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QUESTIONS FOR DISCUSSION WITH DAVID JANSEN

1) Why isn't staff making recommendations on ways to offset the $3 million dollar shortfall in operating costs, that are predicted if we build to meet current needs? They aren't dealing with the 5.6 million dollar operating cost shortfall for building to meet needs for the year 2000, nor are they offering suggestions for ways to mitigate the 13 million dollar operating cost shortfall estimated for building to meet the needs of the year 2010.

   Does the three million dollars kick in when they hand us the keys to the building, or is that mitigated by phasing in our occupancy?

   Has staff considered who might be viable tenants for the building to offset our costs? Have they approached these possible tenants?

   We do not want to create a situation where we're constructing a building without being able to maintain the programs inside it.

   These problems should not be brought out for the first time in public sessions, but should be researched ahead of time, with various options suggested in the board letter for discussion in public session.

   We do not want to repeat the absurdity of having the Board negotiating with developers during the public sessions that we experienced with the NCRRA contract.

2) Why is the staff coming back to the board with the recommendation to stay inside the three block radius of the existing courthouse, when the Board very clearly stated several time already, that the search should include properties up to four blocks away? There is no excuse for staff deliberately ignoring Board direction.

3) Why haven't our real estate consultants (Cushman, Goldman Sachs) been brought in to comment on the RFP? If they are our consultants, we ought to be asking them for their opinion.

4) Why do we have the process set up so that our consultants don't begin negotiations on the variables within this project until after we've selected the successful bidder? We're in a much better negotiating position if several developers are vying for the project. It may prolong the process somewhat and we have to weigh the costs we're paying on existing leases against the benefits gained through the negotiations, but this certainly ought to be carefully considered.

Notes

AGENDA ITEM #57 Downtown Court/Office Building

FYI

* There are 9 issues being brought to the board. (See attached list) We are most concerned with (2), (7) and (8). Minor concern with (3). I've also added comments on the consultants, having them review the RFP and getting them involved in the negotiating process prior to selection of the successful bidder. The comments are as follows:

PULL & COMMENT

(2) * I would like to ask staff to come back to us within 45 days with their recommendations on a revenue strategy to deal with the 3 million, 5.6 million, and 13 million dollar operating shortfalls that are currently projected, rather than waiting for the RFP's to come back and be considered. There may be cost mitigation options open to us that are applicable regardless of which bidder is ultimately successful in being awarded this project.

* What research has been done to investigate possible lessees for this building to offset the operating costs? What state or municipal offices, if any, would be interested in occupying space in this building?

(7) * The RFP should not be issued until our Real Estate consultants (Cushman, Goldman, Sachs) have had an opportunity to review and comment on it. If they are our consultants, why haven't they been given an opportunity to have input into this Request for Proposal?

(8) * I take issue with the three block radius. The Board was very clear to staff that properties up to four blocks from the existing complex could be considered. Staying within the three block radius eliminates two very viable contenders, and leaves the field open to only four bidders.

* The two sites in question may still be workable locations for this facility. We can place the burden of solving the transportion concern on the bidders. If they can come up with a solution, so much the better. There may be substantial cost savings to the County by including these two proposals, but we won't know that unless we give them the opportunity to convince us.

* The board letter refers to these two as "remote locations". They are not remote, they're four blocks away instead of three blocks. That's hardly remote.

(3) * I cannot support including the courtroom module desired by the courts in this RFP. The County does not have the budget for this module, and including it in the RFP only lends credibility to the possiblity of it's coming to fruition.

finally * Why are we planning to wait until we have selected a successful bidder to have our consultants begin negotiating with them? It seems to me that we would be in a stronger negotiating posistion when three or four developers are still in competition.

RECOMMENDATION

* Allow the Catellus and Starboard sites to remain in contention for this project.

* Have staff report back to the board within 45 days on ways to mitigate the operating cost shortfalls, including lessees who have an interest in leasing space from us until we fully occupy the building.

* Give the RFP to our real estate consultants and allow them a 30 day period to review and comment.

* Have staff reevaluate the negotiating process to involve our consultants prior to the selection of the successful bidder for this project.

SUBJECT: Downtown Court/Office Building

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER:

Yes 1. Plan for sixteen courtrooms in the Downtown Court/Office Building.

2. Direct the Chief Administrative Officer to return to the Board with a comprehensive financing plan after considering responses to the Request for Proposals. Why wait?

No 3. Direct that the Request for Proposals include a courtroom module desired by the Superior Court.

okay 4. Direct that the evaluation of the Request for Proposals include "block diagrams" showing a general space plan, but do not consider proposed schematic design and renderings of the Downtown Court/Office building.

okay 5. Approve in principle the Memorandum of Understanding with the City of San Diego Redevelopment Agency regarding the funding for sixteen additional courtrooms in Downtown San Diego.

okay 6. Direct that the financing of the Downtown Court/Office Building be provided through the San Diego Regional Building Authority.

7. Approve the issuance of the attached Request for Proposals for the Downtown Court/Office Building.

8. Limit the search area for the Downtown Court/Office Building to three blocks from the Courthouse.

okay 9. Remove the County owned property bounded by Front, B, Union, and C from consideration for accommodating the Downtown Court/Office Building.

Advisory Statement

N/A

Fiscal Impact

The addition of six more courtrooms to this project will increase the project cost by approximately $7-8 million. There is an estimated $3.0 million shortfall between existing available revenue and estimated costs (debt service and