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# City Council Report

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City Council Meeting: March 27, 2012

Agenda Item: 8-A

To: Mayor and City Council  
From: Martin Pastucha, Director of Public Works  
Subject: City Hall Office Space Assessment

## Recommended Action

Staff recommends that the City Council:

1. Provide input and direction on staff's recommended site for the City Services Building in order to consolidate off-site City staff at the Civic Center.
2. Authorize staff to seek proposals for initial design for a City Services Building on the selected site, east of City Hall.

## Executive Summary

The City has struggled with consolidating its administrative office needs for years. The Civic Center Specific Plan identified the need for a City Services Building along with the desired proximal location to City Hall. Currently there are leases for more than 50,000 square feet to accommodate administrative staff. Besides the inefficiency of disparate locations and lack of work proximity, there is substantial cost associated with the leases, as documented in a report presented to Council on [October 13, 2007](#). Strategies have been developed to move staff back to the Civic Center, some of which have been implemented. The need remains, however, for a City Services Building to provide sufficient square footage to allow a large number of off-site staff to work in a City-owned structure with City Hall adjacency. Staff recommends seeking proposals for design and cost estimating for a City Services Building at an anticipated cost of no more than \$500,000.

## Background

On [July 4, 2001](#), Council awarded a contract to Sares Regis Group of Northern California to conduct a feasibility study to determine the City's space requirements, assess department locations and adjacencies, prepare seismic upgrade and rehabilitation options for City Hall and explore options for a new City Services Building.

The feasibility study was completed in April 2002, with the following recommendations:

- Construction of a new City Services Building spanning Main Street on a site northwest of City Hall with 111,245 square feet of office space and 147,170 square feet of below-grade parking for 300 spaces.
- Reorganization/rehabilitation of City Hall, including interior, exterior and grounds.
- Demolition of the Police Annex building, located in the City Hall courtyard.

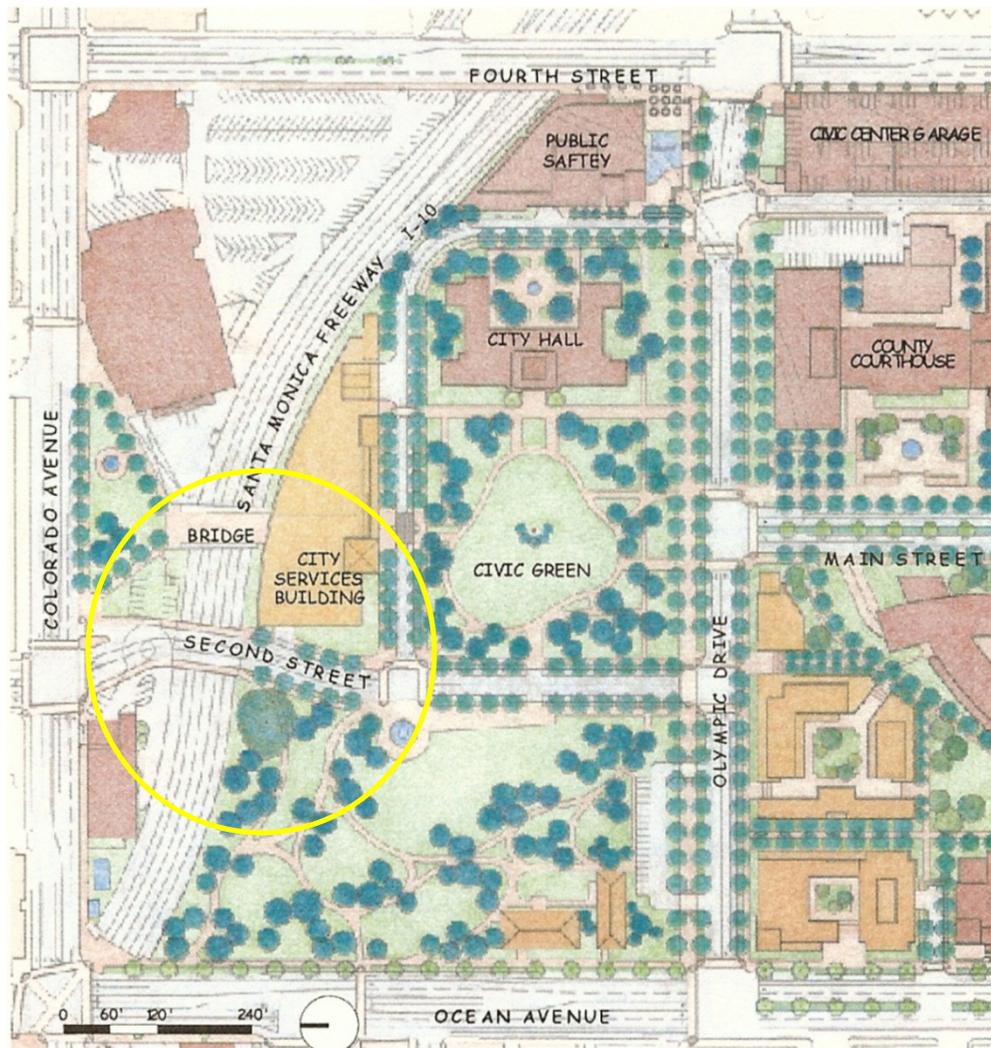


Illustration from Sares Regis Group of Northern California Feasibility Study 2002

The July 2002 estimated cost for all of the recommended improvements was over \$70 million.

On [June 28, 2005](#), Council adopted an update to the 1993 Civic Center Specific Plan (CCSP). The 1993 and 2005 updated CCSP recommended that:

- A City Services Building of no more than 40,000 square feet be built on the “North Slope” between City Hall’s north parking lot and the I-10 Freeway.
- The historic City Hall be seismically upgraded, restored and enhanced  
*(Seismic upgrade construction work began in March 2010 and is expected to be completed in 2012, selected office improvements work began in May 2011 and is expected to be completed in 2012, building exterior enhancements and interior lobby murals restored in 2003).*
- A new Public Safety Facility be constructed *(Construction completed in 2003).*
- The Police Annex building located in the City Hall courtyard be demolished *(Demolition completed in 2006).*
- A new Civic Center Parking Structure/Garage be constructed *(Construction completed in 2007).*

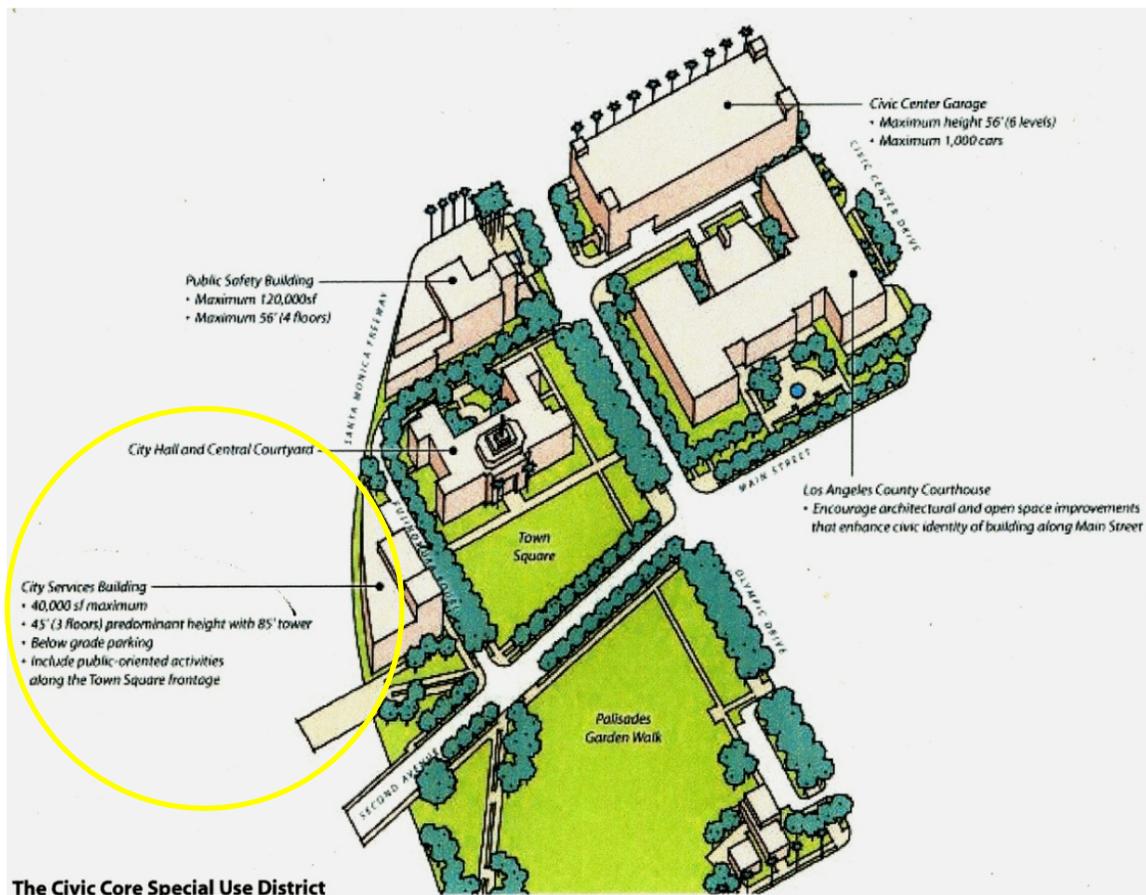


Illustration from Civic Center Specific Plan 2005

On [January 9, 2007](#), in an effort to expedite the consolidation of City Hall staff, Council was presented with a report to select Natoma Architects, Inc. to prepare initial design for a proposed “Temporary Office Building” east of City Hall until a permanent space can be identified. The proposed “Temporary Office Building” was envisioned to be two or three floors to house a one-stop public permit counter, including planning, building and safety, public works, parking and finance operations. The existing public counter space on the first floor of City Hall would have been transformed into office space for one or more off-site City departments such as Housing and Economic Development or Finance. Upon further review of the cost benefit of this “Temporary Office Building,” Council did not consider this plan and directed staff to look at other alternatives.



Illustration from Stanley Saitowitz / Natoma Architects, Inc.

On [October 13, 2007](#), staff presented a City office space needs analysis to Council at a special meeting, which included five alternatives:

- 1) Status Quo – Continue to have staff in various private lease spaces and City-owned buildings.
- 2) Minimum Improvements – Construct or purchase and rehabilitate a 43,000 square foot building to replace current leased space. This option eliminates the current need to lease space but does not ease overcrowding or provide enhanced customer service.

- 3) Meet All Office Space Needs – Construct or purchase and rehabilitate a 70,000 square foot office building, which would allow current office space needs to be met, meet industry space standards, provide centralized City services and an enhanced One Stop Planning Center.
- 4) Enhanced Civic Center – Construct or purchase and rehabilitate a 90,000 square foot building that does the same as above plus offers art galleries and community meeting space.
- 5) Phased Approach – Construct buildings over time in a campus-type setting in the Civic Center area that addresses the short term goals of improved customer service with the development of a One Stop Planning Center and bringing City Hall offices closer to meeting space and accessibility standards.

Council expressed preference for Alternative 4, the Enhanced Civic Center approach.

On [July 8, 2008](#), Council endorsed the short term strategies identified in a [February 11, 2008](#), Information Item, which was an update to the [October 13, 2007](#), Council meeting. These strategies included reducing leases and moving staff closer to City Hall, developing office space in the former jail and on Fourth Street within the Civic Center Parking Structure.

On [September 16, 2008](#), Council approved a contract with Gensler Architects, Inc. to complete a space needs analysis for City administrative space as an update to the April 2002 Sares Regis Group of Northern California's feasibility study. The completed analysis report recommended the implementation of:

- A “one stop shop” model for public counter functions.
- Optimize the effective use of the historic City Hall building.
- Implement specific departmental office space designs to support and enhance the variety of work processes required within the City's administrative functions.
- Construct a 40,000 square foot Administrative Services Building on the terraced slope north of City Hall (per the Civic Center Specific Plan).

## **Discussion**

Per Council direction on [July 8, 2008](#), new leases are now negotiated to the shortest term possible to allow for future implementation of a master space plan. Whenever a lease expires, office locations in or adjacent to the Civic Center are explored to identify opportunities to move staff closer to City Hall in order to reduce staff travel time and to provide an improved customer service experience. For example, office space was developed in the former City Hall jail space as well as within the Civic Center Parking Structure. Even after these adjustments, there are still over 50,000 square feet in leased administrative office space underscoring the need for a City Services Building. The annual cost of these lease spaces is approximately \$2 million.

### Civic Center Specific Plan: North Slope Site

The “North Slope” site identified in the Civic Center Specific Plan has certain difficulties due to freeway adjacency and non-contiguity with City Hall. Additionally, a report submitted and reviewed on [September 20, 2011](#), by the Landmarks Commission characterized the “North Slope” site as “original terraces and retaining walls” circa 1956 which are character defining features of the City Hall landscape. For these reasons, staff is no longer considering use of the “North Slope” site.

### Proposed Alternative Location: East of City Hall Site

In January 2012, the site immediately east of City Hall, was studied by staff as a potential alternative location for a City Services Building. A new building could be constructed parallel to Avenida Mazatlán and to the Public Safety Facility across the rear of City Hall enclosing the City Hall courtyard. This location could accommodate a maximum of 40,000 square feet of office space on three levels with optimal adjacency to City Hall, which also limited the size to comply with the National Register of Historic Places/Secretary of the Interior Standards. This new building would provide sufficient space to accommodate a large number of off-site staff, currently in lease spaces, to work in a City-owned structure with City Hall adjacency.

Advantages of utilizing this proposed site:

- Furthers the efficiency and functionality of a City Hall campus.
- Contiguous with City Hall, and allows for possible interior connectivity.
- Could be incorporated with a detailed City Hall Master Plan, to ensure that phased improvements meet the long term goal of a functional and restored historic City Hall.
- Provides the opportunity to include the recommended “One Stop Shop” (a localized first floor public counter area).
- Would minimally disrupt the historic City Hall massing and front façade.
- Would be able to relocate a large number of off-site staff, currently in lease spaces, back to City Hall.

Disadvantages of utilizing this proposed site:

- Delicacy of designing and constructing an addition, particularly immediately adjacent to historic City Hall, will require using *The Secretary of the Interior's Standards and Guidelines for Preservation Planning*.
- Sensitivity to the light and views of Public Safety Facility and City Hall inhabitants.
- Necessity of careful planning of both the proposed new structure and historic City Hall structure with respect to locations of underground utilities and obstructions, including possible expensive relocations.
- Future expansion of City Hall and the new building may be limited.

None of the listed disadvantages are insurmountable. This proposed site has the strongest functional relationship to City Hall while still creating minimal impact to the Civic Center. Additionally, the City currently spends almost \$2 million per year to lease space to accommodate City staff. This \$2 million could provide the financial means to pay for the cost of constructing a new office space at City Hall. It is anticipated that lease savings would be redirected to fund the debt service for the financing of this construction. It is possible that there may be some additional General Fund costs associated with this project dependent upon the price of the building and the financing terms.

Commission Review

City staff met with Coastal Commission staff to discuss the proposed project. The Commission had no concerns with the proposed project.

Next Steps

Based on Council input and direction on staff's recommended site (east of City Hall) for the City Services Building to consolidate City Hall staff, the following next steps are anticipated:

- Select a design consultant to provide initial design and cost estimate and appropriate funds for design and cost estimation anticipated to be no more than \$500,000. (summer 2012)
- Return to Council for approval of the initial design recommendation and to determine a financing strategy. (fall 2012)

**Financial Impacts & Budget Actions**

There is no immediate budget/financial impact to this policy decision. However, implementation of this policy will result in a one-time cost in an amount not to exceed \$500,000 in the General Fund for initial design and cost estimating work. Staff will return to Council for initial design recommendation approval and budget appropriation.

**Prepared by:** Miriam Mulder, City Architect

**Approved:**

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**Forwarded to Council:**

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Martin Pastucha  
Director of Public Works

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Rod Gould  
City Manager