

File No. 190325

Committee Item No. 1

Board Item No. \_\_\_\_\_

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date April 10, 2019

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

- Motion
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- Ordinance
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- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

#### OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date April 5, 2019

Completed by: Linda Wong

Date \_\_\_\_\_



OFFICE OF THE  
CITY ADMINISTRATOR



London N. Breed, Mayor  
Naomi M. Kelly, City Administrator

March 19, 2019

Supervisor Sandra Fewer  
Chair, Budget & Finance Committee, Board of Supervisors  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

Dear Chair Fewer and Ms. Calvillo,

I am formally and respectfully requesting a hearing at the Board of Supervisors' Budget & Finance Committee to have funding from the 2018-19 budget taken off of Budget & Finance Committee Reserve for the Hall of Justice Exit.

The Budget & Finance Committee members voted last spring to place a total of \$13,034,310 on reserve in the 2018-19 budget: \$7,934,310 from the Justice Facilities Improvement Program, where funds for the Hall of Justice exit are programmed in the Capital Budget, and \$5,100,000 for Furniture, Fixtures, and Equipment related to that exit. Last spring Committee requested detail on how these monies would be spent, and that detail is available.

I respectfully request that this item be scheduled at the earliest possible Budget & Finance Committee meeting, ideally April 3, 2019.

Thank you for your consideration and action on this request.

Sincerely,

Naomi M. Kelly  
City Administrator  
City and County of San Francisco

CC: Clerk of the Board of Supervisors, Angela Calvillo

<p><b>Item 1</b> <b>File 19-0325</b></p>	<p><b>Department:</b> City Administrator's Office District Attorney's Office, Adult Probation Department</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<ul style="list-style-type: none"> <li>The proposed hearing is to request the release of \$13,334,310 on Budget and Finance Committee reserve for the Hall of Justice (HOJ) relocation. The funding would be used for tenant improvements and Furniture, Fixtures, and Equipment (FF&amp;E) for the relocation of the District Attorney's Office to 350 Rhode Island Street and the Adult Probation Department to 945 Bryant Street, with approximately \$6,051,014 allocated to 350 Rhode Island and approximately \$7,283,296 allocated to 945 Bryant Street.</li> </ul>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>The Board of Supervisors previously approved leases for the District Attorney's Office to move to 350 Rhode Island Street and for the Adult Probation Department to move to 945 Bryant Street as part of the HOJ relocation. Tenant improvements to 350 Rhode Island Street have begun. The District Attorney's Office is expected to be relocated to 350 Rhode Island Street by spring 2019. Tenant improvements for the relocation to 945 Bryant Street are expected to be completed in FY 2019-20, and all 158 Adult Probation Department staff will be able to move to 945 Bryant Street at the completion of tenant improvements.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>The costs of relocating from the Hall of Justice to 350 Rhode Island Street and 945 Bryant Street have increased from the original estimates presented to the Board of Supervisors in 2017 and 2018. The increases in the amounts for FF&amp;E and tenant improvement work at 350 Rhode Island Street are due to more detailed information on the scope of work and department operational requirements.</li> <li>The tenant improvement work for the Adult Probation Department is in the preliminary design stages. Because design is not finalized and cost estimates are not yet available for the tenant improvement work, Capital Planning provided an estimate of work based the tenant improvement work for 350 Rhode Island Street. Because this work consists of reconfiguring an existing commercial kitchen, while the tenant improvement work at 945 Bryant Street consists of reconfiguring existing office space, we do not consider this estimate to be sufficiently reflective of actual costs. Therefore, the Budget and Legislative Analyst recommends reducing the requested release of reserves allocated specifically to tenant improvements at 945 Bryant Street from \$5,796,134 (see Table 1 below) to \$2,898,067. This recommendation would allow the Adult Probation Department and Capital Planning sufficient funds to complete the design and cost estimates, and begin construction of the tenant improvement work.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>Release \$10,436,243 of the requested \$13,334,310, and retain \$2,898,067 on Budget and Finance Committee reserve, pending submission of the detailed tenant improvement budget for 945 Bryant Street.</li> </ul>	

**MANDATE STATEMENT**

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors' approval. The practice of the Board of Supervisors is for the Budget and Finance Committee to approve release of funds placed on reserve by the Committee, without further Board of Supervisors' approval.

**BACKGROUND**

The Hall of Justice (HOJ), located at 850 Bryant Street, was constructed in 1958 and is seismically deficient. Due to aging infrastructure, the HOJ has serious health, safety, and working condition problems, requiring significant renovation and capital investment. In October 2017, the Board of Supervisors approved the following two leases<sup>1</sup> to allow City departments to relocate from the HOJ:

1. 350 Rhode Island Street, for the District Attorney's Office and the Police Investigations Unit, for a term of 15 years, from July 2018 through June 2033, with a five-year option to extend, and initial annual base rent of \$4,319,445 (File 17-1109, Resolution 388-17);
2. 945 Bryant Street, for the Adult Probation Department, for a term of 20 years, from July 2018 through June 2038, and initial annual base rent of \$1,763,968 (File 17-1111, Resolution 390-17).

The Board of Supervisors previously appropriated \$13,334,310 in the City Administrator's Office's FY 2018-19 budget, and placed these funds on Budget and Finance Committee reserve pending submission of a detailed budget for the HOJ relocation. Of this total, \$7,934,310 is allocated to the Justice Facilities Improvement Program for tenant improvements, and \$5,400,000 is for furniture, fixtures, and equipment related for the two lease locations.

**DETAILS OF PROPOSED LEGISLATION**

The proposed hearing is to request the release of \$13,334,310 on Budget and Finance Committee reserve for the HOJ relocation. The funding would be used for tenant improvements and Furniture, Fixtures, and Equipment (FF&E) for the relocation of the District Attorney's Office to 350 Rhode Island Street and the Adult Probation Department to 945 Bryant Street, with approximately \$6,051,014 allocated to 350 Rhode Island Street and approximately \$7,283,296 allocated to 945 Bryant Street.

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<sup>1</sup> A third lease was also approved at 777 Brannan Street, for the San Francisco Police Department's Property Control Unit for evidence storage (File 17-1110, Resolution 389-17). According to Ms. Green, additional funding will be requested in the FY 2019-20 budget for that relocation.

**Relocation from Hall of Justice to Leased Space**

945 Bryant Street

The relocation of the Adult Probation Department to 945 Bryant Street was planned for three phases in FY 2018-19 and FY 2019-20. According to Ms. Heather Green, City Administrator’s Office Capital Planning Director, an architect is currently working on the space plans and schematic design for 945 Bryant Street. Tenant improvements for the relocation to 945 Bryant Street are expected to be completed in FY 2019-20, and all 158 Adult Probation Department staff will be able to move to 945 Bryant Street after the completion of tenant improvements.

350 Rhode Island Street

The relocation of the District Attorney’s Office and the Police Investigations Unit to 350 Rhode Island Street was planned in two phases, with the District Attorney relocating in FY 2018-19 and the Police Investigations Unit relocating in FY 2019-20. According to Ms. Green, tenant improvements to 350 Rhode Island Street have begun. The District Attorney’s Office is expected to be relocated to 350 Rhode Island Street by spring 2019.

According to Ms. Green, the Police Investigations Unit will no longer be moving to 350 Rhode Island, as existing tenants have exercised options to extend their leases. The premises have been reduced from 125,122 square feet to 97,795 square feet, leaving no additional space for Police Investigations Unit at this time. According to Ms. Green, Capital Planning, the Real Estate Division, and Police Department are working together to identify the best future space for the Investigations Unit and other units at HOJ. Spaces under consideration include 777 Brannan Street, the Courts side of HOJ, and potentially sites acquired through the HOJ Exit Projects Certificates of Participation per the FY 2020-2029 Capital Plan.

**FISCAL IMPACT**

The proposed hearing is to request the release of \$13,334,310 on Budget and Finance Committee reserve for the HOJ relocation. The total cost of the 350 Rhode Island Street and 945 Bryant Street relocations is approximately \$31,779,321. The sources and uses of funds are shown in Table 1 below.

**Table 1: Sources and Uses of Funds for 350 Rhode Island and 945 Bryant Relocations**

Sources	350 Rhode Island	945 Bryant	Total
FY 2017-18 Capital Budget	\$8,001,545	-	\$8,001,545
FY 2018-19 Capital Budget (On Reserve)	2,138,176	5,796,134	7,934,310
FY 2019-20 Capital Budget	-	2,159,866	2,159,866
Landlord Contribution (see below)	7,823,600	-	7,823,600
Furniture, Fixtures, and Equipment (On Reserve)	3,912,838	1,487,162	5,400,000
Committee on Information Technology (COIT)	316,000	144,000	460,000
<b>Total Sources</b>	<b>\$22,192,159</b>	<b>\$9,587,162</b>	<b>\$31,779,321</b>

Uses	350 Rhode Island	945 Bryant	Total
Tenant Improvements	\$16,068,854	6,900,000	\$22,968,854
Furniture, Fixtures, and Equipment (FF&E)	3,912,838	1,487,162	5,400,000
Information Technology	1,610,467	1,000,000	2,610,467
Moving Expenses	600,000	200,000	800,000
<b>Total Uses</b>	<b>\$22,192,159</b>	<b>\$9,587,162</b>	<b>\$31,779,321</b>

**350 Rhode Island Street**

Tenant Improvement Budget: \$16,068,854

*Landlord Contribution*

The lease between the City and Lexington Lion San Francisco LP, the owner of 350 Rhode Island Street, provided for the landlord to contribute \$80 per square foot for tenant improvements. The landlord's contribution is \$80 per square foot for 97,795 square feet, totaling \$7,832,600.

*City Costs*

The tenant improvement budget for 350 Rhode Island Street is \$16,068,854. According to the Budget and Legislative Analyst's report to the October 26, 2017 Budget and Finance Committee, the City's costs for tenant improvements to 350 Rhode Island Street were expected to be \$20 per square foot. The City's tenant improvement costs have increased to \$84 per square foot for 97,795 square feet, totaling \$8,245,254. According to Ms. Green, the more than 60 percent increase in total tenant improvement costs from \$100 per square foot (of which the landlord paid \$80 per square foot and the City paid \$20 per square foot) to \$164 per square foot (of which the landlord paid \$80 per square foot and the City paid \$84 per square foot) is due to more detailed tenant improvement plans prepared by the Revel Architecture & Design on behalf of Lexington Lion San Francisco LP, which includes reconfiguration of the existing commercial kitchen space to be used by the District Attorney's Office as office space, construction of storage space, and installation of plumbing and electricity that meet LEED v4 requirements.<sup>2</sup>

<sup>2</sup> LEED v4 sets standards and a scorecard defining the level of improvements to meet LEED v4 standards, including building and office materials, including volatile wood.

According to Ms. Green, three competitive bids were received for the tenant improvements at 250 Rhode Island. Real Estate staff reviewed all three bids and vetted those bids informed by a cost analysis from Lincoln Properties.

Furniture, Fixtures & Equipment: \$3,912,838

According to the Budget and Legislative Analyst’s report to the October 26, 2017 Budget and Finance Committee, the estimated costs for Furniture, Fixtures & Equipment (FF&E) for the relocation to 350 Rhode Island Street was \$10 per square foot, or approximately \$1.25 million.<sup>3</sup> The FF&E budget has increased to \$3.9 million, an increase of 3.5 times the original estimate, as shown in Table 2 below.

**Table 2: FF&E Budget for 350 Rhode Island**

Item	Phase I Move	Phase II Move	Total
Audio/Visual – 2 <sup>nd</sup> & 3 <sup>rd</sup> Floors	\$38,000	\$16,049	\$54,049
UPS System	71,000	29,987	100,987
Compact Shelving	240,000	101,364	341,364
Microbiz Security	140,000	59,129	199,129
Ancillary Furniture	594,000	250,875	844,875
On City Contract Office & WS Furniture	1,667,970	704,465	2,372,435
<b>Total</b>	<b>\$2,750,970</b>	<b>\$1,161,868</b>	<b>\$3,912,838</b>

According to Ms. Green, the proposed budget for 350 Rhode Island Street provides for new furniture and equipment for all employees to conform to LEED Gold v4 standards, as required by the Environment Code.

**945 Bryant Street**

Tenant Improvement Costs: \$6,900,000

According to the Budget and Legislative Analyst’s report to the May 17, 2018 Budget and Finance Committee, estimated tenant improvement costs to 945 Bryant Street were \$1,252,350. The budget for tenant improvements has increased more than fivefold to \$6,900,000. According to Ms. Green, more intensive tenant improvements than originally estimated are necessary to meet Adult Probation Department programming, safety, and security requirements. Examples of the additional tenant improvements include construction of 14 interview rooms, a secure firearm storage area, and a secure evidence storage room.

According to Ms. Green, a detailed budget for tenant improvements to 945 Bryant Street has not yet been developed; the estimated tenant improvement costs of \$6,900,000 are based on the costs of tenant improvements for 350 Rhode Island Street of \$164 per square foot.

Furniture, Fixtures, and Equipment: \$1,487,162

According to Ms. Green, detailed estimates of FF&E costs have not yet been developed for the relocation of the Adult Probation Department to 945 Bryant Street. The FF&E budget for 945 Bryant Street is based on the 350 Rhode Island Street budget.

<sup>3</sup> The actual leased space has been reduced to 97,795 square feet, which would reduce the initial FF&E estimate to \$977,950.

**FY 2019-20 Funds on Reserve for HOJ Relocation**

According to Ms. Green, the funds that would be released from Budget and Finance Committee reserve would be fully expended by August 2019. Previously appropriated funds for the Justice Facilities Improvement Program total \$8,001,545. Those funds have been used to support planning, tenant improvements, and purchase orders for 350 Rhode Island, as well as planning for 945 Bryant.

The Board of Supervisors also previously appropriated \$8,000,000 in the City Administrator's Office's FY 2019-20 budget, and placed these funds on Budget and Finance Committee reserve pending submission of a detailed budget for the HOJ relocation. According to Ms. Green, the funds would be used on the 777 Brannan Street and 945 Bryant Street relocations. These funds are not the subject of the proposed release of reserves and therefore would require separate approval for the Budget and Finance Committee approval for their release.

**POLICY CONSIDERATION**

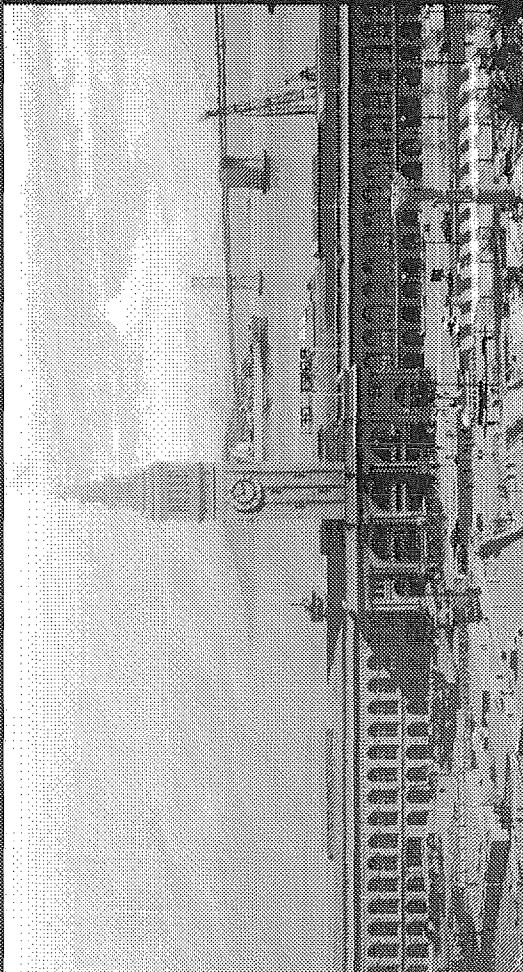
The tenant improvement work for the Adult Probation Department to relocate to 945 Bryant Street is in the preliminary design stages. Because design is not finalized and cost estimates are not yet available for the tenant improvement work, Capital Planning provided an estimate of work based on a cost of \$164 per square foot, which is the amount of the tenant improvement work for 350 Rhode Island Street. Because the tenant improvement work at 350 Rhode Island Street consists of reconfiguring an existing commercial kitchen, while the tenant improvement work at 945 Bryant Street consists of reconfiguring existing office space, we do not consider \$164 per square foot for work at 945 Bryant Street to be sufficiently reflective of actual costs. Therefore, the Budget and Legislative Analyst recommends reducing the requested release of reserves allocated specifically to tenant improvements at 945 Bryant Street from \$5,796,134 (see Table 1 above) to \$2,898,067. This recommendation would allow the Adult Probation Department and Capital Planning sufficient funds to complete the design and cost estimates, and begin construction of the tenant improvement work.

We recommend releasing \$10,436,243 of the requested \$13,334,310, and retaining \$2,898,067, pending submission of the detailed tenant improvement budget for 945 Bryant Street.

**RECOMMENDATION**

Release \$10,436,243 of the requested \$13,334,310, and retain \$2,898,067 on Budget and Finance Committee reserve, pending submission of the detailed tenant improvement budget for 945 Bryant Street.





# ONESF

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## Hall of Justice Exit Appropriations Reserve Release

March 18, 2019

# AGENDA

2

- ▣ Review today's action: request release of funds on reserve
- ▣ Background
- ▣ Review exit plan
- ▣ Next steps

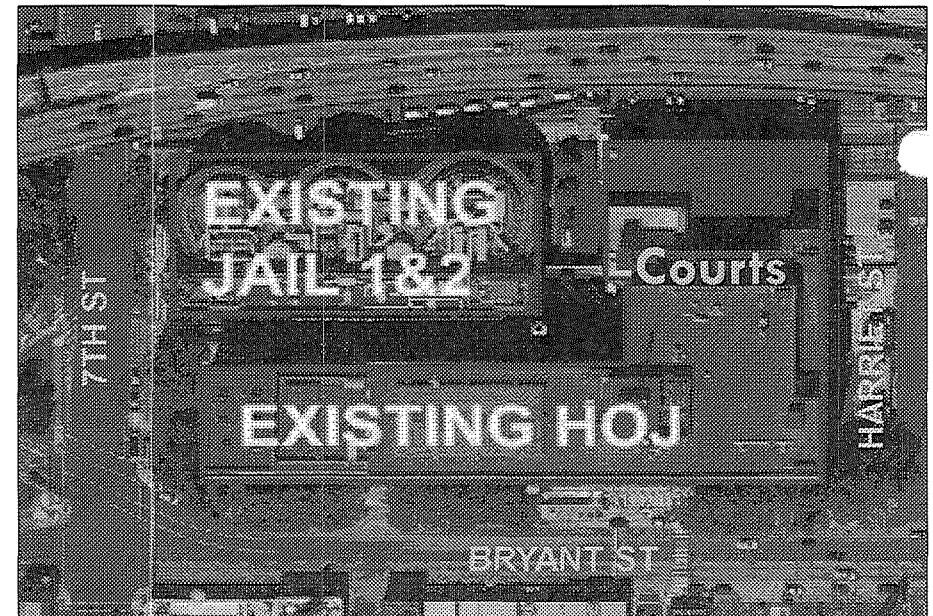
# FUNDING ON RESERVE

3

- ▣ \$13.0M in FY2019 Funds for Hall of Justice Admin Exit were placed on Budget and Finance Reserve spring 2018
  - ▣ \$7.9M Justice Facilities Improvement Program (JFIP, Capital Budget)
  - ▣ \$5.1M Furniture Fixtures & Equipment (FF&E)

# HALL OF JUSTICE (HOJ)

- ❑ Located at 850 Bryant Street
- ❑ Longstanding priority of the Capital Plan
- ❑ Uninhabitable after a major earthquake
- ❑ Unsustainable as an administrative site or jail
- ❑ Union complaints about work environment

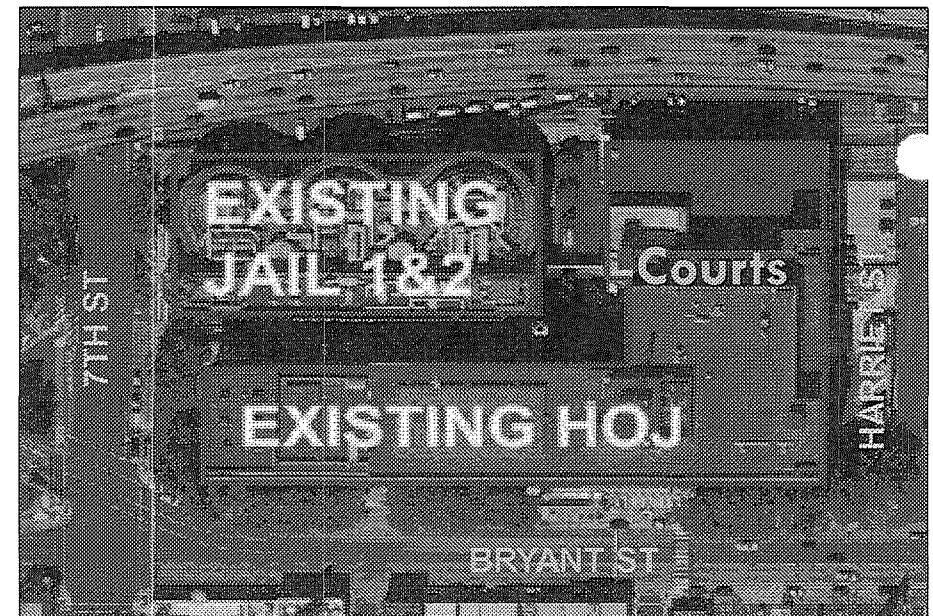




# HOJ ADMIN EXIT APPROACH

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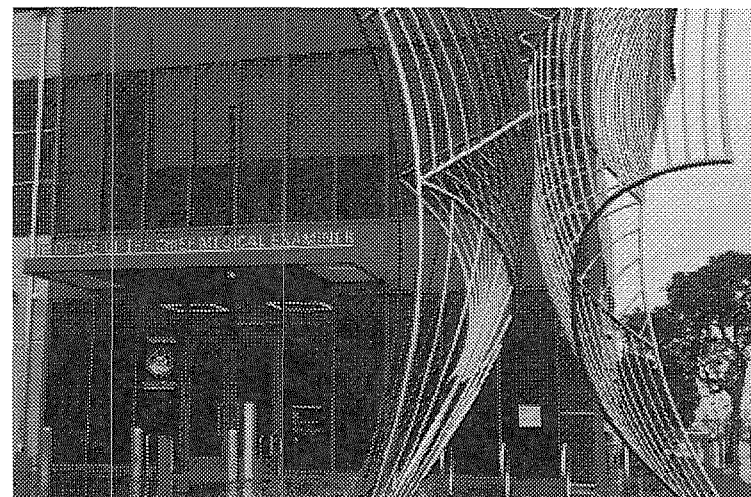
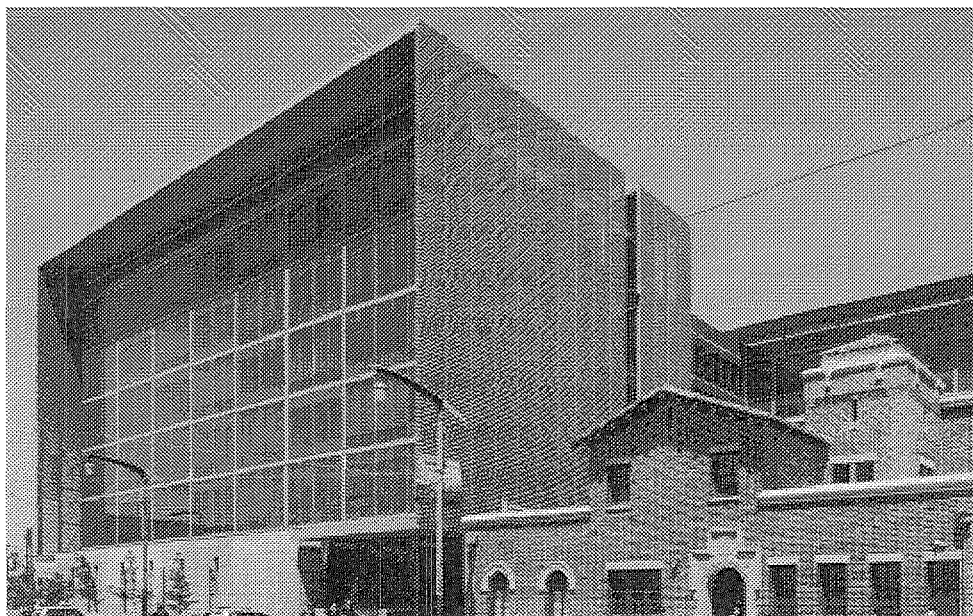
- ❑ Vacate the Bryant Street wing of the HOJ for demolition
- ❑ Stack the Courts wing to enable uninterrupted Courts operations
- ❑ Rebuild a consolidated justice campus around the Courts along Bryant Street and across Harriet Street
- ❑ Target move-out 2020
- ❑ Pursue LEED Gold at all sites



# MOVES ALREADY COMPLETED/IN PROGRESS

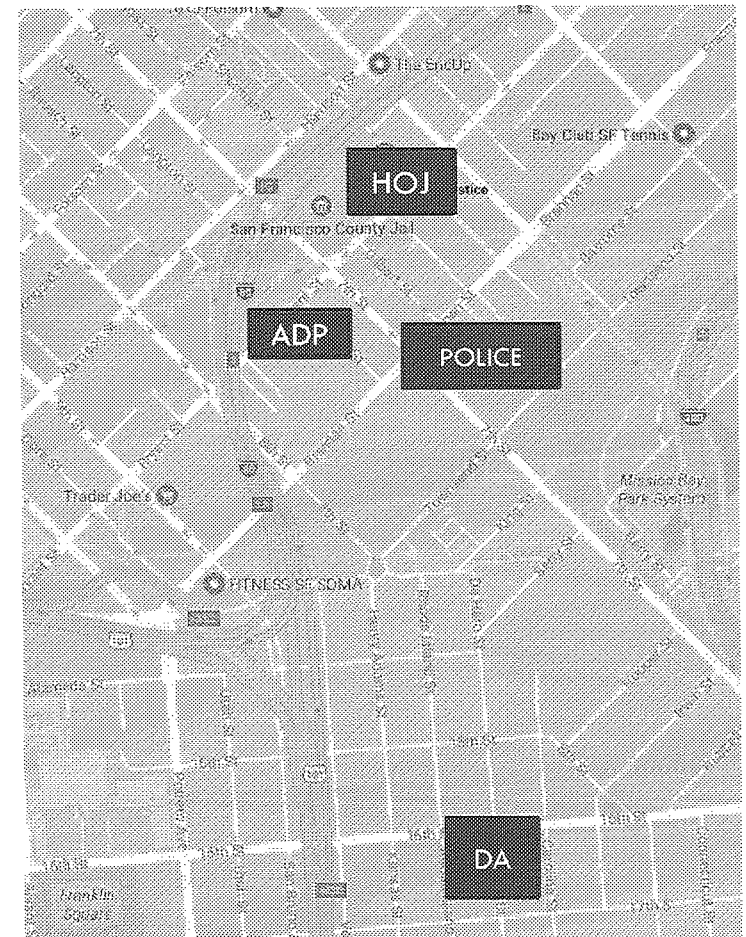
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- Southern Police Station and Police Headquarters to the Public Safety Building (ESER 2010)
- Office of the Chief Medical Examiner to 1 Newhall (ESER 2014)
- Traffic Company to 1995 Evans (in progress, ESER 2014)



# EXISTING LEASES

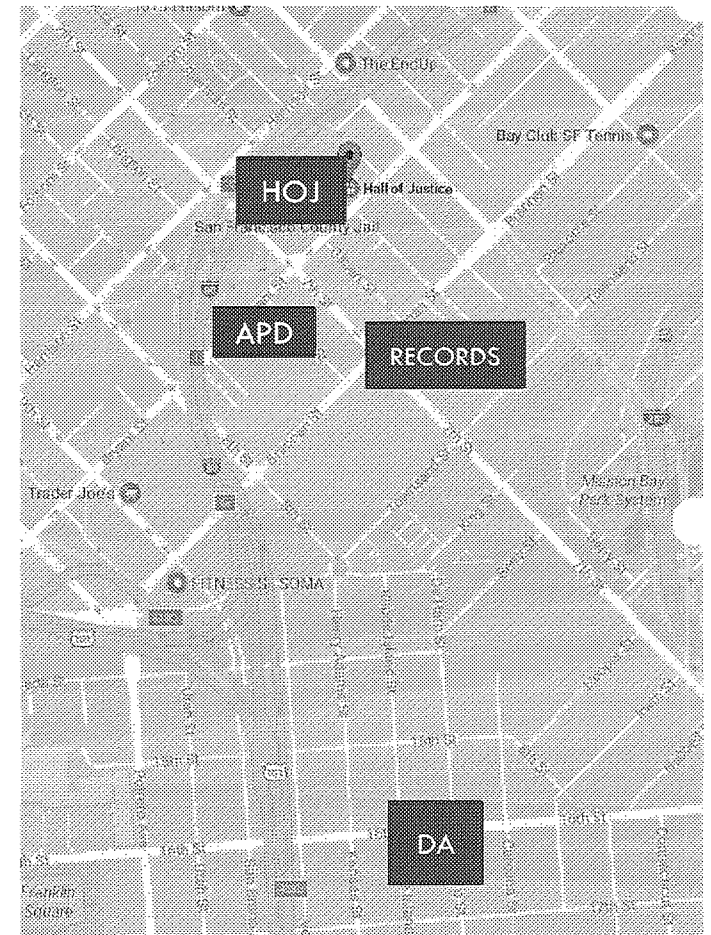
- ▣ 350 Rhode Island
  - ▣ 125,000 rentable sqft. on 4 floors, of that 97,795 available for early phases
  - ▣ Move in as leases expire
- ▣ 945 Bryant
  - ▣ 42,000 rentable sqft. on 3 floors
- ▣ 777 Brannan
  - ▣ 29,000 rentable sqft. on 3 floors



# UPDATED PLAN FOR HOJ ADMIN EXIT SITES

8

- ▣ 350 Rhode Island
  - ▣ All DA staff, including those at 732 Brannan
- ▣ 945 Bryant
  - ▣ Adult Probation staff
- ▣ 777 Brannan
  - ▣ Police / related units from HOJ
- ▣ HOJ site improvements and restacking





# IN PROGRESS RELOCATION BUDGETS

9

HOJ Exit Component	Total \$M	Source	\$M
350 Rhode Island Relocation*	22.2*	Prior Year Capital Budget	8.0
		FY19 Capital Budget (reserve)	2.2
		Landlord contribution	7.8
		FF&E (reserve)	3.9
		COIT	0.3
945 Bryant Relocation	9.2	FY19 Capital Budget (reserve)	5.7
		FY20 Capital Budget	2.2
		FF&E (reserve)	1.2
		COIT	0.1

FY19 Justice Facilities Improvement Program on reserve: \$7.9M

FY19 FF&E on reserve: \$5.1M

\* For moves through FY20 – additional spaces not available until FY23

Lines in orange show where the funds on reserve will be applied.

# 350 RHODE ISLAND – District Attorney

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Status	Tenant improvements underway, FF&E ordered	
# Employees	319	
Rentable Sqft.	97,795	
Expected Work Start	Underway	
Budget Total	\$22.2M	
	\$16.1M*	Tenant Improvements*
	\$3.9M	FF&E
	\$1.6M	IT
	\$0.6M	Move
Expected Move In Date	4 <sup>th</sup> floor: Spring 2019 2 <sup>nd</sup> & 3 <sup>rd</sup> floor: Summer 2019	

\* \$80/sqft tenant improvement allowance from landlord totals \$7.8M;  
City component is \$8.3M

# 945 BRYANT – Adult Probation

Status	Space planning nearly complete
# Employees	158 APD staff
Rentable Sqft	41,744
Expected Work Start	Spring 2019
Budget Total	\$9.2M
	\$6.5M Tenant Improvements
	\$1.2M FF&E
	\$1.0M IT
	\$0.2M Move

# CASH FLOW

<i>\$ in Millions</i>			
Prior Year Funds Not on Reserve			8,001,545
FY19 Capital Budget (JFIP) Funds on Reserve			7,934,310
FY19 Furniture Fixtures & Equipment Funds on Reserve			5,100,000
<b>TOTAL APPROPRIATED THRU FY19</b>			<b>21,035,855</b>
	350 Rhode Island	945 Bryant	TOTAL
	FY2019		
January	644,500	-	644,500
February	2,301,757	-	2,301,757
March	3,677,045	-	3,677,045
April	2,507,748	100,000	2,607,748
<b>THRU APR19</b>	<b>9,131,049</b>	<b>100,000</b>	<b>9,231,049</b>
May	2,424,748	1,200,000	3,624,748
June	3,350,641	1,530,826	4,881,467
<b>THRU FY19</b>	<b>14,906,438</b>	<b>2,830,826</b>	<b>17,737,264</b>
	FY2020		
July	-	2,530,826	2,530,826
August	-	767,765	767,765
<b>THRU AUG19</b>	<b>14,906,438</b>	<b>6,129,417</b>	<b>21,035,855</b>

Cash flow need exceeds unreserved appropriation April 19.

Cells highlighted in yellow total \$13.0M.