

Executive Office
County of Riverside



Larry Parrish
County Executive Officer

November 27, 2007

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501-3651

SUBJECT: DA Building Progress Report

Board Members:

Attached is a Form 11 from Facilities Management updating you on the progress made toward constructing a new building for the District Attorney.

The DA and Facilities Management staff worked cooperatively to develop the ambitious schematic drawings before you today. However, I am concerned that there might not be enough resources available to undertake this project - and still be able to complete all the other important projects that you have supported.

Current budget outlook and the economy have overtaken us, so we should pause to recalculate. As was presented to the Board in the first quarter budget report, California's housing slump has started to deteriorate this county's revenue base. Revenue growth will slow the next two years or more, and it could shrink further if the state slips into a recession. Balancing these revenue constraints with known future costs like safety COLAs, PSEC debt service, and staffing for new jail beds means that there is little room for other growth.

In the first quarter budget report, I recommended, and you supported, controlled growth in the 0-2 percent range until the economy starts to recover. Any new expenses must be considered in the light of other priorities. New commitments that could jeopardize prior Board decisions should be undertaken only with the utmost caution.

Construction of this new building will commit more new Net County Cost than we project will be available, about \$17 million for debt service and maintenance net of current costs of \$2.25 million (ATTACHMENT A). To meet the debt service, it is possible other projects would be cut or delayed. Additionally, adding that much debt will bring the county beyond its debt capacity limit (ATTACHMENT B). Other projects like animal shelters, clinics, or the second phase of the hub jail could be delayed three years or more if this project goes forward now.

Further, the growth contemplated to populate this building - approximately 3 percent yearly for 10 years - should be closely examined (ATTACHMENT C). The factors used do not seem to be supported by our current economic outlook.

There are other reasonable alternatives that will, I believe, satisfy the District Attorney's needs and still allow you to meet other vital county needs. Those options include:

- 1) Delaying the project until economic conditions are more favorable;
- 2) Searching the market for other suitable buildings;
- 3) Considering the use of existing county buildings, Riverside Centre for example;
- 4) Redesigning the project to lower the cost.

IT IS THEREFORE RECOMMENDED that the Board of Supervisors:

- 1) Delay this construction project until economic conditions are more favorable, and;
- 2) Return to the Board at the mid-year budget report in January with a solution for the DA's space needs.

Respectfully submitted,

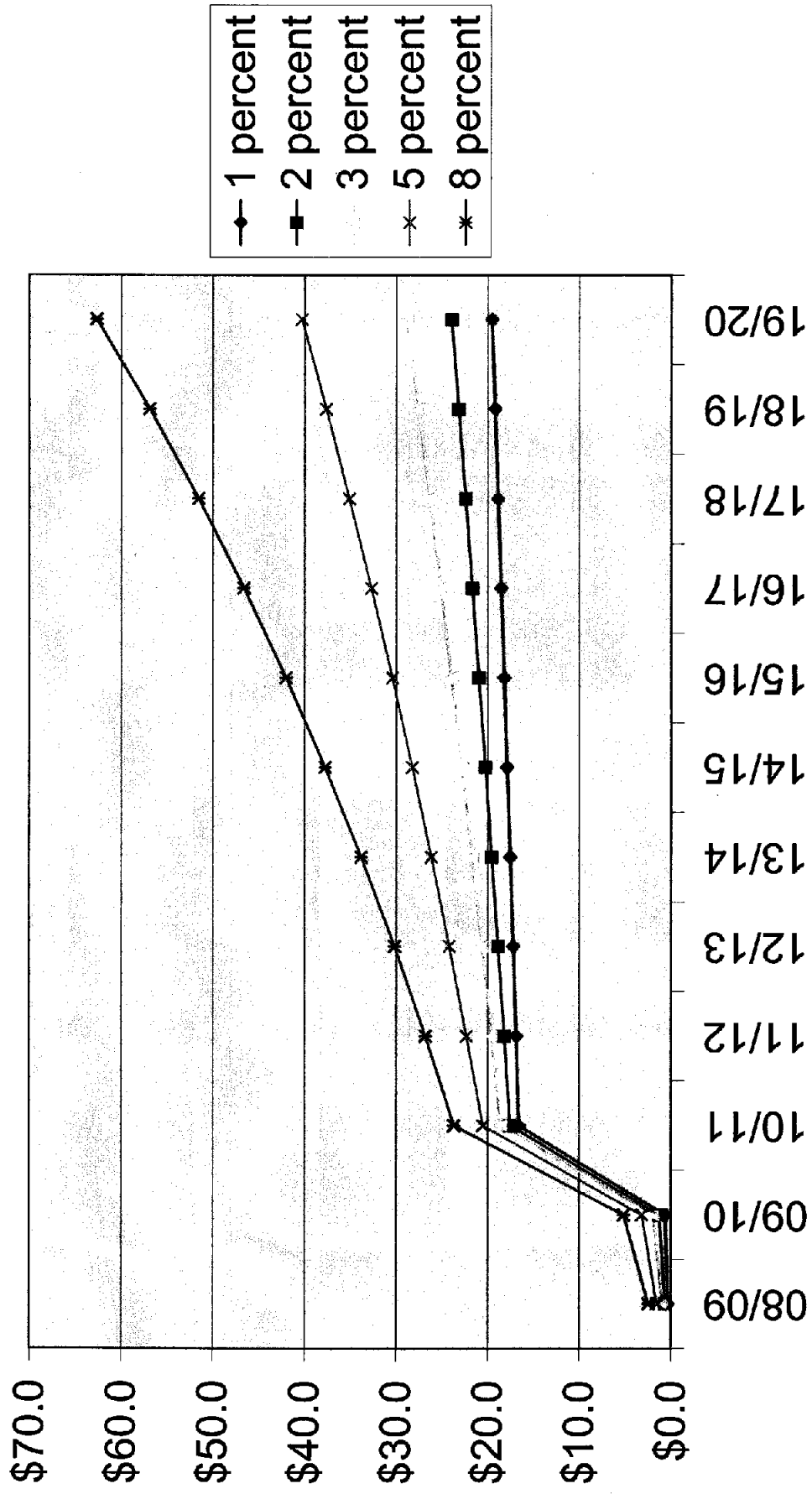


LARRY PARRISH
County Executive Officer

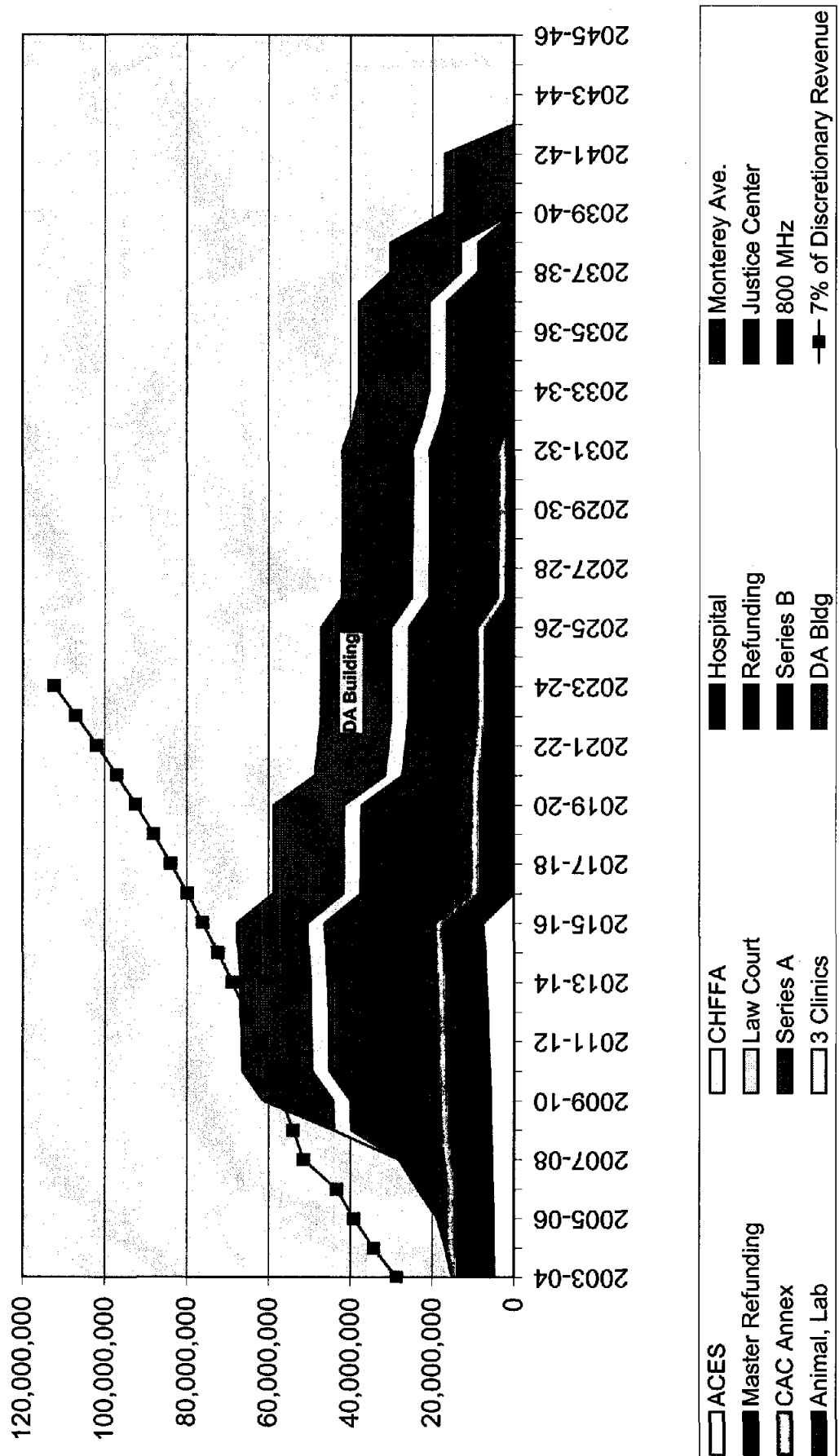
Attachments:

- ATTACHMENT A Projected Cost of New DA Staff + \$17M Debt Service
ATTACHMENT B Constraint Limits Construction Financing
ATTACHMENT C Time to Grow to 720 DA Positions

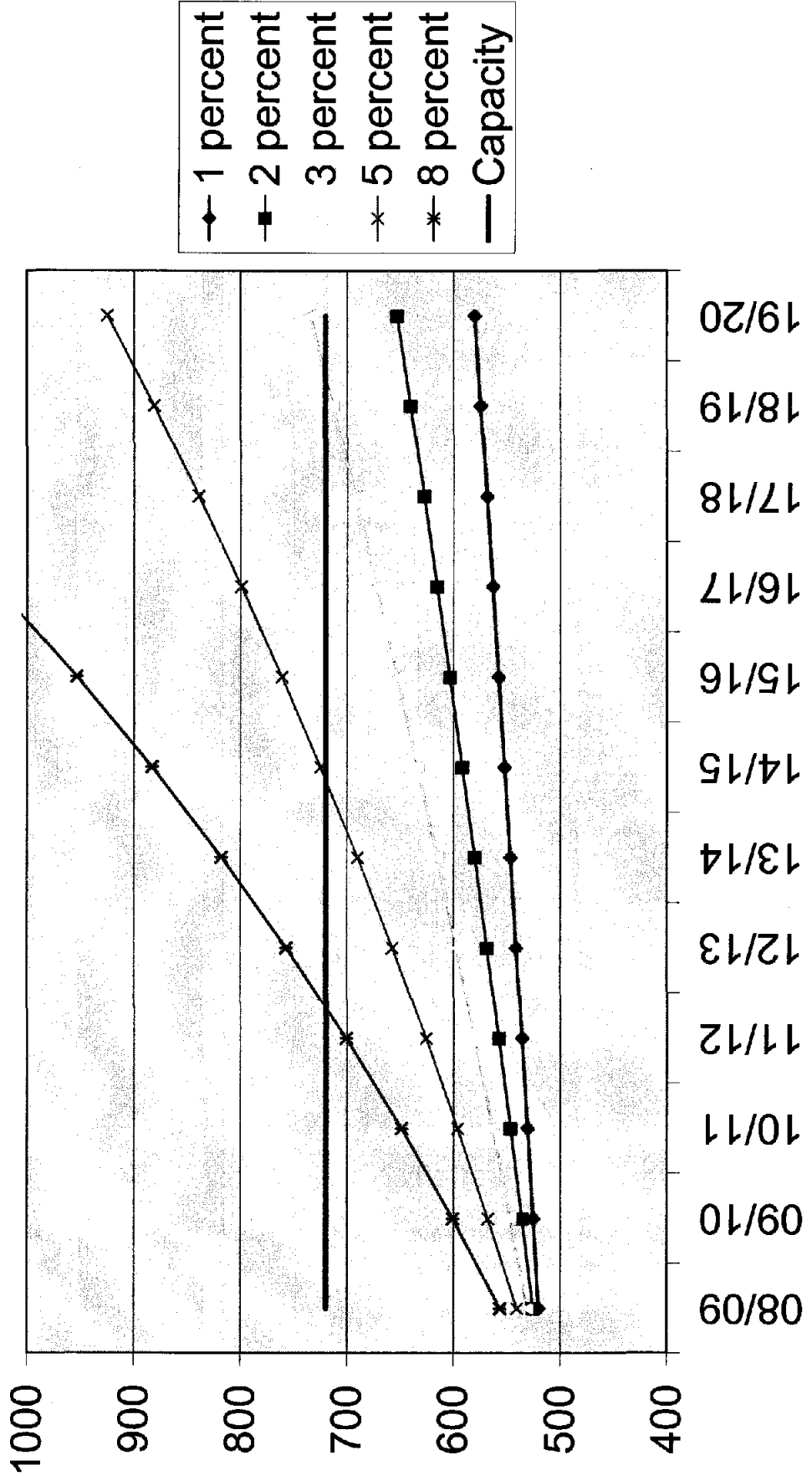
Projected Cost of New DA Staff + \$17M Debt Service (growth rate varies)



Constraint Limits Construction Financing



Time to Grow to 720 DA Positions (growth rate varies)



2007-10-204

939



**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Department of Facilities Management

SUBMITTAL DATE:
October 31, 2007

SUBJECT: Downtown Law Building - Schematic Design

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the schematic design, on file with the Department of Facilities Management, for the Downtown Law Building; and
2. Authorize the architect to proceed to the Design Development and Construction Document Phases of the project.

BACKGROUND: (Commences on Page 2)

RF:WH:trv
Project #FM08220002809

Robert Field, Director
Department of Facilities Management

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	07/08

SOURCE OF FUNDS: Capital Improvement Program to be Reimbursed by Bond Proceeds from CORAL Financing	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: See attached CEO recommendation

County Executive Office Signature

Jennifer Sargent

- Policy
- Policy
- Consent
- Consent

Dep't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 2.9, 1/10/07; 3.40, 1/09/07; 3.17, 10/24/06; 3.19, 5/02/06; 16.3, 5/03/05

District: 2nd

Agenda Number:

3.22

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

BACKGROUND:

The Downtown Law Building project was initially proposed in 2002, and was added to the county's Capital Improvement Program (CIP) list in fiscal year 2003/2004. The purpose of the project is to allow the Office of the District Attorney (DA) to consolidate all operations in a single building located in close proximity to criminal courts, and to provide sufficient space for a projected downtown staffing load of approximately 700 prosecutors, investigators, administrators, and support staff; the projected staffing level would be reached in about ten years' time. The DA presently occupies 64,000± square feet (SF) of leased space in nine different locations in the greater downtown area, along with 62,000 SF of space in the DA's existing headquarters building at 4075 Main Street.

On May 2, 2006, the Board of Supervisors approved an architectural and engineering consulting services agreement between the County of Riverside and Gruen Associates of Los Angeles, California for all phases of the proposed Downtown Law Building project. On October 24, 2006, the Board of Supervisors approved the Space Program and Exterior Design Scheme #2 as submitted by Gruen Associates.

Subsequent to the October 2006 approval, Gruen's principal design architect for the project left the firm and the project was reassigned. The replacement architect recommended a number of changes in the exterior design scheme, which were agreed to by both the DA and Facilities Management. Gruen Associates has now completed the schematic design phase and has prepared a detailed project cost estimate which takes into account all aspects of the building's design, construction, commissioning, equipping, and furnishing. The scope of the project has increased somewhat since the Board's October 2006 approval.

The original Space Program for the project consisted of a 230,000± SF office building and a 700 stall parking structure with four levels above grade and two secured levels below grade adjacent to the building. Since that date, the county has gone through two budget cycles, and the DA's staff level has increased in response to the county's ongoing population growth; for example, the DA will add 71 additional employees by the end of fiscal year 2007/2008. These changes resulted in some adjustments to the building's space program.

The current Space Program for the project consists of a 260,000± SF office building and a 1,000 stall parking structure with three secured levels underneath the building and three levels below grade and three levels above grade adjacent to the building. The capacity of the parking structure has been increased in order to relieve a portion of the county's parking shortfall in downtown Riverside, and only a portion of the structure's capacity will be dedicated to secure parking for DA staff, with the balance available to all county employees who purchase parking structure access.

(Cont'd)

BACKGROUND: (Cont'd)

The order-of-magnitude construction cost estimate amounts to \$167,600,000, and is based on a unit estimate of approximately \$415/SF for the building and \$40,000/space for the parking structure. The cost estimate also includes ancillary costs, such as demolition of the existing Fleet Services facilities. It should be noted that these figures are significantly higher than those used when the project cost was initially estimated and the project added to the CIP list in 2003.

The unit cost increases are attributable to a number of factors related to both the local construction labor market and the cost of materials. For instance, availability and cost for steel and concrete have been directly affected by a number of large building projects in the Peoples Republic of China and by the demand for materials for reconstruction efforts in Iraq and Afghanistan. Labor has been subject to increased demands placed by the region's housing market and, while the current downturn in the housing market might have reduced these demands, the destruction of large numbers of houses by the recent wildfires is expected to perpetuate the demand for (and cost of) construction labor; also, the pace of construction in the commercial and industrial sectors has not slowed, placing still more pressure on the labor market.

The estimated cost for the balance of the project amounts to \$48,400,000, and is allocated to architectural services, owner's representative services, furnishings, telephone and data services, and other associated non-construction related costs, as well as the project contingency. Combined with the construction cost estimate, the overall estimated project cost is \$216,000,000. In accordance with Board Policy B-22, these costs will continue to be refined during the Design Development and Construction Document phases.

As noted earlier, the DA currently occupies 64,000± SF of leased space in the downtown Riverside area, at a current cost of about \$1,500,000/year. Assuming that the DA were to reach the projected staffing level utilized in programming the proposed building, there would be a requirement to increase the amount of leased space by 134,000± SF at an additional cost of at least \$4,500,000/year. Much of the space currently occupied by the DA does not meet current standards and would have to be replaced, at an additional cost of about \$500,000/year.

Based on the foregoing, the total projected cost of leased space is approximately \$6,500,000/year. These figures are based on the current downtown lease rate of \$2.80/SF/month, and would be expected to increase by 3% each year, meaning that the total of lease payments in ten years would likely be about \$8,500,000/year. The leases would generally not be capital leases, meaning that the county would not gain an equity position in the buildings through the leases. Also, it should be noted that these figures are for space leases only, and do not include other items such as furniture.

(Cont'd)

BACKGROUND: (Cont'd)

By way of comparison, the debt service on the proposed 260,000± SF building would amount to just under \$17,000,000/year, assuming that the project was 100% financed through CORAL or a similar financing structure. The initial installation of furniture, fixtures, and equipment (FF&E) would be included in this figure; however, funding for replacement FF&E would not be included. The debt service figure would be fixed for the life of the financing.