

The City of  
**SAN DIEGO**



# Introduction

## Scope

The City of San Diego (“City”) engaged JLL to assess its Civic Center administrative and office portfolio to support the City’s alternatives analyses, real estate, and financial decisions. JLL’s assessment included the following properties (“Civic Center Portfolio”):

- 101 Ash Building (101 Ash)
- Civic Center Plaza (CCP), 1200 3<sup>rd</sup> Avenue
- City Administration Building (CAB), 202 C Street
- City Operations Building (COB), 1222 First Avenue

In addition to the Civic Center Portfolio, JLL reviewed four downtown City leases.

JLL’s scope of work included three primary elements:

1. Defining the City’s office and administrative space current state and uses
2. Analyzing the known costs to operate, maintain and renew the Civic Center Portfolio and downtown leases
3. Developing alternatives and potential changes in space needs for the City’s Civic Center Portfolio and downtown leases that consider potential future workplace strategies, purpose of the office and financial impacts



# The Hybrid Office Future

**63%**

of the workforce want to keep  
the possibility to alternate  
between different places of  
work in the future

Source:  
JLL, Worker Barometer, 2021

**49%**

of organizations still have not  
developed a 'future of work'  
program

Source:  
JLL, Work Dynamics Pulse Survey, October  
2021

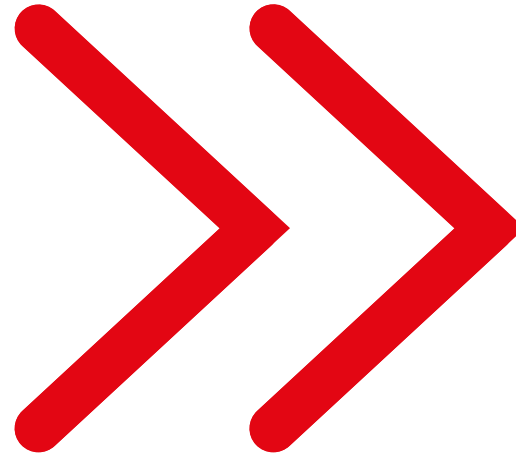


# City of San Diego Downtown Office Analysis



## Understanding the Current State

**How does the City currently/potentially use its office and administrative space downtown?**



Civic Center Plaza

City Operations Building

City Administration Building

101 Ash Street

Downtown Leases

# Civic Center Portfolio: Current State

**Note:** all values are estimates based on available information.

Property	Ownership Status	Office Square Feet	Head Count	Seat Count	Seat Sharing Ratio	Office SF / Employee	Office SF / Seat	Annual Occupancy Cost	Deferred Maintenance & Capital Costs
<b>101 Ash</b>	Own	314,545 SF <sup>(1)</sup>	0 employees	Not Applicable	Not Applicable	Not Applicable	Not applicable	\$1,393,910 <sup>(2)</sup> \$4 per SF	\$115,000,000
<b>Civic Center Plaza</b>	Own	243,922 SF	871 employees	982 office seats	0.89 employees per seat	280 SF	248 SF	\$8,115,638 \$28 per SF	\$7,200,000 <sup>(3)</sup>
<b>City Admin Building</b>	Own	115,474 SF	447 employees	356 office seats	1.26 employees per seat	258 SF	324 SF	\$2,125,361 \$15 per SF <sup>(4)</sup>	\$94,855,985
<b>City Operations Building</b>	Own	121,794 SF	450 employees	696 office seats	0.65 employees per seat	271 SF	175 SF	\$2,619,389 \$15 per SF <sup>(4)</sup>	\$45,168,510
<b>Total / Average<sup>(2)</sup></b>	<b>Not applicable</b>	<b>796,000<sup>(1)</sup> Office SF</b>	<b>1,768 employees</b>	<b>2,034 office seats</b>	<b>0.87 employees per seat</b>	<b>272 SF per employee</b>	<b>237 SF per office seat</b>	<b>\$14,300,000</b>	<b>\$262,000,000</b>

(1) 101 Ash is represented as gross square feet; all other property square footages represent office square footage only.

(2) Cost does not include lease payment and reflects only current estimated City costs to maintain and secure the building as vacant; 101 Ash lease payment is included in financial modeling.

(3) From 2008 CDRP Report. Unadjusted for time; 3% annual increase to 2021 is \$10,573,443

(4) Assumption of \$15.00 per square foot total annual occupancy expense was used for CAB & COB

# Summary: City Downtown Leases

**Note:** all values are estimates based on available information.

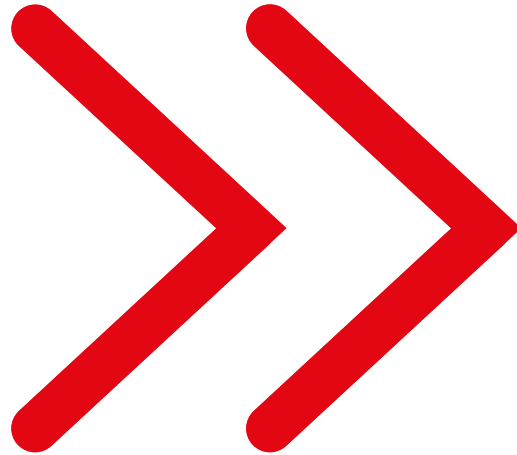
Property	Ownership Status	Office Square Feet	Head Count	Office SF / Employee	2021 Annual Cost Per SF	2021 Total Annual Occupancy Cost	Growth Rate	2027 Annual Cost Per SF <sup>(1)</sup>	2027 Total Annual Occupancy Cost <sup>(1)</sup>
<b>1122 Broadway</b>	Lease	22,216 SF	NA <sup>(2)</sup>	NA <sup>(2)</sup>	\$26 per SF	\$573,173	3 %	\$31 per SF	\$684,398
<b>525 B Street</b>	Lease	90,778 SF	583 Employees	156 SF	\$45 per SF	\$4,113,396	4 %	\$56 per SF	\$5,096,517
<b>450 B Street</b>	Lease	2,325 SF	10 Employees	233 SF	\$42 per SF	\$96,960.08	3 %	\$50 per SF	\$115,775
<b>600 B Street</b>	Lease	14,972 SF	62 Employees	241 SF	\$40 per SF	\$601,752.00	3 %	\$48 per SF	\$718,523
<b>Total / Average</b>	<b>Not applicable</b>	<b>130,291 Office SF</b>	<b>655 Employees</b>	<b>199 SF per employee</b>	<b>\$41 per SF</b>	<b>\$5,385,281</b>	<b>Not applicable</b>	<b>\$51 per SF</b>	<b>\$6,615,213</b>

(1) 2027 assumed as the stabilized future year for purposes of change implementation and financial analysis

(2) Use of 1122 Broadway space assumed to be static (optimization of space not likely).

## Benchmarking & Best Practices

**As the City looks to the Office of the Future, what are the key drivers of its office space needs?**



Employee Work Styles  
Seat Sharing  
Space Utilization



# Space Needs: Employee Work Styles

Potential for diverse work styles, from **fully on-site/anchor, hybrid and remote** employees, create a range of potential space needs and office provisioning.

Work Style:		On-Site / Anchor	Hybrid	Remote		
Mobility Characteristics	Profile	Mobility	Low external mobility	Low – Med, internally mobile	High external mobility	
		Days in Office	4-5 days	2-3 days	0-1 days	
	Technology	Space	Workstation	Assigned workstation	Assigned or unassigned workstation	unassigned workstation
		Computer	Laptop or desktop	Laptop or desktop	Laptop	
		Telephone	Desk phone and/or Softphone	Desk phone and/or softphone	Unassigned desk with phone generic extension	

## Industry Reference Points

- **40% of public entities** have a mobility program in place
- **Salesforce:** three workforce options going forward: flex, fully remote, and office-based
- **Workday:** four employee groups based on functional requirements; “always,” “mostly,” “seldom,” and “never” in the office
- **PwC** expects staff will want the best of both worlds and will adopt a “blended working” approach

## Future Options for Downtown City-Owned Property



State of California  
Request for Qualifications  
Mixed Use Development  
including Affordable Housing  
For Excess Sites  
Under Executive Order N-06-19

Location:  
1350 Front Street  
San Diego, CA 92101

Released: November 15, 2021  
Due: 5:00 pm PT on February 3, 2022

EO N-06-19 RFQ No. 4-21



**See Exhibit 6.**



## Alternative Approaches For Development

- No question the City needs a new City Hall or spend \$90+ millions to make the necessary improvements to extend its useful life.
- Other properties within the Civic Center Core also need to be replaced
- Future office space requirements are still in question.
- So where do we go from here?
  - Spend millions of dollars to improve existing facilities
  - Redevelop the entire site through an NOA, requiring the inclusion of a new City Hall, etc. (public/private partnership)
  - Carve out the new City Hall, etc. to be developed by the City and issue an NOA for the balance of the property

Thank you

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