

STATE OF CALIFORNIA
Capital Outlay Budget Change Proposal (COBCP) - Cover Sheet
 DF-151 (REV 07/20)

Fiscal Year 2021-22	Business Unit 7760	Department General Services	Priority No. 2
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Budget Request Name 7760-037-COBCP-2021-GB	Capital Outlay Program ID 6340	Capital Outlay Project ID 0000955
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Project Title
 Sacramento Region: Jesse Unruh Building Renovation

Project Status and Type
 Status: New Continuing Type: Major Minor

Project Category (Select one)

<input checked="" type="checkbox"/> CRI <i>(Critical Infrastructure)</i>	<input type="checkbox"/> WSD <i>(Workload Space Deficiencies)</i>	<input type="checkbox"/> ECP <i>(Enrollment Caseload Population)</i>	<input type="checkbox"/> SM <i>(Seismic)</i>
<input type="checkbox"/> FLS <i>(Fire Life Safety)</i>	<input type="checkbox"/> FM <i>(Facility Modernization)</i>	<input type="checkbox"/> PAR <i>(Public Access Recreation)</i>	<input type="checkbox"/> RC <i>(Resource Conservation)</i>

Total Request (in thousands) \$ 122,392	Phase(s) to be Funded Design-Build	Total Project Cost (in thousands) \$ 128,727
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Budget Request Summary

The Department of General Services (DGS) requests \$122,392,000 from the Public Buildings Construction Fund in 2021-22 for the design-build phase of the Jesse Unruh Building Renovation project, located at 915 Capitol Mall in Sacramento. Total project cost is estimated to be \$128,727,000 (\$6,335,000 for performance criteria and \$122,392,000 for design-build). The building is located in a prominent area on Capitol Mall, adjacent to the historic Stanley Mosk Library and Courts Building, and the State Capitol. The current occupants of the building include the State Treasurer's Office, Government Operations Agency, Business, Consumer Services and Housing Agency, and the California State Transportation Agency. The proposed backfill tenant is the State Treasurer's Office. This project would continue implementation of the Ten Year Sequencing Plan.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed Click or tap here to enter text.	CCCI 6854
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Requires Provisional Language <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Budget Package Status <input type="checkbox"/> Needed <input type="checkbox"/> Not Needed <input checked="" type="checkbox"/> Existing
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Impact on Support Budget

One-Time Costs <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Swing Space Needed <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Future Savings <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Generate Surplus Property <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Future Costs <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Julie Sanchez	Date	Reviewed By Jason Kenney	Date
Department Director Jennifer Osborn	Date	Agency Secretary Yolanda Richardson	Date

Department of Finance Use Only	
Principal Program Budget Analyst Barbara Taylor	Date submitted to the Legislature 1/8/2021

A. COBCP Abstract:

Sacramento Region: Jesse Unruh Building Renovation—\$122,392,000 from the Public Buildings Construction Fund for the design-build phase in 2021-22. The project includes the renovation of the 125,000 net usable square foot Jesse Unruh Building located at 915 Capitol Mall in Sacramento, utilizing the Progressive Design-Build project delivery method. Total project cost is estimated to be \$128,727,000 (\$6,335,000 for performance criteria funded in 2018-19, and \$122,392,000 for design-build). The design-build phase includes \$101,085,400 for the contract, \$7,076,000 for contingency, \$4,079,000 for A&E, and \$10,151,600 for other costs. The performance criteria phase is scheduled from July 2018 to December 2021, and the design-build phase is scheduled to begin January 2022 and be completed January 2025.

B. Purpose of the Project:

Problem: An infrastructure study ("Infrastructure Study - Jesse Unruh Office Building"), completed in 2008 and updated in 2013, identified a variety of fire and life safety, building code, hazardous materials, and other infrastructure deficiencies in the Jesse Unruh Building. A facility condition assessment completed in 2015 ranked the Jesse Unruh Building fifth in Sacramento and ninth statewide for state-owned, DGS-controlled office buildings requiring renovation or replacement.

Program Need: Built in 1929, the Jesse Unruh Building is a historical landmark and this project includes the restoration of its historic character, as well as complete critical life safety and other code deficiencies. The building contains approximately 125,000 net usable square feet, and is necessary to fulfill office space needs in the Sacramento Region. The building is located in a prominent area on Capitol Mall, adjacent to the historic Stanley Mosk Library and Courts Building, and the State Capitol. The State Treasurer's Office (STO) occupies most of the Jesse Unruh Building, and the plan is to return them to the space, as well as consolidate their other programs now in the State Personnel Building once renovation is complete. The Business, Consumer Services, and Housing Agency (BCSH), the Government Operations Agency (GOVOPS), and the State Transportation Agency (STA) will not return to the building following renovation.

Infrastructure Deficiency: The building is in need of a major renovation to ensure the safety of the tenants and to avoid falling into an irreversible state of disrepair. This renovation project would correct building-wide fire and life safety deficiencies, including numerous exiting and fire containment deficiencies; accessibility deficiencies; remove hazardous materials, replace deficient plumbing, heating, ventilation, air conditioning, electrical, telecommunications, and security systems; and replace antiquated elevators. The building is in an accelerated state of decline due to water intrusion. The glazing on the terra cotta cladding has failed, which allows water to migrate into the block, damaging its structural integrity. Antiquated elevators are frequently non-operational, and lack of disability access is not in compliance with the ADA. Telecommunication and data infrastructure is inadequate to meet the needs of current and evolving technology.

C. Relationship to the Strategic Plan:

Supports DGS Real Estate Services Division's strategic mission to provide the highest level of customer service in fulfilling state agencies' facility and real property needs by providing new or renovated office space to replace existing deficient office space.

Is consistent with statutory directives and requirements used to guide state office space planning and development, including energy efficiency measures, as referenced in DGS's 2021-22 Five-Year Infrastructure Plan.

Aligns with the results of the Facility Condition Assessments, which ranked the Jesse Unruh Building fifth in Sacramento and ninth statewide for office buildings requiring renovation or replacement.

D. Alternatives:

1. Comprehensive Building Renovation – Progressive Design-Build

- a. Scope—This option includes renovation of major building systems, rehabilitation of historic elements, and corrections to ADA, fire, and life safety deficiencies. The mechanical, plumbing, electrical, and telecommunication systems will be replaced in total, ensuring a complete, reliable, and efficient infrastructure and backbone system. Other project elements include elevator replacement, roof and window replacement, and repairs to exterior terra cotta. Lead paint and asbestos-containing materials will be abated, and a space plan accommodating modular furniture, and optimizing occupant density would be developed. The STO vault's structural, security, fire suppression, air conditioning, and ventilations systems will be modernized.
- b. Cost—\$128.7 million for comprehensive renovation of the building, which includes \$1.8 million in savings over traditional Design-Build.
- c. Funding Source—the Public Buildings Construction Fund (0660) for the Design-Build phase.
- d. Program Benefits— Using the Progressive Design Build method delivers the finished space five months sooner than traditional Design-Build by shortening the solicitation process and expediting the start of design. Other program benefits include providing office space that complies with all necessary codes, introducing energy efficiency and modern technology into the space, and restoring and preserving historic features of the building.
- e. Facility Management Benefits—The renovated building will include enhanced energy savings and sustainability for the state, as well as provide modern and efficient office space to client agencies.
- f. Impact on Support Budget—The long-term impact to the support budget has not been determined, but will include moving and rent expenses related to swing space and the renovated building. However, the reduced project cost associated with Progressive Design-Build will result in lower debt service as compared to the cost for traditional Design-Build.

2. Comprehensive Building Renovation– Traditional Design-Build

- a. Scope—This option includes renovation of all major building systems, rehabilitation of historic elements, and corrections to ADA, fire, and life safety deficiencies. The mechanical, plumbing, electrical, and telecommunication systems will be replaced, ensuring a complete, reliable, and efficient infrastructure and backbone system. Other project elements include elevator replacement, roof and window replacement, and repairs to exterior terra cotta. Lead paint and asbestos-containing materials will be abated, and a space plan accommodating modular furniture, and optimizing occupant density will be developed. The State Treasurer's vault will be modernized for structural, security, fire suppression, and air conditioning and ventilations systems.
- b. Cost—\$130.5 million for comprehensive renovation.
- c. Funding Source—the Public Buildings Construction Fund (0660) for the Design-Build phase.

- d. Program Benefits—The program benefits include providing office space that complies with all necessary codes, introducing energy efficiency and modern technology into the space, and restoring and preserving historic features of the building.
- e. Facility Management Benefits—The renovated building will include enhanced energy savings and sustainability for the state, as well as provide modern and efficient office space to client agencies.
- f. Impact on Support Budget—The long-term impact to the support budget has not been determined, but will include moving and rent expenses related to swing space and moving into the renovated building.

3. Do nothing

- a. Scope—This alternative would forego any renovations to the Jesse Unruh Building and maintain the current tenants in their existing space until the non-STO tenants relocate to alternative space per the Sequencing Plan. If building changes become necessary for the STO, only limited tenant improvements would be possible due to the existence of pervasive and critical fire and life safety and failing infrastructure systems throughout the building. Any attempt to make more than superficial repairs or improvements would likely trigger more extensive compliance with fire and life safety codes.
- b. Cost—No capital outlay costs for this alternative, however this option would result in a loss related to the performance criteria phase expenses already incurred.
- c. Funding Source— N/A.
- d. Program Benefits—The only known benefit to this alternative is the capital outlay cost avoidance of renovating the Jesse Unruh Building. Continued occupancy in the building without full renovation will continue to put tenants and the public at risk.
- e. Facility Management Benefits—There are no known facility management benefits to this alternative. Building management and maintenance staff would continue to be challenged to maintain the building in a safe and operational manner, and to keep the building from irreparable deterioration.
- f. Impact on Support Budget—The only known impact on the support budget would be a likely increase to the funding needed for building repairs and maintenance.

E. Recommended Solution:

1. Which alternative and why?

Alternative 1: Comprehensive Renovation of the Jesse Unruh Building– Progressive Design-Build delivery.

This alternative will optimize project schedule and lower costs by delivering the project five months earlier and \$1.8 million less than traditional Design-Build. The project will extend the useful lifespan of the building by 50 years and improve tenant safety and comfort through the complete renovation of the infrastructure, fire, and life safety systems. The open office space plan will allow greater flexibility and functionality. Long-term energy, maintenance, and operations costs will be reduced because the new systems will be more reliable and energy efficient. The exterior upgrades would halt damaging water intrusion, prevent microbial growth, and remove falling hazards. The comprehensive renovation will provide the improved space necessary for the State Treasurer's Office, as outlined in the Ten Year Sequencing Plan.

The Progressive Design-Build process is a streamlined form of Design-Build, which DGS has utilized to deliver the Swing Space building at 10th/O for the Legislature. That project was able to reduce its schedule by approximately 18 months compared to traditional Design-Build. In addition to the positive impacts on the Unruh Renovation schedule, Progressive Design-Build will also provide for the same cost reassurance as traditional Design-Build, and mitigates the risk of design liability on the part of the state.

2. Detailed scope description.

This renovation of the Jesse Unruh Building incorporates upgrades to fire and life safety; accessibility; repairs and rehabilitation to historic elements that are deteriorating and causing deterioration; hazardous materials removal; replacement of the plumbing and heating, ventilating and air conditioning systems; replacement of the electrical, telecommunications and security systems; and replacement of the elevators. The project provides a new office layout using modular furniture and optimizing occupant density. The vault modernization would include upgrades to security, fire suppression, air conditioning, and ventilation systems. The project will target Zero Net Energy. Due to the invasive nature of the remodeling and renovation, STO occupants will temporarily relocate to the Bonderson Building for the duration of construction. BCSH, STA and GOVOPS will relocate to either leased space or state owned space.

3. Basis for cost information.

Project costs are based on a three-page estimate completed by DGS in July 2020.

4. Factors/benefits for recommended solution other than the least expensive alternative.

This project will extend the useful life of the Jesse Unruh Building by renovating and rehabilitating its historic elements, correcting critical deficiencies, and improving energy and space efficiencies beyond what is available under existing conditions.

5. Complete description of impact on support budget.

The long-term impact to the support budget has not been determined, but will include moving and rent expenses related to using swing space and moving into the renovated building. However, the reduced project cost associated with Progressive Design-Build will result in lower debt service as compared to the cost for traditional Design-Build.

6. Identify and explain any project risks.

DGS anticipates that unknown conditions will be encountered during the building renovation that may increase the cost of the project and time needed to complete the work. While some of this risk is mitigated by the project's contingency and other factors, an unexpected issue could delay the state's Ten Year Sequencing Plan.

7. List requested interdepartmental coordination and/or special project approval (including mandatory reviews and approvals, e.g. technology proposals).

This project will include any necessary CEQA, State Fire Marshal, Division of the State Architect, local planning entities, and other regulatory approvals as part of development. The project will also require close coordination with client agency tenants and the Department of Finance to plan support budget impacts to rental rates and other project-related budget impacts not included in the rental rate.

F. Consistency with Government Code Section 65041.1:

Does the recommended solution (project) promote infill development by rehabilitating existing infrastructure and how? Explain.

The project utilizes existing infrastructure and building stock. The recommended project assures the continued productive use of one of the state's architecturally significant buildings, and will protect and enhance a valuable state asset for the future.

Does the project improve the protection of environmental and agricultural resources by protecting and preserving the state's most valuable natural resources? Explain.

The renovation of the Jesse Unruh Office Building reduces the amount of natural resources and materials used to construct a comparable new facility. The project will also increase the energy efficiency of the building, reducing energy consumption and energy production byproducts, helping to reduce the need for future power infrastructure projects

Does the project encourage efficient development patterns by ensuring that infrastructure associated with development, other than infill, support efficient use of land and is appropriately planned for growth? Explain.

The project is consistent with efficient development patterns. The recommended project is a renovation of an existing building. The project does not meaningfully increase or change the demand on transportation infrastructure.