

From: [Jennifer Woodworth](#)
Subject: Board Questions for 1/23/19 Agenda
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Good afternoon all,

Below please find in [blue](#) the responses to questions submitted regarding tonight's agenda items. Thank you.

Jen

Director Holman

1) what is the cost of the new building purchase price compared to market comps?

At the time the purchase was approved in July of 2017, the price of \$31,550,100 or \$808 per square foot (PSF) was at the low end of the comparable office range. Five sale comparables from Palo Alto to Mountain View were selected, and the price per square foot ranged from a high of \$1,282 PSF to a low of \$782 PSF. A chart of the sale comparables is below:

	Location	Date Sold	Building Size	Sale Price
1.	490 S. California Avenue, Palo Alto	July 2015	23,868 square feet	\$27,750,000 or \$1,162 per square foot
2.	530 Lytton Avenue, Palo Alto	September 2015	57,400 square feet	\$60,650,000 or \$1,056 per square foot
3.	2465 Latham Street, Mountain View	November 2015	42,622 square feet	\$33,350,000 or \$782 per square foot
4.	100 View Street, Mountain View	April 2016	42,876 square feet	\$55,000,000 or \$1,282 per square foot
5.	445 Sherman Avenue, Palo Alto	June 2016	23,215 square feet	\$24,300,000 or \$1,046 per square foot
	Subject Property 5050 El Camino Real, Los Altos	N/A	39,010 square feet	\$31,550,100 or \$808 per square foot

In addition, staff analyzed more recent office comps in October 2018 and the sale comparables continue to support the purchase price. The market continues to be strong and the value of 5050 El Camino Real has increased over the purchase price agreed to in July of 2017. In fact, comparable 1 and 2 sold again for significantly more money (comp 1 sold in Jan 2018 for \$1,393 PSF or a 20% increase and comp 2 sold in September of 2018 for \$2,155 PSF or a 104% increase)

2) Same after the various options, please.

Single user, mid-sized, free standing, office buildings are rare in our market and demand is strong. Based on a purchase price of \$31,550,100 and a remodel cost of approximately \$20,000,000 (lower

range of “Enhanced” option) that equates to a total investment of \$51,510,000 or \$1,320 PSF. Based on discussions with local real estate brokers and running direct capitalization models a “back-end” value of \$1,320 PSF or \$51,550,100 is supportable in the market (\$6.45 PSF NNN rent and 5.5% capitalization rate).

3) what alternatives are offered to reduce energy costs compared to total window replacement of single pane windows? For instance, (solar) attic fans, more trees planted on west side to reduce sun intrusion, etc.

Some alternatives that we’ve explored include:

- Roof overhang to provide exterior shading
- Wall and floor insulation
- Green/vegetated wall on the south facing wall adjacent to the boardroom
- Interior shading such as blinds and/or curtains
- Adhesive dark color film on existing windows
- Trees

This evening’s study session (1/23) will discuss the different design options and associated costs.

4) what is the thinking about office open seating vs the comments offered by Director Cyr at the prior meeting indicating inefficiency of work?

During the District’s programming phase, a survey and workshop indicated that the majority of staff prefers individual workstations over open seating. Open seating is defined as a benching system that uses long, shared work surfaces to connect workstations without partitions. Recent research shows that, while the idea of open seating aims to improve collaboration and efficiency, users are actually less collaborative and productive in open seating environment than individual workstations. The current design has taken several measures to allow for a balance between focused work and collaboration:

- Providing separate small “focus” rooms for staff to use for phone calls and tasks that require deep concentration.
- Creating semi-enclosed “huddle” zones to allow brief, small meetings to occur away from the workstations
- Planning for plenty of conference rooms in varying sizes for group meetings
- Dividing up the floor plate with a central core of enclosed spaces, to help separate the workstation areas into smaller zones
- Providing acoustically absorptive surfaces (at floors, ceilings, and walls) to reduce noise
- Including a sound masking system in workstation areas to help reduce noise distraction

5) what options are available to keeping some existing office configurations and some open format and associated cost savings?

Keeping the existing office configuration may not be an efficient use of space. Below are a few key points:

- The existing building is divided into many small, separate suites separated by long central corridors. This does not work well for an organization that wants each department to collaborate and function as a larger whole.
- In order for District to function efficiently, the adjacencies between departments are critical. Working around existing walls would limit the ability to create an efficient layout.

- The existing layout does not allow for a lobby and a boardroom, which is critical for the District as a public agency.
- The current configuration does not allow natural light to penetrate into the building core. This is problematic from an energy standpoint and a wellness standpoint.
- Removing some walls but keeping others can create additional costs and challenges, with existing ceilings, HVAC, plumbing, etc. Keeping some existing walls would not necessarily save money.
- Many existing walls do not extend to the structure, and would not provide enough acoustical separation.

6) what options at the front entrance other than mature tree removal?

There are a few options for front entrance.

Option 1 – Shift the ramp further away from the trees in either the north or south direction. The top of the ramp won't be aligned with the main entrance and we will lose one or two parking spaces. Other construction techniques such as pavers, structural soil, and root bridges to help the tree survive.

Option 2 – Explore using existing driveway as a path of travel to the building entrance. Design team and staff will need to reach out to City of Los Altos on the feasibility.

The project team is currently in the early stages of design and will continue to explore opportunities to avoid mature tree removal.



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