



April 4, 2024

TO: Supervisor Connie Chan, Chair, Budget and Appropriations Committee

THROUGH: Jeremy Spitz, Local Government Affairs Manager

FROM: Steven R. Ritchie, Assistant General Manager, Water
Steven R. Ritchie

SUBJECT: Proposed Disposition of the Rollins Road Facility

In May 2022 while the Budget and Appropriations Committee was considering File Nos. 220502 and 220503, the Water Enterprise capital appropriation and bond authorization ordinances, the Budget and Legislative Analyst asked the committee to, "Request the SFPUC General Manager to report on the proposed disposition of the Rollins Road facility during the review of the SFPUC two-year operating and capital budget in May 2024."

This memo provides information regarding the utilization of the office facility at 1657 Rollins Road in Burlingame. About 100 SFPUC Water Enterprise staff, primarily from the Water Quality Division, but also from the Natural Resources and Lands Management Division and the Water Supply and Treatment Division, occupy the Rollins Road facility. The SFPUC began leasing space at the facility in 1999.

The SFPUC lease included a provision for the right of first refusal should the then-owners wish to sell the property. The SFPUC acquired the property in 2017 for \$9,132,962. Initial plans were developed for the refurbishment of the facility beginning in 2018. However, it was concluded that the building was in need of seismic upgrades that would require the relocation of staff away from the building for at least two years. At the same, time plans were being developed for modifying the SFPUC's campus at 1000 El Camino Real in Millbrae. A search was conducted to determine if there was suitable office space to accommodate the temporary relocation of staff from Rollins Road during the seismic upgrade. The search results indicated that there were no suitable facility options within a reasonable distance from the Rollins Road facility. At that point, it was concluded that the best option was to accommodate the staff from Rollins Road in the 1000 El Camino, Millbrae campus. Once the

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Millbrae Campus Improvements Project is completed, the SFPUC could sell the Rollins Road facility. During this period, a preliminary, unsolicited offer of \$25 million was received for the Rollins Road facility. The offer was rejected as the SFPUC would continue to need the Rollins Road facility until the Millbrae campus could accommodate the relocated staff.

The Millbrae campus improvements project is included in the SFPUC's 10-year Capital Improvement Program. One element of the project is to construct a new building in available space on the Millbrae campus to accommodate a modern water quality laboratory to replace the outdated laboratory in the existing 1000 El Camino Real building. The new building is also being designed to include space for the staff to relocate from Rollins Road. The current schedule projects construction beginning on the new lab and office building in December 2027 and completion in November 2029.

Since the staff relocation will not occur until late 2029 or early 2030, the SFPUC has made or planned various improvements to the Rollins Road facility. These include:

Improvements over the past two years:

- Assuming control of additional space in the building from a departing tenant and making improvements so staff could occupy this space (\$1M),
- Roof repairs (\$0.7M) and
- Security improvements (\$0.5M – fence and electronic access controls).

Planned improvements over the next two years:

- EV charging stations,
- parking area resealing/restriping,

Please let me know if you have any questions or require more information.

cc: Andrew DeGraca, SFPUC
Katie Miller, SFPUC
Rosanna Russell, SFPUC
Brent Jalipa, Assistant Clerk of the Board
Nicolas Menard, Budget and Legislative Analyst