

ATTACHMENT 2

CONTRA COSTA COUNTY Office of the County Administrator ADMINISTRATIVE BULLETIN

Number: 526.0
Date: April 9, 2013
Section: PROPERTY AND EQUIPMENT

SUBJECT: Real Estate Asset Management Plan (RAMP) Policy

This administrative bulletin sets forth County policy to implement the Real Estate Asset Management Plan principles for the use and management of County-owned and leased assets, and to establish a centralized program to manage the space needs of County departments.

I. APPLICABILITY.

This Administrative Bulletin applies to all County Departments. In August 2009, the Board of Supervisors approved the Real Estate Asset Management Plan (RAMP). RAMP is a working policy and management guide to manage the life-cycle of County real estate assets, including the acquisition, use and occupancy, leasing, design, construction, maintenance, renovation, and disposition of real property used to support County operations.

RAMP has four primary interrelated goals, which will be implemented within an integrated framework to achieve maximum strategic benefits and results.

- Goal 1:** Identify and meet the County's building and office space needs in the most efficient and cost effective manner possible;
- Goal 2:** Extend the useful life of County real estate assets with a focus on maximizing value over the life of a facility by making strategic capital investments;
- Goal 3:** Establish best management practices relative to facilities maintenance and property management; and
- Goal 4:** Engage in partnerships with Departments and other public agencies to better plan for facilities needs, capital renewal, and joint venture development opportunities.

In 2007, the overall condition of over 90 County-owned buildings was evaluated. Subsequent reports identified various items of deferred maintenance in each building, and ranked the severity of each item on a scale from 1 to 4. The Facilities Life-cycle Investment Program (FLIP) was developed from those reports. FLIP is used to coordinate and prioritize deferred maintenance and capital renewal projects for County-owned buildings.

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RAMP principles will be implemented to provide comprehensive asset management planning, including deferred maintenance projects outlined in the FLIP report, to enable the County to maximize the use of its real estate assets in an efficient and cost-effective manner. In addition, as opportunities to maximize the occupancy of County-owned real estate assets arise, the Public Works Department (Public Works) will work with other departments to evaluate each opportunity using RAMP principles. For example, as County-owned office space becomes vacant, Public Works will evaluate what other County departments could most efficiently occupy that space, including relocating from relatively more expensive leased space.

II. AUTHORITY.

The Board of Supervisors approved the Real Estate Asset Management Plan (RAMP) in August 2009. Based on that plan, Public Works has been given the authority and responsibility, in coordination with the County Administrator's Office, to manage the County's real estate assets, and to implement RAMP policy and FLIP priorities as needed, including the consolidation and/or relocation of various departmental offices.

III. PROCEDURE.

- 1) Vacancy Rate Reduction. The Public Works Real Estate Division (PW Real Estate) will monitor vacant County-owned office space, and will determine vacancy rates for those spaces that can be occupied by County departments. As County-owned or leased office space becomes vacant, PW Real Estate will identify and evaluate other departments that could occupy that space based on the following criteria:

- Fiscal savings using life-cycle and occupancy costs.
- Operational needs of the department.
- Public benefit and customer service.

The evaluation will also include a description and analysis of any related parking issues.

- 2) Sustainable Occupancy Rates. Public Works will determine occupancy rates for the occupancy of County-owned space. The occupancy rates will include the estimated cost to occupy the new space, including but not limited to, all utilities, routine maintenance costs, debt service, and a capital renewal factor determined by Public Works and the County Administrator's Office. Revenue from the capital renewal factor will go into a separate reserve fund to be used to maintain the County's real estate assets, for servicing current and future debt requirements of those assets, or for other capital facilities needs.
- 3) Occupancy Agreement. When a department commits to occupying a vacated County-owned space, the department to occupy that space and Public Works will

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sign a Departmental Occupancy Agreement (DOA), as described in Administrative Bulletin 525.1 (revised in August 2012). A DOA form can be found on the County's internal website (http://qsdnet.co.contra-costa.ca.us/capproj_realest/login.asp). The DOA will establish the effective date by which that department will be responsible for the occupancy costs of the new space, and any special conditions related to that occupancy. Unless otherwise determined by the County Administrator, whenever a County department vacates County-owned or leased space, the vacating department will be responsible for the costs of operating and maintaining that space, including the responsibility for cleaning the space, until it is either re-occupied or the lease expires or is terminated.

- 4) General Fund Loans. Unless otherwise determined by the County Administrator, each department project subject to RAMP will be responsible for the cost of that project, including all remodeling, telecommunications, moving expenses, cleanup of any previously occupied space, and County staff time. However, in the event that a department does not have the funds necessary to complete a RAMP project, funds from the General Fund may be available. In that event, the need for General Fund financing and the fiscal, operational, and customer service benefits of the project will be considered by the County Administrator, the Finance Committee, or the Board of Supervisors, as necessary.

Unless otherwise determined by the County Administrator, General Fund funds used for a particular project will be repaid by either the new occupant of the space or by the previous occupant of the space, under terms and conditions determined by the County Administrator. The County Administrator will determine both what portions of a project are eligible for General Fund funds, and the terms and conditions by which those funds will be repaid. In general, interior (or "tenant") improvements will be considered the responsibility of the department to occupy the new space, and capital improvements will be paid for either from the General Fund, from a capital renewal fund, or from other funding sources.

"Tenant improvements" are considered to be interior improvements that are completed to accommodate a specific occupant of building space. "Capital improvements" are those improvements that are intended to either extend the useful life of, or add value to, a building or structure as an asset. Examples of tenant improvements are new carpet and paint, adding or removing interior walls to create new offices, and replacing old stained and cracked ceiling tiles, and various cosmetic or aesthetic features. Examples of capital improvements include replacing old windows with new energy efficient windows, replacing a roof, installing new more efficient HVAC systems, repairing/replacing inefficient elevator equipment, and sealing and painting (i.e. protecting) the exterior of the building.

- 5) Facilities Life-cycle Investment Program (FLIP) Improvements. The Public Works – Facilities Maintenance Division will monitor FLIP priorities, and will complete appropriate deferred maintenance or capital improvement items as funding allows.

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Departments planning tenant improvements or upgrades to building space for either existing or new occupancies may be required to include items of work identified in the most current FLIP report.

- 6) Finance Plan. When a department requests a move of its operations or an expansion into additional office space, and that move or expansion represents a net cost increase of \$50,000 or more, the department must include a financing plan with its request. The financing plan will identify any impacts to service delivery in funding the proposed move or space changes and how the funding will be repaid or how the funding will be offset by operational efficiencies and cost reductions in service delivery. The financing plan will be consistent with the County's fiscal policies. Proposed projects that exceed \$100,000 will require review and approval by the Finance Committee.
- 7) Improved Service Delivery. Staff evaluation of requested moves or space changes by departments, or efforts to fill vacant County-owned space, will include a review of opportunities for improving overall service delivery by County departments. Staff will evaluate these proposals with the following criteria.
 - Consistency with any board approved master plan for government service efficiencies and service delivery location.
 - Potential service delivery efficiencies through co-locating departments or divisions with synergistic customer services, or that provide services to the same customer base.
 - Potential operational efficiencies by co-locating departments or divisions with interdependent or synergistic work and resource needs.

Staff will work with the departments to develop an objective and accurate evaluation of opportunities to improve the County's overall service delivery.

Once PW Real Estate completes its evaluation, Public Works will submit a report of its findings and recommendations to the County Administrator. Upon approval by the County Administrator to proceed with the project, PW Real Estate will then work cooperatively with the identified department(s) to proceed with the project. The department involved will need to submit an On-Line Service Request described below to the County Administrator's Office to authorize Public Works' work. In those instances where, in the County Administrator's determination, a potential move or project involves potential conflicts with various departments or there are other issues that require further consideration, Public Works and the County Administrator will bring the proposed move or project before the Finance Committee for its consideration.

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Departmental requests for the Public Works – Real Estate or Capital Projects Management division's assistance should follow the On-line Request procedure described in County Administrative Bulletin 525.1. An On-Line Service Request form can be found on the County's internal website (http://gsdnet.co.contra-costa.ca.us/caproj_realest/login.asp).

Facilities maintenance issues identified in the FLIP report will be managed by the Public Works – Facilities Maintenance Division. Work needed by other departments can be requested from the Facilities Maintenance Division by using a similar On-line Request form also found on the above internal website.

IV. REFERENCES

- A. Real Estate Asset Management Plan (RAMP)
- B. Facilities Life-Cycle Investment Program (FLIP)
- C. Public Works Department - Capital Projects / Real Estate On-Line Service Request Form

Originating Department(s):
County Administrator's Office
Public Works Department

Information Contacts:
County Administrator's Office – Management Analyst Liaison
Public Works – Real Estate Manager
Public Works – Capital Projects Division Manager
Public Works – Facilities Maintenance Manager

Update Contact:
County Administrator Senior Deputy, Municipal Services


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