



COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: March 3, 2026

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TO: Board of Supervisors

SUBJECT

CENTRALIZING COUNTY SPACE MANAGEMENT TO AVOID UNNECESSARY LEASING COSTS AND CAPTURE ONGOING TAXPAYER SAVINGS (DISTRICTS: ALL)

OVERVIEW

The County of San Diego (County) is preparing for a difficult fiscal year largely caused by significant federal funding reductions. Particularly as the County's upcoming budget cycle approaches and decisions must be made, maintaining public trust requires demonstrating that every reasonable efficiency, consolidation, and cost-saving opportunity is pursued before any service reductions are considered.

One clear opportunity for long-term savings is the County's leased office space. The County manages a substantial real estate footprint, spending approximately \$59 million annually across over 70 active leases to support County operations and service delivery. With dozens of lease decisions made each year as agreements expire or needs for new space arise, even small improvements in how space is evaluated, utilized, and consolidated can have significant long-term fiscal implications.

Because lease decisions are often driven by the needs of individual departments, the County does not always have a consistent, countywide process to evaluate whether existing space could meet a need before entering into new, multi-year leases.

We know that a coordinated approach produces results because we have already proven the concept. By leveraging telework and implementing space-sharing guidelines at the County Operations Center (COC), we consolidated approximately 15 departments and freed up an entire office building. This strategic move allowed us to house 800 employees relocated from the Health Services Complex without the need to construct another office building, avoiding an estimated

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\$150 million in capital costs. Those savings were achieved not by cutting services, but by aligning our real estate footprint with evolving work patterns.

However, that level of coordination does not yet extend to our entire leased portfolio. Currently, responsibility for identifying needs and negotiating leases is distributed across multiple departments, which limits our visibility into underutilized space.

This item addresses that gap by centralizing County space management and establishing clearer processes to assess space utilization before entering into new leasing commitments. By creating centralized accountability, improving coordination across departments and offices, and enabling faster action when savings opportunities are identified, the County can avoid unnecessary leasing costs, make better use of existing facilities, and respond more effectively as space needs change.

These actions are designed to institutionalize smarter facilities decision-making—ensuring that the kind of cost avoidance already achieved through consolidation becomes standard practice rather than a one-time outcome. By aligning leasing decisions with current work patterns and service needs, the County can capture ongoing taxpayer savings while maintaining operational reliability and public access to services.

RECOMMENDATION(S)

SUPERVISOR LAWSON-REMER AND SUPERVISOR MONTGOMERY STEPPE

1. Find that the proposed actions are not subject to review under California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(2) because the proposed actions will not result in a direct or reasonably foreseeable indirect physical change to the environment.
2. Approve the amendments set forth in Attachment A to Board of Supervisors (Board) Policy F-22, Lease of Real Property for County Use, and set a sunset review date for this Policy of 12/31/ 2033.
3. Authorize the Director Department of General Services, or designee, to negotiate the early termination of leases involving underutilized leased space when the landlord agrees to a mutual termination without the imposition of early termination fee and execute any documents necessary to effectuate such early termination.

EQUITY IMPACT STATEMENT

By developing a sustainable savings strategy, this item aims to ensure that essential food, health, fire preparedness, public safety, and housing services remain accessible to all residents and support the Board of Supervisors' recent efforts to close service gaps that disproportionately affect marginalized and underserved communities across San Diego County.

SUSTAINABILITY IMPACT STATEMENT

Developing a sustainable savings strategy strengthens long-term fiscal sustainability and allows for better planning, reduces the risk of unnecessary service cuts, and supports a resilient public sector capable of withstanding economic and environmental disruptions over time.

FISCAL IMPACT

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There is no fiscal impact associated with today's recommendations. There may be future fiscal impacts associated with the implementation of the amendments to Board Policy F-22, which staff would return to the Board for approval. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County of San Diego (County) manages a large and complex facilities portfolio to support service delivery, with decisions about leased and owned space creating long-term financial commitments. While County policies encourage efficient space utilization and consolidation where feasible, the processes for evaluating space needs and entering into leasing commitments have historically been distributed across multiple departments and functions. This structure can limit the County's visibility into available or underutilized space and increases the risk that new leasing costs are incurred before existing capacity is fully evaluated.

The County has already demonstrated the scale of taxpayer savings that can be achieved when facilities planning is coordinated and deliberate. At the County Operations Center (COC), the County applied existing space utilization standards and consolidated operations across approximately 15 departments, encompassing roughly 800 employees. By aligning space assignments with actual operational needs and making full use of existing County-owned facilities, the County was able to vacate an entire building and avoid an estimated \$150 million in capital costs that would otherwise have been required to meet projected space demands. Importantly, this outcome was achieved while maintaining service delivery and operational effectiveness, illustrating the value of early, coordinated evaluation of space needs before pursuing new facilities or long-term leasing commitments.

Changes in work patterns accelerated during the COVID-19 pandemic have further expanded opportunities to apply this discipline. Expanded telework and hybrid work arrangements have reduced the need for dedicated workstations in many functions, enabling departments to rely more on shared workspaces, hoteling, and flexible layouts. These shifts have made it increasingly possible to consolidate space without reducing services or public access, provided that space utilization is evaluated systematically and across departments.

Despite these changes, responsibility for assessing space needs, managing leases, and identifying consolidation opportunities remains fragmented. In the absence of centralized space management

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and utilization oversight, opportunities to prevent or reduce long-term leasing costs may be missed at key decision points, such as lease renewals or new space requests.

This item strengthens fiscal oversight by centralizing County space management and establishing clearer processes to evaluate existing space before entering into new leasing commitments. By improving coordination, increasing visibility into space utilization, and enabling timely action when underutilized space is identified, the County can reduce unnecessary leasing costs and replicate the type of cost avoidance demonstrated at the COC across future projects. These changes are designed to support ongoing fiscal sustainability while maintaining reliable service delivery and public access.

ENVIRONMENTAL STATEMENT

The proposed actions of amending the existing Board of Supervisors Policy F-22 to ensure that County staff first consider any underutilized or vacant facilities prior to initiating a site search when leasing real property for County use and granting the Director of Department of General Services the authority to negotiate the early termination of leases involving underutilized leased space are not subject to review under California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15060(c)(2) because the proposed actions will not result in a direct or reasonably foreseeable indirect physical change in the environment. Additionally, the proposed actions do not commit the County to a definite course of action with respect to any project. Once the underutilized leased space has been identified, prior to terminating such lease, County staff will conduct appropriate CEQA review, as necessary.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

This proposal aligns with the County of San Diego's 2026–2031 Strategic Plan by advancing the goals of the Health, Sustainability, and Community pillars. By exploring sustainable savings options, this proposal supports the County's commitment to the "Live Well San Diego" vision of building better health, living safely, and thriving in sustainable, equitable communities.

Respectfully submitted,



TERRA LAWSON-REMER
Supervisor, Third District



MONICA MONTGOMERY STEPPE
Supervisor, Fourth District

ATTACHMENT(S)

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TAXPAYER SAVINGS (DISTRICTS: ALL)

Attachment A- F22 (Clean)

Attachment B- F22 (Informational)