

## CHAPTER 4

### SUMMARY OF FINDINGS



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This final chapter highlights the Planning Study’s relevant findings that frame the context for an incremental approach to plan for the State’s near to long-term office space needs.

### STATE OFFICE SPACE DEMAND

Historic trends reflect a direct correlation between the State’s population growth and the State’s office space requirement in the Sacramento region. The State’s population is expected to increase by approximately 15 percent per decade, equating to an additional 21 million California residents over the next 40 years. To meet the resulting increased need for State services, it is also reasonable to forecast the State’s office space requirement to increase. This increase is projected to be an additional 13.7 million NSF by 2046, as shown in Exhibit 4.1. Just as in prior decades, State budget conditions and agency program needs affect the actual occupancy level year-to-year, however, over the long term, an overall growth pattern should be expected.

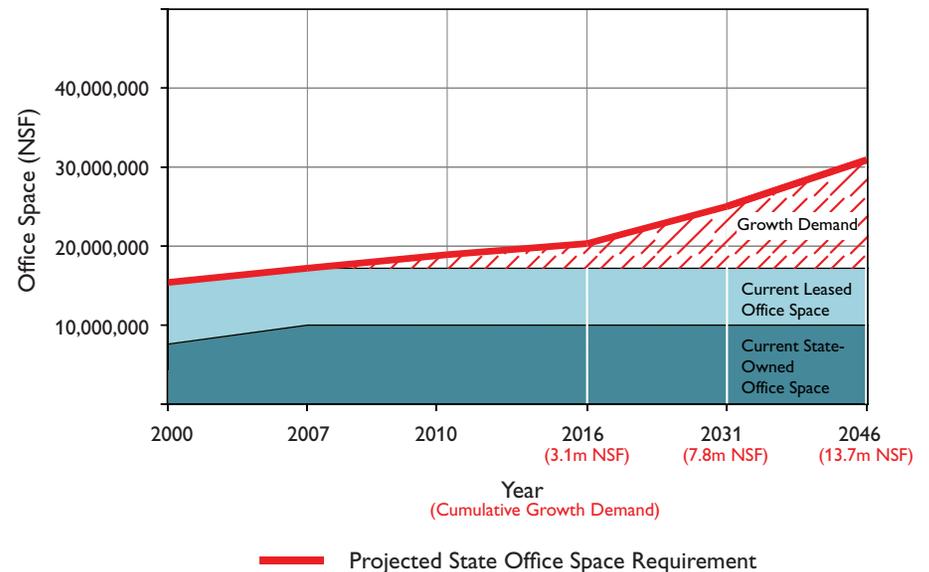
#### Projected Additional Sacramento Region State Office Space Need

Projected Additional Office Space Need	NSF
Near-term: (2007 - 2016)	3.1 million
Mid-term: (2017 - 2031)	4.7 million
Long-term: (2032 - 2046)	5.9 million

**Cumulative Projected Additional 40-Year Office Space Need**      **13.7 million**

### Projected State Office Space Requirement

Exhibit 4.1



The State of California currently occupies over 17 million NSF of office space in the Sacramento region, including 10 million NSF in State-owned space and over 7 million NSF in leased space. Based on the projected additional office space need, the total State office space demand is likely to reach 30.7 million NSF by 2046. In addition to this long-term requirement for an additional 13.7 million NSF of space, several large agencies currently dispersed in multiple locations have individual office space consolidation requirements ranging from 150,000 – 800,000 NSF and totaling 3.2 million NSF (Exhibit 2.10).

### **DEVELOPMENT CAPACITY ON STATE-OWNED LAND**

This Planning Study assesses the development capacity of existing State-owned sites. Five of these sites are located within the Capitol Area, including the two remaining future office opportunity sites, Blocks 203 and 204 and Block 275, which could provide 1.4 million NSF of office space. Redevelopment on other sites in the Capitol Area, including the Bonderson Building site and Food and Agriculture Annex site, could provide almost 600,000 NSF of additional office space. Development on some of these State-owned sites in the Capitol Area could be programmed for agencies already identified for consolidation, in which case the development would not address new office space demand.

Another large concentration of potential State office development on State-owned land is the Richards Boulevard Area, with the 1 million NSF potential capacity of the State Printing Plant site. Since the Lottery Commission controls development of its Richards Boulevard area site, the Planning Study does not cite the 1.4 million NSF potential capacity of this site as optimum to meet general State office space requirements.

## OPTIMUM DEVELOPMENT OPPORTUNITY AREAS

This Planning Study identifies 29 office development opportunity areas that meet mandatory and State policy evaluation criteria. These development areas could yield 38 million NSF of office facilities over the long term.

Of these 29 opportunity areas, 14 areas are considered to be more optimum, based on factors that include specific plans, proposed infrastructure and transit projects, ownership, transportation access, improvement status, context, infrastructure, size and capacity, development cost, building type, and location per information gathered from State, regional, and local government entities, as well as private sector sources. The optimum areas include a mix of State-owned sites and non State-owned areas, as well as a mix of downtown and suburban locations. This Planning Study recommends a balance between the urban opportunities in Sacramento's central city, West Sacramento's riverfront areas, and larger campus opportunities in developing suburban mixed-use areas (Exhibit 4.2A – 4.2B).

The urban areas comprise near-term opportunities adjacent to existing and planned transit stations and concentrate around the following strategic nodes: the Capitol Area; the Richards Boulevard Area and Railyards Area; and the West Sacramento Riverfront Area (Exhibit 4.3). Developing in the Capitol Area will fulfill the goals of the Capitol Area Plan. With strategic development, the other identified nodes could be developed into urban campuses directly linked to the Capitol Area. For these urban areas, the State should consider sites that can be developed with a minimum of 500,000 GSF of office space.

The suburban areas present longer-term development opportunities since transit extensions to these areas are estimated to be implemented over the next 25 years. With larger, undeveloped tracts of land, these areas could accommodate a transit-oriented, office campus with adjacent new commercial and housing stock. In these suburban areas, the State should consider sites that can accommodate a minimum of 1 million GSF of office space. The Natomas Employment Center Area may provide opportunities in the mid term, and the McClellan Technology Center Specific Plan Area may provide opportunities in the long term. Metro Air Park and Easton Place/Aerojet are not considered as optimum within the current planning framework, however, conditions and future development plans may affect assessments of these areas in later years.

**Optimum Opportunity Areas Map\***  
Exhibit 4.2A

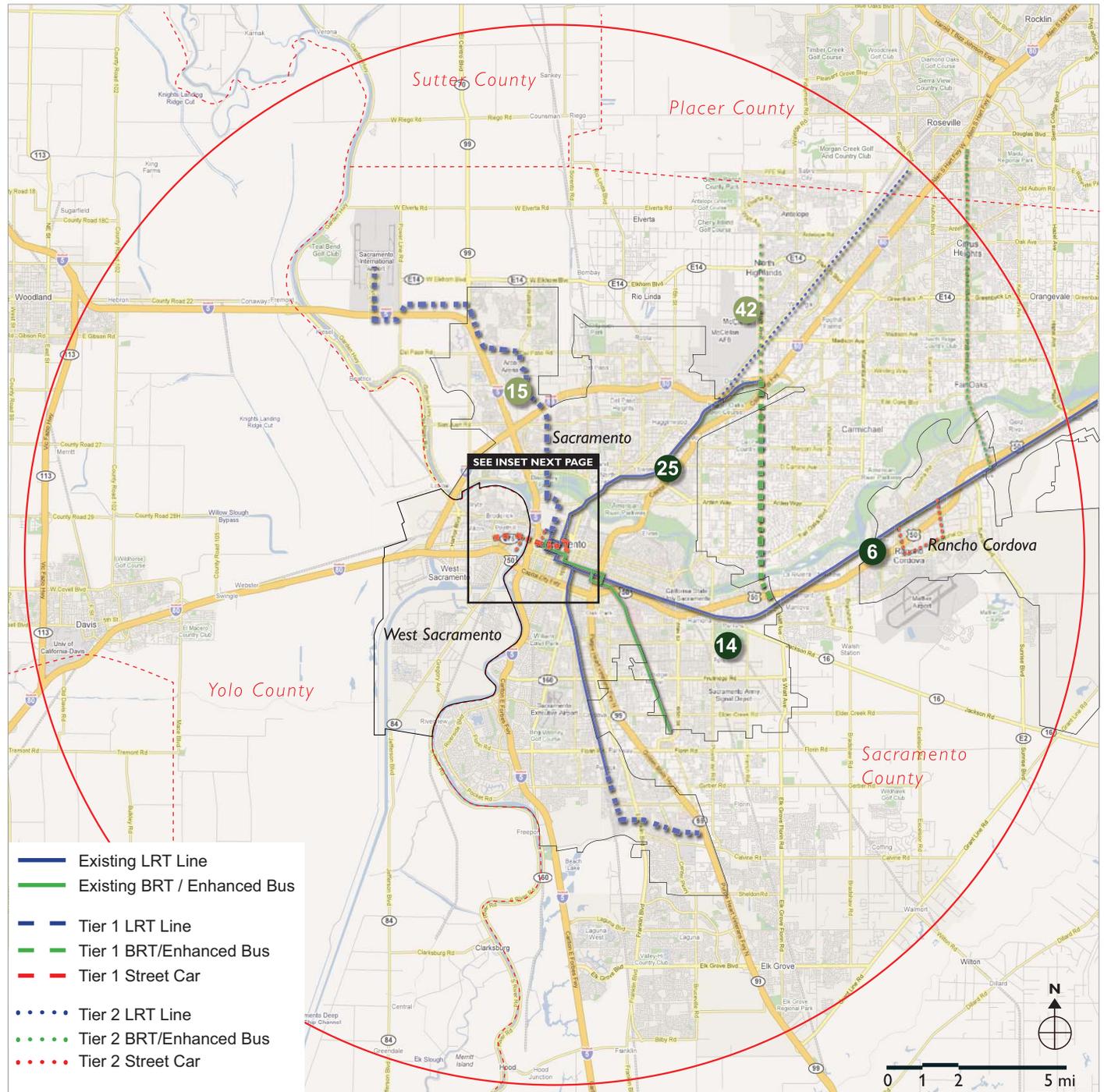
**0-10 YEAR TIME FRAME**

- 3** State Printing Plant
- 6** Franchise Tax Board
- 8** West End Site
- 9** Block 275
- 10** Bonderson Building Site
- 11** Food & Agriculture Annex Site
- 14** Granite Park
- 16** River District / Richards Blvd Area
- 25** Harvard & Arden (USAA)
- 26** Railyards (ORMU)
- 31** Washington SPA
- 34** Triangle SPA

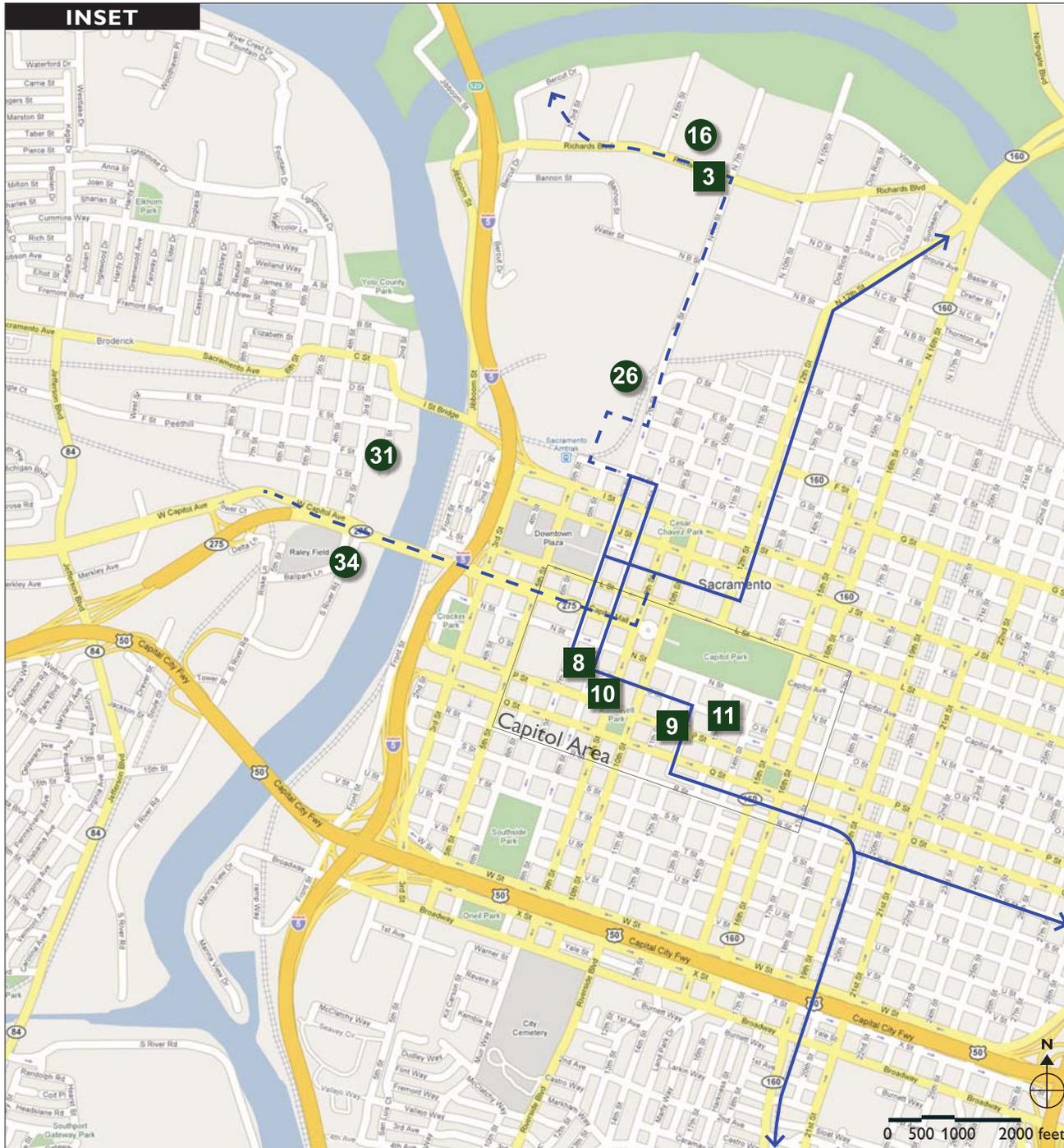
**11+ YEAR TIME FRAME**

- 15** Natomas EC land (Promenade)
- 42** McClellan Tech Center SPA

- State-Owned Site
- Non State-Owned Site



\* Same map as Exhibit 3.40A



**Optimum Opportunity Areas, Downtown Inset Map\***  
Exhibit 4.2B

**0-10 YEAR TIME FRAME**

- 3** State Printing Plant
- 6** Franchise Tax Board
- 8** Blocks 203 and 204
- 9** Block 275
- 10** Bonderson Building Site
- 11** Food & Agriculture Annex Site
- 14** Granite Park
- 16** River District / Richards Blvd Area
- 25** Harvard & Arden (USAA)
- 26** Railyards (ORMU)
- 31** Washington Properties
- 34** Triangle

**11+ YEAR TIME FRAME**

- 15** Natomas EC land (Promenade)
- 42** McClellan Tech Center SPA

- State-Owned Site
- Non State-Owned Site
- LRT or Street Car
- Future LRT or Street Car

\* Same map as Exhibit 3.40B

## REGIONAL MARKET CONDITIONS

The Sacramento region's current real estate market conditions provide for some favorable opportunities for planning future State office development. The existing real estate market is soft: the housing market has surplus inventory with a mortgage lending crisis, and the commercial office market is relatively flat with employment figures falling.

At the same time, several large-scale redevelopment projects suitable for an office campus development are in the early implementation stages. This unique combination of a slowing real estate market and the availability of viable redevelopment areas creates a strategic opportunity for the State to potentially acquire properties before these future transit-oriented, mixed-use centers become too costly or unavailable.

## PLANNING CONSIDERATIONS

As the DGS and other State agencies plan for the future, this document can be used as a resource when identifying anticipated needs and potential action items. The following opportunities respond to the State's additional office space needs projections and the region's planning and development context.

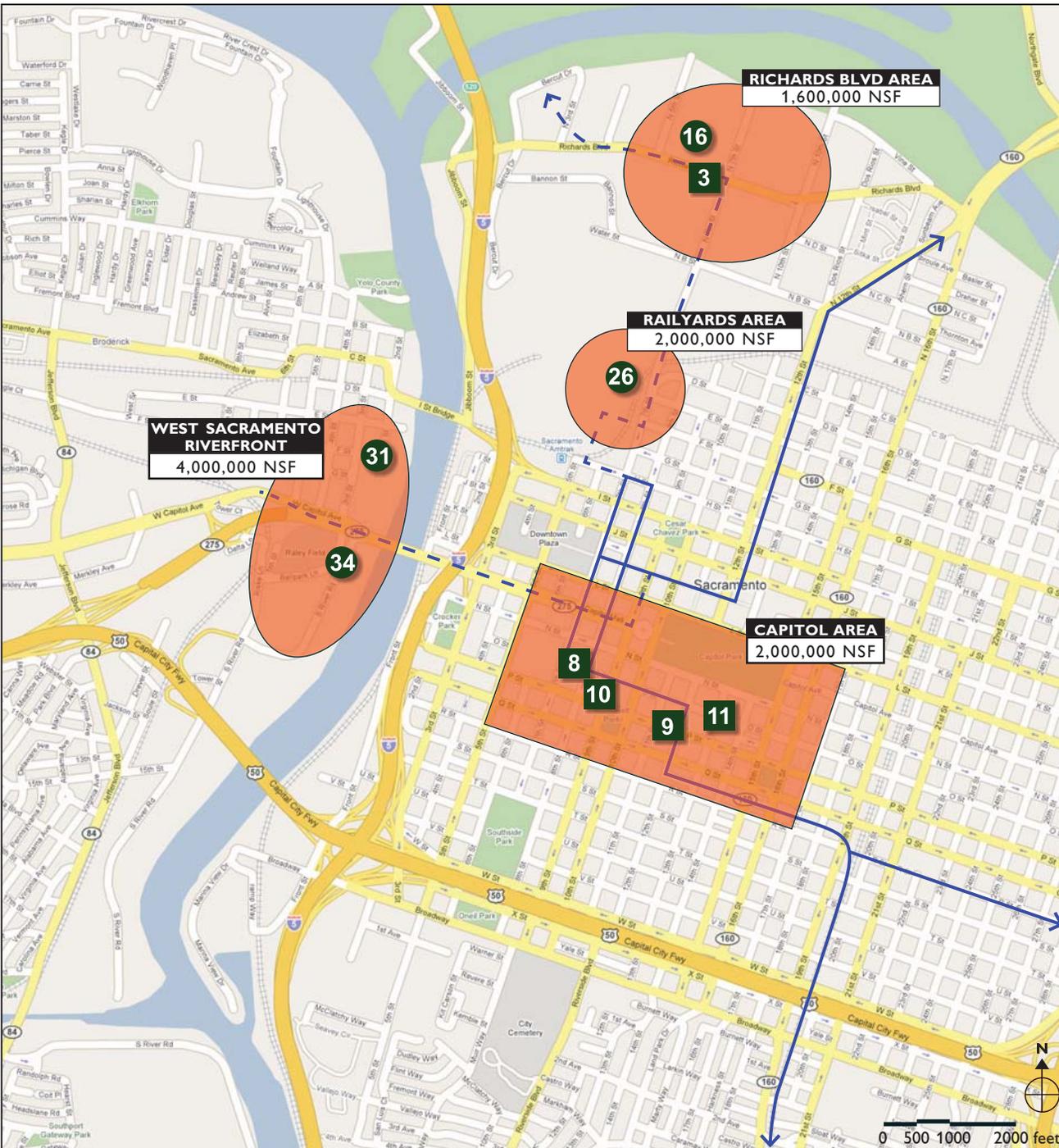
### CAPITOL AREA - NEW DEVELOPMENT

- Blocks 203 and 204
- Block 275

The Capitol Area Plan's office development vision would be implemented with construction on the Blocks 203 and 204 and Block 275 sites. Redevelopment of the Bonderson Building and Food and Agriculture Annex sites would address additional future office space needs. Development on any of these sites could also be programmed for current State agency consolidatable space need.

The advantages of Blocks 203 and 204 and Block 275 sites relate to their ownership, urban context, and prior planning efforts. Situated in the Capitol Area, they are close to other State facilities and have the best transit access in the region. Additionally, both sites are State-owned and would be relatively easy to clear.

The disadvantages of developing these sites include the expense of high rise construction and structured parking and the need to demolish the subterranean building on Block 204. Both sites are subject to traffic congestion during the commute hours however, the extensive transit service provides a viable alternative to driving.



**Near-Term Strategic Development Opportunity Areas**  
**Exhibit 4.3**

CAPITOL AREA		Potential NSF
8	Blocks 203 and 204	1,000,000
9	Block 275	400,000
10	Bonderson Building Site	400,000
11	Food & Ag Annex Site	200,000
Sub-Total*		2,000,000

RICHARDS BOULEVARD AREA		Potential NSF
3	State Printing Plant Site	1,000,000
16	Richards Boulevard Area	600,000
Sub-Total*		1,600,000

RAILYARDS AREA		Potential NSF
26	Railyards Area Sub-Total*	2,000,000

WEST SACRAMENTO RIVERFRONT		Potential NSF
31	Washington SPA	600,000
34	Triangle SPA	3,800,000
Sub-Total*		4,000,000

Total Potential NSF\* 10,000,000

\* Rounded to millions of net square feet.

- State-Owned Opportunity Site
- Non State-Owned Opportunity Area
- LRT Route
- Future LRT or Streetcar Route

## CAPITOL AREA - REDEVELOPMENT

- Bonderson Building site
- Food and Agriculture Annex site

In addition to new Capitol Area development, the Bonderson Building and Food and Agriculture Annex building could be demolished and replaced, as both present significant opportunities for new office development in the Capitol Area. These sites also have the advantages of excellent transit access, proximity to existing State offices, and available infrastructure. The buildings are occupied on a temporary or short-term status by State programs.

The constraints of both sites are the time and expense of demolition. Also, new construction would require design solutions that allow for the continued operation of the existing Food and Agriculture Headquarters building on N Street, and the existing garage connected to the Bonderson Building.

## RICHARDS BOULEVARD & RAILYARDS URBAN CAMPUS

- State Printing Plant
- Richards Boulevard Area
- Railyards Area

The State owns two sites with excellent access to a planned future light rail station in the redeveloping Richards Boulevard area, which is a development priority for the City of Sacramento. The DNA light rail station at North 7th Street and Richards Boulevard is planned for completion in 2010. Since the Lottery Commission site would be developed under the Commission's control for its programs, it is not listed as a potential optimum opportunity area at this time. However, if plans change and the site becomes available for other State programs, development at this location would reinforce and connect the State-owned sites.

### State Printing Plant Relocation and Site Development

The DGS is currently studying development alternatives for the State Printing Plant operations. If the operations are relocated elsewhere, the current site presents opportunities for future State office development because it is a large underutilized site with outmoded buildings, a strategic location, and State ownership. It is owned by the DGS, which more easily facilitates relocation of the existing use and future development of the site, with the potential for more than 1 million NSF of mid and high-rise office space. Another advantage is that the site is directly adjacent to the future planned North 7th Street and Richards Boulevard light rail station.

The disadvantages of this site include the high cost of high-rise development; resulting increased traffic on Richards Boulevard and freeway entries; and the risk that unforeseen causes could delay the light rail construction.

### Richards Boulevard Area

The Richards Boulevard “urban campus” potential could be enhanced if the State controls other development sites near the Printing Plant site. The City of Sacramento considers a representative site in the area to be capable of accommodating 800,000 GSF (or 600,000 NSF, based on a 75 percent net-to-gross ratio). Sites with a capacity of 500,000 GSF would be preferred, but smaller opportunities may be considered if they are directly adjacent to State-owned sites. If new sites are acquired, the State should initiate a master planning and design process to ensure a walkable, safe, and inviting campus.

### Railyards Area

The Railyards Area development potential, which could include up to 2.4 million GSF of office space, also offers an additional opportunity for the State to locate programs close to the existing downtown State office campus, planned future light rail extensions, and proposed housing development. The State should continue to monitor the development progress of this proposed mixed-use community.

### Potential Office Development

#### Exhibit 4.4

Near-Term	Potential NSF
Blocks 203 and 204	1,000,000
Block 275	400,000
Bonderson Building Site	400,000
Food & Ag Annex Site	400,000
State Printing Plant Site	1,000,000
Richards Boulevard Area	600,000
Railyards Area	2,000,000
Washington SPA	600,000
Triangle SPA	3,800,000
<b>Total Net Square Feet<sup>1</sup></b>	<b>10,000,000</b>

Mid-Term	Potential NSF
Natomas EC area <sup>1</sup>	1,000,000

Long-Term	Potential NSF
Metro Air Park SPA	1,000,000
Easton Place / Aerojet SPA	1,000,000
McClellan SPA	1,500,000
<b>Total Net Square Feet<sup>1</sup></b>	<b>4,000,000</b>

<sup>1</sup> Rounded to millions of net square feet.

## WEST SACRAMENTO RIVERFRONT CAMPUS

- Triangle Specific Plan Area (SPA)
- Washington SPA

The West Sacramento riverfront, which includes both the Triangle Specific Plan Area and the Washington Specific Plan Area, could also serve as a concentration of State office development. The area is rapidly redeveloping and several State office facilities have already committed to long-term occupancy in the area. Specific Plans and the Sacramento Riverfront Master Plan seek to create this area as a center of regional importance with mixed-use development, significant infrastructure improvements, and better connections to the riverfront and Sacramento. Freeway access to the area is good and a streetcar is proposed to connect the area to the Capitol within five to seven years.

### Triangle Specific Plan Area Development

The Triangle Specific Plan Area presents the potential for 3.75 million NSF of office space. Favorable conditions for a future State office facility in the dense core of the Triangle area include parcel size, development potential, and transit access.

### Washington Specific Plan Area Development

The Washington Specific Plan Area could potentially accommodate 600,000 NSF of office development. A planned office project in the area presents a leasing opportunity for the State and other parcels could possibly be assembled.

## NATOMAS EMPLOYMENT CENTER AREA SUBURBAN CAMPUS

The Natomas Employment Center area could present a unique opportunity in 10-25 years for a suburban office campus location near planned future transit. Development in the Natomas area could be lower scale and, therefore, less expensive to construct than in urban areas. The need for levee rebuilding and the absence of transit present constraints for near-term development. If improvements are funded and constructed as proposed the area could provide opportunities for the State to develop on sites with a development capacity of at least 1 million NSF.

## **FUTURE MASTER PLANNED DEVELOPMENTS SUBURBAN CAMPUSES**

Several major redevelopment or master planned projects throughout the region will present opportunities in 25 – 40 years for State office campuses. At this time the most compelling areas for future State development are:

- McClellan Tech Center
- Metro Air Park Specific Plan Area
- Easton Place/Aerojet Specific Plan Area

Although the Metro Air Park Specific Plan Area and the Easton Place/Aerojet Specific Plan Area are not highlighted in the Chapter 3 discussion of optimum areas, the pattern of development in the region and other conditions might affect their future viability. Periodically, the State should monitor the adjacent transit availability, planning and permit status, and the development activity of these areas. Each of these opportunity areas is on an existing, or planned future, transit corridor and development could be oriented towards a transit station with mixed uses. Their distinct locations would need to be analyzed to assess the most appropriate State agency user.

## **FUTURE STATE OFFICE PLANNING AND DEVELOPMENT INITIATIVES**

Decisions to address the State's projected additional office space need should correlate to elements of the DGS office project development process in order to be effective. The process includes planning and programming, budget/appropriation, and design and construction. When actual planning and development occurs for specific projects, the DGS may pursue alternative procurement methods that could affect the project schedule. To strategically prepare for the State's ongoing office space needs, the findings of this Planning Study suggest that the DGS should pursue the following activities:

### **Development feasibility analyses:**

- Blocks 203 and 204
- Block 275
- Bonderson Building site redevelopment
- Food and Agriculture Annex site redevelopment
- State Printing Plant site redevelopment.
- Resources Building -- renovation or replacement

### **Key planning studies:**

- Sacramento Regional Facilities Plan
- State Employee Transportation Survey (includes State employee traffic patterns)
- Specific agency facilities and feasibility studies

### **Monitor opportunities for development within the next 10 years:**

- Richards Boulevard Area
- Railyards Area
- West Sacramento Riverfront Area

### **Monitor opportunities for development after 10 years:**

- Natomas Employment Center area
- Master Planned Communities

These efforts will provide additional research and analysis that build upon the contextual presentation contained in this study. The flexible planning framework outlined in this document will assist the State as it moves forward with its office development program, enabling the State to meet individual agencies' program needs, while advancing the State's strategic planning goals and supporting local governments' redevelopment efforts.