

HHSD COMPLEX

PROJECT ANALYSIS

JUSTIFICATIONS FOR PROCEEDING IN CURRENT ECONOMIC CLIMATE

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Arturo L. Jaramillo

Secretary GSD

HHSD COMPLEX PROJECT GOALS

1. Save Money

- More **Prudent** and **Efficient** Use of **Already Appropriated Lease Dollars** (\$5.4 Million FY-10) for Inadequate Building Space Scattered Around SF
- **Financial Design:** Capitalize Continuing Lease Revenues to Build & Maintain HHSD Complex Through NMFA Lease-Purchase Bonds
- NMFA Bonds Repaid from the **Same Dollars that would Otherwise be Committed to 3rd Party Leases** Over Time
- Current Phase I Savings Analysis Projected to save \$87M/ PV \$22M (\$46M General Fund) over 35 Years (Without Reference to Building Value)
- Bottom Line: **Delaying HHSD Project does not save any general fund dollars**; it only continues highly inefficient leasing of current office space in several different locations!

HHSD COMPLEX PROJECT GOALS

2. “Down Economy” Savings Opportunities

- Current economy is driving design and construction bids significantly lower—the State can purchase more building for the same \$\$
- Best time for the procurement of contractor and A/E services— more competition;
- HHSD Project creates a “State Stimulus Condition” injecting \$70M to \$75M for jobs, materials and services.
- Site Acquisition Costs are significantly reduced; there would be no “free land” offerings if economic conditions were better

HHSD COMPLEX PROJECT GOALS

3. Gains in Time Efficiency & Productivity

- **HSSD Complex Strategy:** Consolidate Operational, Functional and Logistical Efficiencies Among HHS Agencies Currently Scattered in Leased and State Owned Office Buildings Throughout SF
- Realize efficiencies, economies of scale and savings through better use of equivalent space, shared common areas, conference rooms and infrastructure
- Improve and centralize public accessibility (one stop shopping)
- Relieve existing crowded and inefficient working conditions; eliminate unnecessary duplicate space
- Foster interaction/collaboration at the administrative level among agencies with related programs and oversight
- Maximize multi-modal transportation systems to reduce travel time, energy costs and greenhouse gases