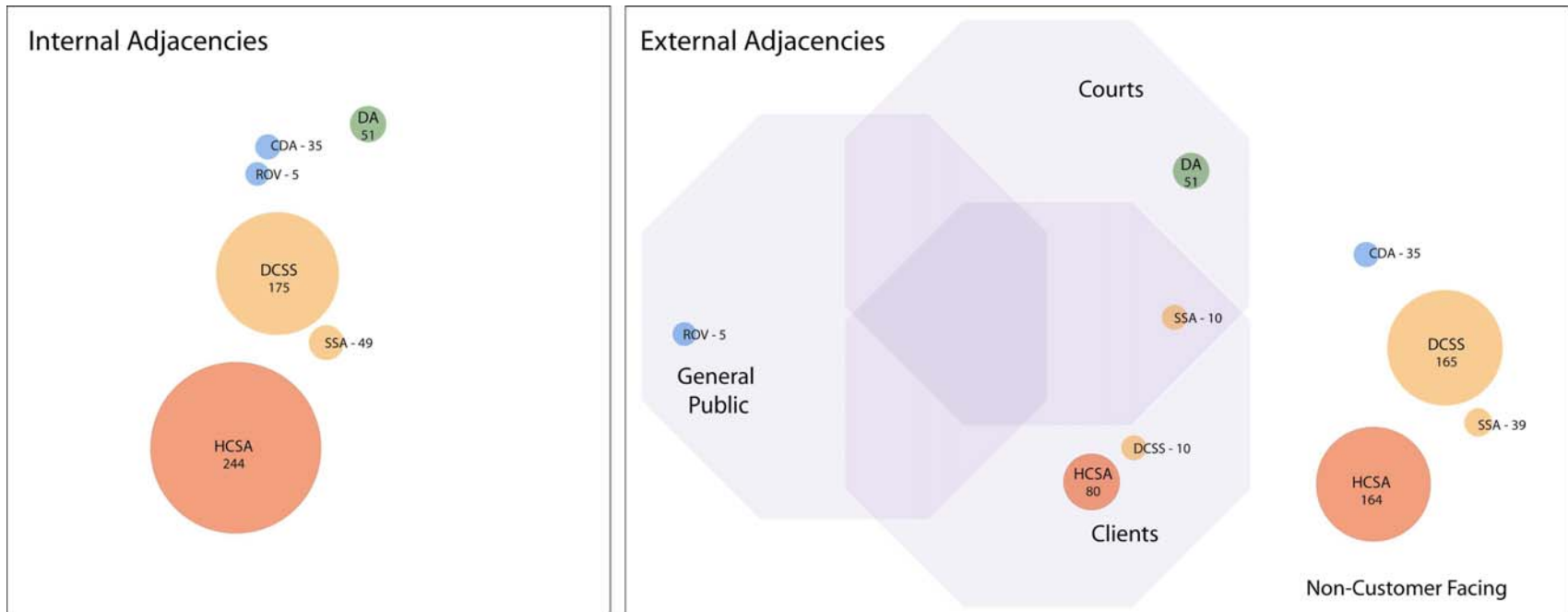
## Hayward Complex



- Public Protection
- Public Assistance
- General Government
- Health Care

# DEMAND: Adjacencies

## Outlying Buildings



- Public Protection
- Public Assistance
- General Government
- Health Care



## DEMAND: Reported Headcount Projections

### Methodology

Projected headcount for 5, 10 and 20 years was collected through surveys and interviews with each department in the study areas. The resultant growth rates were then compared to historic department growth figures and the projected growth of the overall County population. The final aggregate growth rate is shown below.

- In the Oakland and Hayward study areas, County departments projected a need for **340** new positions over the next 5 years, **60** more by 2017-18, and an additional **53** positions by 2027-28.
- Many departments were **unable to project headcount**, especially for the 10 year and 20 year periods, resulting in an **underestimate of future headcount**.
- Most departments cite **changes to funding** as the primary factor for determining headcount projections.

Reported Headcount Projections							
	Reported Headcount 2007-2008	Projected Headcount 2012-2013	% Annual Growth	Projected Headcount 2017-2018	% Annual Growth	Projected Headcount 2027-2028	% Annual Growth
<b>General Government</b>	1,151	1,229	1.4%	1,234	1.4%	1,238	0.8%
<b>Health Care</b>	541	574	1.2%	605	2.3%	643	1.9%
<b>Public Assistance</b>	1,455	1,656	2.8%	1,666	2.9%	1,656	1.4%
<b>Public Protection</b>	884	912	0.6%	926	1.0%	947	0.7%
<b>Totals</b>	<b>4,031</b>	<b>4,371</b>	<b>1.7%</b>	<b>4,431</b>	<b>2.0%</b>	<b>4,484</b>	<b>1.1%</b>

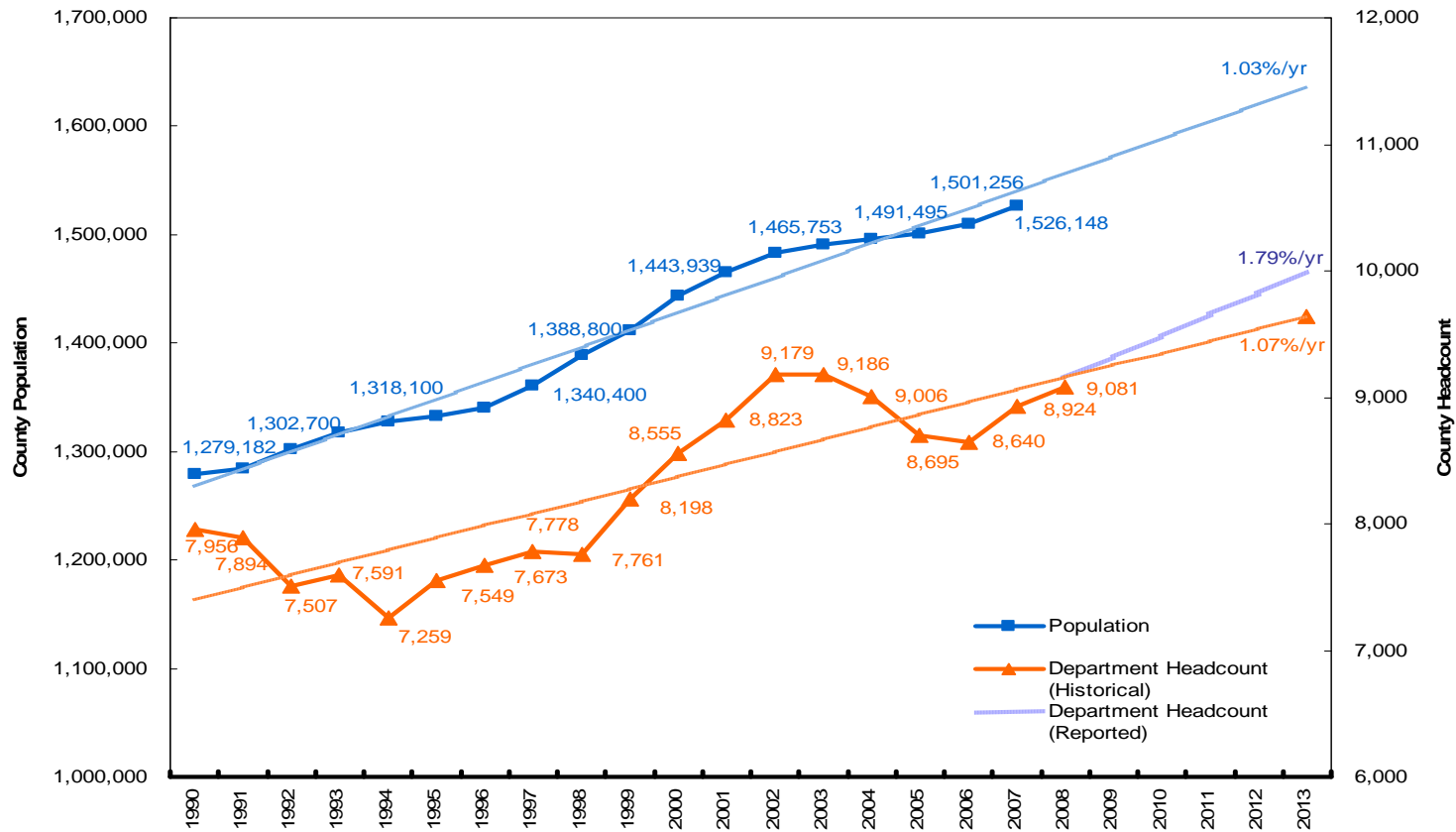
Note: This table only includes headcount of office-based workers in the Oakland and Hayward study areas

# DEMAND: County Growth Projections

The graph below includes:

- Historic and projected County department growth.
- Historic and projected growth of the County’s total population.
- Growth projected by each department for this study.

Historically, the growth in department staffing levels (1.07% annually) is closest to that of the overall population (1.03% annually). This is in contrast to County headcount projections provided by department staff, which yielded an annual growth rate of 1.79%.

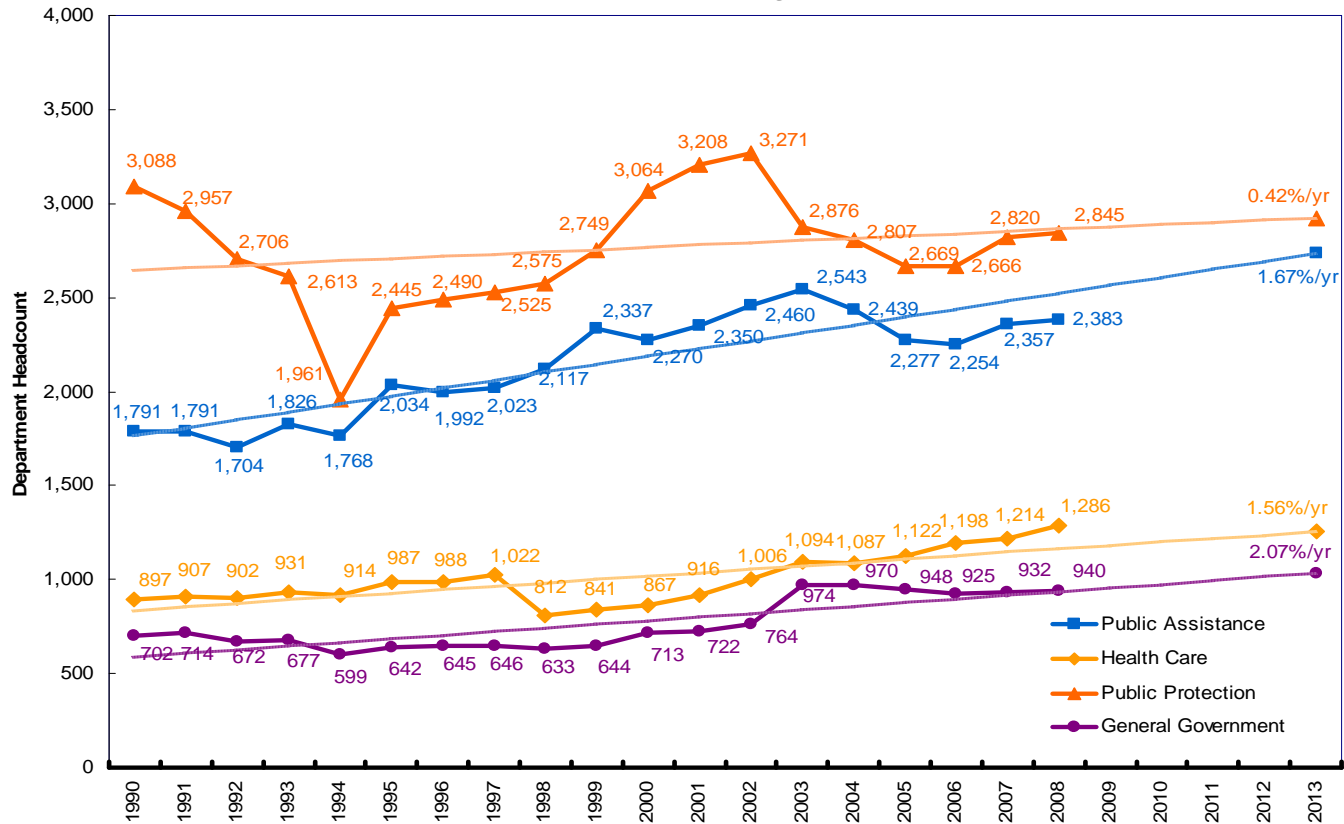


# DEMAND: Departmental Growth Projections

Because historical department headcount growth is a truer indicator of future growth than is department-provided headcount projections, historic growth trends were selected as a basis for projecting future growth for each of the four County service groups: **Public Assistance**, **Health Care**, **Public Protection**, and **General Government**. The chart below identifies the projected growth trend for each group based on historic growth from 1990.

Based on this analysis, **General Government** is projected to grow the fastest at an average rate of 2.07%/year followed by **Public Assistance** at 1.67%/year, **Health Care** at 1.56%/year and **Public Protection** at 0.42%/year.

Note that the historical data for the **Public Protection** group shows the most fluctuation, therefore its average growth rate is not as reliable a predictor as the other three growth rates.



# DEMAND: Space Projections

## Square Footage Adjustments

To more accurately calculate the County’s space utilization, square footage that is not office-related was subtracted from the owned and leased space. For example, public counters and waiting areas, space sub-leased to other organizations, large training rooms, and cafeterias were removed.

Once adjusted, factors were applied to the square footage to calculate existing Gross Square Feet (GSF).



	Usable SF	Adjustment to USF	Usable SF (Adjusted)	Rentable SF (Calculated x 1.12)	Gross SF (Calculated x 1.07)	Gross SF/ Person (Adjusted)
Owned Properties	866,248	168,883	697,365	781,049	835,722	343

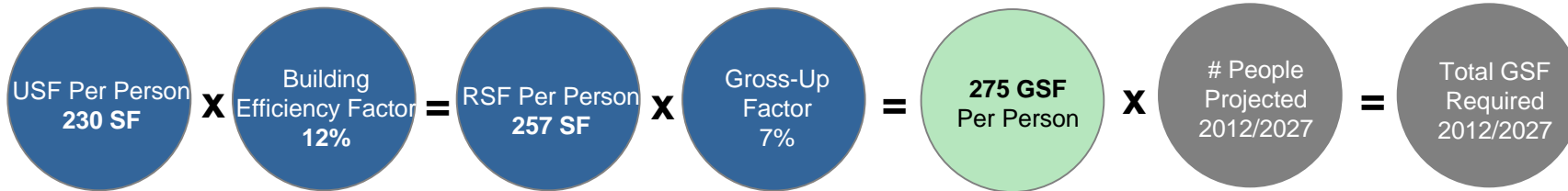
	Rentable SF	Adjustment to RSF	Rentable SF (Adjusted)	Gross SF (Calculated x 1.07)	Gross SF/ Person (Adjusted)
Leased Properties	568,423	121,239	447,184	478,487	300

# DEMAND: Space Projections

## Space Projections

In order to assess the County’s demand for space, the Team determined an appropriate square footage per person based on industry benchmarks and planning metrics (both public and private sector) and County work practices. This number was built-up by including a factor for support/amenity spaces and for building efficiency. All of these metrics should be used in the design and redevelopment of spaces going forward.

Industry Benchmarks	
Entity	GSF/Person Standard
County of Orange	275
County of Los Angeles	280
County of San Bernardino	275
Utility Company	272
City of San Clemente	297
Other Government	240



Groupings	GSF/Person (Adjusted)		
	Utilization Today	New Planning Metric	% Savings
Owned Properties	343	275	20%
Leased Properties	300	275	8%
General Government	317	275	13%
Health Care	323	275	15%
Public Assistance	293	275	6%
Public Protection	396	275	30%

## DEMAND: Space Projections

Based on the projected headcount growth and the new Recommended planning numbers, the County will require approximately 1.4 million gross square feet of office space in the study areas by budget year 2027/28.

This number represents the additional space required in “ideal conditions” under which all space would be reconfigured or built at the target planning numbers. However, in reality, some spaces will remain at their current square footage allocation (including many leases), thus the actual requirement for new square footage will be higher. In addition, this number assumes the Superior Courts continue to occupy their current space .

Space Projections							
	2007-08	2012-13		2017-18		2027-28	
	Headcount	Headcount	GSF Required	Headcount	GSF Required	Headcount	GSF Required
General Government	1,165	1,230	338,261	1,301	357,848	1,395	383,633
Health Care	541	573	157,597	619	170,113	710	195,144
Public Assistance	1,463	1,664	457,600	1,781	489,800	2,040	560,937
Public Protection	884	924	254,128	978	269,030	1,048	288,234
Total Survey Areas	4,053	4,391	1,207,586	4,679	1,286,790	5,193	1,427,948
Total Additional Required	N/A	338		288		513	

# DEMAND: Space Projections

## SUMMARY

Existing Average GSF Per Person	326
Comparable Organizations (Benchmarks)	275
<b>Possible Savings</b>	<b>51</b>

Current County Office GSF in Study Area	1,314,209
Projected Office GSF Required in 2027	1,427,948
GSF Increase	113,740
<b>% Increase</b>	<b>9%</b>

Existing Headcount	4,031
Projected Headcount by 2027	5,193
Headcount Increase	1,161
<b>% Increase</b>	<b>29%</b>

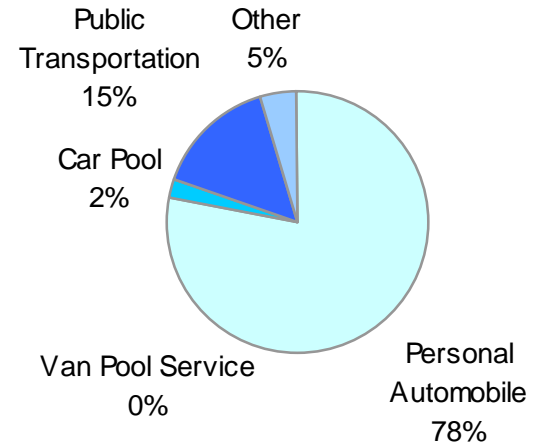
With more efficient space utilization, **only 9% more space** is required to accommodate **29% more people**.

# DEMAND: Work Commute

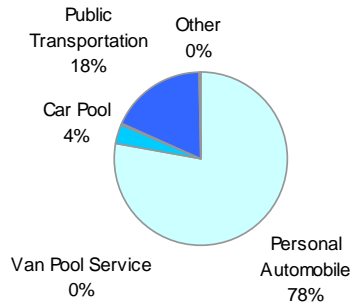
The data on commute practices of County workers was compiled from the Department Survey Forms submitted by each department to the Team. In most cases, this data was included as a rough approximation. In some cases, no data was provided at all.

- Overall, **approximately 15% of County staff use public transportation to get to work on a regular basis.**
- Health Care recorded the highest usage of public transportation at approximately 25%. Public Assistance had the lowest usage at approximately 10%.
- No data is available on the amount public transportation is used by County clients and customers.

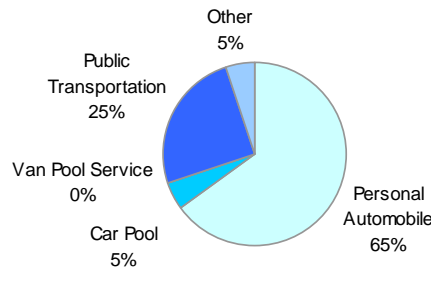
**Department Average Overall**



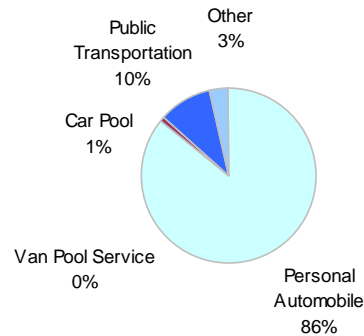
**General Government**



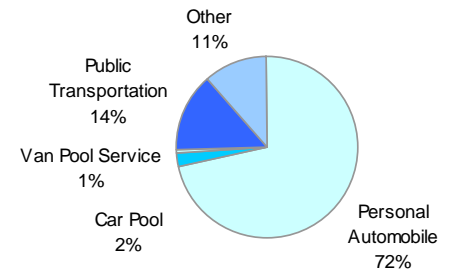
**Health Care**



**Public Assistance**



**Public Protection**





## DEMAND: Other Current Planning Efforts

Through the course of our investigation, the Team learned of several separate planning efforts and implementation activities in various stages of completion that could impact the Real Estate Master Plan, including:

- Social Services Agency space needs study.
- Relocation of certain Sheriff functions and the Coroner to a new Law Enforcement Facility in San Leandro.
- Relocation/centralization of Public Health administration to east Oakland.
- Relocation of Child Support Services from 13<sup>th</sup> Street and Peralta Oaks to Pleasanton.
- Relocation of Probation Administration out of Broadway to a new building near the Juvenile Justice Center.
- Evaluation of Peralta Oaks due to seismic hazard.

# REAL ESTATE: Local Market Conditions

Market conditions have a major impact in developing the most cost effective acquisition and disposition components of the Real Estate Master Plan. As of October 2007 (the date this portion of the analysis was completed), real estate markets were well below patterns seen over the last several decades.

## Market Evaluation

- Monthly market lease rate averages range from **\$2.24 PSF in Oakland and \$1.85 PSF in Hayward.**
- Class B office monthly gross rents in the Oakland Central Business District range from \$1.82 to \$2.25 PSF.
- Class A office monthly gross rents in the Oakland Central Business District range from \$2.33 to \$2.66 PSF.
- Office demand over the next ten years is likely to be moderate, with an annual demand of approximately 153,000 square feet per year in the Oakland CBD.
- Existing office supply in the Oakland CBD exceeds current demand with a current vacancy rate of approximately 10.3% for all classes of buildings (i.e. A, B, and C).
- Residential sales prices in Oakland have declined, absorption rates have slowed considerably and the overall supply is higher than any time in the decade.

## County Portfolio

- The County's average monthly office lease rate is \$2.56 PSF in Oakland and \$2.19 PSF in Hayward, **both over average market rates.**
- The County owns two underutilized properties, which have substantial value-added potential:
  - Broadway Complex
  - Hayward Public Works Complex
- It appears that a significant portion of the Social Services portfolio is in owned space (approximately 24% or 86,000 RSF at 401 Broadway), suggesting that there may be more opportunities to take advantage of Federal reimbursement programs for leased space.

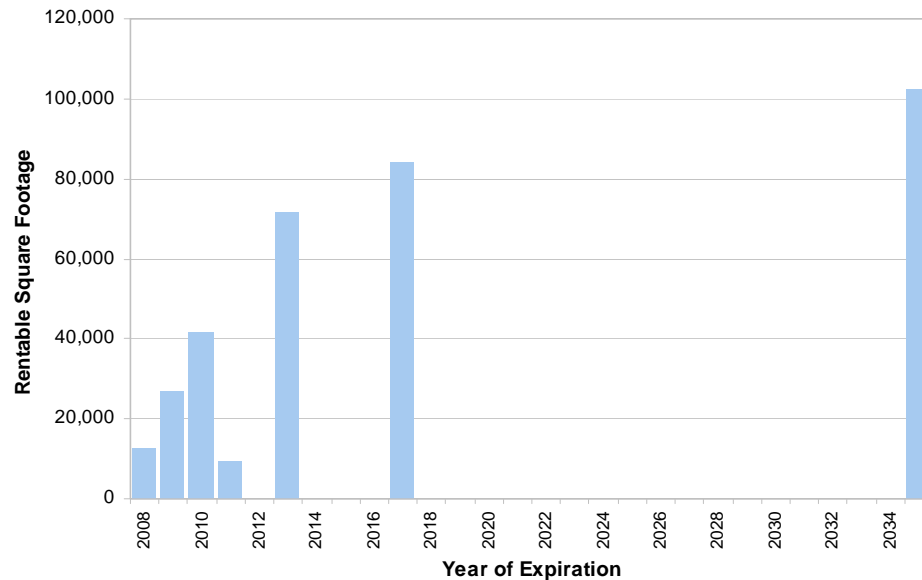
Study Area Lease Summary		
	Oakland	Hayward
Number of Office Leases	11	2
Total RSF	348,597	193,354
Estimated 2007 Lease Costs	\$10,702,319	\$5,070,564
Average Monthly Rent PSF	\$2.56	\$2.19

# REAL ESTATE: County Lease Expirations

## Office Lease Expirations

- The San Pablo lease expires approximately in 2034 with the County having an option to purchase.
- Eight leases, averaging approximately 11,000 sq. ft., expire within the next three years.
- Decisions on relocation, renewal, and/or elimination of these properties should be made in the context of the Real Estate Master Plan.

Study Area Office Lease Expirations by Year



Short-Term Office Lease Expirations

ADDRESS	RSF	End Date
7677 Oakport St. #750	9,948	2008
3600 Telegraph #B	2,615	2008
Subtotal	<b>12,563</b>	<b>2,008</b>
312 Clay St.	17,334	2009
380 Washington St.	9,375	2009
Subtotal	<b>26,709</b>	<b>2009</b>
2000 Embarcadero # 400	8,295	2010
333 Hegenberger #600	18,200	2010
7677 Oakport St. 650	15,178	2010
Subtotal	<b>41,673</b>	<b>2010</b>
<b>Total Expirations 2007-2010</b>	<b>80,945</b>	

# IV. Department Profiles

## TABLE OF CONTENTS

Introduction	p. IV-2	Health Care Services Agency	p. IV-19
Assessor's Office	p. IV-3	Human Resource Services	p. IV-21
Auditor-Controller	p. IV-5	Information Technology/ Registrar of Voters	p. IV-23
Child Support Services	p. IV-7	Probation Department	p. IV-25
Community Development Agency	p. IV-9	Public Defender	p. IV-27
County Administrator/ Clerk of the Board	p. IV-11	Public Works Agency	p. IV-29
County Counsel	p. IV-13	Sheriff's Office	p. IV-31
District Attorney	p. IV-15	Social Services Agency	p. IV-33
General Services Agency	p. IV-17	Treasurer – Tax Collector	p. IV-35



# Introduction

The following pages offer a “snapshot” of existing conditions for the agencies and departments that were analyzed during the preparation of the Real Estate Master Plan. These profiles include identification of facts and issues organized into six categories:

- Overview
- Growth
- Adjacencies
- Work Practices
- Filing/Storage
- Parking

A map is also included showing the locations of facilities occupied by each agency and department. In addition, a Study Area Summary table is included that identifies the following information in both the Oakland and Hayward study areas for each agency and department :

- Current office gross square footage
- Current office headcount
- 2007 total operating costs
- Current average office gross square feet per person (GSF/Person)

This information is based on facilities spreadsheets obtained from GSA and survey data collected directly from each agency and department.

# ASSESSOR'S OFFICE

## OVERVIEW

The biggest issue facing the Assessor's Office is the need to all be on one floor. The Assessor staff is currently scattered throughout the County Administration Building (1221 Oak Street) and they have expressed a need to be together in order to maximize work efficiency and enable the public to be serviced on one floor.

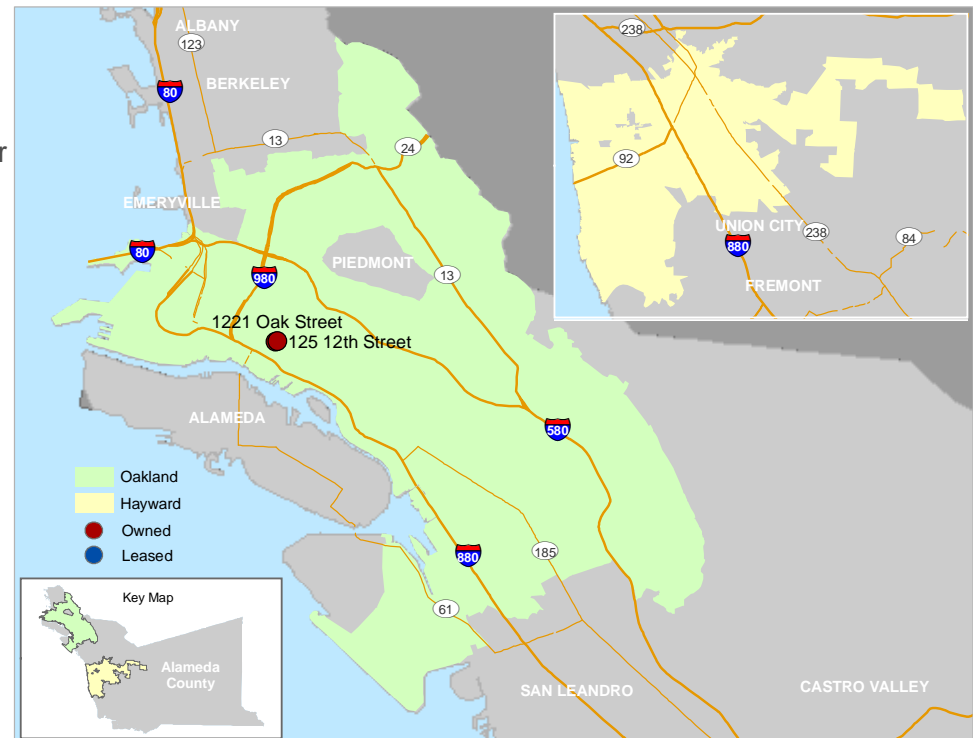
Most people using the public counters are facing complex issues that cannot be dealt with on the phone or online. A new law that would create separate assessment rolls for residential and commercial/industrial properties could impact how the Assessor is physically configured, but it is not expected to pass. A new property tax management system was implemented three years ago making it easier to appraise property and communicate information within the department. This new technology has created work efficiencies, but such efficiencies have been offset by increased demand.

## GROWTH

Population growth in the County is stable overall. The majority of the projected growth will be in the eastern part of the County. Assuming that currently proposed changes in property tax law do not pass, the workload of the Assessor should grow at the same pace as the overall population.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	37,868	0	37,868
Office Headcount	187	0	187
Office Facility Count	2	0	2
2007 Operating Costs	\$511,877	\$0	\$511,877
Office GSF/Person	203	0	203



# ASSESSOR'S OFFICE

## ADJACENCIES

The duties of the Assessor require that it to be located near several other County departments, including the Clerk-Recorder (preferably the same floor), Tax Collector, Auditor Controller, and Clerk of the Board. Ideally, the entire department would be in close proximity to enable staff exposure to senior level management, paperwork efficiency, and public convenience. Co-location with SSA would not be optimal because there could be too much public interaction in the lobby area.

## WORK PRACTICES

Until all files are digitized, remote offices will not work. The fifty appraisers on-staff spend approximately 1/3 of their time in the field conducting appraisals. There are several special space requirements, including the Mapping Unit, training rooms, file storage (currently in the basement at the Admin building).

## FILING / STORAGE

The Assessor has a contract with Iron Mountain for long-term offsite file storage, though they have a tendency to keep files longer than is legally required. Over the past two years, the Department has invested approximately a total of \$40,000 toward document archive scanning. An RFP for such a system is forthcoming. Staffing a large-scale file imaging effort would be problematic without increased headcount.

## PARKING

Staff and visitor parking is inadequate. There is a 5-year waiting list for rental spaces in the adjacent ALCO Park Parking Garage. 75 auditors and appraisers are required to pay for their own parking. Visitors often complain of the inadequate parking conditions.

# AUDITOR-CONTROLLER / CLERK-RECORDER

(Interviewed together)

## OVERVIEW

The Auditor-Controller is happy with its space and its locations in or adjacent to the County Administration Building (1221 Oak Street). They continue to look for ways to make their services available online for easier public access. The Clerk-Recorder would like a facility in South County (Hayward or Fremont) staffed about 3 days a week to respond to an increased demand for marriage licenses due to population increases in the south County.

## GROWTH

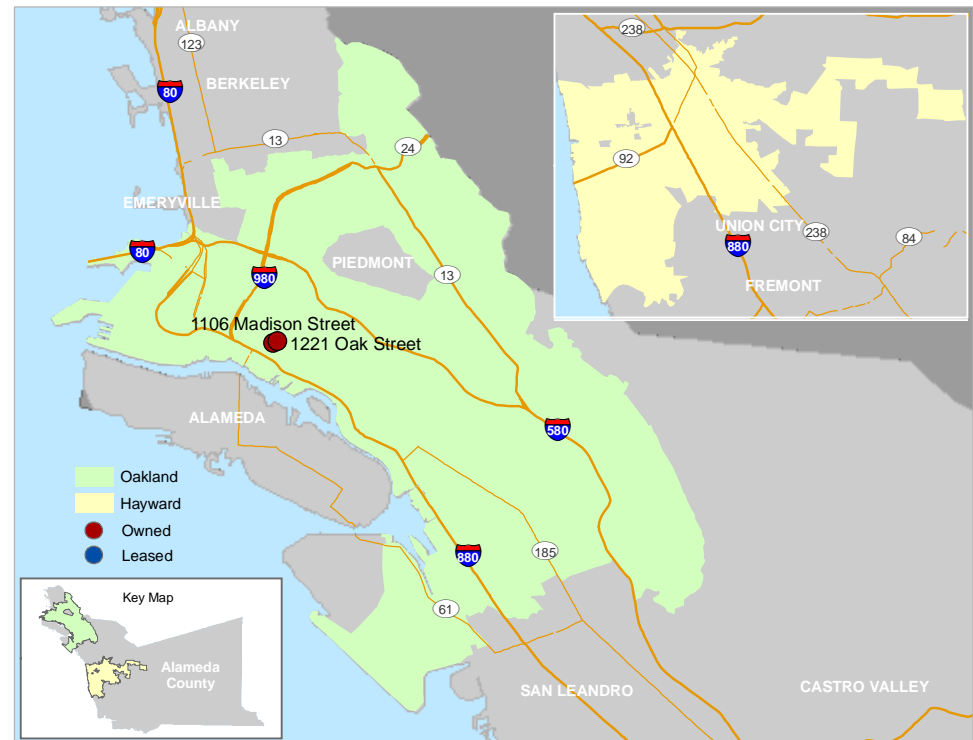
The departments do not expect any significant growth in the future as headcount has remained stable over the last several years. Should the State assume the role of Collections, staff would decrease but this is not likely to happen in the near future.

## ADJACENCIES

The Auditor-Controller/Clerk-Recorder is satisfied with current adjacencies. While not critical, it would be optimal if all divisions were located in the same building in order to work most efficiently. Collections would like to be located near law offices and title companies. Collocation with other departments and non-County entities is not an issue, but some departments have expressed security concerns about working near payment processing functions. It is hoped that the Sheriff deputies on site will allay these concerns.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	67,331	0	67,331
Office Headcount	224	0	224
Office Facility Count	2	0	2
2007 Operating Costs	\$861,556	\$0	\$861,556
Office GSF/Person	301	0	301





# AUDITOR-CONTROLLER / CLERK-RECORDER

(Interviewed together)

## WORK PRACTICES

Although flextime and telecommuting are offered, they are not used. Staff seems to prefer the collegiality of working together. The amount of client-facing work for Collections hasn't been reduced in spite of new technologies developed to automate certain tasks. Passport processing, for example, has increased in volume thereby offsetting the reduction in face-to-face work due to technology. Workers who examine documents could come to work early and leave early, as these activities are not tied to regular business hours. Union rules seem to preclude more flextime.

## FILING / STORAGE

While offsite storage is adequate, onsite storage varies by person and is a problem. The Clerk-Recorder doesn't have a big need for large filing space, but the Auditor-Controller has special space needs. Records, maps, and other documents are stored onsite for a period of time and there is not enough space. Both departments do extensive file scanning and archiving, but original documents are legally mandated to be kept five years.

## PARKING

Staff and visitor parking is inadequate. There is a 5-year waiting list for rental spaces in the adjacent ALCO Park Parking Garage. Visitors often complain about the inadequate parking conditions.

# CHILD SUPPORT SERVICES\*

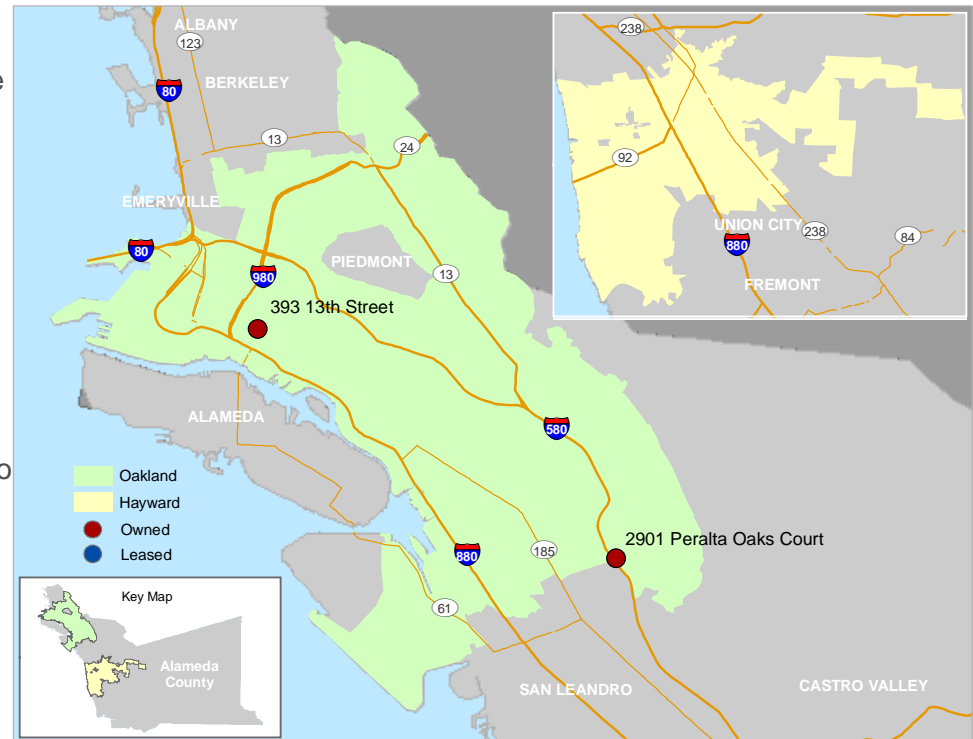
\* As of July 1, 2008 DCSS vacated the Peralta Oaks Building (2901 Peralta Oaks Court) and 393 13<sup>th</sup> Street and moved to 5669 Gibraltar Drive in Pleasanton. The timing of this relocation occurred too late to include in this analysis, therefore references to both former facilities remain intact.

## OVERVIEW

The Department of Child Support Services (DCSS) separated from the District Attorney in 2000. DCSS relies on the State for 33% of their funding and the Federal government for the remaining 67%. The launch of a Statewide computer system for case management and file management is scheduled for June 2008. This will require that DCSS staff rethink business processes. These changes could lead to an increase in workloads and the need for additional workers. The Peralta Oaks Building is centrally located for their clients' demographic but is in need of HVAC and roof repair. The facility at 393 13<sup>th</sup> Street is spacious and attractive but doesn't function well to serve agency needs. The space is inefficient and staff do not want to work there due to a homeless problem and vandals. Security is an ongoing key issue with DCSS due to the sensitive nature of their mission to require parents to subsidize their children's welfare.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	95,962	0	95,962
Office Headcount	239	0	239
Office Facility Count	2	0	2
2007 Operating Costs	\$664,044	\$0	\$664,044
Office GSF/Person	402	0	402



# CHILD SUPPORT SERVICES

## GROWTH

DCSS growth has been historically stable but they are currently short-staffed by roughly 60 positions. While the number of welfare cases has been shrinking, the number of non-welfare cases has been growing. Overall, growth is determined by the amount of available funding (sourced 33% State and 67% Federal) and regulatory requirements.

## ADJACENCIES

DCSS attorneys regularly visit the courthouses in Oakland and Hayward so it is advantageous for them to continue to be located in proximity to the Courts. The current co-location with the private DNA lab at 393 13<sup>th</sup> Street works very well. Security is always an issue so DCSS should not be co-located with other agencies who need to be sheltered from potentially irate visitors. Locating DCSS too close to the Sheriff's Office would not work either as it might deter some parents from making their onsite appointments. Placing DCSS staff at Social Services Agency locations has already been tested and is not efficient as there are too many centers. If a central family law center ever gets established, it would be advantageous for DCSS to be located there.

## WORK PRACTICES

Most of the DCSS client interaction is over the phone. Telecommuting is an available work option for attorneys and senior management up to a fixed percentage of their workweek. Flextime is also available based on preference and according to classification and work group.

## FILING / STORAGE

There are 50,000 files stored in the basement at 393 13<sup>th</sup> Street that need to be moved to offsite storage. 95% of caseload files have been scanned over the last 6 years.

## PARKING

Parking is ample at the Peralta Oaks Building. Employee parking for 393 13<sup>th</sup> Street is two city blocks away. Visitor parking is not provided at 393 13<sup>th</sup> Street.

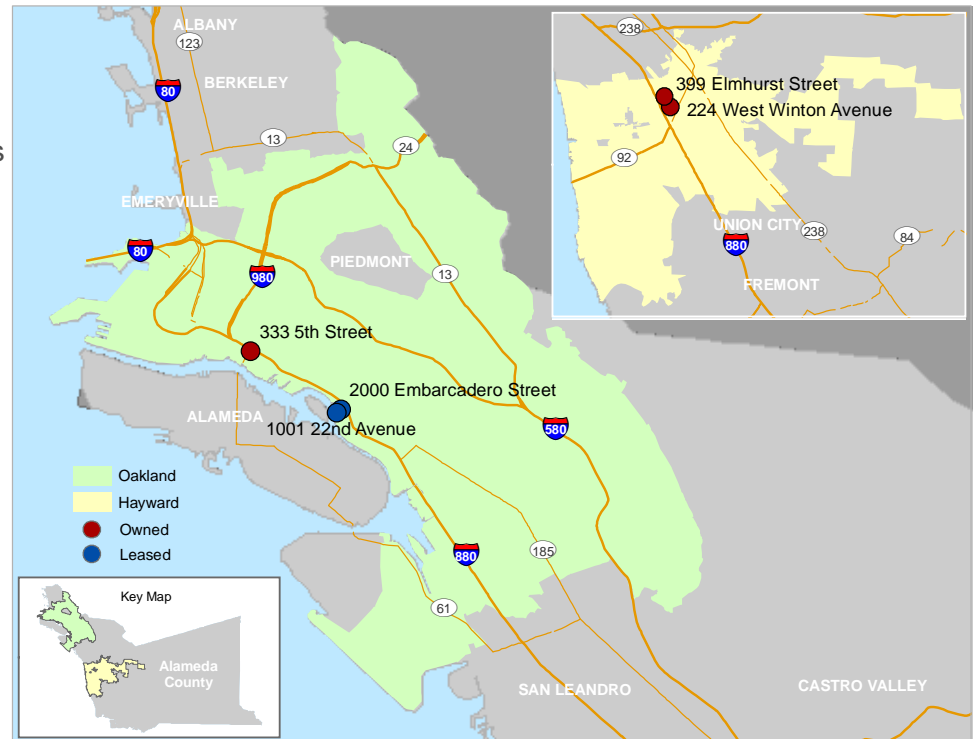
# COMMUNITY DEVELOPMENT AGENCY

## OVERVIEW

The Community Development Agency (CDA) is positioned to service the unincorporated areas of the County, primarily out of their Hayward headquarters at 224 West Winton Avenue. This location is in proximity to unincorporated areas in central Alameda County and allows the public to readily access CDA staff. Except for CDA, the building is largely vacant. CDA's second Hayward location is in the Public Works Agency (PWA) building, also at Hayward. While CDA has a small presence there, the location is critical to the central permitting process that requires approval by CDA, PWA, Fire, and occasionally Environmental Health. Lead Poisoning and Prevention's presence at 2000 Embarcadero in Oakland is near the areas it serves and is supported by the Joint Powers Authority and the Board of Supervisors. Also in Oakland at 333 5<sup>th</sup> Street, Lead Poisoning and Prevention requires atmospherically controlled labs and storage sheds that would be costly to relocate.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	8,876	39,312	48,187
Office Headcount	23	100	123
Office Facility Count	2	2	4
2007 Operating Costs	\$39,709	\$356,714	\$396,423
Office GSF/Person	386	393	392



# COMMUNITY DEVELOPMENT AGENCY

## GROWTH

CDA's Redevelopment Agency, located in the 224 West Winton Ave. Building, is expected to grow by 3 to 5 persons per year for the next 4 years. To accommodate this growth, CDA is working with General Services Agency (GSA) on the design and remodeling of vacant space on site. The Redevelopment Agency will be funding the expansion. Other CDA divisions in the 224 West Winton Ave. Building are also experiencing growth, but there are no funds available to acquire additional space. It has been suggested that CDA secure all of the 224 West Winton Ave. Building or relocate to a larger location in the area that will enable CDA to expand without the burden of having to accommodate other agencies' growth.

## ADJACENCIES

Several critical adjacencies are met in the 224 West Winton Ave. Building with Housing and Community Development (HCD), Admin/Bonds, and Construction. It is critical that a part of CDA be co-located with PWA in 399 Elmhurst Street as there are a number of projects that overlap between the agencies. Less critical adjacencies for CDA are with GSA, with whom they are remodeling the 224 West Winton Ave. Building, and the Fire Department, which reviews some CDA-issued permits. Agricultural Weights and Measures is currently located in 333 5<sup>th</sup> Street near the County's Broadway campus but doesn't need to be there and could relocate anywhere.

## WORK PRACTICES

CDA supports and approves telecommuting and flextime on a person-by-person basis, but this does not impact the amount of required space. Agriculture Weights and Measures staff are in the field much of the time testing scales, dispensers and pumps, making them candidates for hoteling.

## FILING / STORAGE

There is a lack of storage space in the 224 West Winton Ave. Building to meet CDA's regulatory file retention requirements (HCD has a 50-year requirement). The public come in frequently to look at files. CDA uses an outside firm to manage files offsite that aren't required to be onsite. Storage needs vary by department. CDA would like a centralized space to be dedicated to all Agency storage requirements in the 224 West Winton Ave. Building.

## PARKING

Overall, parking is adequate at all 4 CDA sites. The 224 West Winton Ave. Building and the PWA Building share a paid parking lot, and there is street parking available. There are no assigned spots in the shared lot so employees are occasionally inconvenienced by having to park far from their building entrance.

# COUNTY ADMINISTRATOR / CLERK OF THE BOARD

(Interviewed together)

## OVERVIEW

The Board of Supervisors (Board) and the County Administrator are sensitive to public perception of their use of funds. This plays a role in every new hire/facility/space decision. A large concern is the lack of meeting space. There is currently only one meeting room that can accommodate a maximum of 20 persons. If a Board member and his/her staff need to find alternate meeting rooms, they have to look elsewhere in the building or at other locations. The Board has also expressed the need for additional amenities, but also feels that the public wouldn't view such requests favorably. Further, there is a problem with the temperature regulation and ventilation in the County Administration Building. It has also been suggested that a County Business Center be established so the public can get items copied, faxed and notarized in one location.

## GROWTH

Neither the County Administrator nor the Board of Supervisors has experienced any growth in recent years, though the Clerk of the Board is short staffed.

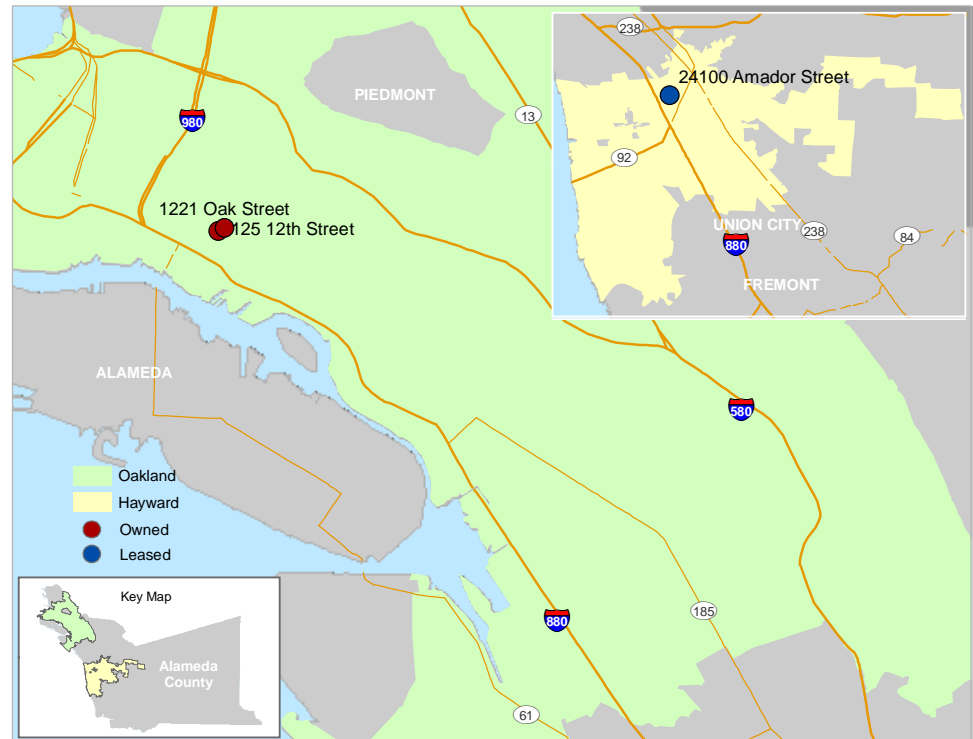
## ADJACENCIES

While the Board works with all County agencies and departments, it is critical that the Board of Supervisors, County Administrator, and County Counsel be co-located. The Board and County Administrator are currently located on the same floor, and the Counsel is one floor below in the same building. The County would prefer not to have the courtrooms in the County Administration Building.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	21,667	2,065	23,732
Office Headcount	78	0*	78
Office Facility Count	2	1	3
2007 Operating Costs	\$332,512	\$1,776	\$334,288
Office GSF/Person	278	0	304

\*Supervisor Steele has an office shared by 6 SSA case workers when not used by the Supervisor.



# COUNTY ADMINISTRATOR / CLERK OF THE BOARD

(Interviewed together)

## WORK PRACTICES

One priority of the Board of Supervisors is to provide personal contact while servicing the public, requiring staff be present during business hours. At the same time, the Board would like to accommodate employee's needs by offering flextime and other alternative work options. It is necessary to find a balance between these two concerns. Online services may help absorb some client-facing activity, but many constituents may not own a computer, be connected to the Internet, or be computer literate.

## FILING / STORAGE

There is very limited designated storage capacity onsite. The print room, under-desk areas, and the hallway must be used. Some items can be stored offsite, but further assessment is required before determining how much additional space would be needed and whether budget funding would be able to pay for storage.

## PARKING

All Board Members, Chiefs of Staff, and Supervisors' assistants may sign up and park in the ALCO Park Parking Garage, bypassing the 5-year waiting list. Each member pays for parking with bi-weekly payroll deductions.

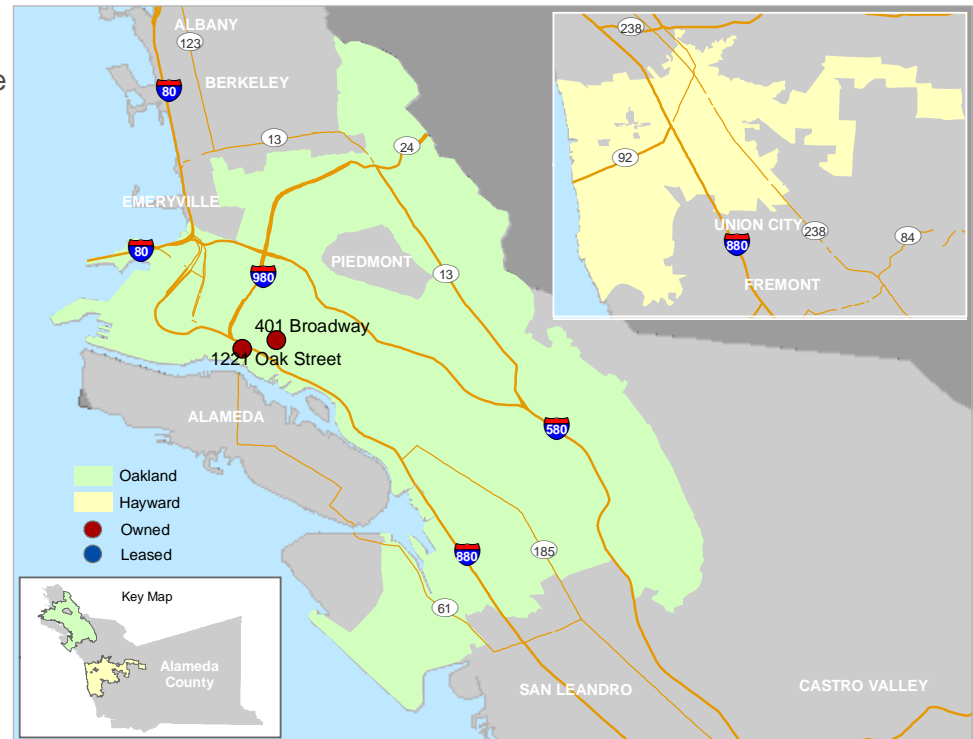
# COUNTY COUNSEL

## OVERVIEW

County Counsel acknowledges that more staff will be added over time commensurate with the amount and complexity of legislation that places additional liability on the County. One such legislative change might result in the Advocacy group taking over risk management from the County Administrator. There will unlikely be adequate space in the County Administration Building given the growth expectations of the Courts. County Counsel would like additional space to accommodate more offices and larger support areas. Providing an adequate work environment is an important issue, especially given the difficulty of retaining employees due to the allure of private sector salaries for attorneys. There is also an increasing need for County Counsel to have satellite offices in the North and South County areas near Courts and Social Services Agency offices for child welfare purposes.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	13,754	0	13,754
Office Headcount	48	0	48
Office Facility Count	2	0	2
2007 Operating Costs	\$172,938	\$0	\$172,938
Office GSF/Person	287	0	287





# COUNTY COUNSEL

## GROWTH

County Counsel currently has 47 staff located at the County Administration Building and has plans to add 6 new attorneys and support staff over the next 10 years. The majority of the growth is projected for the Social Services group. Since the County Administration Building is projected to be fully occupied in the near future, there will be a need for Counsel to find additional space. Further, a new initiative may result in the County Administrator's Risk Management function being absorbed by County Counsel, in which case more space would need to be found to accommodate staffing and space, especially in the Advocacy division. There is also an expectation that the Courts will expand in the County Administration Building thereby constraining Counsel's ability to expand if needed.

## ADJACENCIES

Close proximity to the Board of Supervisors, the County Administrator and Auditor-Controller is critical due to the number face-to-face meetings that are required. It's also important, but not critical, for County Counsel to be close to the Courts in order to file cases and make court appearances. All four Counsel divisions – Social Services, Advocacy, Public Protection, and Land Uses – work together and need to be in the same location in order to work most efficiently and provide quality service to their clients.

## WORK PRACTICES

County Counsel attorneys typically work a standard week, Due to the client-facing nature of the work, telecommuting is not practiced.

## FILING / STORAGE

County Counsel is required by law to hold records for certain periods. Due to the lack of storage space at the County Administration Building, County Counsel retains an offsite storage contractor to keep closed files and large, formatted documents. Any extra supplies are stored wherever there is space. There is excess equipment that could be moved offsite, but County Counsel would need to lease additional space to do so.

## PARKING

Parking is inadequate. There is a waiting list for monthly spaces at the ALCO Park Parking Garage. Those without monthly spaces must rely on street parking with meters that need to be filled every 2 hours. Visitor parking is insufficient as the postal service uses most of the metered spots that otherwise would have been available. According to the department survey conducted for this study, 41% of County Counsel staff use BART to get to work.

# DISTRICT ATTORNEY

## OVERVIEW

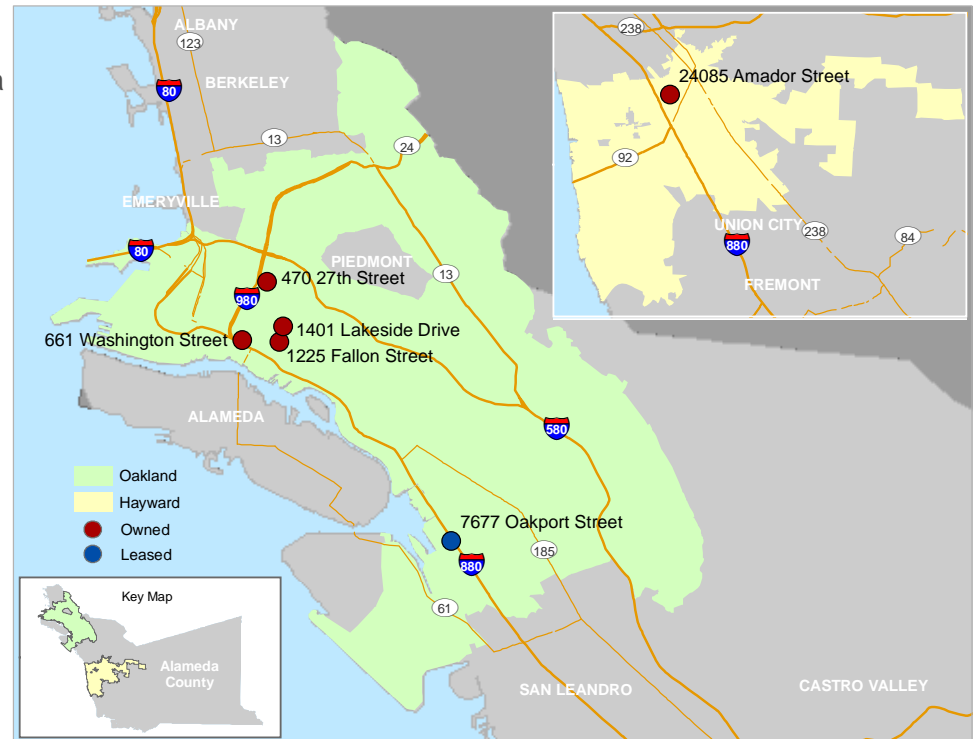
The René C. Davidson Courthouse is overcrowded, and due to its historic features, does not lend itself to modern space planning. Aside from some periodic upgrades, the office spaces have remained virtually unchanged. Space needs that are unmet include adequate storage, public waiting areas, interview rooms, and waiting areas for witnesses, police officers and other groups. Currently, the 9<sup>th</sup> floor law library serves many of these space needs out of necessity. While the DA has a good reputation and attracts young attorneys, the DA is concerned about employee retention due to poor working conditions such as lack of workstations and inadequate lighting. There is a long term plan to build a new courthouse in Dublin and some discussion of moving operations there from the René C. Davidson Courthouse, but this has been talked about for three years and there is no indication of when or if this will happen. The State wants the DA to stay in the René C. Davidson Courthouse. Wiley W. Manuel Courthouse is also pressed for space. The pedestrian bridge between it and the damaged Allen E. Broussard Justice Center is being used for DA offices.

## GROWTH

Lack of funding has prevented headcount growth and the DA feels they are doing more with less staff than other county district attorneys. The appropriation of County funds for the prosecution of “general purpose” criminal complaints has remained static in the recent past.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	92,627	15,776	108,403
Office Headcount	246	51	297
Office Facility Count	5	1	6
2007 Operating Costs	\$1,170,814	\$3,681	\$1,174,495
Office GSF/Person	377	309	365



# DISTRICT ATTORNEY

## ADJACENCIES

The DA must be near the courts to serve its function of prosecuting criminal cases. It is also critical that divisions within the DA – legal, investigative, clerical support, finance, accounting, and payroll – be co-located as they interact and support each other continuously.

## WORK PRACTICES

Technology has had a major impact on work practices of the DA. For example, online legal resources have nearly replaced the traditional hardbound legal library. Staff requests for telecommuting or flextime are handled on an individual basis but are generally not approved. Standard work practice requires that DA staff be onsite to serve agency needs.

## FILING / STORAGE

Storage capacity for onsite records is grossly inadequate, particularly for offices conducting paper-intensive civil litigation. This is particularly severe for the Consumer and Environmental Protection Division. Certain case files involving serious felonies are held in perpetuity but don't necessarily need to be stored onsite. Offsite storage is available for official files and records. New legislation is pending that would require a 50-year retention of files. Consumer Fraud is using high-speed scanning equipment to convert files. Family Support has also gone paperless.

## PARKING

Employee parking is adequate near the Wiley W. Manuel Courthouse and problematic near the René C. Davidson Courthouse. There is a multi-year waiting list for discount parking stickers at ALCO Park Parking Garage, which affects workers at the René C. Davidson Courthouse who must find other lots or park on the street.

# GENERAL SERVICES AGENCY

## OVERVIEW

One of the biggest issues faced by the General Services Agency (GSA) is employee retention. GSA can't be competitive with private sector salaries and must look for other ways to attract and retain talent. Positions often need to be backfilled and there aren't always funds available to meet staffing needs. The Purchasing department in particular has frequent staff churn. To offset lack of staffing, GSA is considering a quasi-outsourcing approach where a staff member is brought in through a contract company and works provisionally. Additionally, the transfer of the Courts to the State may bring about a change in the approximately 100 janitorial positions currently administered by GSA. Sustainability is also an important aspect to GSA's work and they are committed to incorporating sustainable practices in all aspects of their operations.

## GROWTH

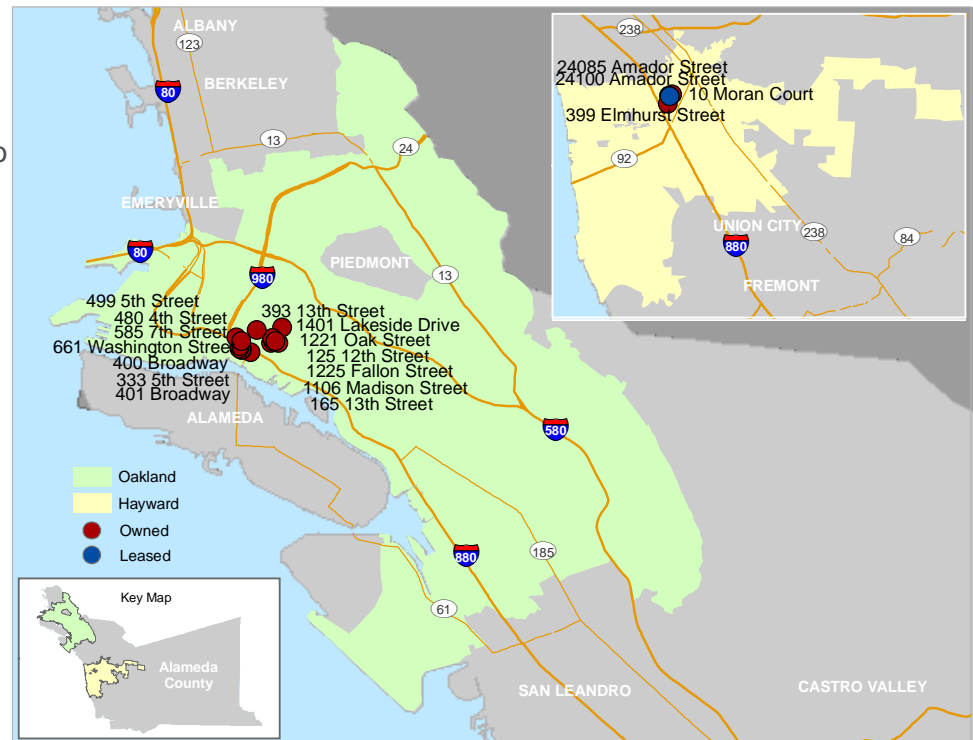
Staffing is projected to be stable over the short and long term. Due to funding shortfalls, GSA often has to rely on using contractors.

## ADJACENCIES

GSA interacts regularly with all agencies located at 1401 Lakeside Drive so it's important for them to stay there. Ideally, GSA would like to be located in a central administrative building large enough to accommodate all agency groups with whom they work, including the Board of Supervisors and the County Administrator.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	40,502	0	40,502
Office Headcount	132	0	132
Office Facility Count	5	0	5
2007 Operating Costs	\$1,659,674	\$56,572	\$1,716,246
Office GSF/Person	307	0	307



# GENERAL SERVICES AGENCY

## WORK PRACTICES

GSA has not pursued alternative work options for its staff. Like most of the agencies and departments in the County, GSA feels there are some people that could work from home, but a widespread program implementation has not been attempted. Implementing such a program might give GSA and the County more leverage in attracting and retaining staff.

## FILING / STORAGE

Drawings are currently being scanned for archival storage purposes, though this not expected to free up much additional space. GSA Purchasing is currently looking at a agency-wide file imaging initiative.

## PARKING

There is a major parking problem for employees at 1401 Lakeside Drive. There are a very limited number of spaces available in the basement of Lakeside and at the ALCO Park Parking Garage although the waiting list for each are 8 years and 5 years respectively. Visitors (and many employees) must park on the street and feed parking meters. Parking should be addressed in discussions regarding employee retention.

# HEALTH CARE SERVICES AGENCY

## OVERVIEW

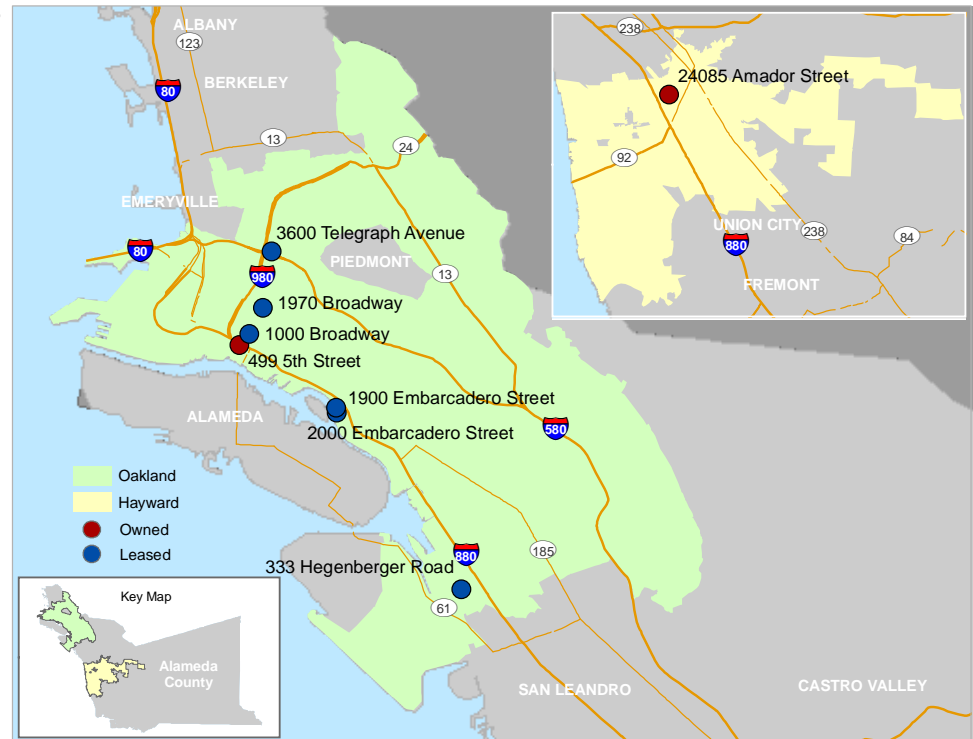
The Health Care Services Agency (HCSA) is comprised of Agency Administration, Public Health (PH), Behavioral Health (BHCS), and Environmental Health (EH). BHCS services are 80% contracted to private companies, though they reside in many County-owned buildings. PH leases its headquarters building at 1000 Broadway, but they would like to own their own building, possibly in West Oakland. The Public Health Lab Building on Broadway is located in a largely vacant building and is a good candidate to relocate, however, it must stay in Oakland as the majority of the work is there. HCSA is currently exploring a new service delivery model - Wellness and Recovery Hubs - that would combine their services and other community services in one location. There is always a concern, however, with finding private sector landlords amenable to leasing space for certain services such as behavioral health and substance recovery.

## GROWTH

The current HCSA practice is to lease spaces to accommodate growth. A main catalyst for growth is the Mental Health Services Act, which may result in a 10% increase in BHCS staffing. Growth is tempered by the inability to lease space from private sector landlords who don't want HCSA as a tenant because of the type of work and clients they draw.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	171,190	10,939	182,129
Office Headcount	533	8	541
Office Facility Count	7	1	8
2007 Operating Costs	\$319,757	\$127,651	\$447,408
Office GSF/Person	321	1,367	337



# HEALTH CARE SERVICES AGENCY

## ADJACENCIES

All 7 Public Health (PH) divisions interact frequently with each other and should be co-located. Agency Administration works more closely with Behavioral Health (BHCS) and PH than with Environmental Health (EH). BHCS requires co-location of claims, finance, provider relations, and contracting staff.

## WORK PRACTICES

HCSA is amenable to alternative workplace strategies, but no comprehensive assessment has been undertaken to identify how such strategies would be implemented. HCSA is exploring a “distance learning” program which would utilize the Internet to reach clients and audiences throughout the community.

## FILING / STORAGE

PH rents additional space for storage. Existing onsite and offsite storage capacity is sufficient.

## PARKING

There are no major parking shortages at HCSA locations. Where there is a lack of onsite parking, there is ample street parking available.

# HUMAN RESOURCE SERVICES

## OVERVIEW

A major concern of Human Resource Services (HRS) is the challenge of employee retention given the attraction to higher private sector compensation. As baby-boomers retire, younger entrants into the workforce are more focused on flexibility in the workplace and have higher expectations of employee benefits. Alameda County currently has a generous benefits program and ongoing labor negotiations may increase the level of benefits, the costs of which are unknown but are assumed to be higher. Given this generational shift in the County workforce and the uncertainty regarding costs of labor and benefits, it is difficult setting expectations of future HRS headcount growth and subsequent impacts on the workplace.

## GROWTH

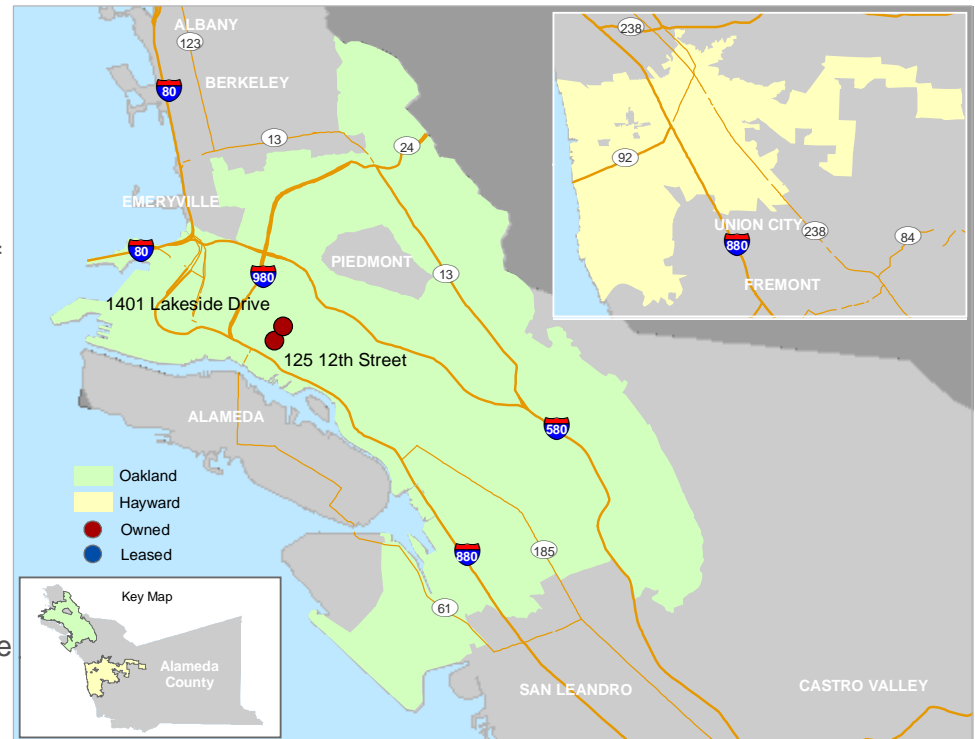
Growth in HRS headcount is difficult to project but is contingent upon County budgets and the overall growth of County population.

## ADJACENCIES

Overall, it would be ideal to have all HRS staff in a single location. In the Personal Services division, work is most efficient when Examination, Certification, and Validation units are co-located with HRS analysts. During labor negotiations, Employee Benefit Services works with Employee Relations so it would be ideal if they were in close proximity. As direction comes from the Board of Supervisors and the County Administrator, it would also be beneficial if HRS was located near these two entities.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	30,079	0	30,079
Office Headcount	70	0	70
Office Facility Count	2	0	2
2007 Operating Costs	\$710,879	\$0	\$710,879
Office GSF/Person	430	0	430





# HUMAN RESOURCE SERVICES

## WORK PRACTICES

Telecommuting is available to HRS analysts, but is rarely used. The nature of the work requires that analysts be onsite. Further, there is no current infrastructure to support a telecommuting program. There is also a general perception that telecommuters may not really be working while out of the office. However, telecommuting and other alternative work practices need to be evaluated as one way to attract and retain talent.

## FILING / STORAGE

File storage is not a huge impact on space. Files are kept onsite for 5 years, and are then moved offsite for at least an additional 10 years. Imaging of HRS exam history files is expected to begin within the next few months.

## PARKING

Parking at 1401 Lakeside Drive is inadequate for employees. Most HRS employees park on the street in metered spaces and have to move their cars every 2 hours in order not to be ticketed by the City.

# INFORMATION TECHNOLOGY / REGISTRAR OF VOTERS

(Interviewed together)

## OVERVIEW

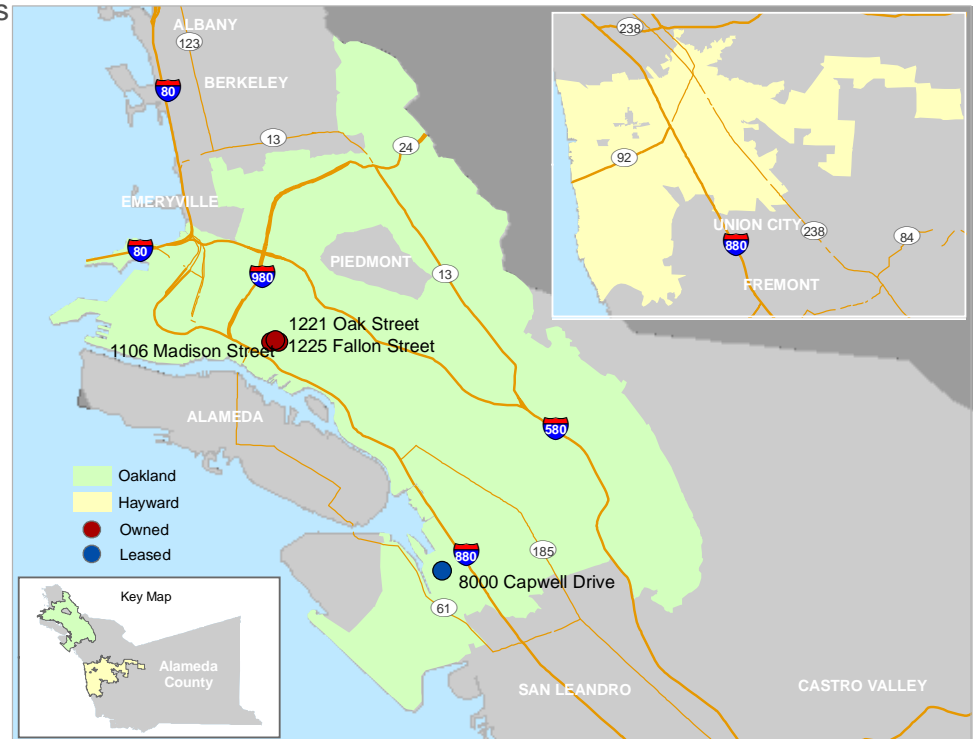
Due to a recent wave of retirements, the Information Technology Department (ITD) has been struggling to backfill positions. In spite of a record number of new hires, recruiting for ITD is extremely competitive and there are many positions that are yet to be filled. As the demand for technology services continues to grow, ITD uses external consultants to cover any shortfall in workload. A major concern for the Registrar of Voters (ROV) is the future status of electronic voting and tabulation equipment. Existing voting equipment was recently decertified and it is unclear what equipment will be used in the coming elections.

## GROWTH

ITD headcount is projected to grow slow and steady, as retirements and hiring are active. ROV will need to respond to changes in electronic voting mandated by the State Registrar, which are still unknown. These changes may also effect headcount requirements of ITD.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	78,178	0	78,178
Office Headcount	210	0	210
Office Facility Count	3	0	3
2007 Operating Costs	\$474,433	\$0	\$474,433
Office GSF/Person	372	0	372



# INFORMATION TECHNOLOGY / REGISTRAR OF VOTERS

(Interviewed together)

## ADJACENCIES

Given that ITD and ROV report to the same person, co-locating the two groups could work well in order to bridge some of the cultural differences between them. Politicians prefer to have ROV located nearby, but ROV could be located anywhere. ROV would prefer to have its warehouse at 8000 Capwell Drive located closer to the main office at 1225 Fallon Street. Within ITD, it is critical that Systems Programming, Infrastructure Services Group, Operations, and Technical Services Administration work in proximity to each other. ITD is currently split between 2 locations: The Recorder's Building at 1106 Madison is perceived to provide a far superior work environment compared to the basement at the County Administration Building.

## WORK PRACTICES

Telecommuting is the trend in the IT industry and is almost a necessary benefit in order to recruit and retain staff. Since much ITD work is onsite and requires face-to-face interaction, telecommuting is not practiced. There are also concerns that workers will not be productive while at home. While there is a virtual private network (VPN) and telecommuting is allowed, there is no formal process in place to set up employees with the tools needed for remote work. All requests for telecommuting are handled individually. Before a formal process is developed, metrics need to be in place in order to gauge the efficiency of an alternative work strategy. Work performed by ROV is not conducive to telecommuting.

## FILING / STORAGE

There are no major storage issues regarding ITD. Election materials stored by ROV are voluminous and must be stored for a mandated period of time. ITD built a file imaging system but are actively looking for a replacement. Departments must pay individually to implement the system and a few have agreed. There has been no County-wide study to determine what space and cost savings would be, if any.

## PARKING

Parking at the County Administration Building and nearby County facilities is inadequate. The waiting list at ALCO Parking Garage is 5 years for a monthly pass. Visitor parking is available, but it is especially difficult to find a space between the hours of 9 am and 10 am.

# PROBATION DEPARTMENT

## OVERVIEW

The State is spreading a new population of juvenile offenders among the counties, no longer centralizing as has been the practice. This has increased the need for Probation Department staff to meet this demand. Probation is working with the General Services Agency to relocate Administration, Adult Services, and Juvenile Field Services from 400 Broadway in Oakland. Administration plans to relocate to San Leandro near the Juvenile Justice Center. An appropriate new location for Adult and Juvenile Field Services is needed to serve north Oakland clients. When a location is identified, it may be appropriate to co-locate Juvenile Community Probation Supervision (located at 7200 Bancroft) with Juvenile General Supervision (400 Broadway) to serve all Oakland clients. Due to lack of funding, there are no staff to supervise approximately 13,000 adult offenders in the County.

## GROWTH

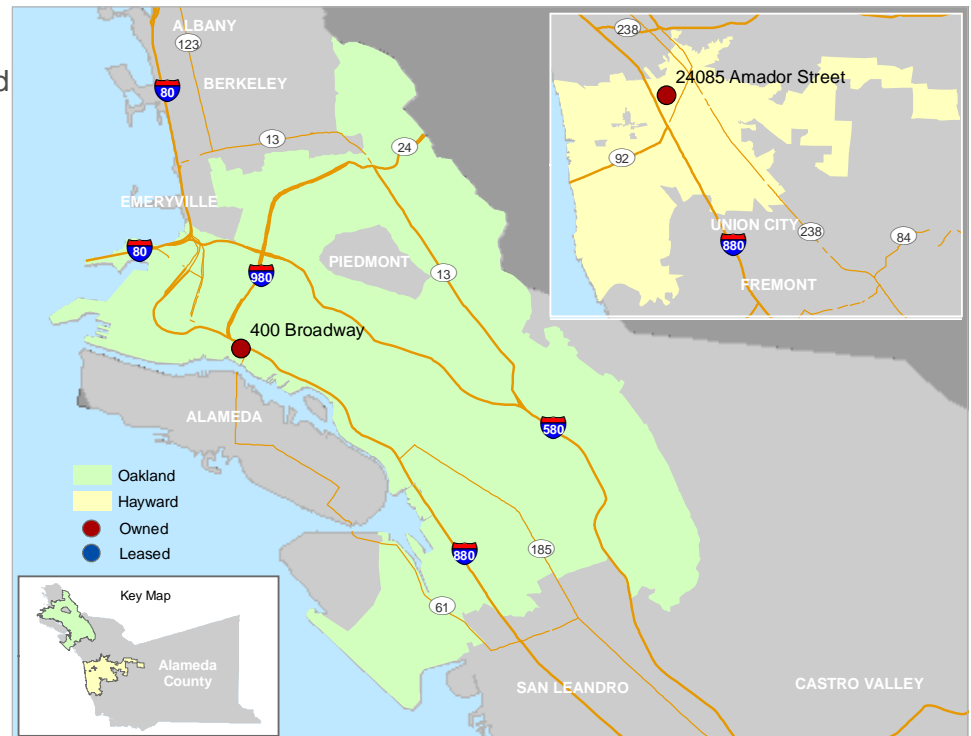
Projecting headcount growth is very difficult. Population growth will have some impact on caseload although work is primarily driven by the worst criminal activity.

## ADJACENCIES

The relocation efforts described above notwithstanding, Probation is satisfied with its current adjacencies and would like to maintain them in the future. As far as overall requirements, Probation needs to be near the Courts, the Public Defender, and the DA. If possible, neighborhood probation offices should not be located in high-crime areas.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	73,071	17,535	90,606
Office Headcount	157	79	236
Office Facility Count	1	1	2
2007 Operating Costs	\$1,002,488	\$204,615	\$1,207,103
Office GSF/Person	465	222	384



# PROBATION DEPARTMENT

## WORK PRACTICES

Probation supports telecommuting and flextime, and reviews requests on a case by case basis. There is still a stigma that staff isn't actually working unless they are onsite. Regardless, if Probation wants to implement a more comprehensive alternative work program, more hoteling workstations would be needed. Also, service delivery is expected to improve with the deployment of technologies currently under development such as a case management system and a client-reporting kiosk system for fines, fees, restitution, and mandated reporting information.

## FILING / STORAGE

Storage is adequate. Offsite storage is available at the Stone Mountain location.

## PARKING

Parking is inadequate at Probation's Oakland location (400 Broadway) and it's Hayward location (24085 Amador Street). Monthly parking is limited, and generally too costly for many employees. Staff members attending meetings often have to search for spaces on the street which can delay start times. Similarly, visitors are often late for appointments and often complain to staff that no free parking is available when they are required to visit their probation officer on a regular basis.

# PUBLIC DEFENDER

## OVERVIEW

The Public Defender (PD) is no longer included in the Court’s space planning which makes “planning” an illusory concept. As the Courts are able to add, delete, and change functions at will, the PD feels as if they are “chasing a moving target” and purely reactive when it comes to space planning. Also, the PD would like to consolidate into 312 Clay Street, but the landlord doesn’t want to bring a “criminal element” into the building. This is emblematic of an ongoing problem the PD has leasing space.

## GROWTH

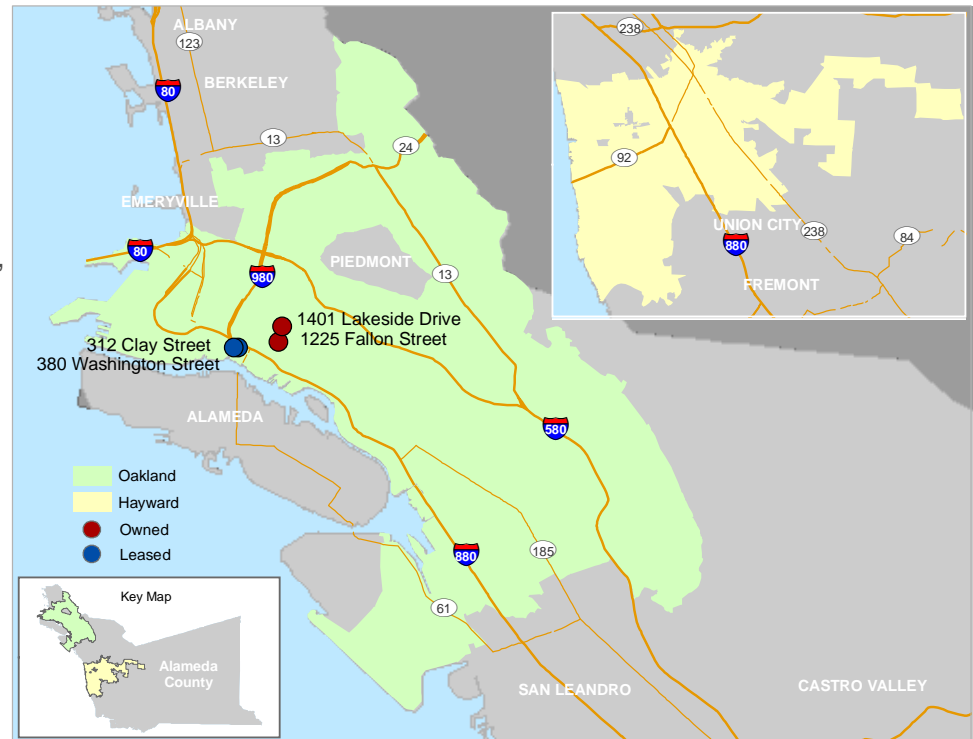
Headcount growth is projected to be minimal over the short and long term. It is unclear if the Dependency Services contract, due to expire on June 8, 2008, will be renewed by the Courts, since the State may outsource to the private sector to save money. The Dependency group, located at 312 Clay Street, includes 18 employees, 11 of which are attorneys.

## ADJACENCIES

The PD needs to be within walking distance to the Courts as well as the District Attorney’s office in order to serve motions and orders. Within the PD, it is critical for Legal, Support Services, and Investigations to sit in close proximity for face-to-face interaction and to exchange paper records. The PD doesn’t have a presence in Hayward but would like to staff an office there.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	58,462	15,006	73,469
Office Headcount	112	39	151
Office Facility Count	3	1	4
2007 Operating Costs	\$531,543	\$175,047	\$706,591
Office GSF/Person	522	385	487



# PUBLIC DEFENDER

## WORK PRACTICES

While there has been some employee interest in telecommuting and flextime, The PD feels that alternative work strategies aren't compatible with the Agency's mission statement. There are no current plans to study alternative work strategies in earnest. Finally, PD has considered implementing phone trees in order to expedite the handling of phone calls.

## FILING / STORAGE

The PD has not expressed a need for more storage. The major concern is that file storage is often too far (i.e., located on another floor) from the employees who need frequent access. Also, the PD anticipates that all criminal documents will be filed electronically with the Court's Clerk Office over the next few years.

## PARKING

All employees complain about parking at all Public Defender locations in Oakland, including the lack of availability, the distance they have to walk, and the cost. For those staff working near Lake Merritt, the 12 spaces located in the garage at 1401 Lakeside Drive are insufficient and most employees need to park on offsite lots or at metered spots on the street. There is no visitor parking available at any Public Defender location in Oakland.

# PUBLIC WORKS AGENCY

## OVERVIEW

The average age of a Public Works Agency (PWA) staff member is 50.3 years. Retirement is increasing exponentially, and unless positions can be backfilled, staffing issues will be at a critical point in 5 years and the Agency will need to consider contracting for services. Salaries are competitive, but Staff are being lured away to other public entities because of more favorable retirement packages. There are no major issues or concerns with the PWA Building at 399 Elmhurst in Hayward. Overall, employees are satisfied, PWA feels that this building is located to optimally serve the community, and PWA feels that there is adequate space for growth.

## GROWTH

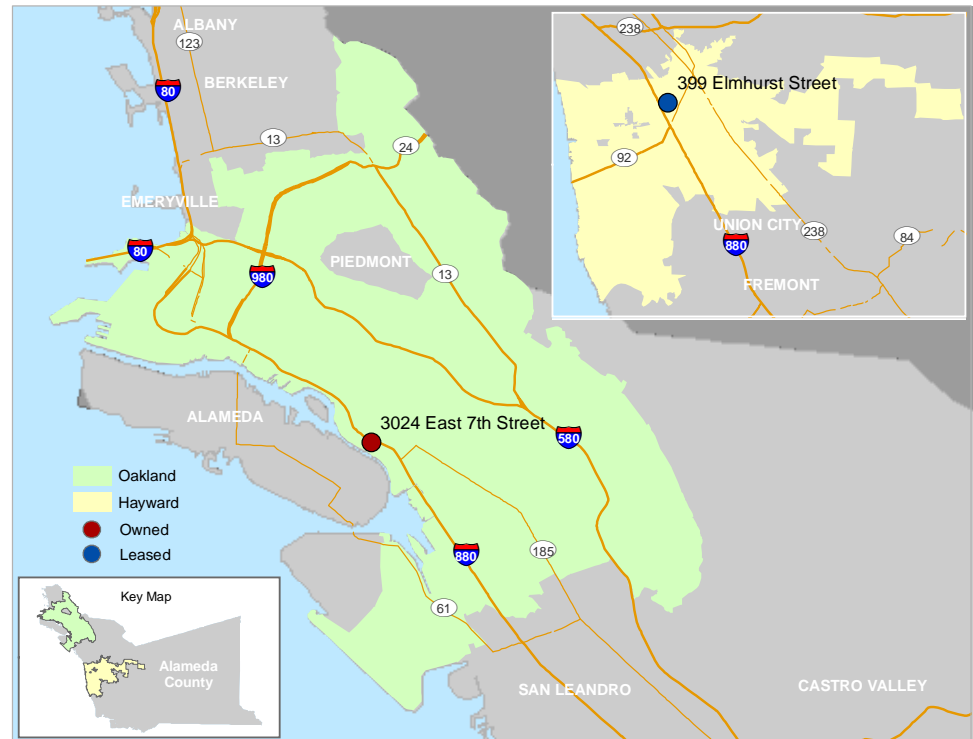
PWA headcount is generally projected to be stable. With the passage of Proposition 1B, road infrastructure work will increase, thereby effecting the volume of work for planners, designers, public work inspectors, and contract construction workers. It is unclear if and to what degree PWA headcount will need to increase to manage the additional workload. Environmental regulation is currently short-staffed and needs to grow.

## ADJACENCIES

Current adjacencies work well for PWA. It is critical that Engineering and Construction, Maintenance and Operations, Development Services, Management Services, and Public Works IT continue to be co-located. There is a one-stop permit center in the PWA Building for Community Development Agency, Fire Department, Building Inspection, and Grading.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	N/A	54,332	54,338
Office Headcount	22	130	152
Office Facility Count	1	1	2
2007 Operating Costs	N/A	\$823,707	\$823,707
Office GSF/Person	N/A	418	357





# PUBLIC WORKS AGENCY

## WORK PRACTICES

PWA currently follows existing County policies relative to flextime, job sharing, and telecommuting. While technology has made work processes more efficient, it has not yet reduced the space needs of PWA.

## FILING / STORAGE

File storage issues were addressed during the recent remodeling of the PWA Building. PWA is just concluding a 5-year file imaging project.

## PARKING

Parking at the PWA Building generally works well. Certain events at adjacent buildings can create parking congestion, such as high profile court trials or strikes at the school district.

# SHERIFF'S OFFICE

## OVERVIEW

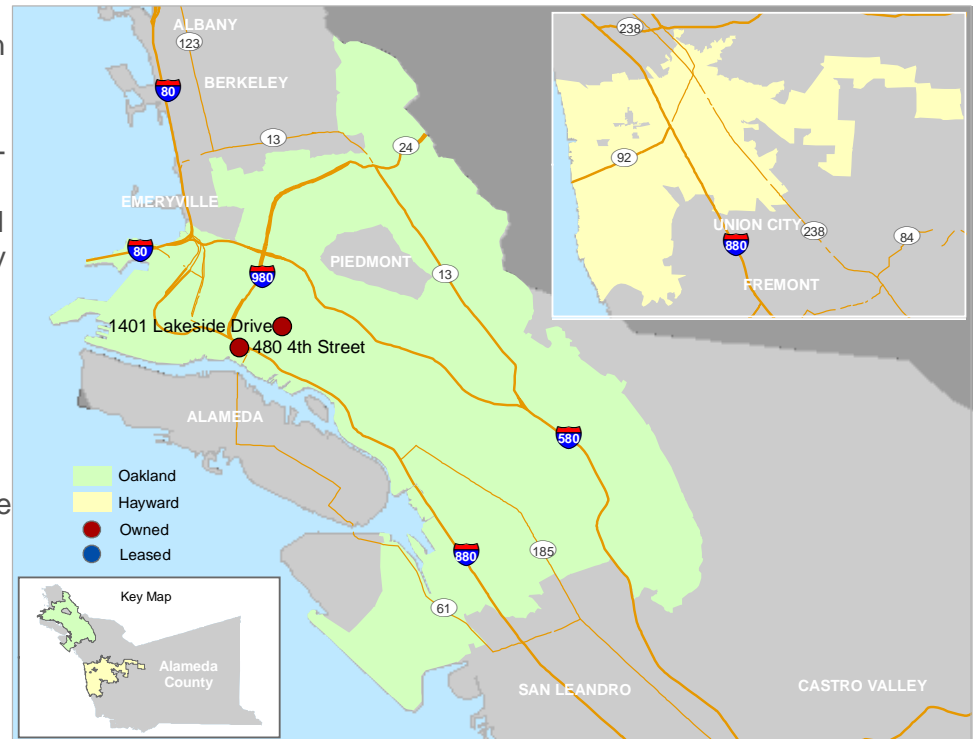
The Sheriff's Department feels that the substandard conditions of their current facilities dramatically impede their ability to deliver services effectively. For example, the Coroner's Building at 480 4th Street is old, overcrowded, has inadequate heating and cooling, and is not ADA compliant. Due to these poor conditions and other factors, the Sheriff is lobbying for development of a new 100,000 SF Law Enforcement Facility (and parking lot) in the Fairmont area. This would be a natural location for Coroner, the Crime Lab, the Dispatch Center and Law Enforcement Services. Administrative staff would maintain their office in the County seat in Oakland as required by law. Funding for the 100,000 SF, \$200 million Law Enforcement Center would likely need to come from voter-approved bonds or other tax measures. The Sheriff sees services expanding as contracts with cities and other local entities increase, such as Oakland, the Port, and East Bay Municipal Utility District.

## GROWTH

Growth at 1401 Lakeside Drive is projected to be minimal. They would like to hire more technicians, but cannot due to lack of workspace. Over the longer term, service demand (and staff) may increase as the eastern part of the County grows in population and cities and other entities look to expand their contracts with the Sheriff.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	29,070	0	29,070
Office Headcount	65	0	65
Office Facility Count	2	0	2
2007 Operating Costs	\$677,418	\$0	\$677,418
Office GSF/Person	447	0	447



# SHERIFF'S OFFICE

## ADJACENCIES

The Sheriff should continue to be adjacent to the County Administration Building to enable quick access to policy makers, department heads, and their staff.

## WORK PRACTICES

The nature of the services provided by the Sheriff precludes the use of flextime and telecommuting. While technology continues to change the way the Sheriff handles its management processes and communications, it is unlikely to effect the need to serve onsite visitors.

## FILING / STORAGE

Homicide files must be stored indefinitely. Evidence is stored at the Eden Township Substation in one of the portable buildings. Ideally, all files, evidence, and found property would be stored within the same building. While the Sheriff utilizes electronic scanning for report-writing purposes (ILEADS system), they do not scan in order to archive digital drafts of legacy documents for long-term storage.

## PARKING

Employee and visitor parking is inadequate at 1401 Lakeside Drive. Staff complains.

# SOCIAL SERVICES AGENCY

## OVERVIEW

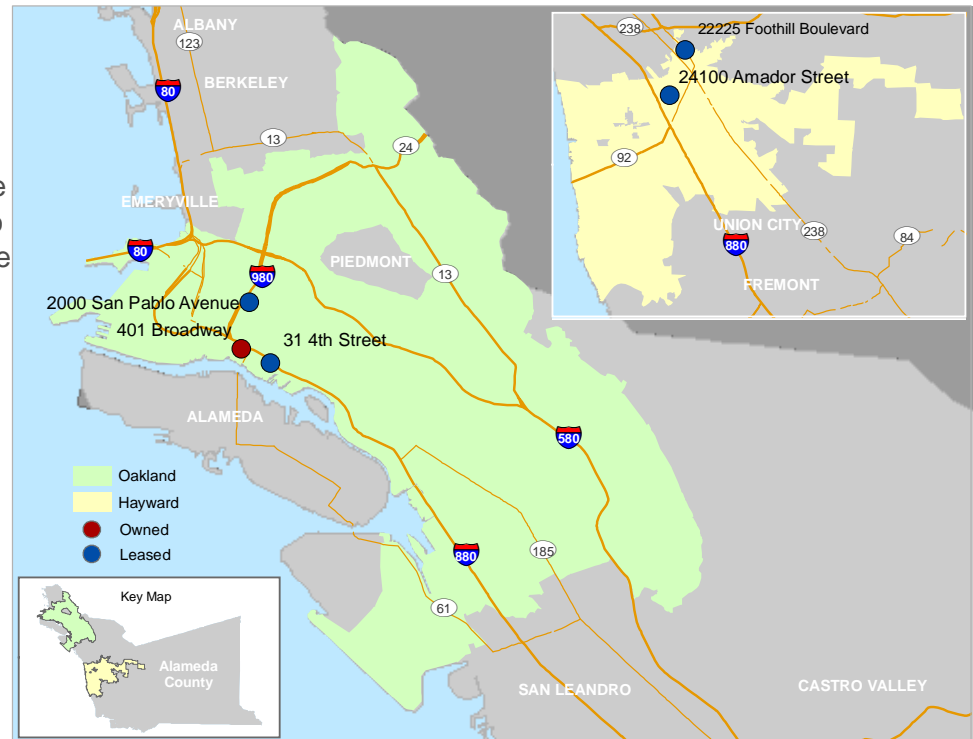
One of the critical issues facing the Social Services Agency (SSA) is positioning itself to serve the County’s aging population. SSA lacks sufficient office space, workstations, meeting rooms, and training rooms to meet its current needs. Due to the uncertainty of the fate of 401 Broadway, a large amount of space at that location is not being utilized. If the County intends to continue to use 401 Broadway as a location for SSA, the facility needs to be upgraded in order to reflect the goals and objectives of the department.

## GROWTH

The Federal 2005 Deficit Reduction Act requires a 50% client work participation rate to be enforced starting in October 2008. Therefore, foot traffic into SSA will increase dramatically. Children and Family Services (CFS) plans to expand its family reunification division and engage in more community-based collaborations which may require additional workspace. Over the longer term, Adult and Aging plans to expand services to the suburban areas of the County – Fremont and Livermore – to meet the needs of aging Baby Boomers who reside in those areas. SSA needs additional administrative space to screen clients in order to ensure they are United States citizens prior to receiving SSA services.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	171,341	159,448	330,789
Office Headcount	523	693	1,216
Office Facility Count	2	2	4
2007 Operating Costs	\$1,510,543	\$160,627	\$1,671,170
Office GSF/Person	328	230	272



# SOCIAL SERVICES AGENCY

## ADJACENCIES

Externally, Child Welfare programs must be located near the Courts. Internally, SSA is moving towards decentralizing services out into the community and centralizing administration in one headquarters location, currently housed at 2000 San Pablo. Community-based organizations are being looked to more and more as partners in delivering SSA services.

## WORK PRACTICES

SSA uses technology extensively. The implementation of Voice Response Unit (VRU) technology, which allows clients to interact with pre-programmed computer responses, answers many client questions and performs some services that help reduce workload and office visits. A new online system of court reports will enable telecommuting for child welfare workers who can access information remotely and allow them to work more efficiently in the field as they achieve their goal of decentralizing their services. SSA embraces flextime as an option for nearly all job classifications.

## FILING / STORAGE

SSA's central imaging department scans over 125,000 pages each week, and more than 12 million documents are currently available online. By mid 2008, all CFS hard cases will be online as well. While this has eliminated the need for storing hard copies, it has created the need to house imaging department staff and equipment. The SSA warehouse at 31 4<sup>th</sup> Street contains mostly boxes of files and some furniture. Over time, boxes will disappear as file imaging progresses.

## PARKING

Parking at the 24100 Amador Street in Hayward (Eden Areas Multi-Service Center) fills up quickly and causes problems for workers who need to come and go. Conditions at 401 Broadway are also inadequate as street parking is extremely tight, which impacts CFS workers who often arrive carrying a child just removed from their home. Parking at the 2000 San Pablo location is also inadequate with very few spaces available for staff and visitors in the adjacent structure.

# TREASURER-TAX COLLECTOR

## OVERVIEW

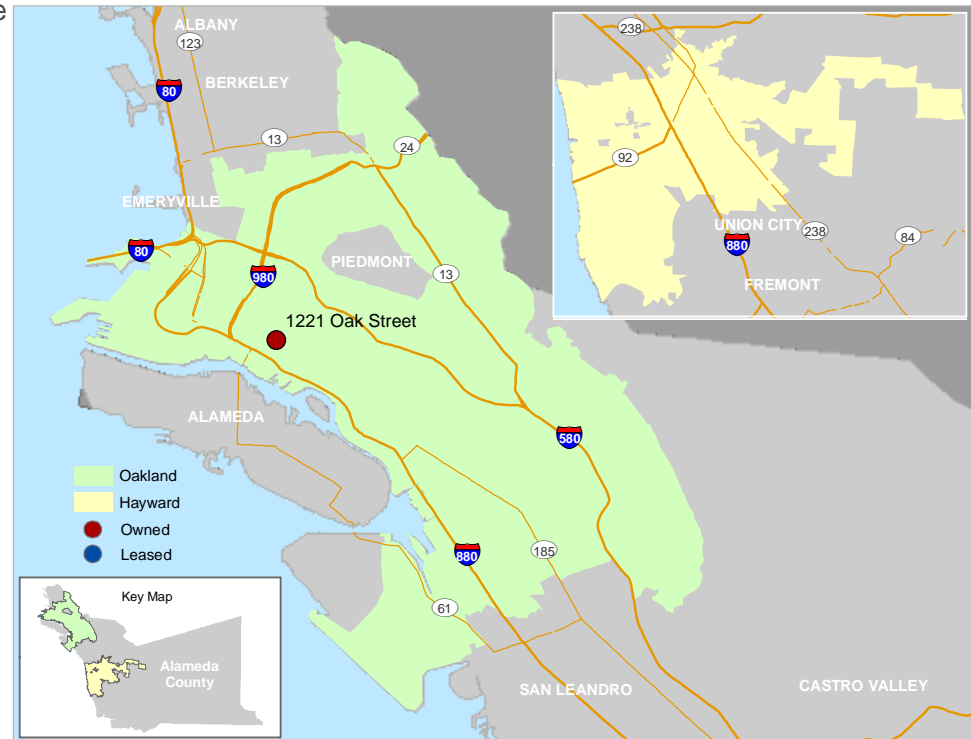
The Internet is increasingly being used by the public as a source of information and as a means to make payments to the Treasurer-Tax Collector for such items as property and business license taxes. As the public relies more on technology, it is expected that Treasurer-Tax Collector staff will be spending less time dealing with the public face-to-face or on the phone. Further, there will certainly be less mail to process if payments are being submitted online. Separately, staff feels that there is limited space to grow in both of the facilities in which they have a presence (the County Administration Building and the 224 West Winton Ave. Building).

## GROWTH

Projecting headcount growth is difficult because it is largely tied to the budget and State mandates. In spite of the recent remodel of the County Administration Building, the Tax Collector-Treasurer feel that there is inadequate space to accommodate the 4 or 5 positions that they intend to fill. While headcount has remained steady overall, there are seasonal changes in staff levels.

## STUDY AREA SUMMARY

	Oakland	Hayward	Total
Gross Office SF	15,556	1,630	17,186
Office Headcount	50	13	63
Office Facility Count	1	1	2
2007 Operating Costs	\$195,601	\$13,205	\$208,806
Office GSF/Person	311	125	273



# TREASURER-TAX COLLECTOR

## ADJACENCIES

The Treasurer-Tax Collector, Assessor, Auditor, and Recorder frequently work with each other and the public, so it is natural for these groups to continue to be located near each other. The Business License Tax Unit should be located near the unincorporated areas (currently in Hayward) in order to better service businesses and individuals. Within the department, it is critical for Tax Collection, Treasury, and Deferred Compensation to be co-located given their daily, frequent interaction with each other. The Treasurer needs to be in a secured space.

## WORK PRACTICES

Technology is having an effect on the work practices of the Treasurer-Tax Collector. As the public relies more heavily on the Internet for information and payments, staff members spend less time processing transactions by mail or interfacing with the public on the phone or in person. There is a flextime policy in place for employees. While a few staff members have inquired about telecommuting, it would not be conducive to the role of the department. In the past, self service kiosks were installed in certain locations but underutilized and discontinued.

## FILING / STORAGE

Storage is located in the basement of the County Administration Building. A file imaging program was implemented in August 2006 as a result of the growing need to store active and inactive participant files. Approximately 16% of all files have been scanned to date.

## PARKING

Employee parking at the County Administration Building is inadequate. There is a 5-year waiting list for monthly spaces. Visitor parking is also inadequate as there are only a few visitor parking lots scattered throughout the area.

# V. Options Development

## TABLE OF CONTENTS

Introduction	p. V-2
Guiding Principles	p. V-3
Locational Models	p. V-4
Real Estate Scenarios Overview	p. V-6
Scenario Locations	p. V-8
Lake Merritt Scenarios	p. V-10
Broadway Scenario	p. V-28
Downtown Scenario	p. V-37
Hayward Scenario	p. V-46
Asset Disposition Opportunities	p. V-53
Financial Analysis	p. V-63
Additional Options	p. V-75



# INTRODUCTION

Alameda County has numerous real estate options that would effectively balance the supply and demand dynamics described in *Section III*. This Section of the report describes several viable scenarios developed using a set of guiding principles and project drivers that address the County's requirements for Oakland and Hayward. These principles and project drivers were collaboratively developed by the County and the Gensler team.

Each option is measured quantitatively and qualitatively using financial models and scored evaluation criteria.

## GUIDING PRINCIPLES

The Team developed two locational models – Centralized Oakland and Regional. These two models are differentiated by their relative focus on retaining Oakland as the centralized County Center versus a more regional emphasis through greater development of the County’s available properties in Hayward.

Each locational model can be applied to six real estate scenarios that accommodate the County’s projected growth and related need for facilities and space as described in *Section III: Findings* of this report.

The diagrams and maps on the following pages show the locational models and identify the location of the six real estate scenarios within Oakland and Hayward.

- Lake Merritt County Center A
- Lake Merritt County Center B
- Lake Merritt County Center C
- Broadway County Center
- Downtown Oakland County Center
- Hayward Regional Center

These locational models and real estate scenarios are described in more detail on the following pages. The scenarios are compared to a status quo or “do nothing” financial analysis later in this report as a way to identify (at a high level) the additional costs associated with each scenario.

The models and scenarios were developed within the context of the following guiding principles:

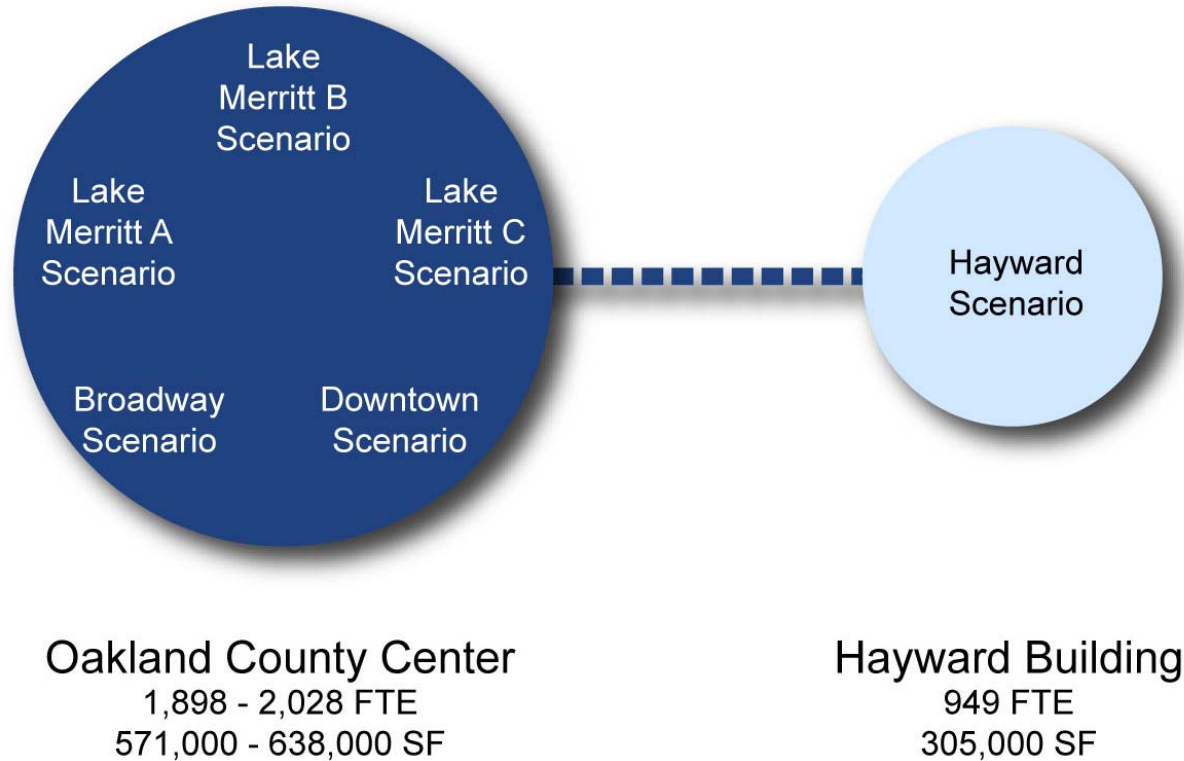
- Preserve critical internal and external adjacencies.
- Provide adequate employee and visitor parking.
- Develop or dispose of underutilized County land and facilities.
- Eliminate vacancy.
- Take advantage of favorable market conditions.
- Maximize revenue generation opportunities.
- Optimize public-facing operations.
- Maintain close access to BART and other public transportation.
- Utilize the existing supply of “swing” space during implementation.
- Employ the City of Oakland/Port of Oakland’s common interests in assisting with entitlements.
- Act as a catalytic force to neighborhood enhancement and economic development.

# LOCATIONAL MODEL: CENTRALIZED OAKLAND

A Centralized Oakland model consolidates all major departments and functions in a new County Center located either at Lake Merritt, Broadway and 4<sup>th</sup>, or Downtown Oakland. A new building in Hayward would accommodate departments already located there, projected headcount growth, and some non-customer facing department staff formerly based in Oakland.

This model assumes that a centralized County Center located in Oakland would:

- Improve interdepartmental operations.
- Provide better service to constituents in Oakland.
- Encourage increased use of public transit.
- Spur development in the surrounding area.
- Enhance the image and presence of the County government.

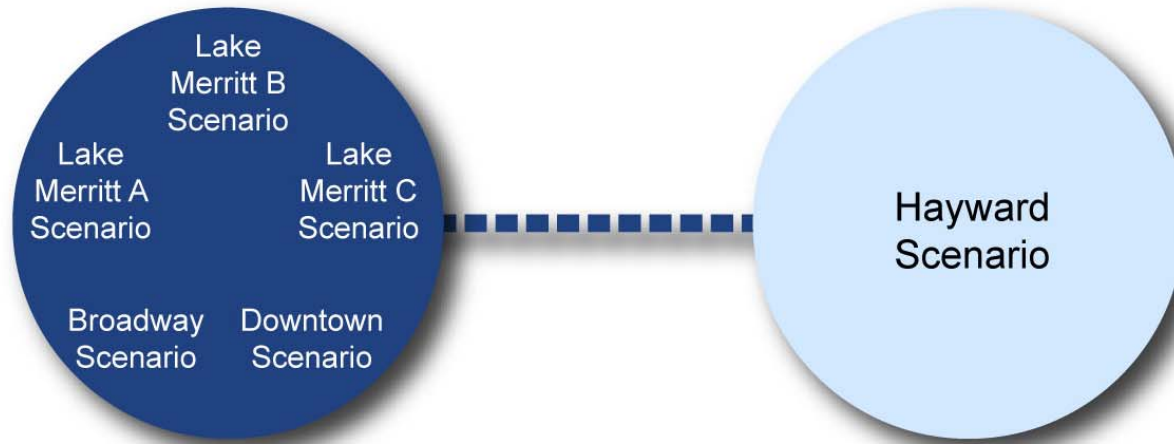


# LOCATIONAL MODEL: REGIONAL

A Regional model distributes major departments and functions in regional County Centers, one located either at Lake Merritt, 400 Broadway, or Downtown Oakland, and another regional County Center located in Hayward. Oakland would remain as the County Seat. Departments related to the Board of Supervisors, overall County governance, and functions and services related to the needs of Oakland constituents would remain in Oakland. Departments that are not customer-facing would be moved to the Hayward location.

The Regional model assumes that County Centers located regionally would:

- Better serve a growing population in the southern and eastern parts of the County.
- Provide a more effective location for telecommuting and other alternative workplace strategies.
- Reduce the space footprint in Oakland, thus lowering overall occupancy costs.



**Oakland Regional County Center**  
 1,253 - 1,383 FTE  
 388,000 - 455,000 SF

**Hayward Regional County Center**  
 1,594 FTE  
 488,000 SF

# REAL ESTATE SCENARIOS OVERVIEW

The following pages describe six real estate scenarios that would accommodate the County's projected growth and the related need for facilities and space, while also fulfilling the principles described on page V-3.

- Lake Merritt County Center Option A
- Lake Merritt County Center Option B
- Lake Merritt County Center Option C
- Broadway County Center
- Downtown Oakland County Center
- Hayward County Center

## ASSUMPTIONS

### Centralized Oakland vs. Regional Locational Model

For purposes of modeling, illustration, and description of implementation details, the Centralized Oakland locational model has been used for each scenario. Each scenario could also be adjusted to fit a Regional locational model, resulting in somewhat different square footage requirements. Both the Centralized Oakland and Regional locational models are included in the summary tables for each scenario.

The net impact of the shift from a Centralized Oakland model to a Regional model would be the relocation of approximately 650 additional staff currently working in Oakland to Hayward facilities. The number of staff and the departments affected would need to be determined through further study.

### Zoning & Planning Context

In developing the massing studies included in this report, the team researched both existing and potential future zoning ordinances. Building setbacks and massing have been modeled to adhere to the current or, in the case of the Lake Merritt scenarios, potential new zoning requirements. For all scenarios, further building design and planning should be done in conjunction with the City in order to ensure that the building adheres to the most current zoning guidelines.

Each of the options assumes that new buildings would be built in Oakland and Hayward. Transaction mechanisms and project delivery methods would likely be different depending on which sites are ultimately used and market conditions when the project actually gets underway.

For example, it may be advantageous for the County to enter into a sale/leaseback transaction with an experienced private development entity. This approach could reduce the County's cost overrun risk and reduce its capital commitment. Alternatively, it may also make sense simply to proceed with an internal development process on debt-free County-owned property.

This first phase of the Alameda County Real Estate Master Plan defines **where and what is needed over the next 20 years. Phase 2 of the process defines how to get there.**

# REAL ESTATE SCENARIOS OVERVIEW

## ASSUMPTIONS

### Parking

In the Lake Merritt, Broadway and Downtown Oakland scenarios, parking demand for office space was calculated using the County's preference of 1.5 parking spaces per 1,000 SF of office space. This differs from the 0.8 spaces per 1,000 SF which is currently included in the zoning for most of the Oakland locations.

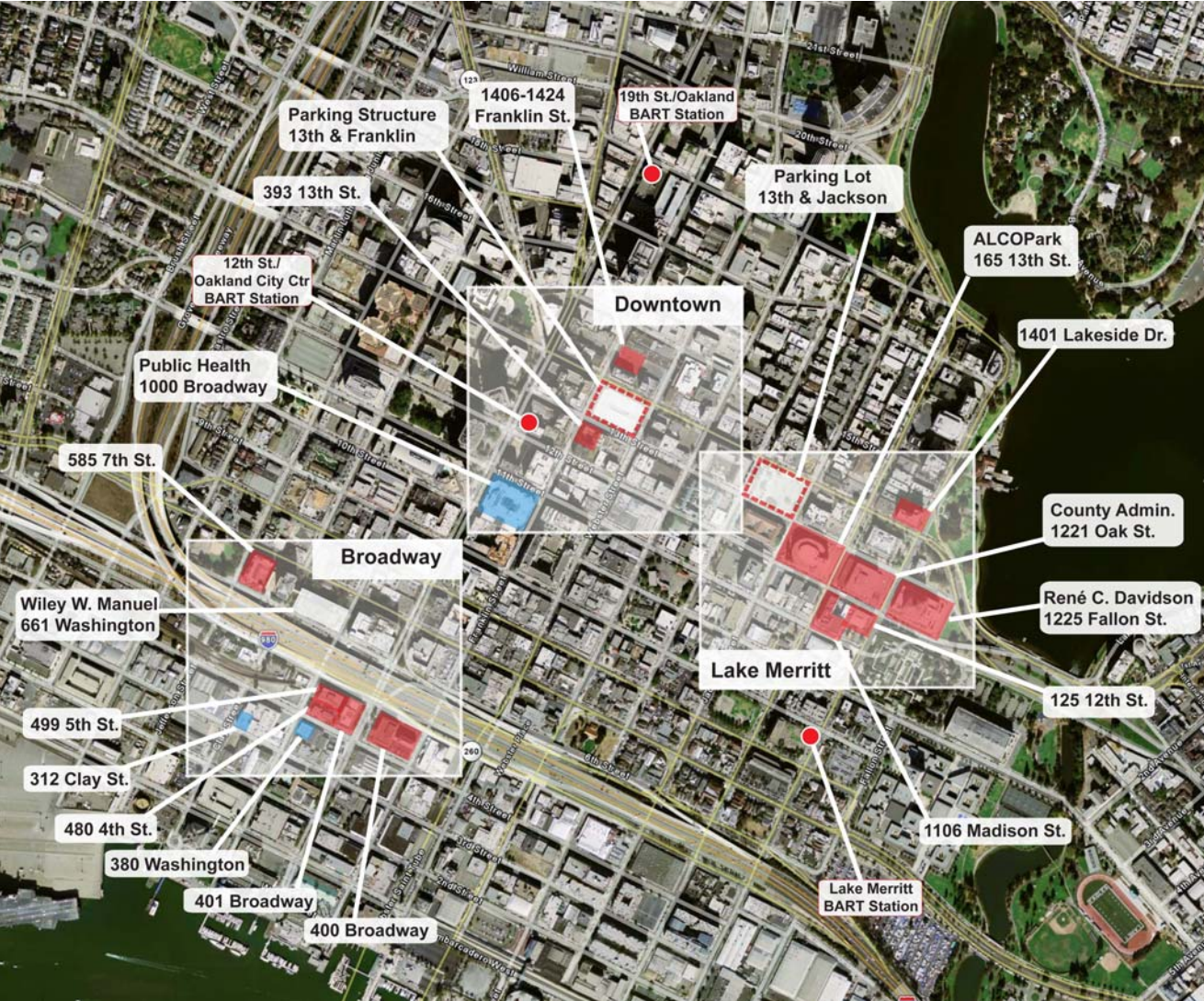
The County understands the City's interest in promoting BART usage in areas adjacent to existing stations; however, it was determined that 1.5 spaces per 1,000 SF will better address the actual demand for parking from County employees in the new facilities.

In the Hayward scenario, parking demand for office space was calculated using 4 parking spaces per 1,000 SF of office space as identified in the applicable Hayward zoning requirements.

### Massing Diagrams

For each scenario, the Team has developed a massing diagram and typical floor plan diagrams. These diagrams are intended only to show the building envelope massing based on the zoning restrictions and general building requirements. They are not intended to show building design, or to be indicative of what buildings would look when constructed.

# SCENARIO LOCATIONS: OAKLAND



Location Map of Oakland Scenarios

- Owned Property
- Leased Property
- Property To Be Purchased or Swapped

# SCENARIO LOCATIONS: HAYWARD



Location Map of Hayward Scenario

- Owned Property
- Leased Property
- Property To Be Purchased or Swapped



# LAKE MERRITT SCENARIO

## OVERVIEW

The Lake Merritt scenarios recognize the importance of maintaining and enhancing the County’s traditional anchor role in the Lake Merritt area.

The Lake Merritt area is primarily comprised of public sector or institutional space users such as UC Berkeley, Alameda County, and BART. For example, the Ordway Building located at 1 Kaiser Plaza is now entirely occupied by public or institutional users with the exception of one long-term law office. Lake Merritt lacks the shopping, dining and lodging amenities and other support services that are available within or near the City Center area.

There are a number of noteworthy buildings that would not lend themselves to the kind of new office use required by the County. The City owns both the main library and the Kaiser Auditorium. Both buildings are historic and would require extensive costs for any kind of reuse. In any event, neither present the size or configuration that would be required by the County over the next 50 years.

The Lake Merritt scenarios would consolidate staff from 1221 Oak Street, 1401 Lakeside Drive, 1000 Broadway, and 4<sup>th</sup> & Broadway into two new buildings. In the Centralized Oakland model for all Lake Merritt options, the new facilities would provide a total of 540,000 SF of office space, plus 20,000 SF of ground floor convenience retail and a minimum of 1,400 parking spaces. In each building the ground floor would house convenience retail and office space as well as access to parking levels.

### Option A:

- Two new identical buildings



### Option B:

- Two new similar, but not identical buildings



### Option C:

- One new office building tower
- One new parking structure



# LAKE MERRITT SCENARIO

## OVERVIEW

While the following pages illustrate a Centralized Oakland model, the scenarios could be adjusted to fit a Regional model as noted in the summary table for each option.

### Properties Retained

- 1106 Madison (Recorder's Building)
  - 1225 Fallon St (René C. Davidson Courthouse)
  - 165 13<sup>th</sup> St. (ALCO Park Parking Garage)
  - 125 12<sup>th</sup> St (12<sup>th</sup> and Oak Street Building)
- Refurbished for Courts in Option B**
- 1221 Oak Street (County Administration Building) - **Option B only**

### Properties Surplused

- 1401 Lakeside Drive
  - 400 Broadway (Probation Center)
  - 401 Broadway (Social Services Agency Building)
  - 1221 Oak Street (County Administration Building)
- Options A and C only**
- 393 13<sup>th</sup> Street Building (393 13<sup>th</sup> Street)
- Options A and C only**
- Parking Lot (1406-1424 Franklin Street)
- Options A and C only**

### Property Acquired

- 13<sup>th</sup> & Jackson Parking Lot (Privately-Owned)
- Options A and C only**

# LAKE MERRITT SCENARIO

## ASSUMPTIONS

### Parking

A total of 1,400 new parking stalls would be provided in each Lake Merritt scenario. Of this total, 1,050 spaces would be set aside for employee parking, replacing the approximately 500 existing employee parking spaces. The additional 350 spaces would be provided for retail, visitor parking and Court use.

As noted previously, parking demand for office space was calculated using the County's preference of 1.5 parking spaces per 1,000 SF of office space.

The County understands the City's interest in promoting BART usage in areas adjacent to existing stations; however, it was determined that 1.5 spaces per 1,000 SF will better address the actual demand for parking from County employees in the new facilities.

Additionally as part of the parking requirements, a tunnel system would be constructed to allow the public, County workers, and Court workers to move safely between the parking structures and the courts.

### Zoning & Planning Context

In developing the massing studies included in this report, the team researched both existing and potential future zoning ordinances. A new zoning ordinance\* for the Lake Merritt area is currently in draft form and under review by the City of Oakland, and it is likely that a new zoning ordinance will come into effect for the area before the end of 2009.

Building setbacks and massing have been modeled to adhere to the potential new zoning requirements in draft form. However, further building design and planning should be done in conjunction with the City in order to ensure that the building adheres to the most current zoning guidelines.

The County may want to consider working with the City to include new County facilities in the Lake Merritt area as a part of the Specific Plan for the Lake Merritt BART area that is currently under development. The plan re-examines how land use and urban design changes would support the development of the Lake Merritt station area into a more vibrant urban place. Currently, this plan would encompass land reaching two blocks west of the CAB.

Since one purpose of the Specific Plan is to intensify the area surrounding the BART station, and because the current and proposed zoning for the CAB site is less dense than property immediately to the north of it, the County should consider requesting that the City include the CAB site into the Specific Plan. However, it should be noted that it is likely that the Specific Plan would include more limited parking allowances in order to meet its objective of promoting use of the Lake Merritt BART station. Therefore, including the CAB into the Specific Plan may only make sense if parking can be provided offsite in the proposed new garage.

\*Source: Chapter 17.58. CBD-R< CBD-P, CBD-C, and CBD-X Downtown Regulations — Draft

# LAKE MERRITT SCENARIO

## ASSUMPTIONS

### Floor Area Ratio (FAR) Restrictions

The zoning ordinance FAR on the County Administration Building (CAB) and ALCO Park Parking Garage sites is 3.5. The City would consider a Conditional Use Permit (CUP) to allow an FAR that exceeds the zoning ordinance, up to what is allowed for under the General Plan. In the Lake Merritt area the General Plan allows for a FAR of up to 20. The potential future zoning ordinance would change the FAR on the CAB site to 8 and the FAR on the ALCO Park Parking Garage site to 17.

Based on this information, we have developed the scenario massing based on the expectation that the City would seriously consider agreeing to the FAR restrictions of 8 and 17 identified in the potential future zoning ordinance for the CAB and ALCO Park Parking Garage sites.

If the FAR of 3.5 is required, the County would have potential options for reducing the size of the building(s). This is discussed in the Additional Options chapter later in this Section.

Lake Merritt Scenarios - Zoning Summary				
	Current FAR (by right)	Current FAR (with C.U.P.)	Potential future FAR	Potential future massing restrictions
County Administration Building (1221 Oak St.)	3.5	up to 20	8	base height - 55' tower floorplate - 10,000 SF max total height - 170' max
ALCO Park Parking Garage	3.5	up to 20	17	base height - 85' tower floorplate - 20,000 SF max total height - 400' max
13th and Jackson	no limit	no limit	17	base height - 85' tower floorplate - 20,000 SF max total height - 400' max

\*Source: Chapter 17.58. CBD-R< CBD-P, CBD-C, and CBD-X Downtown Regulations — Draft

# LAKE MERRITT SCENARIO

## LAKE MERRITT - OPTION A

### Description

Lake Merritt Option A would result in a new County Center consisting of two new buildings with identical massing in the Lake Merritt Area. In this option, one new building would be located at 13<sup>th</sup> and Jackson and the other would be located at the ALCO Park Parking Garage site.

Based on the Centralized Oakland model, the two new buildings would each be ten stories and approximately 105' tall. Each building would have seven floors (270,000 SF) of office space plus 10,000 SF of retail, and a total of five floors of parking (three floors above ground and two floors below ground). The approximate FAR for each building would be 4.7.



Location Map for  
Lake Merritt Scenario – Option A

- New Building
- Property To Be Retained/  
Lease To Be Renewed
- Property To Be Sold/  
Lease To Be Terminated

# LAKE MERRITT SCENARIO

## LAKE MERRITT - OPTION A

### Implementation

In this option, the County would need to obtain the parking lot at 13<sup>th</sup> & Jackson (diagonally across from ALCO Park Parking Garage) either through purchase or land swap. If the property is purchased, then the County Administration Building would be made available for sale after construction of the new facilities is completed. Pursuant to the Transfer Agreement executed between the Court and the County, the Court would have the first right of refusal to purchase the 79% share of the building currently owned by the County.

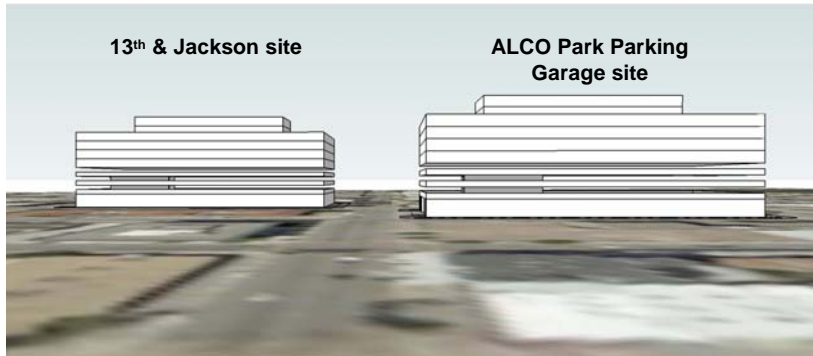
In a land swap, the County Administration Building property (if the Courts choose not to purchase), the 393 13<sup>th</sup> Street Building, and the parking lot at 1406-1424 Franklin Street would be available to “trade” with the owner of 13<sup>th</sup> & Jackson.

Lake Merritt Scenario Option A Summary		
	Centralized Oakland Model	Regional Model
Building SF	280,000 GSF	197,000 GSF
Building Height (Storeys)	10	8
Total SF of New Construction	560,000 GSF	394,000 GSF
Total Capacity (Headcount)	1,825	1,229
Total Office SF	540,000 GSF	374,000 GSF
Total Ground Floor Retail SF	20,000	20,000
Total Parking Stalls	1,400	1,150

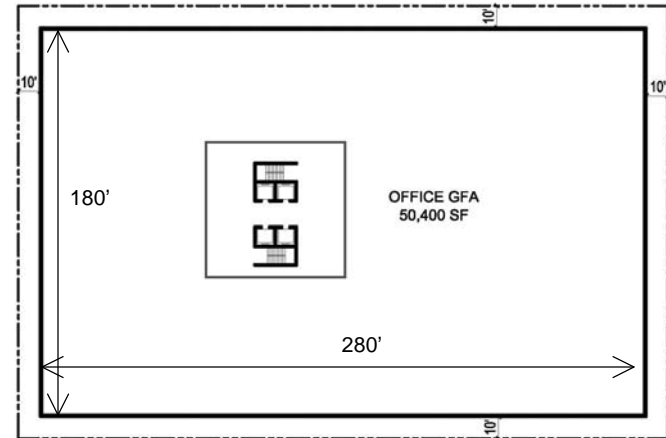
# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTION A

### Massing Diagram - Centralized Oakland Model



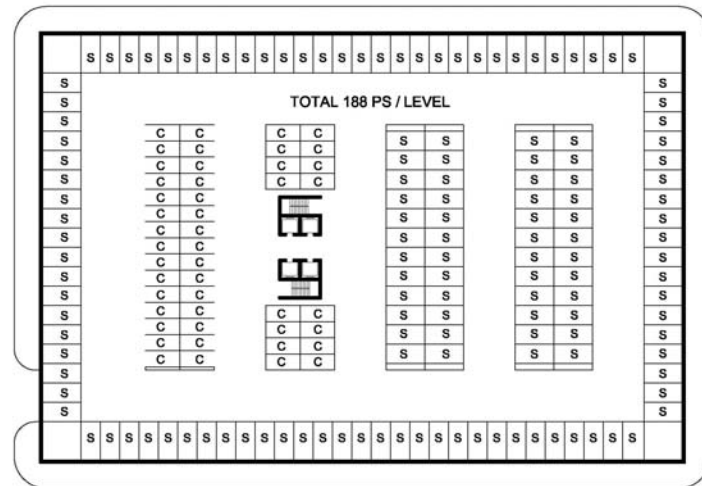
View Looking North-East Up Jackson Street



Typical Office Floor Plan (Building Base)



Bird's-eye view



Typical Parking Level Plan

# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTION B

### Description

Option B would result in a new County Center consisting of two new buildings of similar size in the Lake Merritt area. One new building would be located at the ALCO Park Parking Garage site and one new building would be located at the County Administration Building (CAB) site.

Based on the Centralized Oakland model, the building on the ALCO Park Parking Garage site would be 15 stories and approximately 155' tall with ten floors (270,000 SF) of office space, plus 10,000 SF of ground floor retail space, seven floors of parking (five floors above ground and two floors below ground) and an FAR of approximately 4.7.

The building on the CAB site would be 13 stories and approximately 135' tall with 12 floors (270,000 SF) of office space, 10,000 SF of ground floor retail space, three floors of parking (two floors above ground and one floor below ground), and an FAR of approximately 4.7.



Location Map for Lake Merritt Scenario – Option B

- New Building
- Property To Be Retained/  
Lease To Be Renewed
- Property To Be Sold/  
Lease To Be Terminated



# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTION B

### Implementation

This option would require the County to address construction phasing and to provide temporary parking, temporary office space, or both during the construction of the new facilities. Based on initial analysis, the Team believes that it would be less disruptive and more cost effective to provide temporary parking. Therefore, we recommend constructing the building at the ALCO Park Parking Garage site first, providing temporary parking during construction, and then moving the occupants of the County Administration Building (CAB) into the new building while a second building is being constructed at the CAB site.

One potential temporary parking alternative would be to build a temporary parking structure at the 13<sup>th</sup> and Jackson surface parking lot. A second alternative would be to provide a shuttle service to the nearby BART station and to parking facilities at the Broadway/Jack London location.

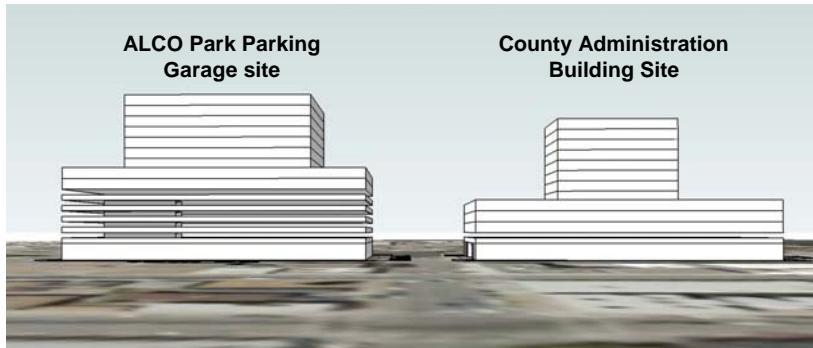
We have provided some initial cost studies for shuttle service in the Appendix. These and other alternatives should be explored further if this option is selected.

Lake Merritt Scenario Option B Summary		
	Centralized Oakland Model	Regional Model
Building SF on ALCO Park site	280,000 GSF	197,000 GSF
Building Height (Storeys)	15	11
Total SF of New Construction	560,000 GSF	394,000 GSF
Total Capacity (Headcount)	1,825	1,229
Total Office SF	540,000 GSF	374,000 GSF
Total Ground Floor Retail SF	20,000	20,000
Total Parking Stalls	1,400	1,150

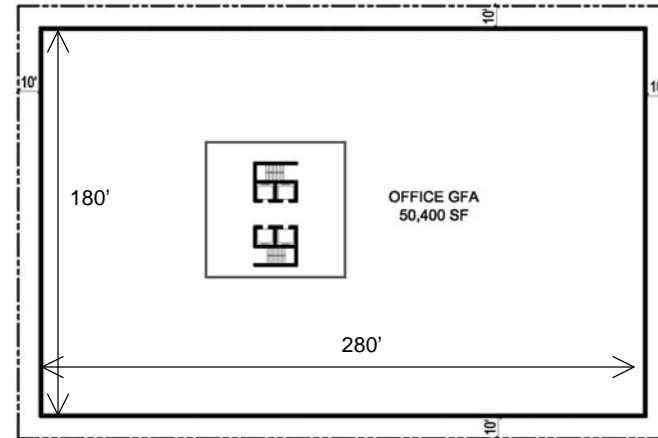
# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTION B

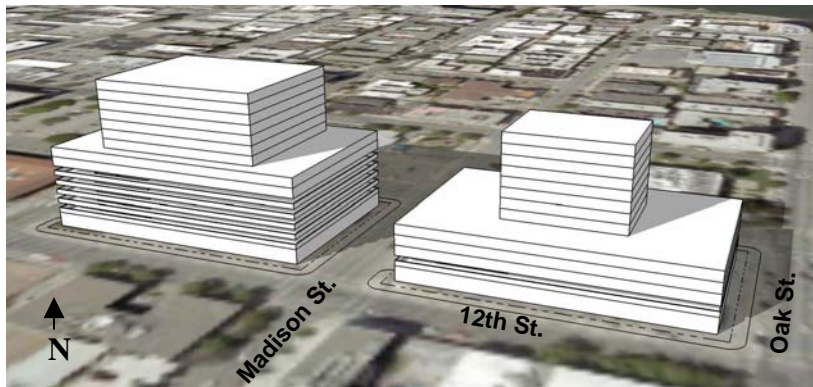
### Massing Diagrams - Centralized Oakland Model



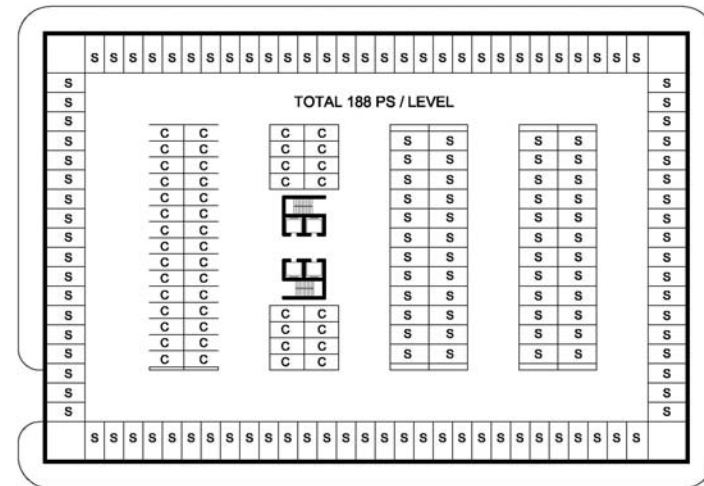
View Looking North-East Up Madison Street



Typical Office Floor Plan (Building Base)



Bird's-eye View



Typical Parking Level Plan

# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTION C

### Description

Option C would result in a new County Center consisting of one new office building tower and one new parking structure in the Lake Merritt area. The new office building would be located at the ALCO Park Parking Garage site and the new parking structure would be located at the 13<sup>th</sup> and Jackson site.

Based on the Centralized Oakland model, the office building would be 16 stories and approximately 165' tall. The building would have 16 floors (540,000 SF) of office space plus 20,000 SF of ground floor retail with an FAR of approximately 9.3. The parking structure would include eight floors of above ground parking (FAR is not applicable).



Location Map for Lake Merritt Scenario – Option C

- New Building
- Property To Be Retained/  
Lease To Be Renewed
- Property To Be Sold/  
Lease To Be Terminated

# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTION C

### Implementation

In this option, the County would need to obtain the parking lot at 13<sup>th</sup> & Jackson either through purchase or land swap. If the property is purchased, then the County Administration Building would be made available for sale (possibly to the Courts) after construction of the new facility is complete. Pursuant to the Transfer Agreement executed between the Court and the County, the Court would have the first right of refusal to purchase the 79% share of the building currently owned by the County. The County Administration Building (if the Courts choose not to purchase), 393 13<sup>th</sup> Street, and the parking lot at 1406-1424 Franklin Street would be available for a land swap.

The recommended phasing would be to construct the new parking garage first, so that the County would not have to provide a temporary parking solution during construction of the new County Center building on the ALCO Park Parking Garage site.

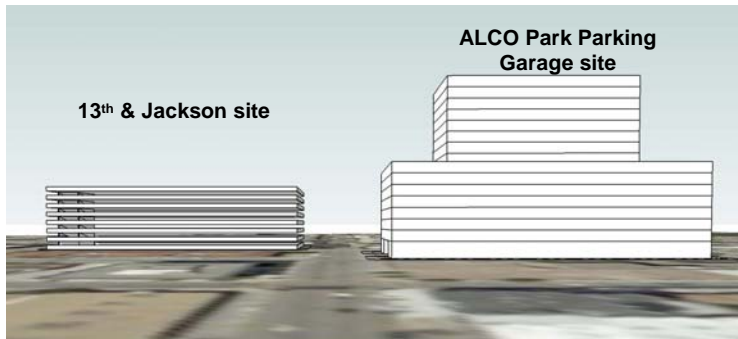
### Lake Merritt Scenario Option C Summary

	Centralized Oakland Model	Regional Model
Total Building SF	560,000 GSF	394,000 GSF
Building Height (Storeys)	16	8
Total Capacity (Headcount)	1,825	1,229
Total Office SF	540,000 GSF	374,000 GSF
Total Ground Floor Retail SF	20,000	20,000
Total Parking Stalls	1,400	1,150

# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTION C

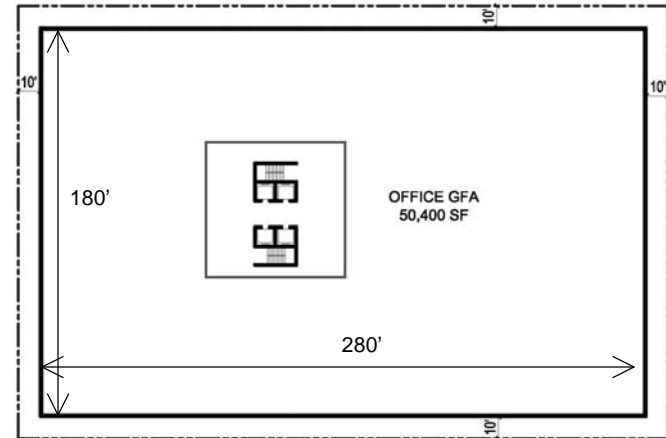
### Massing Diagrams – Centralized Oakland Model



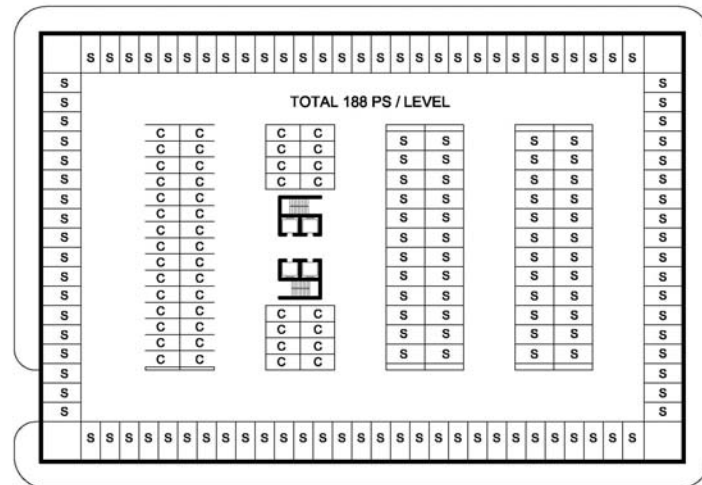
View Looking North-East Up Jackson Street



Bird's-Eye View



Typical Office Floor Plan (Building Base)



Typical Parking Level Plan

# LAKE MERRITT SCENARIO

## LAKE MERRITT – OPTIONS A, B, AND C

### Implementation

In the Centralized Oakland locational model, the following departments can be moved into the new County Center Buildings in the Lake Merritt scenarios. The intent of this exercise is to determine the approximate occupancy and size of the new building(s).

In the actual implementation of a new County Center, a detailed program would be developed to determine the departmental composition, the headcount and the space required.

### Departments Potentially Moving Into New County Center Buildings

Agency / Department	Projected Dept. Head Count 2027-28	Rentable Square Feet	Gross Square Feet
Assessor	276	73,074	78,189
Auditor-Controller	100	25,700	27,500
County Administrator	58	15,003	16,053
County Board of Supervisors	31	10,813	11,570
County Counsel	55	14,109	15,097
District Attorney (Adjunct Functions)	80	20,671	22,118
General Services Agency	128	32,922	35,226
Health Care Services Agency	360	97,610	104,442
Human Resource Services	80	39,191	41,935
Information Technology Department	37	9,573	10,242
Probation Department	180	46,363	49,608
Public Defender	47	12,107	12,955
Registrar Of Voters	11	2,939	3,145
Sheriff's Office	63	16,242	17,379
Social Services Agency	259	72,872	77,973
Treasurer - Tax Collector	57	14,697	15,726
<b>Totals</b>	<b>1,825</b>	<b>503,886</b>	<b>539,158</b>

# LAKE MERRITT SCENARIO

## PROS AND CONS ANALYSIS

### Advantages

- Would consolidate functions in new, sustainable, optimally-designed buildings.
- Would optimize land use by moving some functions to Hayward.
- Would likely appeal to a wide group of stakeholders because it is the scenario that would be most similar to the existing County presence in Oakland.
- Would retain one of the most physically attractive locations in the City.
- Would provide office space within easy walking distance of BART (though not as close as the Downtown Oakland scenario).
- Would accommodate the required proximity for the offices of the District Attorney and Public Defender.
- Would allow for the sale of three of the most valuable County properties in the Oakland study area: 400 Broadway, 401 Broadway and 1401 Lakeside Drive.
- Would allow for the private redevelopment of a critical area at the gateway to Jack London Square. The creation of such a redevelopment opportunity would be supported and encouraged by the City.
- Would allow staff currently located in the County Administration Building to remain in place until a new facility is ready for occupancy.

- Option A and C would likely present a nominal land cost since the County Administration Building site, packaged with either the 12<sup>th</sup> and Oak or the 393 13<sup>th</sup> Street properties, would likely be of comparable value to the 13<sup>th</sup> and Jackson site.
- Option B would allow the County to develop a new facility with all the advantages of its current location, even if the owner of the 13<sup>th</sup> and Jackson site does not agree to sell the site.

### Disadvantages

- Each of the Lake Merritt scenarios would require complex implementation planning. The scenarios would not be easy to implement.
- The Public Defender would need to continue looking for space (to lease or purchase) adjacent to the Wiley W. Manuel Courthouse.
- Options A and C would require a cooperative private landowner with a reasonable expectation of value for their property, or with a willingness to explore a land swap transaction with the County.
- Option B would incur substantial costs and operational logistics to temporarily provide parking during construction of the new building at the former ALCO Park Parking Garage site and to relocate the courts from the CAB building to 12<sup>th</sup> and Oak.
- The sale and demolition of the Coroner's building may be opposed by historic preservation groups. If successful, such opposition would reduce the value of the residential entitlement included in this scenario.

# LAKE MERRITT SCENARIO

## IMPLEMENTATION LOGISTICS

The following is a summary of the real estate activities associated with developing one of the Lake Merritt scenarios. This assumes the Centralized Oakland planning model would be implemented:

### **County Administration Building (CAB) (1221 Oak St.)**

Most occupants would be relocated to the new Lake Merritt building(s), with a few going to Hayward. In Options A and C, the building would be offered for sale. Pursuant to the Transfer Agreement executed between the Court and the County, the Court would have the first right of refusal to purchase the 79% share of the building currently owned by the County with the first right of refusal being given to the Courts.

In Option B, the County Administration Building site would be used to build a new County Center facility and the Courts would be moved into the 12<sup>th</sup> and Oak Street building.

### **1401 Lakeside Drive Building (1401 Lakeside Drive)**

The occupants would be relocated to the new Lake Merritt building(s). The lot would be rezoned for residential use and the building would be rehabilitated into rental or for-sale residential units. As previously noted, the building could be retained if the City does not allow greater than 3.5 FAR on the Lake Merritt development sites.

### **ALCO Park Parking Garage (165 13<sup>th</sup> Street)**

The existing garage would be demolished and a new County Center building would be built on the site.

### **Recorder's Building (1106 Madison)**

The building would be retained and the current occupants would remain in the building.

### **12th and Oak Street Building (125 12th Street)**

In Options A and C, the building would continue to house the Law Library and would be used as swing space as needed during construction. In Option B, this building would be renovated (increasing the ceiling heights on the first and fourth floors) for the trial courts that would be relocated from the County Administration Building. The County could also relocate the Law Library elsewhere and use the building during the land swap for the private parking lot at 13<sup>th</sup> and Jackson.

### **René C. Davidson Courthouse (1225 Fallon Street)**

The building would be retained in its current use as a County courthouse and headquarters for the District Attorney. Some Registrar of Voters staff would move to the new County Center facilities with the majority moving to the new Hayward facility.

### **Probation Center (400 Broadway)**

The occupants of Probation Center (except for the courtroom facilities) would be relocated to the new Lake Merritt building(s). The courts housed at the Probation Center would be moved to a leased facility in the Broadway area. The Probation Center lot would be entitled for residential development and sold.



# LAKE MERRITT SCENARIO

## IMPLEMENTATION LOGISTICS (cont.)

### **Social Services Agency Building (401 Broadway)**

The occupants would be relocated to the new County Center facilities. The block, which also includes the Coroner's Building and Public Health Lab Building, would be entitled and sold.

### **Coroner's Building (480 4<sup>th</sup> Street)**

The occupants would be relocated to an unspecified location (not included in this study). The block, which also includes the Social Services Agency Building and the Public Health Lab building, would be entitled for residential development and sold.

### **Public Health Lab Building (499 4<sup>th</sup> Street)**

The Public Health Lab would be moved to an unspecified location in Oakland (not included in this study). The leases for the remaining occupants (third-party tenants) would be terminated. The block, which also includes the Coroner's Building and Social Services Agency Building, would be entitled for residential development and sold.

### **Public Defender Branch Offices (312 Clay Street and 380 Washington Street)**

The lease would be renewed at 312 Clay Street for continued occupancy by the Public Defender. The lease at 380 Washington Street, which is underutilized, would not be renewed and the Public Defender staff would be moved to 312 Clay Street.

### **Public Health Department (1000 Broadway)**

The occupants would be relocated to the new Lake Merritt building(s) and the lease would be terminated.

### **Peralta Oaks Building (2901 Peralta Oaks Court)**

The building would be seismically retrofitted and other County staff would be moved into this facility.

### **393 13<sup>th</sup> Street Building (393 13<sup>th</sup> Street)**

The building would potentially be part of a land swap in Options A and C for the private parking lot at 13<sup>th</sup> and Jackson.

### **Parking Lot (1406-1424 Franklin Street)**

The property would potentially be part of a land swap in Options A and C for the private parking lot at 13<sup>th</sup> and Jackson.

### **District Attorney Welfare Fraud / Consumer & Environmental Protection (7677 Oakport Street)**

In all Lake Merritt options, the occupants would be relocated to the new County Center building and the lease would be terminated.

# LAKE MERRITT SCENARIO

## IMPLEMENTATION LOGISTICS (cont.)

### Properties Unchanged In This Scenario, Oakland

- **HCSA-1900 Embarcadero**  
1900 Embarcadero St.
- **Embarcadero #1**  
2000 Embarcadero St., #300
- **BHCS – 2000 Embarcadero #4**  
2000 Embarcadero St. #4
- **Estuary Bridge Offices**  
3024 East 7<sup>th</sup> Street
- **Weights and Measures Building**  
333 5<sup>th</sup> Street
- **Parking Structure**  
585 7<sup>th</sup> Street
- **Parking Lot**  
414 27<sup>th</sup> Street
- **Central Health**  
470 27<sup>th</sup> Street
- **SSA Warehouse**  
31 4<sup>th</sup> Street
- **HCSA 333 Hegenberger Road**  
333 Hegenberger Road, 600
- **Lead Abatement Program**  
1001 22<sup>nd</sup> Ave.
- **Registrar of Voters**  
8000 Capwell Drive

- **Public Health**  
3600 Telegraph Ave., Ste. 100
- **3600 Telegraph Ave., Ste. B**  
3600 Telegraph Ave., Ste. B

### Properties No Longer Part Of This Scenario

- **HCSA HIV/AIDS**  
1970 Broadway, Suite 114  
– lease not renewed in 2007
- **HR Benefit Center/Jackson Center One**  
1111 Jackson Street, Suite 100  
- lease not renewed in 2007

# BROADWAY SCENARIO

## OVERVIEW

The Broadway scenario would replace the underutilized County properties at Broadway and 4<sup>th</sup> St with a new County Center facility. This would take advantage of properties at the gateway to Jack London Square, a key revitalization area, while allowing the County to dispose of valuable properties in the Lake Merritt area.

## Description

In both the Centralized Oakland and Regional planning models, the County would raze the existing Probation Center building at 400 Broadway and construct a new County Center facility. The block containing 401 Broadway would be surplused after relocating the Social Services Agency, the Coroner and the Public Health Lab.

In the Centralized Oakland model (shown in the massing illustration on the following pages), the new County Center facility would be 24 stories and approximately 245' tall with a total of 629,000 SF. It would have 21 floors of office space (609,000 SF), retail on the ground floor (20,000 SF), and six floors of parking (three floors above ground and three floors of below ground) providing a total of 870 new parking spaces.



Location Map for Broadway Scenario

- New Building
- Property To Be Retained/  
Lease To Be Renewed
- Property To Be Sold/  
Lease To Be Terminated

# BROADWAY SCENARIO

## Parking

Parking demand for office space was calculated using the County's preference of 1.5 parking spaces per 1,000 SF of office space. This resulted in an office space parking demand of 914 spaces. An additional 56 spaces would be provided for retail and visitor parking (using a convenience retail parking ratio of 1 space for 400 square feet of floor area), making the total demand 970 spaces.

To help mitigate parking construction costs and to better utilize existing parking capacity in the area, approximately 100 parking spaces at the 585 7<sup>th</sup> Street structure would be used to supplement employee parking at the new Broadway County Center facility. **Therefore, the new County Center building would provide a total of 870 new parking spaces.**

The County fully understands the City's interest in promoting BART usage in areas adjacent to existing stations but, with the nearest BART station seven blocks away, a higher parking ratio was considered necessary to serve the needs of County employees.

## Properties Retained

- 400 Broadway (Probation Center)
- 1225 Fallon St. (René C. Davidson Courthouse)
- 1106 Madison (Recorder's Building)
- 125 12<sup>th</sup> St. (12<sup>th</sup> and Oak Street Building)

## Properties Surplused

- 1221 Oak St. (County Administration Building)
- 165 13th St. (ALCO Park Parking Garage)
- 1401 Lakeside Drive
- 401 Broadway (Social Services Agency Building)

# BROADWAY SCENARIO

## IMPLEMENTATION

### Zoning Restrictions

The FAR required for this scenario is approximately 10.6, which is higher than the FAR of 7.0 identified in the current zoning for the area. However, based on initial discussion, it is assumed that the City would consider allowing the higher FAR on this site.

If the City would not allow for the increased FAR, the County has a number of potential options. This is discussed in the Additional Options chapter later in this Section.

### Planning Context

The Broadway properties lie at the gateway of Jack London Square. This submarket has undergone a dramatic revitalization over the last few years with new commercial, office, and housing uses being built. At various times, the City, Port of Oakland, and private developers have expressed interests in using the County properties in ways that would better define and invite visitors to the area.

### Broadway Scenario Summary

	Centralized Oakland Model	Regional Model
New Civic Center Building Size	629,000 GSF	446,000 GSF
Capacity (Headcount)	2,028	1,383
Total Storeys	24	18
Office SF	609,000 GSF	426,000 GSF
Ground Floor Retail SF	20,000 GSF	20,000 GSF
Total Parking Stalls	870	600

# BROADWAY SCENARIO

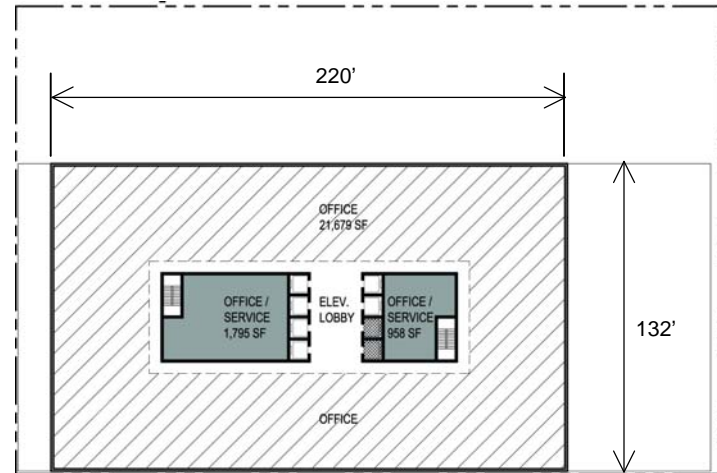
## Massing Diagrams – Centralized Oakland Model



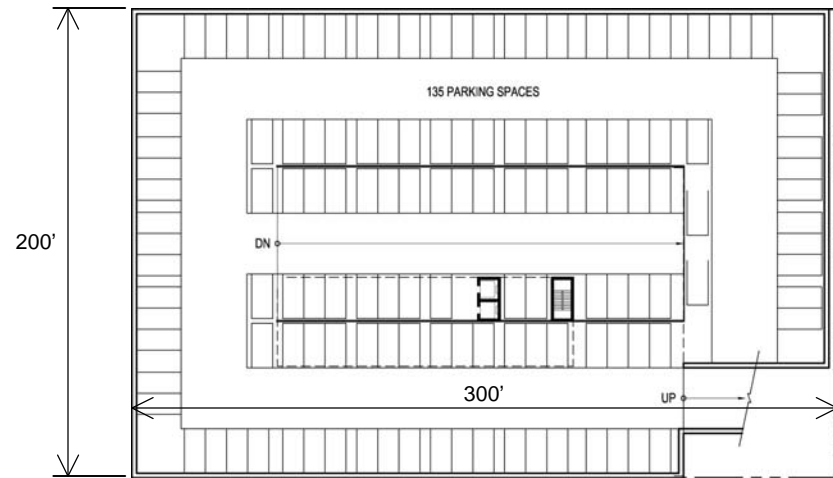
View Looking North-East from 4<sup>th</sup> St.



Bird's-Eye View



Typical Office Floor Plan



Typical Parking Level Plan  
(parking count will vary by level)

# BROADWAY SCENARIO

## IMPLEMENTATION

In the Centralized Oakland locational model, the following departments would move into the new County Center Building at 4<sup>TH</sup> and Broadway. The intent of this exercise is to determine the approximate occupancy and size of the new building(s).

In the actual implementation of a new County Center, a detailed program would be developed to determine the departmental composition, the headcount and the space required.

Departments Potentially Moving Into New County Center Building			
Agency / Department	Projected Department Head		
	Count 2027-28	Rentable Square Feet	Gross Square Feet
Assessor	276	73,074	78,189
Auditor-Controller	256	70,468	75,401
County Administrator	58	15,003	16,053
County Board of Supervisors	31	10,813	11,570
County Counsel	55	14,109	15,097
General Services Agency	128	32,922	35,226
Health Care Services Agency	360	97,610	104,442
Human Resource Services	80	39,191	41,935
Information Technology Department	137	35,273	37,742
Probation Department	180	46,363	49,608
Public Defender	74	18,899	20,222
Registrar Of Voters	11	2,939	3,145
Sheriff's Office	63	16,242	17,379
Social Services Agency	259	72,872	77,973
Treasurer - Tax Collector	57	14,697	15,726
<b>Totals</b>	<b>2,028</b>	<b>568,784</b>	<b>608,599</b>

# BROADWAY SCENARIO

## PROS AND CONS ANALYSIS

### Advantages

- Would consolidate functions in a new, sustainable, optimally-designed building.
- Would optimize land use by moving some functions to Hayward.
- Would allow for the sale of attractive properties at Lake Merritt, as well as one of the Broadway sites.
- Would create a County County Center campus that could assist in revitalizing the corridor between downtown and Jack London Square.
- Would keep staff relocation to a minimum.
- Would create a County Center located near the Amtrak station.
- Location near the Courts would accommodate the critical proximity requirements of the District Attorney and Public Defender.
- Would leverage the Jack London Square parking facility for additional parking during daytime work hours.

### Disadvantages

- The Broadway location is the least attractive site location of the alternatives.
- The Broadway location is the farthest from BART (seven blocks) of all the alternatives.
- County buildings would be located at an important redevelopment area for Jack London Square. The City could view the County presence as a hindrance to its redevelopment efforts. City support is crucial to the successful implementation of the planning strategies for Oakland.
- The City and other stakeholders could view the sale of the Lake Merritt properties negatively.
- The sale and demolition of the Coroner's Building could be opposed by historic preservation groups. If successful, such opposition would reduce the value of the residential entitlement included in this scenario.



# BROADWAY SCENARIO

## IMPLEMENTATION LOGISTICS

The following is a summary of the real estate activities associated with developing the Broadway scenario. This assumes the Centralized Oakland locational model would be implemented:

### **County Administration Building (CAB) (1221 Oak Street)**

The occupants would be relocated to the new County Center facility, with a few going to Hayward. The building would be offered for sale. Pursuant to the Transfer Agreement executed between the Court and the County, the Court would have first right of refusal to purchase the 79% share of the building currently owned by the County.

### **1401 Lakeside Building (1401 Lakeside Drive)**

The occupants would be relocated to the new County Center facility. The lot would be entitled for residential use and the building would be rehabilitated into rental or for-sale residential units and sold.

### **ALCO Park Parking Garage (165 13<sup>th</sup> Street)**

The garage would be sold in as-is condition.

### **Recorder's Building (1106 Madison)**

The building would be retained. The current occupants would be relocated to the new County Center facility. New occupants would include the DA staff currently residing in 1401 Lakeside and the Oakport facility, Public Defender staff from 1401 Lakeside Dr., and the Law Library from the 12<sup>th</sup> and Oak Building.

### **René C. Davidson Courthouse (1225 Fallon Street)**

The building would be retained in its current use as a County courthouse and headquarters for the District Attorney. Some Registrar of Voters staff would move to the new County Center facility with the majority moving to the new Hayward facility.

### **Probation Center (400 Broadway)**

The new County Center building would be constructed on this site. The Probation Department staff would be temporarily relocated to leased space while construction takes place and would then be moved to the new County Center facility when construction is completed. The courts housed at the Probation Center would be moved to a leased facility in the Broadway area.

### **Social Services Agency Building (401 Broadway)**

The occupants would be relocated to the new County Center facility. The block, which also includes the Coroner's Building and Public Health Lab, would be entitled and sold.

### **Coroner's Building (480 4<sup>th</sup> Street)**

The occupants of the building would be relocated (not included in this study). The block, which also includes the Social Services Agency Building and Public Health Lab, would be entitled and sold.

# BROADWAY SCENARIO

## IMPLEMENTATION LOGISTICS (cont.)

### **Public Health Lab Building (499 4th Street)**

The Public Health Lab would be moved to another location in Oakland (not included in this study). The leases for the remaining occupants (third-party tenants) would be terminated. The block, which also includes the Coroner's Building and Social Services Building, would be entitled and sold.

### **Public Defender Branch Offices (312 Clay Street and 380 Washington Street)**

The occupants of this building would be relocated to the new County Center. The lease at 380 Washington Street, which is underutilized, would not be renewed and the Public Defender staff would also move to the new County Center.

### **Public Health Department (1000 Broadway)**

The occupants would be relocated to the new County Center facility and the lease would be terminated.

### **Peralta Oaks Building (2901 Peralta Oaks Court)**

The building would be seismically retrofitted and other County staff would be moved into this facility.

### **District Attorney Welfare Fraud / Consumer & Environmental Protection (7677 Oakport Street)**

The occupants would be relocated to the Recorder's Building and the lease would be terminated.

# BROADWAY SCENARIO

## IMPLEMENTATION LOGISTICS (cont.)

### Properties Unchanged In This Scenario, Oakland

- **HCSA-1900 Embarcadero**  
1900 Embarcadero St.
- **Embarcadero #1**  
2000 Embarcadero St., #300
- **BHCS – 2000 Embarcadero #4**  
2000 Embarcadero St. #4
- **Estuary Bridge Offices**  
3024 East 7<sup>th</sup> Street
- **Weights and Measures Building**  
333 5<sup>th</sup> Street
- **Parking Structure**  
585 7<sup>th</sup> Street
- **Parking Lot**  
414 27<sup>th</sup> Street
- **Central Health**  
470 27<sup>th</sup> Street
- **SSA Warehouse**  
31 4<sup>th</sup> Street
- **HCSA 333 Hegenberger Road**  
333 Hegenberger Road, 600
- **Lead Abatement Program**  
1001 22<sup>nd</sup> Ave.
- **Registrar of Voters**  
8000 Capwell Drive

- **393 13<sup>th</sup> Street Building**  
393 13<sup>th</sup> Street
- **Public Health**  
3600 Telegraph Ave., Ste. 100
- **3600 Telegraph Ave., Ste. B**  
3600 Telegraph Ave., Ste. B
- **Parking Lot**  
1406-1424 Franklin Street

### Properties No Longer Part Of This Scenario

- **HCSA HIV/AIDS**  
1970 Broadway, Suite 114  
– lease not renewed in 2007
- **HR Benefit Center/Jackson Center One**  
1111 Jackson Street, Suite 100  
- lease not renewed in 2007

# DOWNTOWN OAKLAND SCENARIO

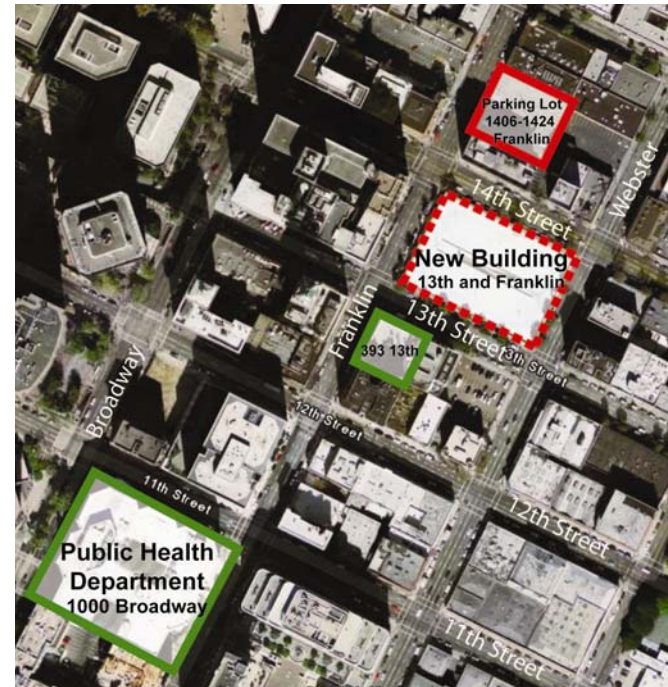
## OVERVIEW

### Description

The Downtown Oakland scenario would create a County Center located near BART and the existing City of Oakland government center, while also allowing the County to benefit from the disposition of several Broadway and Lake Merritt properties. The Downtown Oakland scenario would create a new County Center building at Franklin Street between 13th and 14th Streets, consolidating employees from both the Broadway and Lake Merritt facilities.

The Oakland Central Business District includes a number of existing and planned office buildings. Some of these buildings make up a fairly defined *civic center* area in which Federal, State, and City offices and associated businesses exist. The area also represents the pulse of the City, with its proximity to commercial areas and new housing developments, as well as an existing BART station.

In the Centralized Oakland locational model (illustrated on the following page) the new County Center facility would be 25 stories tall and approximately 255' tall. It would include 21 floors of office space (579,000 SF), retail on the ground floor (20,000 SF), and six floors of parking (three floors above ground and three floors below ground) providing a total of 925 stalls.



Location Map for Downtown Oakland Scenario

- New Building
- Property To Be Retained/  
Lease To Be Renewed
- Property To Be Sold/  
Lease To Be Terminated

# DOWNTOWN OAKLAND SCENARIO

## Parking

The Downtown Oakland scenario would provide a total of 925 parking spaces (Centralized Oakland model). Of this total 869 spaces would be set aside for employee parking. The additional 56 spaces would be provided for retail and visitor parking (using a convenience retail parking ratio of 1 space for 400 square feet of floor area).

Parking demand for office space was calculated using the County's preference of 1.5 parking spaces per 1,000 SF of office space.

As previously stated, the County understands the City's interest in promoting BART usage in areas adjacent to existing stations. However, it was determined that 1.5 spaces per 1,000 SF will better address the actual demand for parking from County employees in the new facilities.

## Property Retained

- 1225 Fallon St. (René C. Davidson Courthouse)
- 1106 Madison (Recorder's Building)
- 125 12<sup>th</sup> St. (12<sup>th</sup> and Oak St. Building)

## Property Surplused

- 1221 Oak St. (County Administration Building)
- 165 13th St. (ALCO Park)
- 1401 Lakeside Drive
- 401 Broadway (Social Services Building)
- 400 Broadway (Probation Center)

## Property Acquired

- 13<sup>th</sup> & Franklin Parking Structure (Privately Owned)

# DOWNTOWN OAKLAND SCENARIO

## IMPLEMENTATION

This property at Franklin Street between 13<sup>th</sup> and 14<sup>th</sup> Streets is currently a privately owned two-story parking facility. The County would be required to purchase the property or enter into a land swap transaction with the owner.

The County could explore creating an agreement with the current owner to operate the new County-built parking garage in exchange for a long-term lease or ownership of the land. Based on preliminary calculations, the revenue from the County-built 925 stall garage would be a significant increase over the current garage revenue.

Although this scenario would present the greatest number of real estate transactions and the most dramatic change from existing County facilities, it also presents the greatest advantages in terms of location and revenue-generation opportunities from the surplusing of existing County properties.

## Zoning and Planning Context

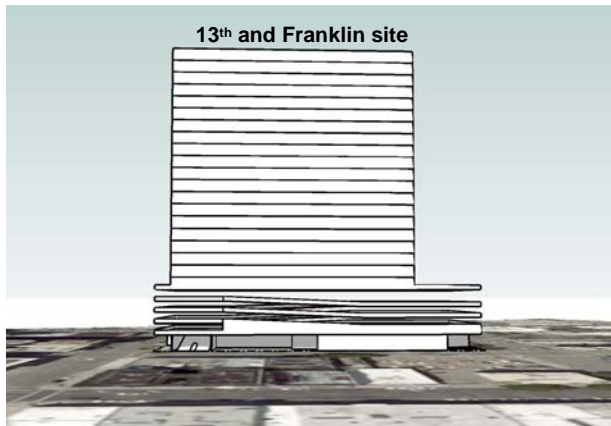
The FAR required for this scenario is approximately 9.9. There is no FAR restriction included in the current zoning code for this location. There are also no height restrictions, massing or setback restrictions included in the current zoning code for this site.

### Downtown Scenario Summary

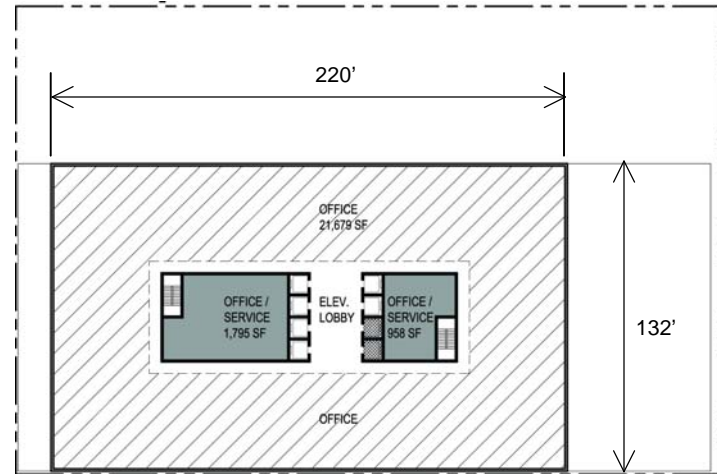
	Centralized Oakland Model	Regional Model
New Civic Center Building Size	599,000 GSF	416,000 GSF
Capacity (Headcount)	1,954	1,309
Total Storeys	25	18
Office SF	579,000 GSF	396,000 GSF
Ground Floor Retail SF	20,000 GSF	20,000 GSF
Total Parking Stalls	925	650

# DOWNTOWN OAKLAND SCENARIO

## Massing Diagrams –Centralized Oakland Model



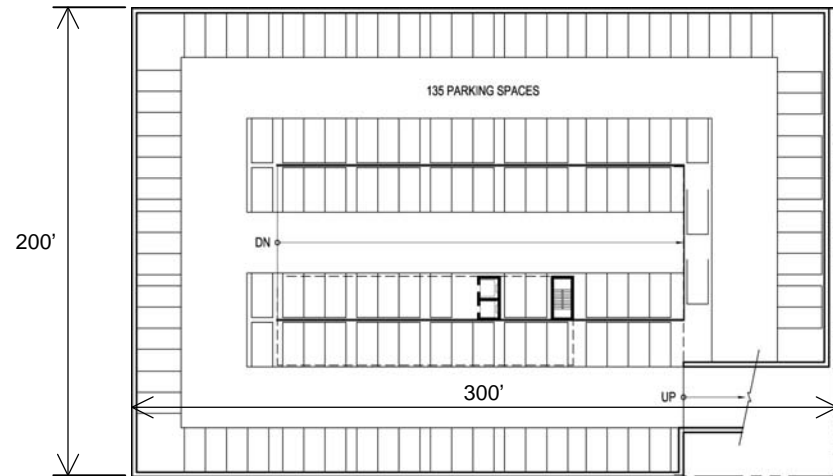
View Looking North-East from 13<sup>th</sup> St.



Typical Office Floor Plan



Bird's-Eye View



Typical Parking Level Plan  
(parking count may vary by floor)

# DOWNTOWN OAKLAND SCENARIO

## IMPLEMENTATION

In the Centralized Oakland locational model, the following departments would move into the new County Center Building at the property at Franklin Street between 13<sup>th</sup> and 14<sup>th</sup> Streets. The intent of this exercise is to determine the approximate occupancy and size of the new building(s).

In the actual implementation of a new County Center, a detailed program would be developed to determine the departmental composition, the headcount and the space required.

Departments Potentially Moving Into New County Center Building			
Agency / Department	Projected Department		
	Head Count	Rentable Square Feet	Gross Square Feet
Assessor	276	73,074	78,189
Auditor-Controller	256	70,468	75,401
County Administrator	58	15,003	16,053
County Board of Supervisors	31	10,813	11,570
County Counsel	55	14,109	15,097
General Services Agency	128	32,922	35,226
Health Care Services Agency	360	97,610	104,442
Human Resource Services	80	39,191	41,935
Information Technology Department	137	35,273	37,742
Probation Department	180	46,363	49,608
Registrar Of Voters	11	2,939	3,145
Sheriff's Office	63	16,242	17,379
Social Services Agency	259	72,872	77,973
Treasurer - Tax Collector	57	14,697	15,726
<b>Totals</b>	<b>1,954</b>	<b>541,575</b>	<b>579,486</b>



# DOWNTOWN OAKLAND SCENARIO

## PROS AND CONS ANALYSIS

### Advantages

- Would consolidate functions in a new, sustainable, optimally-designed building.
- Would optimize land use by moving some functions to Hayward.
- Would maximize disposition proceeds at both Lake Merritt and Broadway locations.
- Would help to revitalize the Central Business District.
- Would complement the existing Civic district.
- Would not require temporary relocation of staff.
- Would provide the best access to BART and AC Transit.

### Disadvantages

- Would require acquisition of privately-owned land and new parking structure.
- The City and other stakeholders could view the sale of the Lake Merritt properties negatively.
- The sale and demolition of the Coroner's building may be opposed by historic preservation groups. If successful, such opposition would reduce the value of the residential entitlement included in this scenario.

# DOWNTOWN OAKLAND SCENARIO

## IMPLEMENTATION LOGISTICS

The following is a summary of the activities associated with developing this scenario for each primary facility, assuming the Centralized Oakland model would be implemented.

### **County Administration Building (CAB) (1221 Oak Street)**

The occupants would be relocated to the new County Center facility, with a few going to Hayward. The building would be offered for sale. Pursuant to the Transfer Agreement executed between the Court and the County, the Court would have the first right of refusal to purchase the 79% share of the building currently owned by the County.

### **1401 Lakeside Drive Building (1401 Lakeside Drive)**

The occupants would be relocated to the new County Center facility. The lot would be rezoned for residential and the building would be rehabilitated into rental or for-sale residential units and sold.

### **ALCO Park Parking Garage (165 13<sup>th</sup> Street)**

The garage would be sold as-is.

### **Recorder's Building (1106 Madison)**

The building would be retained. The current occupants would be relocated to the new County Center facility. New occupants would include the DA staff currently residing in 1401 Lakeside and the Oakport facility, Public Defender staff from 1401 Lakeside, and the Law Library from the 12<sup>th</sup> and Oak Street Building.

### **René C. Davidson Courthouse (1225 Fallon Street)**

The building would be retained in its current use as a County courthouse and headquarters for the District Attorney. Some Registrar of Voters staff would move to the new County Center facility with the majority moving to the new Hayward facility.

### **Probation Center (400 Broadway)**

The occupants of Probation Center (except for the courtroom facilities) would be relocated to the new Lake Merritt building(s). The courts housed at the Probation Center would be moved to a leased facility in the Broadway area. The Probation Center lot would be entitled for residential development and sold.

### **Social Services Agency (401 Broadway)**

The occupants would be relocated to the new County Center facility. The block, which also includes the Coroner's Building and Public Health Lab, would be entitled and sold.

### **Coroner's Building (480 4<sup>th</sup> Street)**

The occupants of the building would be moved to a new location (not included in this study). The lot, which also includes the Social Services Agency building and Public Health Lab, would be entitled and sold.

# DOWNTOWN OAKLAND SCENARIO

## IMPLEMENTATION LOGISTICS

### **Public Health Lab Building (499 4th Street)**

The Public Health Lab would be moved to another location in Oakland (not included in this study). The leases for the remaining occupants (3rd party tenants) would be terminated. The lot, which also includes the Social Services Agency building and the Coroner's Building, would be entitled and sold.

### **Public Defender Branch Offices (312 Clay Street and 380 Washington Street)**

The lease would be renewed at 312 Clay Street for continued occupancy by the Public Defender. The lease at 380 Washington Street would not be renewed and the Public Defender staff would be relocated to 312 Clay Street.

### **Public Health Department (1000 Broadway)**

The occupants would be relocated to the new County Center facility and the lease would be terminated.

### **Peralta Oaks Building (2901 Peralta Oaks Court)**

The building would be seismically retrofitted and other County staff would be moved into this facility.

### **District Attorney Welfare Fraud / Consumer & Environmental Protection (7677 Oakport Street)**

The occupants would be relocated to the Recorder's Building and the lease would be terminated.

# DOWNTOWN OAKLAND SCENARIO

## IMPLEMENTATION LOGISTICS

### Properties Unchanged In This Scenario, Oakland

- **HCSA-1900 Embarcadero**  
1900 Embarcadero St.
- **Embarcadero #1**  
2000 Embarcadero St., #300
- **BHCS – 2000 Embarcadero #4**  
2000 Embarcadero St. #4
- **Estuary Bridge Offices**  
3024 East 7<sup>th</sup> Street
- **Weights and Measures Building**  
333 5<sup>th</sup> Street
- **Parking Structure**  
585 7<sup>th</sup> Street
- **Parking Lot**  
414 27<sup>th</sup> Street
- **Central Health**  
470 27<sup>th</sup> Street
- **SSA Warehouse**  
31 4<sup>th</sup> Street
- **HCSA 333 Hegenberger Road**  
333 Hegenberger Road, 600
- **Lead Abatement Program**  
1001 22<sup>nd</sup> Ave.
- **Registrar of Voters**  
8000 Capwell Drive

- **393 13<sup>th</sup> Street Building**  
393 13<sup>th</sup> Street
- **Public Health**  
3600 Telegraph Ave., Ste. 100
- **3600 Telegraph Ave., Ste. B**  
3600 Telegraph Ave., Ste. B
- **Parking Lot**  
1406-1424 Franklin Street

### Properties No Longer Part Of This Scenario

- **HCSA HIV/AIDS**  
1970 Broadway, Suite 114  
- lease not renewed in 2007
- **HR Benefit Center/Jackson Center One**  
1111 Jackson Street, Suite 100  
- lease not renewed in 2007

# HAYWARD SCENARIO

## OVERVIEW

### Description

The Hayward scenario would locate more County services near the growing population in the southern and eastern parts of the County. It would also take advantage of an underutilized property to house employees that are currently housed in Oakland and to accommodate anticipated staff growth.

The Hayward properties do not provide a compelling opportunity for asset disposition or development. Hayward is not an established, preferred office space location and its office space base and rents are relatively low. It is also isolated from public transit and thriving commercial areas. Development of County-owned property for office space would not likely garner significant ground lease or other payments.

However, the location does offer some benefits for County use, including proximity to the growing County population centers, access to Highway 880, adjacency to the Hayward Hall of Justice, and ample property to accommodate future space needs.

The Hayward scenario (Centralized Oakland Model) would replace 224 West Winton Ave. with a new 4 ½ story, 290,000 SF County Center building approximately 55’ tall at its highest point, including 20,000 square feet of retail. A new parking structure containing 1,170 parking spaces would also be built to accommodate increased staff in Hayward. In this scenario, all County property in the Hayward area would be retained, except for Courthouse Square, which would be surplus.



Location Map for Hayward Scenario

New Building	
Property To Be Retained/ Lease To Be Renewed	
Property To Be Sold/ Lease To Be Terminated	

# HAYWARD SCENARIO

## Parking

This scenario would include a new parking structure with a total of 1,170 parking spaces. This would provide 1,080 spaces for office use plus 90 spaces for retail and visitor use.

Parking demand for office space was calculated using the City of Hayward's requirement of four parking spaces per 1,000 SF of office space. This is higher than the County's suggested parking requirement of three spaces per 1,000 SF of office space.

## Development Context

As noted previously, the Hayward office market is not strong. The area is not easily accessible via public transit, and there are few commercial or retail amenities in the area. The current office space rents for the area are relatively low. This makes the area an unlikely candidate for private office development.

There is some relatively new residential development in the immediate area. A more significant residential project is likely to resume once the residential market rebounds.

## Properties Retained

- 24100 Amador (Eden Area Multi-service Center)
- 399 Elmhurst (PWA Building)

## Properties Surplused

- 24085 Amador (Courthouse Square)

# HAYWARD SCENARIO

## IMPLEMENTATION

### Construction Phasing

To avoid significant temporary relocation costs during construction, this Scenario assumes a phased demolition of the 224 West Winton Ave. Building. Staff would move to the western part of the building and the eastern half would be razed, making way for the office building. Once the office building was complete, the occupants would be relocated to the new facility, joined by staff relocated from Downtown Oakland. The remaining western part of the 224 West Winton Ave. Building would be razed and a new parking structure would be constructed.

### Zoning and Planning Context

There are some density and massing restrictions currently in the zoning code for the 224 West Winton site. These include:

- Maximum height: 40'
- Maximum lot coverage: 50%
- Setbacks: Front yard 10'  
                   Side street 10'  
                   Side yard 5'  
                   Rear yard 10'

Depending on design decisions, and the final square footage required, a height and lot coverage restriction variance may be required for this scenario.

Hayward Scenario Summary		
	Centralized Oakland Model	Regional Model
New Building Size	290,000 GSF	473,000 GSF
Capacity (Headcount)	949	1,594
Total Storeys	4.5	7
Office SF	270,000 GSF	453,000 GSF
Ground Floor Retail SF	20,000 GSF	20,000 GSF
Total Parking Stalls	1,170	1,850

# HAYWARD SCENARIO

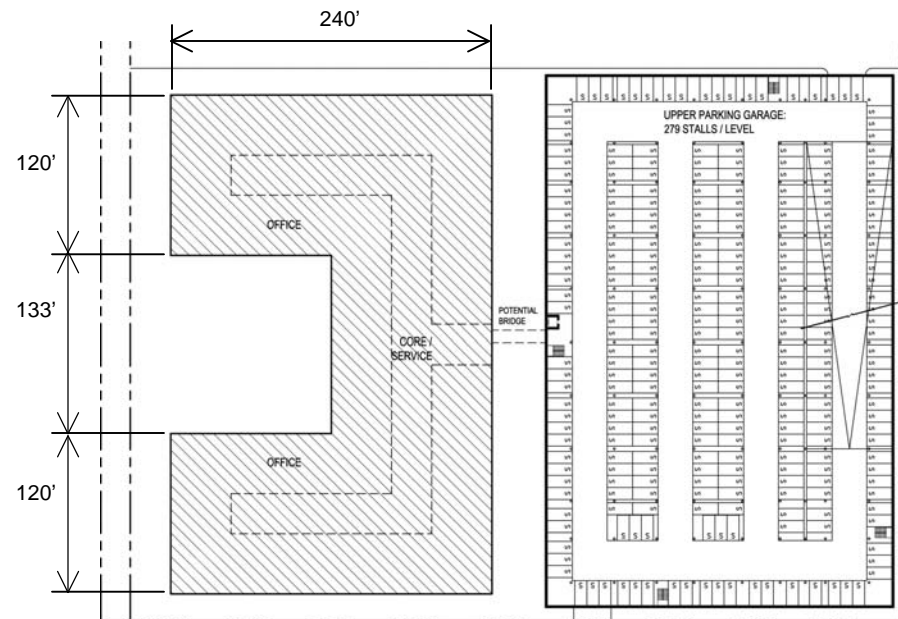
## Massing Diagrams – Centralized Oakland Model



View Looking North-East from 13<sup>th</sup> St.



Bird's-Eye View



Typical Office Floor Plan and  
Parking Level



# HAYWARD SCENARIO

## PROS AND CONS ANALYSIS

### Advantages

- Would address the growing space needs of the Social Services Agency.
- Would provide better services to the southern and central County residents.
- Would separate non-customer-facing staff from Oakland as part of the consolidation, lessening the need for space and parking at the new Oakland County Center.

### Disadvantages

- Logistical issues would require temporary relocation of staff and services.
- Because of poor public transit options in the area, the scenario would create an increased need for parking spaces.

# HAYWARD SCENARIO

## IMPLEMENTATION

In the Centralized Oakland locational model, the following departments would move into the new County Building at 224 West Winton. The intent of this exercise is to determine the approximate occupancy and size of the new building.

In the actual implementation of a new County Building, a detailed program would be developed to determine the departmental composition, the headcount and the space required.

<b>Departments Potentially Moving Into New County Building</b>			
Agency / Department	Projected Department		
	Head Count 2027-28	Rentable Square Feet	Gross Square Feet
Community Development Agency	147	40,179	42,991
Health Care Services Agency	12	8,182	8,755
Public Works Agency	149	39,705	42,485
Social Services Agency (Overflow from Eden)	389	99,921	106,915
Treasurer - Tax Collector	15	3,821	4,089
Staff Relocated From Oakland	237	60,818	65,076
<b>Totals</b>	<b>949</b>	<b>252,627</b>	<b>270,310</b>

# HAYWARD SCENARIO

## IMPLEMENTATION LOGISTICS

The following is a summary of the activities associated with developing this scenario for each primary facility assuming the Centralized Oakland model would be implemented.

### **224 W. Winton Ave. Building (224 W. Winton Ave.)**

To avoid significant temporary relocation costs during construction, this Scenario assumes a phased demolition of the 224 West Winton Ave. Building. Staff would move to the western part of the building and the eastern half would be razed, making way for the office building. Once the office building was complete, the occupants would be relocated to the new facility, joined by staff relocated from Downtown Oakland. The remaining western part of the 224 West Winton Ave. Building would be razed and a new parking structure would be constructed.

### **Courthouse Square (24085 Amador Street)**

Staff from Probation and Public Defender would be relocated to the PWA Building and HCSA staff would move to the new Hayward facility. The lot would be re-entitled and sold.

### **PWA Building (399 Elmhurst Street)**

The occupants of the PWA Building would relocate to the new Hayward building. Public Protection staff including Probation, Public Defender and DA employees would be moved into this building.

### **Eden Area Multi-service Center (24100 Amador Street)**

As Social Services Agency space needs expand, SSA staff that could not be accommodated in this facility would be located in the new Hayward facility.

### **Properties Unchanged In This Scenario, Hayward**

- **SSA Child Assessment Center**  
22225 Foothill Blvd.
- **Motor Vehicles Shop**  
10 Moran Court
- **Hayward Amador Parking Lot**  
24360 Amador Street
- **Parking Lot**  
Winton-Amador-Elmhurst

# ASSET DISPOSITION OPPORTUNITIES

## OVERVIEW

Each of the scenarios described on the previous pages assumes that a number of currently owned and leased facilities would no longer be needed for County occupancy. Disposition of these designated properties would either reduce occupancy costs or generate significant cash proceeds through outright sale. These savings would help offset the total implementation costs of the Master Plan.

In some cases, the scenario assumes that a land swap would occur. In this circumstance, an even exchange is assumed.

The following describes each disposition property, the rationale for valuation and the applicable scenarios.

The amounts noted ahead reflect the estimated proceeds or savings at the time of the transaction. These estimates are very general and, except for the Hayward calculation, do not reflect rigorous proforma cash flow models.

Going forward, the Team recommends that market analyses be updated and that detailed proformas be prepared for each disposition site.

Based on the team's investigation of current and future market indicators, it appears that the County's properties made available for disposition will generate higher proceeds for residential/mixed use development than they would for commercial development. A detailed discussion of current and future market conditions is included in the Appendix.

Property Disposition Candidates	Lake Merritt	Lake Merritt	Lake Merritt	Broadway	Downtown
	A	B	C		
County Administration Building (1221 Oak St.)	●		●	●	●
ALCO Park (165 13th St.)				●	●
1401 Lakeside Drive	●	●	●	●	●
Probation Center (400 Broadway)	●	●	●		●
Social Services Building (401 Broadway)	●	●	●	●	●
Public Health Department (1000 Broadway (Lease))	●	●	●	●	●
Courthouse Square (24085 Amador)	●	●	●	●	●
● To be disposed/lease not renewed					

# ASSET DISPOSITION OPPORTUNITIES

## OVERVIEW

Several disposition scenarios suggest the inclusion of retail development on ground floors. Because of current and projected down market conditions, the Team took a conservative approach and assumed that commercial potential would be limited to convenience retail which would include coffee houses, dry cleaners, and small food establishments. As a result, the land value per unit shown in the proforma “snapshots” assume that the retail space would in effect be a project cost and not strictly a profit center.

It should be noted that the disposition opportunities for the Hayward component of the Master Plan remains constant through all four scenarios.

# ASSET DISPOSITION OPPORTUNITIES

## County Administration Building (1221 Oak Street)

In the Lake Merritt Option A, Lake Merritt Option C, Broadway and Downtown Oakland Scenarios, the County Administration Building would no longer be needed for County use and would be sold. The Court would have the first right of refusal to purchase the 79% share of the building currently owned by the County. The sale price is based on the land entitled for residential use.

Based on current zoning requirements, many residential configurations and densities could work well on the parcel, with view units overlooking Lake Merritt.

On the basis of the test fit scheme shown here, the site could accommodate 199 units with an average size of 1,200 square feet. From the financial analysis, the land value is estimated to be approximately \$3.5 million.

In the Lake Merritt Option B Scenario, the building would be demolished and replaced with a new County Center building.



Massing Diagram of Residential Units at 1221 Oak Street, Oakland

<b>County Administration Building Proforma</b>	
<b>196,473 SF</b>	
Approx. No. of Residential Units Allowable*	199
Total Estimated Proceeds	\$6,350,000
Estimated Demolition Costs	\$1,900,000
<b>Net Proceeds</b>	<b>\$4,450,000</b>
Less 21% ownership interest to Courts	\$950,000
<b>Estimated Residual land value to County</b>	<b>\$3,500,000</b>
*includes convenience retail	

# ASSET DISPOSITION OPPORTUNITIES

## ALCO Park Parking Garage (165 13th Street)

In the Broadway and Downtown Oakland Scenarios, the County would no longer need the ALCO Park Parking Garage for its own use. As a result the property would be sold in an “as is” condition. The price would be discounted to reflect the cost of the repairs needed to enhance functionality and seismic safety and is estimated to be approximately \$15.0 million.

In the Lake Merritt Scenarios, the ALCO Park parking Garage would be demolished and a new building would be constructed on the site.



ALCO Park Parking Garage, Oakland

<b>ALCO Park Parking Garage Proforma</b>	
No. of parking stalls	696
Approximate value estimate	\$22,000,000
Less repair costs	\$7,000,000
<b>Net Proceeds</b>	<b>\$15,000,000</b>

# ASSET DISPOSITION OPPORTUNITIES

## 1401 Lakeside Drive Building

In all scenarios, the current County occupants would be relocated to the new County Center facility. The property would be rezoned, if necessary, for residential use and sold to a developer.

The building would be re-converted into its original 76 rental apartments or re-entitled to allow for-sale residential units.

Based on the financial analysis, the expected proceeds for the converted building would be approximately \$13.5 million.



1401 Lakeside Drive Building, Oakland

<b>Lakeside Plaza Proforma</b>	
<b>129,741 Sq. Ft.</b>	
No. of residential units	76
Average Sales per unit	\$650,000
Estimated Sales Price	\$49,400,000
Less Rehabilitation Costs @ \$140 per sq. ft.	\$18,200,000
Less Developer's Carrying Cost's During Construction	
Assume @20,000,000 @ 7% (2 yrs.)	\$2,400,000
Less Soft Costs @ 30% of Rehabilitation Costs	\$5,500,000
Less Developer's Profit @ 20% of Sales	\$9,800,000
<b>Net Proceeds</b>	<b>\$13,500,000</b>



# ASSET DISPOSITION OPPORTUNITIES

- Probation Center (400 Broadway)**
- Social Services Agency Building (401 Broadway)**
- Coroner’s Building (480 4th Street)**
- Public Health Lab Building (499 4th Street)**

In the Lake Merritt and Downtown Oakland scenarios, the Broadway properties would no longer be needed for County use and would be available for disposition.

Five groups occupy space in the four buildings that cover the two County-owned blocks located on either side of Broadway, just southwest of the 880 Nimitz Freeway. These occupants would be relocated as described previously in the implementation logistics of each scenario.

Each of the parcels would be entitled for 229 residential units. The 400 Broadway site would be sold for approximately \$7.1 million and the block with the Social Services Agency Building, Coroner’s building and Public Health Lab building would be sold for approximately \$6.3 million.

A second re-use possibility would be for a World Trade/Convention Center. The two parcels taken together might be large enough to accommodate this use. According to a recent study commissioned by the Redevelopment Agency of the City of Oakland, there is significant demand for such a facility. However, despite favorable market conditions, there are very few convention centers that, in and of themselves, generate sufficient net cash flow to produce a profitable return on the land.



Location Map of County-Owned Blocks at Broadway and 4<sup>th</sup>, Oakland

<b>Broadway Properties</b>	
<b>400 Broadway</b>	
Approx. No. of Residential Units Allowable	229
Approximate Land Value Per Unit	\$35,000
Total Estimated Proceeds	\$8,000,000
Estimated Demolition Costs (\$9.75/SF)	\$929,731
<b>Net Proceeds</b>	<b>\$7,070,269</b>
<b>401 Broadway/499 5th St./480 4th St.</b>	
Approx. No. of Residential Units Allowable	229
Approximate Land Value Per Unit	\$35,000
Total Estimated Proceeds	\$8,000,000
Estimated Demolition Costs (\$9.75/SF)	\$1,680,208
<b>Net Proceeds</b>	<b>\$6,319,792</b>

# ASSET DISPOSITION OPPORTUNITIES

- Probation Center (400 Broadway)**
- Social Services Agency Building (401 Broadway)**
- Coroner’s Building (480 4th Street)**
- Public Health Lab Building (499 4th Street)**

A third re-use possibility would be a hotel development. However, based on the recent sale of the Downtown Marriott, it does not appear that this is economically practical for the Broadway sites. The value of a major hotel is currently estimated to be approximately one half the cost of building it. When the cost of razing the existing facilities is taken into account, the economics are even less favorable. It is conceivable that the City could benefit from the hotel tax and other economic spin offs of visitors at that location. As a result, the City could support subsidizing the land cost if it owned the property. But the County does not share in these collateral benefits so any economic benefit to the County for selling or leasing the site for a hotel is questionable.

The concept drawing shown on the right demonstrates how a residential building might be sited on the parcel currently occupied by the Probation Department.



Massing Diagram of Residential Units at 400 Broadway, Oakland

# ASSET DISPOSITION OPPORTUNITIES

## Public Health Department Building (1000 Broadway, 5<sup>th</sup> Floor)

The Public Health Department building consists of a 72,000 square foot lease in Downtown Oakland. The lease expires in 2013. The Department of Public Health occupies the premises.

In all scenarios, the occupants would move to the new County Center and this lease would not be renewed, thus resulting in an annual savings of approximately \$1.8 million per year.



Public Health Department Building  
At 1000 Broadway, Oakland

# ASSET DISPOSITION OPPORTUNITIES

## Courthouse Square (24085 Amador, Hayward)

The site containing the existing office building at Courthouse Square would be re-entitled for a 69-unit rental apartment project. Net proceeds for this 1.95-acre site would be approximately \$646,000 based on a detailed residual analysis model. Basic investment assumptions used to derive a residual land in the model are as follows for the fifth year of operations:

<b>Courthouse Square Assumptions</b>	
<b>69 units</b>	
Net Rentable Square Feet	71,760
Total Development costs	\$13,736,569
Monthly Net Operating Income	\$925,011
Equity Contribution	\$4,120,971
Annual Debt Service	\$788,301



Massing Diagram of Residential units at Courthouse Square, Hayward

# ASSET DISPOSITION OPPORTUNITIES

## Public Works Agency (PWA) Building (399 Elmhurst, Hayward)

The Team was asked to evaluate an additional “sub-scenario” involving the disposition of the 54,703 SF facility now occupied by the Public Works Agency. A parcel of approximately 3.2 acres could be carved out of the County property and sold for residential development. The PWA would then be relocated into the new building at 224 West Winton. The size of the new building and parking facilities would be increased accordingly to accommodate PWA staff. The existing solar array covering the surface parking lot would need to be relocated, as that lot would be included in the disposition.

Based on the financial analysis below, disposing of the PWA parcel would not be financially beneficial to the County due to the demolition and additional construction costs that would offset any gain on the sale of the property.



Public Works Agency Building (new addition)  
at 399 Elmhurst, Hayward

<b>PWA Building Proforma</b>	
<b>3.2 acres</b>	
Estimated Residential Density	35 units/acre
Approx. No. of Residential Units Allowable	111
Approximate Land Value Per Unit	\$9,300
Total Estimated Proceeds	\$1,032,300
Estimated Demolition Costs (\$9.75/SF)	\$533,354
<b>Net Proceeds</b>	<b>\$498,946</b>
Add. Est. Office Construction Costs	\$16,200,000
Add. Est. Parking Construction Costs	\$4,536,000
<b>Estimated Net Cost Increase</b>	<b>\$20,000,000</b>

# FINANCIAL ANALYSIS

## PURPOSE AND APPROACH

In order to best understand the long-term planning and financial implications of the Master Plan that is ultimately adopted, the Team has developed a quantitative analytic model. The model compares the County's financial net exposure if real estate and facilities in the study areas remain essentially "as is" (Status Quo) vs. the financial scenarios that would occur if each of the options were implemented over the next twenty years.

These proforma models take both capital costs and operating costs into account and also include revenues, and savings of leasing, owning and developing office and parking space for the agencies and departments which were included in the Scope of Work. Further, all models are calculated on a cash and present value basis.

In general, the numbers represent a conservative point of view.

All scenarios reflect a growing demand for additional services and the need to renovate, replace, or enhance existing facilities. Though not revenue neutral, the scenarios and their phasing are designed to optimize proceeds to the County in the best way possible by strategically disposing of underutilized County land and facilities. As of this writing (Fall 2008), market conditions are unusually unstable. Estimates assume that normal patterns in the East Bay will return in the next few years.

# FINANCIAL ANALYSIS

## STATUS QUO SCENARIO

The Status Quo Scenario assumes the County would only increase its portfolio by leasing space to the extent necessary to accommodate projected headcount growth because more efficient space utilization (i.e. re-stacks) would not occur. The projected amount of additional leased square footage required is based on current space utilization metrics. No office properties would be bought or sold. Existing leases would be renewed upon expiration. Also, no allowance is provided for major renovation, major repairs, or other capital expenditure. However, financial reserves would be retained for normal maintenance and repairs.

## MASTER PLAN ALTERNATIVE SCENARIOS

The Master Plan Scenarios reflect the variety of new developments and dispositions identified under each Option, both in Oakland and in Hayward. The financial analysis focuses on the economic implications and potential costs of constructing a new County Center in Oakland and a new Regional County Center in Hayward to accommodate the County's projected employment growth, aging portfolio, and underutilized land.

It is important to note that the twenty-year time horizon makes the scenarios hypothetical and subject to the inevitable ebb and flow of the market in Alameda County.

However, during the implementation phase of the recommended plan, the models could be adjusted to reflect market and fiscal realities. Utilizing this tool, decision-makers would be able to prepare for the timing and magnitude of incremental added costs going forward.

# FINANCIAL ANALYSIS

## DEFINITIONS

Following are a list of definitions for terms used in the financial analysis:

### Building Sale Revenue

- Estimated net proceeds from the sale of excess County properties.

### Capital Costs

- Major one-time capital expenditures including new building construction and major existing building costs (e.g. roof replacement).

### Gross Occupancy Costs

- Total cost of occupancy for County-owned and leased properties. Includes capital costs, operating costs, maintenance, leasing costs, and new construction debt service and revenue from building sales, retail revenue, and parking revenue.

### Net Occupancy Costs

- Net occupancy costs are equal to the gross occupancy costs less reimbursements.

### Net Present Value (of annualized stream of occupancy costs)

- Discounted cash flow of occupancy costs using the County's cost of capital of 5.25% to compare the scenarios on equal footing at today's costs.

### Operating Costs

- Costs for operating and maintaining owned and leased County facilities. It includes the leasing costs.

### Parking Revenue

- Estimated revenue generated from the additional parking spaces. Assumes that the parking rate per stall is \$60/month.

### Reimbursements

- Leasing costs reimbursed under OMB A-87, the principles and standards used by Federal agencies to determine program cost reimbursement.

### Reserves For Capital Expenditures

- With the absence of projected capital costs for existing County-owned facilities, an estimated capital reserve was set aside for major building expenses e.g. roof replacement, HVAC upgrades.

### Retail Rent Revenue

- Estimated revenue generated from the leasing of retail space in County-owned buildings. The type of retail space in new County buildings would be convenience retail including coffee houses, dry cleaners, and small food establishments.

### Undiscounted (annualized stream of occupancy costs)

- Estimated occupancy costs without discounting to present day.



# FINANCIAL ANALYSIS

## ASSUMPTIONS

Data on existing conditions, including location, square footage, lease terms, and headcount were drawn from Alameda County databases and surveys conducted by the Team. To project occupancy costs for the next twenty years, a number of informed assumptions about growth in market rents and operating costs were made. These assumptions are summarized below.

### General Assumptions

- Facility and headcount information was provided by each agency and department and is current as of July 1, 2007.
- The model begins on January 1, 2007 and ends on December 31, 2027.
- Net present value calculations are based on a 5.25% discount rate, equivalent to the County's long-term cost of borrowing.

### Assumptions for Leased Space

- All calculations are based on rentable square footage.
- Governmental reimbursements (OMB87) are deducted from leasing costs as applicable and are assumed to continue throughout the 20-year period.
- Operating costs for maintenance and labor are assumed to increase by 1.1% annually, based on data from the Building Owners and Managers Association (BOMA) for office space in Oakland.

- In each scenario where existing leases are retained, the Team made the following assumptions:
  - Extension options are exercised for any lease where one is available.
  - If a lease does not include the option to purchase or extend, the model assumes that the County rents the same amount of space at the market rate projected in the existing reports entitled “The Market for Office Space in The Central Business District of Oakland” and “Hayward Office Market Potential.”
- As current leases expire, future lease expenses are calculated based on the current market rent assumption, increased annually by the 1.1% escalation factor.
- The square footage under each existing lease is assumed to remain unchanged throughout the 20 year period in the Status Quo Scenario.
- In the Status Quo Scenario, square footage is assumed to increase to accommodate projected headcount growth. Such square footage increases are based on current County space utilization.
- Operating costs are assumed to increase by 1.1% annually, based on data from the Building Owners and Managers Association (BOMA) for office space in Oakland.

# FINANCIAL ANALYSIS

## ASSUMPTIONS

### Assumptions for Retained Owned Space

- Current operating costs are based on individual building information provided by the County.
- For fiscal year 2007-08, the model includes projected costs for specific repairs. Based on a synthesis of data on reserves for capital expenditures from BOMA and interviews with major owners of office space, the model assumes an annual per square foot capital reserve of \$1.50 escalated annually by 1.1 percent for years after 2008.

### Assumptions for Costs and Revenues

- The following table outlines the cost and revenue assumptions used for the financial model.

<b>Cost and Revenue Assumptions</b>	
<b>Unit Costs and Unit Revenue</b>	<b>\$ per Gross Square Feet</b>
Office Construction Cost for Lake Merritt A & B (two building concept)	\$400
Office Construction Cost for Lake Merritt C, Broadway, Downtown and Hayward (single building concept)	\$300
Retail Construction Cost for Lake Merritt A & B	\$175
Retail Construction Cost for Lake Merritt C, Broadway, Downtown and Hayward	\$150
Above Ground Parking Structure Construction Cost	\$70
Below Ground Parking Structure Construction Cost	\$80
Surface Parking Cost	\$6.50
Temporary Parking Structure (Lake Merritt Scenario B)	\$35
Soft Costs	30% of Construction Cost
Demolition Cost including Soft Costs (assumes concrete construction as a conservative estimate)	\$9.75
Retail Rent Revenue (\$/rentable square foot)	\$24
Residential Land Value/unit for Broadway and Lake Merritt properties	\$35,000/unit
<b>Other Costs</b>	
12th and Oak Court Renovation (Lake Merritt Scenario B)	\$15,530,000
Shuttle Service between Jack London Square and Lake Merritt for 3 year period (Lake Merritt Scenario B)	\$561,000/year
Demolition Cost for ALCO Park Parking Garage (Lake Merritt Scenarios)	\$3,446,186

# FINANCIAL ANALYSIS

## MAJOR CONSEQUENCES OF STATUS QUO

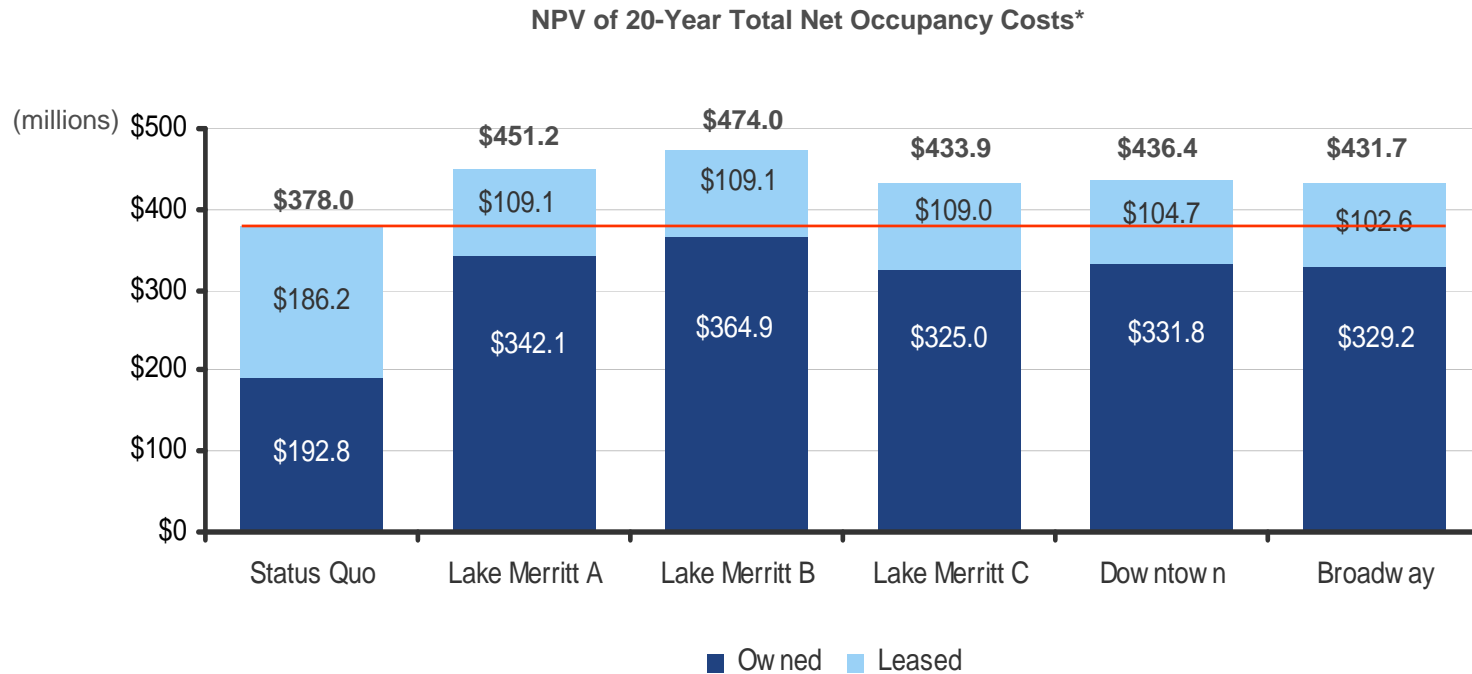
If the Status Quo Scenario is maintained and the County implements none of the Master Plan recommendations, the estimated present value costs to the General Fund would be **\$378 million**. Although the County would avoid the additional costs of several new and/or renovated facilities by operating under a Status Quo Scenario, there are many significant consequences to consider.

- Revenue generation opportunities from underutilized County land would be lost.
- Existing functional deficiencies would continue and get worse over the years:
  - Facilities would become overcrowded if additional space to accommodate growth is not acquired.
  - Customer service would be diminished as employee productivity suffered due to inadequate conditions.
- Numerous operational cost savings opportunities would be lost despite the avoidance of significant facilities replacement costs, resulting in (to name a few):
  - Additional costs of leasing vs. owning space to accommodate growth.
  - Inconsistent and overly-spacious agency and department workspace layouts that don't promote flexibility and accountability.
- The critical parking shortage in Oakland would not be addressed. County productivity would continue to be negatively impacted by employees struggling to find street parking and continually feeding meters.
- Inequality in space standards across buildings and agencies/departments would continue.
- Continued occupancy in inefficient or underutilized facilities, for example:
  - 401 Broadway, Oakland
  - 393 13<sup>th</sup> Street, Oakland
  - 499 5<sup>th</sup> Street, Oakland
  - 7677 Oakport Street, Oakland
  - 224 W. Winton, Hayward.
- Increased occupancy costs due to underutilized space.
- Increased capital improvement spending to maintain outmoded facilities.
- Additional cost of leased spaces vs. owned space (due to market conditions) to accommodate growth.
- Continued inefficiencies in employee productivity.
- Continued inefficiencies in customer service.
- Sustainability goals not achieved.

# FINANCIAL ANALYSIS

## COMPARISON OF TOTAL NET OCCUPANCY COSTS (CENTRALIZED OAKLAND MODEL)

Below is a chart comparing the present value of total 20-year estimated net occupancy costs for all office space and parking in the Status Quo Scenario and five Master Plan scenarios. The Status Quo Scenario and the Master Plan scenarios include the costs for both Oakland and Hayward facilities.

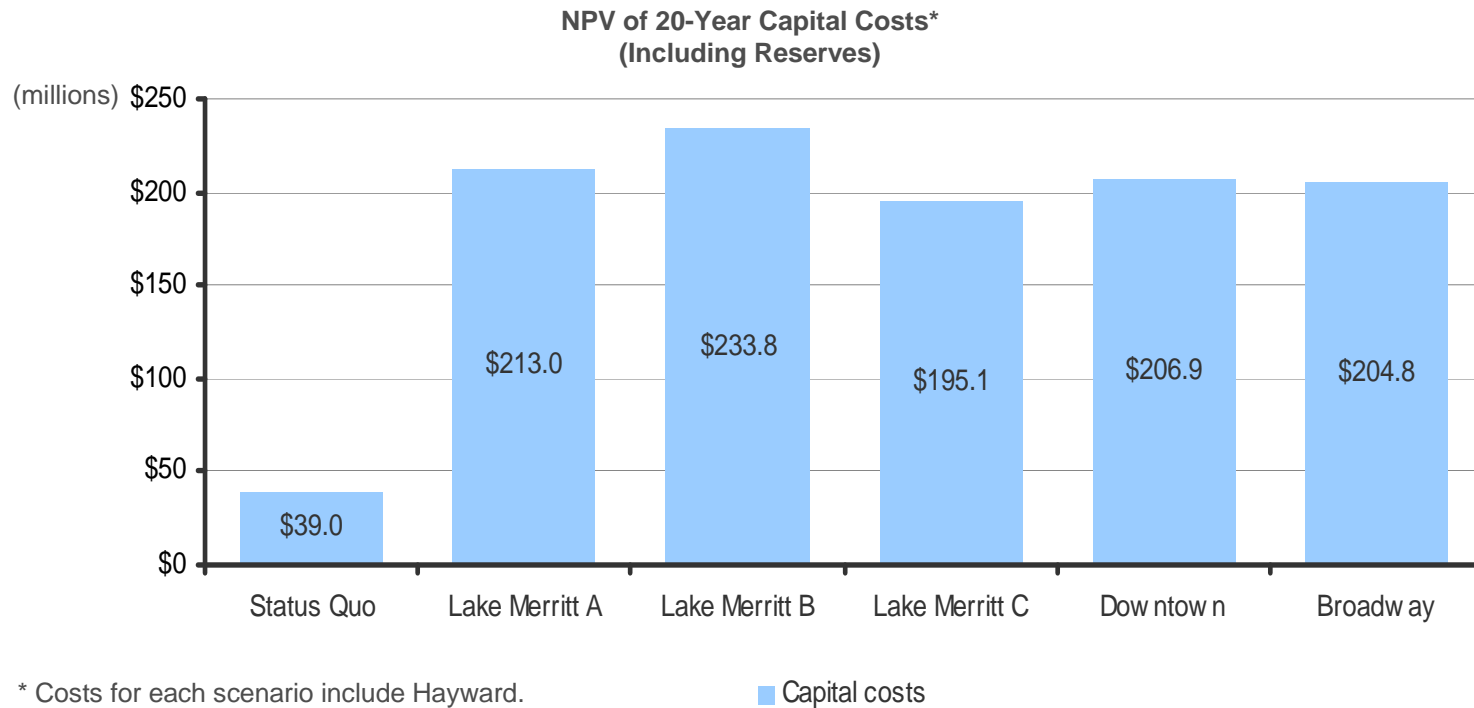


\* Costs for each scenario include Hayward.

# FINANCIAL ANALYSIS

## COMPARISON OF CAPITAL COSTS (CENTRALIZED OAKLAND MODEL)

Below is a chart comparing the present value of total 20-year estimated capital costs (i.e. not including operating expenses) for office space and parking in the Status Quo Scenario and five Master Plan scenarios. The Status Quo Scenario and Master Plan scenarios include the costs for both Oakland and Hayward facilities.

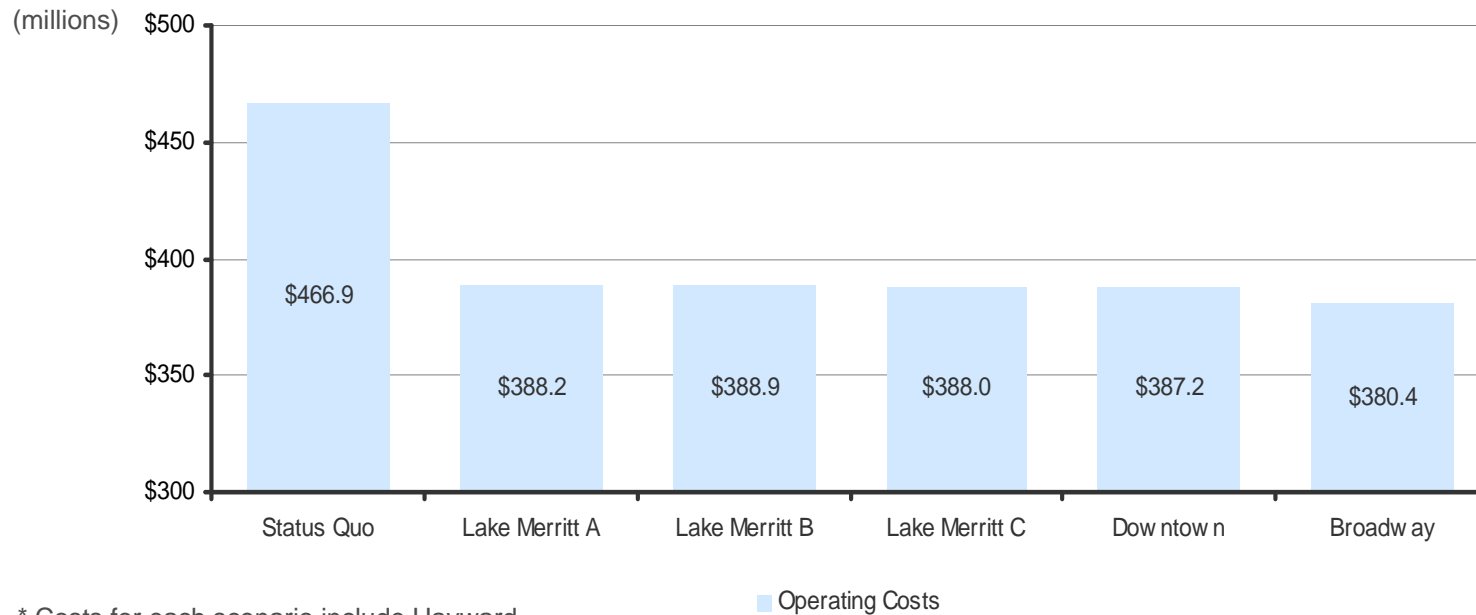


# FINANCIAL ANALYSIS

## COMPARISON OF OPERATING COSTS (CENTRALIZED OAKLAND MODEL)

Below is a chart comparing the present value of estimated operating costs for office space and parking in the Status Quo and five Master Plan scenarios. The Status Quo Scenario and Master Plan scenarios include the costs for both Oakland and Hayward facilities. A 20% cost savings is included assuming that utility costs will be lower due to the incorporation of sustainable (“green”) practices in the new building.

NPV of 20-Year Operating Costs\*



# FINANCIAL ANALYSIS

## OCCUPANCY COST SUMMARY FOR CENTRALIZED OAKLAND MODEL

Below is a table summarizing the occupancy costs for the five Oakland scenarios for a Centralized Oakland locational model. These costs include implementing both the Oakland and Hayward scenarios.

( in \$millions)	Lake Merritt A		Lake Merritt B		Lake Merritt C		Downtown		Broadway	
	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%
<b>Owned</b>										
Operating Costs <sup>2</sup>	\$250	\$147	\$251	\$147	\$249	\$147	\$257	\$150	\$252	\$145
Reserves for Capital Expenditures	\$44	\$33	\$44	\$33	\$45	\$33	\$45	\$34	\$45	\$33
Additional Costs <sup>3</sup>	\$0	\$0	\$23	\$18	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Costs for New Construction <sup>4</sup>	\$449	\$213	\$455	\$216	\$404	\$195	\$425	\$207	\$421	\$205
Building Sale Revenue <sup>5</sup>	-\$28	-\$18	-\$28	-\$17	-\$28	-\$17	-\$46	-\$31	-\$39	-\$27
Retail Rent Revenue <sup>6</sup>	-\$15	-\$7	-\$15	-\$7	-\$15	-\$7	-\$15	-\$7	-\$15	-\$7
Parking Revenue	-\$43	-\$25	-\$43	-\$25	-\$43	-\$25	-\$35	-\$21	-\$34	-\$20
<b>Total Owned Costs</b>	<b>\$658</b>	<b>\$342</b>	<b>\$688</b>	<b>\$365</b>	<b>\$611</b>	<b>\$325</b>	<b>\$631</b>	<b>\$332</b>	<b>\$629</b>	<b>\$329</b>
<b>Leased</b>										
Operating Costs	\$40	\$24	\$40	\$24	\$40	\$23	\$39	\$23	\$39	\$23
Leasing Costs	\$373	\$218	\$373	\$218	\$372	\$218	\$367	\$214	\$360	\$212
<b>Total Leased Costs</b>	<b>\$413</b>	<b>\$242</b>	<b>\$413</b>	<b>\$242</b>	<b>\$412</b>	<b>\$241</b>	<b>\$406</b>	<b>\$237</b>	<b>\$399</b>	<b>\$235</b>
<b>Total Gross Costs</b>	<b>\$1,071</b>	<b>\$584</b>	<b>\$1,101</b>	<b>\$607</b>	<b>\$1,024</b>	<b>\$566</b>	<b>\$1,037</b>	<b>\$569</b>	<b>\$1,028</b>	<b>\$564</b>
Reimbursements	-\$229	-\$133	-\$229	-\$133	-\$229	-\$133	-\$229	-\$133	-\$229	-\$133
<b>Net Costs</b>	<b>\$842</b>	<b>\$451</b>	<b>\$872</b>	<b>\$474</b>	<b>\$795</b>	<b>\$434</b>	<b>\$808</b>	<b>\$436</b>	<b>\$799</b>	<b>\$432</b>
<b>New Building SF Oakland</b>	<b>560,000 SF</b>		<b>560,000 SF</b>		<b>560,000 SF</b>		<b>599,000 SF</b>		<b>629,000 SF</b>	
<b>New Building SF Hayward</b>	<b>290,000 SF</b>		<b>290,000 SF</b>		<b>290,000 SF</b>		<b>290,000 SF</b>		<b>290,000 SF</b>	

<sup>1</sup>NPV = Net Present Value of annual stream of occupancy costs.

<sup>2</sup> Savings for utilities in green buildings assumed to equal 20 percent.

<sup>3</sup> Additional costs include a temporary parking structure at 13<sup>th</sup> and Jackson, employee shuttle service between Jack London and Lake Merritt, and renovation costs for 12<sup>th</sup> and Oak for the relocation of the courts.

<sup>4</sup>Annual payments reflect 30 year term and 5.25% annual interest rate on total construction costs. All alternatives also include costs of construction of 290,000 square feet of building space in Hayward with a parking structure of 1,170 spaces. Downtown alternative includes purchase of 13<sup>th</sup> and Franklin parking structure, amortized at the same rate and schedule as construction costs.

<sup>5</sup>Sales values of Lake Merritt site reflect assumption of \$35,000 land price per residential unit and sales value of Broadway site reflects \$35,000 land price per residential unit.

<sup>6</sup>Annual retail rent revenue assumed to total \$24 per square foot.

# FINANCIAL ANALYSIS

## OCCUPANCY COST SUMMARY FOR REGIONAL MODEL

Below is a table summarizing the occupancy costs for the five Oakland scenarios for a Regional locational model. These costs include implementing both the Oakland and Hayward scenarios.

( in \$millions)	Lake Merritt A		Lake Merritt B		Lake Merritt C		Downtown		Broadway	
	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%	Undiscounted	NPV <sup>1</sup> at 5.25%
<b>Owned</b>										
Operating Costs <sup>2</sup>	\$263	\$154	\$264	\$154	\$268	\$159	\$274	\$162	\$269	\$157
Reserves for Capital Expenditures	\$47	\$35	\$47	\$35	\$46	\$34	\$47	\$35	\$46	\$34
Additional Costs	\$0	\$0	\$23	\$18	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Costs for New Construction <sup>3</sup>	\$497	\$250	\$513	\$264	\$442	\$223	\$478	\$245	\$474	\$243
Building Sale Revenue <sup>4</sup>	-\$28	-\$18	-\$28	-\$17	-\$28	-\$17	-\$46	-\$31	-\$39	-\$27
Retail Rent Revenue <sup>5</sup>	-\$16	-\$8	-\$16	-\$8	-\$15	-\$8	-\$14	-\$6	-\$17	-\$9
Parking Revenue	-\$51	-\$30	-\$51	-\$30	-\$51	-\$30	-\$42	-\$25	-\$41	-\$24
<b>Total Owned Costs</b>	<b>\$712</b>	<b>\$383</b>	<b>\$753</b>	<b>\$416</b>	<b>\$662</b>	<b>\$361</b>	<b>\$697</b>	<b>\$380</b>	<b>\$692</b>	<b>\$375</b>
<b>Leased</b>										
Operating Costs	\$40	\$24	\$41	\$24	\$40	\$24	\$39	\$23	\$39	\$23
Leasing Costs	\$376	\$220	\$389	\$229	\$377	\$221	\$367	\$214	\$360	\$212
<b>Total Leased Costs</b>	<b>\$417</b>	<b>\$244</b>	<b>\$429</b>	<b>\$253</b>	<b>\$417</b>	<b>\$244</b>	<b>\$406</b>	<b>\$237</b>	<b>\$399</b>	<b>\$235</b>
<b>Total Gross Costs</b>	<b>\$1,129</b>	<b>\$627</b>	<b>\$1,182</b>	<b>\$670</b>	<b>\$1,079</b>	<b>\$605</b>	<b>\$1,103</b>	<b>\$617</b>	<b>\$1,091</b>	<b>\$610</b>
Reimbursements	-\$229	-\$133	-\$229	-\$133	-\$229	-\$133	-\$229	-\$133	-\$229	-\$133
<b>Net Costs</b>	<b>\$900</b>	<b>\$494</b>	<b>\$954</b>	<b>\$537</b>	<b>\$850</b>	<b>\$473</b>	<b>\$874</b>	<b>\$484</b>	<b>\$862</b>	<b>\$477</b>
<b>New Building SF Oakland</b>	<b>394,000 SF</b>		<b>394,000 SF</b>		<b>394,000 SF</b>		<b>416,000 SF</b>		<b>446,000 SF</b>	
<b>New Building SF Hayward</b>	<b>473,000 SF</b>		<b>473,000 SF</b>		<b>473,000 SF</b>		<b>473,000 SF</b>		<b>473,000 SF</b>	

<sup>1</sup>NPV = Net Present Value of annual stream of occupancy costs.

<sup>2</sup> Savings for utilities in green buildings assumed to equal 20 percent.

<sup>3</sup> Additional costs include a temporary parking structure at 13<sup>th</sup> and Jackson, employee shuttle service between Jack London and Lake Merritt, and renovation costs for 12<sup>th</sup> and Oak for the relocation of the courts.

<sup>4</sup> Annual payments reflect 30 year term and 5.25% annual interest rate on total construction costs. All alternatives also include costs of construction of 473,000 square feet of building space in Hayward with a parking structure of 1,850 spaces. Downtown alternative includes purchase of 13<sup>th</sup> and Franklin parking structure, amortized at the same rate and schedule as construction costs.

<sup>5</sup> Sales values of Lake Merritt site reflect assumption of \$35,000 land price per residential unit and sales value of Broadway site reflects \$35,000 land price per residential unit.

<sup>6</sup> Annual retail rent revenue assumed to total \$24 per square foot.



# FINANCIAL ANALYSIS

## DEVELOPMENT COST SUMMARY FOR CENTRALIZED AND REGIONAL MODELS

The table below summarizes the estimated capital costs for each model and scenario that would be incurred by category of expenditure. Also included is an estimate of sales proceeds reflective of the disposition strategy employed in each scenario. For purposes of this table, the costs and proceeds for the Lake Merritt options, Broadway, and Downtown **exclude** Hayward costs.

### Centralized Model

Type of Cost (in \$millions)	Lake Merritt A	Lake Merritt B	Lake Merritt C	Broadway	Downtown	Hayward
Office Building	\$215,663	\$215,663	\$161,747	\$182,580	\$173,846	\$81,093
Retail	\$3,500	\$3,500	\$3,000	\$3,000	\$3,000	\$3,000
Parking: Above Grade	\$21,168	\$21,168	\$33,600	\$13,578	\$10,862	\$28,665
Parking: Below Grade	\$16,128	\$16,128	\$4,800	\$14,256	\$19,008	n/a
Demolition	\$3,446	\$5,362	\$3,446	\$1,680	\$556	\$766
Soft Costs (30% of construction)	\$76,938	\$76,938	\$59,504	\$64,024	\$61,851	\$33,827
<b>GROSS DEVELOPMENT COSTS</b>	<b>\$336,843</b>	<b>\$338,759</b>	<b>\$266,098</b>	<b>\$279,117</b>	<b>\$269,122</b>	<b>\$147,352</b>
Less: Building Sales Revenue	\$27,300	\$27,300	\$27,300	\$38,300	\$45,300	\$700
<b>NET DEVELOPMENT COSTS</b>	<b>\$309,543</b>	<b>\$311,459</b>	<b>\$238,798</b>	<b>\$240,817</b>	<b>\$223,822</b>	<b>\$146,652</b>

### Regional Model

Type of Cost (in \$millions)	Lake Merritt A	Lake Merritt B	Lake Merritt C	Broadway	Downtown	Hayward
Office Building	\$149,778	\$149,778	\$112,334	\$127,672	\$118,938	\$136,001
Retail	\$3,500	\$3,500	\$3,000	\$3,000	\$3,000	\$3,000
Parking: Above Grade	\$21,168	\$21,168	\$29,400	\$5,431	\$2,716	\$45,325
Parking: Below Grade	\$8,064	\$8,064	n/a	\$14,256	\$19,008	n/a
Demolition	\$3,446	\$5,362	\$3,446	\$1,680	\$556	\$766
Soft Costs (30% of construction)	\$54,753	\$54,753	\$43,420	\$45,108	\$43,099	\$55,298
<b>GROSS DEVELOPMENT COSTS</b>	<b>\$240,710</b>	<b>\$242,625</b>	<b>\$191,600</b>	<b>\$197,147</b>	<b>\$187,316</b>	<b>\$240,390</b>
Less: Building Sales Revenue	\$27,300	\$27,300	\$27,300	\$38,300	\$45,300	\$700
<b>NET DEVELOPMENT COSTS</b>	<b>\$213,410</b>	<b>\$215,325</b>	<b>\$164,300</b>	<b>\$158,847</b>	<b>\$142,016</b>	<b>\$239,690</b>

## ADDITIONAL OPTIONS

In addition to the scenarios examined in this Section, the Team also considered variations of the Master Plan scenarios that, if implemented, would result in a reduced square footage and construction costs. This may be desired, or even required if the City wouldn't support any zoning variances or Conditional Use Permits that may be required prior to development of the new County Center.

### **Retain the County Administration Building (CAB)**

Each of the Master Plan scenarios features the County leaving the CAB. If the County chose to retain the CAB, the new County building(s) would be reduced by approximately 175,000 GSF and a construction cost savings of between \$78 million and \$101 million (depending on the scenario) would be realized. There would be an additional savings of approximately \$15.3 million in Lake Merritt Option B, as the renovation of the 12<sup>th</sup> and Oak Building to house the CAB court facilities would no longer be needed. The County would also lose approximately \$3.5 million in sales proceeds from disposition of the CAB.

### **Retain 1401 Lakeside Drive**

Each of the Master Plan scenarios features the County leaving 1401 Lakeside Drive. If the County chose to retain 1401 Lakeside Drive, the new County building(s) would be reduced by approximately 97,000 SF and a construction cost savings of between \$43 million and \$56 million (depending on the scenario) would be realized. The County would also lose approximately \$13.5 million in sales proceeds from disposition of 1401 Lakeside Drive.

### **Move 401 Broadway Occupants Into Leased Space**

Each of the Master Plan scenarios assume that the Social Services Agency currently located in owned facilities at 401 Broadway would be relocated to the new County Center. These groups include Fiscal Services, Office and Mail Services, and Children & Family Services. However, these groups and their programs may be eligible for significant rent reimbursement under OMB Regulation 87 if they were to be located in leased space. If the County chose to relocate these groups to leased space, the new County building(s) would be reduced by approximately 78,000 GSF and a construction cost savings of between \$50 million and \$60 million (depending on the scenario) would be realized.

# ADDITIONAL OPTIONS

The following table summarizes the estimated construction cost savings and revenue loss if each of the Additional Options were implemented. Also included is a total cost savings if all of the Additional Options were exercised.

Cost savings are based on the unit construction costs for office and parking space and the accompanying reduction in soft costs. Gross Square Feet is calculated from the projected head count no longer moving into the new County Center building(s) multiplied by the space density factor of 275 gross square foot per person.

<b>Construction Cost Savings from Options</b>						
<b>Options</b>	<b>Gross Square Feet</b>	<b>Lake Merritt A</b>	<b>Lake Merritt B</b>	<b>Lake Merritt C</b>	<b>Broadway</b>	<b>Downtown</b>
County Administration Building	175,949	\$101,100,440		\$78,227,037		
1401 Lakeside Drive Building	97,427	\$55,981,332	\$55,981,332	\$43,315,872	\$43,315,872	\$43,315,872
Social Services Agency staff at 401 Broadway	116,314	\$59,826,208	\$59,826,208	\$49,689,733	\$49,689,733	\$49,689,733
Renovation of 12th and Oak Building for Courts			\$15,530,000			
Less 1401 Lakeside Drive Building sales revenue		-\$13,500,000	-\$13,500,000	-\$13,500,000	-\$13,500,000	-\$13,500,000
Less County Administration Building sales revenue		-\$3,500,000		-\$3,500,000		
<b>Total Cost Savings</b>		<b>\$199,907,979</b>	<b>\$117,837,540</b>	<b>\$154,232,642</b>	<b>\$79,505,605</b>	<b>\$79,505,605</b>

# VI. Recommendations

## TABLE OF CONTENTS

Introduction	p. VI-2
Real Estate Scenario Benefits	p. VI-3
Alternative Workplace Strategies	p. VI-4
Sustainable Real Estate Practices	p. VI-6
Space Planning/Design Guidelines	p. VI-8
The Next Steps	p. VI-9



# INTRODUCTION

The overarching goal of this report is to make recommendations to the Board of Supervisors for the most efficient and economic use of County owned and leased facilities in Oakland and Hayward. These **recommendations are intended to serve as a tool for integrated planning and decision-making over a 20-year planning horizon**. Therefore, the recommendations included in this Section address a range of issues and opportunities related to the County's real estate portfolio.

As described in *Section V: Options*, each of the six scenarios and two locational models developed for the Oakland and Hayward planning areas would address both the Project Drivers and Guiding Principles identified earlier in this report. Each scenario would also be a viable and implementable option for consideration by the County.

Based on our analysis and evaluation, the Team has developed the following **recommendations for the County**:

- Continue to evaluate the Real Estate Scenarios as economic conditions improve
- Adopt a proactive asset management model
- Optimize utilization of assets across the portfolio
- Continue to prioritize customer service and consider community impact in all real estate decision making
- Evaluate the opportunities for implementing alternative workplace strategies
- Implement sustainable building strategies
- Implement space planning and workplace design guidelines.

# REAL ESTATE SCENARIO BENEFITS

## OVERVIEW

Overall, the portion of the County's portfolio studied for this report currently appears to be in good-to-fair condition. **With a few exceptions, there appears to be sufficient office space to meet County needs in the short term.**

However, successful implementation of any of the Real Estate Scenarios identified in Section V will address **long-term** County facilities and space needs and **position the portfolio to best serve employees, customers, clients, and the community at large.**

Implementation of any Scenario would allow the County to:

- **Take advantage of modern construction methods that would yield the well-recognized benefits of sustainability and lower operating costs.** A 20% reduction in occupancy costs has been factored into the financial models used to determine development costs.
- **Optimize real estate assets that are not needed for County purposes.** Depending on the chosen scenario, properties could be sold to the private sector, creating short-term revenue for capital needs and generating long term tax revenue for the County and City.
- **Meet the long-term space needs of the County workforce.** While headcount growth may be relatively slow compared to other entities, over the long term the increases will become significant.
- **Provide a newer, more flexible office environment to take advantage of alternative workplace strategies and attract and retain great workers.** There are a variety of such workplace strategies that support non-traditional work styles and more efficient use of the workplace. These are described later in this Section in more detail in the Appendix.
- **Increase the supply of parking for employees and visitors while continuing to encourage and support the use of BART and other public transportation alternatives.** Each Scenario includes a modest increase in parking density from current conditions, but most fall well short of the more typical ratio of 3 parking stalls per 1,000 SF of office development.
- **Consolidate agencies and department into a single physical location, creating organizational and physical efficiencies.** Such a consolidation and the resulting departmental adjacencies would enhance day-to-day communications and workflow. We utilized a leaner 275 gross square feet per person planning metric as a base to project space needs, enabling the County to get more efficient use out of costly real estate.
- **Develop an iconic County government center that would reflect the County's commitment to enrich the lives of all County residents.** This iconic tower would represent leadership in sustainability, customer service, and innovative ways of working, as well as a continued commitment to the Oakland community.

# ALTERNATIVE WORKPLACE STRATEGIES

Alternative workplace describes a range of strategies that support non-traditional work styles and more efficient use of the workplace. These strategies include:

- Flex time
- Telecommuting
- Leveraged seating
- Team-based settings
- Swing offices

The aim of these strategies is to respond to the changing nature of work and the changing context of business by better supporting a diversity of work styles, enhancing employee satisfaction and productivity, and utilizing resources more efficiently and sustainably. These strategies are described in more detail in the Appendix.

It is important to note that **there is no single strategy that is appropriate for all organizations**. Each alternative workplace strategy responds to a specific set of needs and goals, and also has its own specific set of potential benefits and challenges.

As a part of the Recommended Plan, **the County should evaluate the specific opportunities to implement appropriate alternative workplace strategies for specific groups of workers**. Each strategy should be evaluated for potential benefits within the context of the County's overall goals, specific job functions, management requirements, union issues, technology requirements and workplace culture.

## Drivers For Change

Several key demographic, economic, social and technological factors were identified as driving factors that are pushing the County to consider alternative workplace strategies, including:

- Increasing commute times and costs
- Rising costs of real estate and energy
- Increasing employee demands for flexibility
- Increasing access of County workers to mobile technology
- Continuing interest in sustainable resource management opportunities for County departments

# ALTERNATIVE WORKPLACE STRATEGIES

Successful implementation of alternative workplace strategies could result in numerous potential benefits to the County including:

- Reduced square footage in the County's real estate portfolio
- Reduced operating costs due to a smaller real estate footprint
- Increased flexibility for future growth and organizational change
- Increased employee satisfaction and retention
- Increased employee productivity and innovation
- Reduced commute times for workers and reduced traffic congestion in communities
- Lower carbon emissions related to operations and workforce commute

There are also serious potential challenges that the County would face in launching and maintaining an alternative workplace program, including:

- Public and stakeholder perceptions
- Management culture and practices (*"I don't know if they're working unless I can see them"*)
- Employee accountability and performance metrics
- Labor union concerns
- Costs of technology and infrastructure upgrades needed to support mobile work

Therefore, the **County needs to apply a strategic approach to alternative workplace in order to increase the probability that any program will deliver a measurable return on investment.**

That strategy should incorporate a comprehensive assessment of County staff's unique needs, potential space planning and design concepts, management requirements, phased integration opportunities, and appropriate metrics. It also would also require a collaboration between real estate, finance, IT, HR and program/department management.



# SUSTAINABLE REAL ESTATE PRACTICES

Alameda County's leadership and commitment to sustainable practices is exemplified by the multitude of programs and initiatives it has in place that encourage environmental awareness and reward innovative action. Its Green Building Ordinance, passed in 2003, was one of the country's first that required all new County buildings be certified by the U.S. Green Building Council at the LEED Silver level. In July 2008, the American Institute of Architects cited Alameda County's green building program as "one of the (country's) best, having independently developed a comprehensive green building rating system ... that is used in the county and beyond."

As part of the Recommended Plan, the County should **continue its commitment to excellence in sustainability by expanding its green building practices for its existing facilities.** More specifically, the County should consider LEED-EB certification for its current portfolio of buildings.

The LEED for Existing Buildings (LEED-EB) Rating System, developed by the U.S. Green Building Council, is intended to maximize operational efficiency of existing facilities while minimizing environmental impacts and giving building owners an effective benchmark for measuring upgrades, improvements and maintenance over the life of the building.

Recently, the rating system was updated to LEED for Existing Buildings: Operations and Management (LEED-EB O&M) to focus more on operations and maintenance and to streamline the certification process for organizations with larger portfolios.

The benefits to the County for LEED-EB certification include:

## 1. Identification of real cost savings opportunities.

According to data collected by the U.S. Green Building Council, LEED-EB certified buildings require low initial capital investment and have an average return of investment of 2.6 years. Net annual savings for LEED-EB certified buildings exceed \$170,000. A recent project by Adobe Systems in San Jose from an initial investment of \$1.4 million resulted in:

- \$400,000 in rebates
- \$1.2 million in annual savings (9.5 month return on investment)
- 35% reduction in energy use
- 41% reduction in natural gas use
- 22% reduction in domestic water use

# SUSTAINABLE REAL ESTATE PRACTICES

## Identification of real cost savings opportunities (cont.)

- 76% reduction in landscape water use
- 85% of its solid waste diverted to composting and recycling
- 17% reduction in CO<sup>2</sup> emissions

**2. Increased property value, including tenant rental and occupancy rates for multi-tenant buildings.** This is relevant for the properties such as the 1401 Lakeside Drive Building and the County Administration Building that will potentially be sold. Certification should increase their marketability and market value.

**3. Increased employee productivity through improved indoor environmental quality.**

**4. Reduced potential future risk and cost associated with carbon liability.** By understanding the carbon footprint of the current operations, the County can act in a planned and reasonable manner to reduce its footprint in advance of mandates coming along with the implementation of AB32.

**5. Recognition that investments made in energy efficiency measures can provide high returns on investment.** These investments can also boost California's economy, creating more jobs, local spending and tax revenue (from the Governor's 2004 Executive Order on Green Building).

**6. Continuing the County's acknowledged leadership in sustainability.** This is particularly important in helping the County attract and retain top talent in this competitive location.

**7. Providing a training ground for recent graduates and career changers moving into the 'clean tech' sector.**

**8. Leveraging and promoting all the smart green building resources within County borders.** Local organizations such as CITRIS, LBNL and CBE at UC Berkeley, HVAC and renewable energy and commissioning technicians graduating from junior colleges such as Laney and Merritt provide readily available resources and recruitment opportunities for the County.

**9. Having an internal benchmark to compare buildings across the portfolio** and guide the County's progress toward a more sustainable real estate portfolio.

Specifically, the Recorder's building, the 12<sup>th</sup> & Oak building, the 1401 Lakeside Drive Building, and the County Administration Building are all potential candidates for LEED-EB certification, especially due to their proximity to BART. The County should also examine the potential for other owned buildings outside of the two study areas to be LEED-EB certified.

# SPACE PLANNING AND WORKPLACE DESIGN GUIDELINES

## SPACE PLANNING GUIDELINE

A consistent space planning guideline should be used as the fundamental building block in reviewing and evaluating all prospective acquisitions/transactions (leasing, buying, and building). As described in the *Section III: Findings*, a planning guideline of 275 GSF/Person should be used to plan for new or reconfigured space.

- Reinforcing the belief that **space is a tool that can support the organization and work process**
- Enabling early, **well-informed decision making** to limit errors and reduce the cost of change
- Providing a guide against which to **evaluate current sites and determine necessary upgrades.**

## WORKPLACE DESIGN GUIDELINES

Design Guidelines differ from standards in that they enable groups, when necessary, to tailor the design of their spaces to meet their unique requirements. The County should develop such guidelines based on research into its work practices as well as best practices from other counties, public entities, and the private sector.

The ultimate goal of the guidelines is to provide a comprehensive tool that takes into consideration all aspects of the project process and aids in expediting pre-construction decision making. Workplace Design Guidelines can accomplish this by:

- Providing a **consistent approach to workplace design** across locations
- Communicating **functional and aesthetic considerations** that should be integrated into the work environment

# THE NEXT STEPS

## OVERVIEW

The Real Estate Master Plan is comprehensive in that it contemplates a **project** orientation in terms of a potential new County center complex and a **process** orientation in terms of maximizing the utilization of existing facilities over the long term. This dual focus suggests two inter-related implementation activity “Tracks” which are discussed here.

In both cases, successful implementation of the any of the Real Estate Scenarios will depend on putting the following components in place:

- A financing plan adopted by the Board of Supervisors which reflects prior input from recognized financing sources.
- Land acquisition under some scenarios.
- Stakeholder support.
- Acceptable due diligence and risk profile.
- Regulatory entitlements.
- A highly skilled implementation team.
- Efficient logistics and schedules.

A critical implementation task will be to explore the various transactional and delivery approaches available to develop a new County Center complex. It is important that the County be flexible in looking at the alternatives.

This will be the time to evaluate the benefits of a public/private venture through a sale/leaseback mechanism. Or, it may be that one of the pending developments noted in the local press will present an opportunity too good to ignore.

In any case, the County's current ownership positions must be viewed not only in terms of their locational attributes described in this Real Estate Master Plan, but also as valuable contributing "currency" in structuring a viable transaction.

# THE NEXT STEPS

## SCENARIO EVALUATION

Each of the Master Plan scenarios represents an increase over the real estate and occupancy costs that would occur if the Status Quo Scenario were followed over the same twenty year time horizon. On a purely financial basis, many of the Master Plan scenarios have similar overall costs. Therefore, in addition to the financial “quantitative” evaluation, the County must weigh the importance of each scenario using a series of “qualitative” criteria.

The tool summarized on the following pages illustrates a way for the County to evaluate the scenarios using both quantitative and qualitative criteria. We have assumed the use of a five-point rating system:

Most affordable / Effective / Viable = **5 points**

2<sup>nd</sup> Most Affordable / Effective / Viable = **4 points**

3<sup>rd</sup> Most Affordable / Effective / Viable = **3 points**

Less Affordable / Effective / Viable = **2 points**

Least Affordable / Effective / Viable = **1 point**

The Team recognized that all evaluation criteria are not created equal. To address this, a priority can be assigned to each of the qualitative and quantitative criteria reflective of their importance. These priorities would then be averaged into a final weighted factor and applied to each of the criteria to produce the final score for each scenario. As a final prioritization, an assumption can be made that the financial quantitative criteria are more important than the qualitative criteria and given an appropriate weighting.

# THE NEXT STEPS

## SCENARIO EVALUATION (cont.)

### Possible Quantitative Criteria

Possible Quantitative Criteria	Weight*	Lake Merritt A	Lake Merritt B	Lake Merritt C	Downtown	Broadway / Jack London
Temporary Relocation Costs						
Net New Parking Stalls						
New Building Costs (millions)						
On-Going Operating Costs (millions)						
Leasing Costs (millions)						
Reimbursement Benefits (millions)						
Revenue Generating Opportunities (millions)						
Total SF of Implemented Plan						
Present Value All Cash Flows (millions)						
Present Value Cost Per Square Foot						

### Weighted Quantitative Cost Benefit Score

# THE NEXT STEPS

## SCENARIO EVALUATION (cont.)

### Possible Qualitative Criteria

Possible Qualitative Criteria	Weight*	Lake Merritt A	Lake Merritt B	Lake Merritt C	Downtown	Broadway / Jack London
Closest Access to BART						
Catalytic to Neighborhood Improvement						
Supported by Community						
Access to Courts						
Convenient to Customer						
Disruption During Implementation						
Duration of Implementation						
Employee Parking Convenience						
Employee Retention and Recruitment						
Employee Productivity						
Employee Working Conditions						
Financing and Transaction Potential						
Iconic (i.e. County Seat) Considerations						
Move Logistics						
Nearby Amenities						
Property Acquisition Challenge						

### Weighted Qualitative Cost Benefit Score

# THE NEXT STEPS

## ACTIVITY TRACKS

All of the scenarios are costly to implement. Some, including Lake Merritt Option C, further rely on utilizing a site that is not currently under County control.

As a result, prudence suggests that several critical tasks be completed before a final decision to move forward is reached.

### Track 1: Asset Disposition/Relocation Tasks

The primary objective of this set of tasks is to get a better picture of the net quantitative benefits, if any, of the disposition values of the properties no longer required versus the acquisition costs where existing occupants would have to be relocated to successfully monetize these “surplus” properties. This exercise involves the following activities, properties, and department relocations:

#### OAKLAND / LAKE MERRITT

1401 Lakeside Drive

- Prepare complete disposition due diligence
- Prepare cost/benefit scenarios (inc. staff relocation)

1221 Oak Street (County Administration Building)

- Prepare complete disposition due diligence
- Prepare Cost/benefit Scenarios (inc. staff relocation)

Broadway Properties

- Coroner Relocation
- Public Health Lab Relocation
- Social Services Agency Relocation
- Probation Relocation

For each of the above properties, it will be necessary to complete the following tasks:

- Determine & analyze candidate relocation sites
- Prepare “turn-key” budgets
- Determine feasibility and scheduling
- Market assessment/surplus properties
- Entitlement processing & outreach

#### HAYWARD

24085 Amador Street (Courthouse Square)  
399 Elmhurst Street (PWA HQ)

For each of the above properties, it will be necessary to complete the following tasks:

- Prepare marketing study and strategy
- Prepare complete due diligence
- Market assessment
- Entitlement processing & outreach



# THE NEXT STEPS

## Track 2: Asset Acquisition Tasks

This set of tasks is the most critical to determining the final direction on which scenario to ultimately pursue. All acquisition candidate properties should be evaluated concurrently. This approach will help maintain a competitive market and facilitate a final decision sooner rather than later.

For the private parking lot at 13<sup>th</sup> & Jackson and the private parking structure at 13<sup>th</sup> & Franklin, it will be necessary to complete the following tasks:

- Prepare complete due diligence
- Market assessment
- Prepare negotiation position
- Engage owner(s)
- Finalize “go/no go.”

## Track 3: Final Decision

The purpose of this phase is to make a final determination on how to proceed and with which Scenario. Logistics for site acquisition, temporary parking and/or staff relocation, and site disposition should all be finalized.

## Track 4: Pre-Development

This phase will be designed to ascertain how the actual financing, design, development management, and construction process will be implemented.

- Establish financing and buy/sell approaches (acquisition and disposition)
- Prepare RFP's if necessary (e.g. private developers)
- Evaluate proposals & select developers
- Negotiate contracts
- Negotiate temporary relocations
- Lease or other

## Track 5: Optimization of Existing Long-Term Facilities

These tasks are aimed at optimizing the utilization of existing facilities that the County will occupy on a long-term basis. Activities should include (but may not be limited to) the following:

- Develop County-wide workplace design guidelines
- Retrofit as necessary
- Conduct workforce mobility study
- Conduct LEED Existing Buildings surveys

County of Alameda  
Real Estate Master Plan

# APPENDIX

## TABLE OF CONTENTS

- Status Quo “Base Case” Financial Analysis
- The Market For Office Space In The Central Business District of Oakland
- Memorandum: Hayward Office Market Potential
- Department Interview Questions
- Department Survey Form
- List of Facilities Excluded from Office Square Footage Analysis
- Civic Center Parking Shuttle Options
- Report on Alternative Workplace Strategies

# Status Quo “Base Case” Financial Analysis

## INTRODUCTION

This report presents the results of the financial analysis prepared by the Gensler team to quantify the total occupancy costs Alameda County is forecast to incur under a status quo or base case scenario. This report will be augmented to evaluate and compare costs in the base case scenario to several alternative scenarios to house the County's workforce. The financial model simulates the annual occupancy costs of leasing and owning office space over a long-term, twenty-year time horizon. The approach used to analyze the portfolio permits decision makers to prepare for the timing and magnitude of incremental added costs that will be necessary to maintain and enhance the real estate portfolio to accommodate employee growth and maintain responsive service to county residents and businesses.

The base case scenario assumes the County would only increase its portfolio by leasing space to the extent necessary to accommodate projected headcount growth because more efficient space utilization would not occur. The projected amount of additional leased square footage is based on current space utilization metrics. No office properties are bought or sold; leases are if possible renewed upon expiration, and if not the same amount of space is leased elsewhere. The base case scenario includes a projection of employment growth, but this growth is accommodated within the existing office space.

## ESTIMATED OCCUPANCY COSTS IN THE BASE CASE SCENARIO

Over the twenty-year period, the model for the base case scenario estimates that gross occupancy costs for the County's entire office space portfolio will total \$880 million. Assuming a discount rate of 5.25 percent, equivalent to the County's long term cost of borrowing, the present value of these gross occupancy costs would be \$504.7 million.

<b>TABLE 1</b>				
<b>Total Gross and Net Occupancy Costs by Type of Space: 2007-2027</b>				
	2007-2027		Proportions	
	Undiscounted \$	NPV <sup>1</sup> at 5.25% \$	Undiscounted %	NPV <sup>1</sup> at 5.25% %
<b>Owned</b>				
Operating Costs	262,689,320	153,792,738	29.9%	30.5%
Reserves for Capital Expenditures	52,968,326	37,685,732	6.0%	7.5%
Total Costs	315,657,647	191,478,469	35.9%	37.9%
<b>Leased</b>				
Operating Costs	52,441,104	29,539,251	6.0%	5.9%
Leasing Costs	511,827,354	283,643,730	58.2%	56.2%
Total Costs	564,268,457	313,182,981	64.1%	62.1%



All Space: Total Gross Costs	879,926,104	504,661,451	100.0%	100.0%
Reimbursements	(219,196,500)	(126,921,706)		
All Space: Net Costs	660,729,603	377,739,745		
<sup>1</sup> NPV = Net Present Value of annual stream of occupancy costs.				
Sources: Alameda County; Gensler Team.				

Under OMB 87, some County departments receive reimbursements for leasing costs.<sup>1</sup> Over the 20-year forecast period, these reimbursements total an estimated \$219.2 million, or \$127 million on a present value basis, assuming the 5.25 percent discount rate.

Subtracting these reimbursements from the gross costs yields an estimated net occupancy cost of \$660.7 million, or \$377.7 million on a present value basis.

Occupancy costs for owned space account for 35.9 percent of total portfolio costs (37.9 percent on a present value basis) while occupancy costs for leased space make up 64.1 percent (62.1 percent on a present value basis). For owned space, operating costs account for the majority of occupancy expenses. Operating costs include utilities and routine maintenance costs, including labor. For leased space, leasing costs (rent) is the most significant factor.

Table 2 summarizes the forecast gross and net occupancy costs on an annual per square basis and per employment per year basis.

	2007-2027, per square foot per year		2007-2027, per employee per year	
	Undiscounted \$	NPV <sup>1</sup> at 5.25% \$	Undiscounted \$	NPV <sup>1</sup> at 5.25% \$
<b>Owned</b>				
Operating Costs	13.32	7.80	4,718	2,762
Reserves for Capital Expenditures	2.69	1.91	951	677
Total Costs	16.01	9.71	5,670	3,439
<b>Leased</b>				
Operating Costs	4.34	2.44	1,336	752
Leasing Costs	42.36	23.48	13,038	7,225
Total Costs	46.70	25.92	14,374	7,978



<sup>1</sup> See Table A-3 for details on reimbursements.

All Space: Total Gross Costs	27.67	15.87	9,270	5,316
Reimbursements	(6.89)	(3.99)	(2,309)	(1,337)
All Space: Net Costs	20.78	11.88	6,960	3,979
<sup>1</sup> NPV = Net Present Value of annual stream of occupancy costs.				
Sources: Alameda County; Gensler Team.				

Net of reimbursements, annual occupancy costs total approximately \$21 per square foot or \$12 per square foot on a present value basis. Leasing costs are significantly higher than the cost of operating owned space: \$46.70 per square foot gross versus \$16.01 per square foot for owned space.

The current per square foot average for leasing costs is \$28.43. The average reflects relatively high rents for three properties: 380 Washington (9,375 square feet), 312 Clay Street (17,334 square feet, each at \$36 per square foot and 2000 San Pablo (which at 102,000 square feet is one of the larger leased spaces) with current rental costs of \$43 per square foot.

Per employee, undiscounted annual costs are \$9,270, or a net present value of \$5,316. Again, costs per employee are higher in leased space than in owned space, although the more efficient space usage in leased space offsets this effect slightly.

## METHODS AND ASSUMPTIONS

To compare the relative costs of the base case space occupancy scenario to alternative scenarios to house the County's workforce, the Gensler team developed a dynamic model for owned and leased spaces in the County's real estate portfolio. As described above, the financial model simulates the annual occupancy costs that are likely to be incurred by the County over a twenty-year time horizon. Occupancy costs are a function of the applicable costs of leasing office space and the operating, maintenance and rehabilitation costs of County-owned facilities.

Data inputs for the model, including location, square footage, tenure, lease terms, and headcount were drawn from Alameda County databases and surveys conducted by Gensler. The model converts the forecast stream of future costs for the base case and will do so for alternative scenarios into estimates of the present value of occupancy costs. For the purpose of present value calculations, a discount rate of 5.25 percent, equivalent to the County's long term cost of borrowing, was used.

For owned spaces, the model tracks estimated annual costs for twenty years. Current operating costs are based on individual building information from the County. Based on data



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from the Building Owners and Managers Association (BOMA) for office space in Oakland, the model estimates that operating costs will increase by a factor of 1.1 percent annually. The model also includes an estimate of capital reserves, or the cost of major repairs and maintenance. For fiscal year 2007-2008, the model includes projected costs for specific repairs. Based on a synthesis of data on reserves for capital expenditures from BOMA and interviews with major owners of office space, the model assumes an annual per square foot capital reserve of \$1.50 for owned space within Oakland, and \$1.00 for owned space in Hayward, escalated annually by 1.1 percent for years after 2008. We recommend that the County develop and maintain a capital expenditure reserve policy in order to preserve the functional value and operating quality of owned buildings.

The model tracks estimated lease costs for twenty years. The model incorporates a range of factors including the square footage, rental payment amounts required under current lease agreements, the lease terms, the types of leases, operating expenses, and future estimates of rent escalations and expenses.

Estimated leasing costs begin with the terms of the current lease agreement. Upon expiration, the model assumes that if an extension option is available, the County will exercise that option. It further assumes that leasing costs will continue to escalate at their historic rate. One lease for a facility located at 24100 Amador in Hayward includes a purchase option at the end of the lease. The base case model assumes that the County exercises this option as well. If a lease does not include the option to purchase or extend, the model assumes that the County rents the same amount of space at the market rate projected in the reports previously prepared by the Gensler Team entitled “The Market for Office Space in The Central Business District of Oakland” and “Hayward Office Market Potential.”

All leases currently held by the County are full service gross. Nevertheless, the County incurs additional operating costs for maintenance and labor. Beginning with data on current expenditures, the model assumes that these costs will increase at a rate of 1.1 percent annually. County departments also pay administrative fees related to leasing to the General Services Administration. Based on data and interviews from County staff, this cost is estimated at six percent of leasing costs.

The model also takes into account OMB87 reimbursements to the County for the costs associated with some spaces. Therefore, the model estimates net occupancy costs (after OMB87 reimbursement) and gross occupancy costs (no OMB87 reimbursement).

## **APPENDIX A: DETAILED TABLES**

Appendix A includes detailed building information and the annual, building-by-building tables used to calculate the gross and net occupancy costs summarized above.



Table A-1 presents year-by-year estimates of gross and net occupancy costs by type of space.

TABLE A-1: Estimated Occupancy Costs by Year and Type of Space											
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
<b>Owned</b>											
Operating Costs	11,199,685	11,321,761	11,445,168	11,569,921	11,696,033	11,823,520	11,952,396	12,082,677	12,214,378	12,347,515	
Reserves	11,219,463	11,219,463	1,454,875	1,470,733	1,486,764	1,502,969	1,519,352	1,535,913	1,552,654	1,569,578	
Total Costs	22,419,147	22,541,224	12,900,043	13,040,654	13,182,797	13,326,489	13,471,748	13,618,590	13,767,033	13,917,093	
<b>Leased</b>											
Operating Costs	1,672,460	1,802,171	1,823,177	1,854,236	1,898,661	2,247,436	2,278,283	2,312,196	2,344,266	2,581,838	
Leasing Costs	14,209,390	16,222,304	16,421,827	16,787,255	17,373,811	20,843,836	21,176,869	21,559,025	21,908,475	25,393,017	
Total Costs	15,881,850	18,024,475	18,245,004	18,641,491	19,272,473	23,091,271	23,455,152	23,871,221	24,252,742	27,974,855	
Reimbursements	-8,612,477	-8,748,618	-8,968,719	-9,154,403	-9,505,267	-9,665,634	-9,820,222	-9,995,171	-10,229,877	-10,542,012	
Net Costs	7,269,373	9,275,857	9,276,286	9,487,088	9,767,206	13,425,637	13,634,930	13,876,050	14,022,864	17,432,843	
All Space: Total Costs: Gross	38,300,997	40,565,699	31,145,047	31,682,145	32,455,269	36,417,761	36,926,900	37,489,811	38,019,774	41,891,949	
All Space: Total Costs: Net	29,688,520	31,817,081	22,176,329	22,527,742	22,950,002	26,752,126	27,106,678	27,494,640	27,789,897	31,349,937	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	12,482,103	12,618,158	12,755,696	12,894,733	13,035,286	13,177,370	13,321,003	13,466,202	13,612,984	13,761,366	13,911,364
	1,586,687	1,603,981	1,621,465	1,639,139	1,657,005	1,675,067	1,693,325	1,711,782	1,730,441	1,749,302	1,768,370
	14,068,790	14,222,139	14,377,161	14,533,872	14,692,291	14,852,437	15,014,328	15,177,985	15,343,425	15,510,668	15,679,734
	2,604,058	2,639,458	2,675,381	2,764,611	2,802,340	2,845,770	2,889,923	2,934,807	2,980,430	3,026,801	3,462,799
	25,571,110	25,966,764	26,369,018	27,657,574	28,085,614	28,606,495	29,137,206	29,677,862	30,228,579	30,789,476	37,841,846
	28,175,169	28,606,222	29,044,399	30,422,185	30,887,954	31,452,265	32,027,129	32,612,669	33,209,009	33,816,277	41,304,645
	-10,486,838	-10,610,449	-10,735,721	-10,864,600	-10,994,340	-11,192,764	-11,394,857	-11,600,642	-11,810,141	-12,023,376	-12,240,370
	17,688,331	17,995,773	18,308,678	19,557,585	19,893,614	20,259,501	20,632,272	21,012,026	21,398,868	21,792,900	29,064,275
	42,243,958	42,828,361	43,421,560	44,956,057	45,580,245	46,304,702	47,041,457	47,790,653	48,552,434	49,326,945	56,984,379
	31,757,120	32,217,912	32,685,839	34,091,457	34,585,905	35,111,938	35,646,600	36,190,011	36,742,292	37,303,568	44,744,009

Sources: Alameda County; Gensler Team.





*Table A-2* presents the estimated annual operating costs for owned space: utilities and routine maintenance, including labor.

<b>TABLE A-2:</b>										
<b>Estimated Annual Operating Costs for Owned Space</b>										
<b>Address</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
3024 East 7th Street, Oakland	0	0	0	0	0	0	0	0	0	0
333 5th Street, Oakland	38,738	39,160	39,587	40,019	40,455	40,896	41,342	41,792	42,248	42,708
400 Broadway, Oakland	1,002,488	1,013,415	1,024,462	1,035,628	1,046,917	1,058,328	1,069,864	1,081,525	1,093,314	1,105,231
401 Broadway, Oakland	1,117,249	1,129,427	1,141,738	1,154,183	1,166,763	1,179,481	1,192,337	1,205,334	1,218,472	1,231,753
480 4th Street, Oakland	261,857	264,711	267,596	270,513	273,462	276,442	279,456	282,502	285,581	288,694
499 5th Street, Oakland	599,515	606,050	612,656	619,334	626,085	632,909	639,808	646,782	653,832	660,958
470 27th Street, Oakland	314,341	317,767	321,231	324,733	328,272	331,850	335,467	339,124	342,820	346,557
1106 Madison Street, Oakland	764,599	772,933	781,358	789,875	798,485	807,188	815,986	824,881	833,872	842,961
1221 Oak Street, Oakland	1,789,706	1,809,213	1,828,934	1,848,869	1,869,022	1,889,394	1,909,989	1,930,807	1,951,853	1,973,128
1225 Fallon Street, Oakland	682,789	690,231	697,755	705,360	713,049	720,821	728,678	736,621	744,650	752,766
125 12th Street, Oakland	716,795	724,608	732,506	740,491	748,562	756,721	764,970	773,308	781,737	790,258
1401 Lakeside Drive, Oakland	1,479,076	1,495,198	1,511,495	1,527,971	1,544,625	1,561,462	1,578,482	1,595,687	1,613,080	1,630,663
2901 Peralta Oaks Ct., Oakland	332,062	335,682	339,341	343,039	346,779	350,558	354,380	358,242	362,147	366,095
393 13th Street, Oakland	331,982	335,601	339,259	342,957	346,695	350,474	354,294	358,156	362,060	366,006
224 W Winton Ave., Hayward	332,688	336,314	339,980	343,686	347,432	351,219	355,047	358,917	362,829	366,784
24085 Amador Street, Hayward	574,862	581,128	587,462	593,865	600,339	606,882	613,497	620,184	626,944	633,778
399 Elmhurst St., Hayward	860,938	870,323	879,809	889,399	899,093	908,894	918,800	928,815	938,939	949,174
<b>TOTAL</b>	<b>11,199,685</b>	<b>11,321,761</b>	<b>11,445,168</b>	<b>11,569,921</b>	<b>11,696,033</b>	<b>11,823,520</b>	<b>11,952,396</b>	<b>12,082,677</b>	<b>12,214,378</b>	<b>12,347,515</b>



**TABLE A-2 CONT'D:**

**Estimated Annual Operating Costs for Owned Space**

<b>Address</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
3024 East 7th Street, Oakland	0	0	0	0	0	0	0	0	0	0	0
333 5th Street, Oakland	43,174	43,644	44,120	44,601	45,087	45,579	46,075	46,578	47,085	47,598	48,117
400 Broadway, Oakland	1,117,278	1,129,456	1,141,768	1,154,213	1,166,794	1,179,512	1,192,368	1,205,365	1,218,504	1,231,785	1,245,212
401 Broadway, Oakland	1,245,179	1,258,752	1,272,472	1,286,342	1,300,363	1,314,537	1,328,866	1,343,350	1,357,993	1,372,795	1,387,759
480 4th Street, Oakland	291,841	295,022	298,237	301,488	304,774	308,096	311,455	314,849	318,281	321,751	325,258
499 5th Street, Oakland	668,163	675,446	682,808	690,251	697,775	705,380	713,069	720,841	728,699	736,641	744,671
470 27th Street, Oakland	350,335	354,153	358,014	361,916	365,861	369,849	373,880	377,955	382,075	386,240	390,450
1106 Madison Street, Oakland	852,149	861,438	870,827	880,319	889,915	899,615	909,421	919,334	929,354	939,484	949,725
1221 Oak Street, Oakland	1,994,635	2,016,377	2,038,356	2,060,574	2,083,034	2,105,739	2,128,691	2,151,894	2,175,350	2,199,061	2,223,031
1225 Fallon Street, Oakland	760,972	769,266	777,651	786,128	794,696	803,359	812,115	820,967	829,916	838,962	848,106
125 12th Street, Oakland	798,872	807,579	816,382	825,280	834,276	843,370	852,562	861,855	871,249	880,746	890,346
1401 Lakeside Drive, Oakland	1,648,437	1,666,405	1,684,569	1,702,931	1,721,493	1,740,257	1,759,226	1,778,401	1,797,786	1,817,382	1,837,191
2901 Peralta Oaks Ct., Oakland	370,085	374,119	378,197	382,319	386,486	390,699	394,958	399,263	403,615	408,014	412,461
393 13th Street, Oakland	369,996	374,028	378,105	382,227	386,393	390,605	394,862	399,166	403,517	407,916	412,362
224 W Winton Ave., Hayward	370,782	374,824	378,909	383,039	387,214	391,435	395,702	400,015	404,375	408,783	413,238
24085 Amador Street, Hayward	640,686	647,670	654,729	661,866	669,080	676,373	683,746	691,198	698,733	706,349	714,048
399 Elmhurst St., Hayward	959,520	969,979	980,551	991,239	1,002,044	1,012,966	1,024,008	1,035,169	1,046,453	1,057,859	1,069,390
<b>TOTAL</b>	<b>12,482,103</b>	<b>12,618,158</b>	<b>12,755,696</b>	<b>12,894,733</b>	<b>13,035,286</b>	<b>13,177,370</b>	<b>13,321,003</b>	<b>13,466,202</b>	<b>13,612,984</b>	<b>13,761,366</b>	<b>13,911,364</b>



**Table A-3** presents the estimated annual reserves for owned space. For the first two years, actual costs are used. After that the model begins with an assumption of \$1.50 per square foot and escalates that by a rate of 1.1 percent annually.

<b>TABLE A-3:</b>										
<b>Estimated Annual Reserves for Owned Space</b>										
<b>Address</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
3024 East 7th Street, Oakland	0	0	9	9	9	9	9	9	9	9
333 5th Street, Oakland	0	0	19,813	20,029	20,247	20,468	20,691	20,916	21,144	21,375
400 Broadway, Oakland	400,000	400,000	105,823	106,976	108,142	109,321	110,512	111,717	112,935	114,166
401 Broadway, Oakland	510,000	510,000	132,881	134,330	135,794	137,274	138,770	140,283	141,812	143,358
480 4th Street, Oakland	144,000	144,000	28,926	29,241	29,560	29,882	30,208	30,537	30,870	31,207
499 5th Street, Oakland	1,375,000	1,375,000	67,229	67,962	68,703	69,452	70,209	70,974	71,748	72,530
470 27th Street, Oakland	87,500	87,500	35,863	36,254	36,649	37,049	37,453	37,861	38,273	38,691
1106 Madison Street, Oakland	135,000	135,000	95,361	96,400	97,451	98,513	99,587	100,673	101,770	102,879
1221 Oak Street, Oakland	0	0	213,238	215,563	217,912	220,288	222,689	225,116	227,570	230,050
1225 Fallon Street, Oakland	1,470,000	1,470,000	127,586	128,977	130,383	131,804	133,241	134,693	136,161	137,645
125 12th Street, Oakland	280,000	280,000	75,645	76,470	77,303	78,146	78,998	79,859	80,729	81,609
1401 Lakeside Drive, Oakland	5,607,963	5,607,963	178,042	179,982	181,944	183,927	185,932	187,959	190,008	192,079
2901 Peralta Oaks Ct., Oakland	230,000	230,000	88,276	89,239	90,211	91,195	92,189	93,193	94,209	95,236
393 13th Street, Oakland	0	0	73,934	74,740	75,554	76,378	77,210	78,052	78,903	79,763
224 W Winton Ave., Hayward	980,000	980,000	59,390	60,037	60,692	61,353	62,022	62,698	63,382	64,072
24085 Amador Street, Hayward	0	0	68,090	68,833	69,583	70,341	71,108	71,883	72,667	73,459
399 Elmhurst St., Hayward	0	0	84,767	85,691	86,625	87,569	88,524	89,489	90,464	91,450
<b>TOTAL</b>	<b>11,219,463</b>	<b>11,219,463</b>	<b>1,454,875</b>	<b>1,470,733</b>	<b>1,486,764</b>	<b>1,502,969</b>	<b>1,519,352</b>	<b>1,535,913</b>	<b>1,552,654</b>	<b>1,569,578</b>



**TABLE A-3 CONT'D:**

**Estimated Annual Reserves for Owned Space**

<b>Address</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
3024 East 7th Street, Oakland	9	10	10	10	10	10	10	10	10	10	11
333 5th Street, Oakland	21,608	21,843	22,082	22,322	22,566	22,812	23,060	23,312	23,566	23,822	24,082
400 Broadway, Oakland	115,410	116,668	117,940	119,225	120,525	121,839	123,167	124,509	125,866	127,238	128,625
401 Broadway, Oakland	144,920	146,500	148,097	149,711	151,343	152,993	154,660	156,346	158,050	159,773	161,515
480 4th Street, Oakland	31,547	31,891	32,238	32,590	32,945	33,304	33,667	34,034	34,405	34,780	35,159
499 5th Street, Oakland	73,321	74,120	74,928	75,744	76,570	77,405	78,248	79,101	79,963	80,835	81,716
470 27th Street, Oakland	39,112	39,539	39,970	40,405	40,846	41,291	41,741	42,196	42,656	43,121	43,591
1106 Madison Street, Oakland	104,001	105,134	106,280	107,439	108,610	109,793	110,990	112,200	113,423	114,659	115,909
1221 Oak Street, Oakland	232,558	235,093	237,655	240,246	242,864	245,512	248,188	250,893	253,628	256,392	259,187
1225 Fallon Street, Oakland	139,146	140,662	142,196	143,745	145,312	146,896	148,497	150,116	151,752	153,406	155,078
125 12th Street, Oakland	82,499	83,398	84,307	85,226	86,155	87,094	88,043	89,003	89,973	90,954	91,945
1401 Lakeside Drive, Oakland	194,172	196,289	198,428	200,591	202,778	204,988	207,222	209,481	211,764	214,073	216,406
2901 Peralta Oaks Ct., Oakland	96,274	97,324	98,384	99,457	100,541	101,637	102,745	103,865	104,997	106,141	107,298
393 13th Street, Oakland	80,632	81,511	82,400	83,298	84,206	85,124	86,051	86,989	87,938	88,896	89,865
224 W Winton Ave., Hayward	64,771	65,477	66,191	66,912	67,641	68,379	69,124	69,877	70,639	71,409	72,187
24085 Amador Street, Hayward	74,259	75,069	75,887	76,714	77,550	78,396	79,250	80,114	80,987	81,870	82,762
399 Elmhurst St., Hayward	92,447	93,455	94,473	95,503	96,544	97,596	98,660	99,736	100,823	101,922	103,033
<b>TOTAL</b>	<b>1,586,687</b>	<b>1,603,981</b>	<b>1,621,465</b>	<b>1,639,139</b>	<b>1,657,005</b>	<b>1,675,067</b>	<b>1,693,325</b>	<b>1,711,782</b>	<b>1,730,441</b>	<b>1,749,302</b>	<b>1,768,370</b>



Table A-4 presents the total estimated annual costs for owned space.

TABLE A-4:										
Total Estimated Annual Costs for Owned Space										
Address	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
3024 East 7th Street, Oakland	0	0	9	9	9	9	9	9	9	9
333 5th Street, Oakland	38,738	39,160	59,400	60,047	60,702	61,364	62,032	62,709	63,392	64,083
400 Broadway, Oakland	1,402,488	1,413,415	1,130,284	1,142,604	1,155,059	1,167,649	1,180,376	1,193,242	1,206,249	1,219,397
401 Broadway, Oakland	1,627,249	1,639,427	1,274,619	1,288,512	1,302,557	1,316,755	1,331,108	1,345,617	1,360,284	1,375,111
480 4th Street, Oakland	405,857	408,711	296,522	299,755	303,022	306,325	309,664	313,039	316,451	319,901
499 5th Street, Oakland	1,974,515	1,981,050	679,886	687,296	694,788	702,361	710,017	717,756	725,580	733,488
470 27th Street, Oakland	401,841	405,267	357,094	360,987	364,921	368,899	372,920	376,985	381,094	385,248
1106 Madison Street, Oakland	899,599	907,933	876,719	886,275	895,936	905,701	915,573	925,553	935,642	945,840
1221 Oak Street, Oakland	1,789,706	1,809,213	2,042,172	2,064,432	2,086,934	2,109,682	2,132,677	2,155,923	2,179,423	2,203,179
1225 Fallon Street, Oakland	2,152,789	2,160,231	825,341	834,337	843,432	852,625	861,919	871,314	880,811	890,412
125 12th Street, Oakland	996,795	1,004,608	808,151	816,960	825,865	834,867	843,967	853,166	862,466	871,867
1401 Lakeside Drive, Oakland	7,087,038	7,103,160	1,689,537	1,707,953	1,726,570	1,745,389	1,764,414	1,783,646	1,803,088	1,822,742
2901 Peralta Oaks Ct., Oakland	562,062	565,682	427,617	432,278	436,990	441,753	446,568	451,436	456,356	461,331
393 13th Street, Oakland	331,982	335,601	413,192	417,696	422,249	426,852	431,504	436,208	440,962	445,769
224 W Winton Ave., Hayward	1,312,688	1,316,314	399,370	403,723	408,124	412,572	417,069	421,615	426,211	430,857
24085 Amador Street, Hayward	574,862	581,128	655,552	662,698	669,921	677,223	684,605	692,067	699,611	707,237
399 Elmhurst St., Hayward	860,938	870,323	964,576	975,090	985,719	996,463	1,007,324	1,018,304	1,029,404	1,040,624
<b>TOTAL</b>	<b>22,419,147</b>	<b>22,541,224</b>	<b>12,900,043</b>	<b>13,040,654</b>	<b>13,182,797</b>	<b>13,326,489</b>	<b>13,471,748</b>	<b>13,618,590</b>	<b>13,767,033</b>	<b>13,917,093</b>



**TABLE A-4:**

**Total Estimated Annual Costs for Owned Space**

<b>Address</b>	<b>2017</b> <b>\$</b>	<b>2018</b> <b>\$</b>	<b>2019</b> <b>\$</b>	<b>2020</b> <b>\$</b>	<b>2021</b> <b>\$</b>	<b>2022</b> <b>\$</b>	<b>2023</b> <b>\$</b>	<b>2024</b> <b>\$</b>	<b>2025</b> <b>\$</b>	<b>2026</b> <b>\$</b>	<b>2027</b> <b>\$</b>
3024 East 7th Street, Oakland	9	10	10	10	10	10	10	10	10	10	11
333 5th Street, Oakland	64,782	65,488	66,202	66,923	67,653	68,390	69,135	69,889	70,651	71,421	72,199
400 Broadway, Oakland	1,232,688	1,246,125	1,259,707	1,273,438	1,287,319	1,301,350	1,315,535	1,329,874	1,344,370	1,359,024	1,373,837
401 Broadway, Oakland	1,390,100	1,405,252	1,420,569	1,436,053	1,451,706	1,467,530	1,483,526	1,499,697	1,516,043	1,532,568	1,549,273
480 4th Street, Oakland	323,387	326,912	330,476	334,078	337,719	341,400	345,122	348,884	352,686	356,531	360,417
499 5th Street, Oakland	741,483	749,566	757,736	765,995	774,345	782,785	791,317	799,943	808,662	817,476	826,387
470 27th Street, Oakland	389,447	393,692	397,983	402,321	406,707	411,140	415,621	420,151	424,731	429,361	434,041
1106 Madison Street, Oakland	956,150	966,572	977,108	987,758	998,525	1,009,408	1,020,411	1,031,534	1,042,777	1,054,144	1,065,634
1221 Oak Street, Oakland	2,227,193	2,251,470	2,276,011	2,300,819	2,325,898	2,351,251	2,376,879	2,402,787	2,428,978	2,455,453	2,482,218
1225 Fallon Street, Oakland	900,117	909,928	919,847	929,873	940,009	950,255	960,612	971,083	981,668	992,368	1,003,185
125 12th Street, Oakland	881,370	890,977	900,689	910,506	920,431	930,463	940,605	950,858	961,222	971,700	982,291
1401 Lakeside Drive, Oakland	1,842,609	1,862,694	1,882,997	1,903,522	1,924,270	1,945,245	1,966,448	1,987,882	2,009,550	2,031,454	2,053,597
2901 Peralta Oaks Ct., Oakland	466,359	471,442	476,581	481,776	487,027	492,336	497,702	503,127	508,611	514,155	519,760
393 13th Street, Oakland	450,628	455,540	460,505	465,525	470,599	475,728	480,914	486,156	491,455	496,812	502,227
224 W Winton Ave., Hayward	435,553	440,300	445,100	449,951	454,856	459,814	464,826	469,892	475,014	480,192	485,426
24085 Amador Street, Hayward	714,946	722,738	730,616	738,580	746,631	754,769	762,996	771,312	779,720	788,219	796,810
399 Elmhurst St., Hayward	1,051,967	1,063,433	1,075,025	1,086,743	1,098,588	1,110,563	1,122,668	1,134,905	1,147,275	1,159,781	1,172,422
<b>TOTAL</b>	<b>14,068,790</b>	<b>14,222,139</b>	<b>14,377,161</b>	<b>14,533,872</b>	<b>14,692,291</b>	<b>14,852,437</b>	<b>15,014,328</b>	<b>15,177,985</b>	<b>15,343,425</b>	<b>15,510,668</b>	<b>15,679,734</b>



Table A-5 presents the estimated annual rent per square foot for leased space.

TABLE A-5:										
Estimated Annual Rent Per Square Foot for Leased Space										
Address	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
2000 Embarcadero #300, Oakland (Site 3)	20.55	22.05	22.92	23.67	27.58	28.40	28.90	29.41	29.92	30.45
1900/2000 Embarcadero St. Oakland	22.56	22.96	24.48	25.56	26.64	27.84	28.92	30.24	31.56	32.88
380 Washington Street, Oakland	36.03	36.76	36.70	37.44	38.19	38.95	39.73	40.52	29.92	30.45
1000 Broadway, 5th FL, Oakland		26.28	27.15	27.75	28.35	28.80	28.90	29.41	29.92	30.45
1970 Broadway, STE 114, Oakland	30.00	31.20	32.45	33.75	35.10	36.50	37.23	37.98	38.74	39.51
333 Hegenberger Rd, 600, Oakland	20.90	21.50	22.10	22.72	23.36	24.01	24.68	25.37	29.92	30.45
7677 Oakport Street, Oakland	25.09	25.68	26.28	26.63	27.58	28.40	28.90	29.41	29.92	30.45
7677 Oakport Street, Oakland		25.70	25.99	26.77	27.58	28.40	28.90	29.41	29.92	30.45
3600 Telegraph Ave., Ste 100, Oakland	31.44	32.64	33.96	35.28	36.72	28.40	28.90	29.41	29.92	30.45
3600 Telegraph Ave., Ste B, Oakland	21.64	21.93	25.99	26.77	27.58	28.40	28.90	29.41	29.92	30.45
312 Clay Street, Oakland	36.88	37.60	25.99	26.77	27.58	28.40	28.90	29.41	29.92	30.45
8000 Capwell Drive, Oakland	7.78	8.02	8.26	8.50	8.76	9.02	9.29	9.57	9.86	10.16
2000 San Pablo Av., Oakland	42.91	44.20	45.52	46.89	48.30	49.75	50.63	51.51	52.41	53.33
22225 Foothill Blvd., Hayward	21.42	21.81	22.20	22.60	23.01	23.42	23.84	24.36	24.80	25.24
24100 Amador Street, Hayward	26.99	27.04	27.10	27.15	28.21	28.27	28.32	28.38	28.44	29.50
24100 Amador Street, Hayward	26.99	27.04	27.10	27.15	28.21	28.27	28.32	28.38	28.44	29.50
24100 Amador Street, Hayward	26.99	27.04	27.10	27.15	28.21	28.27	28.32	28.38	28.44	29.50



**TABLE A-5 CONT'D:**

**Estimated Annual Rent Per Square Foot for Leased Space**

<b>Address</b>	<b>2017</b> \$	<b>2018</b> \$	<b>2019</b> \$	<b>2020</b> \$	<b>2021</b> \$	<b>2022</b> \$	<b>2023</b> \$	<b>2024</b> \$	<b>2025</b> \$	<b>2026</b> \$	<b>2027</b> \$
2000 Embarcadero #300, Oakland (Site 3)	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
1900/2000 Embarcadero St. Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
380 Washington Street, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
1000 Broadway, 5th FL, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
1970 Broadway, STE 114, Oakland	40.30	41.11	41.93	42.77	43.62	44.49	45.38	46.29	47.22	48.16	49.13
333 Hegenberger Rd, 600, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
7677 Oakport Street, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
7677 Oakport Street, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
3600 Telegraph Ave., Ste 100, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
3600 Telegraph Ave., Ste B, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
312 Clay Street, Oakland	30.98	31.54	32.11	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
8000 Capwell Drive, Oakland	10.46	10.77	11.09	32.68	33.27	33.87	34.48	35.10	35.73	36.38	37.03
2000 San Pablo Av., Oakland	54.27	55.25	56.24	57.25	58.28	59.33	60.40	61.49	62.60	63.73	64.88
22225 Foothill Blvd., Hayward	25.70	26.16	26.63	27.11	27.60	28.10	28.60	29.12	29.64	30.17	30.72
24100 Amador Street, Hayward	29.56	29.62	29.68	29.75	29.81	30.35	30.90	31.46	32.03	32.61	33.20
24100 Amador Street, Hayward	29.56	29.62	29.68	29.75	29.81	30.35	30.90	31.46	32.03	32.61	33.20
24100 Amador Street, Hayward	29.56	29.62	29.68	29.75	29.81	30.35	30.90	31.46	32.03	32.61	33.20





Table A-6 presents the estimated annual leasing costs for leased space.

TABLE A-6:										
Estimated Annual Leasing Costs										
Address	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
2000 Embarcadero #300, Oakland (Site 3)	170,468	182,891	190,104	196,323	228,735	235,578	239,726	243,914	248,186	252,541
1900/2000 Embarcadero St. Oakland	1,899,236	1,932,906	2,060,873	2,151,794	2,242,715	2,343,738	2,434,659	2,545,785	2,656,910	2,768,036
380 Washington Street, Oakland	337,793	344,613	344,100	351,000	358,031	365,156	372,469	379,875	280,500	285,422
1000 Broadway, 5th FL, Oakland	0	1,495,017	1,544,509	1,578,642	1,612,775	1,638,374	1,644,063	1,672,792	1,702,089	1,731,955
1970 Broadway, STE 114, Oakland	206,760	215,030	223,611	232,605	241,909	251,558	256,589	261,724	266,962	272,303
333 Hegenberger Rd, 600, Oakland	380,380	391,300	402,220	413,504	425,152	436,982	449,176	461,734	544,544	554,099
7677 Oakport Street, Oakland	380,772	389,834	398,897	404,183	418,533	431,055	438,644	446,309	454,126	462,094
7677 Oakport Street, Oakland	0	255,708	258,549	266,308	274,316	282,523	287,497	292,521	297,644	302,867
3600 Telegraph Ave., Ste 100, Oakland	295,850	307,142	319,564	331,985	345,535	267,244	271,949	276,701	281,547	286,487
3600 Telegraph Ave., Ste B, Oakland	56,578	57,336	67,964	70,004	72,109	74,266	75,574	76,894	78,241	79,614
312 Clay Street, Oakland	639,256	651,736	450,511	464,031	477,985	492,286	500,953	509,706	518,633	527,734
8000 Capwell Drive, Oakland	320,910	330,537	340,453	350,667	361,187	372,022	383,183	394,629	406,587	418,958
2000 San Pablo Av., Oakland	4,394,665	4,526,257	4,661,430	4,801,724	4,946,113	5,094,599	5,184,715	5,274,830	5,366,994	5,461,205
22225 Foothill Blvd., Hayward	353,432	359,865	366,300	372,900	379,665	386,430	393,360	401,936	409,171	416,536
24100 Amador Street, Hayward	52,091	52,187	52,303	52,400	54,445	54,561	54,658	54,773	54,889	56,935
24100 Amador Street, Hayward	428,493	429,287	430,240	431,033	447,862	448,815	449,608	450,561	451,513	468,342
24100 Amador Street, Hayward	4,292,706	4,300,658	4,310,201	4,318,153	4,486,744	4,496,287	4,504,239	4,513,782	4,523,325	4,691,916
Additional Leased Space to Accommodate Employment Growth						3,172,361	3,235,808	3,300,559	3,366,614	6,355,974
<b>TOTAL</b>	<b>14,209,390</b>	<b>16,222,304</b>	<b>16,421,827</b>	<b>16,787,255</b>	<b>17,373,811</b>	<b>20,843,836</b>	<b>21,176,869</b>	<b>21,559,025</b>	<b>21,908,475</b>	<b>25,393,017</b>



**TABLE A-6 CONT'D:**

**Estimated Annual Leasing Costs**

<b>Address</b>	<b>2017</b> <b>\$</b>	<b>2018</b> <b>\$</b>	<b>2019</b> <b>\$</b>	<b>2020</b> <b>\$</b>	<b>2021</b> <b>\$</b>	<b>2022</b> <b>\$</b>	<b>2023</b> <b>\$</b>	<b>2024</b> <b>\$</b>	<b>2025</b> <b>\$</b>	<b>2026</b> <b>\$</b>	<b>2027</b> <b>\$</b>
2000 Embarcadero #300, Oakland (Site 3)	256,979	261,605	266,314	271,107	275,987	280,955	286,012	291,160	296,401	301,736	307,168
1900/2000 Embarcadero St. Oakland	2,608,082	2,655,028	2,702,818	2,751,469	2,800,995	2,851,413	2,902,739	2,954,988	3,008,178	3,062,325	3,117,447
380 Washington Street, Oakland	290,438	295,665	300,987	306,405	311,920	317,535	323,251	329,069	334,992	341,022	347,161
1000 Broadway, 5th FL, Oakland	1,762,390	1,794,113	1,826,407	1,859,283	1,892,750	1,926,819	1,961,502	1,996,809	2,032,752	2,069,341	2,106,589
1970 Broadway, STE 114, Oakland	277,748	283,303	288,969	294,748	300,643	306,656	312,789	319,045	325,426	331,934	338,573
333 Hegenberger Rd, 600, Oakland	563,836	573,985	584,317	594,834	605,542	616,441	627,537	638,833	650,332	662,038	673,955
7677 Oakport Street, Oakland	470,214	478,678	487,295	496,066	504,995	514,085	523,338	532,759	542,348	552,110	562,048
7677 Oakport Street, Oakland	308,189	313,736	319,384	325,133	330,985	336,943	343,008	349,182	355,467	361,866	368,379
3600 Telegraph Ave., Ste 100, Oakland	291,522	296,769	302,111	307,549	313,085	318,720	324,457	330,298	336,243	342,295	348,457
3600 Telegraph Ave., Ste B, Oakland	81,013	82,471	83,955	85,467	87,005	88,571	90,165	91,788	93,441	95,122	96,835
312 Clay Street, Oakland	537,007	546,673	556,514	566,531	576,728	587,109	597,677	608,436	619,387	630,536	641,886
8000 Capwell Drive, Oakland	431,329	444,112	457,307	1,347,725	1,371,984	1,396,680	1,421,820	1,447,413	1,473,466	1,499,989	1,526,988
2000 San Pablo Av., Oakland	5,557,465	5,657,821	5,759,201	5,862,629	5,968,105	6,075,629	6,185,202	6,296,822	6,410,490	6,526,207	6,643,972
22225 Foothill Blvd., Hayward	424,034	431,666	439,436	447,346	455,398	463,595	471,940	480,435	489,083	497,886	506,848
24100 Amador Street, Hayward	57,051	57,167	57,282	57,418	57,533	58,576	59,637	60,718	61,818	62,937	64,076
24100 Amador Street, Hayward	469,295	470,247	471,200	472,311	473,264	481,837	490,568	499,459	508,508	517,716	527,083
24100 Amador Street, Hayward	4,701,459	4,711,002	4,720,545	4,731,678	4,741,221	4,827,107	4,914,583	5,003,650	5,094,307	5,186,555	5,280,394
Additional Leased Space to Accommodate Employment Growth	6,483,061	6,612,722	6,744,977	6,879,876	7,017,474	7,157,823	7,300,980	7,446,999	7,595,939	7,747,858	14,383,988
<b>TOTAL</b>	<b>25,571,110</b>	<b>25,966,764</b>	<b>26,369,018</b>	<b>27,657,574</b>	<b>28,085,614</b>	<b>28,606,495</b>	<b>29,137,206</b>	<b>29,677,862</b>	<b>30,228,579</b>	<b>30,789,476</b>	<b>37,841,846</b>



Table A-7 presents the estimated annual operating costs for leased space.

TABLE A-7:										
Estimated Annual Operating Costs for Leased Space										
Address	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
2000 Embarcadero #300, Oakland (Site 3)	16,552	17,366	17,869	18,312	20,328	20,811	21,132	21,457	21,788	22,125
1900/2000 Embarcadero St. Oakland	184,507	187,296	195,752	201,993	208,243	215,107	221,374	228,862	236,360	243,866
380 Washington Street, Oakland	33,057	33,606	33,716	34,272	34,838	35,411	35,997	36,591	30,778	31,226
1000 Broadway, 5th FL, Oakland	40,440	130,582	133,997	136,496	138,999	140,995	141,802	143,996	146,229	148,502
1970 Broadway, STE 114, Oakland	18,207	18,767	19,345	19,950	20,573	21,218	21,587	21,962	22,345	22,734
333 Hegenberger Rd, 600, Oakland	35,660	36,456	37,252	38,072	38,916	39,772	40,651	41,554	46,673	47,399
7677 Oakport Street, Oakland	37,335	38,037	38,740	39,219	40,243	41,159	41,781	42,410	43,049	43,699
7677 Oakport Street, Oakland	9,060	24,501	24,771	25,338	25,920	26,516	26,918	27,325	27,739	28,160
3600 Telegraph Ave., Ste 100, Oakland	55,190	56,275	57,433	58,595	59,830	55,559	56,272	56,992	57,723	58,465
3600 Telegraph Ave., Ste B, Oakland	13,464	13,619	14,368	14,602	14,842	15,086	15,280	15,476	15,676	15,878
312 Clay Street, Oakland	60,223	61,210	49,377	50,432	51,516	52,623	53,394	54,174	54,967	55,773
8000 Capwell Drive, Oakland	63,516	64,576	65,658	66,764	67,894	69,048	70,227	71,428	72,666	73,935
2000 San Pablo Av., Oakland	619,923	631,701	643,737	656,123	668,797	681,762	691,268	700,819	710,538	720,425
22225 Foothill Blvd., Hayward	36,773	37,328	37,886	38,455	39,037	39,620	40,215	40,910	41,527	42,154
24100 Amador Street, Hayward	4,902	4,927	4,953	4,979	5,122	5,149	5,175	5,203	5,230	5,374
24100 Amador Street, Hayward	41,029	41,244	41,470	41,688	42,870	43,102	43,326	43,561	43,799	44,990
24100 Amador Street, Hayward	402,623	404,681	406,852	408,945	420,694	422,918	425,064	427,324	429,603	441,442
Additional Leased Space to Accommodate Employment Growth						321,582	326,819	332,150	337,575	535,690
<b>TOTAL</b>	<b>1,672,460</b>	<b>1,802,171</b>	<b>1,823,177</b>	<b>1,854,236</b>	<b>1,898,661</b>	<b>2,247,436</b>	<b>2,278,283</b>	<b>2,312,196</b>	<b>2,344,266</b>	<b>2,581,838</b>



**TABLE A-7 CONT'D:**

**Estimated Annual Operating Costs for Leased Space**

<b>Address</b>	<b>2017</b> \$	<b>2018</b> \$	<b>2019</b> \$	<b>2020</b> \$	<b>2021</b> \$	<b>2022</b> \$	<b>2023</b> \$	<b>2024</b> \$	<b>2025</b> \$	<b>2026</b> \$	<b>2027</b> \$
2000 Embarcadero #300, Oakland (Site 3)	22,467	22,821	23,181	23,547	23,920	24,298	24,682	25,073	25,471	25,875	26,285
1900/2000 Embarcadero St. Oakland	235,116	238,790	242,524	246,319	250,176	254,096	258,081	262,130	266,246	270,430	274,682
380 Washington Street, Oakland	31,680	32,149	32,626	33,110	33,601	34,100	34,607	35,122	35,645	36,176	36,716
1000 Broadway, 5th FL., Oakland	150,814	153,209	155,643	158,118	160,633	163,190	165,790	168,433	171,119	173,850	176,627
1970 Broadway, STE 114, Oakland	23,131	23,535	23,946	24,365	24,791	25,225	25,668	26,118	26,577	27,045	27,521
333 Hegenberger Rd, 600, Oakland	48,138	48,903	49,680	50,471	51,274	52,091	52,921	53,766	54,624	55,496	56,383
7677 Oakport Street, Oakland	44,361	45,045	45,739	46,446	47,163	47,892	48,633	49,386	50,152	50,929	51,720
7677 Oakport Street, Oakland	28,588	29,031	29,481	29,939	30,404	30,876	31,356	31,844	32,340	32,844	33,356
3600 Telegraph Ave., Ste 100, Oakland	59,217	59,987	60,767	61,558	62,360	63,173	63,997	64,833	65,681	66,540	67,411
3600 Telegraph Ave., Ste B, Oakland	16,083	16,292	16,505	16,721	16,940	17,161	17,386	17,614	17,845	18,079	18,317
312 Clay Street, Oakland	56,592	57,437	58,296	59,169	60,055	60,955	61,870	62,799	63,743	64,701	65,675
8000 Capwell Drive, Oakland	75,209	76,514	77,849	131,823	133,834	135,878	137,954	140,063	142,206	144,384	146,597
2000 San Pablo Av., Oakland	730,482	740,831	751,289	761,917	772,716	783,687	794,830	806,146	817,635	829,298	841,135
22225 Foothill Blvd., Hayward	42,791	43,438	44,096	44,764	45,442	46,131	46,832	47,543	48,266	49,001	49,747
24100 Amador Street, Hayward	5,403	5,431	5,460	5,490	5,519	5,604	5,691	5,779	5,868	5,959	6,051
24100 Amador Street, Hayward	45,232	45,475	45,720	45,977	46,226	46,935	47,656	48,388	49,131	49,887	50,654
24100 Amador Street, Hayward	443,758	446,093	448,447	450,916	453,309	460,302	467,411	474,636	481,977	489,433	497,006
Additional Leased Space to Accommodate Employment Growth	544,997	554,477	564,132	573,963	583,976	594,173	604,558	615,134	625,905	636,874	1,036,917
<b>TOTAL</b>	<b>2,604,058</b>	<b>2,639,458</b>	<b>2,675,381</b>	<b>2,764,611</b>	<b>2,802,340</b>	<b>2,845,770</b>	<b>2,889,923</b>	<b>2,934,807</b>	<b>2,980,430</b>	<b>3,026,801</b>	<b>3,462,799</b>



Table A-8 presents the total estimated gross occupancy costs for leased space.

TABLE A-8:										
Total Estimated Gross Occupancy Costs for Leased Space										
Address	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
2000 Embarcadero #300, Oakland (Site 3)	187,020	200,257	207,973	214,636	249,063	256,389	260,858	265,372	269,974	274,666
1900/2000 Embarcadero St. Oakland	2,083,743	2,120,202	2,256,625	2,353,787	2,450,958	2,558,845	2,656,033	2,774,647	2,893,270	3,011,901
380 Washington Street, Oakland	370,850	378,219	377,816	385,272	392,870	400,568	408,466	416,466	311,278	316,648
1000 Broadway, 5th FL, Oakland	40,440	1,625,599	1,678,506	1,715,138	1,751,774	1,779,370	1,785,865	1,816,788	1,848,318	1,880,457
1970 Broadway, STE 114, Oakland	224,967	233,797	242,956	252,555	262,483	272,776	278,176	283,686	289,307	295,037
333 Hegenberger Rd, 600, Oakland	416,040	427,756	439,472	451,576	464,068	476,754	489,827	503,288	591,217	601,498
7677 Oakport Street, Oakland	418,107	427,871	437,637	443,402	458,776	472,214	480,425	488,719	497,175	505,794
7677 Oakport Street, Oakland	9,060	280,209	283,320	291,646	300,236	309,039	314,416	319,846	325,383	331,027
3600 Telegraph Ave., Ste 100, Oakland	351,040	363,418	376,997	390,580	405,365	322,803	328,221	333,694	339,271	344,952
3600 Telegraph Ave., Ste B, Oakland	70,042	70,954	82,331	84,606	86,950	89,352	90,854	92,371	93,916	95,491
312 Clay Street, Oakland	699,478	712,946	499,888	514,463	529,501	544,908	554,347	563,880	573,600	583,506
8000 Capwell Drive, Oakland	384,425	395,113	406,111	417,431	429,080	441,070	453,410	466,057	479,253	492,893
2000 San Pablo Av., Oakland	5,014,588	5,157,958	5,305,167	5,457,846	5,614,911	5,776,361	5,875,982	5,975,649	6,077,532	6,181,631
22225 Foothill Blvd., Hayward	390,205	397,193	404,186	411,355	418,702	426,050	433,575	442,846	450,698	458,690
24100 Amador Street, Hayward	56,992	57,114	57,256	57,378	59,567	59,710	59,833	59,976	60,120	62,309
24100 Amador Street, Hayward	469,523	470,531	471,710	472,722	490,732	491,917	492,934	494,122	495,312	513,332
24100 Amador Street, Hayward	4,695,328	4,705,339	4,717,053	4,727,098	4,907,438	4,919,205	4,929,304	4,941,106	4,952,928	5,133,358
Additional Leased Space to Accommodate Employment Growth						3,493,943	3,562,627	3,632,709	3,704,189	6,891,663
<b>TOTAL</b>	<b>15,881,850</b>	<b>18,024,475</b>	<b>18,245,004</b>	<b>18,641,491</b>	<b>19,272,473</b>	<b>23,091,271</b>	<b>23,455,152</b>	<b>23,871,221</b>	<b>24,252,742</b>	<b>27,974,855</b>



TABLE A-8 CONT'D:

Total Estimated Gross Occupancy Costs for Leased Space

Address	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$	2027 \$
2000 Embarcadero #300, Oakland (Site 3)	279,446	284,426	289,495	294,655	299,907	305,253	310,695	316,234	321,872	327,611	333,453
1900/2000 Embarcadero St. Oakland	2,843,199	2,893,818	2,945,342	2,997,788	3,051,171	3,105,510	3,160,819	3,217,118	3,274,424	3,332,755	3,392,129
380 Washington Street, Oakland	322,118	327,815	333,613	339,515	345,521	351,635	357,858	364,191	370,637	377,199	383,877
1000 Broadway, 5th FL, Oakland	1,913,204	1,947,322	1,982,050	2,017,400	2,053,383	2,090,010	2,127,292	2,165,242	2,203,871	2,243,192	2,283,216
1970 Broadway, STE 114, Oakland	300,878	306,837	312,914	319,113	325,434	331,881	338,457	345,163	352,003	358,979	366,093
333 Hegenberger Rd, 600, Oakland	611,974	622,888	633,997	645,305	656,816	668,532	680,459	692,598	704,956	717,534	730,338
7677 Oakport Street, Oakland	514,575	523,723	533,034	542,511	552,158	561,977	571,972	582,145	592,500	603,040	613,768
7677 Oakport Street, Oakland	336,777	342,768	348,865	355,071	361,389	367,819	374,364	381,026	387,807	394,709	401,735
3600 Telegraph Ave., Ste 100, Oakland	350,739	356,756	362,878	369,107	375,445	381,893	388,455	395,131	401,924	408,835	415,867
3600 Telegraph Ave., Ste B, Oakland	97,095	98,763	100,461	102,187	103,945	105,732	107,551	109,402	111,286	113,202	115,152
312 Clay Street, Oakland	593,599	604,111	614,810	625,700	636,783	648,065	659,547	671,235	683,130	695,238	707,561
8000 Capwell Drive, Oakland	506,537	520,625	535,156	1,479,548	1,505,818	1,532,557	1,559,774	1,587,476	1,615,673	1,644,373	1,673,585
2000 San Pablo Av., Oakland	6,287,947	6,398,652	6,510,490	6,624,546	6,740,821	6,859,316	6,980,032	7,102,968	7,228,125	7,355,505	7,485,106
22225 Foothill Blvd., Hayward	466,825	475,104	483,532	492,110	500,840	509,727	518,772	527,978	537,349	546,887	556,595
24100 Amador Street, Hayward	62,453	62,598	62,742	62,907	63,053	64,180	65,328	66,496	67,686	68,896	70,127
24100 Amador Street, Hayward	514,526	515,722	516,920	518,288	519,490	528,772	538,224	547,847	557,640	567,603	577,737
24100 Amador Street, Hayward	5,145,217	5,157,095	5,168,992	5,182,594	5,194,530	5,287,409	5,381,995	5,478,286	5,576,284	5,675,989	5,777,400
Additional Leased Space to Accommodate Employment Growth	7,028,058	7,167,199	7,309,108	7,453,840	7,601,450	7,751,996	7,905,537	8,062,133	8,221,844	8,384,732	15,420,905
<b>TOTAL</b>	<b>28,175,169</b>	<b>28,606,222</b>	<b>29,044,399</b>	<b>30,422,185</b>	<b>30,887,954</b>	<b>31,452,265</b>	<b>32,027,129</b>	<b>32,612,669</b>	<b>33,209,009</b>	<b>33,816,277</b>	<b>41,304,645</b>



Table A-9 presents the estimated OMB 87 reimbursements for leased space.

TABLE A-9:										
Estimated OMB 87 Reimbursements for Leased Space										
Address	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
2000 Embarcadero #300, Oakland (Site 3)	(144,898)	(155,457)	(161,588)	(166,875)	(194,424)	(200,241)	(203,767)	(207,327)	(210,958)	(214,660)
1900/2000 Embarcadero St. Oakland	(1,614,351)	(1,642,970)	(1,751,742)	(1,829,025)	(1,906,308)	(1,992,178)	(2,069,460)	(2,163,917)	(2,258,374)	(2,352,830)
380 Washington Street, Oakland	0	0	0	0	0	0	0	0	0	0
1000 Broadway, 5th FL, Oakland	0	0	0	0	0	0	0	0	0	0
1970 Broadway, STE 114, Oakland	0	0	0	0	0	0	0	0	0	0
333 Hegenberger Rd, 600, Oakland	(323,323)	(332,605)	(341,887)	(351,478)	(361,379)	(371,435)	(381,800)	(392,474)	(462,862)	(470,984)
7677 Oakport Street, Oakland	0	0	0	0	0	0	0	0	0	0
7677 Oakport Street, Oakland	0	0	0	0	0	0	0	0	0	0
3600 Telegraph Ave., Ste 100, Oakland	(133,133)	(138,214)	(143,804)	(149,393)	(155,491)	(120,260)	(122,377)	(124,515)	(126,696)	(128,919)
3600 Telegraph Ave., Ste B, Oakland	(25,460)	(25,801)	(30,584)	(31,502)	(32,449)	(33,420)	(34,008)	(34,602)	(35,208)	(35,826)
312 Clay Street, Oakland	0	0	0	0	0	0	0	0	0	0
8000 Capwell Drive, Oakland	0	0	0	0	0	0	0	0	0	0
2000 San Pablo Av., Oakland	(2,329,173)	(2,398,916)	(2,470,558)	(2,544,913)	(2,621,440)	(2,700,137)	(2,747,899)	(2,795,660)	(2,844,507)	(2,894,439)
22225 Foothill Blvd., Hayward	(307,486)	(313,083)	(318,681)	(324,423)	(330,309)	(336,194)	(342,223)	(349,684)	(355,979)	(362,386)
24100 Amador Street, Hayward	(3,734,654)	(3,741,572)	(3,749,875)	(3,756,793)	(3,903,467)	(3,911,770)	(3,918,688)	(3,926,991)	(3,935,293)	(4,081,967)
<b>TOTAL</b>	<b>(8,612,477)</b>	<b>(8,748,618)</b>	<b>(8,968,719)</b>	<b>(9,154,403)</b>	<b>(9,505,267)</b>	<b>(9,665,634)</b>	<b>(9,820,222)</b>	<b>(9,995,171)</b>	<b>(10,229,877)</b>	<b>(10,542,012)</b>



**TABLE A-9 CONT'D:**

**Estimated OMB 87 Reimbursements for Leased Space**

<b>Address</b>	<b>2017 \$</b>	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>2021 \$</b>	<b>2022 \$</b>	<b>2023 \$</b>	<b>2024 \$</b>	<b>2025 \$</b>	<b>2026 \$</b>	<b>2027 \$</b>
2000 Embarcadero #300, Oakland (Site 3)	(218,432)	(222,364)	(226,367)	(230,441)	(234,589)	(238,812)	(243,110)	(247,486)	(251,941)	(256,476)	(261,093)
1900/2000 Embarcadero St. Oakland	(2,216,870)	(2,256,774)	(2,297,396)	(2,338,749)	(2,380,846)	(2,423,701)	(2,467,328)	(2,511,740)	(2,556,951)	(2,602,976)	(2,649,830)
380 Washington Street, Oakland	0	0	0	0	0	0	0	0	0	0	0
1000 Broadway, 5th FL, Oakland	0	0	0	0	0	0	0	0	0	0	0
1970 Broadway, STE 114, Oakland	0	0	0	0	0	0	0	0	0	0	0
333 Hegenberger Rd, 600, Oakland	(479,261)	(487,887)	(496,669)	(505,609)	(514,710)	(523,975)	(533,407)	(543,008)	(552,782)	(562,732)	(572,861)
7677 Oakport Street, Oakland	0	0	0	0	0	0	0	0	0	0	0
7677 Oakport Street, Oakland	0	0	0	0	0	0	0	0	0	0	0
3600 Telegraph Ave., Ste 100, Oakland	(131,185)	(133,546)	(135,950)	(138,397)	(140,888)	(143,424)	(146,006)	(148,634)	(151,309)	(154,033)	(156,806)
3600 Telegraph Ave., Ste B, Oakland	(36,456)	(37,112)	(37,780)	(38,460)	(39,152)	(39,857)	(40,574)	(41,305)	(42,048)	(42,805)	(43,576)
312 Clay Street, Oakland	0	0	0	0	0	0	0	0	0	0	0
8000 Capwell Drive, Oakland	0	0	0	0	0	0	0	0	0	0	0
2000 San Pablo Av., Oakland	(2,945,456)	(2,998,645)	(3,052,377)	(3,107,193)	(3,163,096)	(3,220,084)	(3,278,157)	(3,337,316)	(3,397,560)	(3,458,890)	(3,521,305)
22225 Foothill Blvd., Hayward	(368,909)	(375,550)	(382,309)	(389,191)	(396,196)	(403,328)	(410,588)	(417,978)	(425,502)	(433,161)	(440,958)
24100 Amador Street, Hayward	(4,090,269)	(4,098,572)	(4,106,874)	(4,116,560)	(4,124,862)	(4,199,583)	(4,275,687)	(4,353,176)	(4,432,047)	(4,512,303)	(4,593,942)
<b>TOTAL</b>	<b>(10,486,838)</b>	<b>(10,610,449)</b>	<b>(10,735,721)</b>	<b>(10,864,600)</b>	<b>(10,994,340)</b>	<b>(11,192,764)</b>	<b>(11,394,857)</b>	<b>(11,600,642)</b>	<b>(11,810,141)</b>	<b>(12,023,376)</b>	<b>(12,240,370)</b>





Table A-10 presents the total estimated net occupancy costs for leased space.

TABLE A-10:										
Total Estimated Net Occupancy Costs for Leased Space										
Address	2007 \$	2008 \$	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
2000 Embarcadero #300, Oakland (Site 3)	42,122	44,800	46,384	47,761	54,638	56,148	57,091	58,045	59,016	60,006
1900/2000 Embarcadero St. Oakland	469,392	477,232	504,883	524,762	544,650	566,668	586,573	610,730	634,896	659,071
380 Washington Street, Oakland	370,850	378,219	377,816	385,272	392,870	400,568	408,466	416,466	311,278	316,648
1000 Broadway, 5th FL, Oakland	40,440	1,625,599	1,678,506	1,715,138	1,751,774	1,779,370	1,785,865	1,816,788	1,848,318	1,880,457
1970 Broadway, STE 114, Oakland	224,967	233,797	242,956	252,555	262,483	272,776	278,176	283,686	289,307	295,037
333 Hegenberger Rd, 600, Oakland	92,717	95,151	97,585	100,098	102,688	105,319	108,027	110,814	128,355	130,514
7677 Oakport Street, Oakland	418,107	427,871	437,637	443,402	458,776	472,214	480,425	488,719	497,175	505,794
7677 Oakport Street, Oakland	9,060	280,209	283,320	291,646	300,236	309,039	314,416	319,846	325,383	331,027
3600 Telegraph Ave., Ste 100, Oakland	217,907	225,204	233,193	241,187	249,874	202,543	205,844	209,178	212,574	216,033
3600 Telegraph Ave., Ste B, Oakland	44,582	45,153	51,748	53,104	54,501	55,932	56,846	57,768	58,708	59,665
312 Clay Street, Oakland	699,478	712,946	499,888	514,463	529,501	544,908	554,347	563,880	573,600	583,506
8000 Capwell Drive, Oakland	384,425	395,113	406,111	417,431	429,080	441,070	453,410	466,057	479,253	492,893
2000 San Pablo Av., Oakland	2,685,415	2,759,042	2,834,609	2,912,933	2,993,471	3,076,223	3,128,084	3,179,989	3,233,025	3,287,192
22225 Foothill Blvd., Hayward	82,719	84,111	85,505	86,932	88,393	89,856	91,351	93,162	94,720	96,304
24100 Amador Street, Hayward	56,992	57,114	57,256	57,378	59,567	59,710	59,833	59,976	60,120	62,309
24100 Amador Street, Hayward	469,523	470,531	471,710	472,722	490,732	491,917	492,934	494,122	495,312	513,332
24100 Amador Street, Hayward	960,675	963,767	967,178	970,305	1,003,971	1,007,435	1,010,615	1,014,116	1,017,635	1,051,392
Additional Leased Space to Accommodate Employment Growth	0	0	0	0	0	3,493,943	3,562,627	3,632,709	3,704,189	6,891,663
<b>TOTAL</b>	<b>7,269,373</b>	<b>9,275,857</b>	<b>9,276,286</b>	<b>9,487,088</b>	<b>9,767,206</b>	<b>13,425,637</b>	<b>13,634,930</b>	<b>13,876,050</b>	<b>14,022,864</b>	<b>17,432,843</b>



**TABLE A-10 CONT'D:**

**Total Estimated Net Occupancy Costs for Leased Space**

<b>Address</b>	<b>2017 \$</b>	<b>2018 \$</b>	<b>2019 \$</b>	<b>2020 \$</b>	<b>2021 \$</b>	<b>2022 \$</b>	<b>2023 \$</b>	<b>2024 \$</b>	<b>2025 \$</b>	<b>2026 \$</b>	<b>2027 \$</b>
2000 Embarcadero #300, Oakland (Site 3)	61,014	62,062	63,128	64,214	65,318	66,441	67,584	68,747	69,931	71,135	72,360
1900/2000 Embarcadero St. Oakland	626,329	637,044	647,947	659,039	670,325	681,808	693,491	705,378	717,473	729,779	742,299
380 Washington Street, Oakland	322,118	327,815	333,613	339,515	345,521	351,635	357,858	364,191	370,637	377,199	383,877
1000 Broadway, 5th FL, Oakland	1,913,204	1,947,322	1,982,050	2,017,400	2,053,383	2,090,010	2,127,292	2,165,242	2,203,871	2,243,192	2,283,216
1970 Broadway, STE 114, Oakland	300,878	306,837	312,914	319,113	325,434	331,881	338,457	345,163	352,003	358,979	366,093
333 Hegenberger Rd, 600, Oakland	132,713	135,000	137,328	139,696	142,105	144,557	147,052	149,591	152,174	154,802	157,476
7677 Oakport Street, Oakland	514,575	523,723	533,034	542,511	552,158	561,977	571,972	582,145	592,500	603,040	613,768
7677 Oakport Street, Oakland	336,777	342,768	348,865	355,071	361,389	367,819	374,364	381,026	387,807	394,709	401,735
3600 Telegraph Ave., Ste 100, Oakland	219,554	223,210	226,928	230,710	234,557	238,469	242,449	246,497	250,614	254,802	259,062
3600 Telegraph Ave., Ste B, Oakland	60,640	61,652	62,681	63,728	64,792	65,875	66,977	68,098	69,237	70,397	71,576
312 Clay Street, Oakland	593,599	604,111	614,810	625,700	636,783	648,065	659,547	671,235	683,130	695,238	707,561
8000 Capwell Drive, Oakland	506,537	520,625	535,156	1,479,548	1,505,818	1,532,557	1,559,774	1,587,476	1,615,673	1,644,373	1,673,585
2000 San Pablo Av., Oakland	3,342,491	3,400,007	3,458,113	3,517,353	3,577,726	3,639,233	3,701,875	3,765,652	3,830,565	3,896,615	3,963,801
22225 Foothill Blvd., Hayward	97,916	99,555	101,222	102,919	104,644	106,399	108,184	110,000	111,847	113,726	115,637
24100 Amador Street, Hayward	62,453	62,598	62,742	62,907	63,053	64,180	65,328	66,496	67,686	68,896	70,127
24100 Amador Street, Hayward	514,526	515,722	516,920	518,288	519,490	528,772	538,224	547,847	557,640	567,603	577,737
24100 Amador Street, Hayward	1,054,948	1,058,523	1,062,118	1,066,034	1,069,668	1,087,826	1,106,307	1,125,110	1,144,237	1,163,685	1,183,458
Additional Leased Space to Accommodate Employment Growth	7,028,058	7,167,199	7,309,108	7,453,840	7,601,450	7,751,996	7,905,537	8,062,133	8,221,844	8,384,732	15,420,905
<b>TOTAL</b>	<b>17,688,331</b>	<b>17,995,773</b>	<b>18,308,678</b>	<b>19,557,585</b>	<b>19,893,614</b>	<b>20,259,501</b>	<b>20,632,272</b>	<b>21,012,026</b>	<b>21,398,868</b>	<b>21,792,900</b>	<b>29,064,275</b>



# The Market For Office Space In The Central Business District of Oakland

**THE MARKET FOR OFFICE SPACE IN THE  
CENTRAL BUSINESS DISTRICT OF OAKLAND**

A Report to

**GENSLER**

From

**GRUEN GRUEN + ASSOCIATES**

*Urban Economists, Market Strategists & Land Use/Public Policy Analysts*

October 2007

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## TABLE OF CONTENTS

<u>Chapter</u>		<u>Page</u>
I	INTRODUCTION AND PRINCIPAL CONCLUSIONS .....	1
	INTRODUCTION .....	1
	WORK COMPLETED .....	1
	REPORT ORGANIZATION .....	2
	PRINCIPAL FINDINGS AND CONCLUSIONS .....	2
II	THE MARKET FOR OFFICE USES AND THE COMPETITIVE POSITION OF THE OAKLAND CBD AS AN OFFICE LOCATION .....	5
	THE DOWNTOWN OAKLAND OFFICE SPACE MARKET .....	5
	GEOGRAPHIC ORIGINS AND TYPES OF OFFICE SPACE USERS ATTRACTED .....	5
	COMPETITIVE POSITION OF OAKLAND CBD AS AN OFFICE LOCATION .....	6
III	OFFICE SPACE SUPPLY CONDITIONS .....	7
	INTRODUCTION .....	7
	SUPPLY TRENDS WITHIN OAKLAND .....	7
	Inventory and Vacancy by Class of Space for All of Oakland and Oakland CBD .....	8
	Vacancy Rates and Rents of Relevant Submarkets Within Oakland .....	9
	Office Space Rental Rates .....	9
	Historical Rents and Vacancy Rates in Oakland CBD .....	10
	Review of Oakland CBD Submarkets .....	12
	FUTURE SUPPLY OF OFFICE SPACE .....	17
IV	FORECAST OF EMPLOYMENT AS DETERMINANT OF OFFICE SPACE DEMAND .....	19

**TABLE OF CONTENTS, Continued**

<u>Chapter</u>		<u>Page</u>
IV	INTRODUCTION .....	19
	HISTORICAL EMPLOYMENT TRENDS .....	19
	Structure of Employment Base of Alameda County Economy .....	19
	Structure of Employment Base of City of Oakland .....	21
	CALTRANS PRIVATE EMPLOYMENT FORECAST FOR ALAMEDA COUNTY .....	23
	GG+A FORECAST OF OAKLAND PRIVATE EMPLOYMENT DRAWING ON USE OF SHIFT-SHARE ECONOMETRIC TECHNIQUE TO FORECAST EMPLOYMENT IN OAKLAND ..	24
V	ESTIMATED AMOUNT OF ADDITIONAL OFFICE SPACE REQUIRED TO ACCOMMODATE FORECAST EMPLOYMENT GROWTH WITHIN THE CITY OF OAKLAND	27
	INTRODUCTION .....	27
	FORECAST OFFICE SPACE DEMAND OAKLAND: 2007-2017 ..	27
	FORECAST OFFICE SPACE DEMAND CBD: 2007-2017 .....	28
VI	THE RELATIONSHIP BETWEEN OFFICE SPACE DEMAND AND SUPPLY IN OAKLAND CBD .....	29
	RELATIONSHIP BETWEEN ESTIMATED OFFICE SPACE BUILDING SPACE DEMAND AND SUPPLY	29
	FORECAST OF RENTAL RATES .....	30

## LIST OF TABLES

<u>Table</u>		<u>Page</u>
III-1	City of Oakland Office Space Inventory: 2003 – 2007 .....	7
III-2	Total Space, Vacant Space, and Rental Rates by Class of Space in Oakland: 2007 .....	8
III-3	Vacancy Rates for Primary Market Area Submarkets: 2007 .....	9
III-4	Annual Office Space Full Service Gross Rents for Oakland Submarkets: 2007 .....	10
III-5	Quarterly Class A Office Space Rents and Vacancy for Oakland CBD 2004-2007 .....	11
III-6	Total Space, Vacant Space, and Rental Rates in City Center and Lake Merritt, Downtown Oakland Submarkets: 2007..	13
III-7	Vacancy Rates, Absorption and Average Rental Rates in City Center and Lake Merritt, Oakland CBD Submarkets: 2003-2007..	14
III-8	Identified Inventory of Major Class A Office Buildings in Oakland CBD .....	16
III-9	Office Buildings Currently Under Construction and Planned Future Construction in Downtown Oakland .....	17
IV-1	Estimated Employment and Percentage of Total Non-Farm Private Employment by Industry for Alameda County: 1995-2005 .....	20
IV-2	Estimated Employment and Percentage of Total Non-Farm Private Employment by Industry for City of Oakland: 1995-2005 .....	21
IV-3	City of Oakland Private Industry Employment as Proportion of Alameda County Employment : 1995-2005 .....	22
IV-4	Private Non-Farm Employment Forecast by Industry Sector for Alameda County .....	23
IV-5	Components of Growth for City of Oakland .....	24
IV-6	Forecast City of Oakland Private Industry Employment : 2005-2017 ..	26
V-1	Employment Densities of East Bay Office Tenants .....	27

**LIST OF TABLES, Continued**

<u>Table</u>		<u>Page</u>
V-2	Projected Net Additional Workforce and Office Space Demand for Oakland and CBD: 2007 to 2017 . . . . .	28
VI-1	Relationship Between Estimated Office Space Demand And Available Supply in Oakland CBD: 2007- 2017 . . . . .	29
VI-2	Forecast Rental Rates for Class A and Class B Office Space in Downtown Oakland . . . . .	30
A-1	Modified Growth Rate Assumptions for City of Oakland Employment Forecast . . . . .	32
B-1	Annual Absorption Within Oakland and the CBD . . . . .	33

**LIST OF MAPS AND FIGURES**

		<u>Page</u>
Figure III-1	Class A Office Space Rents and Vacancy Trends in Oakland CBD . . . .	11
Map III-1	Oakland CBD and City Center and Lake Merritt Submarkets . . . . .	12



## CHAPTER I

### INTRODUCTION AND PRINCIPAL CONCLUSIONS

#### INTRODUCTION

This report summarizes the results of the market research and analysis Gruen Gruen + Associates (“GG+A”) conducted to estimate the potential office space demand in the central business district (“CBD”) of Oakland. The purpose of this report is to provide an information base for evaluating options for Alameda County to office its workforce and to feed into the financial evaluation of alternatives for any Alameda County property identified as potentially not needed to house its workforce. A principal output of the assessment of likely future conditions in the Oakland CBD office market includes estimates of potential rents of any space Alameda County may lease in the future. In addition, the assessment is used to forecast whether office space demand is likely to increase relative to office space supply to produce substantial increases in obtainable office space rents. If substantial rent increases were to occur in the Oakland CBD, this could result in the potential for any County office property found not needed to house County workers or functions to hold potential for disposition or ground leasing for the development or renovation of office space for other space users.

#### WORK COMPLETED

To prepare the forecast of office space demand, GG+A completed the following primary tasks:

1. Conducted field research and interviews with real estate brokers, office space developers, and office building owners. We directed these interviews toward gaining information and insights needed to define the relevant primary market areas and to identify: (a) the likely origins and types of prospective users of office space; (b) the alternative locations prospective users will consider; and (c) the relative advantages and disadvantages of the Oakland CBD as an office location;
2. Studied office space supply conditions;
3. Forecast the demand for office space by analyzing the economic base of Oakland and preparing an employment forecast; and
4. Synthesized the tasks summarized above to reach conclusions about the amount of demand for office space and likely rents for office space in the Oakland CBD.



## REPORT ORGANIZATION

The research and analysis on which we base the conclusions and recommendations is presented in the following chapters. Chapter II describes the primary market area within which Oakland office space competes for office users as well as the primary geographic origins and types of office space users attracted to the Oakland CBD. Chapter II describes the competitive position of Oakland as an office location. Chapter III presents a review of office supply conditions in Oakland, including building space development, space absorption, vacancy, and rental rate trends by submarket. Chapter III also identifies potential future office space supply additions in the Oakland CBD. Chapter IV reviews historical employment growth by economic sector and the relationship between employment growth and office space development. Chapter IV reviews a forecast of Oakland employment and presents GG+A's forecast of employment by economic sector for Oakland. Chapter V presents GG+A's forecast of office building space demand in Oakland generated by the forecast of future employment. Chapter VI presents the relationship between forecast office space demand and identified building space supply in the Oakland CBD. Chapter VI presents estimates of future market office space rents.

## PRINCIPAL FINDINGS AND CONCLUSIONS

- For the period 2007 to 2012, approximately 4,905 office space workers are forecast to be added within Oakland. This forecast employment growth is estimated to result in average annual demand of about of approximately 258,000 square feet for a total of approximately 1,288,000 square feet of office space in all of Oakland. Between 2012 and 2017, approximately 5,630 office space workers are forecast to be added in Oakland. This employment growth is forecast to translate into demand for office space of 254,000 square feet per year for a total of 1,268,000 square feet in all of Oakland. In total, the forecast growth in office space workers over the next ten years translates into total city-wide demand of approximately 2.56 million square feet of office space, or about 256,000 square feet per year.
- Based on the continuing addition of housing units in Downtown Oakland, the ongoing enhancement of the base of support services, and that the CBD continues to provide best in class space, and consistent with the proportion of space absorption within the City captured by the CBD from year to year, the Oakland CBD is estimated to capture approximately 60 percent of potential office space demand in the City as a whole. This capture rate equates to average annual demand in the Oakland CBD of approximately 153,000 square feet of additional space between 2007 and 2017. Over the ten year period, demand for additional office space within the Oakland CBD is estimated to total approximately 1.53 million square feet of space. While net absorption in individual years may have been lower or higher, on average, annual net absorption in the Oakland CBD averaged about 125,000 square feet between 2003 and second quarter 2007.



- Including the vacant Class A and Class B in the Oakland CBD and the 215,000-square-foot 2100 Franklin project, the recently announced 500,000-square-foot Shorenstein Properties City Center development at 11<sup>th</sup> and Jefferson and the 320,000-square-foot SKS Investments development at 1100 Broadway, the available supply of office space totals 2.54 million square feet of space. Between 2007 and 2017, total demand of 1,534,000 square feet compared to the identified supply of 2,536,000 produces an estimate of available supply of 1,002,000 square feet of space. Assuming no additional space is built by 2012, the vacancy rate for Class A and Class B space in the Oakland CBD would approximate 11.3 percent. Again, assuming no additional space is built between 2012 and 2017, the vacancy rate for Oakland CBD office space would decline to 6.4 percent.
- Additional office space development is likely to occur after the delivery and lease up of Shorenstein Properties 11<sup>th</sup> and Jefferson Street City Center project and SKS Investments 1100 Broadway project, which are expected to be delivered in 2010. Additional development is likely to occur beyond 2014.
- Under most leases for Class A space in the CBD, rental rates range from \$28 to \$32 per square foot (on a gross basis). We estimate gross rents for Class A space will increase approximately four percent per year through 2012. In 2012, Class A rents are estimated to range from \$34.07 to \$38.93 per square foot. We anticipate that supply additions facilitated by favorable dispositions of sites by the City of Oakland will keep a lid on further rental increases. Assuming that developers show some restraint and that Kaiser or any other major user does not vacant significant space in the Oakland CBD<sup>1</sup>, we estimate that rental escalation will moderate to on average two percent per year from 2012 through 2017. This rate of escalation would result in 2017 rents of \$37.61 to \$42.99 per square foot
- Class B gross rents in the Oakland CBD range from \$22 to \$27 per square foot. Class B rents are unlikely to escalate as much as Class A space because of the greater amount of Class B space and because of the potential for some tenants to elect to move to Class A space if Class B rents escalate significantly. We estimate that on average Class B rents will increase at a rate of three percent per year through 2012. In 2012, Class B rents are estimated to range from \$25.50 to \$31.30 per square foot. From 2012 through 2017, we estimate that Class B rents will increase at an average annual rate of 1.75 percent. This rate of escalation would result in 2017 rents of \$27.82 to \$34.14 per square foot
- Tenant improvements paid for by landlords for new Class A space are estimated to range from \$35 to \$50 per square foot.

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<sup>1</sup>Kaiser has purchased approximately 360,000 square feet of office space located in the former People Soft Campus in Pleasanton. Kaiser has plans to potentially relocate up to 2,000 information-technology workers from existing offices in Oakland and Walnut Creek.



- Annual property taxes, insurance and operating expenses are estimated to range from \$11.00 to \$15.00 per square foot for Class A space and from \$9.00 to \$12.00 per square foot for Class B space in the Oakland CBD.
- Assuming replacement or development costs of \$350 to \$400 per square foot, gross rents of approximately \$40 to \$44 per square foot are needed to support feasible private development of office space. Shorenstein Properties indicated asking rents for its announced new building at City Center with an expected delivery date of Spring 2010 are expected to be in the low \$40s per square foot.
- Given the significant supply of entitled sites and the City's policy of making sites available for office development on favorable terms, new supply is likely to arise if rents rise above replacement costs so that above replacement cost rents are unlikely to persist for long periods.
- Under the forecast office space market conditions, it is unlikely that the County will be offered significant prices for vacant existing office building space or sites for office developments by developers, unless the County agrees to serve as an anchor tenant.
- While rents are likely to increase through 2012, good opportunities still exist for leasing Class B space and the potential for overbuilding may create opportunities to negotiate favorable terms in older Class A buildings if tenants relocate to new Class A space or in new buildings that are not pre-leased and come on-line with other new additions to the inventory. The County should carefully monitor changes in the existing office space inventory and additions to the inventory in the Oakland CBD.



## CHAPTER II

### THE MARKET FOR OFFICE USES AND THE COMPETITIVE POSITION OF THE OAKLAND CBD AS AN OFFICE LOCATION

#### THE DOWNTOWN OAKLAND OFFICE SPACE MARKET

The Oakland CBD office space market is comprised of three primary locations: City Center (at 12<sup>th</sup> Street BART station), 19<sup>th</sup> Street and Broadway, and Lake Merritt. (The latter two locations are both included in the Lake Merritt submarket office space inventory data presented below). Users searching for office space in Downtown Oakland will typically consider buildings in one or more of these locations.

Downtown Oakland is centrally located at the nexus of interstates 80, 580, 880, 980, and Route 24 with BART service at 12<sup>th</sup> Street, 19<sup>th</sup> Street, and Lake Merritt that connects Downtown Oakland with San Francisco and with communities located along Interstate 680 and Interstate 580 to the East.

The largest owners and users of office space in Downtown Oakland include government entities, including Alameda County. According to RREEF, government entities own and occupy approximately 3.0 million square feet of space. Kaiser Permanente, which owns 1.1 million square feet and leases 700,000 square feet of space, is the largest private sector space user. Much of the office market consists of smaller space users. Two private sector owners, Shorestein Properties and Brandywine Realty Trust control approximately 40 percent of the Class A office space in the CBD.

#### GEOGRAPHIC ORIGINS AND TYPES OF OFFICE SPACE USERS ATTRACTED

The interviews and review of supply suggest that tenants of office buildings in Oakland are primarily attracted from and expand in locations within Oakland. For example, an engineering firm Kimley-Horn is adding to the space it leases at 555 City Center, a law firm, Bell, Rosenberger & Hughes, is adding to the space it leases at 1300 Clay Street, an insurance company, VRT Insurance Services, is adding to the space it leases at 500 12<sup>th</sup> Street, and an investment advisory firm, Bell Investment Advisors, is adding to the space it leases at 1111 Broadway. Some tenants have moved functions or departments from San Francisco because of increasing rents in San Francisco and/or the need to be located in Oakland for specific projects or assignments. This is reportedly the case for a lease Bechtel entered into for space at 1111 Broadway in the second quarter of 2007.

Firms have also moved from Berkeley and Emeryville. For example, the law firm of Mansfield and Foley signed a lease for at 1111 Broadway in second quarter 2007. The firm, previously located in Walnut Creek, merged with a firm formerly based in Emeryville and Oakland represented a “compromise”, to consolidate the two offices into a centrally located



single office.

Firms and organizations in the finance, insurance, legal, advertising, accounting, and other professional and technical services, healthcare and educational sectors are likely to continue to be significant sources of office space demand. Maritime-related companies such as Matson Navigation, American President Lines, and Crowley Maritime have also located in Lake Merritt and City Center projects. The growth of the Port suggests continued demand for maritime-related space users. Firms reportedly considering space in the Brandywine project under construction at 2100 Franklin include financial institutions from San Francisco and technology, financial service, and health-care concerns. Current locations of firms considering the 2100 Franklin project include Berkeley, Emeryville, and San Francisco. Health-care concerns like Kaiser and Healthnet have moved to buildings in the Lake Merritt submarket.

### **COMPETITIVE POSITION OF OAKLAND CBD AS AN OFFICE LOCATION**

Important comparative advantages of the Oakland CBD as an office location include:

- A central location from which to access other activity centers in the Bay Area;
- Transportation linkages, including multiple BART stations and bus service;
- Proximity to Oakland International Airport;
- A large commute shed providing access to a skilled labor force;
- Lower rents than comparable space in Downtown San Francisco; and
- High-rise buildings offer attractive views of the San Francisco Bay and East Bay Hills.

Disadvantages include:

- The Oakland CBD does not include the same level of shopping, dining, entertainment and lodging amenities and support services as found in other office locations such as San Francisco, Walnut Creek or Emeryville; and
- The image of the Oakland CBD as an office location is not as desirable as a San Francisco address. For example, one firm with offices elsewhere in the country that recently moved a branch office to the Oakland CBD lists its location as San Francisco in its web site.



**CHAPTER III**

**OFFICE SPACE SUPPLY CONDITIONS**

**INTRODUCTION**

We review below the office space inventory and market trends for Oakland as a whole and the Oakland CBD. The review indicates that the Oakland CBD is a preferred office space location within Oakland. Vacancy has recently decreased and rents are steadily increasing. The City Center submarket within the CBD has grown in locational appeal with rent premiums of \$1.35 to \$1.38 per square foot over the Lake Merritt submarket in Downtown Oakland. This growth in locational appeal is due primarily to newer product options and better proximity to more shopping, dining and other support services.

**SUPPLY TRENDS WITHIN OAKLAND**

Table III-1 shows the changes in the office space inventory market conditions between 2003 and 2007 for the City of Oakland.

<b>TABLE III-1</b>					
<b>City of Oakland Office Space Inventory: 2003 – 2007</b>					
<b>Year</b>	<b>Total Space # Square Feet</b>	<b>Vacant Space # Square Feet</b>	<b>Vacancy Rate %</b>	<b>Net Annual Absorption # Square Feet</b>	<b>Annual Rental Rates \$ Per Square Foot</b>
2007 <sup>1</sup>	25,524,626	2,629,124	10.3	228,827	23.19
2006 <sup>1</sup>	25,524,626	2,857,951	11.2	-570,325	22.18
2005 <sup>1</sup>	25,534,626	2,287,626	9.0	476,982	21.37
2004 <sup>1</sup>	25,534,626	2,774,608	10.9	463,106	21.11
2003 <sup>1</sup>	25,564,626	3,267,714	12.8	-163,318	21.41
<sup>1</sup> 2007 Figures are for the second quarter while prior year figures are for fourth quarter.					
Source: CoStar Group, Inc., Mid Year 2007 Report					

According to the real estate data vendor Costar Group, the inventory of office space in Oakland has remained stable since 2003 at approximately 25.5 million square feet of space. Prior to the dot.com crash, overflow demand from San Francisco and a dynamic regional economy produced a vacancy rate in 2000 below five percent. Following the “dot.com crash”, and the resulting early 2000s recession the vacancy rate increased to nearly 13 percent or almost 3.3 million square feet in 2003. The opening of the largely vacant upon delivery of Shorenstein’s 555 City Center building in 2002 with 580,000 square feet contributed to the increase in vacancy rates between 2000 and 2003. The vacancy rate improved from 2003 through 2005 to a vacancy rate of nine percent or about 2.3 million square feet of space in 2005. Net absorption was negative in 2006, causing the vacancy rate to increase to over 11 percent at nearly 2.9 million square feet of space vacant. The average annual asking rental rates in 2005 at \$22.18 per square foot exceeded the asking rents of \$21.41 per square foot in



2003. As of the second quarter 2007, due to positive net absorption, the vacancy rate declined to 10.3 percent or about 2.6 million square feet of space, while rental rates experienced the largest increase since 2003 to \$23.19 per square foot.

**Inventory and Vacancy by Class of Space for All of Oakland and Oakland CBD**

Table III-2 shows the estimated inventory of office space and vacant office space by class of office space for the Oakland CBD and Oakland as a whole. CoStar defines the CBD to be generally bounded by I-980 to the west, I-880 to the south, Grand Avenue to the north, and Lake Merritt to the east. The review described below indicates that the Oakland CBD remains a preferred office location with the highest quality space and highest rents.

<b>TABLE III-2</b>								
<b>Total Space, Vacant Space, and Rental Rates by Class of Space in Oakland: 2007</b>								
	Class A Total Oakland	Class A CBD Oakland	Class B Total Oakland	Class B CBD Oakland	Class C Total Oakland	Class C CBD Oakland	All Classes Total Oakland	All Classes CBD Oakland
Total Buildings #	31	26	218	101	637	160	886	287
Building Space # Square Feet	8,061,851	7,599,968	11,079,414	6,931,807	6,383,361	2,346,018	25,524,626	16,877,793
Vacant Space # Square Feet	608,186	568,158	1,457,555	932,645	563,383	243,042	2,629,124	1,743,845
Vacancy Rate %	7.5	7.5	13.2	13.5	8.8	10.4	10.3	10.3
Asking Rental Rates \$ Per Square Foot	28.43	28.49	21.89	23.63	19.42	19.26	23.19	25.23
Source: CoStar Group, Inc., The CoStar Oakland/East Bay Office Report Mid-Year 2007								

In 2007, with about 16.9 million square feet of space, the Oakland CBD comprises about 66 percent of the total Oakland inventory of 25.5 million square feet of space. The vacancy rate of 10.3 percent was the same for CBD and for the Oakland inventory as a whole. Approximately 94 percent or 7.6 million square feet of the 8.1 million square feet of Class A office space is located in the CBD. The vacancy rate for Class A space is 7.5 percent. The Oakland market as a whole contains about 608,000 square feet of vacant Class A space of which 568,000 square feet is located in the CBD. Class A office space rents average slightly more in the CBD at \$28.49 per square foot than \$28.43 per square foot in the City as a whole.

Approximately 63 percent or 6.9 million square feet of the nearly 11.1 million square feet of Class B space is located in the CBD. The vacancy rate for Class B space in the CBD totals 13.5 percent or almost 933,000 square feet of space, while the Oakland market as a whole includes almost 1.5 million square feet of vacant Class B space for a vacancy rate of 13.2 percent. Class C space in the CBD of 2.3 million square feet comprises about 14 percent of





the total CBD inventory and about 37 percent of the total amount of Class C space in the Oakland market. About 243,000 square feet of the Class C CBD space is vacant. This equates to a vacancy rate of 10.4 percent. The vacancy rate of Class C space in the Oakland market as a whole is lower at 8.8 percent or 563,000 square feet of space.

### Vacancy Rates and Rents of Relevant Submarkets Within Oakland

Table III-3 presents estimates of the vacancy by class of space for the various submarkets within Oakland.

<b>TABLE III-3</b>		
<b>Vacancy Rates for Primary Market Area Submarkets: 2007</b>		
Submarket	Class A Space %	Class B Space %
Oakland CBD	7.5	13.5
Oakland Airport	25.9	15.7
North Oakland	9.4	3.2
Oakland Port/Jack London Square	6.2	10.5
South Oakland	NA	28.8
West Oakland	NA	0.0
<b>Total Oakland</b>	<b>7.5</b>	<b>13.2</b>
Source: CoStar Group, The CoStar Office Report, Mid Year 2007, Oakland Office Market		

The overall Class A vacancy rate is low at 7.5 percent. Only the Oakland Port/Jack London Square area has lower vacancy rates for Class A and Class B space than Downtown. The inventory of space the Jack London Square and north Oakland submarket, another submarket with low vacancy rates, is limited compared to the Oakland CBD. The Oakland Airport submarket has high vacancy rates with nearly 26 percent of the Class A space vacant and nearly 16 percent of Class B space vacant.

### Office Space Rental Rates

We review the rental rate picture because trends in rental rates also reflect the relationship between demand and supply for office space and impact the real estate economics of office building development. Differences in rents for comparable space also indicate differences in locational image and land values. Table III-4 shows estimates of average annual rental rates for the relevant submarkets within Oakland as of mid year 2007. This data is from the CoStar Mid Year 2007 report.



**TABLE III-4**

**Annual Office Space Full Service Gross Rents for Oakland Submarkets: 2007**

Submarket	Class A Space <sup>1</sup> %	Class B Space <sup>1</sup> %
Oakland CBD	28.49	23.63
Oakland Airport	16.80	19.75
North Oakland	33.60	23.19
Oakland Port/Jack London Square	24.95	17.26
South Oakland	NA <sup>2</sup>	15.46
West Oakland	NA <sup>2</sup>	15.60
<b>Total Oakland</b>	<b>28.43</b>	<b>21.89</b>
<sup>1</sup> Gross rents include the property tax, insurance and operating cost expenses incurred by the property owner.		
<sup>2</sup> South Oakland and West Oakland do not contain Class A office product.		
Source: CoStar Group, The CoStar Office Report, Mid Year 2007, Oakland Office Market		

Based on the CoStar Office Report the asking rental rates for Class A space in the Oakland market area range from \$16.80 to \$33.60 per square foot and average \$28.43 per square foot. Asking rental rates for Class B space in the Oakland market area range from \$15.46 to \$23.63 per square foot and average \$21.89 per square foot. Across each of the six submarkets within Oakland (two of which do not include any Class A office space), asking rental rates for Class A space tend to vary substantially by location. The only submarket obtaining rents comparable to that of Downtown Oakland is the North Oakland submarket. However, the inventory of Class A space in North Oakland is very limited with approximately 980,000 square feet of space compared to 16.1 million square feet in the CBD. The rental rate picture summarized above shows that CBD is a preferred location for many Oakland office space users given the lower prevailing rents for Class A and Class B in other submarkets.

**Historical Rents and Vacancy Rates in Oakland CBD**

According to Colliers International, the vacancy rate for Class A office space in the Oakland CBD has declined more dramatically than reported by CoStar Group. Colliers estimates that vacancies within the Oakland CBD have decreased from a high of 15 percent in 2004 to a current vacancy rate of below six percent. Colliers also reports that asking rental rates for Class A office space have shown significant improvement, increasing by approximately \$5.90 per square foot since the third quarter of 2004. Based on data obtained from Colliers, Table III-5 and Figure III-1 summarize the change in quarterly rents and vacancies for Class A space in the CBD over the past three years.



**TABLE III-5**

**Quarterly Class A Office Space Rents and  
Vacancy for Oakland CBD 2004-2007**

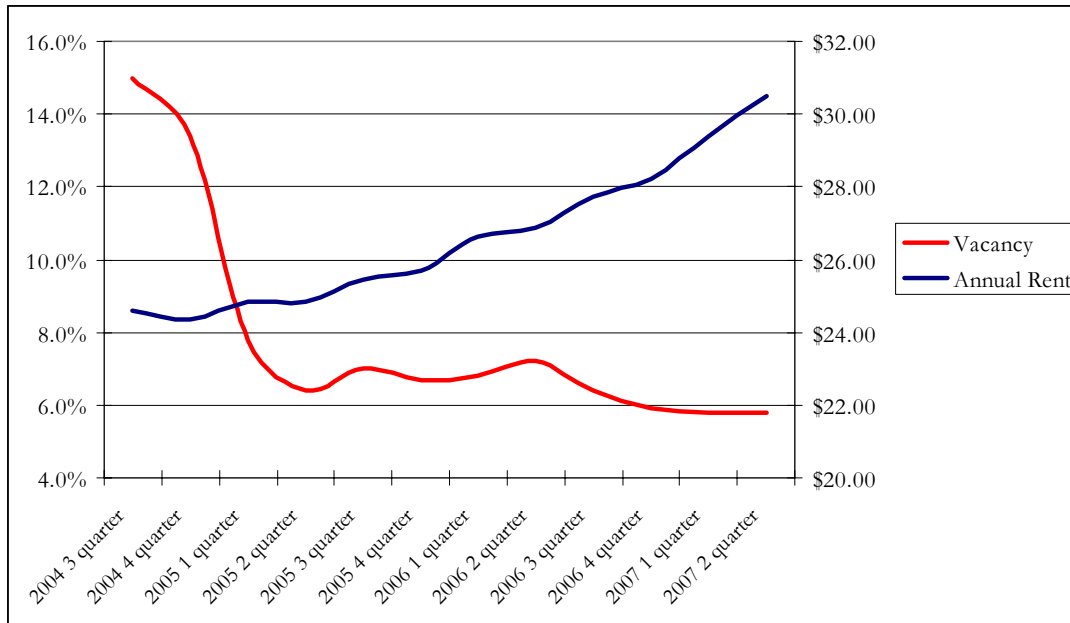
Period	Vacancy Rate %	Asking Rental Rates \$ Per Square Foot <sup>1</sup>
2004 3 quarter	15.0	24.60
2004 4 quarter	13.4	24.36
2005 1 quarter	7.8	24.84
2005 2 quarter	6.4	24.84
2005 3 quarter	7.0	25.44
2005 4 quarter	6.7	25.68
2006 1 quarter	6.8	26.64
2006 2 quarter	7.2	26.88
2006 3 quarter	6.4	27.72
2006 4 quarter	5.9	28.20
2007 1 quarter	5.8	29.40
2007 2 quarter	5.8	30.48

<sup>1</sup> Annual “full service” rents (i.e., gross rent including property taxes, insurance and other operating expenses incurred by the landlord).

Sources: Colliers International; Gruen Gruen + Associates.

**FIGURE III-1**

**Class A Office Space Rents and Vacancy Trends in Oakland CBD**



The relationship between Class A office space rents and vacancy rates show as expected, rents have been increasing as vacancies decline and stabilize. The recent rent and vacancy trends for Class A space in the Oakland CBD suggest that a shift of one percentage point in the overall vacancy rate translates to a rental rate increase or decrease of approximately \$2.00 per square foot annually.

### Review of Oakland CBD Submarkets

According to CoStar and NAI BT Commercial, approximately 72 percent of all office space located in the Oakland CBD is concentrated within two submarkets - City Center and Lake Merritt. The City Center submarket is generally located north of 12<sup>th</sup> Street and south of 17<sup>th</sup> Street adjoining Broadway. The Lake Merritt submarket is generally bounded by Broadway to the west, Grand Avenue to the north, 19<sup>th</sup> Street to the south and Lake Merritt to the east. NAI BT Commercial estimates that the City Center and Lake Merritt submarkets include approximately 12.1 million square feet of office space. Map III-1 shows the boundaries of the Oakland CBD (as defined by CoStar) and the locations of the City Center and Lake Merritt submarkets.

MAP III-1

Oakland CBD and City Center and Lake Merritt Submarkets

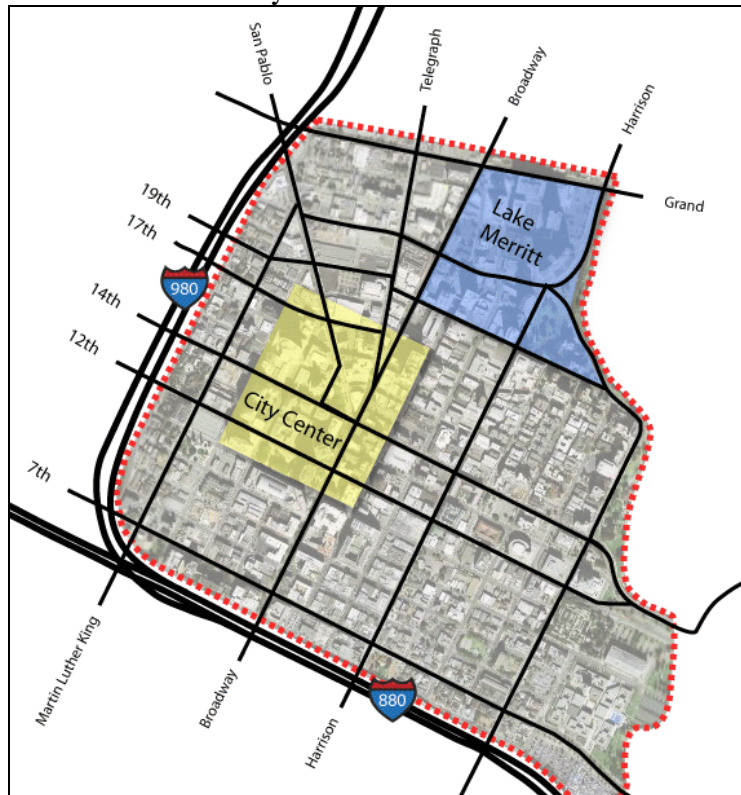


Table III-6 shows the total amount of space, vacant space and average full-service rental rates for the City Center and Lake Merritt submarkets.

<b>TABLE III-6</b>				
<b>Total Space, Vacant Space, and Rental Rates in City Center and Lake Merritt, Downtown Oakland Submarkets: 2007</b>				
Submarket	Total Space # Square Feet	Vacant Space # Square Feet	Vacancy Rate %	Average Rental Rate \$ Per Square Foot
City Center	5,292,667	674,776	11.8	27.12
Lake Merritt	6,798,081	814,898	12.0	25.68
Sources: NAI BT Commercial Office Report Second Quarter 2007; Gruen Gruen + Associates.				

According to NAI BT Commercial, the City Center submarket currently includes approximately 5.3 million square feet of office space, 675,000 square feet of which is currently vacant for an overall vacancy rate of approximately 11.8 percent. The average annual full-service rental rate currently approximates \$27.12 per square foot. The larger Lake Merritt submarket with an older stock of office space includes approximately 6.8 million square feet of office space. Approximately 815,000 square feet, or 12 percent, of space in the Lake Merritt submarket is currently vacant. Average annual rents in Lake Merritt are approximately five percent below rents in the City Center submarket and approximate \$25.68 per square foot. Table III-7 shows the vacancy rate, net absorption and average rental rates for the City Center and Lake Merritt submarkets since 2003.



<b>TABLE III-7</b>						
<b>Vacancy Rates, Absorption and Average Rental Rates in City Center and Lake Merritt, Oakland CBD Submarkets: 2003-2007</b>						
		2003	2004	2005	2006	2007
<b>City Center</b>	Total Space # Square Feet	5,292,667	5,292,667	5,292,667	5,292,667	5,292,667
	Vacant Space # Square Feet	920,924	935,992	574,496	673,458	626,321
	Vacancy Rate %	17.4	17.7	10.8	12.7	11.8
	Net Absorption # Square Feet	20,311	-15,068	361,496	-98,962	47,137
	Average Rental Rate \$ Per Square Foot	23.88	23.40	24.36	25.68	27.12
<b>Lake Merritt</b>	Total Space # Square Feet	6,798,081	6,798,081	6,798,081	6,798,081	6,798,081
	Vacant Space # Square Feet	876,952	731,827	951,394	862,908	812,624
	Vacancy Rate %	12.9	10.8	14.0	12.7	12.0
	Net Absorption # Square Feet	185,886	145,125	-219,567	88,486	50,284
	Average Rental Rate \$ Per Square Foot	22.08	22.08	23.40	25.08	25.68
Sources: NAI BT Commercial Office Report Second Quarter 2007; Gruen Gruen + Associates.						

As shown above on Table III-7, no new office product has been constructed within the past five years. The most recent delivery occurred in 2002 when Shorenstein Properties completed its 490,000-square-foot City Center building at 555 City Center. Vacancy rates have declined in both submarkets since 2003 and average rental rates for all classes of office space have increased by approximately 15 percent. Between 2003 and second quarter 2007, approximately 357,000 square feet of space was absorbed in the City Center and Lake Merritt submarkets combined. As shown in Appendix B, this equates to approximately 60 percent of all space absorption within the City of Oakland during this period.

The vacancy rate in the City Center submarket has dropped by approximately 5.6 percentage points from 17.4 percent in 2003 to 11.8 percent in 2007. Over the five year period, the City Center submarket experienced net positive absorption of approximately 315,000 square feet. Average asking full-service rents (for all classes of space) have increased by approximately \$3.24 per square foot, or 15 percent, from \$23.88 per square foot in 2003 to \$27.12 per square foot in 2007. The vacancy rate in the Lake Merritt submarket has decreased by less than one percentage point since 2003. Between 2003 and 2007, Lake Merritt experienced net positive absorption of approximately 250,000 square feet. Average asking full-service rents (for all classes of space) have increased by approximately \$3.60 per square foot, or 16 percent, from \$22.08 per square foot in 2003 to \$25.68 per square foot in 2007.

Our interviews and review of supply characteristics and tenanting trends indicate that



locational appeal within the Oakland CBD has shifted in favor of the City Center submarket. The City Center and Lake Merritt submarkets experienced a significant space absorption divergence as several large users including Carole Williams Advertising and CB Richard Ellis moved from Lake Merritt to the City Center. In 2005, the City Center experienced a positive net absorption approximating 361,000 square feet while the Lake Merritt submarket experienced negative absorption totaling 220,000 square feet. Vacancy rates have also remained lower in the City Center than the Lake Merritt submarket since 2005. While the Lake Merritt area has historically been the more prestigious location, office space in the City Center has recently obtained a rent premium ranging from \$1.35 to \$1.80 per square foot in the past five years. The growing appeal of the City Center and the relative decline of Lake Merritt are evidenced by not only the rent divergence and absorption/tenanting characteristics described above but also reflect the following:

- The Lake Merritt submarket tends to be primarily comprised of public sector or institutional space users such as UC Berkeley, Alameda County, and BART. For example, the Ordway Building located at 1 Kaiser Plaza is now entirely occupied by public or institutional users with the exception of one long-term law office. City Center contains a larger and more diverse base of professional firms and other private- sector businesses;
- The City Center contains newer product options than Lake Merritt (as shown below on Table III-8, most large Class A buildings in Lake Merritt were built prior to 1990); and
- Lake Merritt lacks the shopping, dining and lodging amenities and other support services that are available within or near the City Center area.

As identified below in Table III-8, major Class A office buildings in the City Center submarket are generally newer than those located in Lake Merritt. Based on the identified inventory of Class A office product summarized below, approximately 94 percent of Class A space within the Lake Merritt submarket was built prior to 1990. Only 35 percent of Class A space in the City Center submarket was built prior to 1990. Based on our review of supply trends described above and the identified projects summarized below, new office development within the CBD has generally occurred every five to seven years. Most recently, major deliveries have occurred in 2002, 1995, and 1990 totaling approximately 1.6 million square feet of space within five buildings. This equates to a yearly average of approximately 140,000 square feet of added office space between 1990 and 2002. Average asking (full-service or gross) rental rates for Class A office product in the City Center and Lake Merritt tends to range from approximately \$27 to \$36 per square foot. Shorenstein Properties and Brandywine Realty Trust currently control approximately 3.1 million square feet, or approximately 40 percent, of Class A office space within the CBD. Table III-8 lists the major Class A buildings in the Oakland CBD.



**TABLE III-8**

**Identified Inventory of Major Class A Office Buildings in Oakland CBD**

Name (Location)	Year Built/ Renovated	Total Building Space # Square Feet	Available Space # Square Feet	Vacancy Rate %	Asking Rental Rate \$ Per Square Foot
Lake Merritt Business Center (180 Grand Ave)	1981	278,538	27,102	9.7	30.00 gross
Lake Merritt Tower (155 Grand Ave) <sup>1</sup>	1990	204,277	69,660	34.1	36.00 gross
World Savings (1901 Harrison) <sup>1</sup>	1985	272,100	3,334	1.2	31.20 - 34.20 gross
Ordway Bldg (1 Kaiser Plaza) <sup>1</sup>	1978	530,887	24,764	4.7	35.40 gross
Century Twenty One (2101 Webster) <sup>1</sup>	1984	464,424	23,752	5.1	33.00 gross
Golden West Tower (1970 Broadway)	1968	152,513	7,276	4.8	26.40 gross
Kaiser Center (300 Lakeside Drive) <sup>2</sup>	1960	784,698	30,540	3.9	21-32 net
Park Plaza (1939 Harrison)	1968	81,240	10,536	13.0	28.20 – 33 gross
Lake Merritt Plaza (1999 Harrison)	1985	463,359	72,843	15.7	34.80 – 39.00 gross
<b>Subtotal Lake Merritt</b>		<b>3,232,036</b>	<b>269,807</b>	<b>8.3</b>	
555 City Center <sup>3</sup>	2002	487,000	3,805	0.8	30.00 net
1300 Clay Street <sup>3</sup>	1990	183,178	22,846	12.5	
1111 Broadway <sup>3</sup>	1990	548,188	46,598	8.5	
505 14 <sup>th</sup> Street <sup>3</sup>	1985	169,452	27,779	16.4	
475 14 <sup>th</sup> Street	1983	172,223	11,293	6.6	24 net
City Square (500 12 <sup>th</sup> Street) <sup>3</sup>	1987	115,801	11,189	9.7	
1330 Broadway	1957	325,000	968	0.3	21.60 net
1333 Broadway <sup>14</sup>	1995	238,392	79,948	33.5	31.80 gross
<b>Subtotal City Center</b>		<b>2,239,234</b>	<b>204,426</b>	<b>9.1</b>	
<b>Total</b>		<b>5,471,270</b>	<b>474,233</b>	<b>8.7</b>	

<sup>1</sup> Properties controlled by Brandywine Realty Trust.

<sup>2</sup> Purchased in 2005 by the Swig, Co., LLC at a price of approximately \$225 per square foot (according to CB Richard Ellis).

<sup>3</sup> Properties controlled by Shorenstein Properties.

<sup>4</sup> Property sold in 2005 for price of \$166 per square foot (according to CB Richard Ellis).

Sources: Brandywine Realty Trust; Shorenstein Properties LLC; Loopnet; The Swig Co., LLC; Colliers International; Gruen Gruen + Associates.





**FUTURE SUPPLY OF OFFICE SPACE**

Table III-9 summarizes the office space currently under construction or proposed to be developed in the Oakland CBD.

<b>TABLE III-9</b>				
<b>Office Buildings Currently Under Construction and Planned Future Construction in Downtown Oakland</b>				
Project Location, Submarket	Developer	Timing	Number of Stories	Building Space # Square Feet
2100 Franklin Street, Lake Merritt	Brandywine Realty Trust	Under Construction, Fourth Quarter 2007/Early 2008 Delivery	9	215,000
2 Kaiser Plaza, Lake Merritt	Brandywine Realty Trust	No Current Plans to Commence Development	Undetermined	600,000
2000 Broadway, Lake Merritt <sup>1</sup>		Entitled		320,000
11 <sup>th</sup> Street and Jefferson, City Center Site T-12	Shorenstein Properties	Entitled, Expected to Break Ground Second Quarter 2008	23	500,000
11 <sup>th</sup> Street and Clay, City Center Site T5/T6	Shorenstein Properties	Entitled in 2005 But No Plans to Commence Development		600,000
1100 Broadway , City Center	SKS Investments	Entitled, Expected to Commence Construction in late 2008/ Possible 2010 Delivery	11	320,000
1640 Broadway, City Center <sup>1</sup>		Entitled		178,000
<b>Total</b>				<b>2,733,000</b>
<sup>1</sup> According to the City of Oakland Redevelopment Agency, these projects have received entitlement for the development of office space. However, a representative with the City indicated that no specific plans or permits have been issued and timing of development has not been established.				
Sources: City of Oakland; CB Richard Ellis; Colliers International; Gruen Gruen + Associates.				

A total of approximately 2.7 million square feet of office space within the Oakland CBD has been identified as potential future supply, including projects currently under construction, planned, or entitled. Three of the potential supply additions are located within the Lake Merritt submarket totaling approximately 1,135,000 square feet. The four remaining projects are located near the Broadway corridor in the City Center submarket, totaling approximately 1.6 million square feet of space.

The 215,000-square-foot, nine-story 2100 Franklin Street project (Lake Merritt submarket) which broke ground in the second quarter of 2006 is expected to be completed by the end of this year. According to the leasing agent, Brandywine’s new development located at the corner of Franklin Street and 21<sup>st</sup> Street still does not have any tenants for the building. The asking rent for space in the building is \$38 per square foot. This project represents the first speculative office space development since the completion of Shorenstein’s 21-story,



487,224-square-foot City Center development at 555 12<sup>th</sup> Street in 2002. This property was previously controlled by the City of Oakland. Brandywine also controls the Kaiser 2 site which it previously proposed as a site for the consolidation of University of California office space. According to the leasing agent, this site is part of a PUD, which permits other uses than office space. Brandywine has no current plans to develop the site with office space given that its about to be completed speculative building does not have any tenants. Brandywine also has significant space available in other buildings. For example, 1330 Broadway can accommodate a 50,000-square-foot user, while the 155 Grand building can accommodate an 80,000-square-foot user.

Shorenstein Properties plans to break ground on a 500,000-square-foot speculative office building in the City Center next spring. The building is planned for the block bordered by 11<sup>th</sup> Street, MLK Way, 12<sup>th</sup> Street and Jefferson Street (Site T-12 in City Center project plan). This site has also been controlled by the City with Shorenstein having an option to purchase the site for many years. Shorenstein has also received entitlement to develop an additional 600,000 square-foot office building at the northwest corner of Clay Street and 11<sup>th</sup> Street, also in the City Center district (Site T5/T6 in City Center). According to the leasing agent for the project, construction is expected to start in the spring of 2008 with delivery to occur in the spring of 2010. The leasing agent expects prospective users to originate from Berkeley, Emeryville, Alameda, and San Francisco, from where approximately 35 percent of the tenancies at the 555 12<sup>th</sup> Street building moved. Asking rents are estimated to be in the low \$40s per square foot, although the current Class A space is not obtaining these rent levels.

1100 Broadway is located on Broadway between 11<sup>th</sup> and 13<sup>th</sup> Streets, near City Center. The site includes the 37,000-square-foot historic Key Systems office building damaged in the 1989 Loma Prieta earthquake and has remained vacant since the earthquake. SKS Investments purchased the half-acre site from a private contractor earlier this year. The property had previously been entitled for approximately 190,000 square feet of office space, but according to a representative with SKS, re-entitlement that will include 320,000 square feet of office space and the adaptive reuse of the historic Key System building is likely to be complete by December of this year. Upon re-entitlement, SKS anticipates six to nine months before architectural plans and adaptive re-use studies are completed. At the earliest, construction may commence in late 2008. The proposed office building will be LEED certified, generating nearly 25 percent of its own energy. Accordingly, high construction costs will require SKS to obtain net rents greater than \$40 per square foot. If the project moves forward in a timely manner, construction may be complete in late 2010. The representative indicated that the project is unlikely to attract cost-sensitive users, primarily attracting tech and software companies relocating from within the Valley due to the abundance of new housing and superior transit access within Downtown Oakland and the image associated with a “green” or sustainable office location.



## CHAPTER IV

### FORECAST OF EMPLOYMENT AS DETERMINANT OF OFFICE SPACE DEMAND

#### INTRODUCTION

This chapter presents an analysis of the economic structure of Oakland and a forecast of the potential future employment by economic sector. The results of the analysis of employment trends and the employment forecast serve as inputs into GG+A's forecast for office space demand in the Oakland CBD. Our review of relevant literature, interviews, and analysis of historical employment and space trends within the East Bay region confirm that office space consumption, unlike industrial space consumption, tends to be highly associated with employment. To make this forecast of employment, we used an econometric technique called shift-share. The shift-share analysis assesses the local influence on industry growth and can indicate whether an industry appears to be thriving or declining in the local environment. Based on a synthesis of the interviews, review of real estate supply and historical employment data, and the econometric shift-share analysis reviewed below, we identified those economic sectors that have a significant local effect resulting from factors that distinguish the local economy (i.e., Oakland) from the larger regional economy (i.e., Alameda County). The shift-share methodology involves preparing a series of equations that predict the rate of employment growth in an employment sector of a local area, as a function of the predicted rate of growth in that sector in a larger region. Based on the interviews and review of other secondary data, we used judgment to adjust the growth rates suggested by the shift-share model to derive a forecast of employment by economic sector for Oakland.

#### HISTORICAL EMPLOYMENT TRENDS

##### Structure of Employment Base of Alameda County Economy

Table IV-1 summarizes the employment trends by economic sector for Alameda County between 1995 and 2005.



**TABLE IV-1**

**Estimated Employment and Percentage of Total Non-Farm  
Private Employment by Industry for Alameda County: 1995-2005**

	1995		2000		2005		Change 1995-2005		
	#	%	#	%	#	%	#	Shift in Share %	Average Annual Growth Rate %
Mining and Construction	25,100	5.2	39,000	6.7	44,300	7.9	19,200	2.7	5.8
Manufacturing	77,400	16.1	93,100	16.0	75,600	13.4	-1,800	-2.7	-0.2
Wholesale Trade	33,800	7.0	44,500	7.6	39,600	7.0	5,800	0.0	1.6
Retail Trade	64,600	13.4	69,500	11.9	68,200	12.1	3,600	-1.3	0.5
Transportation and Warehousing	28,800	6.0	32,900	5.7	27,000	4.8	-1,800	-1.2	-0.6
Information	15,100	3.1	21,600	3.7	17,100	3.0	2,000	-0.1	1.3
Finance, Insurance, and Real Estate	26,900	5.6	24,300	4.2	36,300	6.5	9,400	0.9	3.0
Professional and Business Services	81,200	16.9	116,000	19.9	103,600	18.4	22,400	1.5	2.5
Healthcare and Educational Services	64,500	13.4	72,500	12.5	77,600	13.8	13,100	0.4	1.9
Leisure and Hospitality	44,400	9.2	47,900	8.2	51,100	9.1	6,700	-0.1	1.4
Other Services	19,400	4.0	20,700	3.6	21,700	3.9	2,300	-0.1	1.1
<b>Total</b>	<b>481,200</b>	<b>100.0</b>	<b>582,000</b>	<b>100.0</b>	<b>562,100</b>	<b>100.0</b>	<b>80,900</b>	<b>-----</b>	<b>1.6</b>

Sources: California Employment Development Department; Gruen Gruen + Associates.

Services continue to be the backbone of the local economy. Between 1995 and 2005, Alameda County's total employment base increased by 80,900 jobs for a compounded growth rate, Business and professional services employment increased at an annual rate of 2.5 percent or 22,400 jobs to 103,600 jobs (but down from the peak of 116,000 jobs in 2000). The share business and professional services comprises of total Alameda County employment increased by 1.5 percentage points to 18.4 percent of total employment. Employment in the finance, insurance, and real estate (FIRE) employment grew at a rate of three percent. Employment in the FIRE sector increased by 9,400 jobs to 36,300 jobs. As a share of total employment, FIRE sector employment increased by 0.9 percent to 6.5 percent of total employment. Healthcare and educational sector employment increased at a rate of 1.9 percent or 13,100 jobs to 77,600 jobs. This sector comprises 13.8 percent of total employment. Information employment increased by 2000 jobs to 17,100 jobs. The share information employment comprises of total Alameda County employment declined from a peak of 3.7 percent in 2000 to 3.0 percent in 2005. Construction employment experienced the highest rate of growth at 5.8 percent and second largest amount of jobs of 19,200 to 44,300 jobs. The share construction employment comprises of total Alameda County increased from 5.2 percent to 7.9 percent. Manufacturing employment declined slightly to



75,600 jobs. The share of total County employment manufacturing employment declined by 2.7 percentage points to 13.4 percent. Manufacturing employment shifted from the second largest source of employment to the third largest following retail services, which also declined as a share of total employment to 12.1 percent, down from 13.4 percent in 1995.

### Structure of Employment Base of City of Oakland

Table IV-2 summarizes the estimated private non-farm employment by industry sector in the City of Oakland for 1995, 2000 and 2005.

<b>TABLE IV-2</b>									
<b>Estimated Employment and Percentage of Total Non-Farm Private Employment by Industry for City of Oakland: 1995-2005</b>									
	1995		2000		2005		Change 1995-2005		
	#	%	#	%	#	%	#	Shift in Share %	Average Annual Growth Rate %
Mining and Construction	5,633	4.3	7,757	5.5	7,623	5.2	1,990	0.9	3.1
Manufacturing	12,267	9.5	10,656	7.6	10,911	7.4	-1,356	-2.1	-1.2
Wholesale Trade	8,662	6.7	9,762	6.9	7,877	5.4	-785	-1.3	-0.9
Retail Trade	11,028	8.5	12,941	9.2	12,887	8.8	1,859	0.3	1.6
Transportation and Warehousing	11,243	8.7	12,790	9.1	8,533	5.8	-2,710	-2.9	-2.7
Information	3,011	2.3	3,178	2.3	4,664	3.2	1,653	0.9	4.5
Finance, Insurance, and Real Estate	10,116	7.8	8,142	5.8	12,058	8.2	1,942	0.4	1.8
Professional and Business Services	25,047	19.3	27,152	19.3	30,315	20.7	5,268	1.4	1.9
Healthcare and Educational Services	23,648	18.3	27,948	19.9	29,675	20.2	6,027	1.9	2.3
Leisure and Hospitality	11,444	8.8	13,133	9.3	14,029	9.6	2,585	0.8	2.1
Other Services	7,464	5.8	7,276	5.2	8,037	5.5	573	-0.3	0.7
<b>Total<sup>1</sup></b>	<b>129,563</b>	<b>100.0</b>	<b>140,735</b>	<b>100.0</b>	<b>146,609</b>	<b>100.0</b>	<b>17,046</b>	<b>-----</b>	<b>1.2</b>
<sup>1</sup> Does not include private household employment or unclassified establishments. While private non-farm employment in the City of Oakland increased between 1995 and 2005, total employment actually decreased due to losses in the government sector.									
Sources: California Employment Development Department; Gruen Gruen + Associates.									

The City of Oakland employment base has grown more slowly than total County employment between 1995 and 2005. Oakland captured about 21 percent of the additional



job growth within the County. Of the 17,000 new jobs added between 1995 and 2005 in Oakland, approximately 11,300 or two-thirds were in healthcare and educational services and professional and business services. Information employment also grew rapidly at 4.5 percent annually although increasing from a small base of jobs. Employment in the FIRE and professional service sectors also grew at moderate rates of growth, albeit at slower rates than the County as a whole. Professional and business services (20.7 percent of total Oakland employment), healthcare and educational employment (20.2 percent of total Oakland employment), and finance, insurance and real estate employment (8.2 percent of total Oakland employment), each increased their shares of total employment to 49 percent of total employment. Employment in the manufacturing, wholesale trade, transportation and warehousing sectors declined.

Table IV-3 presents Oakland's share of Alameda County's employment base for 1995, 2000 and 2005.

<b>TABLE IV-3</b>				
<b>City of Oakland Private Industry Employment as Proportion of Alameda County Employment : 1995-2005</b>				
	1995 %	2000 %	2005 %	Shift in Share of County 1995-2005 %
Mining and Construction	22.4	19.9	17.2	-5.2
Manufacturing	15.8	11.4	14.4	-1.4
Wholesale Trade	25.6	21.9	19.9	-5.7
Retail Trade	17.1	18.6	18.9	1.8
Transportation and Warehousing	39.0	38.9	31.6	-7.4
Information	19.9	14.7	27.3	7.4
Finance, Insurance, and Real Estate	37.6	33.5	33.2	-4.4
Professional and Business Services	30.8	23.4	29.3	-1.5
Healthcare and Educational Services	36.7	38.5	38.2	1.5
Leisure and Hospitality	25.8	27.4	27.5	1.7
Other Services	38.5	35.1	37.0	-1.5
<b>Total</b>	<b>26.9</b>	<b>24.2</b>	<b>26.1</b>	<b>-0.8</b>
Sources: California Employment Development Department; Gruen Gruen + Associates.				

The share of employment that Oakland makes up of total Alameda County has declined by 0.8 of one percentage point, from 26.9 percent of total employment in 1995 to 26.1 percent of total County employment in 2005. In 2000, Oakland's share of county employment declined to 24.2 percent. Those sectors most closely associated with office space consumption (FIRE and professional and business services) decreased in their respective shares of County employment (from a combined 68 percent to a still high 62.5 percent in 2005). This indicates that job growth in these sectors has been faster outside of Oakland. Conversely, job growth in healthcare and education services and information has been faster in Oakland than Alameda County as a whole. Information employment increased



19.9percent to 27.3 percent, while healthcare and educational services increased from 36.7 percent to 38.2 percent of alameda County employment.

**CALTRANS PRIVATE EMPLOYMENT FORECAST FOR ALAMEDA COUNTY**

The California Department of Transportation (Caltrans) releases an annual economic forecast for Alameda County. As Table IV-4 shows, Caltrans forecasts that the County’s employment will increase 1.4 percent annually to comprise a total of 664,300 jobs by 2017. The total job estimate by Caltrans of 562,100 for the County in 2005 would mean nearly 8,500 jobs would have to be added annually to the employment base by 2017.

GG+A used this forecast of Alameda County private industry employment to analyze and forecast employment growth by industry sector within the City of Oakland.

<b>TABLE IV-4</b>					
<b>Private Non-Farm Employment Forecast by Industry Sector for Alameda County</b>					
	Actual 2005 #	Forecast 2012 #	Forecast 2017 #	Forecast Change 2005-2017 # / %	Forecast Annual Growth Rate 2005-2017
Mining and Construction	44,300	45,000	46,300	2,000 / 4.5	0.4%
Manufacturing	75,600	70,800	72,100	- 3,500 / -4.6	-0.4%
Wholesale Trade	107,800	114,600	122,800	15,000 / 13.9	1.1%
Retail Trade					
Transportation and Warehousing	27,000	32,500	37,600	10,600 / 39.3	2.8%
Information	17,100	19,200	20,500	3,400 / 19.9	1.5%
Finance, Insurance, and Real Estate	36,300	40,700	44,200	7,900 / 21.8	1.7%
Professional and Business Services	103,600	126,100	145,700	42,100 / 40.6	2.9%
Healthcare and Educational Services	77,600	81,700	87,300	9,700 / 12.5	1.0%
Leisure and Hospitality	51,100	56,500	62,000	10,900 / 21.3	1.6%
Other Services	21,700	24,400	25,800	4,100 / 18.9	1.5%
<b>Total</b>	<b>562,100</b>	<b>611,500</b>	<b>664,300</b>	<b>102,200 / 18.2</b>	<b>1.4%</b>

Sources: California Department of Transportation; Gruen Gruen + Associates.



**GG+A FORECAST OF OAKLAND PRIVATE EMPLOYMENT  
DRAWING ON USE OF SHIFT-SHARE ECONOMETRIC  
TECHNIQUE TO FORECAST EMPLOYMENT IN OAKLAND**

Shift-share is a well-accepted econometric methodology designed to build a model to forecast the employment growth for the sectors of a smaller or local economy, based on the acceptance of a forecast for the larger regional economy of which that local area is a part. In this instance, we use the Alameda County forecast prepared by Caltrans as described above. The end products of the shift-share analysis are simple equations that are used to predict the rate of employment growth in a particular industry sector of a local area as a function of the predicted rate of growth of that industry sector across a larger region. We defined the larger region as Alameda County and the local area as Oakland.

The shift-share analysis is accomplished by decomposing the observed historic growth of employment into three separate components: (1) region-wide; (2) industry specific; and (3) competitive (or local) share, or separable assumed causes of growth. This breaking apart of historic growth, based on a statistical attempt to assign causes of growth to unique regional, sector and local growth pressures, suggests the nature of three significant underlying trends in the structure and strength of the studied economies. The competitive component refers to the particular locational shift to or away from the local area (i.e., Oakland) during this period. The three components together account for the total observed change in employment for each sector. Table IV-5 presents the components of growth that occurred between 1995 and 2005 in the City of Oakland's employment base. Appendix A describes in greater detail the methodology used to forecast employment growth by economic sector.

**TABLE IV-5**

**Components of Growth for City of Oakland**

	Actual Change in Employment 1995-2005 #	Regional Component #	Industry Mix #	Competitive Component #
Mining and Construction	1,990	947	3,362	-2,319
Manufacturing	-1,356	2,062	-2,348	-1,071
Wholesale Trade	-785	1,456	30	-2,271
Retail Trade	1,859	1,854	-1,239	1,244
Transportation and Warehousing	-2,710	1,890	-2,593	-2,007
Information	1,653	506	-107	1,254
Finance, Insurance, and Real Estate	1,942	1,701	1,834	-1,593
Professional and Business Services	5,268	4,211	2,699	-1,642
Healthcare and Educational Services	6,027	3,976	827	1,224
Leisure and Hospitality	2,585	1,924	-197	858
Other Services	573	1,255	-370	-312
<b>Total</b>	<b>17,046</b>	<b>21,782</b>	<b>1,898</b>	<b>-6,634</b>

Sources: California Employment Development Department; Caltrans; Gruen Gruen + Associates.





Because employment in the City of Oakland grew at a comparatively slower rate than Alameda County as a whole, many of the components used to measure the relative strength of the local economy are negative. Despite net gains in employment, the negative “competitive components” observed for many industry sectors such as professional services, FIRE, and wholesale trade indicate that this growth was more attributable to overall growth across the County-wide employment base. Thus, if the past ten years are a valid indication of the future, these industry sectors within Oakland are likely to continue to comprise a less significant portion of the industry employment base throughout Alameda County<sup>2</sup>. The industry sectors with the largest competitive components during this period were the retail trade, information and educational and health service sectors. This indicates that local factors within the Oakland economy contributed more to the strong growth of these industries than regional changes within the County. This would also suggest that Oakland provides a comparative advantage for these industries that is likely to continue to accelerate growth at a faster pace than the County-wide industry base. The industry sectors with the lowest (or negative) competitive components during this ten year period were professional services, construction, wholesale trade, finance, insurance and real estate and manufacturing industries.

Table IV-6 presents the GG+A forecast of private employment for Oakland from 2005 to 2017. The forecast is largely based on the results of the shift-share analysis but also reflects qualitative adjustments based on historical rates of employment growth, our review of secondary office-using employment forecasts, and our interviews<sup>3</sup>.

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<sup>2</sup> For example, employment in the professional service sector within the City of Oakland comprised approximately 30.8 percent of County-wide employment within this sector in 1995. By 2005, Oakland’s share of County-wide employment in the professional service sector declined to 29.3 percent. The negative “competitive component” observed between 1995 and 2005 for this sector would suggest that future employment in the Professional Service sector is likely to comprise an even smaller share of the County-wide employment base than it does today. This, however, does not necessarily indicate that professional service employment in Oakland will decrease in the future, but will rather grow at a slower pace than industry employment within Alameda County as a whole.

<sup>3</sup> Appendix A summarizes the modifications made to the results of the shift-share analysis.



**TABLE IV-6**

**Forecast City of Oakland Private Industry Employment : 2005-2017**

	Actual 2005 #	Forecast 2012 #	Forecast 2017 #	Forecast Change 2005-2017	Average Annual Growth
Mining and Construction	7,623	6,159	5,289	-2,334	-3.0%
Manufacturing	10,911	9,472	8,562	-2,349	-2.0%
Wholesale Trade	7,877	6,838	6,181	-1,696	-2.0%
Retail Trade	12,887	14,803	16,344	3,457	2.0%
Transportation and Warehousing	8,533	8,836	9,059	526	0.5%
Information	4,664	5,736	6,650	1,986	3.0%
Finance, Insurance, and Real Estate	12,058	12,928	13,587	1,529	1.0%
Professional and Business Services	30,315	36,035	40,770	10,455	2.5%
Healthcare and Educational Services	29,675	32,935	35,480	5,805	1.5%
Leisure and Hospitality	14,029	16,115	17,792	3,763	2.0%
Other Services	8,037	8,617	9,056	1,019	1.0%
<b>Total</b>	<b>146,609</b>	<b>158,474</b>	<b>168,771</b>	<b>22,162</b>	<b>1.2%</b>

Sources: California Employment Development Department; Caltrans; Gruen Gruen + Associates.

Oakland's total job base is forecast to grow by approximately 1.2 percent annually between 2005 and 2017, a rate similar to historical growth. However, much of the growth is forecast to occur in the sectors most closely associated with office space consumption. Between 2005 and 2017, the total employment base is forecast to expand by approximately 22,200 jobs. Nearly 17,800 jobs, or approximately 80 percent of the net job growth, are forecast to be added within the FIRE, professional and business services and educational and healthcare service sectors, while sectors such as manufacturing and construction are forecast to lose jobs. This is consistent with secular national trends.

Between 2005 and 2012, the employment base is forecast to expand by 11,865 jobs or eight percent, to approximate 158,500 jobs by 2012. Between 2012 and 2017, total employment is forecast to increase by an additional 10,300 jobs to approximately 168,800 private sector jobs by 2017<sup>4</sup>.

<sup>4</sup> Because public sector employment in Oakland has fluctuated and declined since 1995, and because government employment within Alameda County is not forecast to substantially increase, we have not forecast government employment within Oakland. While government-related office users occupy substantial amounts of office space within the CBD and Oakland, the employment data and our interviews suggest that future demand for office space is likely to originate from private employment growth.



**CHAPTER V**

**ESTIMATED AMOUNT OF ADDITIONAL  
OFFICE SPACE REQUIRED TO ACCOMMODATE FORECAST  
EMPLOYMENT GROWTH WITHIN THE CITY OF OAKLAND**

**INTRODUCTION**

GG+A's Spacewalk™ model was used to convert our forecast of employment into an estimate of future demand for office space in Oakland. We estimate the share of future demand potentially captured within the Oakland CBD based on past supply trends and qualitative judgments resulting from our interviews.

GG+A's Spacewalk™ model converts employment growth by economic sector into an estimate of relevant demand for different kinds of space. Firms within a specific economic sector do not use the same type of space for all their workers. Therefore, the GG+A Spacewalk™ model assigns employment within various economic sectors to occupational categories that correspond to the types of building space most likely to be used. The resulting office space demand estimate depends upon the number of added workers requiring office space and the associated employment density (number of square feet of space per employee).

We have assumed an employment density of 250 square feet per office employee for the period 2007-2012. Based on past GG+A research, we use a lower employee density figure of 225 square feet per office employees for the period 2012 to 2017 that reflects increasing workspace efficiencies and the declining amount of space usually allocated for each worker. Table V-1 presents a sample of employment densities for office tenants currently located in the East Bay Market as estimated by CoStar in its Mid Year 2007 Office Report.

<b>Employment Densities of East Bay Office Tenants</b>	
	Square Feet of Office Space per Employee
Accounting	226
Communications	253
Finance, Insurance, and Real Estate	269
Medical	272
Business Services	282

Source: CoStar Group, Inc., Mid Year 2007 Report

**FORECAST OFFICE SPACE DEMAND OAKLAND: 2007-2017**

For the period 2007 to 2012, approximately 4,905 office space workers are forecast to be added within Oakland. This forecast employment growth is estimated to result in average annual demand of about of approximately 258,000 square feet for a total of approximately



1,288,000 square feet of office space. Between 2012 and 2017, approximately 5,630 office space workers are forecast to be added in Oakland. This employment growth is forecast to translate into demand for office space of 254,000 square feet per year for a total of 1,268,000 square feet. In total, the forecast growth in office space workers over the next ten years translates into total demand of approximately 2.56 million square feet of office space, or about 256,000 square feet per year<sup>5</sup>.

**FORECAST OFFICE SPACE DEMAND CBD: 2007-2017**

The Oakland CBD currently includes 15.1 million square feet of occupied office space, or approximately 66 percent of the 22.9 million square feet of office space in Oakland as a whole. Based on the continuing addition of housing units in Downtown Oakland, the ongoing enhancement of the base of support services, and that the CBD continues to provide best in class space, the Oakland CBD is estimated to capture approximately 60 percent of potential office space demand in the City as a whole<sup>6</sup>. This capture rate equates to average annual demand of approximately 153,000 square feet of additional space between 2007 and 2017. Over the ten year period, demand for additional office space within the Oakland CBD is estimated to total approximately 1.53 million square feet of space. While net absorption in individual years may have been lower or higher, on average, annual net absorption in downtown Oakland was approximately 125,000 square feet between 2003 and second quarter 2007.

Table V-2 shows the number of office workers forecast to be added within Oakland and the CBD and the associated amount of office space demand between 2007 and 2017.

<b>TABLE V-2</b>		
<b>Projected Net Additional Workforce and Office Space Demand for Oakland and CBD: 2007 to 2017<sup>1</sup></b>		
<b>Oakland</b>	2007 – 2012 <sup>2</sup>	2012 – 2017 <sup>3</sup>
Total Added Workers	4,905	5,634
Space Demand (Square Feet)	1,288,000	1,268,000
Space Demand Per Year (Square Feet)	258,000	254,000
<b>CBD<sup>3</sup></b>		
Total Added Workers	3,092	3,382
Space Demand (Square Feet)	773,000	761,000
Space Demand Per Year (Square Feet)	155,000	152,000
<sup>1</sup> Space demand has been increased by 5 percent to reflect frictional vacancy in the market.		
<sup>2</sup> Office employment density = 250 square feet per employee.		
<sup>2</sup> Office employment density = 225 square feet per employee.		
<sup>3</sup> Assuming a 60 percent capture rate.		
Source: Gruen Gruen + Associates		

<sup>5</sup> As summarized in Appendix B, the City of Oakland experienced net positive absorption of approximately 600,000 square feet between 2004 and 2007 (second quarter), or an average of 171,000 square feet per year.

<sup>6</sup> The estimated 60 percent capture rate for the CBD is consistent with recent absorption trends summarized in Appendix B.



CHAPTER VI

THE RELATIONSHIP BETWEEN OFFICE  
SPACE DEMAND AND SUPPLY IN OAKLAND CBD

RELATIONSHIP BETWEEN ESTIMATED  
OFFICE SPACE BUILDING SPACE DEMAND AND SUPPLY

Table VI-1 presents the relationship between the forecast demand for office building space in the Oakland CBD and the existing and potential future supply of office space in the Oakland CBD.

<b>TABLE VI-1</b>	
<b>Relationship Between Estimated Office Space Demand And Available Supply in Oakland CBD: 2007- 2017<sup>1</sup></b>	
	<b># Square Feet</b>
Estimated Supply of Vacant Class A and Class B Space	1,501,000
Estimated Amount of Space Under Construction and Announced <sup>2</sup>	1,035,000
Total Supply of Vacant Class A and Class B Space and Space Under Construction or Announced	2,536,000
Forecast Additional Demand	1,534,000
Supply Surplus	1,002,000
<sup>1</sup> Figures are rounded. <sup>2</sup> Includes 2100 Franklin project (under construction), Shorenstein Properties 500,000-square-foot City Center development at 11 <sup>th</sup> Street and Jefferson Street (expected to break ground in 2008) and SKS Investments 320,000-square-foot project at 1100 Broadway (expected to break ground late 2008 or 2009). An additional 1.7 million square feet of space is planned or proposed for development within the CBD.	
Source: Gruen Gruen + Associates	

Including the vacant Class A and Class B in the Oakland CBD and the 215,000-square-foot 2100 Franklin project, the recently announced 500,000-square-foot Shorenstein Properties City Center development at 11<sup>th</sup> and Jefferson and the 320,000-square-foot SKS Investments development at 1100 Broadway, the available supply of office space totals 2.54 million square feet of space. Between 2007 and 2017, total demand of 1,534,000 square feet compared to the identified supply of 2,536,000 produces an estimate of available supply of 1,002,000 square feet of space. Assuming no additional space is built by 2012, the vacancy rate for Class A and Class B space in the Oakland CBD would approximate 11.3 percent. Again, assuming no additional space is built between 2012 and 2017, the vacancy rate for Oakland CBD office space would decline to 6.4 percent.

The interviews and review of planned and entitled office space, however, suggest the likelihood of additional office space development occurring after the Shorenstein Properties 11<sup>th</sup> and Jefferson Street City Center project and SKS Investments 1100 Broadway project are completed and leased. This is likely to occur beyond 2014 if the three projects identified



above move forward.

## FORECAST OF RENTAL RATES

Table VI-2 presents estimates of Class A and Class B office space rents between 2007 and 2017.

<b>TABLE VI-2</b>		
<b>Forecast Rental Rates for Class A and Class B Office Space in Downtown Oakland</b>		
Year	Class A Full-Service Rents \$ Per Square Foot	Class B Full-Service Rents \$ Per Square Foot
2007	28.00 – 32.00	22.00 – 27.00
2008	29.12 – 33.28	22.66 – 27.81
2009	30.28 – 34.61	23.34 – 28.64
2010	31.50 – 36.00	24.04 – 29.50
2011	32.76 – 37.44	24.76 – 30.39
2012	34.07 – 38.93	25.50 – 31.30
2013	34.75 – 39.71	25.95 – 31.85
2014	35.44 – 40.51	26.40 – 32.41
2015	36.15 – 41.32	26.87 – 32.97
2016	36.87 – 42.14	27.34 – 33.55
2017	37.61 – 42.99	27.82 – 34.14
Source: Gruen Gruen + Associates		

Based on a synthesis of the brokerage reports and interviews, we estimate that under most leases for Class A space in the CBD, rental rates range from \$28 to \$32 per square foot (on a gross basis). We estimate rents for Class A space will increase approximately four percent per year through 2012. We anticipate that supply additions facilitated by favorable dispositions of sites by the City of Oakland will keep a lid on rental increases. Assuming that developers show some restraint and that Kaiser or any other major user does not vacate significant space in the Oakland CBD<sup>7</sup>, we estimate that rental escalation will moderate to an average of two percent per year from 2012 through 2017.

Class B rents range from \$22 to \$27 per square foot. Class B rents are unlikely to escalate as much as Class A space because of the greater amount of Class B space and because of the potential for some tenants to elect to move to Class A space if Class B rents escalate significantly. We estimate that on average Class B rents will increase at a rate of three percent per year through 2012. From 2012 through 2017, we estimate that Class B rents will increase at an average annual rate of 1.75 percent.

Tenant improvements paid for by landlords for new Class A space are estimated to range from \$35 to \$50 per square foot. Annual property taxes, insurance and operating expenses

<sup>7</sup> Kaiser has purchased approximately 360,000 square feet of office space located in the former People Soft Campus in Pleasanton. Kaiser has plans to potentially relocate up to 2,000 information-technology workers from existing offices in Oakland and Walnut Creek.



are estimated to range from \$11.00 to \$15.00 per square foot for Class A space and from \$9.00 to \$12.00 per square foot for Class B space in the Oakland CBD.



**APPENDIX A**

**ADJUSTMENTS TO SHIFT-SHARE EMPLOYMENT FORECAST**

Based on our interviews and review of secondary office-using employment forecasts, Table A-1 presents modifications made to the shift-share analysis. For example, we adjusted the forecast average annual growth rate for the information sector downwards because: (a) the growth rate produced by the shift-share analysis is substantially higher than the secondary forecasts of office-using employment (approximating two percent annually); and (b) future growth in the information sector is not likely to keep pace with historical rates of growth because information employment has increased from a relatively small base in the past. Likewise, we adjusted other industry growth rates upwards or downwards if they varied substantially from historical trends or secondary forecasts.

<b>TABLE A-1</b>			
<b>Modified Growth Rate Assumptions for City of Oakland Employment Forecast<sup>1</sup></b>			
<b>Industry Sector</b>	<b>Historical Growth Rate 1995-2005</b>	<b>Forecast Growth Rate Based on Shift-Share Results</b>	<b>Adjusted Growth Rate</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Mining and Construction	3.1	-4.9	-3.0
Manufacturing	-1.2	-2.8	-2.0
Wholesale Trade	-0.9	-2.1	-2.0
Transportation and Warehousing	-2.7	0.7	0.5
Information	4.5	5.2	3.0
Finance, Insurance and Real Estate	1.8	-0.1	1.0
Healthcare and Educational Services	2.3	1.2	1.5
Other Services	0.7	1.3	1.0
<sup>1</sup> Industry sectors not listed have not been modified.			
Source: Gruen Gruen + Associates			





**APPENDIX B**

**ABSORPTION TRENDS WITHIN CBD AND OAKLAND**

Table B-1 shows that the CBD has accounted for approximately 60 percent, or 357,000 square feet, of all office space absorbed within Oakland since 2004.

Year	Net Absorption in CBD # Square Feet	Net Absorption in Oakland # Square Feet
2003	206,000	NA
2004	130,000	463,000
2005	141,000	478,000
2006	-11,000	-570,000
2007 (1 <sup>st</sup> and 2 <sup>nd</sup> quarter)	97,000	229,000
<b>Total Absorption 2004-2007</b>	<b>357,000</b>	<b>600,000</b>
<b>Proportion of Total Absorption Captured by CBD</b>	<b>60%</b>	

Sources: NAI BT Commercial; CoStar, Mid Year Report 2007; Gruen Gruen + Associates.



Gruen Gruen + Associates (GG+A) is a firm of economists, sociologists, statisticians and market, financial and fiscal analysts. Developers, public agencies, attorneys and others involved in real estate asset management utilize GG+A research and consulting to make and implement investment, marketing, product, pricing and legal support decisions. The firm's staff has extensive experience and special training in the use of demographic analysis, survey research, econometrics, psychometrics and financial analysis to describe and forecast markets for a wide variety of real estate projects and economic activities.

Since its founding in 1970, GG+A has pioneered the integration of behavioral research and econometric analysis to provide a sound foundation for successful land use policy and economic development actions. GG+A has also pioneered the use of economic, social and fiscal impact analysis. GG+A impact studies accurately and comprehensively portray the effects of public and private real estate developments, land use plans, regulations, annexations and assessments on the affected treasuries, taxpayers, consumers, other residents and property owners.

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*APPLYING KNOWLEDGE, CREATING RESULTS, ADDING VALUE*

# Memorandum: Hayward Office Market Potential



**GRUEN GRUEN + ASSOCIATES**  
MEMORANDUM

Date: October 29, 2007  
To: Paul Natzke and Dan Potash  
From: Aaron N. Gruen and Debra L. Jeans  
Subject: **C1224: Hayward Office Market Potential**  
cc:

---

**INTRODUCTION**

This memorandum provides information and perspective on the office submarket of which Hayward is a part. The review indicates the following:

- Hayward is not a well-established preferred office space location,
- Hayward has a shallow office space base;
- Ample sources of competition for office space development exist;
- Office space rents are relatively low, and
- Significant ground lease or other payments are not likely to be garnered for County-owned property for development of office space given market rents will not support high land values.

The County is likely to be able to secure favorable terms if it would serve as an anchor tenant for office space development.

**THE SOUTH I-880 CORRIDOR IS NOT  
A PREFERRED, MAJOR OFFICE SUBMARKET**

The South I-880 corridor of which Hayward is a part has historically not been a preferred office space location. As Table I-1 shows, the corridor has served as a major location for industrial and distribution activities. Office uses comprise less than two percent of the total inventory of industrial, research and development, and office space in the South I-880 Corridor.



**TABLE I-1**

**South 880 Corridor Historical Inventory of Building Space by Type : 2003-2007<sup>1</sup>**

Year	Office		R&D/ Flex		Industrial <sup>2</sup>		Total
	Building Space # Square Feet	Proportion of Total %	Building Space # Square Feet	Proportion of Total %	Building Space # Square Feet	Proportion of Total %	Building Space # Square Feet
2003	2,216,260	1.6	30,681,795	22.7	102,545,807	75.7	135,443,862
2004	2,326,714	1.7	30,681,795	22.6	102,891,923	75.7	135,900,432
2005	2,321,179	1.7	30,779,703	22.6	103,037,350	75.7	136,138,232
2006	2,310,424	1.7	30,779,703	22.6	103,037,350	75.7	136,127,477
2007	2,317,854	1.7	30,779,703	22.6	103,037,350	75.7	136,134,907

<sup>1</sup> 2007 figures are for second quarter. South 880 Corridor includes Hayward, San Leandro, Union City, Fremont and Newark.  
<sup>2</sup> Includes warehouse, distribution and manufacturing space.

Sources: NAI BT Commercial; Gruen Gruen + Associates.

The South I-880 Corridor (including Hayward, Fremont, San Leandro, Newark and Union City) currently contains approximately 2.3 million square feet of office space. The 2.3 million square feet of office space located in the South I-880 Corridor constitute approximately two percent of the entire East Bay office market<sup>1</sup>. The warehouse, distribution and manufacturing space markets have historically dominated the South I-880 Corridor with more than 100 million square feet of space and greater than 75 percent of the total inventory.

While the office space vacancy rate remains low at approximately 6.1 percent, annual office space absorption within the South 880 Corridor has been limited in the past four years. The office space vacancy rate has fluctuated slightly, increasing from a low of 5.6 percent in 2005 to a high of 6.1 percent in second quarter 2007. Industrial space has performed significantly better since 2003 as the vacancy rate has declined from 10.6 percent to 5.6 percent over the past 4.5 years. Table I-2 shows the annual vacancy rates and absorption trends for office and industrial space located in the South I-880 Corridor.

<sup>1</sup> CoStar estimates a total inventory of approximately 103.7 million square feet of office space within Alameda and Contra Costa Counties.



<b>TABLE I-2</b>				
<b>Historical Vacancy Rates and Annual Absorption Trends for Office and Industrial Space in the South 880 Corridor: 2003 - 2007<sup>1</sup></b>				
	Office		Industrial <sup>2</sup>	
	Vacancy Rate %	Net Absorption # Square Feet	Vacancy Rate %	Net Absorption # Square Feet
2003	5.8	77,559	10.6	-1,579,828
2004	6.0	-769	8.2	2,415,254
2005	5.6	24,290	6.7	1,578,203
2006	5.7	-12,815	5.4	1,280,651
2007	6.1	-375	5.6	-192,476
Average Annual	N/A	19,531	N/A	778,179
<sup>1</sup> 2007 figures are for second quarter. South 880 Corridor includes Hayward, San Leandro, Union City, Fremont and Newark.				
<sup>2</sup> Includes warehouse, distribution and manufacturing space.				
Sources: NAI BT Commercial; Gruen Gruen + Associates.				

### Rental Rate Picture

Asking full-service rental rates within the South I-880 office market are well below asking rents at alternative locations within the East Bay market. As shown below on Table I-3, rental rates for office space within most South I-880 submarkets are substantially lower than more desirable office locations in Oakland, Berkeley, Emeryville, Walnut Creek and the East Bay market as-a-whole. Average asking annual rents for office space in the South I-880 market are approximately \$4.40 per square foot lower than average annual asking rents within the entire East Bay office market.

<b>TABLE I-3</b>	
<b>South I-880 Corridor Asking Rents by Submarket</b>	
South I-880 Submarket	Asking Rental Rate \$ Per Square Foot
East Hayward/Castro Valley	15.21
North Hayward/Castro Valley	19.37
East Fremont	27.36
West Fremont	13.00
Newark	23.21
East San Leandro	20.18
West San Leandro	13.51
Union City	19.76
<b>Average South I-880 Market</b>	<b>18.95</b>
<b>Total East Bay/Oakland Market Average</b>	<b>23.33</b>
Sources: CoStar, Mid Year Report 2007; Gruen Gruen + Associates.	



## **CITIES ATTEMPTING TO ENCOURAGE OFFICE SPACE DEVELOPMENT**

Cities within the South I-880 corridor planning or seeking to encourage office development near BART stations include Fremont, which under its Central Business District Concept Plan, envisions 2.0 million square feet of space, while Union City envisions 2.5 million square feet of space in its planned Intermodal Station District. Strong competition will exist for attracting office space development.

## **HAYWARD HAS A SHALLOW OFFICE SPACE BASE**

According to Torto Wheaton Research's First Quarter 2007 *Office Outlook*, the Hayward/Castro Valley submarket includes only 250,000 square feet of Class A office space in four buildings. Torto Wheaton reports an average gross rental rate of \$24 per square foot with no space under construction.

An interview with the leasing agent for the largest multi-tenant office building in Hayward, the six-story, 130,000-square-foot Southern Office Center adjacent to Southland Mall, confirms that Hayward office market is shallow and that Hayward is characterized as primarily an industrial location. Average annual gross rent for the first five floors is \$22.20 per square foot. The six floor can obtain somewhat higher rents. The building was 98 percent leased several months ago but the building is now only 80 percent leased. Many of the smaller sub-prime lenders and mortgage broker tenancies have gone out of business and vacated their suites. The largest tenant is a 14,000-square-foot Social Security office. The other large multi-tenant office building is an approximate 100,000-square-foot mid-rise office building in Downtown Hayward. Office flex space is available in the numerous industrial parks within Hayward.

## **RENTS ARE NOT HIGH ENOUGH TO SUPPORT FEASIBLE PRIVATE DEVELOPMENT OF SIGNIFICANT OFFICE SPACE BUILDINGS**

Given the relatively low office space market rents, subsidies will be needed to facilitate the feasible private development of major office space development. The County would likely secure favorable lease rates were it to serve as an anchor tenant for office space development. A subsidy to the development, however, would be needed for the County to pay lower rents than those needed to amortize and provide a return on development costs.

# Department Interview Questions



## **Alameda County Real Estate Master Plan Department Interview Questions**

### **Programs and Services**

- What external factors (e.g. socio-economic, demographic, environmental, regulatory, legislative, political, technological, etc.) most affect the types of programs and services your department offers? Do you see these factors changing over the next 5, 10, and 20 years in Alameda County and how might they affect the programs and services offered?
- What internal factors (e.g. leadership, culture, organization, technology, operations, resources, facilities, workplace, etc.) affect the programs and services your department offers? Do you see these internal factors changing in the next 5, 10, and 20 years and how might they affect the programs and services offered?
- What are the major issues or challenges Alameda County faces today? How do these issues or challenges affect your department and the programs and services offered? Do you have strategies to overcome them?
- Regarding the County's draft Strategic Visioning initiative, what goals and strategies are emerging as top priorities (Transportation and Housing, Environment/Sustainability, Safe and Livable Communities, and Vulnerable Populations). How might the implementation of these major initiatives affect the programs and services your department offers and the facilities that house them?

### **Organization, Departmental Staff and Process**

- Do you see the nature of your department's work change in the future causing changes in your organization and the profile of your staff members?
- Of the factors you described, which ones might cause a change in staffing levels over the short-term and long-term?
- Do you see any changes (e.g. process, technology, funding, facilities, etc.) that may lead to how your department delivers programs and services differently?
- How well does the existing technology support your work? Do you see emerging technologies impacting the way you work (e.g. internet, customer service kiosks, wireless)?

### **Location and Facilities**

- Do you see the factors that may affect your programs and services also affect the location and size of facilities that you use over the next 5, 10 and 20 years?
- What are the primary criteria used by your department in selecting a location (e.g. cost, adjacencies)? Does this differ for facilities that the public visits?
- How does your physical environment support the services you deliver?
- Of the facilities located in the study area, which are in the greatest need? Describe the need.
- Where are the programs located that receive some level of facilities cost reimbursement from the State and/or Federal government?

**Work Spaces**

- How well do your current workspaces (i.e. offices and workstations) support the way work is handled? How well do the public spaces support service delivery? Do existing meeting spaces serve your department's needs?
- What kinds of tasks do employees of your department typically perform on a daily basis (e.g. focused individual work, meetings, phone/conference calls)? What is the typical number of participants in your meetings?
- What special spaces (e.g. library, lab, public counters, large training areas) does your department require?

**Filing, Storage and Parking**

- How is filing handled within your department? Is the current file configuration/capacity working?
- What types of storage does your department require (e.g. equipment, high density, on or off-site, temporary or permanent)? How significant are these needs?
- Do you have any off-site leased storage facilities? Are there any challenges inherent in consolidating storage into a single location?
- Is there adequate parking in the Study Areas for your staff and visitors (if applicable)? If not, how are you accommodating the shortfall (e.g. offsite parking, incentives program, alternate means of transportation, etc.)?

# Department Survey Form

As part of the Real Estate Master Planning process, we are submitting this survey to be filled out by the agencies and departments in the study areas. The questions in the survey focus on such issues as projected departmental growth, primary locational requirements, work with other departments or functional groups, storage, parking, and other critical real estate and facilities issues. In completing the survey, please take care to represent all your department’s facilities that our included in the study areas in downtown Oakland and Hayward. To make the reading easier, we have referred to everyone as a “**department,**” even though you may officially be an “**agency.**”

Please fill out the survey forms directly in Microsoft Word and Microsoft Excel, and then submit both forms via e-mail to vince\_sena@gensler.com. We ask that you return your completed surveys **by August 24.** You are not limited to the space provided and the document will automatically adjust to accommodate additional information in any of the sections. If there is additional information that you feel is pertinent, please use **Section VIII. Additional Comments.** Accompanying this Word document is an Excel spreadsheet that asks for information specific to the individual facility locations of your department. Please fill in this spreadsheet when completing Sections II, III, V & VII.

Concurrent with the survey, we will be scheduling interviews with each of you to discuss some of the more qualitative issues around your work and facilities. If you have questions in the meantime, please feel free to contact our consultant Paul Natzke (310.449.5815, paul\_natzke@gensler.com) or Elizabeth Brink (310.449.5753, elizabeth\_brink@gensler.com).

Please provide your name and phone number below in case we need to contact you with questions.

Name: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

**DEPARTMENT OVERVIEW**

Please confirm the formal name of your agency or department:

Agency/Department: \_\_\_\_\_

**I. MISSION, GOALS & CUSTOMERS SERVED**

Please briefly describe your department’s mission. What’s most important about it?

**II. LOCATION**

- 1.) In Section II. Location of the Excel spreadsheet that accompanies this Survey, please confirm your Department's current locations in downtown Oakland and Hayward or indicate additional locations within the two study areas as necessary. Please identify which programs are served out of each location, and indicate (with a 'yes' or 'no' response) if the location is **primarily** used for office space. In the column labeled "Why is this location important?" please explain if there is a critical reason why this particular location is important to the function of your Department.

**III. HEADCOUNT**

- 1.) In Section III. Headcount of the Excel spreadsheet that accompanies this Survey, please indicate the existing and future headcount of your department, using your best possible estimate going as far into the future as you know. Please be sure to include *all* positions requiring a space to perform work, such as contractors, auditors, visitors, etc. If you are unable to project your future headcount then enter "n/a" in the applicable cell.

- 2.) Please rank from 1-3 the top three (3) factors and/or assumptions that you used to project your department's headcount in the accompanying spreadsheet (1 being the most important factor).

- Growth in County population
  - Increases in County employment
  - Shifts in demographics
  - Changes to funding
  - Regulatory requirements
  - Historic headcount
  - Organizational changes
  - Technology changes (e.g. telecommuting, Internet, email, etc.)
  - Other. Please explain: \_\_\_\_\_
- 
- 
- 

**IV. ADJACENCIES**

- 1.) Using the chart below, list the other County departments your department works with most frequently, and indicate the type of interaction(s) that are most frequent (e.g. face-to-face meetings, paper record exchange, etc.). Also, identify how critical adjacency with this department is for your work flow and productivity by marking an "X" in the appropriate column. Feel free to enhance with comments.

DEPARTMENT	Contact Type (e.g. face to face, telephone, e-mail, shared clients, small groups)	ADJACENCY IMPORTANCE			Why?
		Extremely Critical	Important	Would be Nice	

2.) Using the chart below, list which divisions/programs within your department work together most frequently, and indicate the type of interaction(s) that are most frequent (e.g. face-to-face meetings, paper record exchange, etc.). Also, identify how critical this adjacency is within your department for your work flow and productivity by marking an “X” in the appropriate column. Feel free to enhance with comments.

DIVISIONS/PROGRAMS	Contact Type (e.g. face to face, telephone, e-mail, shared clients, small groups)	ADJACENCY IMPORTANCE			Why?
		Extremely Critical	Important	Would be Nice	

3.) Using the chart below, list any non-County entities, such as the State, City of Oakland, etc., that your department works with most frequently, and indicate the type of interaction(s) that are most frequent (e.g. face-to-face meetings, paper record exchange, etc.). Also, identify how critical adjacency is with this non-County entity for your work flow and productivity by marking an “X” in the appropriate column. Feel free to enhance with comments.

NON-COUNTY ENTITIES	Contact Type (e.g. face to face, telephone, e-mail, shared clients, small groups)	ADJACENCY IMPORTANCE			Why?
		Extremely Critical	Important	Would be Nice	


4.) Please site specific examples of adjacencies that currently work well for your department, division, or with non-County entities, or those that you would like to implement in the future. Describe the adjacency in terms of physical proximity, and why it is effective.

5.) Please specify which departments, divisions/programs, or entities, if any, should NOT be located closer to your department than they are now. What potential problems would exist if these collocations were implemented?

**V. WORKPLACE EVALUATION**

1.) In Section V. Workplace Evaluation of the Excel spreadsheet that accompanies this Survey, please comment on the existing conditions of your department’s space for each location. Note any special pluses and minuses about the overall location, individual space, support space, technology, or customer service of your facilities (e.g. "great lighting," "poor air conditioning," "good neighborhood amenities," "inadequate storage," parking problems, etc).

2.) Which facilities do you consider to be the best and worst spaces within your department Countywide? Why?

3.) What is currently changing about the work your department does? Are these changes affecting the way that you deliver services? What types of changes to your department’s work and service delivery are you anticipating for the future?

4.) What is currently changing about how your department uses technology? Is technology affecting the way that you deliver services (e.g. more online services provided or fewer onsite visitors)? How do you anticipate technology affecting you department in the future?

- 5.) Have employees in your department expressed interest in tele-commuting, flex time, or other alternative work strategies? Is the work of your department compatible with opportunities for alternative work strategies? Does your department have any plans to implement or study opportunities for telecommuting, flextime, or other alternative work strategies?
- 6.) If you could change one thing about your existing space layout, what would it be? Please think of a “big picture” change that affects as large a portion of your department’s portfolio as possible.

## **VI. STORAGE**

### **1.) File Storage**

Industry standards are approximately 2 drawers of shared file space per person (not including roughly 4-6 drawers of individual files in each office or workstation). Does your group substantially exceed this amount? If so, please specify.

### **2.) Other Storage**

- a.) Do you have other items (equipment, pamphlets, large format plans, supplies, etc.) that you need to store nearby? If so, where are they currently stored (e.g. your floor, your building, off-site storage unit)?
- b.) If you have off-site storage, is it sufficient to hold these items? If not, approximately how much additional space do you need?
- c.) Could any of your on-site items be stored off-site? If so, approximately how much space would you need?

### **3.) File Scanning**

- a.) Has your department (or the County overall) implemented or considered implementing an electronic file scanning and archiving system? If so please describe in detail. When was it implemented? What was the cost? How long did it take? How far along are you? If you



decided not to implement after evaluating such a program, what factors influenced your decision?

**VII. PARKING AND WORK COMMUTE**

**1.) Employees**

- a.) In Section VII. Parking of the Excel spreadsheet that accompanies this Survey, please indicate the number of parking spaces allocated to your department at each facility.
  
- b.) Is employee parking adequate? If not, why not?
  
- c.) Generally, how close is employee parking to your facilities (e.g. connected, adjacent, 5 minute walk, etc.)? Do people complain about the distance?
  
- d.) Do employees in your department park on-site or off (i.e, on the street)? If off-site or on the street, is this due to policy dictates or lack of available employee parking?

**2.) Visitors**

- a.) Is visitor parking adequate? If not, why?
  
- b.) Can visitors normally find free parking? If not, do you validate for private lots? If not, do visitors complain about the cost of parking?
  
- c.) Generally, how close is visitor parking to your facilities (e.g. connected, adjacent, 5 minute walk, etc.)? Do people complain about the distance?

**3.) Field Work / Offsite Work**

- a.) What percentage of your department works out of the office in the field?

- b.) Are your department's field workers provided with county vehicles?
  
- c.) Are there any parking issues that exist as a result of your department's field work?
  
- d.) Are there any other issues that exist as a result of your department's field work?

**4.) Work Commute**

Please identify below an estimate of the percentage of your staff using each travel method.

<b>%</b>	<b>Primary Travel Method</b>
_____	Personal Automobile
_____	Car Pool
_____	Van Pool Service
_____	Public Transportation
_____	Other

**VIII. ADDITIONAL COMMENTS**

Please use the space below to add any additional comments or for responses to the questions above that require additional space.



# List of Facilities Excluded from Office Square Footage Analysis

Alameda County Real Estate Master Plan  
 FACILITIES EXCLUDED FROM SQUARE FOOTAGE UTILIZATION ANALYSIS\*

<b>Facility</b>	<b>Address</b>	<b>Exclusion Type</b>	<b>Reason for Exclusion</b>
Public Health Lab	499 5th Street, Oakland	All	Lab space
HCSA/BHCS-303 Hegenberger	333 Hegenberger Rd, 600, Oakland	All	Vacated
12th & Oak Street Building	125 12th Street, Oakland	Partial	Conference center/Law Library
1401 Lakeside Drive	1401 Lakeside Drive, Oakland	Partial	Public spaces
1111 Jackson St	1111 Jackson St, Oakland	All	Vacated
Public Defender Branch Office	380 Washington Street, Oakland	All	Vacant space
PWA Building	399 Elmhurst St., Hayward	Partial	Public spaces
Registrar of Voters	8000 Capwell Drive, Oakland	All	Warehouse
Coroner's Building	480 4th Street, Oakland	All	Lab and storage space
Social Services Agency Building	401 Broadway, Oakland	Partial	Public and meeting spaces
SSA Warehouse-31 4th St	31 4th Street, Oakland	All	Warehouse
2000 San Pablo	2000 San Pablo Av., Oakland	Partial	Public and Community Based Organization spaces
Eden Area Multi-Service Center	24100 Amador Street, Hayward	Partial	Public, meeting, and lab spaces

\* All or portions of the above facilities were excluded from the Team's analysis of current space utilization. This was done so as not to unfairly skew the square foot per person analysis for any single building or department.

# Civic Center Parking Shuttle Options

**Alameda County Real Estate Master Plan  
Civic Center Parking Shuttle Information  
10/15/2008**

**Civic Center Location:**

1221 Oak Street, Oakland, CA

**Proposed Parking Location:**

Jack London Square, a distance of 1.2 miles southwest of the Civic Center

**Number of Employees in need of shuttle services:**

600-700

**Shuttle Service Options:**

**Option 1: Delta Charter Bus Services**

Motor coach - *47 passengers*

School-type bus - *55 passengers*

**Annual Cost for 2 Buses for two 3-hour shifts:**

\$587,080 for 2 motor coaches

\$503,880 for 2 school-type buses

**Annual Cost for 2 Buses for a full day – 12 hours:**

\$607,880 for 2 motor coaches

\$535,080 for 2 school-type buses

**Contact:**

John Martin: 209-465-1053

**Option 2: Galactic Transporter Inc.**

Shuttles carry *20 passengers* and can make 5 loops an hour.

**Annual Cost for 2 shuttles for two 3-hour shifts - \$280,800**

**Annual Cost for 2 shuttles for a full day – 12 hours - \$561,600**

**Contact:**

Curtis Pettway: 1-415-725-0188

# Report on Alternative Workplace Strategies



# OVERVIEW

Alternative workplace describes a range of strategies that support non-traditional work styles and more efficient use of the workplace. These strategies include:

- Flex time
- Telecommuting
- Leveraged seating
- Team-based settings
- Swing offices

The aim of these strategies is to respond to the changing nature of work and the changing context of business by better supporting a diversity of work styles, enhancing employee satisfaction and productivity, and utilizing resources more efficiently and sustainably.

The following pages provide a high level description of the forces driving organizations to consider alternative workplace strategies, as well as the potential benefits and challenges of those strategies overall.

It is important to note that **there is no single strategy that is appropriate for all organizations**. Each alternative workplace strategy responds to a specific set of needs and goals, and also has its own specific set of potential benefits and challenges. **Each strategy should be evaluated for potential benefits within the context of organizational goals, job functions, workplace culture and employee workstyles.**



# OVERVIEW

## DRIVING FORCES

Many alternative workplace strategies are based on research showing that workers have already become more mobile and that work now happens in many different locations outside the traditional workplace. Greater mobility is a natural product of working in a global knowledge economy.

There are also several key demographic, economic, social and technological factors that are driving organizations to consider alternative workplace strategies, including:

- A younger generation of techno-savvy workers entering the workforce
- Changing employee expectations and demands for flexibility
- Widespread adoption of mobile technologies, including laptops, PDAs, and smart phones
- Rising costs of real estate and energy
- Increasing commute times and costs
- Increasing awareness of the need for sustainable resource management and sustainable management policies

These forces will continue to push organizations, both public and private, to incorporate alternative workplace strategies into their real estate and space planning in order to be competitive, productive and responsible.

## POTENTIAL BENEFITS

Successful implementation of alternative workplace strategies can result in numerous benefits including:

- Reduced square footage in an organization's real estate portfolio
- Reduced operating costs due to a smaller real estate footprint
- Increased flexibility for future growth and organizational change
- Increased employee satisfaction and retention
- Increased employee productivity and innovation
- Reduced commute times for workers and reduced traffic congestion in communities
- Lower carbon emissions related to operations and workforce commute

## POTENTIAL CHALLENGES

There are also serious challenges to launching and maintaining any alternative workplace program, including:

- Public and stakeholder perceptions
- Management culture and practices (*"I don't know if they're working unless I can see them"*)
- Employee accountability and performance metrics
- Labor union concerns
- Costs of technology and infrastructure upgrades needed to support mobile work
- Engagement and relationship-building for mobile workers

# EXAMPLES OF WORKPLACE STRATEGIES

The following pages outline several specific types of alternative workplace strategies. These include:

- Flex time
- Telecommuting
- Leveraged seating
- Team-based settings
- Swing offices

# EXAMPLES OF WORKPLACE STRATEGIES

## Flex Time

Flex time programs aim to give employees flexibility in the hours they work, while also ensuring that all employees are available for meetings and collaboration in the workplace.

Examples of flex-time programs include:

- **Core Hours** – Employees are required to be in the office for a core set of hours each day (e.g. 10-3). Outside those hours, they can choose to come in early, leave late or work traditional hours as long as they adhere to the core hours.
- **9/80 Schedules** – Employees are expected to work 80 hours in 9 days, and then they do not work on the 10<sup>th</sup> day. This allows each employee one “day off” every other week.
- **Dark Fridays** – Similar to the 9/80 schedule, workers work longer days. This allows the office to be closed every, or every other, Friday.



## Space Planning Implications

- Retains a 1 person to 1 seat ratio.

## Benefits

- Gives employees personal flexibility to schedule commutes, family responsibilities, etc.
- Staggers commuting hours away from peak times.
- Can reduce energy use and operational costs associated with keeping the office open (Dark Fridays).
- Does not require substantial infrastructure or technology investment.

## Challenges

- Scheduling of meetings is limited to core hours.
- Can cause some disruption in work process or customer service if not well managed.

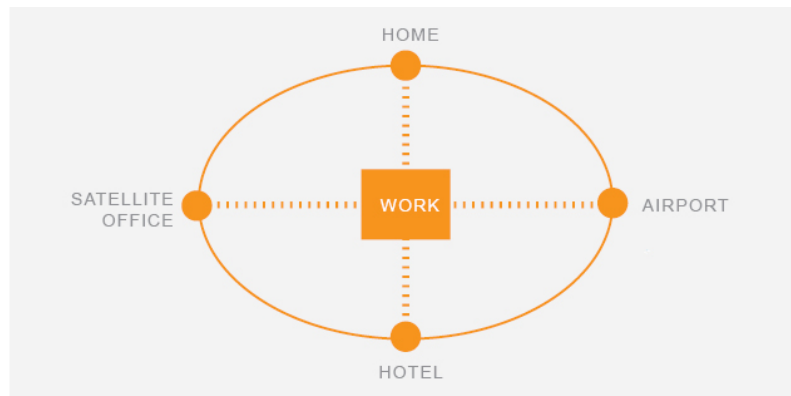
# EXAMPLES OF WORKPLACE STRATEGIES

## Telecommuting

Employees work outside the office for one or more days per week. These employees remain directly tied into the work that is going on in the office through email, VPN, conference calls and other mobile communication tools.

Different types of telecommuters include:

- Those who work at home,
- Those who consistently travel,
- Those who work in a client's or partner's office,
- Those who work in company-owned satellite office,
- Those who work in residential business centers that are not company-owned.



## Space Planning Implications

- Allows a leveraged seating model (see following page) in which there are fewer total seats provided than total number of employees. The ratio of seats to employees will vary depending on how many days employees telecommute.

## Benefits

- Increased employee flexibility and ability to balance work-life commitments.
- Increased employee job satisfaction, engagement and productivity.
- Reduced commute times and transit costs.
- Efficient and productive use of working hours for workers on the road or with a spread out client base.
- Potential for reduction of individual workspace within the office environment (Flexibility is the trade-off for reduced space).

## Challenges

- Difficult to manage/supervise offsite workers.
- Need to invest in technology (infrastructure, mobile devices and home office equipment).
- Reduced co-worker interaction.

# EXAMPLES OF WORKPLACE STRATEGIES

## Leveraged Seating

(i.e. **Hoteling**, **Free Address**, **Touchdown**)

This concept provides a pool of workspaces for short term individual use. Employees are not assigned a permanent workspace. This is often used for employees who telecommute two or more days per week, or field workers who only need to stop into the office for short periods of time.

The two most common operational models are:

- **Hoteling**- Individual workspaces are reserved for use by a particular person for a specific time period (ranging from a few hours up to a full work week). Often, a “concierge” is responsible for scheduling and equipping these spaces for use.
- **Free Address/Touchdown** – Workspaces are assigned on a first-come first served basis (touchdown/free address).



## Space Planning Implications

- Allows a reduction in the ratio of total seats to employees. If telecommuting is used aggressively and managed effectively, the reduction in space requirements can be significant.

## Benefits

- Reduces underutilization of individual workspaces.
- Minimizes real estate overhead, and cost of workstations by providing a minimum number of workspaces.
- Accommodates headcount increases without the corresponding increase in seats and real estate costs.
- Hoteling assures employees that a workspace will be available and ready for them and provides a managed support system by means of a concierge.
- Free address workspaces save concierge costs and maximize use of unassigned space.
- Can be implemented for groups/departments of various sizes, based on the functional needs of that group.

## Challenges

- May require significant cultural shift.
- Requires management oversight.
- Storage and confidentiality can be problematic.
- Potential for scheduling conflicts.

# EXAMPLES OF WORKPLACE STRATEGIES

## Team-Based Settings

This strategy provides a team or department with work space that contains a variety of unassigned work areas such as desks, couches, group tables and chairs, barstools at countertops, private huddle rooms, etc. Each employee selects the type of work area that is appropriate to the kind of work being done. Personal files and belongings are kept in convenient lockers.



## Space Planning Implications

- Replaces the 1 person to 1 seat ratio with a total number of seats and amount of space assigned to a group or team. This can reduce the total space required.

## Benefits

- Reduces overall square footage required and increases utilization of space by moving away from the traditional model of individually assigned workspaces.
- Provides a variety of work spaces to support different types of work.
- Creates an active, vibrant work environment that supports knowledge sharing, team work and continuously changing work patterns.

## Challenges

- Variable size of teams may create space shortages.
- Difficult to manage turnover of spaces among users.
- Requires accurate projections of user size and volume.

# EXAMPLES OF WORKPLACE STRATEGIES

## Swing Offices

This strategy uses flexibly configured offices to provide flexibility and increase utilization. Offices are configured so that they can be used by different people or for different work functions with small, easily-managed changes. For instance, an office can be configured with a stand-alone work desk that can also be used as a conference, work, or team space. This office will also contain individual storage lockers for one or more individuals who frequently work outside the office.

## Space Planning Implications

- Retains a 1 person to 1 seat ratio. Provides a potential for increased utilization of office spaces.

## Benefits

- Provides maximum efficiency for under-used offices.
- Provides private office space when needed.

## Challenges

- Poses challenges to security and privacy.
- Requires the purchase of furniture that can accommodate multiple uses.
- Will not have a significant impact on overall square footage of real estate required.





# IMPLICATIONS

## PRIVATE SECTOR ACCEPTANCE

Private sector organizations are embracing alternative work strategies to varying degrees. As mobile technology becomes more ubiquitous and employee expectations shift, the private sector is increasingly looking at alternative work strategies as a way to compete for talent and to be more efficient in their use of resources. A recent study<sup>1</sup> showed:

- 35% of US companies have a mobility program
- 26% are developing one
- 15% have a mobility budget

For many of these companies, the potential long term real estate and operational cost savings - as well as the benefits to recruiting, retention and employee engagement - make the investment in technology, cultural shifts and new management models worthwhile. The most successful private sector companies are using alternative workplace strategies selectively within their organizations, targeting the specific departments and employees.

## PUBLIC SECTOR ACCEPTANCE

While alternative workplace strategies are becoming more widely implemented within the private sector, the public sector has overall been more cautious in implementing many of these strategies. Barriers to adoption include:

- Public accountability and perception
- Union contracts
- Difficulty in changing long-standing work patterns
- Technology and infrastructure requirements
- Regulatory and program requirements

However, several state, county and local governments have been successfully implementing flex-time strategies. One notable example is the State of Utah which placed all non-emergency state employees on a 9/80 schedule in order to reduce operating costs, commuting costs and traffic congestion.

The Federal government is also moving forward with implementing some alternative workplace strategies. According to the U.S. Office of Personnel Management<sup>2</sup>:

- Over 119,000 Federal employees teleworked in 2005
- 60 percent of them teleworked at least once per week (6.6% of the Federal Government's 1.8 million workers).

However, the OPM study also cited several barriers to teleworking, including:

- IT security
- IT funding
- Management resistance
- Organizational culture
- Office coverage

Sources:

1. Nemertes Research 2007
2. U.S. Office of Personnel Management's (OPM) Report on the Status of Telework in the Federal Government (June 2007).

# IMPLICATIONS

## REAL ESTATE PORTFOLIO IMPLICATIONS

Based on recent studies, the implications of alternative workplace strategies on real estate portfolio costs is mixed. Many large, private sector organizations have successfully used alternative workplace strategies to reduce real estate cost over the long term. However, data also shows that cost savings due to alternative workplace strategies is limited. Data for government and public sector cost savings is not widely available.

Ideally, with fewer workers in the office full-time, space needs can be drastically reduced. In turn, this reduction in space can lead to a complete realignment of the real estate portfolio and result in significant cost savings. The amount of potential savings varies widely depending on which strategies are implemented, how widely they are implemented and how carefully space is managed and consolidated.

Canadian Telework Association, a non-profit association dedicated to promoting alternative workplace, cites several case studies of companies that have tied specific cost savings to the reduction in real estate resulting from successful implementation of alternative workplace strategies. Examples include:

- AT&T has saved \$500 million since 1995 by promoting telecommuting
- IBM saves \$56 million per year and has eliminated two million square feet of surplus space

- Nortel cut the number of dedicated spaces for its 13,000 workers down to 9,000 saving \$20 million a year

However, real estate cost savings are not guaranteed. A 1998 study conducted by LaSalle Partners and the International Facility Management Association (IFMA) showed limited impacts of implementing alternative workplace strategies on real estate needs.

- Only 40 percent of the facility managers surveyed reported a decrease in square footage per worker as a result of alternative workplace strategies.
- Only 20 percent reported a reduction in the total amount of space (largely due to an increase in the amount of shared or non-dedicated spaces)
- 71 percent reported no cost savings as a result of implementing alternative workplace strategies.
- 40 percent reported that higher technology costs offset any real estate savings.

These mixed findings imply that the **County needs to apply a strategic approach to alternative workplace in order to increase the probability that any program will deliver a measurable return on investment.** That strategy should incorporate a comprehensive assessment of County staff's unique needs, potential space planning and design concepts, management requirements, phased integration opportunities, and appropriate metrics. It also requires a collaboration between real estate, finance, IT, HR and program/department management.