

AGENDA ITEM

JULY 142 **Proposed Transfer from General Fund to Building Fund for Capital Improvements to 180 Howard Street Facility**

DATE: July 8, 2011

TO: Members, Board Committee on Planning, Program Development and Budget Members, Board of Governors

FROM: Steve Mazer, Director of Operations

SUBJECT: Authorize transfer from General Fund to Building Fund for capital improvements to the 180 Howard Street Facility; authorize amendment to 2011 budget to establish project budget; authorize the project as a continuing appropriation.

EXECUTIVE SUMMARY

The State Bar is the owner of its San Francisco headquarters building, 180 Howard Street, a 13-story, 223,000 square foot office building. Construction was completed in 1978. The Bar purchased the building in 1996 and paid off the mortgage in 2006. The building is the Bar's single largest capital asset.

While 180 Howard is in generally good condition, it requires, like any office building, maintenance, repairs and upgrades to its physical structure and electrical/mechanical systems, in order to preserve the asset and ensure that the building functions efficiently and safely. This proposal seeks a budget allocation of \$2,790,000 for selected capital improvement projects.

BACKGROUND DISCUSSION

Since purchasing 180 Howard Street in 1996, the Bar has maintained it in good condition through continuous routine maintenance, and occasional major improvements such as a seismic retrofit, completed in 2006. As the building is now 33 years old, additional improvements to its structure and systems are necessary. While significant and costly, these required repairs and upgrades are generally standard and predictable, the result of normal aging, weathering, wear and tear, and technical obsolescence.

There are five capital improvements that should be made. They are noted in Table 1 below.

Table 1: Required Capital Improvement

Cost (\$)	Description
130,000	3rd floor restrooms ADA upgrade. The restrooms on the 3 rd floor do not comply with current Americans With Disabilities Act Accessibility Guidelines. Their condition remains grandfathered in because there have been no 3 rd floor office renovations that would trigger mandatory code upgrades for the restrooms. Nevertheless, the restrooms should be renovated to meet current accessibility requirements.
270,000	Boilers and cooling towers overhaul/replacement (HVAC). Boilers provide hot water for the heating system, and for kitchens and restrooms. Cooling towers provide cool water for the air conditioning system. This is a standard end of life upgrade, as the equipment is original to the building and requires an increasing level of maintenance. In addition, boilers do not meet the Bay Area Air Quality Management District's latest emissions requirements.
290,000	Water chiller condensate pan replacement (HVAC). Condensate pans catch and remove excess moisture when warm outside air is brought in and chilled. They are original to the building and are significantly deteriorated.
550,000	Emergency generator replacement (\$250k), fuel pump system installation (\$300k). The emergency generator provides backup power to the fire/life safety systems, server room, selected elevators, and emergency lighting. It is original to the building and obsolete replacement parts are becoming difficult to obtain. In addition, the generator must be manually filled with diesel fuel that is hauled up to the roof, in violation of new city regulations. The current generator is grandfathered in, but the new generator will require a fuel pump and piping system to pump fuel up from a ground floor tank through the building core.
1,300,000	Elevator modernization. The elevators are original to the building. They are technically past the end of their useful life, and keeping them in safe working condition requires an increasing level of maintenance that results in service interruptions. Replacement of controllers, drive systems and doors is required.
2,540,000	SUBTOTAL
250,000	Contingency
2,790,000	TOTAL

RECOMMENDATION: CAPITAL IMPROVEMENTS

It is recommended that the Board authorize a transfer of \$2,790,000 to the Building Fund for the five capital improvements listed above.

FISCAL AND PERSONNEL IMPACT:

A transfer from the General Fund to the Building Fund in the amount of up to \$2,790,000 is required to provide the funds for the five capital improvements noted above. If approved, the 2011 budget will be amended to establish a project budget in the 180 Howard Street Building Fund. This project will be budgeted as a continuing appropriation to allow the project budget to carry forward until completion of the improvements.

BOARD BOOK IMPACT:

None.

RULE AMENDMENT IMPACT:

None.

PROPOSED BOARD COMMITTEE RECOMMENDATION:

RESOLVED that the Board Committee on Planning, Program Development and Budget recommends that the Board of Governors hereby adopt appropriations to the 2011 State Bar budget whereby a budget is established in the amount of \$2,790,000 in the 180 Howard Street Building Fund for additional capital improvements to 180 Howard Street, and \$2,790,000 is transferred from the General Fund for this purpose. This budget appropriation will be carried forward until such projects are complete.

PROPOSED BOARD RECOMMENDATION:

RESOLVED, upon recommendation of the Board Committee on Planning, Program Development and Budget, that the Board of Governors hereby adopt appropriations to the 2011 State Bar budget whereby a budget is established in the amount of \$2,790,000 in the 180 Howard Street Building Fund for additional capital improvements to 180 Howard Street, and \$2,790,000 is transferred from the General Fund for this purpose. This budget appropriation will be carried forward until such projects are complete.