

ACTIVITY REPORTING AND PROPOSAL FORM

JUDICIAL COUNCIL DIRECTIVES








AOC RESTRUCTURING

DATE	4/2/2013
PREPARED BY	Burt Hirschfeld
OFFICE NAME	<u>Office of Real Estate and Facilities Management</u>
JUDICIAL COUNCIL DIRECTIVE NUMBER	48
JUDICIAL COUNCIL DIRECTIVE	E&P recommends that the Judicial Council direct the Administrative Director of the Courts, as part of the council's long-term strategic planning, to evaluate the location of the AOC main offices based on a cost-benefit analysis and other considerations.
SEC RECOMMENDATION	As part of its long-term planning, the AOC should consider relocation of its main offices, based on a cost-benefit analysis of doing so.
RESPONSE (check applicable boxes)	
<input type="checkbox"/> This directive has been completed and implemented: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> File Attachment </div>	
<input type="checkbox"/> This directive is forwarded to the Judicial Council with options for consideration: <div style="border: 1px solid black; height: 20px; width: 100%; margin-top: 5px;"></div> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> File Attachment </div>	
<input checked="" type="checkbox"/> Other: <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>This directive's implementation timeline is for AOC's long-term consideration. As indicated below, the AOC continues to evaluate costs for all AOC office locations and will ensure that cost-benefit of AOC's main office location is included as part of its long-term strategic planning efforts. In the interim, under business processes established by the Office of Real Estate and Facilities Management, due diligence and cost-benefit analyses were used to guide development and implementation of a strategic real estate plan for AOC office facilities. Implementing the initial 5-7 year segment of the plan has involved the negotiation and renegotiation of leases, subleases, MOUs; and exercising options to contract and terminate. Cost-benefit analyses will continue to be conducted on a recurring basis to confirm or reject the relevance of rationale used to support current decisions.</p> </div> <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> File Attachment </div>	

TIMELINE AND RESOURCES FOR IMPLEMENTATION

IMPLEMENTATION DATE OR PROJECTED IMPLEMENTATION DATE	All contractual commitments required to implement this directive have been executed.
RESOURCES REQUIRED FOR IMPLEMENTATION	The Office of Real Estate and Facilities Management (REFM), with support from the Judicial Branch Capital Program Office (JBCPO), has been the primary implementation resource to date. JBCPO is now managing the construction of tenant improvements in the Burbank Office, allowing for re-occupancy by June 30, 2013.

ADDITIONAL IMPLEMENTATION INFORMATION (complete only applicable sections)

<input checked="" type="checkbox"/> PROCEDURES/ POLICIES UPDATED OR DEVELOPED	N/A (previously established).  File Attachment
<input type="checkbox"/> TRAINING UPDATED OR DEVELOPED	 File Attachment
<input checked="" type="checkbox"/> SAVINGS	Between FY 2010-2011 and FY 2012-2013, reductions of over \$2 million in rent and 68,000 SF of space in the four primary AOC offices have been realized . By FY 2013-14, a total reduction of \$4.18 million and 82,811 SF will be realized from currently-existing and implemented commitments.  AOC Space and Rent Reductions (rev. 4-2-2013).pdf Adobe Acrobat Document 68.5 KB
<input checked="" type="checkbox"/> COST	Approximately \$175,000 in sublease brokerage commissions and over-allowance tenant improvement costs (subject to verification).  File Attachment
<input checked="" type="checkbox"/> EFFICIENCIES	Total office space reduction from implementation = 25.3%. Total rent reduction = 30.3%.  File Attachment
<input type="checkbox"/> SERVICE LEVEL IMPACT	N/A  File Attachment
<input checked="" type="checkbox"/> OTHER	Note: This directive incorporates directly-related elements of Judicial Council Approved Recommendation No. 127.  File Attachment

ADMINISTRATIVE DIRECTOR OF THE COURTS (ADOC) REVIEW AND APPROVAL

ADOC REVIEW	Administrative Director of the Courts Review Date: <input type="text" value="4/10/2013"/>
EXECUTIVE AND PLANNING (E&P) COMMITTEE REVIEW	
E&P REVIEW	Executive and Planning Review Date: <input type="text" value="4/17/2013"/>

AOC SPACE AND RENT REDUCTIONS

AOC Office	FY 2011/12		FY 2012/13		FY 2013/14	
	SF	Rent	SF	Rent	SF	Rent
Sacramento	64,631	\$ 1,376,627	57,775	\$ 1,526,990	57,775	\$ 1,505,413
Sacramento (OGA)	6,578	\$ 192,172	6,578	\$ 180,895	6,578	\$ 184,842
Burbank	37,347	\$ 1,422,274	25,355	\$ 1,146,579	10,666	\$ 460,771
San Francisco	218,500	\$ 10,822,626	179,924	\$ 9,190,717	179,924	\$ 7,712,124
FY Total	327,056	\$ 13,813,699	269,632	\$ 12,045,180	254,943	\$ 9,863,150
Change from Prior Yr	(10,698)	\$ (237,277)	(57,424)	\$ (1,768,519)	(14,689)	\$ (2,182,030)
Cummulative Change	(10,698)	\$ (237,277)	(68,122)	\$ (2,005,796)	(82,811)	\$ (4,187,826)

Notes:

1. FY 2010/11 total AOC rent was \$14,408,771 (SEC report uses \$14,049,738 without reference dates; difference may be attributable to use of calendar or lease year, versus fiscal year in this analysis).
2. Exercised option to terminate 2850 Gateway Oaks, 4th floor space effective 10/26/2012.
3. Sacramento rent increases in FY 2012/13 due to majority portion of negotiated rent reduction taken in one month of FY 2012/13 and smaller annual reductions taken over balance of lease term.
4. OGA office relocated to smaller premises at lower negotiated rate in FY 2011/12; no ability further reduce and sublease portion of premises.
5. Burbank 1st floor (11,992 SF) sublease and consent executed 6/15/2012; occupancy commenced 6/28/2012.
6. Agreement on business terms of assignment of San Francisco 7th floor to State Public Utilities Commission, effective 1/1/2013.
7. FY 2013/14 San Francisco rent estimated to increase 3% over FY 2012/13.
8. Tenant improvement expenses, if any, and brokerage commissions not included.
9. Previously-reported reduction of 19,000 SF in San Francisco no longer feasible due to increase in BCDC programmatic requirement.
10. Burbank lease negotiated outside of option terms, reducing rent by 60% and contracting office space by 58%.