



DATE: November 9, 2016

MEMO TO: MROSD Board of Directors

FROM: Stephen E. Abbors, General Manager

SUBJECT: Summary of the October 17, 2016 Facilities Ad Hoc Committee Meeting

This FYI Memorandum summarizes the discussion and comments at the October 17, 2016 Facilities Ad Hoc Committee (Committee) meeting, where staff presented information on the adjacent Carl's Jr. property and MKThink presented potential options to meet the long-term Administrative Office needs and a draft set of evaluation criteria for narrowing down and selecting a preferred final option. This FYI also includes input from Director Hassett who was absent for the Committee meeting, but attended a separate meeting with the District project team on October 24.

Partnership Potential

Jerry Hearn, Chair of the Peninsula Center Trust Fund (Trust), addressed the Committee to speak about a possible partnership arrangement for a future Administrative Office (AO) building. He had previously spoken to General Manager Abbors and staff about the partnership idea. The Trust owns the Peninsula Conservation Center building, which it leases out to the Peninsula Center Management Council, who then subleases the building to eight non-profit organizations (Committee for Green Foothills, Loma Prieta Chapter of the Sierra Club, Acterra, Grassroots Ecology, Canopy, California Native Plant Society, the Trail Center, and the League of Women Voters). The Peninsula Center Management Council includes a representative of each member organization.

While the current Peninsula Conservation Center building meets each organization's needs in general, its location on the east side of Highway 101 is not transit friendly and is perceived to be challenging to access. Mr. Hearn indicated that the Trust might be interested in a potential partnership if the opportunity was feasible. The Trust has no timeline and is not aggressively looking for a new space, but Mr. Hearn felt they would be able to accommodate the District's schedule, which targets the beginning of 2017 for a decision on the AO.

The Committee discussed the partnership potential and concluded it would be a very complicated process. It would also require a large building, at least three stories, to accommodate both the District and a partner organization or group of organizations. Director Hassett concurred with the Committee. The idea of a partnership may be revisited as a preferred option for the AO is selected, to determine if such an arrangement is feasible and beneficial.

Parking Potential at the Carl's Jr. Site

Staff was asked to look at the feasibility of building one level of underground parking on the Carl's Jr. site to avoid the cost of building two stories of underground parking under a new two-story AO on the current AO site (Attachment 2). The Committee discussed the cost and implications of purchasing the Carl's Jr. site and building surface or underground parking on it. Conservatively using the 2006 purchase price (\$1.65M) for the Carl's Jr. property, one level of underground parking under that site and one level under the AO site would cost \$4.3M. In contrast, two levels of parking on the existing AO site would cost \$2.7M. Thus, the Carl's Jr. underground parking option would increase the underground parking cost by over \$1.5M compared to constructing two levels of underground parking under the AO site. Additional related costs and issues include the true cost of the property itself (anticipated to be higher than the 2006 purchase price of \$1.65M), the challenges and cost of buying out the Carl's Jr. lease and relocating the business, the political implications of lost jobs when the business either relocates or closes, and the planning and permitting effort for combining and developing the lots, particularly if our intended use does not meet the City of Los Altos' desire for high density development.

The Committee members in attendance were not comfortable with taking on the role of a developer and felt the process would be too costly and complex, with far too many unknowns. Committee consensus at the meeting was to take this option off the table. However, Director Hassett felt \$1.5M was not a large enough cost difference to warrant removing this option particularly if the District were considering an alternate site near transit, which would in comparison result in even greater total project costs. However, it was noted that MKThink's futures and solution alternatives do not currently include seeking another property for the main AO, as the current AO site functions well given its proximity to District lands, services, mass transit, and major thoroughfares. Satellite office space in other cities is an option.

MKThink Presentation

MKThink presented three items: (1) AO staff survey results, (2) six potential options for the AO (described below as future scenarios), and (3) draft value criteria. A summary follows below, but more information is contained in the attached presentation document.

Staff Survey

A survey was sent to AO staff and the Area Superintendents and Managers who interface regularly with the AO to assess the existing work environment and conditions. Topic areas included information about staff, commuting (modes, motivation, barriers, distance and duration), field offices, current workplace environment, remote work, and satellite offices. The survey also asked staff about their thoughts of the future, including suggested improvements, future challenges, and future opportunities.

The Committee discussed incentivizing the use of mass transit. Although it was noted that staff who drive often do so because they need their vehicles for activities outside work, such as daycare drop off and pick up, personal errands, and evening meetings or commitments. The City of Los Altos' (City) current parking requirements were also discussed, including whether the City would consider reducing their parking requirements. District staff's recent conversations with City staff and attendance at two City Council meetings regarding zoning regulations appear to indicate that parking requirements will likely remain unchanged for the foreseeable future.

The Committee asked how these findings compared with MKThink's other clients. MKThink explained they see the same results in other organizations, which are facing similar external trends. Although MKThink recommends a proactive approach to change, they have observed that a radical change to work culture can be challenging without external or internal pressures that motivate or prompt the need for change, e.g. lease rate increases, retention issues caused by lengthening commute times, or lack of sufficient workspace.

Future Scenarios

MKThink then presented six future scenarios, based on their research and assessment of the District staff and work culture, that respond to the District's present and future operational needs and consider external forces that affect how the work environment may change in the future. Each scenario envisions a specific future with a particular focus that influences how the District would need to position itself and the new AO to address a particular future work environment and AO building. For example, a Talent Future scenario that focuses on attracting and retaining top talent in an increasingly competitive market may offer more attractive amenities and higher quality equipment in the new AO and allow more flexible work hours or telecommuting opportunities. MKThink noted scenarios are not mutually exclusive, and elements can overlap. For example, the Talent Future scenario that focuses on talent recruitment and retention can also incorporate environmental design elements that would be part of the Environmental Future scenario.

For the purpose of this discussion, MKThink also prepared one potential real estate solution for each future scenario with the understanding that these would be expanded, refined and vetted following the Committee's discussion. All solutions for all future scenarios utilize the existing AO location in some form (a complete rebuild with additional floors or retaining and renovating the existing footprint). None envision the main AO relocating to a new site although some of the solutions also envision separate satellite office(s) to address the need for additional work space and to alleviate long (3+ hour) daily commutes. Three potential real estate solutions are provided below:

1. Keep the existing AO and renovate it – requires an extensive renovation as well as highly dense work spaces. The feasibility of this option is still being explored and it could require satellite offices to distribute and accommodate the projected number of staff. It is also unclear how parking requirements may be affected by an increase in use and this may affect the feasibility of this solution.
2. Rebuild on-site with a two- or three-story building – requires demolition of the existing building. Because of the resources needed to build new, this option would be less green than renovating the existing building, but allow the District to meet its long term needs in one centralized location. Satellite offices could still be employed to better handle community engagement and alleviate long commutes.
3. Utilize satellite offices, e.g. Los Gatos, Redwood City – these could be leased at least initially to allow the District to pilot how a satellite scenario would work logistically.

MKThink envisions that satellite office(s) would work with a central AO. Satellite office(s) could either become the main reporting site for select employees and/or act as remote work locations for drop-in work similar to how the District's existing field offices function for AO staff. In either configuration, space in the AO would be denser and more efficient, with greater

focus on collaborative work areas and meeting space. A comment was raised from a Committee member who expressed an interest in utilizing field offices as these satellite work stations. Concerns about the field offices include their remote location which would not solve commute issues and their lack of space to accommodate more staff.

Satellite offices that are located near or in urban areas could help with community engagement by providing a meeting location closer to the north and/or south areas of the District or a place where visitors could drop by for information or to speak to staff. The Committee members, including Director Hassett, were divided on support for a satellite option.

Although the Palo Alto Medical Foundation (PAMF) has indicated it is not currently willing to sell its building across from the AO, Director Hassett wished to keep it as an option even if the decision is made to build on the existing AO site and while design is under way. The PAMF building could be ideal given that the building and site are larger than the AO.

For further refinement of real estate solutions, all Committee member selected 1: Talent Future, 2a: Partner Future A, and 3: Environmental Future as their top three future scenarios.

Draft Evaluation Criteria

Based on prior Board goals, MKThink developed a matrix of draft evaluation criteria to measure how a potential real estate solution for a future scenario would perform and alleviate the issues the District will be facing. The criteria will assist in future decision making. The Committee decided against prioritizing the criteria or placing them in weighted tiers. However, the Committee made the following changes to the criteria:

1. Added *Community Engagement* – to address how well the District would interact with the communities it serves;
2. Combined *Staff Retention (Retention) and Staff Diversity* – these are very similar; and
3. Removed *Staff Survey Feedback*.


Next Steps

The next Committee meeting is currently targeted for December. The goal is to develop more refined real estate solutions that address the top three future scenarios. Using the criteria, the next goal would be to narrow down the options to a preferred recommended option with potential alternatives. These deliverables would be presented to the full Board next January or February.

Prepared by: Tina Hugg, Senior Planner

Attachments:

1. October 17, 2016 Facilities Ad Hoc Committee Presentation (This attachment is large. If you would like a paper copy, please contact Jennifer Woodworth, District Clerk, or they are accessible on the District's website or the Board's Dropbox account.)
2. Memo to Facilities ad hoc committee Re: High level assessment of Carl's Jr. property



SURVEY RESULTS AND FUTURE SCENARIOS

PREPARED FOR:

PREPARED BY:



05 OCTOBER 2016 (UPDATED 10.16.16)

THiNK^{MK}

AGENDA

- **SURVEY FINDINGS**

- ABOUT YOU
- COMMUTING: MODES, MOTIVATION, AND BARRIERS
- COMMUTING: DISTANCE AND DURATION
- FIELD OFFICES
- CURRENT WORKPLACE EVALUATION
- REMOTE WORK
- SATELLITE OFFICING
- FUTURE CASTING

- **FUTURE OF THE AO SCENARIOS**

SURVEY FINDINGS

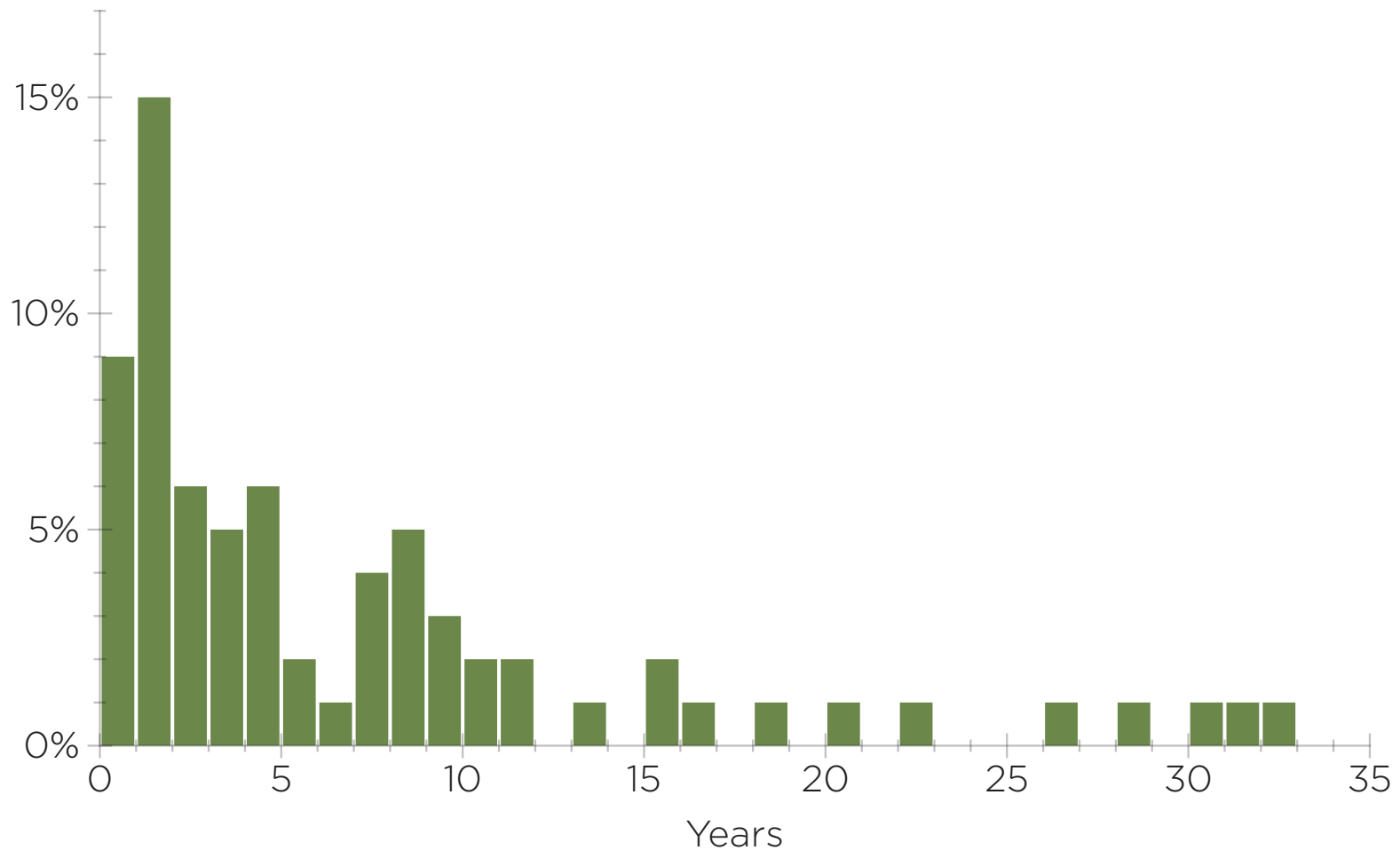
SURVEY OVERVIEW

- **SENT 9/18/2016 TO 81 EMPLOYEES OF THE MIDPENNINSULA REGIONAL OPEN SPACE DISTRICT**
- **72 RESPONSES AS OF 9/30/2016**
- **30 QUESTION SURVEY**

ABOUT YOU

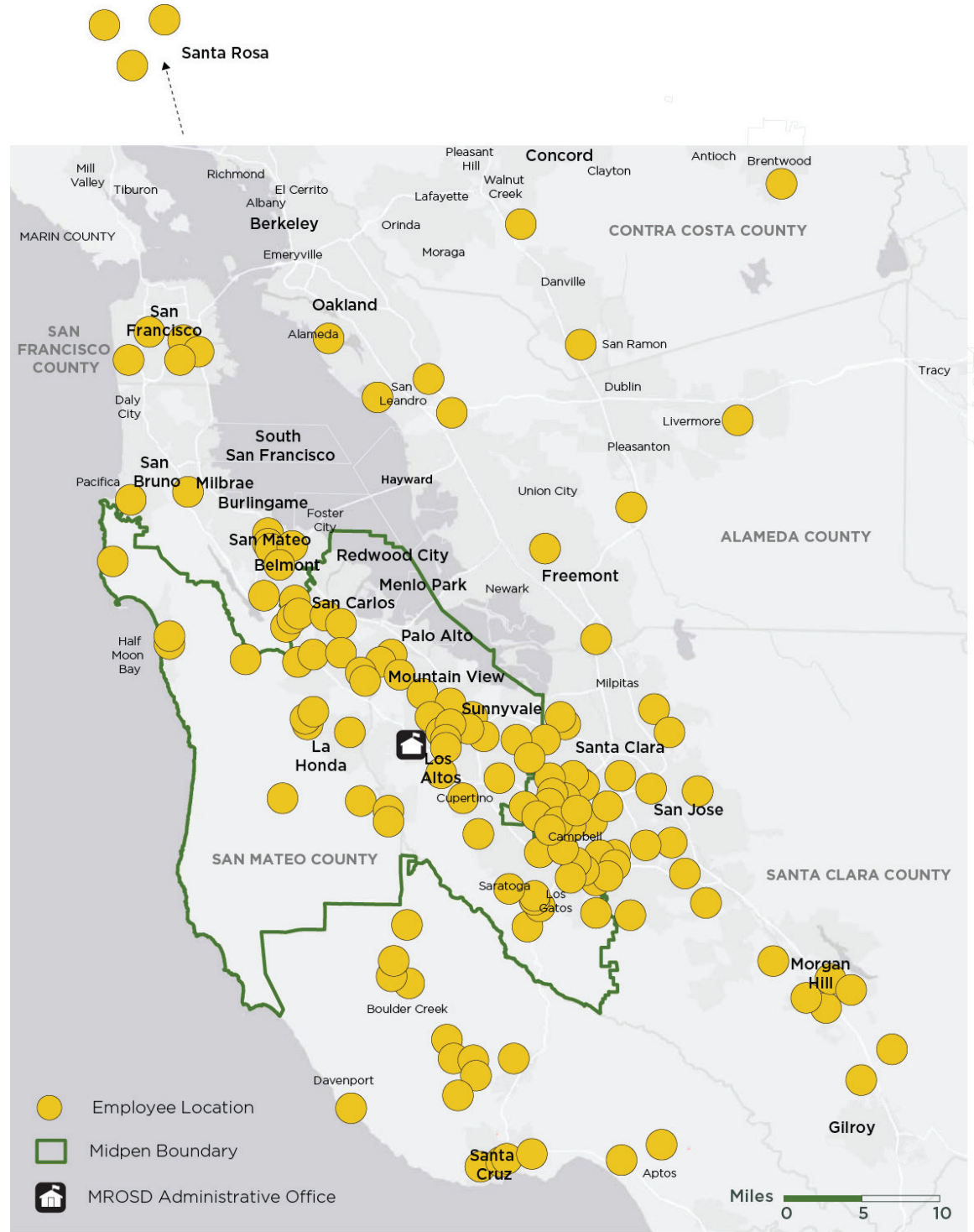
41% HAVE WORKED FOR THE DISTRICT LESS THAN 5 YEARS

HOW MANY YEARS HAVE YOU WORKED AT THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT?



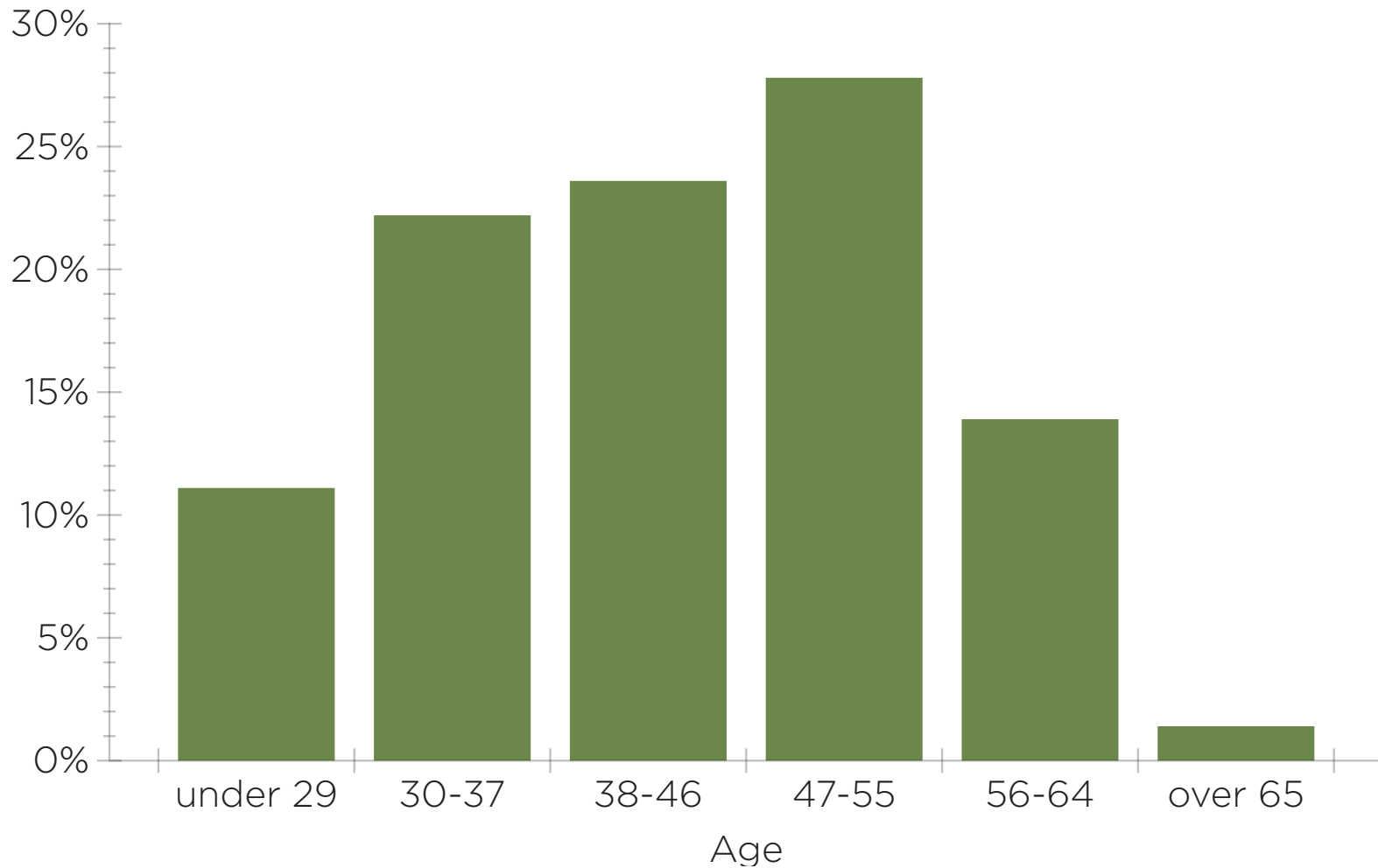
RESPONDENTS ARE SPREAD OUT THROUGHOUT THE BAY AREA

IN WHICH ZIP CODE DO YOU LIVE?



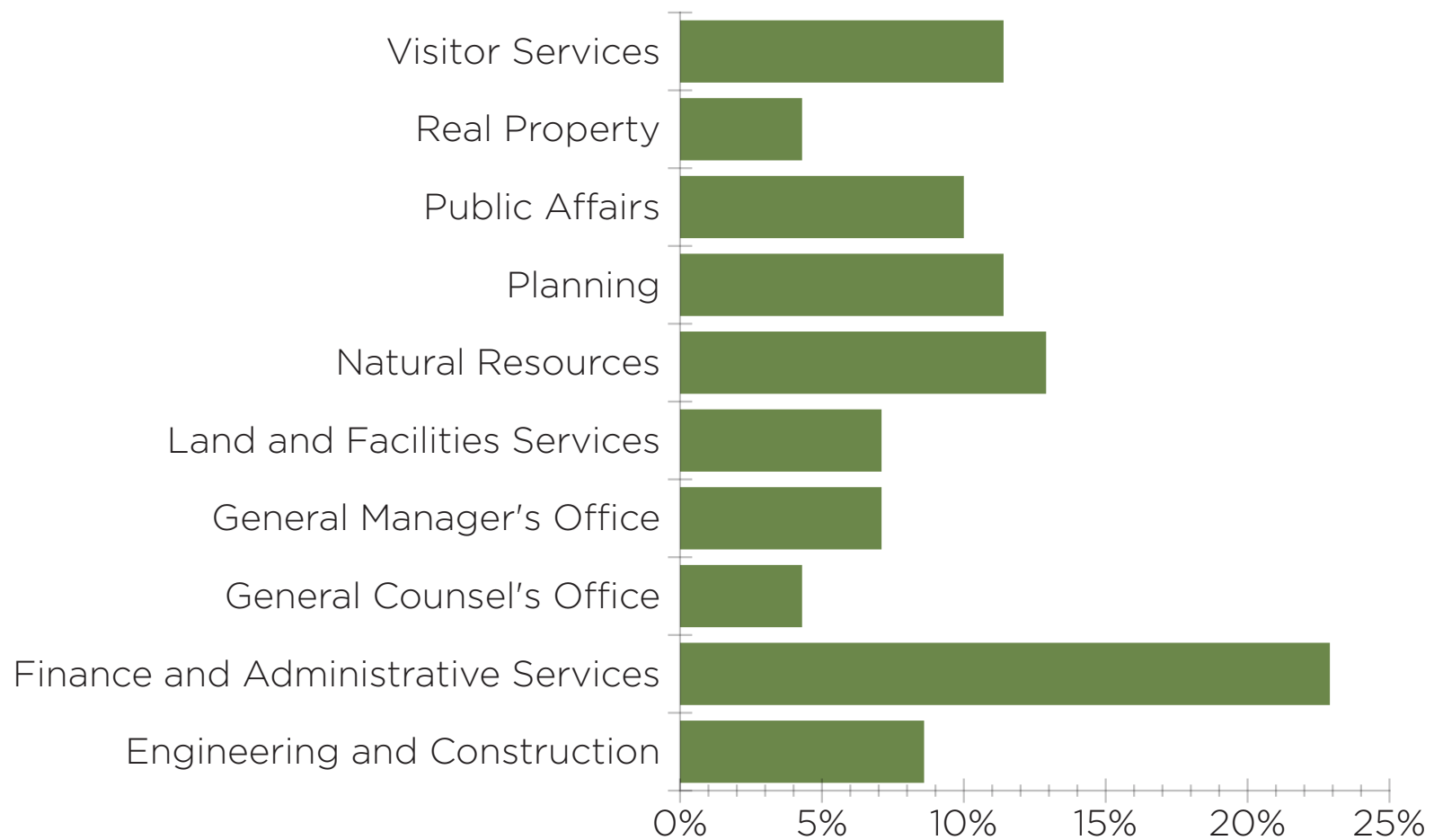
MORE THAN 50% ARE 38 TO 55 YEARS OF AGE

HOW OLD ARE YOU?



PROPORTIONALLY, LARGEST NUMBER OF RESPONDENTS (23%) WORK FOR FINANCE & ADMINISTRAT. SERVICES

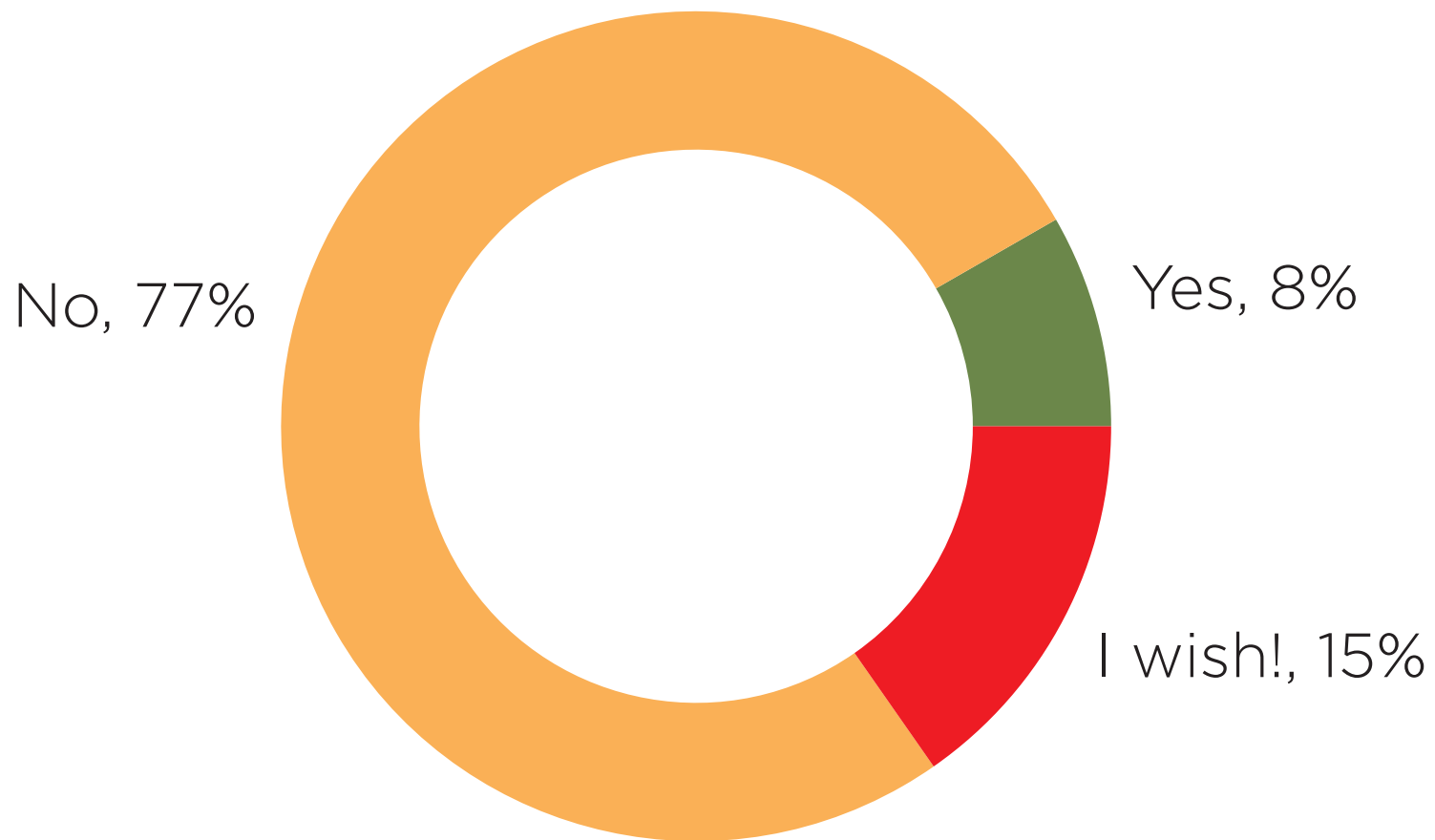
WHICH DEPARTMENT DO YOU WORK FOR?



**COMMUTING:
MODES, MOTIVATION AND BARRIERS**

77% DO NOT REQUIRE AN ADDITIONAL LIVING ACCOMMODATION TO HELP MITIGATE DAILY COMMUTE

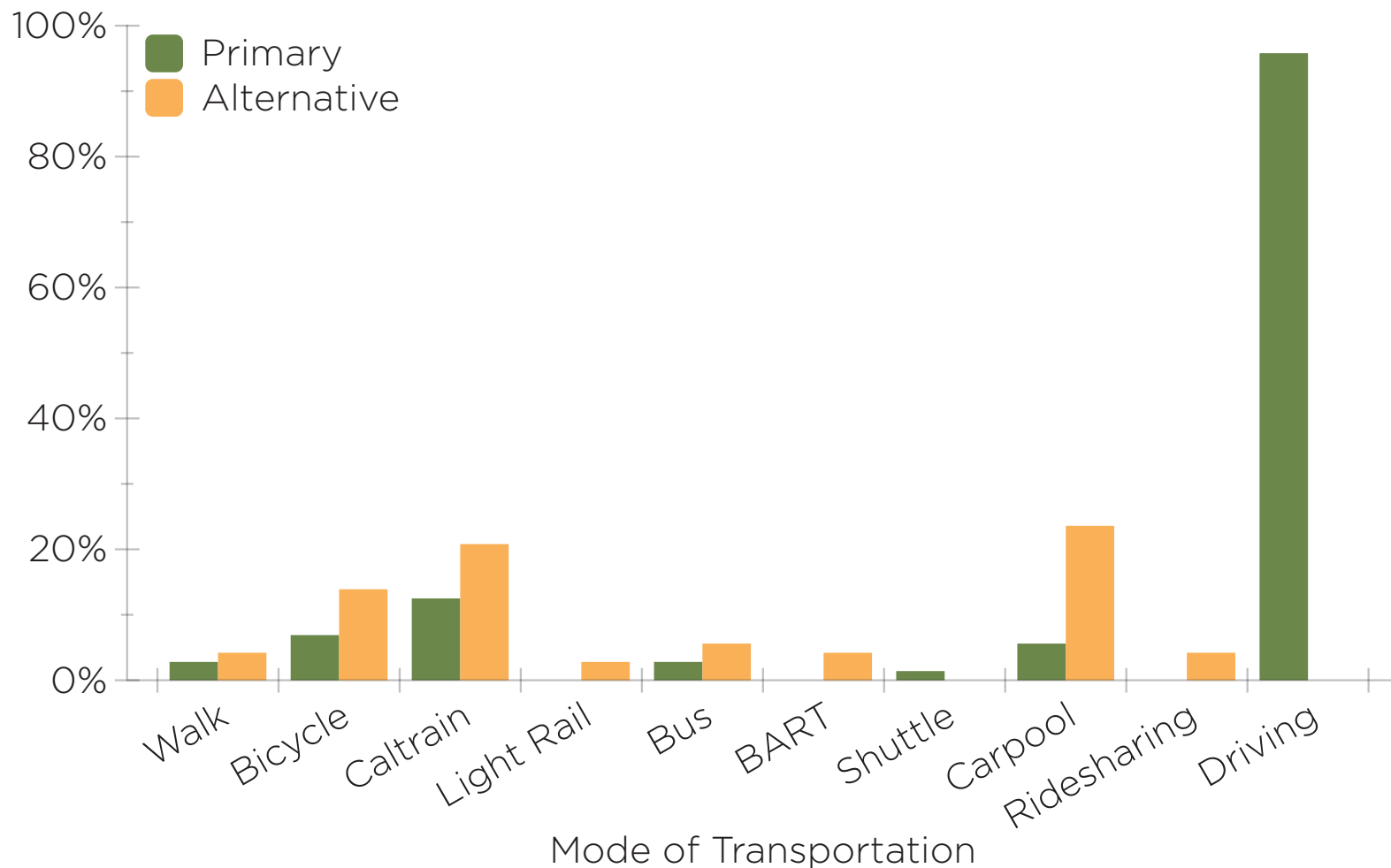
DO YOU REQUIRE SECONDARY LIVING ACCOMMODATIONS TO HELP MITIGATE THE COMMUTE FROM YOUR PERMANENT HOME OR RESIDENCE, SUCH AS RENTING A SECOND HOME, APARTMENT, OR A ROOM; STAYING WITH FRIENDS OR FAMILY, ETC.?



FOR MOST, CAR IS THE MAIN MODE OF TRANSPORT

WHICH MODE(S) OF TRANSPORTATION DO YOU TYPICALLY TAKE TO AND FROM WORK?

WHICH ALTERNATIVE MODE(S) OF TRANSPORTATION HAVE YOU TAKEN AT LEAST ONCE IN THE PAST YEAR?



RESPONDENTS TAKE ALTERNATIVE MODES OF TRANSPORT FOR VARIOUS REASONS

IF YOU TOOK ALTERNATIVE MEANS, WHAT MOTIVATED YOU TO DO SO?

IT'S LESS STRESSFUL THAN DRIVING SOLO

21%

I CAN GET SOME EXERCISE INTO MY ROUTINE BY WALKING OR BIKING TO/FROM THE STOP OR STATION

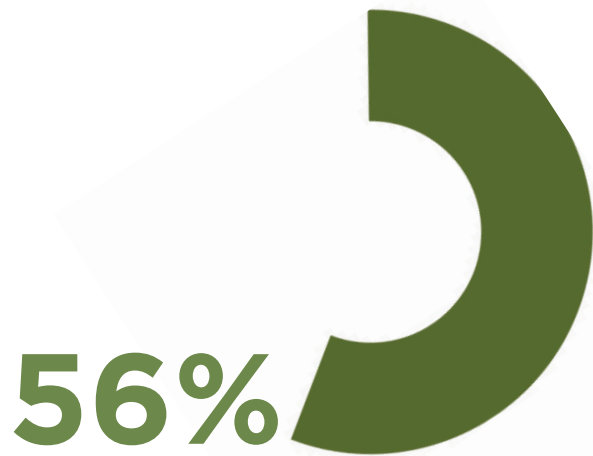
18%

I CAN WORK OR RELAX WHILE COMMUTING (OR CARPOOLING)

14%

MOST DRIVE OUT OF CONVENIENCE

WHY DO MOST PEOPLE DRIVE MOST OF THE TIME?



IT IS EASY TO PARK AT MY
WORKPLACE



I DO NOT LIVE NEAR ANY
FORM OF PUBLIC TRANSIT.



I HAVE TO TRANSFER FROM
ONE FORM OF TRANSIT TO
ANOTHER IN ORDER TO GET
TO MY WORKPLACE.

FOR MOST, PUBLIC TRANSPORT IS AN INCONVENIENT ALTERNATIVE

PLEASE IDENTIFY THE TOP REASONS, IN ORDER OF IMPORTANCE, THAT YOU DO NOT TAKE TRANSIT TO WORK MORE OFTEN:

IT TAKES TOO LONG TO GET TO WORK OR TO GET HOME

50/72

I NEED MY CAR TO DO ERRANDS AND/OR PICK UP CHILDREN

44/72

I USE MY CAR DURING THE DAY FOR WORK

29/72

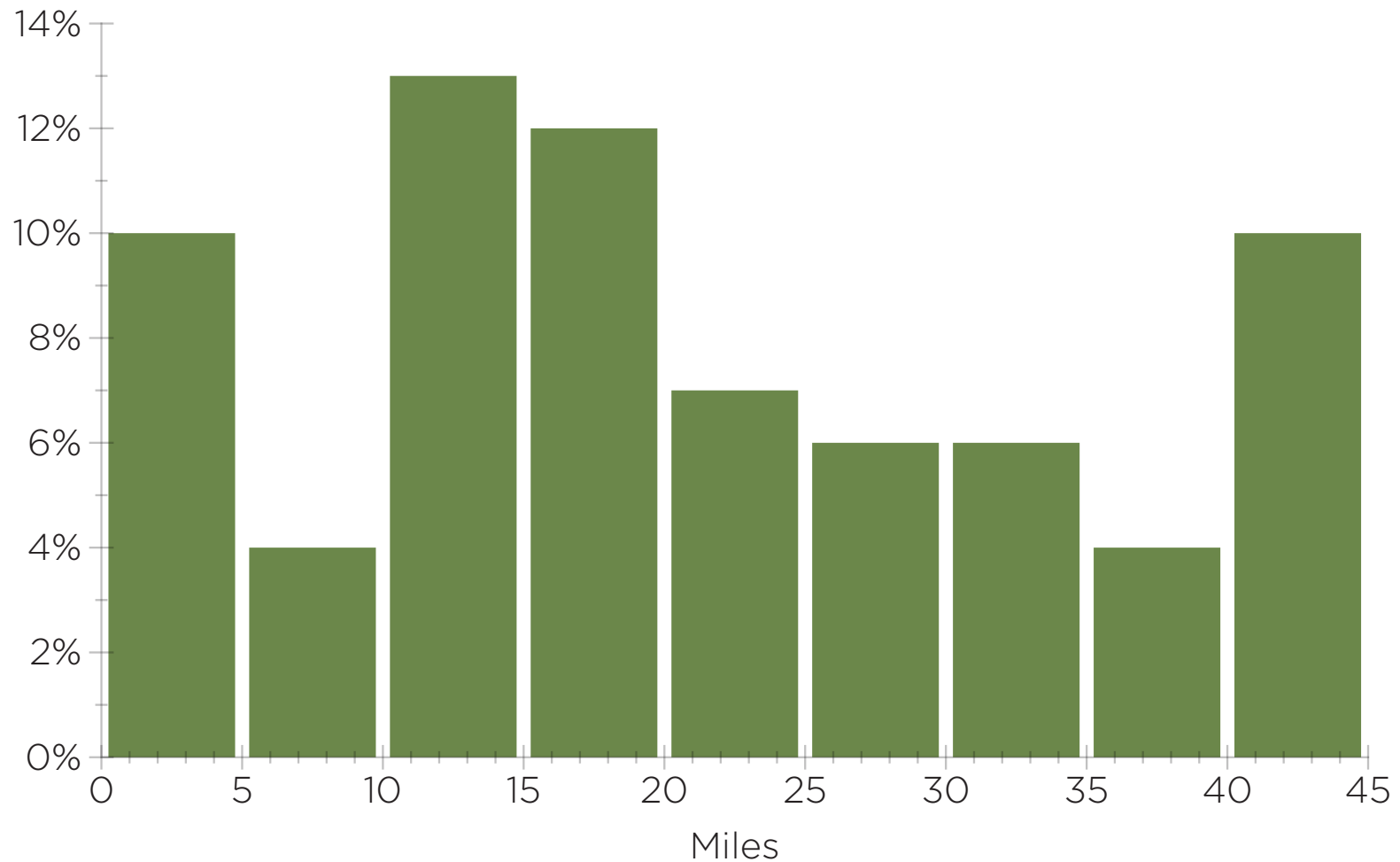
TRANSIT IS NOT AVAILABLE IN MY AREA

26/72

**COMMUTING:
DISTANCE AND DURATION**

33% DRIVE MORE THAN 20 MILES (HOME TO WORK) PER DAY

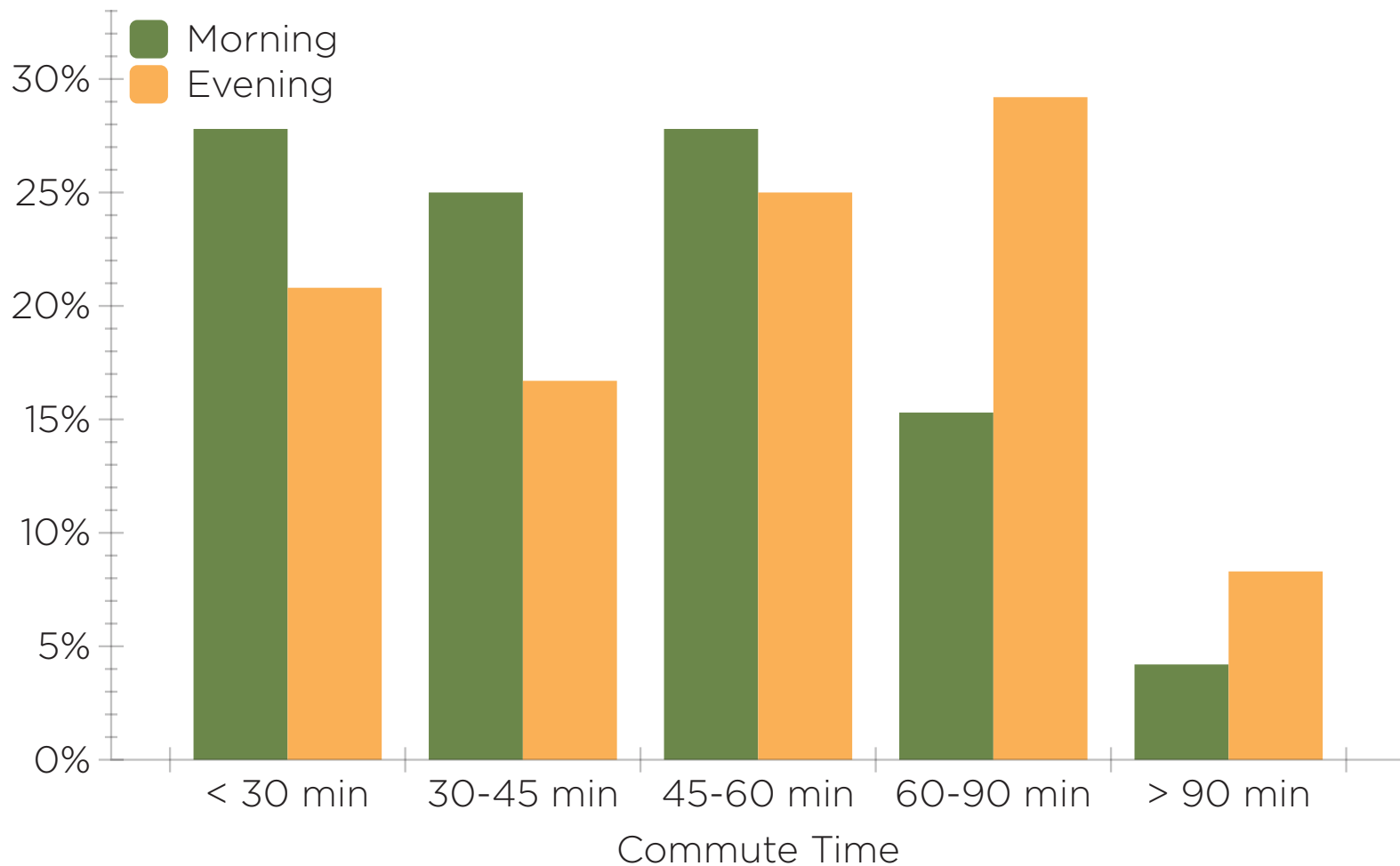
HOW MANY MILES IS THE ROUTE FROM YOUR HOME TO WORK?



AFTERNOON/EVENING COMMUTES ARE LONGER THAN MORNING COMMUTES

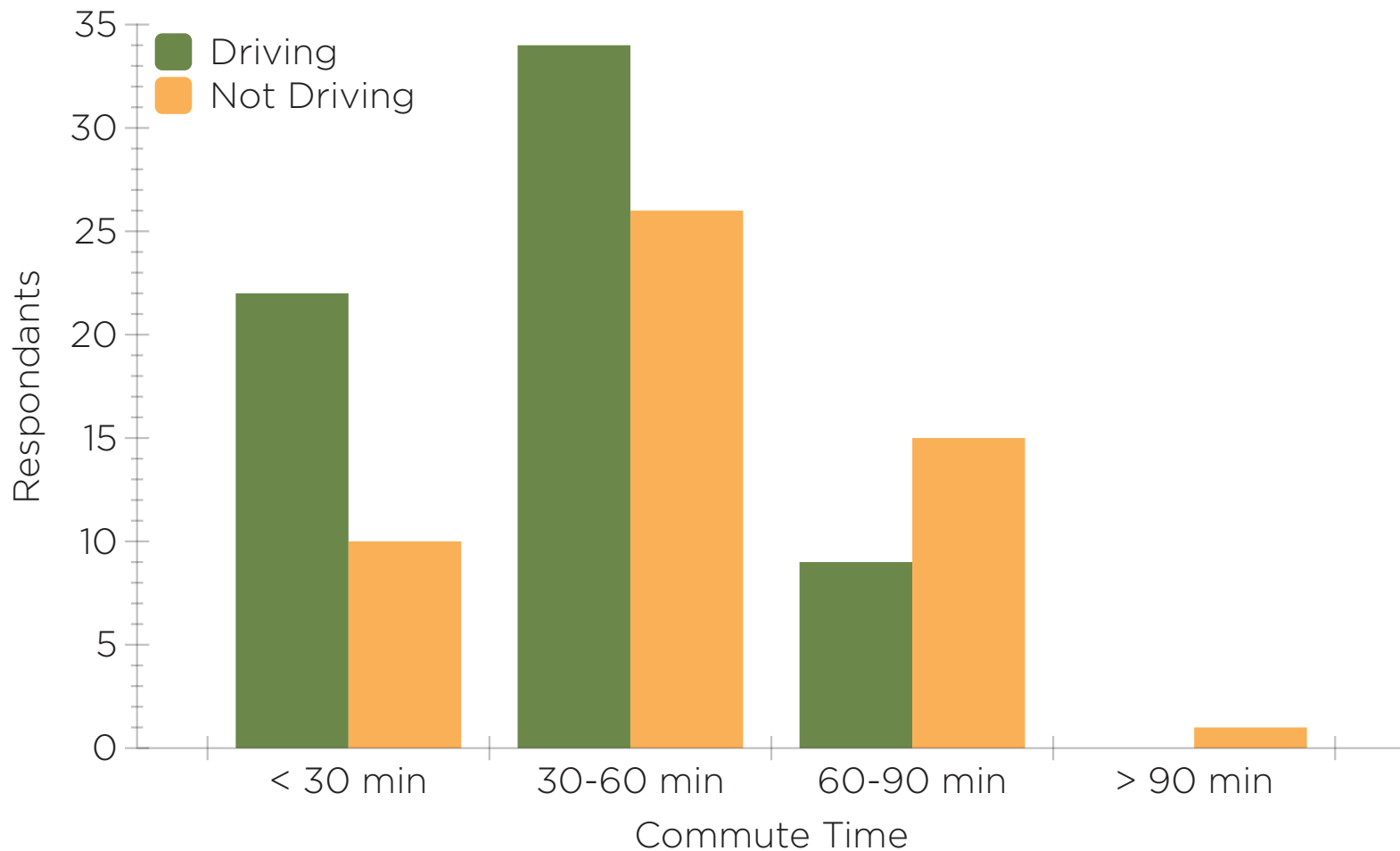
WHAT IS THE TOTAL DURATION OF YOUR MORNING COMMUTE?

WHAT IS THE TOTAL DURATION OF YOUR AFTERNOON/EVENING COMMUTE?



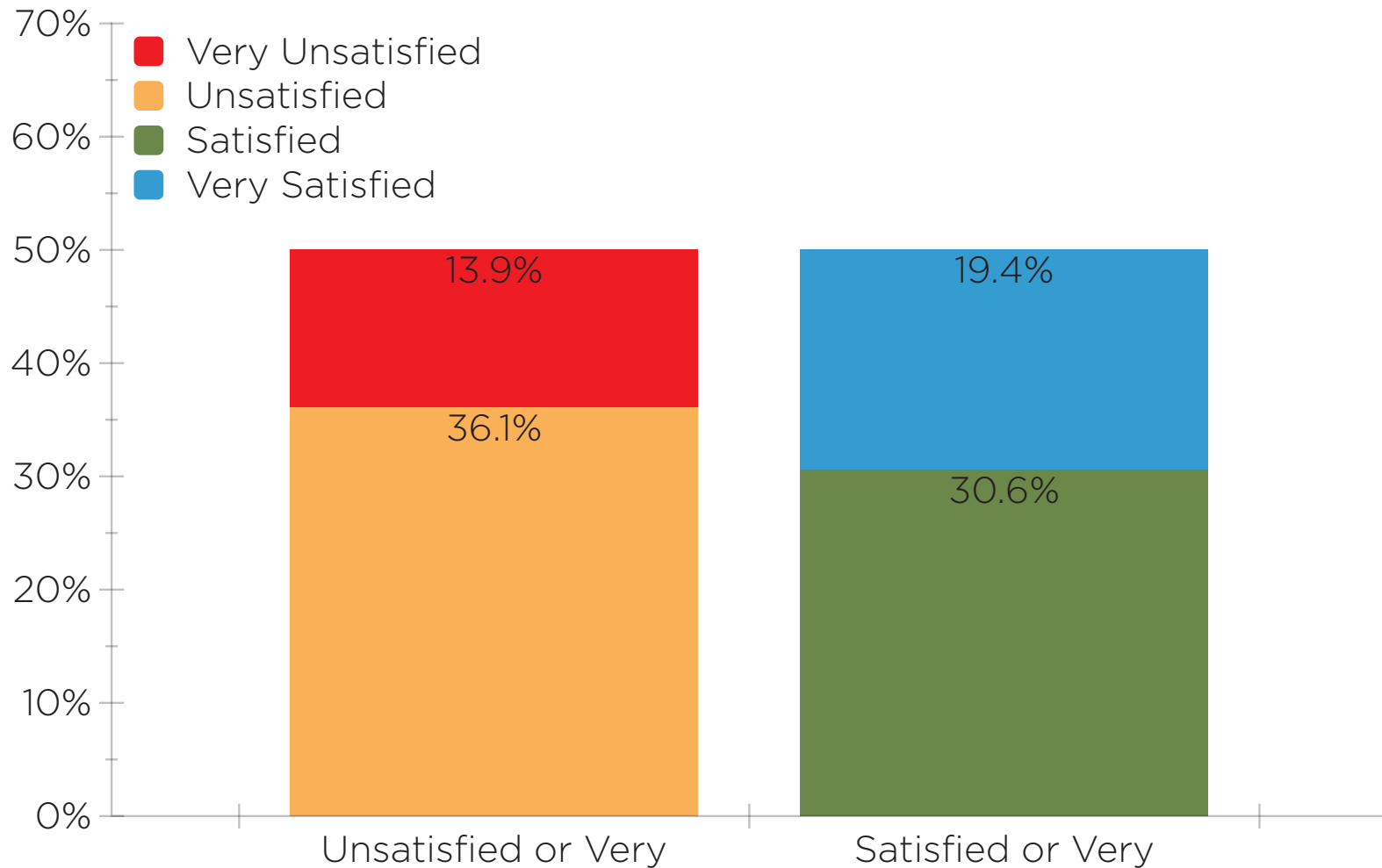
56% PREFER A COMMUTE UNDER 1 HOUR (DRIVING)

HOW MUCH TIME ARE YOU WILLING TO SPEND COMMUTING TO WORK EACH DAY (ONE WAY)?



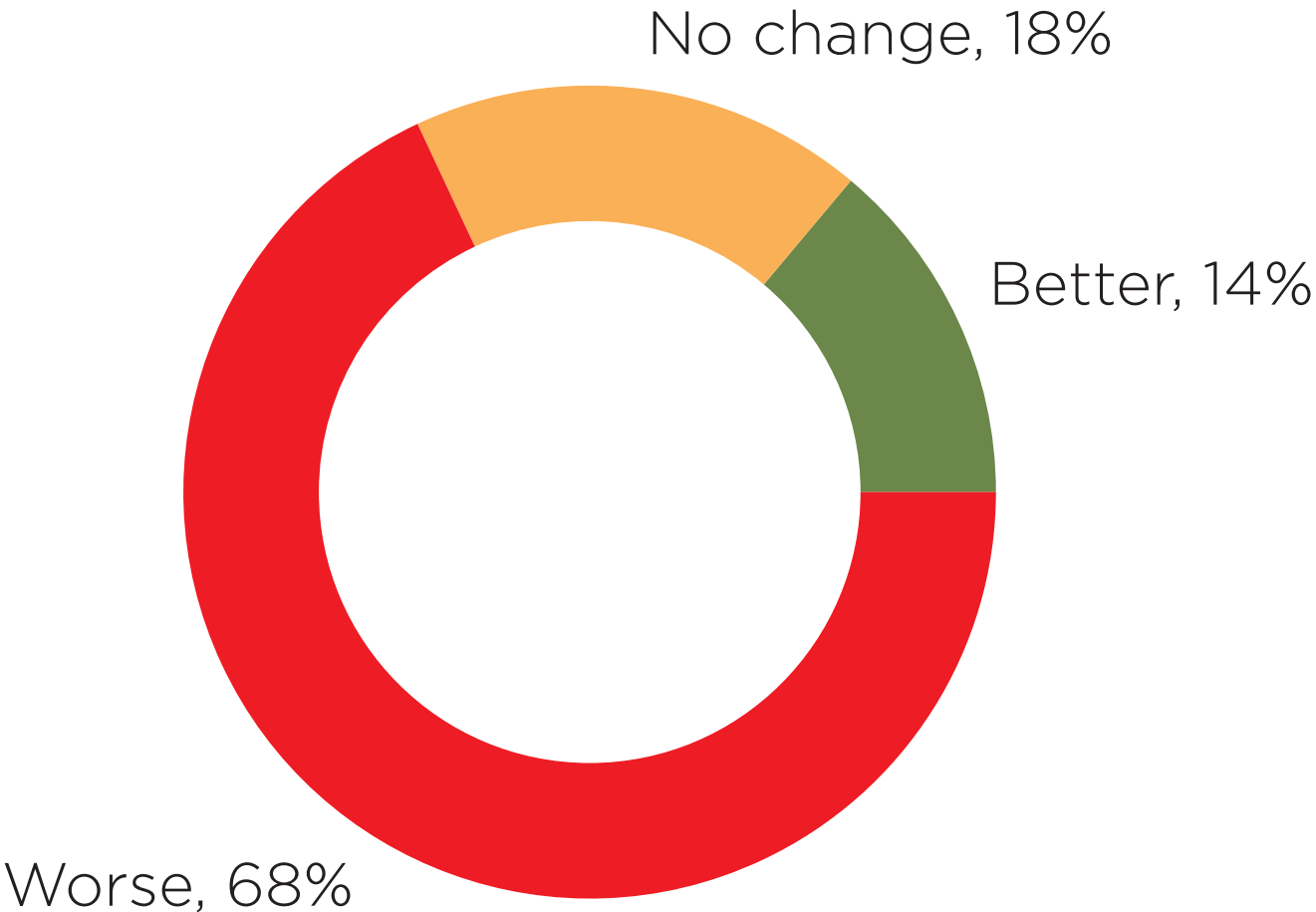
50% OF THE RESPONDENTS ARE DISSATISFIED WITH THEIR CURRENT COMMUTE

HOW SATISFIED ARE YOU WITH YOUR CURRENT COMMUTE?



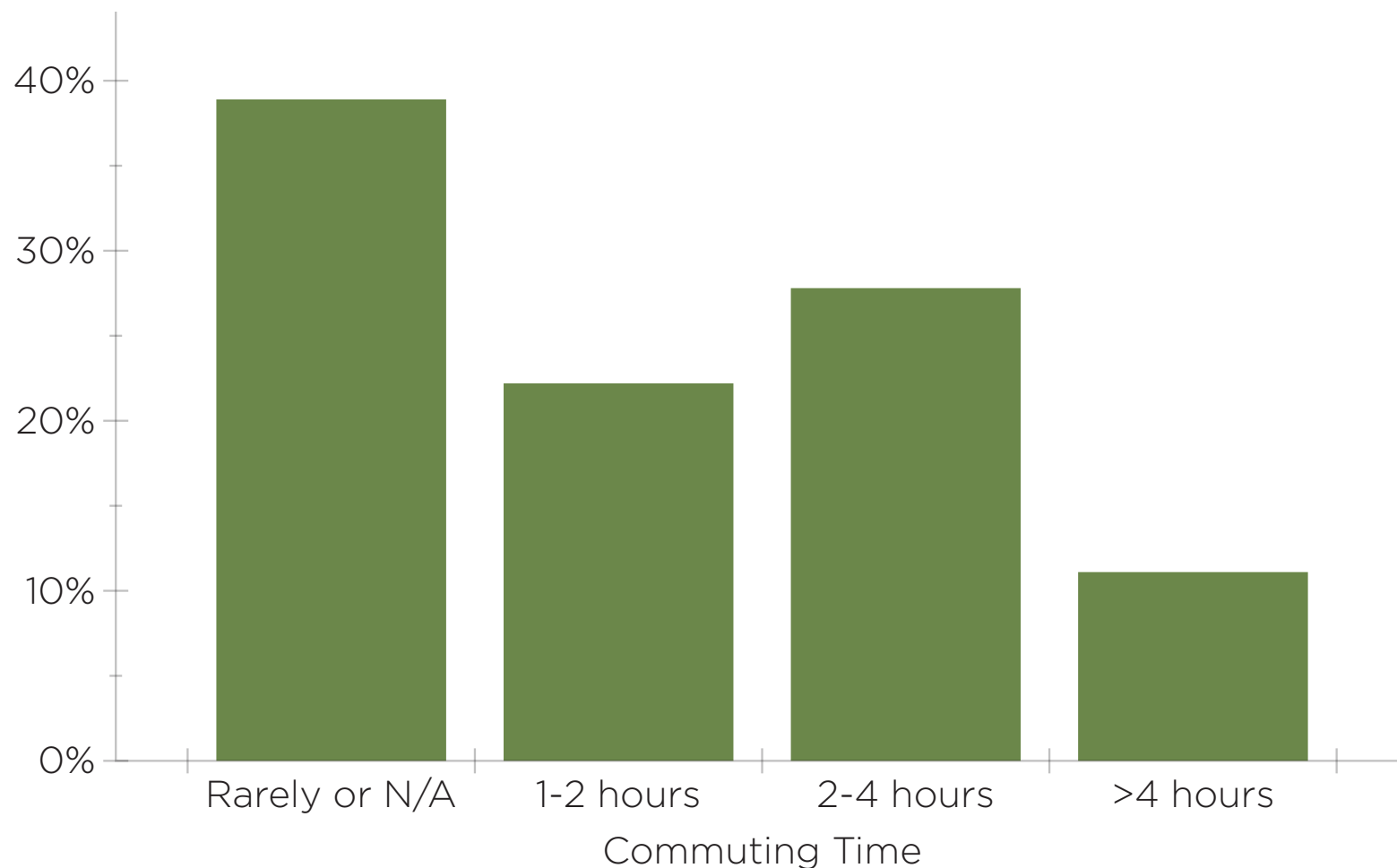
68% REPORT THAT COMMUTE HAS GOTTEN WORSE

HOW HAS YOUR COMMUTE CHANGED IN THE LAST TWO YEARS?



10% SPEND MORE THAN 4 HOURS PER WEEK COMMUTING BETWEEN LOCATIONS

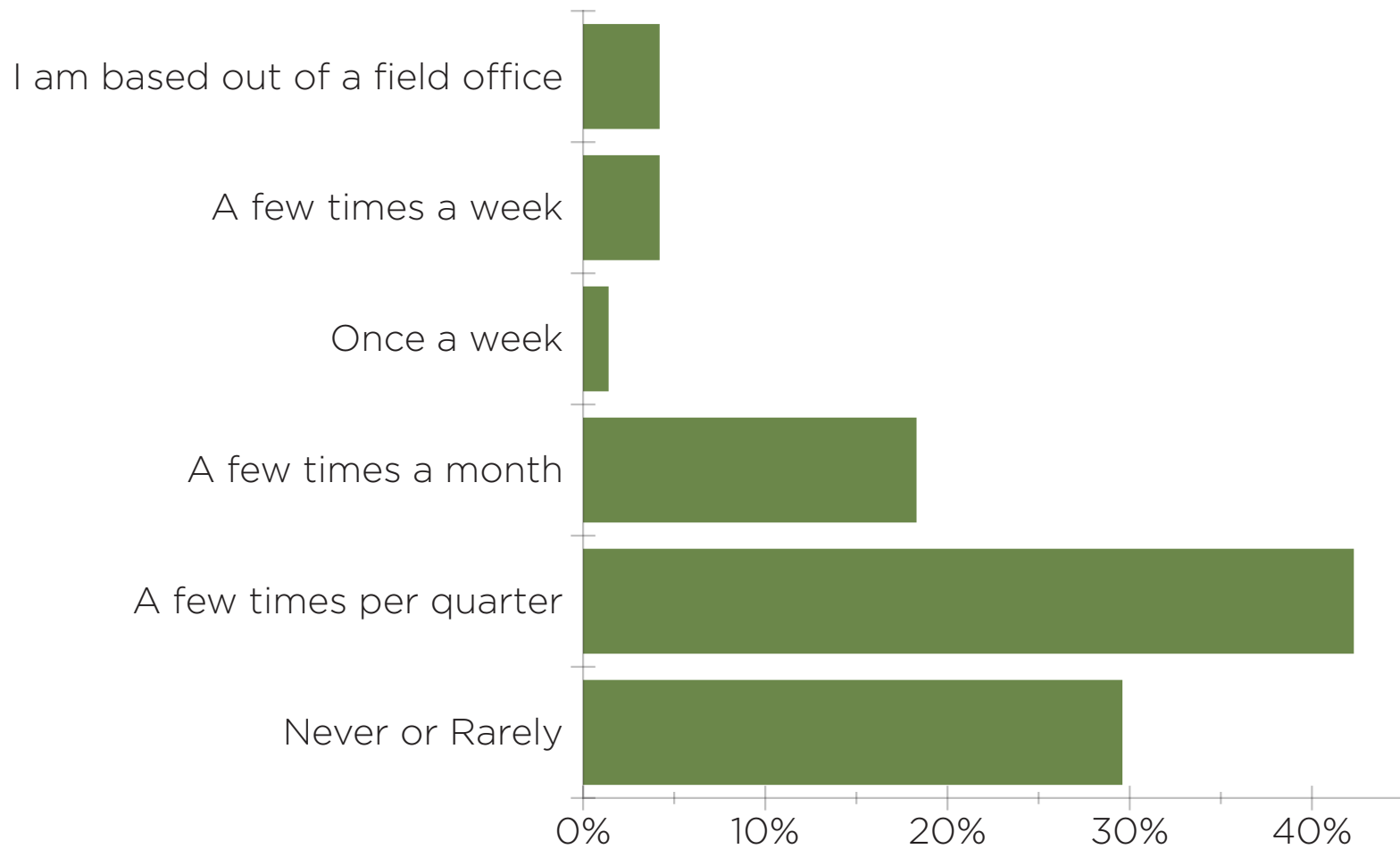
DURING A TYPICAL WEEK, HOW MUCH TIME DO YOU SPEND COMMUTING BETWEEN YOUR PRIMARY WORK LOCATION AND OTHER SITES FOR DISTRICT MEETINGS/SITE VISITS/PROJECT WALKS/ETC.?



FIELD OFFICES

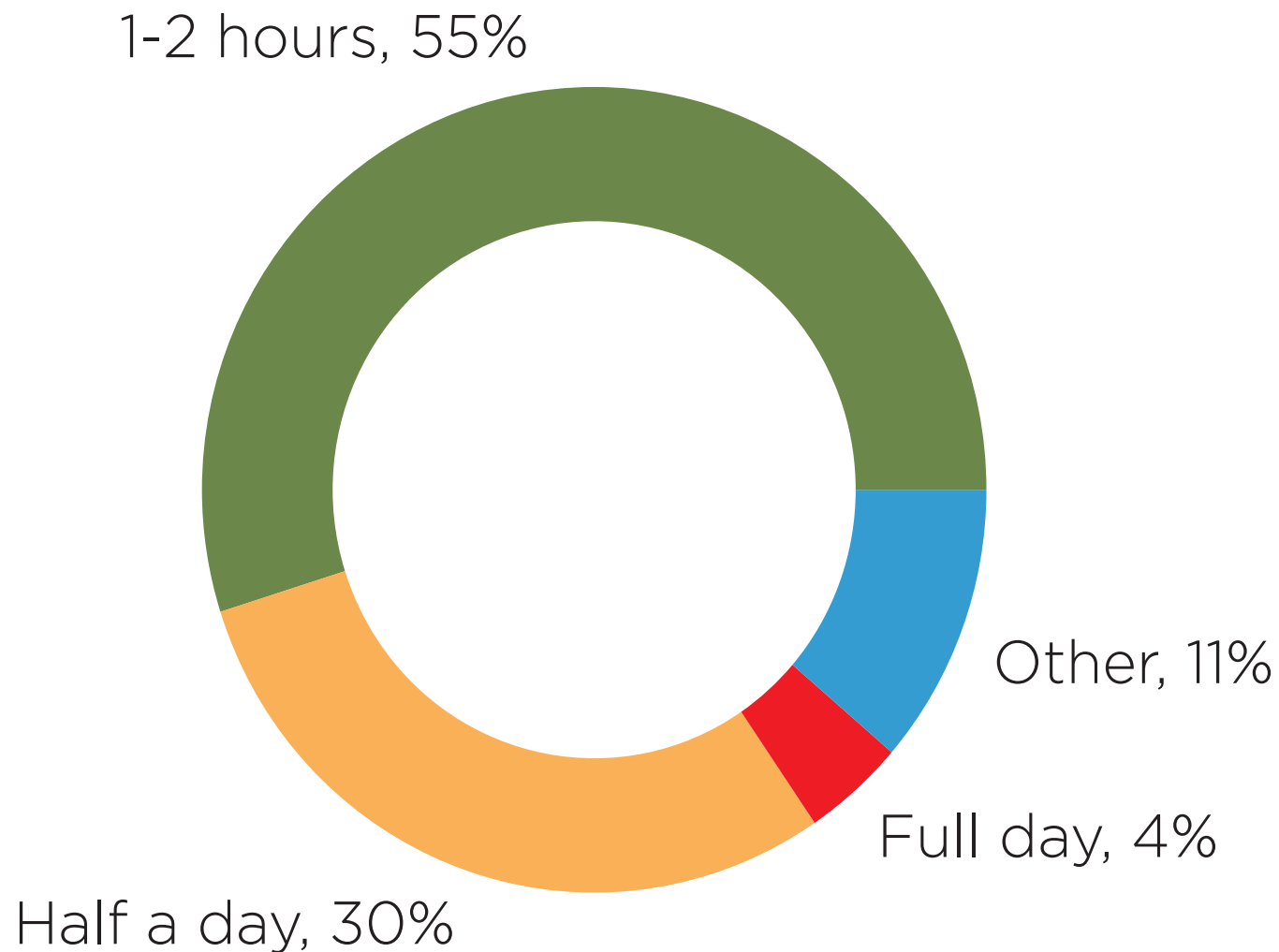
MORE THAN 70% VISIT FIELD OFFICES INFREQUENTLY

HOW OFTEN DO YOU VISIT A FIELD OFFICE?



55% MAKE 1-2 HOURS LONG VISITS TO FIELD OFFICES

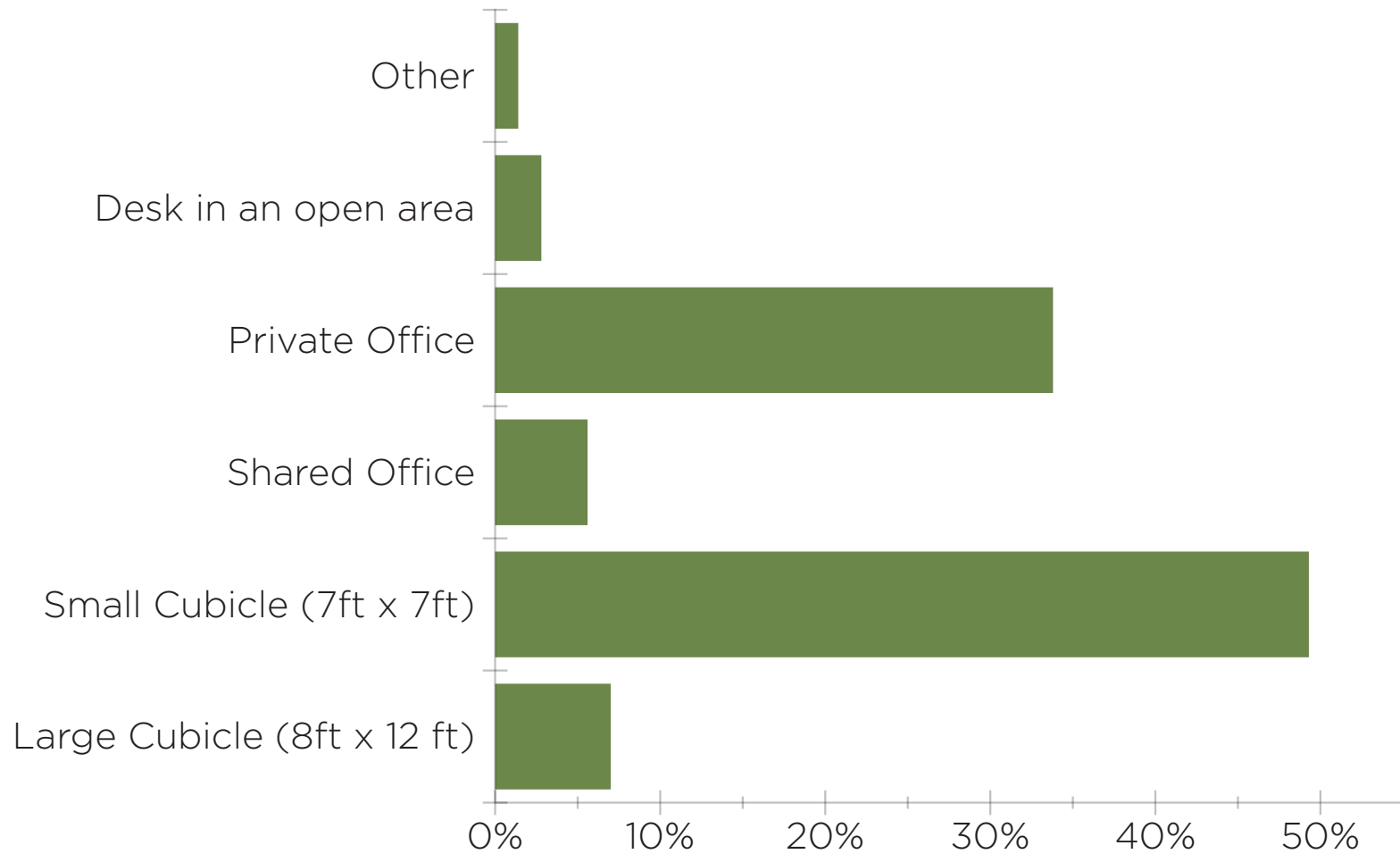
WHEN YOU VISIT A FIELD OFFICE, HOW LONG DO YOU STAY?



CURRENT WORKPLACE EVALUATION

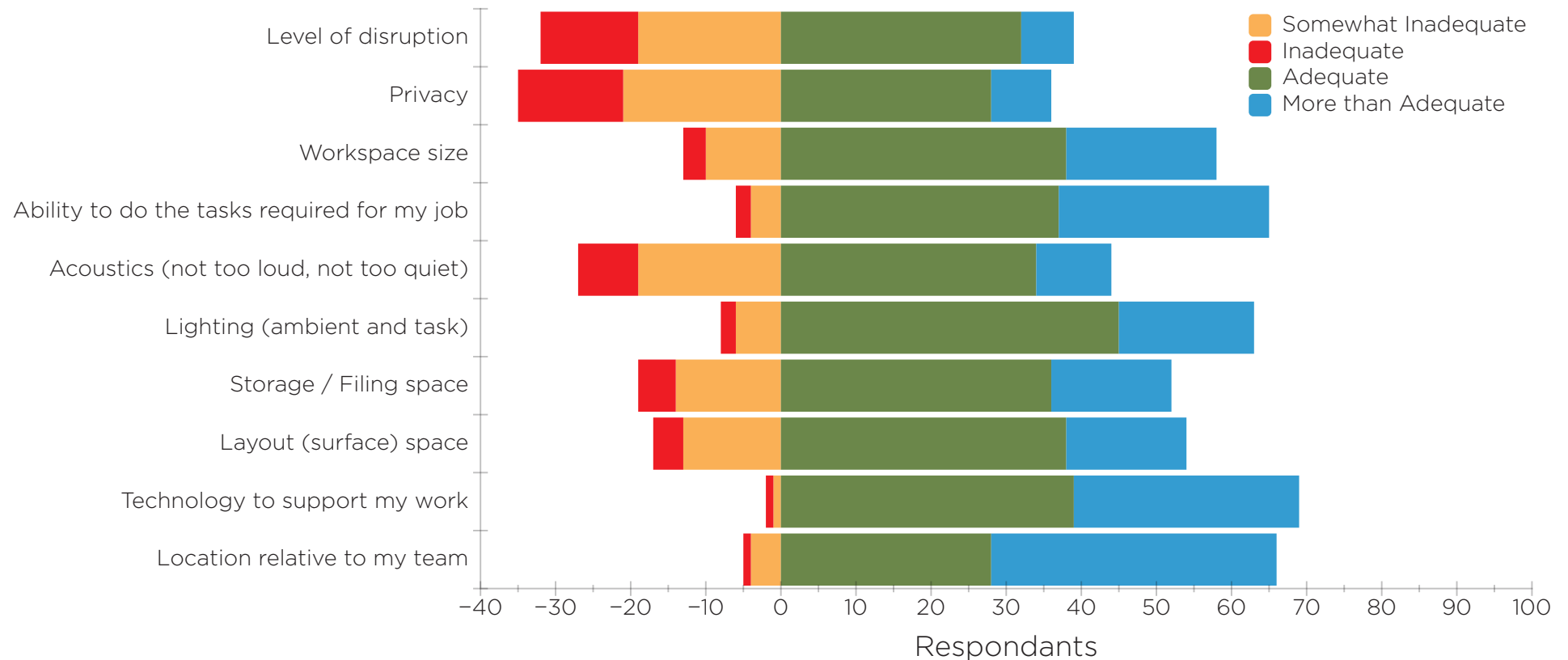
ALMOST 50% WORK IN SMALL CUBICLES

WHAT TYPE OF (ASSIGNED) WORKSPACE DO YOU CURRENTLY HAVE?



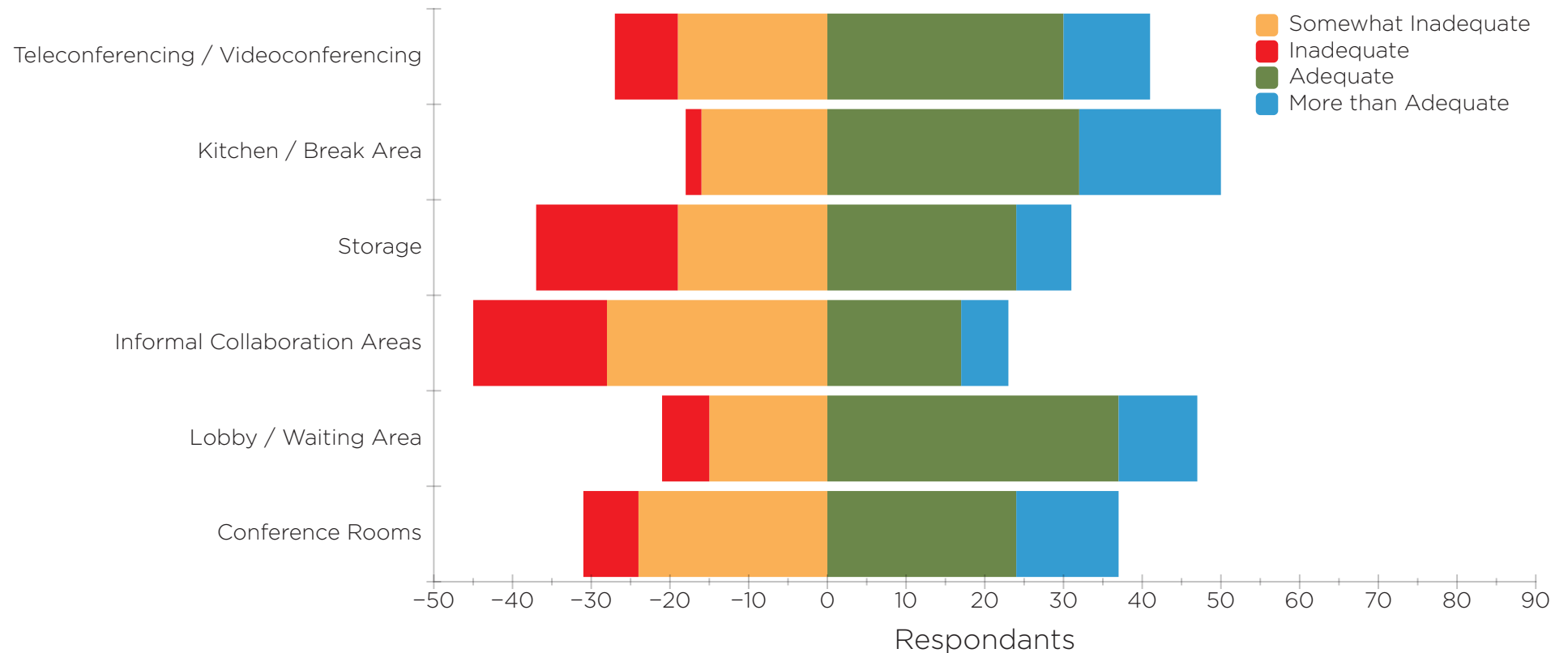
TECHNOLOGY & ABILITY TO COMPLETE WORK ARE VIEWED AS MOST ADEQUATE, WHILE PRIVACY & LEVEL OF DISRUPTION AS MOST INADEQUATE

PLEASE RATE THE ADEQUACY OF YOUR PERSONAL (ASSIGNED) WORKSPACE IN TERMS OF HOW THE FOLLOWING ATTRIBUTES IMPACT YOUR EFFICIENCY AND EFFECTIVENESS.



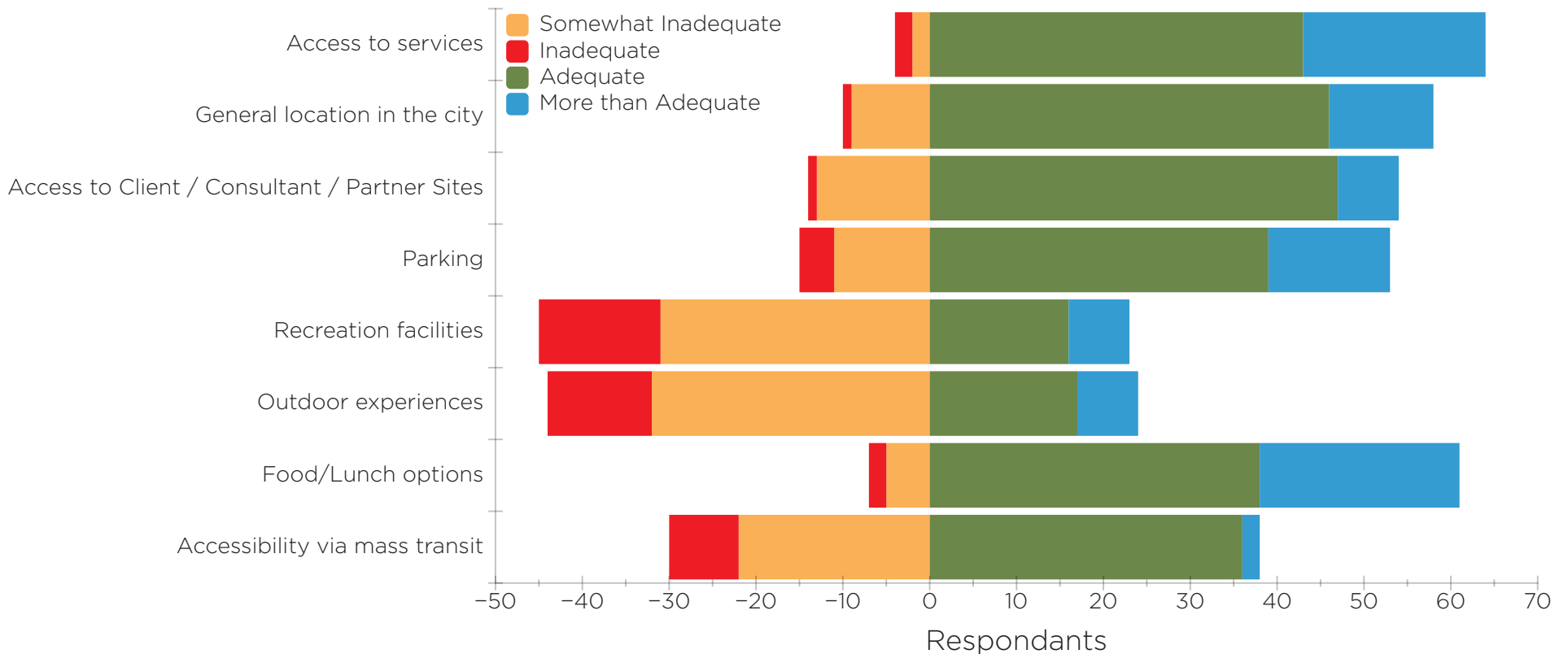
BREAK AREA & LOBBY ARE VIEWED AS MOST ADEQUATE, WHILE INFORMAL COLLABORATION AREA & STORAGE AS MOST INADEQUATE

PLEASE RATE THE ADEQUACY OF THE THE FOLLOWING SHARED SPACES AND FEATURES.



FOOD OPTIONS & ACCESS TO SERVICES ARE VIEWED AS MOST ADEQUATE, WHILE RECREATION FACILITIES & OUTDOOR EXPERIENCE AS MOST INADEQUATE

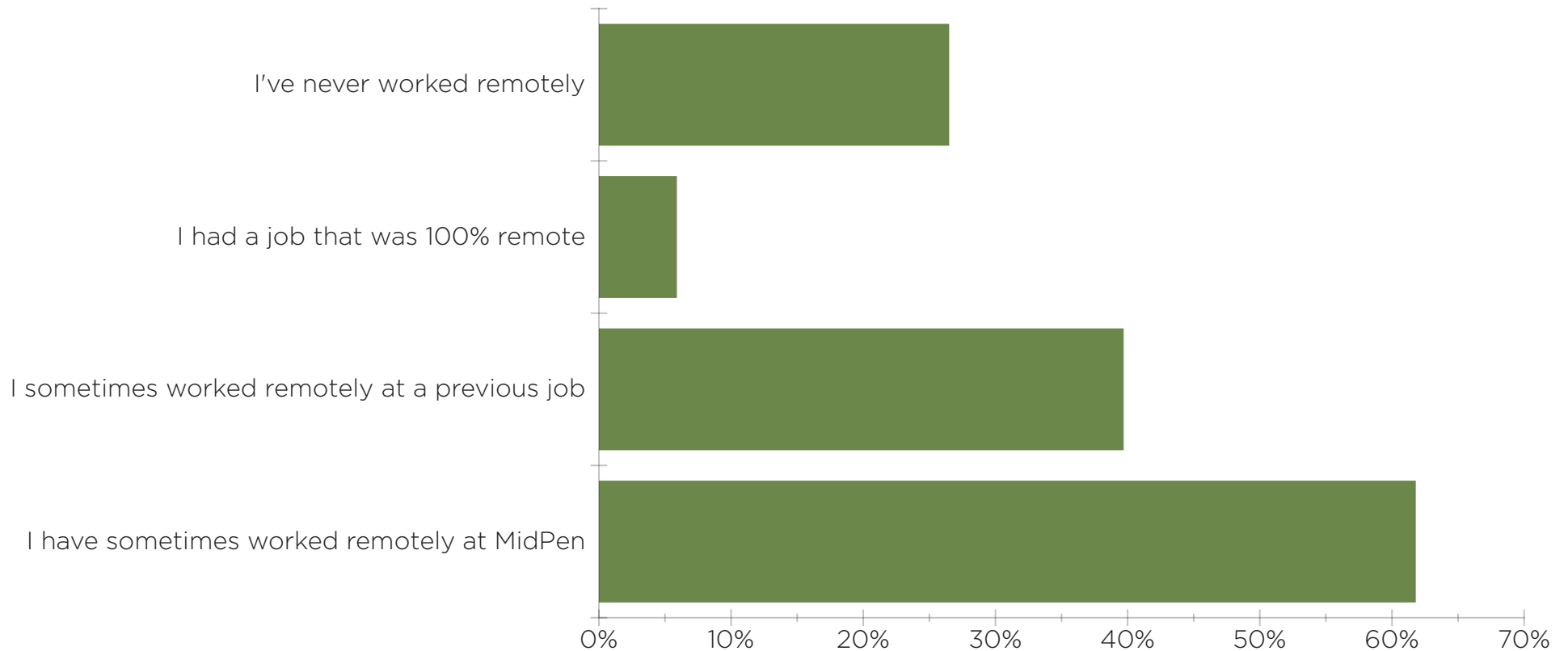
PLEASE EVALUATE THE NEIGHBORHOOD/LOCATION.



REMOTE WORK

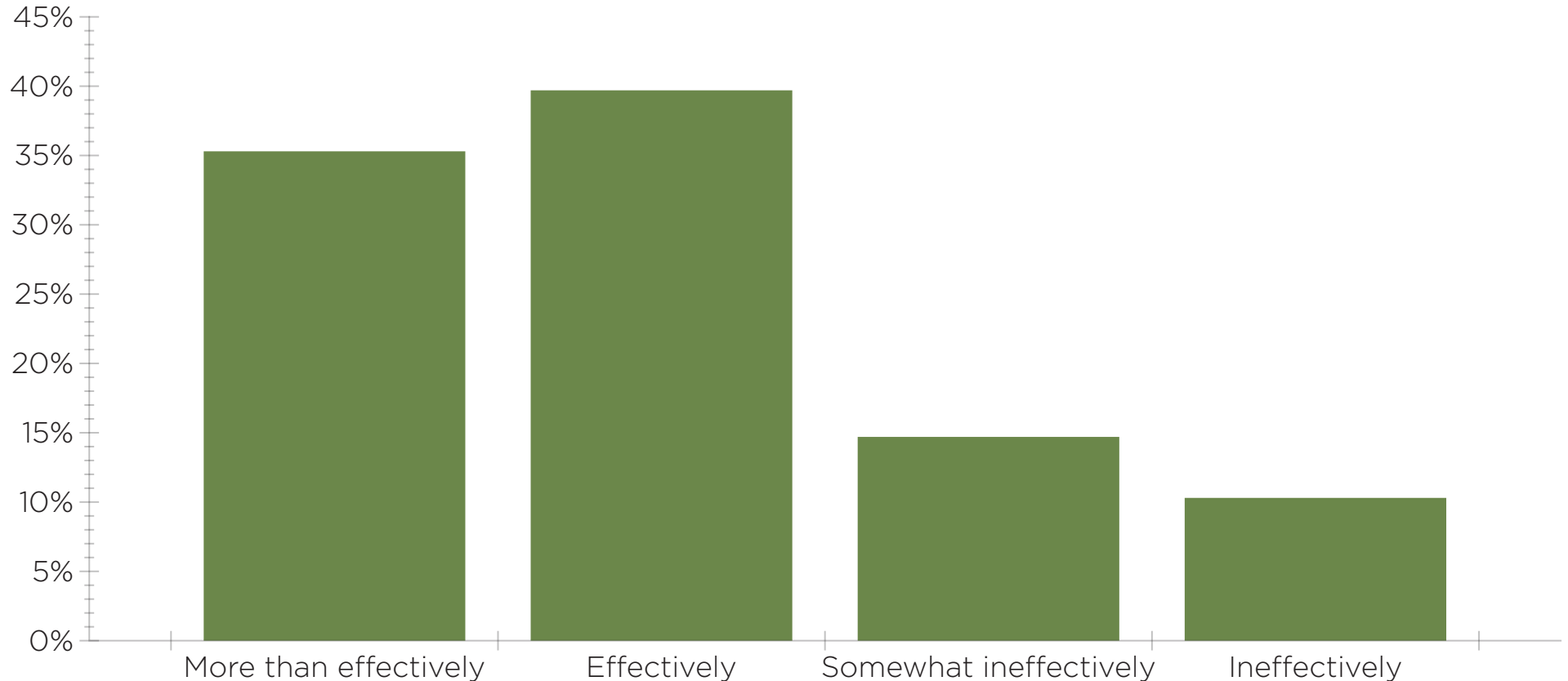
MORE THAN 60% HAVE HAD SOME EXPERIENCE WITH REMOTE WORK WHILE WORKING FOR THE DISTRICT

CONSIDERING MIDPEN HAS RECENTLY DEVELOPED A REMOTE WORK POLICY, WHAT IS YOUR PAST EXPERIENCE WITH REMOTE WORK?



75% WOULD BE ABLE TO EFFECTIVELY PERFORM JOB DUTIES FROM HOME

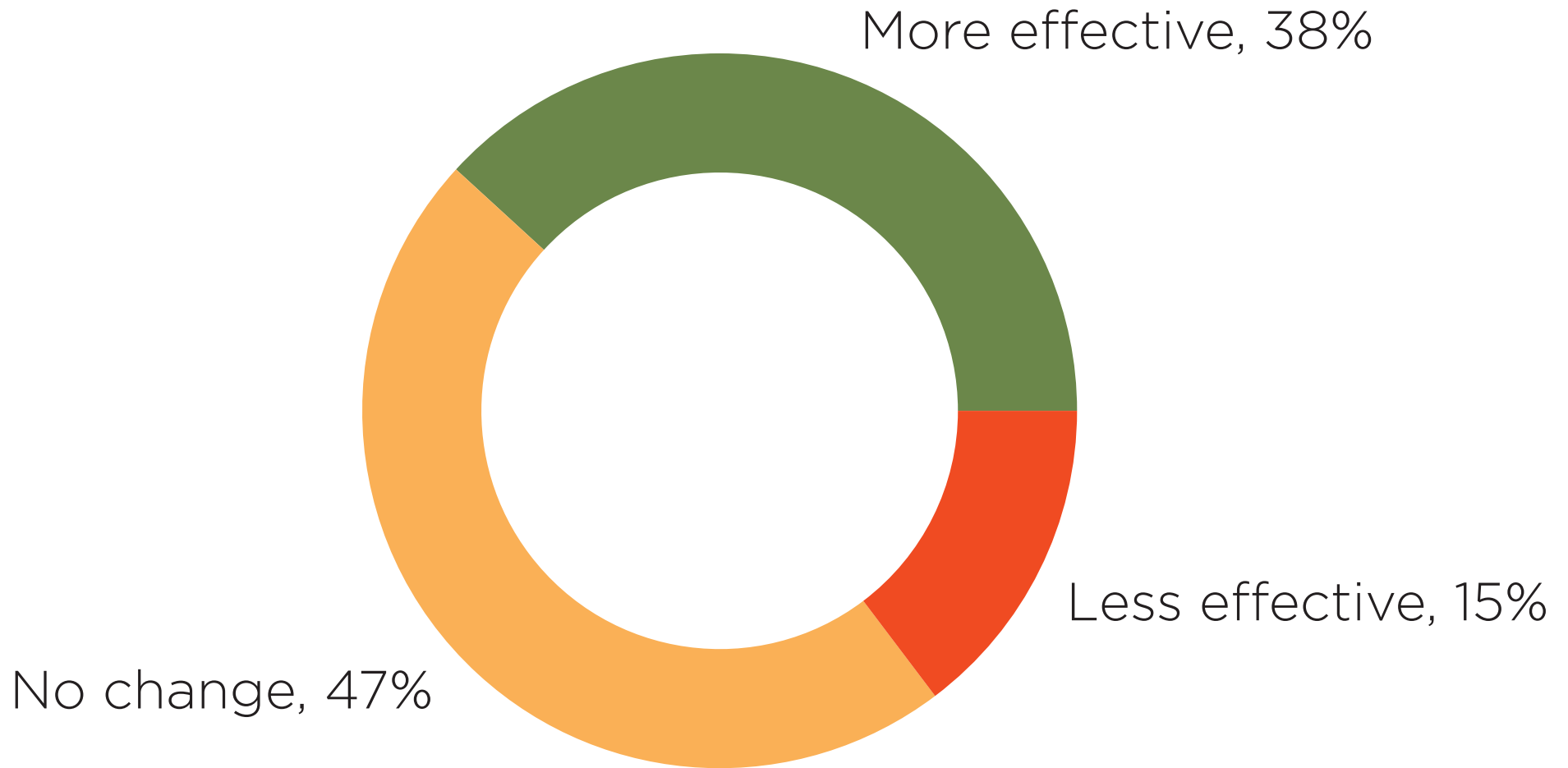
HOW EFFECTIVELY DO YOU THINK YOU WOULD BE ABLE TO PERFORM YOUR JOB DUTIES IF YOU WERE TO WORK FROM HOME?



SATELLITE OFFICING

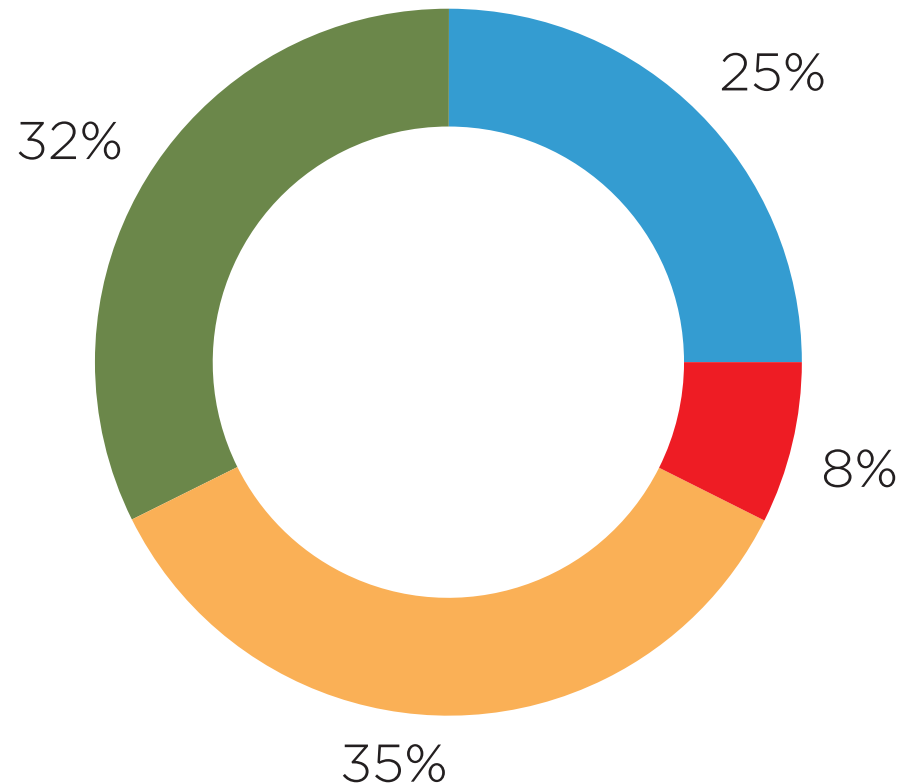
ONLY 15% VIEWED REMOTE WORK AS INEFFECTIVE

WOULD YOU BE MORE EFFECTIVE IF THE REMOTE WORK WERE LOCATED AT A SATELLITE OFFICE RATHER THAN AT HOME?



92% COULD WORK EFFECTIVELY WITH SATELLITE OFFICES

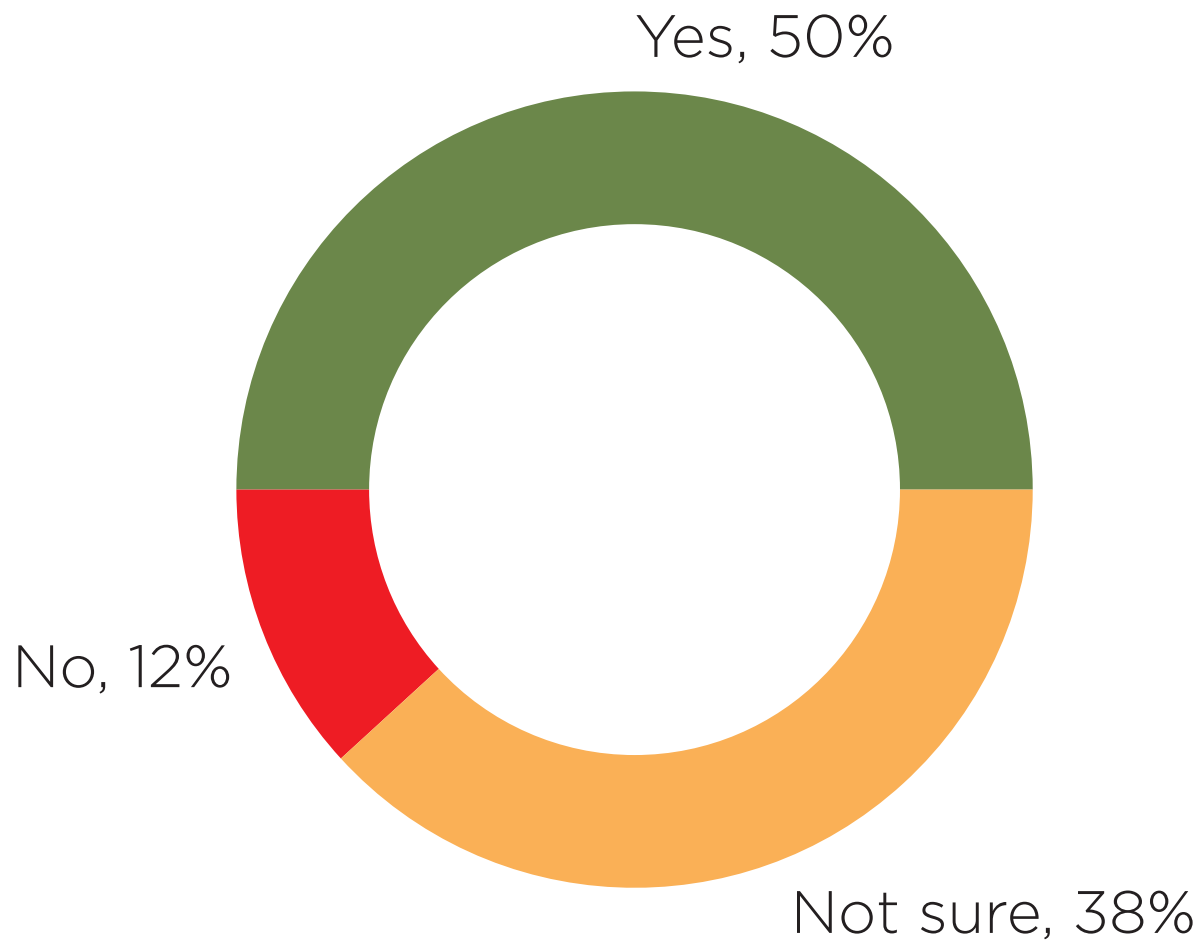
COULD YOU WORK EFFECTIVELY WITH:



- A) A Satellite Office as your permanent reporting place with the main AO as an intermittent location.
- B) A Satellite Office as a drop-in location with the main AO as your permanent reporting place.
- C) Either would work
- D) Neither would work; I prefer to report to the AO and don't believe Satellite Offices are a good idea.

50% COULD HANDLE REMOTE COMMUNICATION & COLLABORATION

COULD YOU DO YOUR JOB EFFECTIVELY IF SOME OF YOUR TEAM OR PEOPLE REPORTING TO YOU ARE WORKING REMOTELY IN DIFFERENT LOCATIONS ON A PERMANENT BASIS?



FUTURE CASTING

SUGGESTED IMPROVEMENTS IN SIX AREAS

WHAT ARE THE TOP THREE IMPROVEMENTS YOU WOULD SUGGEST TO CREATE A MORE PRODUCTIVE AND POSITIVE WORK ENVIRONMENT?

- More staff events
- More team-building activities
- More cross-training
- More efficient review system
- More support for health and wellness
- Better communication with field offices
- Reasonable expectation about work load
- Reduced physical division among departments
- Creating space for collaboration
- Greater level of trust
- Promoting inter-departmental cooperation
- On-site child care

- Improved video conferencing
- Technology to support remote work
- Effective use of existing technology
- Faster internet connection in field offices
- Improved videoconferencing/teleconferencing
- A more comprehensive digital network to work from other locations
- Improve use of technology with databases to more easily retain and use information



- AO under one building
- Building modernization
- Flexible work space
- Space representative of the District's identity
- Collaboration areas
- Small meeting areas
- Open floor plans
- Additional office space
- Private working spaces
- More parking
- Outdoor patios and open space
- More natural light
- HVAC
- Formal entrance

- Employees evolving to be mobile
- Ability to work remotely
- Utilizing satellite offices to bring more employees closer to preserves
- Locating AO close to employees' homes
- More flexible core hours
- More flexible schedules
- Flexibility to work in satellite offices if necessary
- Improve remote work technology

- Reduce the commute time
- Transit passes to be offered by the District
- Subsidize Caltrain transit/pay for a shuttle from caltrain

- Need sustainable measures within the building and operations to support the District's mission
- Atrium as reception, rooftop garden, etc.

FUTURE CHALLENGES IN EIGHT AREAS

WHAT ARE THE CHALLENGES AND OPPORTUNITIES YOU SEE FACING THE WORKPLACE OF THE FUTURE?

HOUSING & LIVING COST

- Housing costs
- Living costs
- Childcare close to work

TRAFFIC & COMMUTE

- Commute distances
- Inability to connect across the district
- Access to mass transit
- Travel distance from AO to preserves

SUSTAINABILITY

- Organic & electronic waste
- Water use
- Energy use
- Carbon footprint
- Climate change impacts

COLLABORAT. & COMMUNICAT.

- Cohesive team
- Generational divide
- Breakdown in communication due to decentralization
- Bureaucracy
- Collaboration between the AO and field staff

FLEXIBILITY & REMOTE WORK

- Lack of flexibility: lifestyle, workstyle, core schedule
- Different preferences among Millennials & traditionalists
- Embracing remote work

WORK CULTURE

- Rigid office policies
- Workload expectations
- Recruiting and retaining talent
- Complex regulatory system
- Lack of innovation and independence
- Need for specialized knowledge

OFFICE SPACE

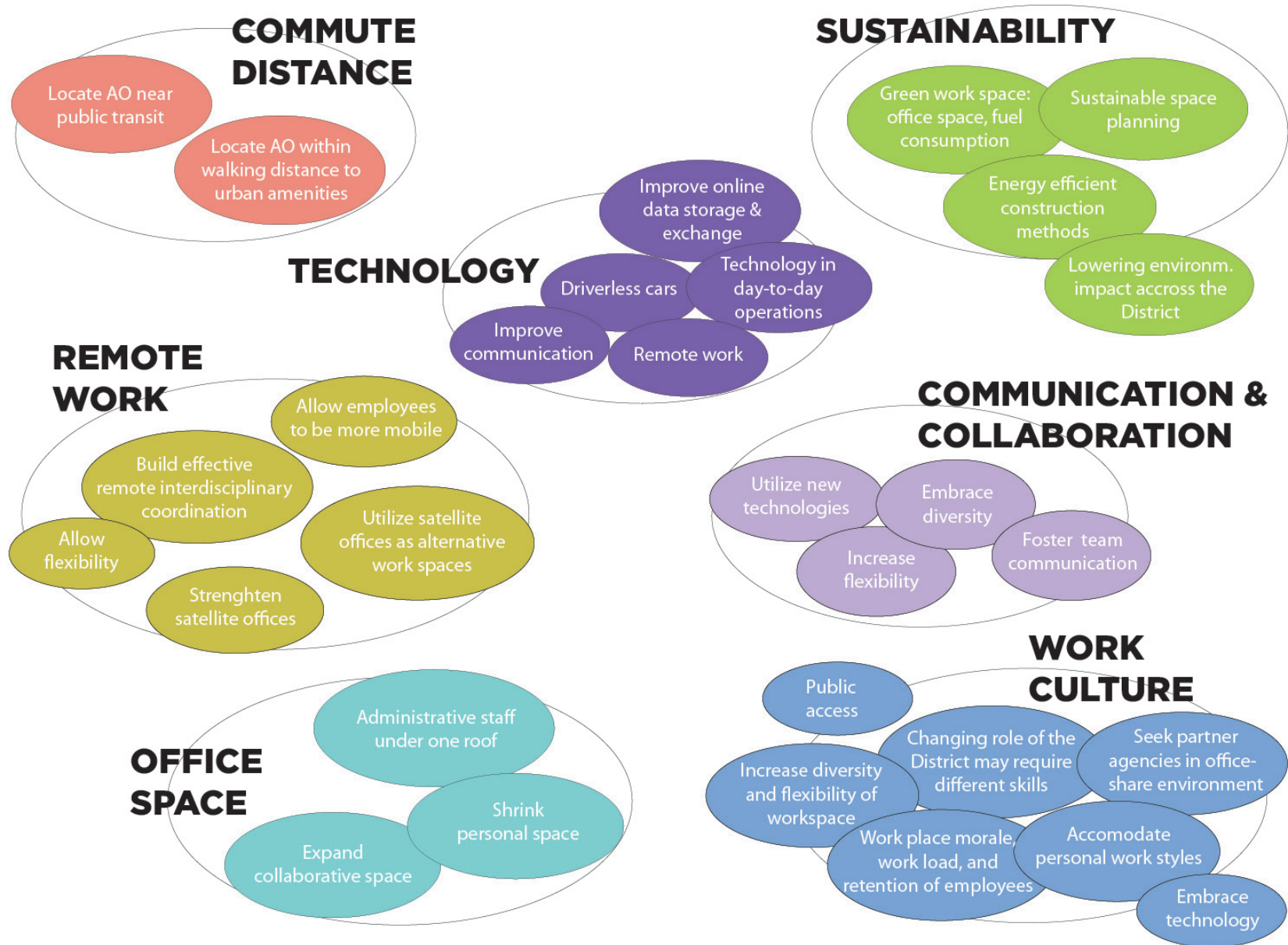
- Limited office space
- Finding alternative AO site
- Diverse spaces: private and collaborative

TECHNOLOGY

- Over-reliance on techn.
- Underutilized techn.
- Intranet site for internal informal sharing
- Keeping up with techn.
- Reluctance to embrace techn.

FUTURE OPPORTUNITIES IN SEVEN AREAS

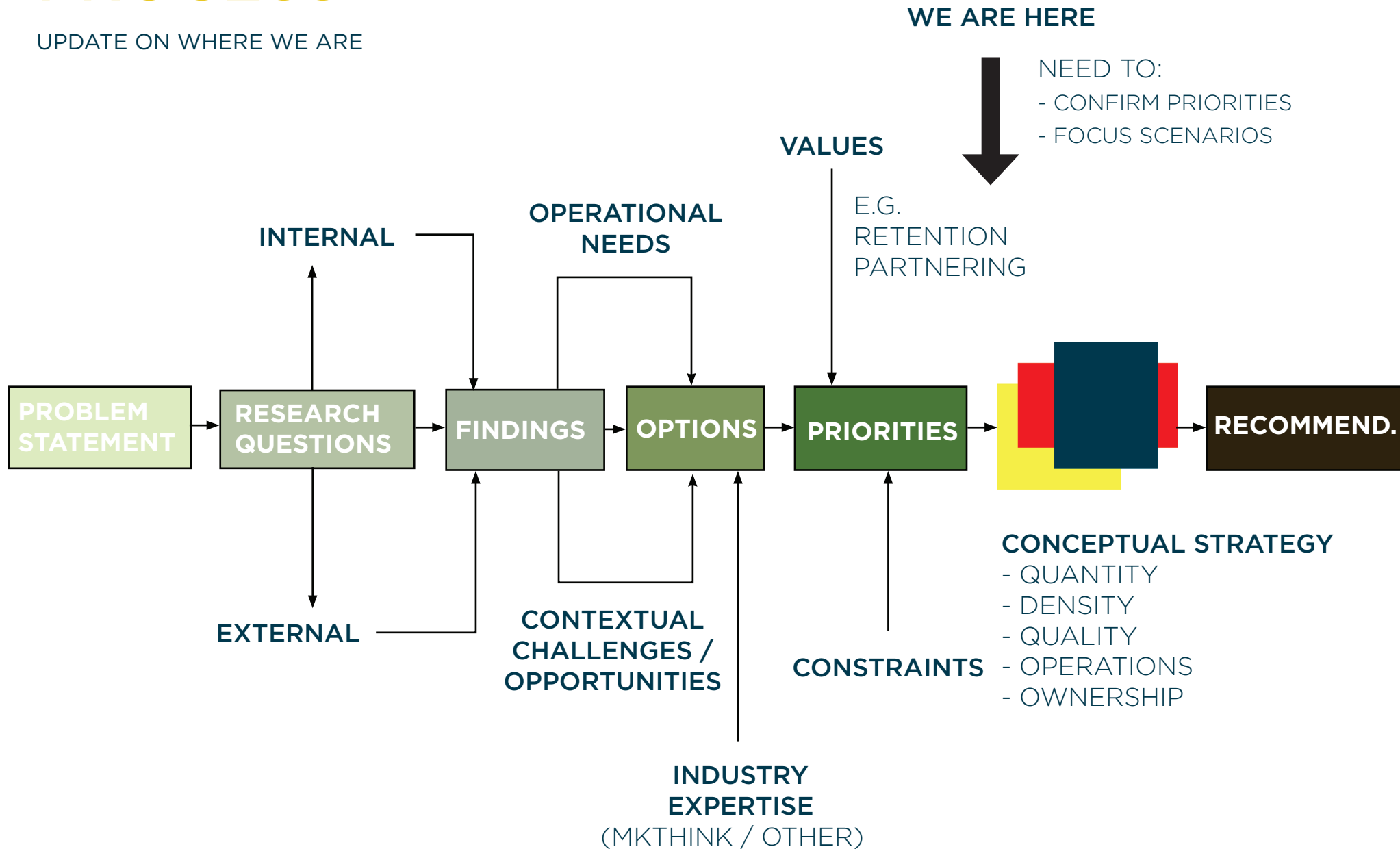
WHAT ARE THE CHALLENGES AND OPPORTUNITIES YOU SEE FACING THE WORKPLACE OF THE FUTURE?



FUTURE OF THE AO SCENARIOS

PROCESS

UPDATE ON WHERE WE ARE



SCENARIOS

BASED ON TRENDS RESEARCH, EMERGING ISSUES & DISCUSSION

Rank the below scenarios.

FUTURE SCENARIO	DESCRIPTION OF THE FUTURE SCENARIO	SCORE
1: TALENT FUTURE MidPen attracts/retains top talent in competitive market	In the future, the marketplace becomes increasingly competitive due to demand for talent and increased costs of living that have driven up salaries. In this scenario, MidPen focuses its resources on talent attraction and retention, investing in high quality spaces, amenities, competitive salaries, benefits, and professional development and satellite locations/remote work policies to ease commute stress.	Dir. K - 3 Dir. H - 1 Dir. S - -
2a: PARTNER FUTURE A MidPen leverages partner orgs to expand impact	In the future, greater coordination between government and non-profit organizations working in open is required to manage and execute initiatives. MidPen sees an opportunity to accelerate the fulfillment of its vision through strong collaborations with partner organizations by maximizing the development potential of its land and building a 3-4 story new office building, creating suites for partner orgs and shared spaces to host joint events.	Dir. K - 1 Dir. H - 2 Dir. S - -
2b: PARTNER FUTURE B MidPen relies on partner properties to stay lean	In the future, greater coordination between government and non-profit organizations working in open is required to manage and execute initiatives. MidPen stays lean in terms of their real estate spending and leverages partner offices to manage expanding staff. Certain projects are accelerated due to strong ties and improved collaboration with partner orgs. Other departments and projects suffer when the right match is not found or available locations are less than ideal.	Dir. K - - Dir. H - 4 Dir. S - -
3: ENVIRONMENTAL FUTURE MidPen emphasizes “green” values	In the future, increased scarcity of land, water, and other resources forces greater pressure on organizations to ration their resource use. MidPen emphasizes strong environmental values in its AO with a renovation that brings the existing building up to the Living Building Challenge standards and provides more flexibility for staff to reduce emissions and commute times; MidPen also subsidizes technology for home offices and transit costs.	Dir. K - 2 Dir. H - 1 Dir. S - -
4: VALUE FUTURE Fiscally conservative route retains funds for the unknown	In the future, less property tax is available to execute projects so government organizations are forced to do more with less. A 2-story rebuild reinvests in existing property in a conservative way to retain more funds for an unknown future. New building is nothing special -- average quality, no noteworthy features.	Dir. K - - Dir. H - 5 Dir. S - -
5: EXPANSION FUTURE District adds land in new county not adjacent to current	In the future, MROSD is asked to expand its jurisdiction and operations to other counties not directly adjacent to current open space areas. Existing AO is retained and remodeled to improve infrastructure and increase space efficiency for long term expansion, satellite offices are added within current jurisdiction, and second AO is added near newly aquired land. Operations may be challenged at first as relationship with second AO is established.	Dir. K - - Dir. H - 6 Dir. S - -

PRIORITIES

BASED ON INTERNAL MROSD DISCUSSIONS

VALUES	DESCRIPTION OF THE CRITERION	SCORE
1: MISSION AND PROJECT DELIVERY	District effectively provides services to the public. Projects executed to the highest capability of the organization, which includes: on time, on budget and of a high quality.	Dir. K - 1.1 Dir. H - 1 Dir. S - -
2: GREEN	Work processes conducted in an environmentally responsible and resource-efficient manner, which includes: avoiding and reducing resource (energy, water+) input while still maintaining or increasing workplace output. <i>Note: The process of construction is often the largest resource use process within an organization, requiring many years of efficient operation to offset the initial resource use.</i>	Dir. K - 2.2 Dir. H - 2 Dir. S - -
3: LONG-TERM FLEXIBILITY	The ability to adjust to change and deal with uncertainty caused by outside factors influencing work force and work culture (e.g. better technology, more land, etc.), often focused on keeping assets liquid for future use (particularly financial assets).	Dir. K - - Dir. H - 1 Dir. S - -
4: STAFF RETENTION (SATISFACTION)	The ability to retain a motivated staff over a longer period of time. Example: Satellite offices allow people to reduce commutes. This may require flexible work hours.	Dir. K - 2.1 Dir. H - 1 Dir. S - -
5: STAFF DIVERSITY	Maintaining diversity of age, cultural background, socio-economic status, race, religion, sex, and sexual orientation among staff. Example: Staff diversity helps in building resilience and provides access to a larger talent pool.	Dir. K - 1.3 Dir. H - 3 Dir. S - -
6: STAFF SURVEY FEEDBACK	Responding to staff feedback in a material manner to show action.	Dir. K - - Dir. H - 3 Dir. S - -
7: INITIAL COST	The cost associated to the initial phase of building and construction.	Dir. K - - Dir. H - 3 Dir. S - -
8: LONG TERM VALUE	The ability to make an informed real estate decision that would provide long term resiliency. Example: Potential dollar value and long-term resiliency. Ex. Potential of renting parts of the building out to create revenue.	Dir. K - 1.2 Dir. H - 2 Dir. S - -
9: DISRUPTION	Ability to deliver projects under disruption over some period of time. Example: Moving people to other location(s) and costs associated with the move.	Dir. K - 2.3 Dir. H - 2 Dir. S - -

CONCEPTUAL REAL ESTATE STRATEGY

RE STRATEGIES ARE BASED ON SOME COMBINATION OF THE FOLLOWING PARAMETERS

OWNERSHIP	OWNED, LEASED, ETC.	Defining company's/organization's relationship to real estate: whether they own their own property (or are also landlords of additional properties) or whether they lease all properties, or some.
OPERATION	HOURS, LOCATIONS, ETC.	Value system by which the company/organization operates; whether the operations are centralized, decentralized, "Hub and Spoke" model, and how scheduling and individual assignment to locations overlay with the general operational framework.
QUANTITY	GROSS SQUARE FEET (GSF)	Amount of space overall and by type (conference rooms, support spaces, individual work spaces, etc.)
DENSITY	GSF/PERSON	Square footage allocation per staff member
QUALITY	\$/GSF	Average level of investment in the quality of the environment: furniture, fixtures, finishes, location, access, views, etc.

Example of a MidPen - High Tech Silicon Valley - Future comparison.

MIDPEN CONTEXT

- Low density workspace
- Multiple offices
- Fewer amenities
- Fewer group space
- Long commutes lower quality of living and negatively impact work effectiveness

HIGHTECHSILICONVALLEYCONTEXT

- Denser workspace
- Reduced office area
- Higher amenity ratio and quality of individual /group workspace features
- More group space
- More work hours through decreased commute or working commute (or work remote)

FUTURE CONTEXT

- Increased focus on work effectiveness and retention
- Higher investment in quality of environment and culture drives more hours engaged in work and more effective work

MATRIX EVALUATION



MIDPENINSULA REGIONAL OPEN SPACE DISTRICT: FUTURE OF THE AO SCENARIOS

○ Not Good ◐ Good ● Excellent

NOTES:

In no scenario do we see a reason to sell the current AO property.
In all scenarios the AO needs to be renovated to operating needs.

Future Scenario	Priorities Rank	Project Delivery	Green	Flexibility	Staff Retention	Staff Diversity	Staff Feedback	Initial Cost	Value	Disruption	Total
1: TALENT FUTURE - MidPen attracts/retains top talent in competitive market <i>Quantity:</i> AO size stays the same; increase in collaborative over individual space <i>Quality:</i> Provide competitive amenities, higher quality furniture/finishes/equip. <i>Density:</i> Increase overall density per person <i>Operations:</i> Allow flexible hours (core hours), remote & satellite work by appt. <i>Ownership and Location:</i> Retain Los Altos AO; lease distributed satellite offices	2	◐	◐	◐	●	●	●	◐	◐	◐	15
2a: PARTNER FUTURE A - MidPen leverages partner orgs to expand impact <i>Quantity:</i> Add space for partners to lease/reserve (3-4 stories) <i>Quality:</i> Invest in high-quality shared, flexible spaces <i>Density:</i> Increase overall density per person <i>Operations:</i> Encourage staff to work from AO and collaborate with partners <i>Ownership and Location:</i> Retain Los Altos AO	1	●	○	◐	●	◐	◐	○	●	○	13
2b: PARTNER FUTURE B - MidPen relies on partner properties to stay lean <i>Quantity:</i> AO size stays the same <i>Quality:</i> Invest in core space types and high-quality tech/communications <i>Density:</i> Increase overall density per person <i>Operations:</i> Distribute staff according to function and partner alignment <i>Ownership and Location:</i> Retain Los Altos AO; lease space from partners	-	◐	●	●	◐	◐	◐	●	◐	●	14
3: ENVIRONMENTAL FUTURE - MidPen emphasizes "green" values <i>Quantity:</i> AO size stays the same <i>Quality:</i> Invest in renovations to meet Living Building (or other) standard <i>Density:</i> Increase overall density per person <i>Operations:</i> Reduce commutes, lower emissions through remote work/satellites <i>Ownership and Location:</i> Retain Los Altos AO; lease distributed satellite offices	1	◐	●	◐	◐	◐	●	◐	◐	◐	14
4: VALUE FUTURE - Fiscally conservative route retains funds for the unknown <i>Quantity:</i> Add additional space by rebuilding/addition on site (2 stories) <i>Quality:</i> Retain existing level of quality <i>Density:</i> Retain existing density <i>Operations:</i> Status quo <i>Ownership and Location:</i> Retain Los Altos AO	-	●	◐	◐	○	◐	◐	●	○	◐	12
5: EXPANSION FUTURE - District adds land in new county <i>Quantity:</i> AO size stays the same <i>Quality:</i> Retain existing level of quality <i>Density:</i> Increase overall density per person <i>Operations:</i> Move a portion of staff to second AO near newly acquired land <i>Ownership and Location:</i> Retain Los Altos AO, lease satellite offices to manage growth, and purchase/lease new AO in new location	-	◐	○	◐	◐	◐	◐	◐	◐	●	11

NOTES:

Rankings based on interpretation of director feedback (n=2)

'Total' calculation based on yellow criteria only. All criteria scores conceptual and predictive.



Midpeninsula Regional
Open Space District

Memorandum

DATE: October 17, 2016

MEMO TO: Facilities Ad Hoc Committee

CC: General Manager’s Office and Staff Project Team

FROM: Tina Hugg, Senior Planner

SUBJECT: High level assessment of Carl’s Jr. property

At the September 12, 2016 Facilities Ad Hoc Committee (Committee) meeting, the Committee directed staff to assess the feasibility of purchasing and developing parking on the adjacent Carl’s Jr. site to avoid the cost of two or more levels of underground parking that would be required to develop a new, larger building on the existing Administrative Office (AO) site.

The futurist / architectural strategist, MKThink, conducted a preliminary assessment of this real estate strategy while staff evaluated acquisition and planning issues. The conclusion is that purchasing and developing the Carl’s Jr. site will be challenging and costly, and would likely not provide the District with a high return on investment.

Acquisition Issues

In 2006, the Carl’s Jr. property, approximately 27,000 square feet (sq. ft.), sold for \$1.65M. Staff does not have data for what the cost is now, but it is reasonable to think that the purchase price would be significantly higher now due to the competitive commercial real estate market, the site’s location on El Camino and development potential, and the City of Los Altos’ (City’s) desire to focus development on the El Camino Real corridor and away from downtown.

In addition to cost implications, because of the ongoing commercial operation at Carl’s Jr., there will significant business relocation costs and issues to address:

1. Existing lease – What is Carl’s Jr.’s current lease arrangement with the property owner? Can the lease be bought out and what will it cost?
2. Relocation costs – What would the cost be to relocate Carl’s Jr. and what are the chances of finding a comparable property in the area matching their existing site?
3. Temporary job loss – What are the implications of the jobs lost during this Carl’s Jr.’s temporary closure and relocation?
4. Permanent job loss – What are the implications for the jobs lost if this Carl’s Jr. were to close completely?

Planning Challenges

This is a high level assessment of possible planning issues. A more developed conceptual plan would be needed to assess planning issues more comprehensively with the City.

Like the District’s AO property, the Carl’s Jr. site is in the Commercial Thoroughfare zone. However, it directly fronts El Camino Real, and the City has recently begun focusing attention

on that corridor for higher density development for both residential and commercial uses. Multiple stories and mixed use developments on El Camino Real currently appear to be desirable to the City Council, as this approach focuses greater development away from the downtown where lower density and heights are desired by the community. The Carl's Jr. property is also part of the multi-city effort called the Grand Boulevard (www.grandboulevard.net) to enhance and beautify the El Camino Real for more sustainable, less auto-centric uses. The City Council passed a 45-day development moratorium on October 4, 2016, so that City planning staff can assess current policies and regulations for development along the El Camino Real corridor.

In light of the City's current trajectory, a low density proposal on the Carl's Jr. site, such as parking or a two-story building, may encounter challenges in design and entitlement review and approval.

Other planning issues to consider include the following:

1. Lot merger – Would development spanning two lots require a lot merger?
2. Change of use – Would the City support a use change from commercial to office and a potential loss of tax revenue?
3. Low density – Given the City's current high density development goals for the El Camino Real corridor, would the City support a parking proposal or, if the District extended the AO into the site, a two-story structure?
4. CEQA – What are the implications of a change in use and traffic, etc.?

High Level Cost Assessment

For cost comparison, three options were evaluated:

1. Two-story AO with two levels of underground parking
2. Two-story AO with one level of underground parking and one level of surface parking on Carl's Jr. site.
3. Two-story AO with one level of underground parking and one level of underground parking on Carl's Jr. site.

MKThink prepared rough costs for using the Carl's Jr. site for surface parking. Staff prepared rough costs for underground parking from data assembled by Tannerhecht and MKThink. The building height and square footage were assumed to remain as defined in the Tannerhecht feasibility study. A full feasibility assessment of the Carl's Jr. site would be required to better fine tune costs although they would still be at a conceptual level

The existing Carl's Jr. property cost \$1.65M in 2006. Although the cost will likely be higher now, this assessment will use the 2006 purchase price of \$1.65M for comparison for all cost scenarios.

Two-story AO with two levels of underground parking

Per the feasibility study developed by Tannerhecht Architecture in February 2016 that was reviewed by MKThink, a two-story building on the current AO site **requires two levels of underground parking or 103 spaces at a cost \$2.70M.**

For this assessment, the cost per underground space was calculated by dividing \$2.70M by 103 spaces, which equals \$26,000.

Two-story AO with one level of underground parking and one level of surface parking on Carl's Jr. site

MKThink developed costs based on the below assumptions and average budget unit price ranges:

Background data:

- 5000 El Camino Real, Los Altos (assessor's map: <https://www.sccassessor.org/index.php/online-services/property-search/real-property>)
- Lot size: Approximately 180'x150' = 27,000 sq. ft.
- Parking development potential considering setbacks = 20,000 sq. ft. approximately
- Assume 300 - 350 sq. ft. per stall (fully loaded for aisles, entrance, exit) = ~55 - 65 stalls

Average budget unit price ranges:

- Cost per square foot for parking lot paving in Bay Area = \$3-4/ sq. ft.
- Landscape cost = \$10-12/sq. ft.
- Building demolition cost/square foot = \$8-12/ sq. ft.
- Permits (includes building and planning) = 4-8% construction cost
- Soft costs (architect/engineer, construction management, limited owner direct costs) = 25-30% construction cost

Parking Cost Summary:

Number of spaces	55 to 65
Cost for basic permitting and construction (not including complicated planning issues, contingencies, unforeseen issues, purchasing issues, property acquisition costs, etc.) Parking asphalt/stripping/lights (20,000 sq ft): \$60,000 - \$80,000 Landscape (5,000 sq ft): \$50,000 - \$60,000 Demolition (5,000 sq ft): \$40,000 - \$60,000 Permits: \$6,000 - \$16,000 Soft costs: \$45,000 - \$60,000	\$200 to 300K
Cost for Carl's Jr. parcel in 2006	\$1.65M
Total for surface parking on Carl's Jr. site	\$1.85M to \$1.95M
Cost for one level of 50 underground spaces under AO Cost per space: \$26,000	\$1.20M
Total cost of parking spaces utilizing AO and Carl's Jr. sites	\$3.05M to \$3.15M
Total cost of two levels of parking for two-story AO building	\$2.70M

Two-story AO with one level of underground parking and one level of underground parking on Carl's Jr. site

Staff calculated preliminary hard costs for underground parking under the Carl's Jr. site based on cost information developed by cost estimator Hattin Construction Management, Inc. included in Tannerhecht's Site Development Concept Feasibility Study.

Background data:

- Cost per space (103 spaces at a cost of \$2.7M for a two-story building) = \$26,000
- Parking development potential considering setbacks = 20,000 sq. ft. approximately
- Assume one level of 50 spaces that continue from underground parking under AO site

Parking Cost Summary:

Number of parking spaces	55
Cost for construction (not including soft costs, complicated planning issues, contingencies, unforeseen issues, purchasing issues, property acquisition costs, etc.) Cost per parking space: \$26,000	\$1.43M
Cost for Carl's Jr. parcel in 2006	\$1.65M
Total for underground parking on Carl's Jr. site	\$3.08M
Cost for one level of 50 underground parking spaces under AO Cost per parking space = \$26,000	\$1.20M
Total cost of parking spaces utilizing AO and Carl's Jr. sites	\$4.28M
Total cost of two levels of parking for two-story AO building	\$2.70M

Conclusion

Based on the above assessment, the cost to provide one level of parking (surface or underground) using the Carl's Jr. site combined one level of parking under the AO site exceeds the cost of two levels of parking contained within the AO site. The high cost is caused primarily due to the acquisition cost, which may be much higher than the 2006 \$1.65M purchase price used in this assessment. Coupled with acquisition and planning challenges described above, the Carl's Jr. real estate strategy does not appear to offer the District a high return on investment or a savings to two levels of parking.