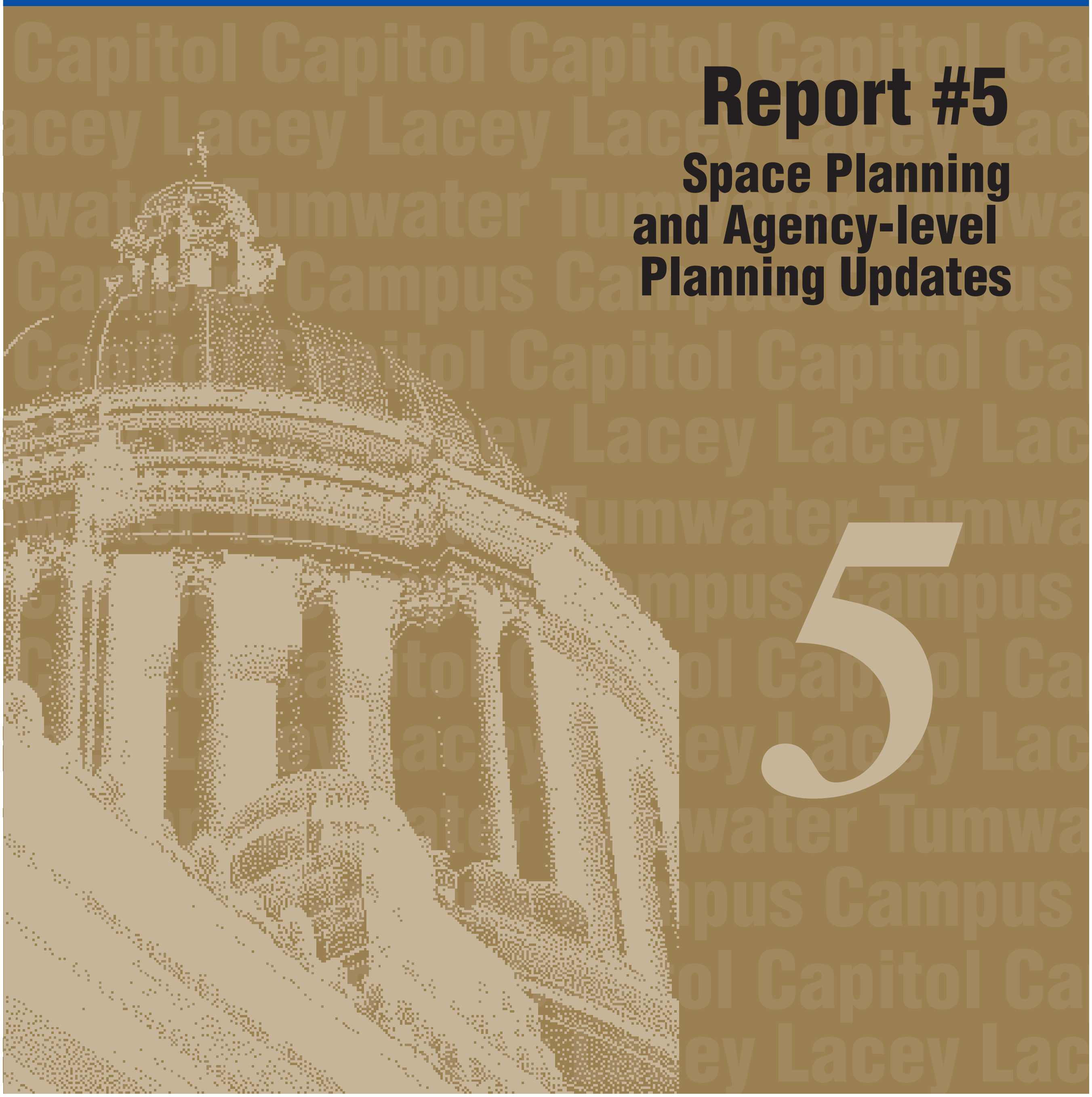
Thurston County Lease and Space Planning



Report #5

Space Planning and Agency-level Planning Updates

5

Washington State Department of
General Administration

September 2000

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Preface

This is the fifth of seven reports on the Department of General Administration-led Thurston County Lease and Space Planning Project. This eighteen-month project was directed in the 99-01 Capital Budget.

Report #1 was issued in September 1999. It

- Summarized direction from statute plus the 99-01 Capital, Operating and Transportation budgets,
- Summarized many years of reference materials, a recap of recent office projects, and a complete description of all state leased and owned office facilities in Thurston County,
- Detailed GA's plan for assessing facilities needs, defining facility performance and cost standards, reviewing current state management practices, and developing improved ways to plan for new leased and owned office space, and
- Provided the status on facility planning being done by the Department of Health and the state's transportation agencies.

Report #2 was issued in November 1999 to assist the Governor and the 2000 Legislature consider agency requests for new space. It identified potential Olympia and Tumwater sites which could meet the needs of those projects, preliminarily identified special requirements associated with developing those sites including potential mitigation, and reviewed how project options conformed to the 1991 Thurston County Master Plan. It also

- Described the state's general approach to locating new state offices,
- Explained the JLARC lease versus ownership cost model,
- Summarized state laws governing office procurement,
- Summarized national research on transportation demand management strategies,
- Proposed a new performance and technology specification for the state's 21st century office buildings,
- Suggested an appropriate cost for that standard,
- Presented comparative space standards, and
- Presented a case study on the recent consolidation of the Department of Retirement Systems.

Report #3, December 1999, provided additional lease and space planning information including more specific information about space needs for the departments of Health, Transportation, Licensing, State Patrol, Social and Health Services, and executive and legislative activities currently supported by the Legislative Building but which may have to be relocated when the Legislative Building is renovated.

Report #3 also laid the groundwork in the following six policy areas for decisions that the Governor, State Capitol Committee and the Legislature will make beginning the summer of 2000.

1. Understanding how the state's current and future budgets will be affected by facility decisions and how the state's JLARC lease versus ownership model can be used to identify project, life cycle and discounted life cycle costs.
2. Choosing between building to own and leasing.
3. Building to meet today's needs or building for the future, including a preliminary GA analysis of the growth in state employment over the next 10 years and the space implications of that growth.
4. Deciding where to locate state office buildings to provide for the best public service delivery, best support community development and regional transportation, optimize agency spending, and create the most value for the public. City-proposed refinements of the *Preferred Development Areas (PDAs)* in the 1991 Master Plan and local government-recommended *Preferred Leasing Areas (PLAs)* were presented.
5. Agreeing on office building performance, space, transportation and cost standards for both state-owned and state-leased offices.
6. Coordinating state leasing decisions between state agencies, and between executive and legislative branches.

Report #4, May 2000, continued to gather together in one place, summaries of how state government currently plans for its offices and information that must be considered when planning for new leased or owned office space.

This report, Report #5, provides updates on planning and analysis that has occurred during June, July and August, and summarizes planning and policy direction provided to the Department of General Administration by the State Capitol Committee. With this publication, the foundation is laid for the public phase of the project during which options and alternatives will be publicly debated with the hope that a consensus approach to housing state government over the next 10 years can be reached. That public phase will begin on October 12th and conclude with State Capitol Committee approval on December 12th of a report to the legislature.

Copies of this and other reports are available on GA's website at www.ga.wa.gov/report/facility/ Also included at this site are copies of the following master plans:

Master Plan of the Capitol for the State of Washington (1991)

The Capital Community: Tumwater Campus

The Capital Community: Lacey Campus

The report will also be distributed to legislative fiscal committees, local legislators, local governments, state agencies, local developers and lessors, and the media.

Questions, suggestions or comments on this report are encouraged. Please direct them to Grant Fredricks, Deputy Director, Department of General Administration at PO Box 41000, Olympia, WA 98504-1000, phone number (360) 902-7203 or e-mail: gfredri@ga.wa.gov.

Executive Summary

This report, Report #5, continues to assemble both general and agency-specific planning information to help the Governor and State Capitol Committee make decisions about state office requirements, facility standards, location and management of leased and owned space, planning, financing, leasing and office construction.

It also summarizes some of the conclusions reached after one full year of study.

The State Capitol Committee made preliminary policy decisions at their June and August meetings. That policy direction was requested to help GA complete its study and legislative assignment. It is included in Section I.

Section I also continues to lay the groundwork in five policy areas for decisions that the Legislature and the State Capitol Committee will make over the next six months, and for those strategies that state government will adopt to implement those policies:

1. **What improvement should be made in how the state manages its existing leased and owned office buildings?**
2. **What changes, if any, should the state make in how it approves and then develops new build-to-lease and build-to-own offices?**
3. **What changes, if any, should the state make in facility size, performance, quality, cost, value and transportation demand management standards?**
4. **Should the state direct private and public state office development to specific preferred areas in Olympia, Tumwater and Lacey?**
5. **How should new state offices be cost-estimated and paid for?**

The Department of Health's supplemental budget request for authority to privately develop a new leased office was not approved during the 2000 legislative session. A new concept is presented in Section II that addresses many of the concerns raised during the session.

Information also continues to be collected on the current leasing and housing situation, both on a Thurston Countywide and an agency basis. More detail on 34 additional agencies is presented.

The Report #5 appendices are again used to assemble in a single place all related information produced by the state or others that we believe should bear on the development of this 10 year strategic plan and its supporting policies. Included are detailed facility costs from national industry sources, actual state cost experience, newspaper editorials, a copy of a presentation made to the National Association of State Facilities Administrators, briefing materials for State Capitol Committee, developer meeting notes, and correspondence on Report #4 and about Tumwater Town Center.

Section I. Space Planning Considerations

KEY CONCLUSIONS TO DATE ABOUT THURSTON COUNTY LEASE AND SPACE PLANNING

Work began on the study in May 1999, beginning with OFM and legislative fiscal committee staff. Fifteen work sessions were held with developers, lessors and state agencies, and ten meetings were held with cities and other local governments. Both the Capitol Campus Design Advisory Committee and the State Capitol Committee provided advice, guidance and direction at their quarterly meetings over the past 17 months. Helpful input was received at virtually every work session and meeting.

Four general conclusions have emerged:

1. State facilities are not ends in themselves, but rather means to providing quality services to citizens and to operating government efficiently.

- Agency fragmentation continues to be a significant barrier to delivering state services and managing state agencies.
- The most important facility decisions are not about whether the building should be owned or leased, but instead about a building's performance, adaptability, economy throughout its service life, size and that it is in the right location for the agency and the public it serves.

2. Value, affordability and the wise use of taxpayer dollars are central in facility-related decisions.

- Managing *existing* leased and owned facilities more efficiently, and giving full consideration to available existing office buildings, should come before developing *new* leased or owned facilities.
- Standards and financial analysis tools such as the JLARC and other life cycle cost and budget models are critical to these decisions.
- Costs that state office development indirectly imposes on the community must be considered in state decision making.
- Initial state construction costs are proportionally small compared to other state office-related expenses such as personnel, and operations and maintenance.
- 100,000 to 300,000 square foot multi-agency buildings such as the Highways-Licenses or GA buildings are more efficient for the state and use less land than 30,000 to 50,000 square foot single-agency buildings such as the most recently constructed leased buildings in Lacey and Tumwater.

3. The state will need to rehabilitate its older office buildings, expand office space on the Capitol Campus, and/or develop additional owned or leased office space off campus.

- Between 550,000 and 1,200,000 square feet of replacement and growth space may be required over the next 10 years. The 10-year plan will be developed using 800,000 square feet, but with the requirement that the plan can be accelerated or slowed according to actual need.
- The state should use its Capitol Building Trust lands to acquire strategically located urban property to ensure that the state has sites on which to develop future state-owned and leased offices and support facilities

4. Better coordination of planning would benefit state agencies, our communities, and developers.

- A coordinated development program for *all* state government facilities in Thurston County would be far better for *all* those directly affected, rather than dealing separately with individual space requests.
- Policies, planning and design principles should continue to build on earlier master plans (1911, 1928, 1959, 1970, 1982 and 1991) and on current state law and policy.
- State government should capitalize on the opportunities that state office development presents to reinforce state policies such as growth management and commute trip reduction, and local comprehensive plans and development goals such as urban densities and mixed uses.

STATE CAPITOL COMMITTEE POLICY DIRECTION

The State Capitol Committee provided the following preliminary policy direction to the Department of General Administration on August 9, 2000. The Committee added or clarified some policies or strategies as highlighted below with shading.

Summary of Policy Direction

1. Authority from the Governor, State Capitol Committee and then the Legislature for a comprehensive program to develop leased and owned state offices that meet the business needs of state government.
2. Facilities resulting from this authority will achieve the following:
   - Improve citizen services.
   - Minimize costs to state agencies and society.
   - Improve agency efficiency and internal business processes.
   - Create safe and effective office environments that help agencies learn, improve and increase staff capacity.
   - Create public value and benefit that includes but is not limited to the exemplary design of state buildings, wise use of energy and other natural resources, and sound growth management
3. The program of state-initiated public and private development would complement the community development goals of Olympia, Tumwater and Lacey and have broad support by the legislature, state agencies, local government, and the public.

Introduction to Preliminary Policy Framework

This is a preliminary policy framework established by the State Capitol Committee on August 9, 2000 to:

1. Guide GA in completing the Thurston County Lease and Space Planning project and December 2000 report to the legislature directed in the 99-01 Capital Project;
2. Form the basis of the legislative authority to begin a comprehensive 10-year facility management and new development program which results in
3. State facilities that better meet the needs of the public and state agencies.

The state did its last comprehensive facility planning 10 years ago. That planning resulted in the 1991 Master Plan for the Capitol of the State of Washington. Since then, three large state-owned office buildings have been occupied and ten new leased office buildings have been constructed. The lease-development was not anticipated by the Master Plan, and over the past two years concerns have been raised by local and state officials about how the state's development activities conformed to state policies concerning growth management, transportation demand management, community development, agency consolidation and co-location, and state development standards.

This planning effort was initiated by the legislature to address these issues.

Themes from the 1991 Master Plan

State master plans in 1959, 1970, 1982 and most recently in 1991 have consistently reflected the following values and guiding principles of the original Wilder and White (1911) and Olmsted (1928) plans:

- Encourage efficiency and maximize flexibility
- Ensure the stewardship of resources
- Provide accessibility on a human scale
- Value the community and public
- Value the environment and open space
- Respect the importance and stature of state government facilities because they represent state government.

The 1991 Master Plan set out a strategy for state facilities in Thurston County to provide:

- Quality service to the state's residents,
- Efficient operation of state government,
- Exemplary siting, design and architecture of state buildings,
- Preservation of the heritage and character of the Capitol Campus,

And facilities that are:

- Energy efficient,
- Respect the environment, and
- Develop according to sound growth management principles.

Planning Principles

1. One goal is to minimize the number of state office buildings and amount of state office space, and to continue to reduce the rate of growth of state general government employment resulting from population growth and changes in Washington government. The past 30 years of employment history make it clear, however, that the state may need to expand office space on the Capitol Campus and develop additional owned or leased office space off campus.
2. The state needs both owned and leased office space because agencies have different needs and having both ownership options and leasing options available creates competition thereby providing choices for an agency to meet its business and customer service requirements, minimize its costs, and be confident that its building performance is not compromised over the building's life.
3. Any change to state office standards must be cost effective and optimize the use of taxpayer dollars.
4. Agencies should consider the following when deciding how to meet program needs:

   a. Public and customer service requirements.

   b. Agency business requirements, building performance, location and budget impact.

   c. Required control over the size, quality, design and location of leased space.

   d. Effect of an increasing number of locations on operational efficiencies and duplication of services, staff and equipment.

   e. Amount and length of time that new space is needed.

   f. Possible savings that can be gained by co-location or consolidation.

   g. Flexibility needed to accommodate widely fluctuating space needs.

   h. Possibility that location of facility is likely to change because of agency program changes.

   i. Availability of funding.

   j. Short and long term budget impacts.

   k. Land ownership.

l. Multiple state agency locations can cause confusion for agency customers and multiply traffic problems, parking shortages and community impacts.

m. Strong cooperation with Intercity Transit, local governments, state agencies, and local developers and lessors is necessary if the goals of the Master Plan and state needs are to be met.

Summary of Policies

On August 9, 2000, the State Capitol Committee adopted the following preliminary policies to (1) guide GA in completing the Thurston County Lease and Space Planning project and December 2000 report to the legislature directed in the 99-01 Capital Project, (2) form the basis of a request for legislative authority to begin a comprehensive 10-year facility management and new development program which results in (3) state facilities that better meet the needs of the public and state agencies*:*

Policy 1. Management of Existing Facilities: The state will manage its existing owned and leased properties for:

- Optimum customer service delivery and agency performance,
- Maximum consolidation and co-location, and
- Best long-term cost effectiveness.

Policy 2. Development of New Facilities: The state will develop both build-to-own and build-to lease facilities to meet its business needs in a continuous, not intermittent way.

Policy 3. Standards: The state will only build or lease new office space if it meets appropriate state performance, quality and cost standards.

Policy 4. Location: The state will build-to-own in Preferred Development Areas and build-to-lease state offices in Preferred Leasing Areas. The state may also build-to-lease in Preferred Development Areas.

Policy 5. Finance: State-owned offices will generally be financed with bonds or certificates of participation reimbursed by their tenants except for offices on the historic West Capitol Campus.

Policy 6. Transportation Demand Management: The state will locate, develop and manage its owned and leased properties to achieve local and state transportation demand management and commute trip reduction objectives.

These general policies and preliminary strategies to implement them are more fully explained on the following pages. Public comment will be sought as the strategies are finalized.

More Detailed Description of Preliminary Policies and Strategies

Policy 1. Management of Existing Facilities.

The state will manage its existing owned and leased properties for:

- Optimum customer service delivery and agency performance,
- Maximum consolidation and co-location, and
- Best long-term cost effectiveness.

Applicable Existing Master Plan Strategies

1. Replace inadequate lease space with leases in larger or more appropriate buildings.
2. Encourage consolidation and co-location.
3. Define required levels of performance more clearly in all leases.
4. Preserve the heritage and character of the Capitol Campus.

Preliminary New Strategies

1. In order to achieve greater co-location and consolidation:
2. Reduce over time the number of leases less than 5,000 square feet (57 or 31% of existing Thurston County leases).
3. Develop a plan to swap leases between agencies to achieve higher degrees of agency consolidation.
4. In order to provide state landlords better information about state intentions:
5. Identify building leases that the state will not renew when leases expire.
6. Identify how each vacated property will be managed when a new building is proposed.

Policy 2. Development of New Facilities.

The state will develop both build-to-own and build-to lease facilities to meet its business needs in a continuous, not intermittent way.

Applicable Existing Master Plan Strategies

1. Develop lease strategies for terms longer than 10 years.
2. Change the lease development procurement process to allow the state to plan the interior design and development of the building.
3. Sign build-to-suit leases before construction to ensure that buildings are constructed to state specifications.
4. Co-locate smaller agencies in Olympia to permit sharing of common facilities and services.
5. Coordinate the long-term plan for leasing with ownership plans each biennium.
6. Develop state facilities in phases to provide for possible future staffing increases.
7. Concentrate new construction in preferred development and preferred leasing areas.
8. Create distinctive buildings, attractive and easily recognizable with openness and accessibility and cluster them for the convenience of customers and employees.
9. Reduce the proportion of leased to owned office space when appropriate. *(The SCC eliminated the specific 20% maximum leased space goal on 8/9/00).*

Preliminary New Strategies

1. Develop new major lease (defined by OFM as 30,000 square feet) request process.
2. Develop improved life cycle cost and budget impact models to improve quality of build-to-own, build-to-lease, purchase, or lease term decision-making.
3. Develop improved ways to partner with developers to jointly develop state offices.
4. Develop improved ways to partner with local government to jointly develop office support facilities such as parking garages and regional storm water utilities.
5. Develop improved ways to partner with higher education institutions and/or other governmental entities to jointly develop and/or co-locate state agency laboratories and science facilities.
6. Develop regional approaches to provide library services to state government.
7. Develop improved ways to identify and evaluate opportunities for co-location and consolidation.
8. Develop coordinated OFM/GA/legislature space forecasts.
9. Consolidate space requests into fewer solicitations resulting in larger, multi-agency office buildings versus smaller, single agency buildings.
10. Subordinate questions of ownership to building performance supporting agency customer service delivery and operations.
11. Leverage Capitol Grant Trust forestlands to acquire Thurston County property recommended by cities as suitable for future state office buildings.
12. Develop “trigger point” criteria to identify when it is appropriate to move from fragmented to consolidated facilities, from leased to ownership, and when to acquire property for future development.
13. Develop 20-50 year strategies for both office and support spaces such as laboratories/science buildings, industrial and storage space.

Policy 3. Standards.

The state will only build or lease new office space if it meets appropriate state performance, quality and cost standards.

Applicable Existing Master Plan Strategies

1. Develop different performance requirements and standards for leased buildings depending on size, expected occupancy and eventual ownership.
2. Develop new state facilities at satellite campuses and in preferred leasing areas that are distinctive and visually unified clusters for the convenience of customers and employees and clearly identifiable as centers of government.
3. Promote thriving centers of urban life by helping to create a mix of public and private business when off campus state offices are developed.
4. Lease storefronts on ground floors to private retailers to augment the existing mix of retail uses in preferred development areas.
5. Apply to future development the urban and campus design principles from earlier master plans. Specifically:
   - Relate buildings to each other and to the open spaces defined by them.
   - Organize open spaces to be visible and accessible from building entrances.
   - Locate new buildings to form edges of pedestrian-scaled open spaces, to preserve landscaped open spaces and to reinforce campus edges.
   - Create campus gateways.
   - Orient development to pedestrians, not cars.
   - Provide visitor destinations and amenities.
6. Use a state office development concept in Tumwater Town Center that incorporates an urban street grid clustering mixed-use buildings around common open space.

Preliminary New Strategies

1. Adopt new building space standards.
2. Adopt new initial and recurring cost standards.
3. Adopt new technical and performance standards for technology, security, access, utilities, health, land use and building service life.
4. Apply JLARC Lease versus Ownership financial model and other life cycle cost and budget analysis tools to state office building decision-making. Use state cost experience and standards, and include periods of analysis that extend beyond debt terms to a longer planning horizon corresponding to a building's full service life.

Policy 4. Location.

The state will build-to-own in Preferred Development Areas and build-to-lease state office space in Preferred Leasing Areas. The state may also build-to-lease in Preferred Development Areas.

Applicable Existing Master Plan Strategies

1. Concentrate new construction in preferred development areas and in preferred leasing areas in Olympia, Tumwater and Lacey.
2. Locate new development so as to:
   – Enhance the public service functions of the agency.

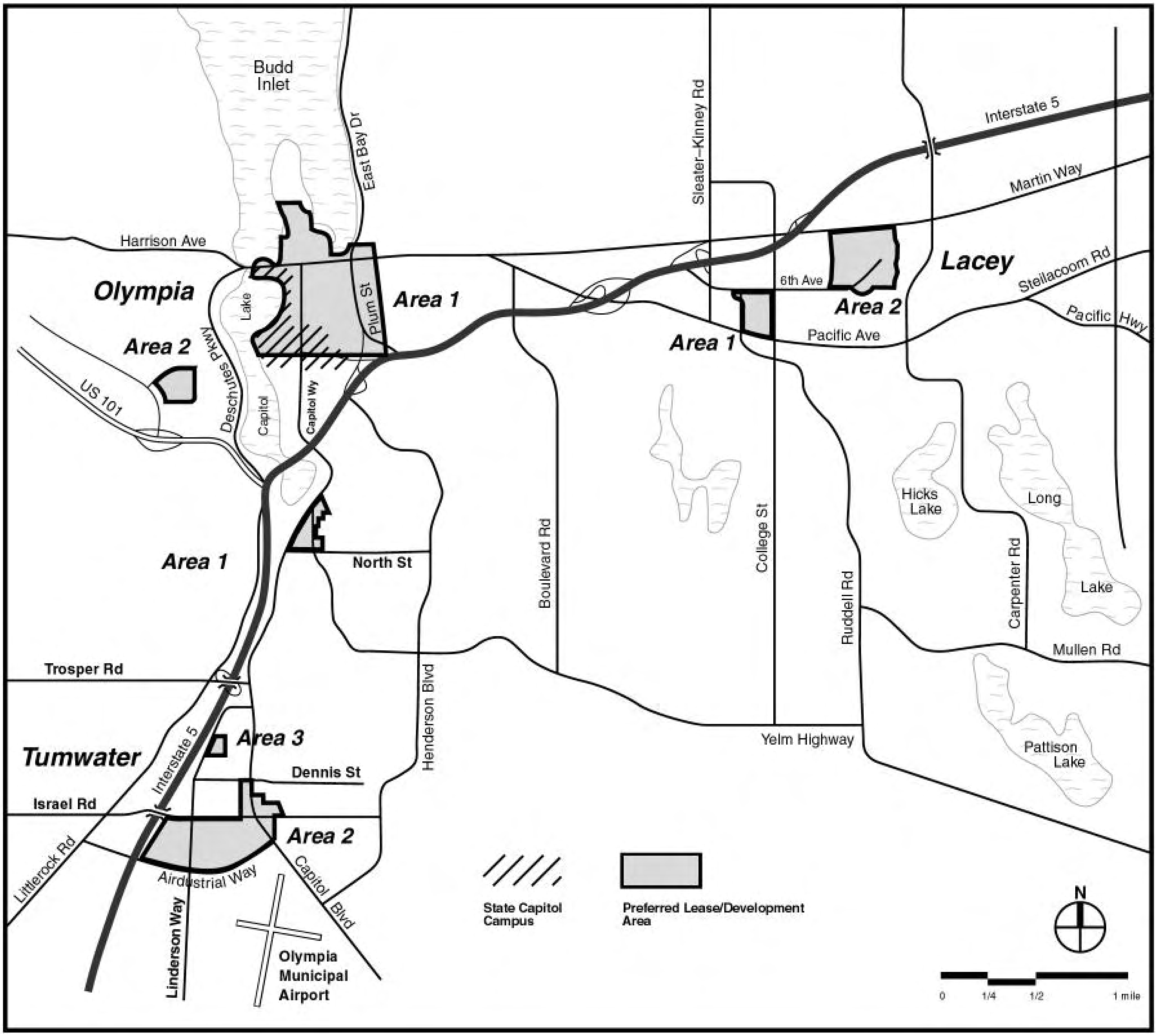
   – Support long-term agency goals.

   – Achieve local land use, transportation, the environment and urban design goals

   – Maximize long-term public investments in land, infrastructure and development costs.
3. Create satellite campuses consistent with local comprehensive plans.
4. Develop satellite campuses in Tumwater and Lacey of 800,000 to 1 million square feet of office space to support 4,000 to 5,000 state employees.
5. Cluster development to make it more accessible to public transportation and to encourage services such as dependent care, restaurants, banks and retail stores.
6. Locate agencies that require large amounts of land or have no need to be close to the Capitol Campus on satellite campuses where they are visible and accessible.
7. Extend to off-campus locations the building siting and campus design principles of the historic Wilder and White and Olmsted Brothers' plans as noted on page 2, *Themes from the 1991 Master Plan.*
8. The West Campus is the center for the executive, legislative and judicial branches of the government, while East Campus functions are mostly administrative. The West Campus should be reserved to accommodate the needs for buildings that support the legislative and government functions that must be located in or near the Legislative Buildings.
9. Facilities with potential community-related uses should be located on the northern edge of the campus.
10. Facilities with a lower expectation of public use should be located on the southern boundary of the campus to minimize neighborhood impacts.
11. Agencies with a high degree of interaction with the Legislature, the Supreme Court, the Governor and other elected officials, as well as General Government agencies, whose primary mission is to support the functions and responsibilities of the three branches of government and the Capitol Campus, should be located on the Capitol Campus.
12. Agencies whose primary mission is to provide services to the public should be located so as to provide the greatest accessibility to the public.

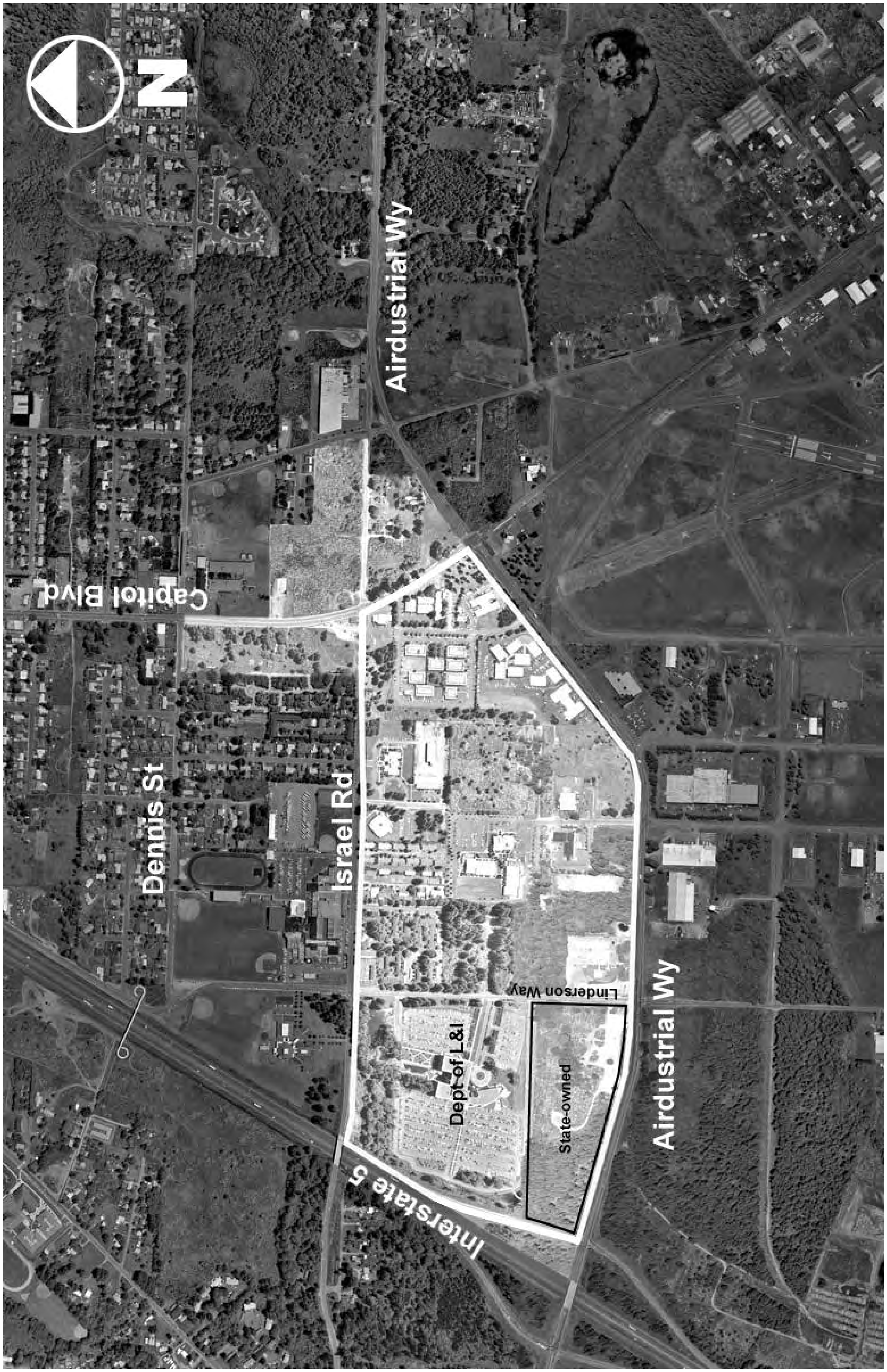
Preliminary New Strategies

Adopt standardized state office site evaluation and location criteria.



Preferred Lease and Development Areas around Olympia, Lacey and Tumwater

OLYMPIA PREFERRED DEVELOPMENT AREA



TUMWATER PREFERRED DEVELOPMENT AREA

LACEY PREFERRED DEVELOPMENT AREA

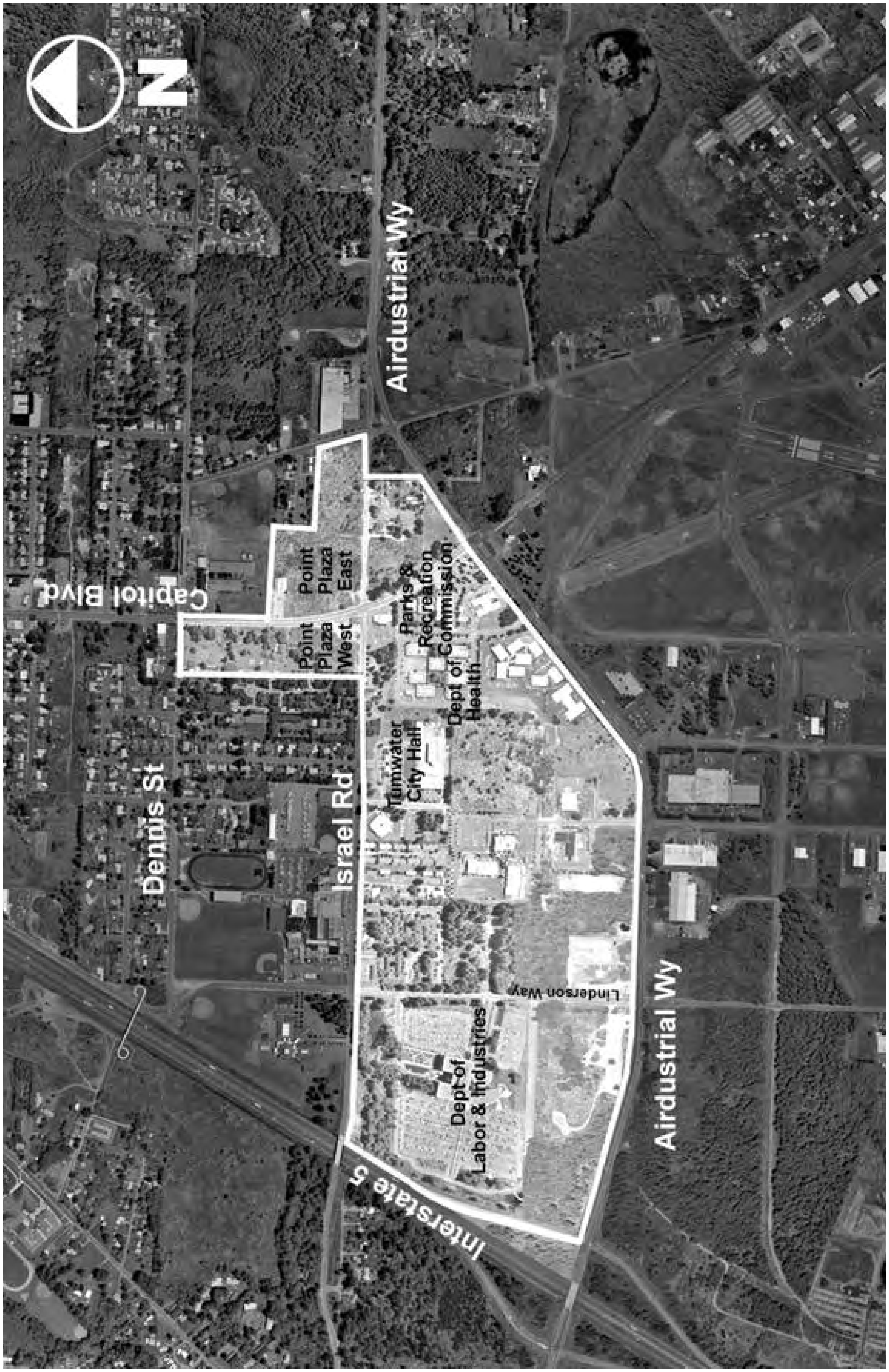
OLYMPIA PREFERRED LEASING AREA – 1

OLYMPIA PREFERRED LEASING AREA – 2

LACEY PREFERRED LEASING AREA – 1

LACEY PREFERRED LEASING AREA – 2

TUMWATER PREFERRED LEASING AREA – 1



TUMWATER PREFERRED LEASING AREA – 2

TUMWATER PREFERRED LEASING AREA – 3

Thurston County Preferred Leasing Policy

The following policy was adopted by the State Capitol Committee on June 12, 2000 as an amendment to *The Master Plan for the Capitol of the State of Washington*.

Policy Intent:

One of the important goals of *The Master Plan for the State Capitol of 1991* (hereinafter "*Plan*") is "the coordination of government facility needs with adjoining communities through urban redevelopment and the creation of satellite campuses." The *Plan* calls for "new construction (of state office buildings) to be concentrated in three preferred development areas" in Lacey, Olympia, and Tumwater and promotes consolidation and co-location of state office facilities, transportation demand management and growth management principles. In addition, the Plan calls for a leasing strategy to be devised "to improve the cost-effectiveness and manageability" of leased property.

While the *Plan* identified areas for the development of state owned offices, it provided no clear direction for office space leased by the state. This Preferred Leasing Policy was added to *The Master Plan for the State Capitol* to provide clear direction on the leasing of state office space in Thurston County that is consistent and compatible with the objectives of the *Plan*.

The Preferred Leasing Policy will be further implemented with more specific Department of General Administration policies and procedures that:

1. Support growth management principles, transportation demand management objectives and the comprehensive plan goals of the cities of Lacey, Olympia and Tumwater.
2. Promote consolidation and co-location of state office facilities by coordinating with agencies and local jurisdictions.
3. Define how Preferred Leasing Areas can be adjusted or added in the future.
4. Provide exception criteria to the Director of General Administration to waive any of the leasing policies and/or procedures to better meet the business needs of state government.

Preferred Leasing Policy: The State shall promote the leasing of state office space in Thurston County in the Preferred Leasing Areas.

Preferred Leasing Areas

The following areas are designated as Preferred Leasing Areas (PLAs):

1. Lacey:

   a. **PLA 1**: The Lacey core area, bounded by Golf Club Road on the west, College Street on the east, Pacific on the south and 6th Avenue on the north.

   b. **PLA 2**: The Saint Martins satellite campus area around the Department of Ecology, south of Martin Way at Desmond Drive, west of Woodland Creek, generally north of 6th Avenue SE extended and east of the Saint Martins meadows wetlands.

2. Olympia

   a. **PLA 1**: The downtown core, bounded by Capitol Lake on the west, Eastside Street on the east, 14th Avenue/Maple Park/15th Avenue on the south and the commercially zoned area of the Port of Olympia contiguous to the downtown core to the north (bounded by "E" Avenue on the north, Marine Drive on the east, and Budd Inlet on the west).

   b. **PLA 2**: The Evergreen Park Planned Unit Development (PUD) area, bounded by Evergreen Park Drive SW on the north, Lakeridge Drive and Lakeridge Way on the east, and Evergreen Park Drive SW on the south and west.

3. Tumwater

   a. **PLA 1**: The Sunset Life Building area, bounded by Capitol Boulevard on the west and Sunset Way, Fairfield Avenue and Blass Street on the east, North Street-Custer Way on the south.

   b. **PLA 2**: The Tumwater satellite campus area (including Tumwater Town Center), bounded by Airdustrial Way on the south, Interstate 5 on the west, Israel Road to 6th Avenue SW to Dennis Street on the north (to include Point Plaza West), to Capitol Boulevard and then south of Peter G. Schmidt Elementary School and extending east to Bonniewood Drive and then south to Airdustrial Way (to include Point Plaza East).

c. **PLA 3**: The area around the "Floor Exchange" (6300 Linderson Way SW), bounded by Tartan Drive on the south, 5th Avenue SW on the east, Linderson on the west and north. This site will be included subject to meeting appropriate location evaluation criteria, such as the provision of scheduled transit service.

Preferred Leasing Area Policy with Implementing GA Procedures

The policies and procedures below are adopted by the Department of General Administration in order to implement the Preferred Leasing Area Policy of *The Master Plan for the State Capitol.*

Additional policies and procedures may be adopted as necessary – Effective August 1, 2000.

GA Policy 1: Promote state office leasing in Preferred Leasing Areas

1.1 Solicit and evaluate requests for space proposals to give priority to Preferred Leasing Areas and solicitations for existing office space within Thurston County to office buildings previously occupied by the state or vacant spaces within buildings caused to be built by the state.

Procedures:

(A) If a request for space is less than 5,000 rentable SF, advertisement is optional. However, GA will encourage state agencies to locate or co-locate in PLAs.

(B) If a request for space is over 5,000 rentable SF, GA will:

1. Advertise for **previously occupied office** within the PLAs and outside the PLAs, and **existing office space**, **space under construction** and **planned space** within the PLAs. Proposals will be considered in the following order:
   a. Previously occupied office space within PLAs
   b. Previously occupied office space outside the PLAs, but within the incorporated limits of the cities of Lacey, Olympia and Tumwater
   c. Existing office space within PLAs
   d. Space under construction in PLAs
   e. Planned space in PLAs

If no satisfactory space is identified, then

2. Advertise for existing office space, space under construction, and planned space within the incorporated limits of Lacey, Olympia and Tumwater. Proposals will be considered in the following order:
   a. Existing office space outside the PLAs but within the incorporated limits of the cities of Lacey, Olympia and Tumwater
   b. Space under construction within the incorporated limits of the cities of Lacey, Olympia and Tumwater
   c. Planned space within the incorporated limits of the cities of Lacey, Olympia, and Tumwater.

1.2 Prior to the finalization of the evaluation process, a justification for each proposal from a lower priority category that attains the highest ranking must be submitted to the Assistant Director of Real Estate Services for review and approval.

1.3 Promote **co-location** of agencies within the PLAs. Co-location refers to units from different agencies being located within the one site or building. This policy reflects the policy intent of RCW 43.82.010 (see Definitions).

Procedures:

(A) GA will evaluate requests for space for potential co-location opportunities using, but not limited to, the following criteria:

1. Efficiencies and benefits of scale: whether there are opportunities to optimize the use of resources and facilities through shared usage and the capability to obtain output enhancing systems and facilities that are cost effective in larger settings.

2. Service Improvement: whether there are opportunities to improve service delivery, improve service coordination and enhance the concept of a government service center where people can go for help for a broad range of services.

3. Critical mass: whether there are opportunities to create a critical mass that will support public transit and thus reduce transportation costs, and improve the viability of the surrounding commercial and retail infrastructure.

(B) GA will inform agencies when there is a co-location opportunity in relation to a specific request for space.

(C) GA will coordinate with agencies and OFM to ensure that co-location opportunities are evaluated during leasing cost discussions.

1.4 Promote **consolidation** of agencies within the PLAs. Consolidation refers to bringing together related units of same agency in one site or building. This policy reflects the intent of RCW 43.82.010 (see Definitions).

Procedures:

(A) GA will review requests for space for potential consolidation opportunities using, but not limited to, the following criteria:

1. Fragmentation of programs: whether there are opportunities to reduce the fragmentation of programs and program elements and/or improve intra-agency functional efficiency or increased effectiveness of teamwork.
2. Service delivery: whether there are opportunities to improve service delivery.
3. Management and communication efficiencies: whether there are opportunities to enhance management and communication efficiencies.
4. Duplication of services: whether there are opportunities to reduce duplication of services.
5. Resource costs: whether there are opportunities to reduce the cost of staff, equipment and space.
6. Travel costs: whether there are opportunities to reduce travel time and costs needed to coordinate between facilities.
7. Efficiencies of scale: whether there are opportunities to take advantage of efficiencies of scale.

(B) GA will inform agencies when there is a consolidation opportunity in relation to a specific request for space.

(C) GA will coordinate with agencies and OFM to ensure that consolidation opportunities are evaluated during leasing cost discussions.

1.5 Promote agencies to remain in PLAs by identifying benefits and opportunities for these agencies.

1.6 Promote **high density**. High-density development creates a concentrated urban environment where people can live, work, shop and play and reduces the infrastructure costs associated with sprawled development. In addition it facilitates a pedestrian and transit friendly environment, one of the aims of each local government's Comprehensive Plan.

1.7 Promote **mixed use** where appropriate. This term refers to residential, office commercial and retail co-existing in close proximity to one another.

Procedures:

(A) When an agency submits a request for space, in consultation with the agency, evaluate whether the agency's program(s) is compatible with the concept of mixed use.

(B) Identify mixed use sites during a market search that can be included in the site evaluation process.

1.8 Avoid future leasing by state agencies of street-level retail/commercial space, except for state operations involving direct service delivery or for programmatic requirements.

GA Policy 2: Coordinate leasing efforts between branches and within levels of government.

2.1 Coordinate procurement and budget impacts of new/expanded office space requirements with OFM.

2.2 Assist state agencies to identify and evaluate opportunities for co-locating and consolidating state facilities.

2.3 Inform jurisdictions when there is an identified space need or space request over 5,000 rentable SF and provide a summary of responses/proposals to the requests for space advertisements for comment. In providing this information, GA will not disclose financial or proprietary information submitted by the proposers.

GA Policy 3: The Director of General Administration may waive any of the policies and procedures above when required to support state operations.

3.1 The criteria for such waivers may include, but are not limited to the following situations:

- An agency or agencies are already clustered in existing contiguous buildings or complexes at a leased site or area outside the PLAs.
- Leasing in PLAs would result in substantially higher cost to the agency and to the public than the market rate for office leasing outside the PLAs.
- Agencies are required to be located in certain geographical areas because of federal or state policies or programmatic requirements.
- GA staff determine that advertising for existing space will not provide a response.

3.2 Prior to the granting of any waiver, a statement of findings shall be prepared and the appropriate local jurisdiction informed of the request for waiver and provided with an opportunity to review and comment.

Definitions:

Co-location and Consolidation: RCW 43.82.010(5)—"It is the policy of the state to encourage the co-location and consolidation of state services into single or adjacent facilities, whenever appropriate, to improve public service delivery, minimize duplication of facilities, increase efficiency of operations, and promote sound growth management planning." Co-location refers to units from different agencies being located within the one site or building. Consolidation refers to bringing together related units of same agency in one site or building.

Commute Trip Reduction Law: A state law passed in 1991 (RCW 70.94.521-551) and amended in 1997, requiring certain jurisdictions to enact ordinances to require major employers with 100 or more employees to implement programs to reduce vehicle miles traveled and drive alone rates of their employees. The goals of CTR are to reduce air pollution, reduce traffic congestion and reduce fossil fuel consumption.

Comprehensive Plan: A coordinated land use policy statement by the governing body of a city or county that is adopted pursuant to the Growth Management Act. It typically includes land use, housing, capital facilities, utilities, transportation, open space and other issues affecting the physical development of a community.

Existing Office Space: A building with footings, foundations, and roof in place.

Planned Office Space: A project, with at a minimum, final site plan approval from the controlling municipality, SEPA determination of non-significance (DNS) or mitigated determination of non-significance (mitigated DNS), and lender's letter of credit or letter of interest. Proposer must control land through valid purchase or option contract, or fee ownership, or long-term lease.

Previously Occupied Office Space: An office building previously occupied by the state or vacant space within a building caused to be built by the state.

Space under Construction: A project, with at a minimum, a building permit, and a loan commitment or proof of funds necessary to complete the project. Proposer must control the land through fee ownership or long term lease.

Space Request: This is a formal document submitted by an agency to the Department of General Administration's Division of Real Estate Services requesting space for a particular unit. The agency must identify specific needs and provide justification for seeking new space.

Transportation Demand Management: Use of strategies to reduce the use of single-occupant vehicles and vehicle miles traveled and the demand for parking.

Questions and Answers About Preferred Development and Leasing Areas

The State Capitol Committee at its June 12, 2000 quarterly meeting approved *Preferred Leasing Areas* (PLAs) and adjusted boundaries of Preferred Development Areas (PDAs) as amendments to the 1991 Master Plan for the Capitol of the State of Washington. Preferred Development Areas are now more clearly defined as areas where state office ownership is preferred by state and local government. Preferred Leasing Areas are priority areas for state leasing.

Why did the State Capitol Committee take these actions?

In 1991 the State Capitol Committee (SCC) intended that most future state office development should be owned and located in Preferred Development Areas (PDAs). The 1991 Capitol Master Plan does not refer to Preferred Leasing Areas. But since 1991 no new state-owned offices have been authorized and state office needs have been met by private lease development. All of the new leased buildings in Lacey are within the 1991 Lacey PDAs, but none of the new leased offices in Olympia or Tumwater are within their respective PDAs.

This scattered development caused Thurston County, Olympia, Tumwater, Lacey, Intercity Transit and the Port of Olympia to ask the State to clarify state policy about locating its offices. The concept of Preferred Leasing Areas (PLAs) was developed to continue to emphasize the 1991 Master Plan goal of concentrating state offices. The three cities identified their respective PLAs and it was agreed in 1999 that the SCC be requested to add PLAs as an amendment to the 1991 Master Plan.

The SCC considered recommendations of the cities, developers, agencies, legislative staff and GA in June 1999, January 2000 and April 2000 before making their June 12th decision.

Why is it important to direct state office development to these areas?

PDAs and PLAs implement the intent and goals of the 1991 Master Plan and support the comprehensive plans of Thurston County, Olympia, Lacey and Tumwater. These plans seek to concentrate employees to achieve urban densities which can more easily be supported by community services, control impacts on public infrastructure, and encourage use of public transit and other alternatives to single occupancy vehicles.

Won't it cost the state more if the state limits the number of eligible sites?

The cost to the state should not be more provided there is sufficient market competition within and between the PLAs. In theory, however, any limitation on supply will ultimately affect price. There are at least 13 large undeveloped or under-developed sites suitable for a new large state office in the new PLAs. The State and Port of Olympia each control multiple sites and four private developers either own or control at least six additional sites tentatively planned for state offices.

Will the state move out when a lease expires if an agency is currently leasing outside a PLAs?

No, unless the state agency determines that the current leased building no longer meets their customer service and business needs. The policy will only apply when agencies initiate a move or new lease development through the normal course of business.

What are the cities willing to do for the state in exchange for the state designating the PLAs?

The cities have committed to expedite review and approval of proposed projects, assist in the development of commute trip reduction and parking efficiency plans, help to minimize impact fees and other costs affected by city requirements, and support development partnerships.

How much leased space is in these new Preferred Leasing Areas?

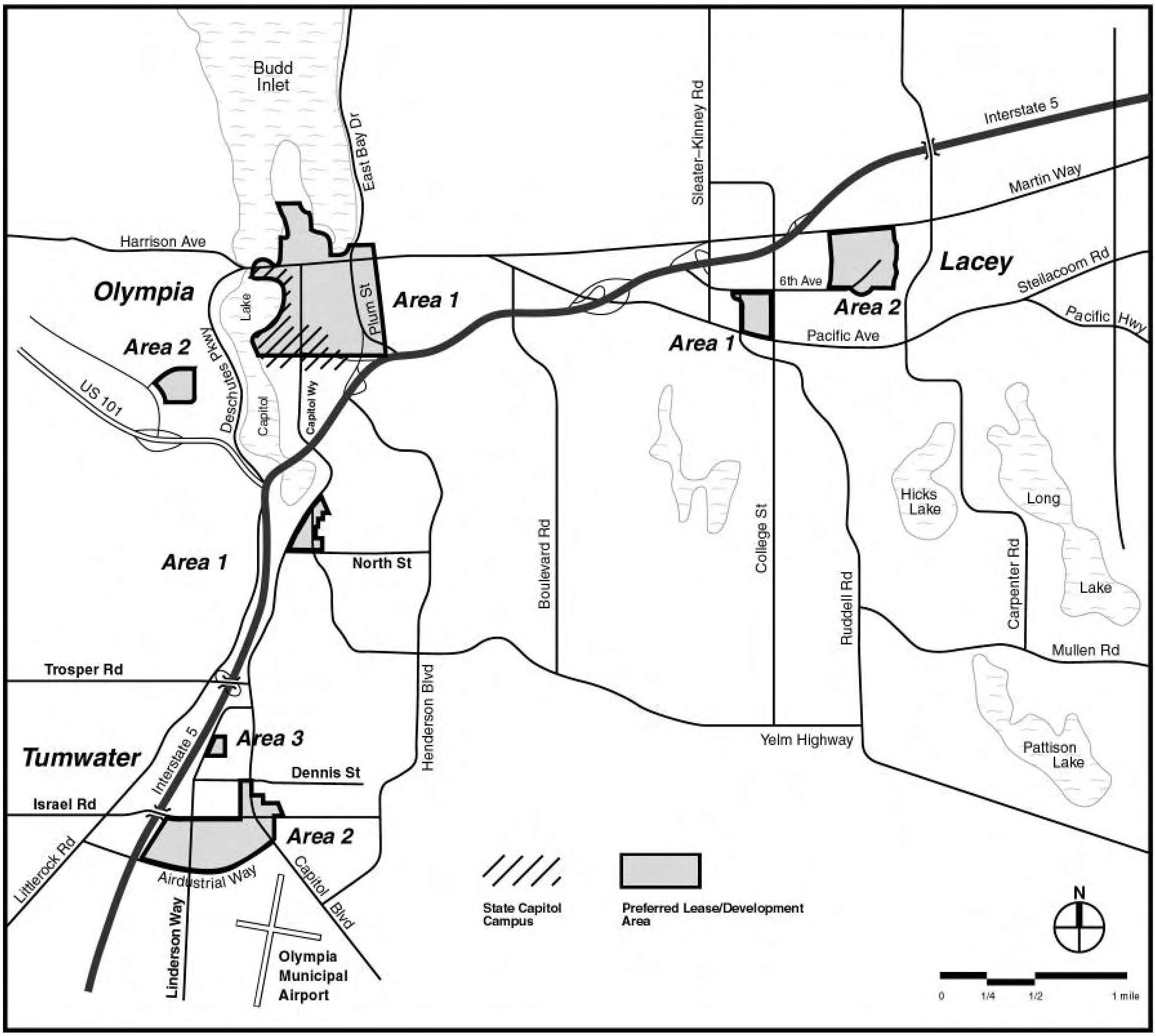
The state is leasing approximately 2,662,000 square feet of office space from the private sector in Thurston County. 75 percent of the office space (2,009,752 SF) is inside the new PLAs and 25 percent (652,853 SF) is outside the PLAs.

Are there any transportation, transit or parking differences between the Preferred Areas?

Yes. A Capitol Campus or downtown Olympia site would require 20 percent fewer new parking spaces because of existing parking, more frequent service by public transit, more numerous major and local routes and more opportunities for car pooling because of higher densities of employees according to a recent consultant study. Most transit riders to Downtown have a bus stop within two blocks. A similar benefit would be expected from a downtown Olympia site located near the Downtown Transit Center. A downtown Olympia location also benefits from Olympia's established street grid, multiple Interstate highway accesses and multiple east-west and north-south arterials that reduce intersection congestion.

Could a lease development occur on the state-owned property next to L&I in Tumwater, next to Ecology in Lacey or even on the Capitol Campus?

Yes, provided it was of high quality, the land remained in state ownership and the office building was guaranteed to remain under state control.



Policy 5. Finance.

State-owned offices will *generally* be financed with bonds or certificates of participation reimbursed by their tenants except for offices on the historic West Capitol Campus.

Applicable Existing Master Plan Strategies

1. Develop new financing alternatives to replace general obligation bond sources.
2. Promote development partnerships with local governments and private interests.

Preliminary New Strategies

1. Adopt policies that ensure that the state does not provide security for financing private office buildings.

Policy 6. Transportation Demand Management.

The state will locate, develop and manage its owned and leased properties to achieve local and state transportation demand management (TDM) and commute trip reduction (CTR) objectives.

Applicable Existing Master Plan Strategies

1. Implement transportation management plans designed to:
2. Decrease the dependence of state employees on single-occupancy vehicles
3. Encourage other transportation choices such as transit, bicycling and walking
4. Construct and manage jointly shared parking garages with local government and/or private developers.
5. Provide subsidies or other incentives to employees who leave their cars at home.
6. Provide showers and lockers in all new office buildings or building groups to encourage employees to ride their bicycles to work. Retrofit older buildings with showers and lockers where feasible.
7. Encourage development of parking garages to maximize usable open space in Tumwater and Lacey.
8. Cooperate with Intercity Transit and local governments in state facility development.

Preliminary New Strategies

1. Adopt TDM and parking performance standards for new facilities.
2. Develop office buildings on the sidewalk or provide them with "front door" drive-up bus stops.
3. Require shared zone parking at all state-owned and leased facilities.

WORKPLACE PRODUCTIVITY

Substantial research shows that planning, design and management of the office environment have substantial implications for organizations, in both economic terms and in wise-use of human capital. (Buffalo Organization for Social and Technological Innovation - BOSTI)

Introduction to Achieving Better Building Performance and Increased State Worker Productivity

This section of the report begins a discussion about cost effective methods to achieve better building performance and in turn to cost-efficiently increase Thurston County state employee productivity. Included are discussions about:

- The relationships between office investments and building performance;
- How office performance relates to office investments;
- How we can achieve better building performance cost effectively; and
- How changes to buildings (either in initial quality or upgrading) can have an affect on employee productivity.

Workers convert resources into something else. They may do work well or poorly. Productivity represents a balanced state between all factors that contribute to the conversion process. In a balanced state, there are enough workers, with enough resources, to get the well-defined job done, in a timely fashion. Note that two of the factors are workers and resources.

Many office workers in government perform as "knowledge workers" (those who use information as their main input and whose major products are distillations of that information) rather than producers of consumable product. Quality employees are one of the most important aspects of our continuing effectiveness as a government. Given the low unemployment rate and the competitive salaries being offered by private enterprise in this state, the attraction and retention of state employees is a major concern.

Another important resource is the workplace where the quality employees gather; for it is through a gathering together that a *whole* greater than its parts is created. This *whole* hopefully achieves greater organizational productivity. According the Chiu the ability to attract and retain quality workers is highly correlated with the quality of the office environment. **It has been demonstrated that better quality facilities tend to attract higher quality employees**. Since quality environments require certain expense to operate and maintain, the cost to retain and attract quality workers depends on the initial investment plus continuous space improvement. **TRW found that they could justify an additional investment of 25% in initial building cost just for its impact on attraction and retention of quality employees**.

Thus, we have identified a critical issue for state decision-makers. Two aspects of effective organizations are having enough workers and enough resources to do the job. In order to recruit and retain good workers we will need to invest in a quality work environment. The work environment also can have an effect on worker productivity. In an era of limited resources, how will decision-makers decide among competing needs?

From the time of Frederick Taylor, the analysis of productivity has related mainly to factory work, which has a highly quantifiable range of activities to analyze. In 1982 John Naisbit in <u>Megatrends: Ten New Directions Transforming Our Lives</u> noted the transformation from the manufacturing economy to the information-based economy driven by technological change and globalization of production and markets. As a consequence, there has been a shift in employment from the factory to the office. That megatrend has changed the way we do, value and measure work.

According to the U.S. Statistical Abstract (1999) only 24.4 million of the total labor force of 132.4 million is employed in manufacturing activities (18%). Many of the others are in service industries. However, growing proportions of our workforce work from offices. Chiu (1991) found that office occupations in the United States increased from 7 percent of all jobs in 1870 to 23 percent in 1930, then to almost 40 percent in 1960. The current proportion is about 60 percent.

The U.S. Statistical Abstract predicts state and local government employment will continue to grow, albeit at a slower rate. Their forecast is:

Table. 1. State & Local Government Employment

1986	13.8 million
1996	16.7 million (+21.0%)
2006	18.5 million (+10.7%)

The growth of office workers has been complemented (or implemented through) a series of innovations that gradually shaped the office industry. In the nineteenth century, the telephone, telegraph and typewriter led to dramatic increases in the transmission of information within and between offices. With the appearance of computers in offices in the 1950's, heavy capitalization and use of advanced technology began to change the office environment.

The emergence of information technology and the resultant massive increases in economic productivity and prosperity has further highlighted the importance of the worker – workspace interaction.[1] **In an effort to provide needed space for the expanding office workforce and to further increase office productivity, U.S. corporations have increased their capital investments in offices at an astounding pace**.

In Thurston County, since the early 1990's, the state has continued to occupy existing low rent but less productive space while it has addressed expanding needs by moving into available and new space. During the past two years the supply of available space has begun to dry up. New needs are now being met though new leased space. Often the available space and/or the leased space were for generic office use and were not specifically applicable to state or agency needs. Given this seeming less productive approach to space, the state should consider questions the Buffalo Organization for Social and Technological Innovation (BOSTI) has asked regarding the office and worker performance:

- Many things contribute to job performance at work. Items like pay, benefits, people with whom one works, safety, technology, management, etc. contribute significantly. How much is contributed by the use of the workplace? What is the dollar value of the workplace's contribution?
- Are certain jobs more affected by the workplace than others? Are workers in certain agencies more/less affected by the workplace?
- What particular qualities of the workplace have the strongest effects on performance?
- What work behavior is most important in the workplace? How well are these needs being met?
- What workplace qualities are the highest priorities for design? Qualities that:
  - Are deemed as success factors for the state
  - Affect individual and team job performance
  - Are deemed important to successful work by many workers and yet are evaluated poorly by many workers.
- In what type of workplaces are people most productive?
- How does sharing a workspace affect job performance?
- How much does workspace size affect job performance and productivity?

Unfortunately, in this limited planning effort we are unable to address these questions with specific recommendations. Such recommendations will have to wait until the next master plan update. However, this report displays and quantifies (at least in an aggregate sense) the cost and contribution from the workplace to worker productivity.

[1] For instance, a new technology can affect the use of an office space. As PC's replaced typewriters many offices continue to have desks with typing returns on them, taking up valuable space. At the same time, many offices don't have enough electrical outlets or the electrical capacity to run present day electronic equipment systems.

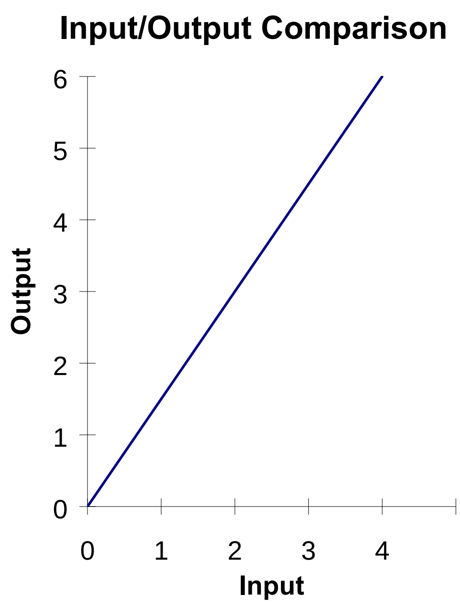
What Is *Productivity*?

In our post I-601 and I-695 era we are asked to obtain the same output with fewer resources, or in some cases a higher output with the same resources. Total worker productivity, especially government worker productivity, is an issue beyond the scope of this study. This report section will not attempt to address the entire range of productivity policy issues, and will address the relationships between *facilities* and *government office worker productivity*. In order to understand the relationship of workspace to performance we must first explore the concept of productivity.

Drucker states that "without productivity objectives, a business does not have direction. Without productivity measurement, it does not have control." Productivity improvement is tied to productivity measurement, which is tied to the measurement of the work. The beginning step is measuring work. The primary issue regarding state service workers productivity is primarily one of the cost v. output equation (especially in the post I-601 and I-695 era) and its measurement. In government service the focus of the human resource should be to consider them as assets rather than costs. Whereas costs are viewed as "bad," to be controlled, an asset has value the use of which should be maximized. In government the worker is both a primary resource to get the job done but is also a primary cost. Management's job is to preserve the assets of the institution in its care but also to keep costs down - at the same time. Recent approaches to managing this contradictory position are to squeeze salaries, employee benefits and workplace costs on the margin. This approach consumes assets but postpones the "pain" of that consumption until a later date.

The concept of productivity has existed for a long time, and the idea has many different applications. The establishment of the input/output relationship as the basis for measuring productivity rests on the basic stimulus - response model of causality. That is, input causes output. Productivity according to Sink is "strictly a relationship between resources that come into an organizational system over a given period of time and outputs generated with those resources over the same period of time. It is most simply output divided by Input." The following charts display a productivity diagram: If worker A uses 100 square feet of space to generate 100 units of output, that workers productivity ratio is 1.[2]

This chart shows that for one unit of input, one unit of output is produced. For two units of input, two units of output are produced, and so forth. Productivity improvement is reflected by a change in the relationship between input and output. For instance, shown by changing the slope of the comparison line.



[2] With regard to office space, this formula is often translated into dollar terms. Thus, if worker A's cost of office space is $100 and worker A produces $100 worth of output the productivity ratio is 1. Using money as a measure of value makes it possible to compare dissimilar inputs and outputs. A problem with this measure is that if the worker improved productivity yet the worth of the output declined (say the price was reduced for a service) then the measure wouldn't capture the true improvement in productivity.

Productivity measurement is much more complex than this example. This example implies the relationship between inputs and outputs is linear one-to-one and is readily measurable. It is usually neither, especially for governmental services, because all the factors (inputs) that affect output are unknown. The inputs of government workers are related to multiple outputs rather than one. For instance, economic as well as non-economic performance outputs such as new service introductions, schedule completion and benefits to society are excluded. These and other non-economic performance consume the input resources and as such should get fully projected in a model to measure productivity. Similarly, the input factors cannot be studied in isolation to one another. Improvement in one factor can be at the cost of the other. Furthermore, adding to the complexity of the analysis is the fact that labor in the government services industry is present in almost all functions and therefore the net impact of labor is difficult to isolate for evaluation. The strongest objection to measurement of government worker productivity is that its results are inaccurate because of so many input variables and no static economically based output variable (such as market price for a product).

So what can we do? For labor productivity a central requirement is measurement. Some say it is better to measure inaccurately than not at all. Others hold that inaccurate measurement might contribute to poor decisions; whereas with no measure the decision-maker knows there is a lack of information.

According to Moore, productivity should be measured in two ways - *performance* productivity and *financial* productivity. *Performance productivity* measures numbers of units produced and is at best a longitudinal measure. That is, one week we process 50 contracts the next week we produce 60 contracts. Our productivity went up by 20 percent. *Financial productivity* measures in dollar terms the value of the output.

It might be that productivity measurement is most valuable as a dynamic measure, not as a static measure. This means that as long as measurement inaccuracies are consistently inaccurate, the dynamic measure will be an accurate indicator of the relative change. This will also provide management with an opportunity to make systematic changes (including workplace and compensation) at once and evaluate both impacts over time. This concept can be the subject of another analysis at a later date.

What is a *Workplace*?

With more and more workers working in offices, there is growing attention to the quality of work life in office, to job satisfaction, and to the effects of office work on the physical and mental well being of employees. Occupancy dissatisfaction and building failure are common complaints of those looking for replacement offices or in capital budget requests, especially with respect to spatial layout, thermal, visual, acoustic, security and air quality. The workplace is one component of an integrated system of tools that the agency and its people use to help achieve the organizational goals. The workplace should be integrated with work processes and technology to be an effective tool for work. Like any tool, the workplace should be right for the tasks at hand.

The Thurston County state government office building provides one primary function - to provide a physical location in which employee work and communication can take place. The Thurston County office building also provides a location for the general public to access their government officials. Unfortunately, these work places have been acquired in a piecemeal fashion that has led to some level of dissatisfaction.

The Office of Technology Assessment defines the workplace as the place where work is done - meaning the processing and use of information for the purpose of tracking, monitoring, recording, directing and supporting complex activities. The interaction of people within and between workplace is crucial to the processing of information.

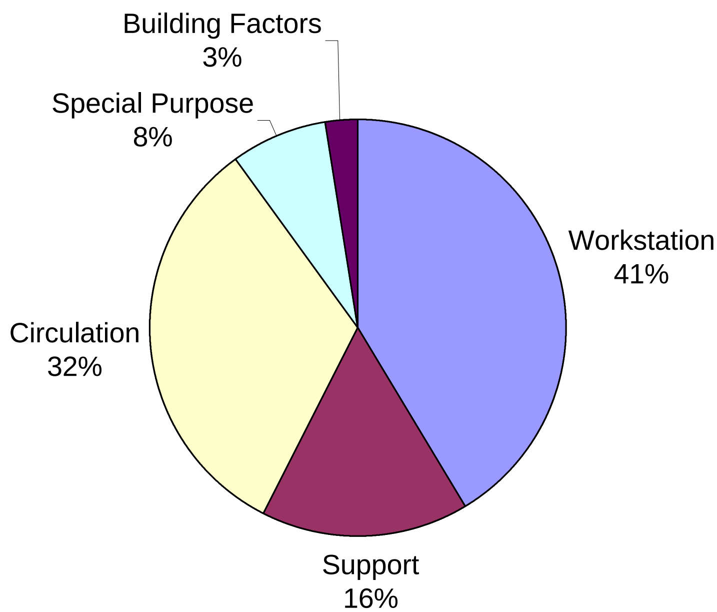
Each actual workplace, no matter how poorly designed and managed, confers some level of benefit by bringing together the workers to accomplish the synergy discussed before. While all workplaces can be improved, the more dysfunctional the workplaces are now, the greater the opportunity for benefit. In 1986 the Organizations, Buildings and Information Technology studies defined the context of office activity as the systematic integration of capital, people and technology for the purpose of producing knowledge. This study emphasizes the integration of three elements that constitute office of efficiency and effectiveness:

- Organization and People: Organization encompasses workers, the nature of their work, social system linking them and the change they are experiencing. People, or the knowledge workers, interpret the individual and interpersonal work, and as a resource for shared technology.
- Information technology: It is organized as a technology infrastructure to support the communication needs of individual knowledge workers, as well as to provide the tools necessary to effectively mange the overall system. The equipment, applications and communication media constitutes it.

- Building and the work environment: These embrace location, the building shell, building services, interior systems, and furnishings to facilitate the information work.

The space occupied by an employee can be divided into five components - workstation, support areas, circulation, special purpose areas (lunchrooms, copy rooms) and building factors (columns, walls). For a typical office the following is the breakout of space use (according to an office space study by Public Works Canada).

Support for workplace behaviors best starts with an understanding of the agency, so those workplace goals are clearly aligned with agency goals. However, goals don't produce value. Outcomes produce value. **BOSTI notes that by "truly understanding workplace needs within a organizational framework, management allows workplace design and how workplaces are used to generate behavioral outcomes that directly and indirectly support and promote desired agency outcomes." BOSTI holds that making a workplace effective really should matter to the organization because it affects important agency outcomes, and has economic consequences**.



How Can a Workplace Affect Performance?

This section will investigate the causal relationship between workplaces, the work behaviors that they influence and the outcomes that result. Understanding the causal relationship of workplace to government success, so that the workplace enables and supports a set of workplace behaviors that are necessary to achieve desired outcomes.

The central challenge for government service is not to make manual workers more productive. We know pretty well how to do that. But it is to make knowledge workers more productive. There are six major factors that determine knowledge worker productivity:

- Quality is at least as important as quantity. Quality is the essence of the output. Productivity of knowledge work therefore has to aim first at obtaining quality. Only then can one ask, "what is the volume of work?"
- Determining the task accurately
- Knowledge workers must manage themselves
- Innovation is necessary
- Continuous learning and continuous teaching is necessary
- Knowledge workers represent an asset of the state, not a cost.
- Knowledge workers will have to want to work for the state in preference to all other opportunities.

Mau-Lin Chiu of Carnegie Mellon University found that Steelcase and American Productivity Center (1988), US Army CERL (1986), National Bureau of Standards (NBS) and Rubin (1987), National Lighting Bureau (1988), Ryburg (1990) and many other studies showed **better building quality will lead to higher employee performance**.

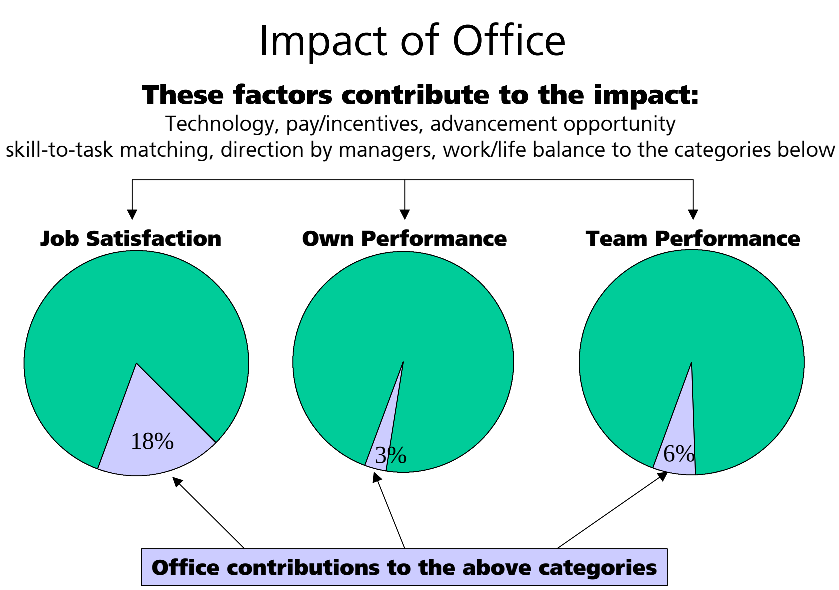
There are many things affecting success, so the connection between the workplace and success is not always clear. Management often identifies certain success factors, used to internally measure whether the right things are being done to contribute to the successful completion of organizational goals. These success factors act as sub-indicators of the primary outcome measures – individual performance, team performance, and job satisfaction.

Success relies on the actions of the organization's people. It relies on their ability to engage in the kinds of behaviors and activities needed to realize the organization's success factors. The workplace will not directly affect success. The workplace will, however, directly affect the behaviors of the people using it. If people are enabled to engage in the right behaviors, and enabled to be successful in completing the necessary tasks, then organizational success should follow. **The workplace directly affects workplace behaviors, and the set of workplace behaviors directly affects the realization of agency success factors**.

So moving backwards from the overall organizational objectives to finer-grained success factors to the behaviors needed to achieve them, and then to the workplace features and qualities needed to enable the desired behaviors we can find those workplace features for which we ought to strive.

The physical environment for work is one of many things that affect team performance, individual performance, and job satisfaction. But the physical environment is always "present", always shaping behavior, interactions and distractions. BOSTI began conducting research in the 1970's regarding the relationship of the workplace to employee productivity. A lot has changed since then regarding technology, government's customer focus, with the proliferation of teams, in mobility and virtual work, and with regard to workforce expectations. BOSTI's analyses of the effects of the workplace on these bottom-line measures suggest that **the physical design of the workplace has a substantial impact on organizational success**.

BOSTI examined the maximum contribution the workplace makes to performance and satisfaction, compared to all other factors affecting work, such as technology; pay/ incentives; advancement opportunities; skill-to-task matching; direction by managers; work/ life balance, etc. Their findings are shown in the graphic below:



Thus, the typical finding of their research indicates **between a 3 percent and 6 percent improvement in performance based on the contribution of the workplace**.

What Workplace Changes Can Affect Performance?

Harkoph, et al., (1986) describe two areas of building performance:

- Building Enclosure Integrity – protection of the building's visual, mechanical, and physical properties from environmental degradation through moisture, temperature, air movement, radiation, chemical and biological attack, and environmental disasters (such as fire, earthquake). Established by concerns for health, safety, welfare, resource management (energy, money), and image, the requirements for building integrity are set by the limit of "acceptable" degradation of the visual, mechanical, and physical properties.
- Interior Occupancy Requirements (human, plant, artifact, machine) and the elemental parameters of comfort – thermal comfort, acoustic comfort, visual comfort, air quality, and spatial comfort – dependent on physiological, psychological, sociological, and economic values.

Hartkoph (1987) emphasized that higher office productivity not only results from information technology but also from better building performance. Rubin note that good office design traditionally has a major objective – the fostering of organizational productivity.

According to Chiu there are six factors that influence office productivity:

- Spatial quality
- Thermal quality
- Visual quality
- Acoustics quality
- Air quality
- Long-term building integrity

Office productivity improvement depends on the integration of people, technology, and work environment, coordination among these factors is important. The Advanced Building Systems Integration Consortium (Carnegie-Mellon University) found that there are twelve key performance issues related to employee productivity and the office:

1. Central v. distributed HVAC systems and their controls
2. Vertical distribution of HVAC, power and information systems
3. Horizontal distribution of HVAC, power and information systems through ceiling or floor (raised flooring has become a superior option to ceiling systems).
4. Fresh air architecture
5. Thermal balancing
6. Daylight/artificial light balancing
7. Movable tether, pigtail services. Through distributed control with star connections locations can be readily changed. A pigtail configuration enables the systems to have additional devices at a location within existing chains.
8. Individual environmental controls
9. New workstation concepts: individual and group
10. Provision of shared facilities: changing uses and changing technologies
11. Architecture and software for team management: the management trio
12. Interactive learning with computer-aided facility management (CAFM)]

BOSTI's 20 year study concluded that certain basic factors in the workplace affect productivity; factors such as:

1. Churn
2. Communications
3. Comfort
4. Flexibility
5. Light/Windows
6. Pathfinding
7. Privacy
8. Floor area
9. Air quality
10. Noise
11. Storage
12. Ergonomics
13. Furniture
14. Layout enclosure
15. Technology, and
16. Work surface

What Are the Measured Relationships?

The issue of office productivity is a sort of chicken and egg argument. By definition, an office is a place where office activity takes place, and office activity takes place in, of all places, an office. But, breaking out of this circular reasoning we can, to some extent, isolate the impact of the office on performance.

Chiu (1991) holds that the rationale to improve office-building performance lies in the following evaluation criteria – that the **objective of the building decision maker should be to achieve a cost effective building that can**:

1. **Meet initial budgets**
2. **Optimize long-term operation and maintenance costs,**
3. **Conserve energy and resources.**
4. **Maximize office productivity.**
5. **Retain and attract knowledge workers**
6. **Accommodate present and future uses of the building.**
7. **Accommodate the rapid changes of technology, and.**
8. **Keep health and safety of the office environment.**

BOSTI determined that the size and the variability of the impact of the environmental quality improvement could be obtained by techniques such as Human Resource Accounting and Expanded Utility Analysis. The following pieces of information are necessary to provide a measurement:

- The size of the productivity improvement – the mean difference between the change in job performance of employees who benefited from an office quality improvement and those employees who did not benefit
- Variability or standard deviation of job performance
- The dollar value of job performance.

Although a building's impact on personnel productivity is reminiscent of industrial labor productivity, classical input/output analysis cannot be applied to office productivity measurements directly. The problem is that the impact of better buildings is usually measured by psychological rather than economic scales. It is also difficult to accurately measure the impact of the office facility on productivity for these reasons:

- Accurate measurement of inputs and outputs
- Isolation of the office from other inputs
- Lags due to adjustments
- Dissipation of office impact to other inputs

In addition, the impact of the incremental change in terms of cost of the change and return in productivity are difficult to measure unless "laboratory conditions" exist - a situation that is unlikely in a functioning government. Thus, a special analysis is needed to translate findings into economically meaningful terms. That study will need to wait for a more comprehensive master planning effort.

Changes To Spaces That Can Help

An IFMA study (1987) found that **office workers change the primary use of their space more than 34 percent each year**. The IFMA survey reported that change was caused by a number of factors:

- Reorganization
- Growth
- Moving to a different office building
- Projects
- Downsizing
- Automation
- Consolidation

The emphasis on office automation has brought us more thoughts about human comfort and technology. But, the introduction of PC's to the workspace has caused spatial problems. The growth of information technology, especially microprocessor and electronic control devices, stimulates the development of building automation systems. The building control industry has evolved over the years from simple temperature control systems, using thermostats and other simple devices, to advanced computer-controlled and integrated building control systems.

An analysis by BOSTI shows that about a **dozen particular features of the workplace are primary contributors to individual job performance, team performance, and job satisfaction**. The strongest contributors are:

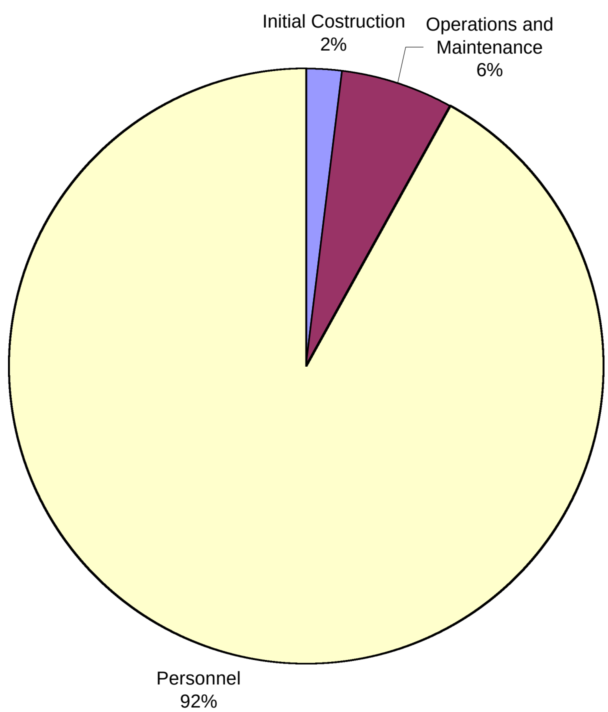
- **A distraction-free workplace that allows people to concentrate** (both as individuals and in doing group-work).
- **An environment that supports informal interactions with others, for face-to-face learning, and to keep up with what's going on**.

BOSTI found that the average cost to move an employee (workstation) within the building varied from $250 to $1,000 per employee move, depending on the office type, volume of contents, communication and computer systems involved and distance moved. This assumed weekend relocation. The costs of weekday or overnight relocation rise by 50%. **If the churn rate is 15% per year, or 15% of employees relocate at least once within the building, then the relocation cost can be up to $1 to $2 per square foot per year. Empirical studies indicate that an investment in raised floors may lead to a reduction of up to half of the moving costs**.

Building Economics

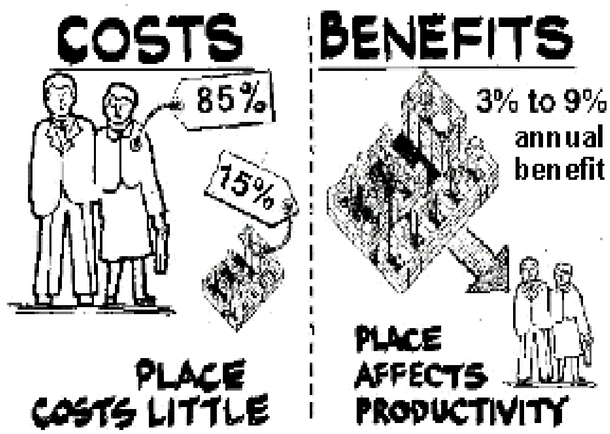
Office buildings are substantial investments. But what do we really know before spending millions on them? Decisions to collocate or decentralize, to spin off agencies, to acquire new computers, to attract and keep the desired workforce, to increase security, and to affect internal organization and management are affected by the workplace. **Facilities can add to productivity or act as an anchor to change**. Too often our decisions have been based on economic and market conditions rather than by the building attributes and the occupants' needs.

In the past, too much attention was paid to the costs of the office environment and not enough to the value of the organizational benefits of its use. Early analyses by BOSTI (1968) that compared the cost of people (salaries and benefits) to the costs of the office environment disclosed that **people costs are far greater than office costs, in a ratio of 13 to 1 for newly built offices**. Put another way they say that "**over a ten year period, 92% of all money spent to achieve the organization's office-based mission goes for people, 2% goes to maintain and operate the building, and only 6% are the costs of building it new, and buying furnishings and equipment.**"[3] Their findings are shown in the following chart:



[3] Note that these percentages do not include the cost of information systems. Charts on the following pages includes the cost of technology so the percentages are slightly different.

Graphically displayed, the relative costs of people and the workplace (including information systems costs) are:



These ratios were quite consistent over time, with the calculations done in 1968 and 1981. However, in 1991 in their calculations, the relative costs of technology began to increase noticeably. **By 2000, the cost of technology surpassed facility costs.** In all these calculations, the total cost of the office environment included:

- Construction
- Furniture
- Electronic equipment
- Software, infrastructure, and training
- Providing for day-to-day operations.

Their newest calculations are shown below:

10 Year Office Costs vs. People Costs, 1999 – 2009

Assumptions and Data Sources

Salary @ $69,120, up 4% per year = $830,000
(75th percentile, Computer Programmer, U.S. Government statistics)

Square feet per worker = 286 S.F. "all in"
(IFMA Benchmarks III Report, 1999)

Class A New Construction @ $130/ S.F. = $31,180 (286 S.F. x $130)
(April 1999, Building Standards, Class A, NYC)
(Costs are for hard costs of construction, and do not include development and finance costs, which vary so widely as to preclude any estimate. However, even with development and finance costs equaling 50% of the construction costs, the people-cost to office-cost ratio is affected only slightly.)

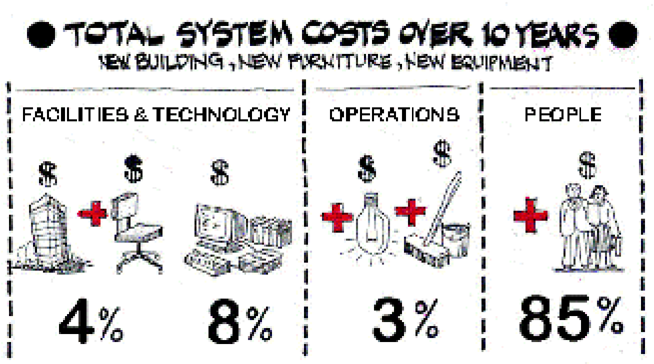
M&O costs @ $9.86/ rentable sq.ft., up 4% per yr. = $118.34/RSF = $33,845 for 10 years (286 S.F. x $118.34)
(Includes: maintenance, janitorial, utilities, environment, life-safety, security, project costs, space planning, amenities, IFMA Benchmarks III Report, 1999)

Furniture set = $5,000 (Industry standard: $3,500 to $5,000)

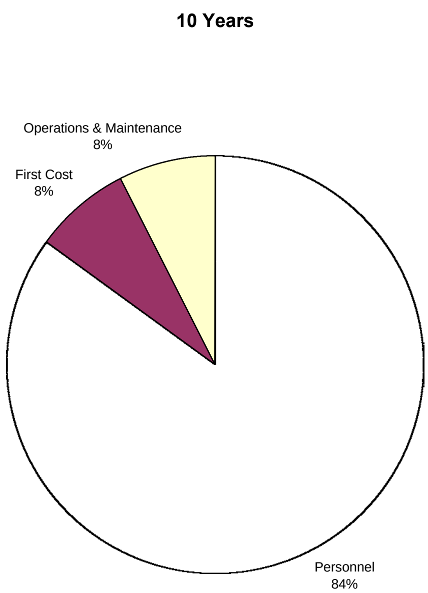
Technology Support (hardware, software, infrastructure, training) = $10,000 per year
(From survey of BOSTI clients)

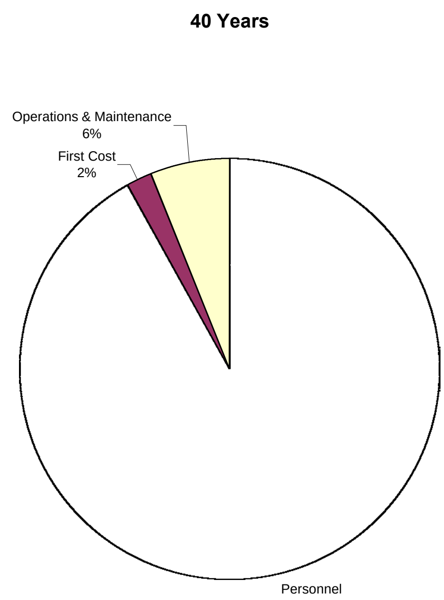
10 Year Office Costs – Analysis				
Cost Component	**1st year**	**% of Total**	**For 10 Years**	**% of Total**
New Construction	$37,180	30.0%	$37,180	3.2%
Furniture (includes upgrades every 10 yrs.)	$5,000	4.0%	$8,000	0.6%
Technology Support	$10,000	8.0%	$100,000	8.5%
Maintenance & Operations	$2,820	2.0%	$33,845	2.8%
Office Cost Subtotal	$55,000	44.0%	$179,025	15.0%
People Cost (salary only – not fully loaded)	$69,120	56.0%	$830,000	85.0%
Total	**$124,120**	**100.0%**	**$1,168,290**	**100.0%**

BOSTI's graphical representation of the relative cost of personnel v. workplace is:



A study by the federal GSA (1983) analyzed the cost of an office over a 40-year period and came up with similar results. The breakdown of costs is as follows:





The ratio of building operation costs (including acquisition) for our state to average salary costs is 1 to 15.75.[4] The leverage of expenses on facilities related to productivity improvement of workers is very great. **Even a small increase in productivity (say 3% for our example funded by a small investment in the facility), related to a building improvement, in one building housing 1,000 workers can mean millions of dollars ($1.3 million) of salary and benefit savings that can be applied to other programs**. But how do we show that investments in building operations have a large return on investment in worker productivity with short payback periods?

[4] Average building cost (excludes information systems) per worker (assumes 260 gsf per per FTE and $10.50/gsf cost in Thurston County) = $2,730. Statewide average salary and benefit cost per worker = $43,000 (information on salaries not readily available for Thurston County only).

It is possible that the benefits of an investment in a better office are quite large, but a proper index of its true impact has yet to be analyzed. Traditional measures of the relationship between inputs and outputs fail to account for non-traditional sources of value. Second, if significant lags between cost and benefit may exist, then short-term results look poor but ultimately the pay-off will be proportionately larger.

Lorsch and Abdou have noted:

> If the design and operation of the building (a low-cost component) affects the productivity of the office workers (the highest-cost component), a substantial economic leverage effect can be expected through carefully conceived building design and operation. In other words, **improving the office environment could be a highly cost-effective strategy if it enhanced the performance and satisfaction of the occupants**.

The federal government holds that better construction will improve the competitive performance of the U.S. economy by raising the life cycle performance of buildings, and protect public safety and the environment. **The federal government holds that through improved construction buildings can add a 30 percent improvement in economic productivity**. (Office of Science and Technology Policy [OSTP] - *1995 Biennial Report.*). Even though this is vision, the very establishment of the goal indicates that they see some connection between the construction of a building and worker performance (although what percent of the OSTP goal relates to life cycle savings and what relates to increased worker productivity is left unanswered).

When we are deciding on a building and its characteristics initial cost is an important factor. We cannot afford to waste money in an era of severe budget constraints. However, we often try to underestimate this cost in an effort to gain justification for the building, and then we compromise the building in an effort to stay within the budget. When deciding on the initial budget we should evaluate alternatives regarding economies of scale, the priority of the investment v. other opportunities, and how the building relates to standard (with regard to per employee cost of acquisition).

However, as our life cycle modeling and the review of previous project decisions (see Report #4, p. 30-31) shows, our building decisions should be tempered with the full understanding of cost over time. We need to evaluate not only initial cost but also operating costs, maintenance costs, and replacement costs. However, **one cost (or related investment) has been left out of this equation until now - the building associated costs of personnel**.

While office workplace quality decisions in the state are influenced a great deal by acquisition cost they should also be influenced by the office worker productivity relationship. Traditionally office productivity has been dependent on decisions made regarding office costs, in the absence of information regarding the workplace's impact on long-range costs. This is because the office decision has traditionally been based on expectations regarding:

- The timing of expected cash flow.
- The magnitude of expected cash flow.
- The riskiness of expected cash flow (Jaffe, 1994).

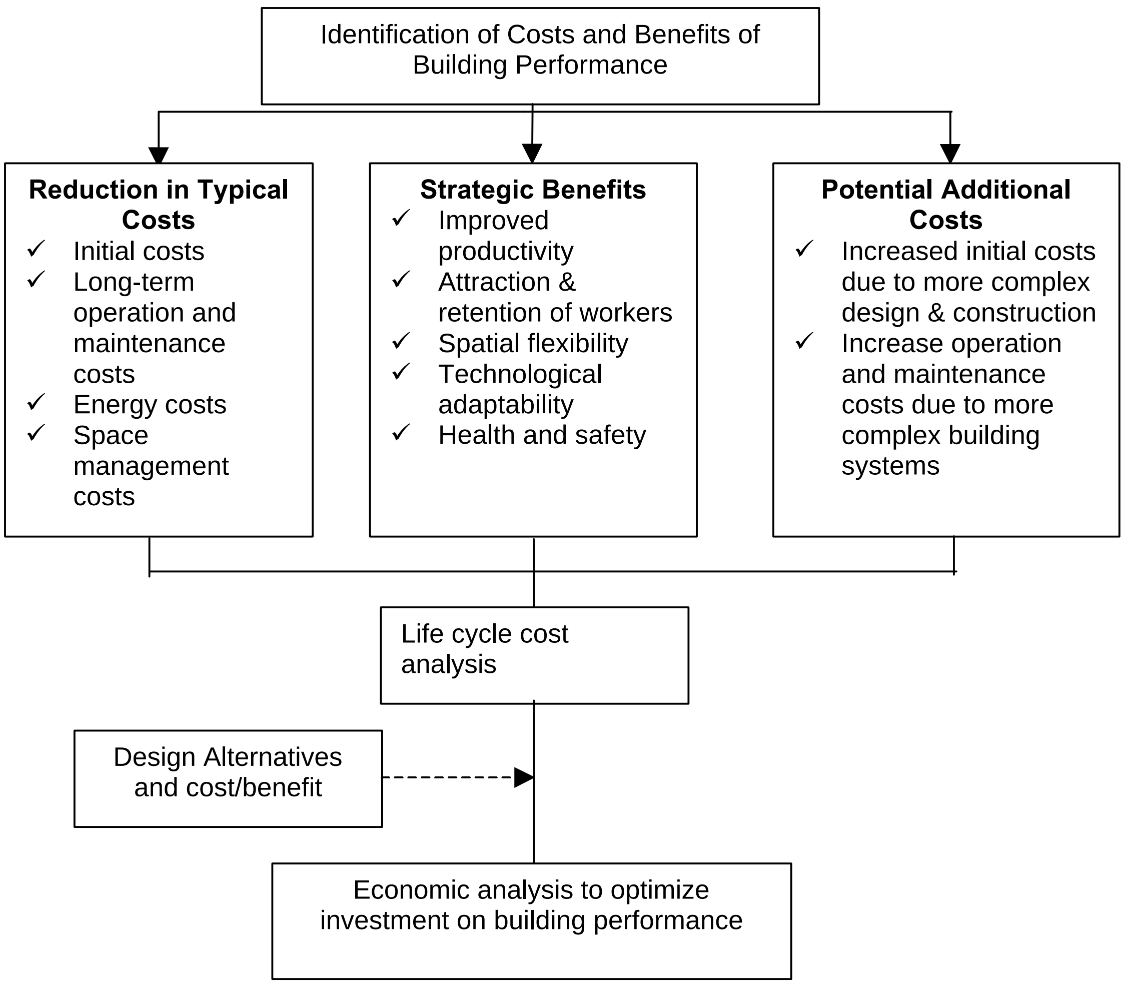
According the Chiu these three factors are closely related to the following factors:

- Space - such as the location and geometric factors, total and rentable office space, zoning and legal factors, spatial layout, and physical setting.
- Time - such as the timing of investment, buying/leasing, the investment period, payback period, market conditions, and construction schedule.
- Budget - such as financial sources and debt service payments, land and development costs, project and construction costs.

Because the focus is on these direct budget factors, the building's impact on worker performance is often ignored. Thereby, the opportunities for savings that result from performance enhancement are lost.

We can, in turn, use our life cycle cost modeling to work backwards regarding the trade off of space cost v. operational productivity. For instance, over a 25-year planning horizon if by making a $2.00 per square foot improvement to the space we can reduce janitorial costs by 10%, the net cost savings will be $40,000 on a 100,000 square foot building. Likewise, if by properly configuring the space with systems furniture (at an initial additional cost of $3,000 per fte - or about$12.30 per rsf) we can reduce churn from 20% per year to 10% per year. And if the costs of 10% churn is 2 days of lost productivity plus moving costs of $90 per move we will save $1,094 on a NPV basis over 25 years (even assuming replacement of the systems furniture every 10 years).

Marshall defines building economics as the process of decision-makers making value judgements among alternatives. Chiu feels that for many decision-makers, building economics is to provide a building with desirable characteristics at the lowest cost. But, Wilson (1987) notes that **building costs are not the only indicators of building value**. Occupancy comfort, productivity, image, adaptability and health/safety issues represent other important dimension of building economics. The following is a conceptual framework for identifying the costs and benefits of better building performance:



Productivity improvement can result in hiring fewer people, thus lowering employee costs - including the cost of additional space. Rush (1986) notes that workplace decisions have an effect on one another. Influencing one area of building performance may often have adverse effect on other performance areas. For instance, open concept flexibility may sacrifice the ability of the individual to control their area thermally. The open concept may also lead to failure in acoustic performance such as poor isolation of noise and poor speech privacy.

The value of an improvement to reducing absenteeism is one aspect of the analysis of human resource accounting. If the rate of absenteeism can be reduced by 10% through a more environmentally sensitive office environment and the average employee is absent 10 days per year. And if the average employee is paid $43,000 per year (including benefits) then the savings in productivity is estimated at one day overall per year $43,000 / 228 (average days worked) = $188.60. If the cost of the improvement per employee is say $1,000 and will last for 10 years the net present value of the investment is $213 more than the investment.

Appendix

Picardi (1983) has developed a program analysis for construction cost v. rental cost. The model is as follows:

$$IC = L/R \times A \times E$$

Where:

IC = Allowable cost of construction per gross square foot
L = Rent per rentable square foot
R = Borrowing rate
A = Ratio of construction cost to total development cost
E = Efficiency (ratio of rentable square feet to gross square feet)

Thus, if the lessor is going to charge $15 per rentable square foot for the standard 93% efficient building and the borrowing rate is 9.5% and the ratio of construction to development cost is 75%, the allowable cost of construction is:

IC = $15/.095 x .75 x .93

IC = $110.13

Of course, the formula can be worked backward where the unknown factor is the rental cost.

Appendix

BOSTI found that cost savings can be accomplished through the improvement of work environment, and productively can be increased in the range of 5% to 15% by efficient interior planning.

The theoretical equation is:

$$D\,U = T\,N\,d_t\,Sd_y - NC$$

Where:

D ***U*** = the economic benefits/dollar value of the building performance attribute
T = the number of years of duration of the effect on performance
N = the number of employees who benefit from the improvement
d_t = the true difference in job performance in SD units between the average employee who received and did not receive benefits from the quality improvement
SD_y = the standard deviation of job performance in dollars of the employees who do not receive benefits form the quality improvement
C = the cost of the quality improvement per employee.

Source: Schmidt, Hunter, Pearlman (1982)

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FACILITY COSTS AND STANDARDS

Refinements of Life Cycle Cost Models Based on Analysis of State and Industry Costs

This part of the study analyzes the categories and verifies the costs used in the JLARC life cycle cost analysis. The category analysis showed that the state uses many more categories of expenditure than BOMA or other jurisdictions. While a more detailed categorization is helpful, in some instances we do lose some benchmarking capability (except at the total levels) by maintaining categories which aren't maintained by others.

The analysis leads to the conclusion that some categories in the present life cycle cost model should be consolidated or eliminated, and other items added.

- The Tenant Improvements (TI) cost item is assumed as an ongoing cost of construction, however it often is not in the existing lease rates (since the agency paid the tenant improvement cost out of cash resources rather than financing via the lease). This caused many previous state construction projects to be at a disadvantage because they were burdened with TI costs whereas the ongoing lease assumptions did not include these costs. The new model will not include the TI cost either for construction or for the lease costs (if the costs are part of the present lease, those costs will be adjusted out before comparisons are made).
- The cost category Other Equipment, while a possible cost of some projects, was either assumed under the furniture or other technology categories for most projects. The totals recommended for furniture, IT and telephone probably include the costs that would in the past have been included in the Other Equipment category.
- For the category of *Liability and Hazard Insurance*, other reference sources (such as BOMA) categorize insurance within administration or fixed cost (for private buildings). Therefore, we have added costs to the *Management Fees* (our Administration category) cost category and drop *Liability and Hazard Insurance* as a separate category.

One category should be added. That category is *Interim Construction Financing*. This cost was left out of the original life cycle cost model since most projects were conceived as state public works projects. However, many projects now proposed for evaluation are private lease developments. Under those circumstances the project year lags behind the project initiation and therefore usually requires interim construction financing – an added project cost.

Please refer to Appendix A for more cost detail that is the basis for the following updates for the JLARC model.

The following chart shows the newly recommended low, medium and high costs and the current (2000) JLARC costs. In cases where no change is recommended the information is left off the chart:

Recommended Update for JLARC Assumptions

	Recommended New Values			Old JLARC Values			Diff. Recomm. v. Old JLARC		
	Low	Medium	High	Low	Medium	High	Low	Medium	High
Utilities	$1.25	$1.60	$1.95	$1.05	$1.10	$1.21	$0.20	$0.50	$0.74
Custodial	$1.05	$1.30	$1.55	$1.05	$1.10	$1.21	$0.00	$0.20	$0.34
Maintenance	$1.30	$1.55	$1.80	$1.10	$1.27	$1.38	$0.20	$0.28	$0.42
Security	$0.35	$0.45	$0.55	$0.39	$0.55	$0.55	-$0.04	-$0.10	$0.00
Liability and Hazard Insurance	$0.00	$0.00	$0.00	$0.17	$0.22	$0.28	-$0.17	-$0.22	-$0.28
Tenant Improvements	$0.00	$0.00	$0.00	$0.83	$1.10	$1.38	-$0.83	-$1.10	-$1.38
Management Fees	$0.40	$0.60	$0.80	$0.28	$0.44	$0.55	$0.12	$0.16	$0.25
Total Operating Cost – Owned Space	$4.35	$5.50	$6.65	$4.86	$5.80	$6.57	-$0.51	-$0.30	$0.08
Capital Replacement Reserve	$0.80	$1.60	$2.40	$1.10	$1.57	$1.66	-$0.30	$0.03	$0.74
Level based on 2%-4% of replacement value less $ spent on maintenance							-$1.32	-$0.56	$0.91
Moving Expenses	$160.00	$220.00	$280.00	$165.57	$220.76	$275.95	-$5.57	-$0.76	$4.05
Furniture	$3,400.00	$3,750.00	$4,100.00	$2,759.53	$3,311.44	$3,863.35	$640.47	$438.56	$236.65
Telephone	$125.00	$190.00	$250.00	$110.38	$137.98	$165.57	$14.62	$52.02	$84.43
Data Processing	$125.00	$190.00	$250.00	$110.38	$137.98	$165.57	$14.62	$52.02	$84.43
Other Equipment	$0.00	$0.00	$0.00	$82.79	$110.38	$137.98	-$82.79	-$110.38	-$137.98
Inflation Estimates									
History based on 5-years									
Operating Costs	2.1%	2.7%	3.3%	2.5%	2.7%	3.0%	-0.4%	0.0%	0.3%
Leases	3.0%	4.0%	5.0%	2.0%	2.5%	3.0%	1.0%	1.5%	2.0%
Land Value	3.0%	4.0%	5.0%	5.0%	6.0%	7.0%	-2.0%	-2.0%	-2.0%
Building Value	3.5%	4.0%	4.5%	3.0%	3.37%	3.5%	0.5%	0.63%	1.0%
Financial Assumptions									
Interest Rate	5.25%	5.50%	6.00%	6.00%	6.00%	6.00%	-0.8%	-0.5%	0.0%
Cost of Financing	0.50%	1.25%	1.75%	1.50%	1.75%	2.00%	-1.0%	-0.5%	-0.3%
Interim Financing	1.50%	1.75%	2.00%	0.00%	0.00%	0.00%	1.5%	1.8%	2.0%

General Administration Area Measurement Method

May 2000

Description	Example	Includes
Gross (G)	100,000 sq. ft.	Total area of all building floors measured from the outside face of exterior walls, excluding minor protrusions from the face. Gross does not include loading docks, open building attachments, interstitial spaces, unenclosed balconies, and internal parking. Use only the main floor area for any high ceiling spaces such as rotundas, lobbies, gymnasiums, etc. gross does include any protrusions into these high bay areas such as balconies and mezzanines.
Structural/Vertical (SV)	10,000 sq. ft.	Exterior walls and major vertical penetrations that serve more than one floor of the building such as stair wells, elevator shafts, pipe shafts, vertical duct chases and the like including their surrounding walls and columns.
Rentable (R=G - SV)	90,000 sq. ft.	Total area of all building floors measured from the predominant inside face of exterior walls minus major vertical penetrations and their surrounding walls and columns. Rentable includes minor protrusions from the inside face of exterior walls such as column enclosures.
Core/Circulation (CC)	5,000 sq. ft.	Major corridors, restrooms, lobbies, mechanical and electrical rooms and spaces, custodial closets, building maintenance areas, etc. including their surrounding walls and columns. Includes aisles through open office areas to required fire exits or other core elements such as restrooms that serve multiple tenants. These aisles are assumed to be five feet wide and follow a rectilinear shortest path connection. This provision does not apply to open office areas with single tenants.
Usable (U = R - CC)	85,000 sq. ft.	All occupiable floor space measured from the predominant inside face of exterior walls minus core/circulation areas and their surrounding walls.
Common (C)	10,000 sq. ft.	Auditoriums, cafeteria seating areas, vending areas, conference rooms, lounges, break rooms, etc., including their surrounding walls, that serve all the tenants in the building.
Assignable (A = U - C)	75,000 sq. ft.	Total occupiable floor space, including internal circulation, walls, and columns measured from the predominant inside face of exterior walls, the office side of Common and Core/Circulation spaces and the centerline of adjacent usable spaces. In open office areas, deduct for emergency exit aisles to required fire exits that serve multiple tenants. These aisles are counted as Core/Circulation. This provision does not apply to open office areas with single tenants
Load Factor (LF) = R 4 A	1,200	Rentable space (A x LF) is the basis for lease payments.
Efficiency Factor = U 4 G	85%	

Comparison of Area Measurement Definitions

General Administration (GA)
Building Owners and Managers Association (BOMA)
Office of Financial Management Predesign Instructions (OFM)

TERM	GA	BOMA
Gross Area	Total area of all building floors measured from the outside face of exterior walls, excluding minor protrusions from the face. Gross does not include loading docks, open building attachments, interstitial spaces, unenclosed balconies, and internal parking. Use only the main floor area for any high ceiling spaces such as rotundas, lobbies, gymnasiums, etc. Gross does include any protrusions into these high bay areas such as balconies and mezzanines.	Called "gross building area"
Structural/Vertical	Exterior walls and major vertical penetrations that serve more than one floor of the building such as stair wells, elevator shafts, pipe shafts, vertical duct chases and the like including their surrounding walls and columns.	Same for vertical penetrations. Structural is inferred from their definition of rentable.
Rentable Area	Total area of all building floors measured from the predominant inside face of exterior walls minus major vertical penetrations and their surrounding walls and columns. Rentable includes minor protrusions from the inside face of exterior walls such as column enclosures.	Same.
Core/Circulation	Major corridors, restrooms, lobbies, mechanical and electrical rooms and spaces, custodial closets, building maintenance areas, etc. including their surrounding walls and columns.	Called "floor common area." They measure from the centerline of the surrounding walls rather than include the total thickness of the surrounding walls.
Usable Area	All occupiable floor space measured from the predominant inside face of exterior walls minus core/circulation areas and their surrounding walls.	Same, but called "floor usable area."
Common Area	Auditoriums, cafeteria seating areas, vending areas, conference rooms, lounges, break rooms, etc., including their surrounding walls, that serve all the tenants in the building.	Same, but called "building common area."
Assignable Area	Total occupiable floor space, including internal circulation, walls, and columns measured from the predominant inside face of exterior walls, the office side of Common and Core/Circulation spaces and the centerline of adjacent assignable spaces.	Not used.

GA's methodology is a simplification of the BOMA method. BOMA's is necessarily more complex because it must apply to very tall buildings where it is not reasonable to expect that the tenant on the fifth floor, for example, should pay a pro-rated share of the core/circulation and/or common spaces on the 82nd floor, and vice-versa. Thus, BOMA establishes an R/U ratio (load factor) for each floor as well as an R/U ratio for the entire building. Rentable area is determined by multiplying the usable area of each floor by both factors.

With the comparatively smaller size of the state's buildings, a single load factor is established which means all the tenants in the building pay for a pro-rated share of all the core/circulation and common spaces within the building. The reasonableness of this approach is further justified because all the tenants in a state-owned building are in the same business of state government. This is not the case In BOMA's privately owned buildings.

OFM's Predesign Manual of June 1998 requires the calculation of three measurements on its C-100 form:

- "Gross Square Feet" as defined by A.I.A. Document D-101. The major difference between A.I.A.'s definition and that used by GA and BOMA is the inclusion of unenclosed but roofed areas, such as loading docks, at 50% of their areas.
- "Net (Assignable) Square Feet" as defined by A.I.A. This is the same as GA's and BOMA's "Usable" area.
- "Efficiency" as the ratio of net square feet divided by gross square feet. BOMA does not concern itself with this. GA's usable divided by gross gives the same answer.

New Draft Space Allocation Standards (August 2000)

The Department of General Administration and its consultant developed a state space standard for almost every state job class in 1988. That variable standard was used for space programming of the Labor & Industries and Natural Resources buildings, and for other state space planning in both owned and leased offices. Much of that standard worked well, but some parts didn't.

GA is offering in Report #5 a new draft space standard for coordination. It adopts a "universal" approach to open space work stations. That concept, developed initially for the Ecology Building project, provides for more space efficiency, better building design, and increased functionality and flexibility. GA's Division of Real Estate Services will be working with state agencies and others to fully coordinate and adopt these new standards throughout the fall and winter.

Purpose

This section establishes space allocation standards for state leased and owned office space. It also provides instruction on its application and describes how to proceed with requesting GA space planning services.

These standards were created with the following goals in mind:

- To provide a decision-making tool for agencies, GA and OFM on facility space planning
- Utilize current concepts such as the universal workstation and the peripheral circulation plan.
- Address the needs of cross functional and self-directed work teams, telecommuting, and shared space.
- Provide new ideas about "officing".
- An easy to use and understand document.

To these ends, all job category descriptions have been eliminated when determining how much space an agency should plan for. The bottom line is simply 215 BOMA Rentable square feet per person allocated in whatever distribution the agency program requires. It is believed that the universal workstation (open-office), with its various configuration options, meets the needs of most agencies. Examples of workstation configurations can be found in the Appendix. The open-office approach is preferred, because of its inherent efficiency, cost effectiveness and improved heating, ventilating, and air conditioning systems. In addition, peripheral circulation (where private offices are located in the center of the building, leaving the window areas open) allows more people to benefit from natural light.

Introduction

Space planning is a cooperative effort between the client agency and the Department of General Administration. The client agency would provide GA with space requirement information so that suitable space may be designed or leased in a cost-effective manner. In the event that the space plan requires specialized need (e.g., special computer or client services areas), the services of a planning consultant may be required. When a planning consultant is not required, the agency would work directly with a GA architect.

.

Determining Space Needs

The standard space allocation in leased office space averages 215 BOMA Rentable Square Feet (RSF) per person. (Refer to the GA and BOMA Standard Methods for Measuring Floor Area in Office Buildings). This "average" includes a workstation or private office, support space, internal circulation, and non-assignable common areas. Due to programmatic needs, an agency may choose to use the "space allocation standard" or the "functional programming standard allowance." Generally, "typical" agencies of smaller and medium size use the "space allocation standard" while larger and/or more specialized agencies use the "functional programming standard allowance." (Functional programming requires an Exemption request.)

1. Standard Space Allocation:

Table A represents average space allocation per person. Table B represents average space allocations for "special areas."

Table A
Standard Space Allocation per person (RSF/person)

Average workstation size (64 sf plus), small office allowance	90
Support Space: reception, conference, meeting, equipment, copy, etc.	55
Internal office circulation	35
Common areas: stairs, elevators, etc.	35
Total Space Allocation per person	215

Additional space also known as "Special Area Allowance" may be required to meet program needs. When requesting additional space, agencies should categorize their needs using the list below. Please keep in mind that each category must be fully justified.

Table B
Special Area Allowance

Class and Testing Rooms	Actual Space Required
Laboratories	Actual Space Required
Libraries	Actual Space Required
Private Offices	Actual Space Required
Public Auditoriums	Actual Space Required
Oversized Reception Areas	Actual Space Required
Other	Actual Space Required

Add internal circulation and external common areas: ....50% of the sum of table B

The total space an agency requires is the sum of Table A and Table B plus 50% of Table B for internal circulation and non-assignable external common area. That is approximately 215 square feet per person, including the special areas.

Functional Programming Allowance For Unique Agency Requirements

If the Standard Space Allocation computation does not meet the agency's needs due to unique and special circumstances, the client agency may request to use the Functional Programming and itemize each type of space. This type of Space Request requires director approval when it is submitted.

This detailed Functional Programming requires that space be defined by the activities performed by each employee. This includes equipment needs, storage, private meetings and confidentiality requirements. In addition, spaces that house group activities such as large conference rooms and training rooms etc. are also included. If an agency does not have a space planner on staff with this expertise, then GA can provide or contract for this service. This is a re-imbursable expense.

The bottom line is, (whether standard space allocation or functional programming standard method is utilized) the program should ensure that the space is being efficiently utilized.

Space Planning Guidelines

Open Offices

The use of systems furniture in open office plans is strongly encouraged under either planning scenario. Open offices require less floor space, allow simpler, more efficient air distribution and maximize the availability of natural light. When staff functions require intermittent privacy, the agency should consider adding smaller conference rooms. Good design practice utilizes partitions with a maximum height of 5'-4". These higher partitions can support over-counter or upper storage units. These should be positioned perpendicular to the exterior windows. Lower partitions should be used parallel to windows, allowing natural light to reach interior work stations.

Private Offices

For most state programs, a **maximum of 10% of personnel may be housed in private offices**. The need for private offices is based upon the following functional requirements:

1. Responsibility level of at least deputy director at division level, supervising 40 or more staff; or
2. Responsibility for sensitive investigations on a daily basis; or
3. Personnel compensation and performance reviews for a daily minimum of four hours; or
4. At least five hours per day of documented confidential meetings; or
5. Supervision of 10 or more staff; 25% of time spent in confidential counseling; or
6. Five hours per day of confidential conversations.

Alternatives to Private Offices

Some programs require confidential telephone conversations, staff/supervisor meetings or client/staff interviews. In these cases, consider instituting a series of small conference rooms as an alternative to private offices. These small conference rooms will serve as multipurpose space for interview, telephone conversations, work sessions and conferences.

How to Request Space

The Space Request form found in the Appendix is used to formally request that GA acquire leased space on a client agency's behalf. This form includes a Space Planning Data Sheet for computing space requirements. The client agency director or designee is required to certify that the requested space is necessary and that all information is current and correct. OFM now requires review and approval of funding before the Space Request is submitted to GA.

Upon receipt of the Space Request, GA will coordinate with the client agency to identify specific design requirements, layout and necessary equipment. Space allocations will be based on the standard 215 RSF per person plus special area requirements, or the approved functional programming standard as described above.

When the Space Request has been verified and approved by GA, then GA will initiate actions to acquire, design, and construct the necessary leased space on behalf of the client agency. The client agency is responsible for installing special equipment and contracting for moving expenses.

Definitions

1. **Assignable Area**

   Office, storage, special, and internal circulation areas required by the tenant.

2. **B.O.M.A.**

   Building Owners and Managers Association. This organization has developed a nationally accepted standard method of measuring and calculating floor area in leased space.

3. **Confidential Conversation**

   Conversations between employees and clients which may not be disclosed to third parties consisting of matters involving personal or operational security, confidential legal issues, confidential investigations, personnel counseling and medical or financial matters. **Policy development, research and exercising supervisory responsibility over subordinate employees is not considered confidential conversation.**

4. **Net Square Feet**

   The floor area required for each office workstation including space between adjacent desks, but excluding common aisles within a work area used for internal circulation. The space contained within the walls of a private office.

5. **Non-assignable Area**

   The area that is not occupied by agency personnel or furnishings, consisting of mechanical rooms, toilets, custodial rooms, general circulation space, stairs and elevators.

6. **Office Support Area**

   Space assigned to an agency for reception, conference, common equipment and storage.

7. **Office/Workstation Area**

   Private offices and workstations used in performance of normal office activities.

8. **Open Landscape**

   Office planning that integrates function, aesthetics, acoustics, lighting and placements characterized by free-standing panels and systems furniture rather than private offices.

9. **Person**

   Full Time Equivalent

10. **Private Office**

    A workspace fully enclosed by hard walls, with its own doors. Private offices should be located in the interior of a leased space, so as not to obstruct staff access to natural light. Interior windows (relights) increase transparency and enhance the availability of daylight.

11. **Special Area**

    Agency-unique spaces such as laboratories, auditoriums, training facilities, examination rooms, computer server mainframes/server rooms, libraries, shipping and receiving areas, storage for special equipment, vaults, receiving areas, customer service areas, and public information counters. Such areas may require special electrical, mechanical, security, floor and data cabling systems.

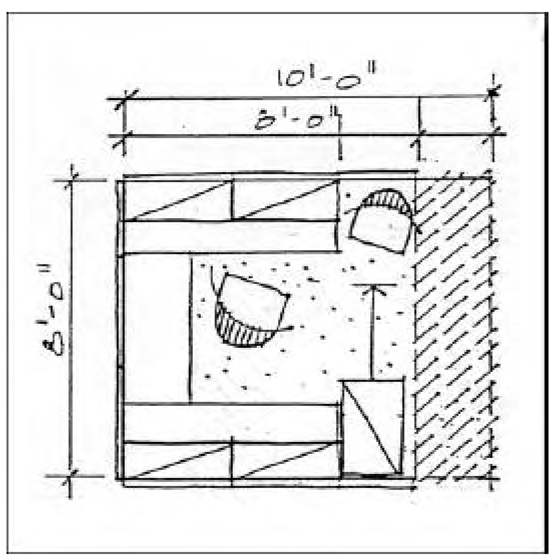
    Space allocation for major reception and customer service areas should assume occasional overcrowding of lobbies, waiting rooms and reception areas and should not attempt to satisfy worst-case conditions.

12. **Systems Furniture**

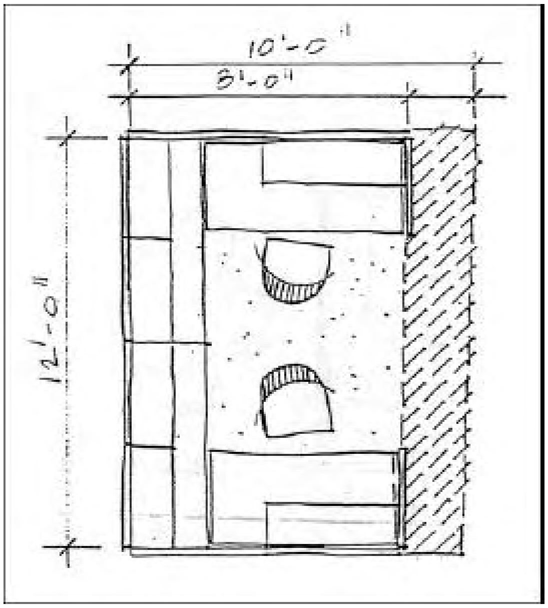
    Modular workstations, components and panel systems used in open office environments.

13. **Universal Workstation**

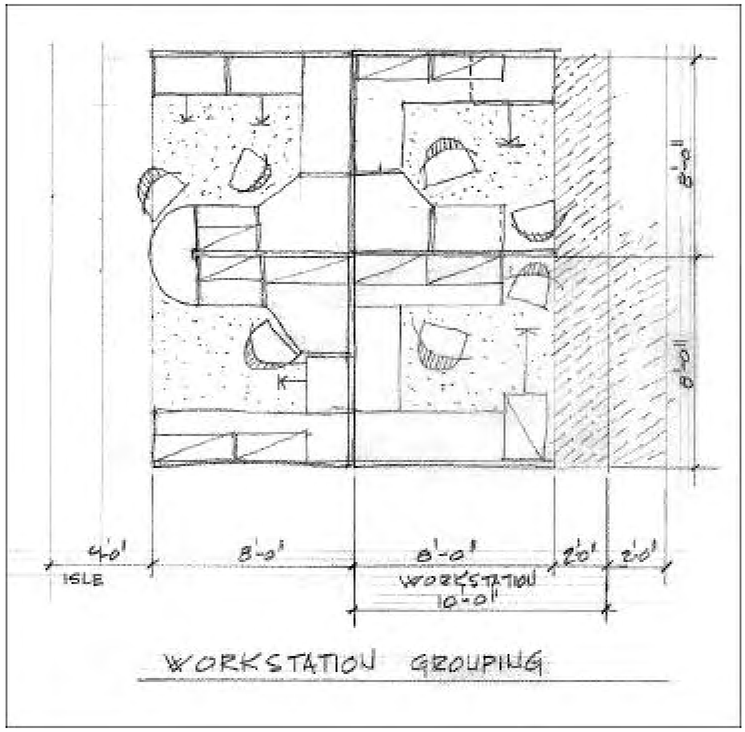
    A planning module of 80 square feet (nominal 8 ft x 8 ft including half a 3 ft aisle) based on an open office furniture system, with several possible worksurface/storage configurations.

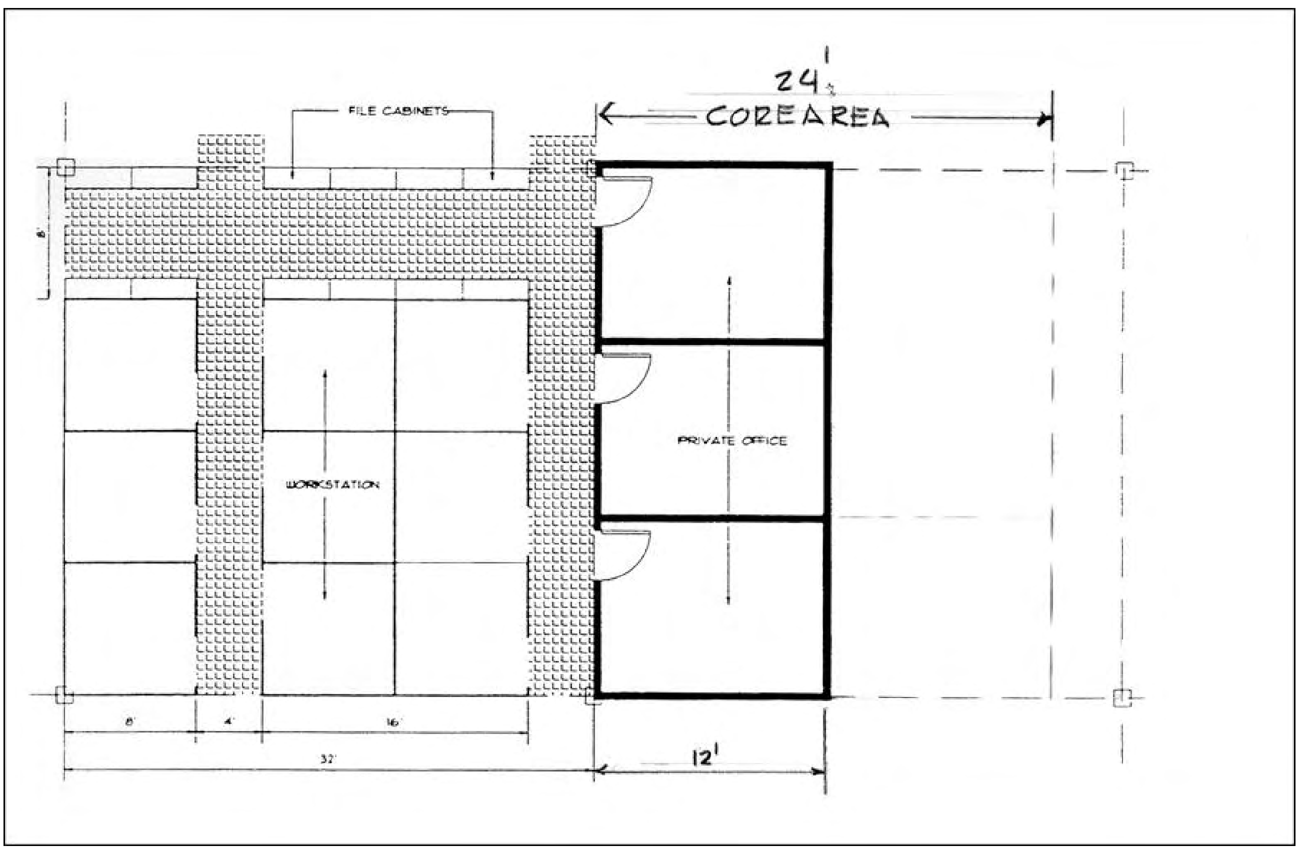


Universal Workstation (8' x 8')
64 NSF, 80 GSF (furnishings will vary)



Shared Workstation (8' x 12')
96 NSF, 120 GSF (furnishings will vary)





State Commute Trip Reduction (CTR) Task Force Recommendations on CTR

Commute Trip Reduction is the most comprehensive and proven trip reduction program in Washington, removing 18,500 vehicles from the state's roadways each morning.

The State CTR Task Force helps lead 1,100 private and public employers in these efforts. Last month the Task Force made a number of recommendations to the Blue Ribbon Commission on Transportation regarding CTR. Two of those recommendations – strengthening the land use/transportation connection and implement parking mangement programs – bear directly on the work of this study effort.

The CTR Task Forces recommendations were as follows:

Washington State Commute Trip Reduction

James H. Slakey, Chair
Washington State Department of Transportation

Louann Beck Hewlett Packard
Stu Clark Department of Ecology
Joan Cullen Department of General Administration
John Davis Snohomish County
Cody Dorn Fluke Corporation
Mike Estey City of Seattle
Agnes Govern Sound Transit
Jesse Hamashima Pierce County
Hal Hart Office of Community Development
Jeanette Hawkins City of Olympia
Richard Hayes Kitsap Transit
Peter Hurley Citizen Representative
Ted Horobiowski Avista Utilities
Don Johnson Simpson Tacoma Kraft Company
Gail Kelley Whatcom County
Scott Merriman Citizen Representative
Rick Pusateri SAFECO
Bill Roach King County
Cherie Rodgers City of Spokane
Mikal Wasch The Boeing Company
Judy Zenk Citizen Representative

PO Box 47387
Olympia WA 98504-7387
360.705.7846

September 29, 2000

Dear Blue Ribbon Commission on Transportation Members:

On behalf of the Commute Trip Reduction (CTR) Task Force, I would like to commend the Blue Ribbon Commission (BRCT) for its hard work over the past two years and for identifying a variety of bold strategies to solve our state's transportation challenges.

We are confident that trip reduction will play a major role in the future of transportation in Washington and urge the Commission to consider the Task Force's recommendations detailed in the attached document and include them in the BRCT's final report to the Governor and Legislature.

We believe the BRCT should continue to strongly support trip reduction strategies and dedicate significant funding to implement the strategies, for the following reasons:

Trip reduction optimizes the transportation system. We know from 10 years of experience that the CTR program, the most comprehensive and proven trip reduction program in our state, reduces congestion, improves air quality, and provides mobility options for citizens. In fact, CTR removes 18,500 vehicles from the state's roadways every morning. If the trips in the Puget Sound region were added back to the highways, the equivalent of 22.5 additional lane miles would be needed to accommodate the demand.

Expand trip reduction programs to meet demand. Citizens, employers, local jurisdictions, planners and other customers are calling for increased trip reduction activities to meet transportation needs. For example, citizen participation in the Interstate 405 corridor study recommends WSDOT fund trip reduction strategies at $331 million over 20 years.

Fund trip reduction programs to reach BRCT goals and benchmarks. Investing in trip reduction will allow our state to meet vehicle miles traveled (VMT), congestion, air quality and non-single occupancy vehicle (SOV) mode goals outlined in the Blue Ribbon Commission's options.

We have provided as much detail as possible for the funding and policy requirements needed to implement our suggestions. Please feel free to contact me at 360.705.7920 for more information.

We look forward to supporting the Commission's options and working with our many partners to better Washington's transportation system for all of our citizens.

Sincerely,

James H. Slakey
Chair, CTR Task Force

Blue Ribbon Commission on Transportation Draft Options: Comments and Recommendations from the Commute Trip Reduction Task Force

Throughout the summer, Commute Trip Reduction (CTR) Task Force members and their partners —local jurisdictions, employers, and other transportation interests—met frequently to address the trip reduction options included in the Blue Ribbon Commission on Transportation (BRCT) draft accords and options. The group's efforts resulted in the following detailed recommendations to support and further the BRCT's options.

The most comprehensive and proven trip reduction program in our state, CTR, optimizes the transportation system, especially in key congested corridors. CTR removes 18,500 vehicles from the state's roadways each morning through the efforts of more than 1,100 private and public employers[i]. Participating employers have made significant progress towards meeting the goals of the program, reductions in single-occupancy vehicles (SOV) and vehicle miles traveled (VMT), which have resulted in reduced congestion, air pollution and fuel consumption. However, without the support of the BRCT to expand trip reduction strategies and infrastructure, CTR, and other trip reduction programs, cannot reach their full potential.

Today, trip reduction investment at the Washington State Department of Transportation is 0.3 percent of the department's total budget. Regional and local trip reduction investments are similarly small when compared to investments in maintenance, preservation, and new capacity, and when compared to the expectations for trip reduction as a strategy for optimizing the transportation system. We outline, below, specific programs and investment levels that will help our state reach the BRCT goals and benchmarks.

I. Trip reduction optimizes the transportation system.

Trip reduction extends the life of the transportation system and reduces preservation and maintenance costs. In many cases, trip reduction solutions are the most cost effective means of providing more capacity through the existing system. For instance, a study[ii] of the Interstate 405 corridor found that 16 percent of trips could be handled through trip reduction measures, for the lowest cost per trip out of seven possible options.

We need to invest in trip reduction to reduce demand on the highway system. Expanding the CTR program is the logical place to begin.

Corresponds to:

BRCT Option #1 "Invest in CTR"

BRCT Benchmarks: congestion, VMT, non-SOV modes and air quality

Requested BRCT action:

Submit these recommendations as part of BRCT final report

Expand the Commute Trip Reduction program:

The following early action strategies should be implemented now. The Task Force will explore additional expansions to CTR over time as it evaluates the program's performance-based benchmarks.

- Reinstate the rideshare tax credit and expand the program to offer rideshare subsidy reimbursement to public entities and non-profit organizations that cannot claim tax credits.
- Expand the focus beyond employees traveling during the peak morning commute, increasing the program from 1,100 to 4,400 worksites and from 500,000 to 800,000 affected employees.
- Expand the program to include college and high school faculty, thereby extending the program to an additional 260 worksites. Implement pilot projects to study the effectiveness of adding college and high school students to the CTR program.
- Focus on outreach programs encouraging employers with fewer than 100 employees to voluntarily participate in CTR.

II. Expand trip reduction to meet demand.

Citizens, private businesses, elected officials and transportation professionals have established high expectations for trip reduction measures to meet regional and community transportation needs. For example, trip reduction is an integral part of all of the options proposed in the Translake Environmental Impact Statement and is becoming part of corridor planning in general.

Several regional planning organizations (most notably the Puget Sound Regional Council and the Thurston Regional Planning Council) have significantly integrated trip reduction into their regional transportation plans but currently lack adequate funds to implement the strategies. Regions, as well as the state and local levels, tell us that they are not able to test the viability of innovative trip reduction solutions in the current investment climate.

The CTR Task Force considers the next two items to be key in realizing the potential of trip reduction:

Corresponds to:

BRCT Options #3 "Link land use & transportation"

BRCT Benchmarks: congestion, VMT, non-SOV modes and air quality

Requested BRCT action:

Submit these recommendations as part of BRCT final report

Strengthen the land use/transportation connection:

A stronger land use/transportation link is, arguably, the single most important tool available to reach trip reduction and VMT goals. Employers and others have repeatedly requested strengthening the link in order to meet their transportation needs.

- Develop and operate a program to coordinate land use and transportation planning. The goal is to make the land use/transportation connection easier for local and regional jurisdictions' planning and investment strategies, in addition to further meeting CTR and other trip reduction goals. The Office of Community Development and WSDOT have a detailed proposal for such an effort.[iii]
- Develop a parking education program to help local and regional jurisdictions plan parking management programs that strengthen the land use/transportation connection.

Corresponds to:

BRCT Options #32 "Regional investing" and #33 "Regional authority"

BRCT Benchmarks: VMT, non-SOV modes and air quality

Implement parking management programs:

Research[iv] shows that the price and availability of parking have a significant impact on commuters' mode choice.

- Allow optional parking taxes to be imposed regionally or locally. We support exemptions from the parking tax for employers who reach and maintain CTR single occupancy vehicle (SOV) or vehicle miles

Requested BRCT action:

Submit these recommendations as part of BRCT final report

(Implement parking management programs, cont.)

traveled (VMT) goals and also support exemptions for rideshare parking spaces.

- The Task Force supports further study of the impacts and feasibility of regional parking standards as one element of the broader agenda to empower regions to develop solutions to regional transportation problems. Lack of parking coordination at the regional level is undermining trip reduction efforts and, ultimately, affecting the ability to reach BRCT goals and benchmarks. Model ordinances and technical assistance should be available for those who request such services.

III. Fund trip reduction programs to reach BRCT goals and benchmarks.

Meeting BRCT goals and benchmarks requires significant new investment in trip reduction. Maintaining per capita VMT, reducing congestion, maintaining air quality and increasing the share of commuter trips in non-SOV modes requires realistic investment in trip reduction programs and infrastructure. The CTR Task Force supports more flexible funding, which will help meet those goals and further meet the needs of an increasingly diverse traveling public.

Provide funding to create a market for trip reduction:

The Washington State Highway System Plan[v] has called for trip reduction to meet 22 percent of the statewide demand for trips, yet less than 0.3 percent of WSDOT's 1999/01 budget is allocated to trip reduction programs. Trip reduction measures are cost effective; capturing 22 percent of all trips through trip reduction can be accomplished with far less than 22 percent of the WSDOT budget. Now is the time to invest a reasonable amount of funds in trip reduction in order to achieve significant results in both the short and long terms.

In order to meet BRCT goals, the CTR Task Force recommends a base level of funding to create a trip reduction market in our state. The funding will provide an incentive program to engage public and private entities in trip reduction pilot projects and kick-start a broad range of trip reduction activities that should become self-sustaining after an appropriate trial period.

Corresponds to:

BRCT Options #1 "Invest in trip reduction" and #5 "Increased flexibility"

BRCT Benchmarks: congestion, VMT, non-SOV modes and air quality

Requested BRCT action:

Submit these recommendations as part of BRCT final report

- Fund a trip reduction market study and a potentials analysis, as an early action strategy in the first year, to identify the cost, amount and types of potential trip reduction that is possible.

- Create and fund a market for trip reduction that allows entrepreneurs, both private and public, to contribute and benefit from optimizing the transportation system. This market will succeed if we recognize and fund trip reduction as a form of providing transportation capacity. One successful project demonstrates the trip reduction market potential: Seattle's Flexcar car-sharing program has quickly established a viable place in the trip reduction market. Supporting the creation of these types of programs will significantly help meet BRCT goals.

Corresponds to:

BRCT Option: None

BRCT Benchmarks: congestion, VMT, non-SOV modes and air quality

Requested BRCT action:

Add this recommendation to the BRCT final report

Further public awareness to reach transportation goals:

- The CTR Task Force recognizes the importance of broad public awareness to achieve trip reduction goals. Investments in public education and awareness support investments that have already been made and will continue to be made in alternative transportation infrastructure. An integrated mix of paid advertising, public relations and other marketing tools, such as the Internet, employed over an extended period of time is necessary to affect attitude and behavior change on a broad basis. Public awareness is not addressed directly in the BRCT options and we encourage the addition of this critical element.

Corresponds to:

BRCT Option #15 "Air quality"

BRCT Benchmarks: congestion, VMT, non-SOV modes and air quality

Requested BRCT action:

Add this recommendation to the BRCT final report

Add greenhouse gas reductions to benchmark goals:

- Over the past ten years, the CTR program has proven air quality can be improved through trip reduction. The CTR Task Force encourages the BRCT to forward this option and add an acknowledgement of the important contribution that trip reduction makes toward decreasing greenhouse gas emissions. The CTR program has begun this year to track reductions in carbon dioxide, a common greenhouse gas, as a result of employer efforts.

IV. Trip Reduction Funding Recommendation

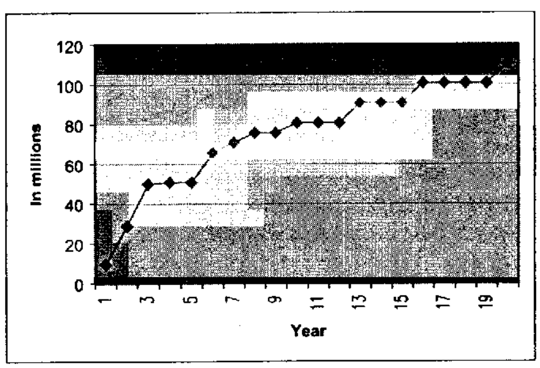
In this document, we detail recommendations for improving and expanding trip reduction to meet the transportation goals outlined by the BRCT. Currently at the state level, the only steadily-funded trip reduction program is CTR, at approximately $6 million per biennium, or about 0.3 percent of the state transportation budget.

In the chart on the next page, we have estimated an average biennial budget for expanded statewide trip reduction programs and a 20-year total. We have also shown, in the graph following the expense chart, the expenditure of funds over a 20-year period. If trip reduction were funded at the level we recommend, it would represent about six percent of the current state investment in transportation.

Estimated Average Biennial Base Trip Reduction Budget
(in millions)

		20 Year Total
Current CTR program	**$6.0**	**$60.0**
• Base funding for local jurisdictions, employers and program administration		
Expand the CTR program	**$38.9**	**$389.0**
• Rideshare tax credit program	14.0	
• Non-profit & public sector subsidy grant program	3.2	
• Eliminate the focus on peak morning commuting	18.0	
• Add college and high school faculty	1.4	
• Develop student trip reduction projects	0.5	
• Encourage voluntary programs for smaller employers	1.8	
Fund trip reduction programs to meet BRCT goals	**$105.5**	**$1,055.0**
• Create and initiate a trip reduction market, including incentives and grants for all trip reduction programs	100.0	
• Support public awareness efforts	4.0	
• Develop and operate a land use/transportation coordination program	1.2	
• Develop and implement a parking education program	0.3	
Total Base Investment (Does not include corridor study trip reduction estimates: Translake and I-405)	**$ 150.4**	**$1,504.0**

Twenty Year Trip Reduction Expenses



Conclusion

The Blue Ribbon Commission proposes an innovative mix of strategies to meet the state's growing transportation needs, from a new look at traditional methods to those on the cutting edge.

The CTR Task Force urges the Blue Ribbon Commission to forward to the legislature its options that promote the concept of, and call for investments in, trip reduction strategies.

We look forward to working with the Commission and the Legislature to advocate for cost effective trip reduction investments in order to meet our considerable transportation challenges. Thank you for the opportunity to comment and provide input.

---

[i] 1999 CTR Task Force Report to the Washington State Legislature, Washington State Department of Transportation, December 1999.
[ii] Interstate 405 Corridor Program data, Summer 2000.
[iii] Center for Land Use and Transportation Grant Proposal, Office of Community Development and WSDOT, June 2000.
[iv] Local Government Parking Policy and Commute Trip Reduction, WSDOT, 1999 Review.
[v] State Highway System Plan, WSDOT, January 1995, p. 4.

POPULATION AND SPACE FORECAST

The Thurston County Lease and Space Planning Report # 3 (December 1999) contained a preliminary 10-year state employment forecast. Since that report more employment information (through May 2000) is available as well as individual agency level forecasts to the year 2010. In addition, the State Forecast Council and the Office of Financial Management have changed their forecast of statewide population for 2000. This additional information will be incorporated into the following tables that form the basis for the 10-year forecast.

As stated in Report 3, office space in Thurston County is highly dependent on two factors - the amount of office space per person and the number of office workers. Recent analysis indicates that the number of workers statewide has a .982 correlation to the state population. On average there are 11.658 positions statewide for every 1,000 in population with a standard deviation of 0.685 positions. The number of Thurston County workers has a .994 correlation to the number of statewide workers. Of the total state workers 33.75% work in Thurston County with a standard deviation of 1.271%.

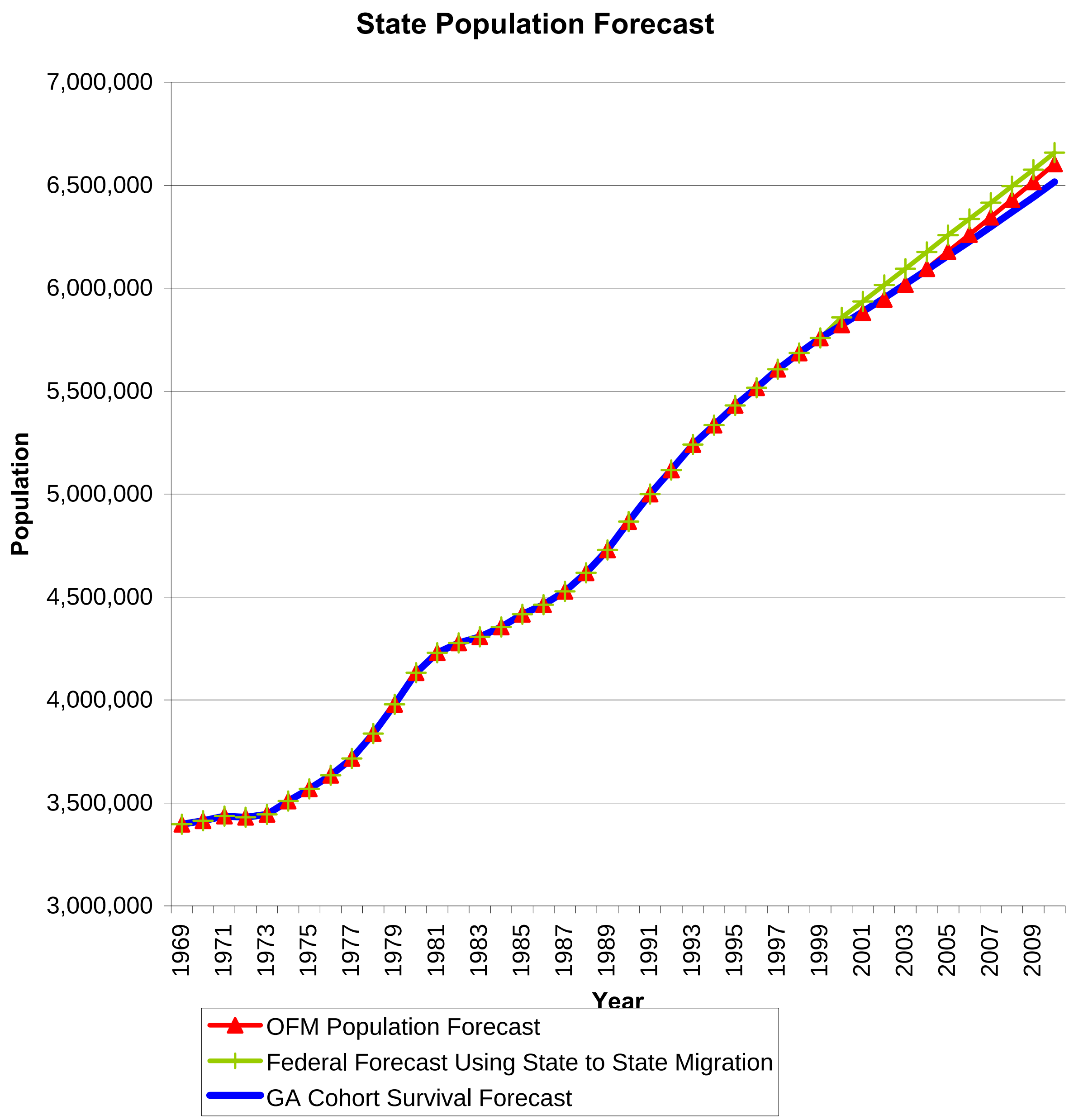
Applying the same methods as in Report 3, where we used one standard deviation on either side of the mean value for the state worker to population and the Thurston County worker to state worker relationship, the ranges of value relationships are as follows:

	Low	Medium	High
State workers/1,000 population	10.973	11.658	12.344
Thurston County % of State Worker	32.482%	33.750%	35.024%

These factors will be applied to the various forecasts of state population. Again the study uses the state population forecasts of the Forecast Council/Office of Financial Management and the Federal Census Bureau. Unfortunately, the most recent census information has not yet been released. Once that information is available a recalculation of these forecasts and the historic relationships should be performed. The following table and accompanying chart show the history and various forecasts of statewide population:

Summary Population

	OFM Population Forecast	Federal Forecast Using State to State Migration	GA Cohort Survival Forecast
1969	3,397,000	3,397,000	3,397,000
1970	3,413,244	3,413,244	3,413,244
1971	3,436,300	3,436,300	3,436,300
1972	3,430,300	3,430,300	3,430,300
1973	3,444,300	3,444,300	3,444,300
1974	3,508,700	3,508,700	3,508,700
1975	3,567,900	3,567,900	3,567,900
1976	3,634,900	3,634,900	3,634,900
1977	3,715,400	3,715,400	3,715,400
1978	3,836,200	3,836,200	3,836,200
1979	3,979,200	3,979,200	3,979,200
1980	4,132,156	4,132,156	4,132,156
1981	4,229,278	4,229,278	4,229,278
1982	4,276,549	4,276,549	4,276,549
1983	4,307,247	4,307,247	4,307,247
1984	4,354,067	4,354,067	4,354,067
1985	4,415,785	4,415,785	4,415,785
1986	4,462,212	4,462,212	4,462,212
1987	4,527,098	4,527,098	4,527,098
1988	4,616,886	4,616,886	4,616,886
1989	4,728,077	4,728,077	4,728,077
1990	4,866,692	4,866,692	4,866,692
1991	5,000,371	5,000,371	5,000,371
1992	5,116,671	5,116,671	5,116,671
1993	5,240,900	5,240,900	5,240,900
1994	5,334,400	5,334,400	5,334,400
1995	5,429,900	5,429,900	5,429,900
1996	5,516,800	5,516,800	5,516,800
1997	5,606,800	5,606,800	5,606,800
1998	5,685,300	5,685,300	5,685,300
1999	5,757,400	5,757,400	5,757,400
2000	5,820,955	5,858,000	5,820,955
2001	5,880,269	5,935,911	5,886,441
2002	5,945,191	6,014,859	5,952,781
2003	6,016,307	6,094,857	6,019,988
2004	6,094,003	6,175,918	6,088,074
2005	6,177,058	6,258,000	6,157,052
2006	6,260,622	6,335,912	6,226,934
2007	6,344,838	6,414,794	6,297,735
2008	6,429,892	6,494,658	6,369,466
2009	6,515,844	6,575,517	6,442,141
2010	6,602,713	6,658,000	6,515,775
2011	6,690,317	6,735,233	6,590,381
2012	6,778,682	6,813,362	6,665,972
2013	6,867,782	6,892,396	6,742,564
2014	6,957,438	6,972,348	6,820,171
2015	7,047,433	7,058,000	6,898,808
2016	7,137,453	7,134,226	6,978,489
2017	7,227,416	7,211,276	7,059,230
2018	7,317,297	7,289,158	7,141,047
2019	7,406,939	7,367,881	7,223,954
2020	7,496,120	7,446,000	7,307,969
2021	7,586,948	7,516,737	7,393,107
2022	7,678,293	7,588,146	7,479,384
2023	7,770,160	7,660,233	7,566,818
2024	7,862,550	7,733,006	7,655,426
2025	7,955,466	7,808,000	7,745,224

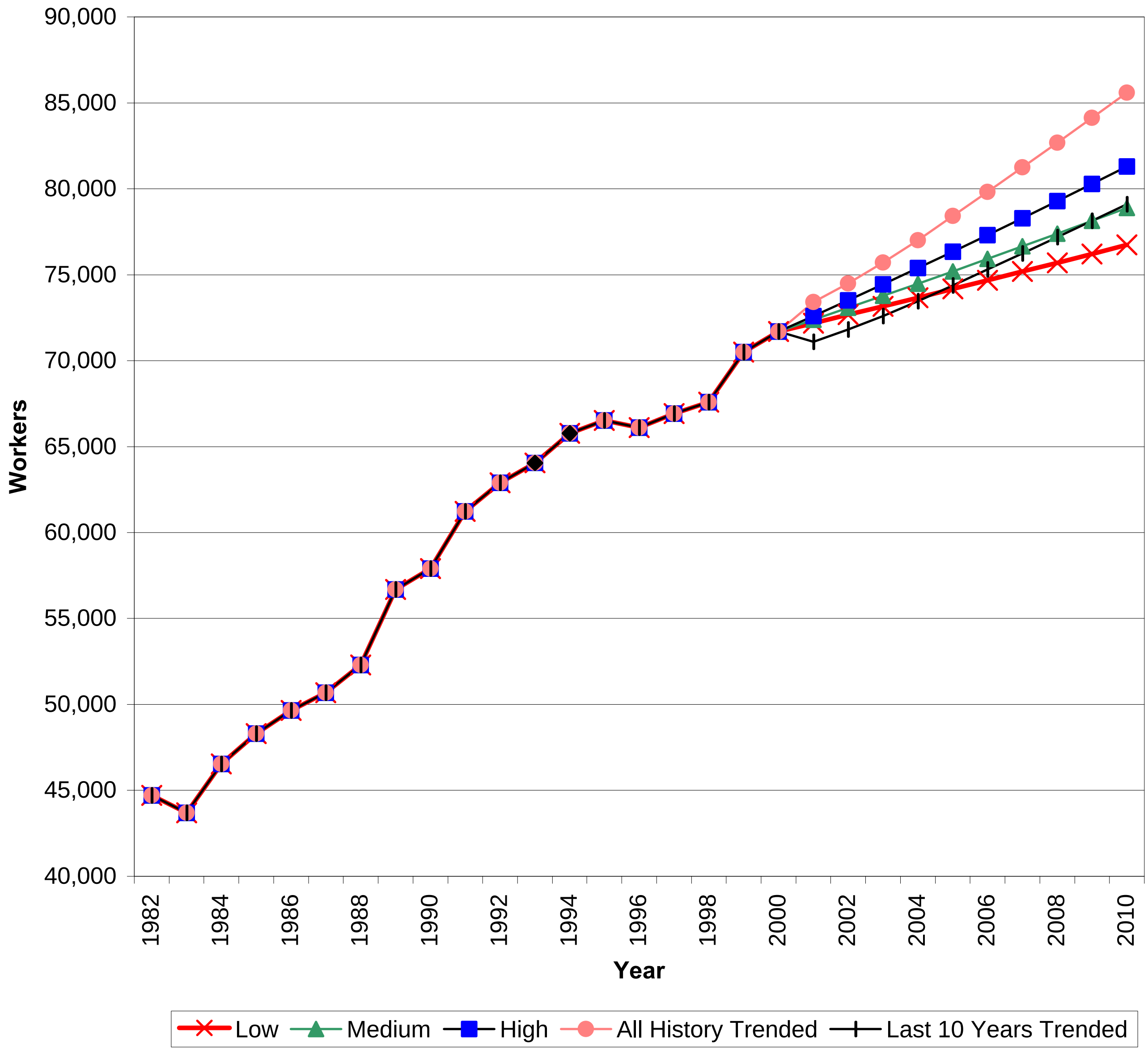


Applying the high, medium and low statewide staffing ratios to the statewide forecasts results in the following low, medium and high forecasts. In addition, a trended forecast using all years and recent trends is shown.

Statewide Worker History and Forecast

Year	Low	Medium	High	All History Trended	Last 10 Years Trended
1982	44,707	44,707	44,707	44,707	44,707
1983	43,693	43,693	43,693	43,693	43,693
1984	46,542	46,542	46,542	46,542	46,542
1985	48,293	48,293	48,293	48,293	48,293
1986	49,649	49,649	49,649	49,649	49,649
1987	50,678	50,678	50,678	50,678	50,678
1988	52,290	52,290	52,290	52,290	52,290
1989	56,680	56,680	56,680	56,680	56,680
1990	57,898	57,898	57,898	57,898	57,898
1991	61,232	61,232	61,232	61,232	61,232
1992	62,891	62,891	62,891	62,891	62,891
1993	64,054	64,054	64,054	64,054	64,054
1994	65,790	65,790	65,790	65,790	65,790
1995	66,528	66,528	66,528	66,528	66,528
1996	66,117	66,117	66,117	66,117	66,117
1997	66,927	66,927	66,927	66,927	66,927
1998	67,590	67,590	67,590	67,590	67,590
1999	70,511	70,511	70,511	70,511	70,511
2000	71,696	71,696	71,696	71,696	71,696
2001	72,185	72,384	72,603	73,410	71,096
2002	72,677	73,079	73,521	74,505	71,817
2003	73,173	73,781	74,451	75,705	72,606
2004	73,672	74,489	75,393	77,015	73,468
2005	74,174	75,204	76,347	78,416	74,389
2006	74,680	75,926	77,313	79,826	75,316
2007	75,190	76,655	78,291	81,246	76,250
2008	75,702	77,391	79,281	82,681	77,194
2009	76,219	78,134	80,284	84,130	78,147
2010	76,738	78,884	81,300	85,596	79,111
2011	77,262	79,641	82,328	87,073	80,083
2012	77,789	80,406	83,370	88,564	81,063
2013	78,319	81,178	84,424	90,067	82,052
2014	78,853	81,957	85,492	91,579	83,046
2015	79,391	82,744	86,574	93,097	84,045
2016	79,933	83,538	87,669	94,615	85,043
2017	80,478	84,340	88,778	96,133	86,041
2018	81,027	85,150	89,901	97,649	87,038
2019	81,579	85,967	91,038	99,161	88,033
2020	82,136	86,792	92,190	100,665	89,022
2021	82,696	87,626	93,356	102,197	90,030
2022	83,260	88,467	94,537	103,738	91,043
2023	83,828	89,316	95,733	105,287	92,062
2024	84,399	90,174	96,944	106,845	93,087
2025	84,988	91,026	98,202	108,413	94,118

Statewide Workers

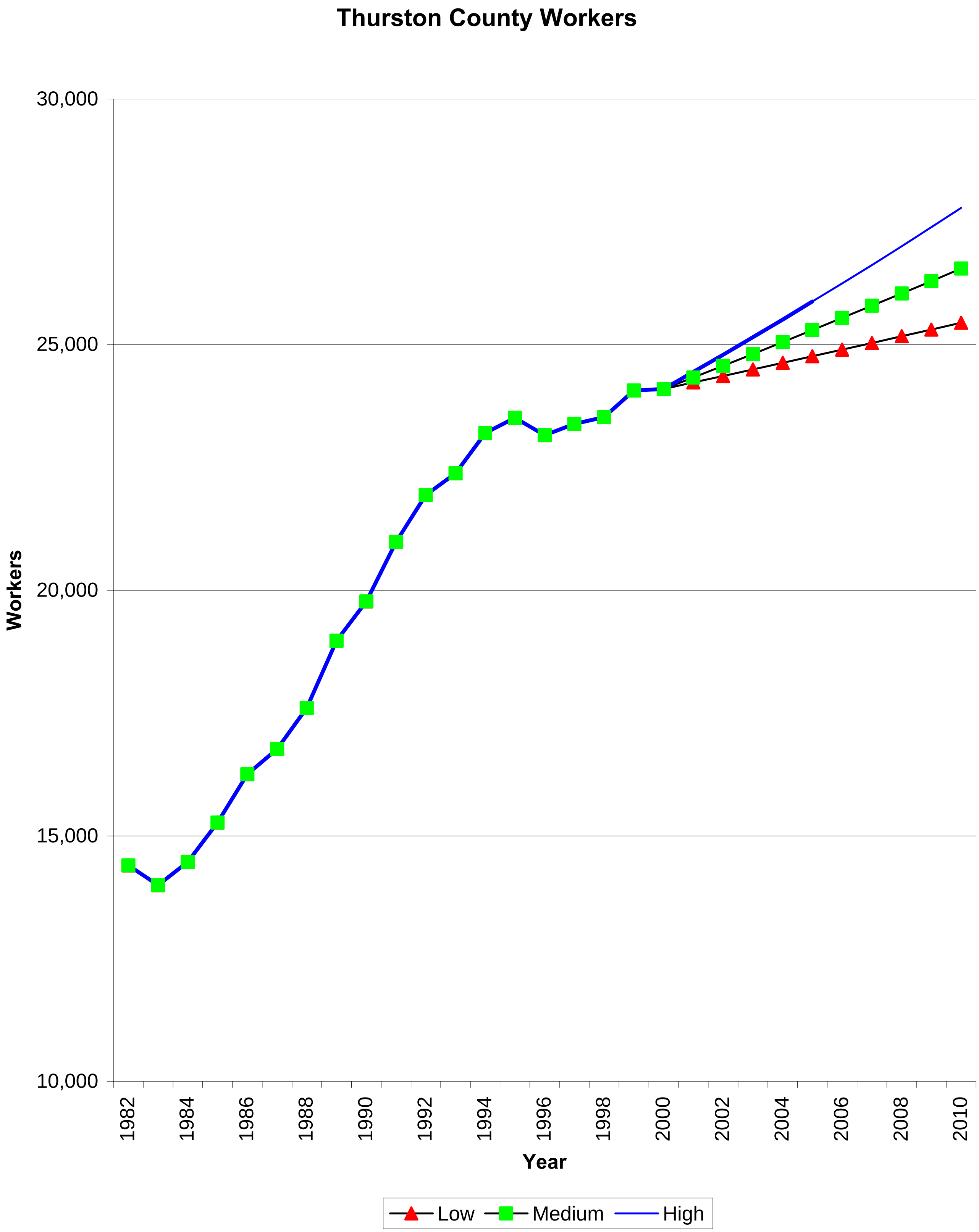


Based on that statewide employment forecast and applying a high, medium and low forecasts of the percentage of statewide staffing that is housed in Thurston County the following forecast is derived:

Thurston County Worker History and Forecast

Year	Low	Medium	High
1982	14,402	14,402	14,402
1983	13,999	13,999	13,999
1984	14,471	14,471	14,471
1985	15,274	15,274	15,274
1986	16,256	16,256	16,256
1987	16,767	16,767	16,767
1988	17,603	17,603	17,603
1989	18,973	18,973	18,973
1990	19,775	19,775	19,775
1991	20,989	20,989	20,989
1992	21,938	21,938	21,938
1993	22,379	22,379	22,379
1994	23,203	23,203	23,203
1995	23,509	23,509	23,509
1996	23,158	23,158	23,158
1997	23,385	23,385	23,385
1998	23,524	23,524	23,524
1999	24,066	24,066	24,066
2000	24,097	24,097	24,097
2001	24,228	24,332	24,443
2002	24,360	24,569	24,794
2003	24,493	24,809	25,149
2004	24,627	25,051	25,510
2005	24,761	25,295	25,876
2006	24,896	25,541	26,248
2007	25,031	25,791	26,624
2008	25,168	26,042	27,006
2009	25,305	26,296	27,394
2010	25,443	26,552	27,787
2011	25,582	26,811	28,186
2012	25,721	27,073	28,590
2013	25,861	27,337	29,000
2014	26,002	27,603	29,417
2015	26,144	27,872	29,839
2016	26,286	28,144	30,267
2017	26,430	28,418	30,701
2018	26,574	28,695	31,142
2019	26,718	28,975	31,589
2020	26,864	29,258	32,042
2021	27,011	29,543	32,502
2022	27,158	29,831	32,968
2023	27,306	30,122	33,441
2024	27,455	30,416	33,921
2025	27,606	30,721	34,394

The following chart summarizes these results:



Based on this staffing array the following chart summarizes the additional space that will be needed in Thurston County to meet these worker needs based on a low, medium and high square foot per worker of 187 and 215 and 251 rentable square feet. The 215 square foot median figure is based on the new space standard published in this report and is 4 feet smaller than the median figure used in Report 3.

Additional Rentable Square Feet Needed In Thurston County (Cumulative)

Year	Low	Medium	High
2001	24,497	50,525	86,846
2002	49,181	101,480	174,947
2003	74,052	153,080	264,052
2004	99,110	205,110	354,663
2005	124,168	257,570	446,529
2006	149,413	310,460	539,901
2007	174,658	364,210	634,277
2008	200,277	418,175	730,159
2009	225,896	472,785	827,547
2010	251,702	527,825	926,190
2011	277,695	583,510	1,026,339
2012	303,688	639,840	1,127,743
2013	329,868	696,600	1,230,653
2014	356,235	753,790	1,335,320
2015	382,789	811,625	1,441,242
2016	409,343	870,105	1,548,670
2017	436,271	929,015	1,657,604
2018	463,199	988,570	1,768,295
2019	490,127	1,048,770	1,880,492
2020	517,429	1,109,615	1,994,195
2021	544,918	1,170,890	2,109,655
2022	572,407	1,232,810	2,226,621
2023	600,083	1,295,375	2,345,344
2024	627,946	1,358,585	2,465,824
2025	656,183	1,424,160	2,584,547

The Legislature also asked that a forecast of needs be prepared by Agency. Agencies were asked to forecast their Thurston County workers to the year 2010. Some agencies were not able to forecast out that far. Some agencies were not asked based on their small size (the average forecast for all other agencies that forecast has been applied to the small agencies). Some agencies are in the process of planning and cannot provide the information for this report but the information should be available by the final report. The following charts summarize the results of the agency by agency request for worker forecasts.

Agency By Agency Forecast of Employees

Agency Title	Base of Employees for Forecast	Agency Estimated Increase to 2010	Agency Estimate In 2010 Based On Agency Headcount	Percent Change to 2010
Admin For The Courts	156.00	12.00	168.00	7.7%
Admin Hearings Office	48.00	0.00	48.00	0.0%
Attorney General	901.00	224.00	1,125.00	24.9%
Bd Of Industrial Appeals	114.00	11.00	125.00	9.6%
County Road Admin Board	17.00	0.00	17.00	0.0%
Department Of Health	1,090.00	161.00	1,251.00	14.8%
Dept Labor & Industries	1,886.00	117.00	2,003.00	6.2%
Dept Of Agriculture	157.00	1.00	158.00	0.6%
Dept Of Corrections	391.00	14.00	405.00	3.6%
Dept Of Info Services	451.00	0.00	451.00	0.0%
Dept Of Printing	116.00	5.00	121.00	4.3%
Dept Of Retirement Sys	273.00	49.00	322.00	17.9%
Dept Of Transportation	367.00	48.00	415.00	13.1%
Dept Revenue	711.00	149.00	860.00	21.0%
Dept/Licensing	420.00	50.00	470.00	11.9%
Gambling Commission	113.00	14.00	127.00	12.4%
General Administration	669.00	22.00	691.00	3.3%
Health Care Authority	276.00	0.00	276.00	0.0%
Higher Ed Coord Board	76.50	11.00	87.50	14.4%
Human Rights Commission	52.50	0.00	52.50	0.0%
Insurance Commissioner	88.00	0.00	88.00	0.0%
Interagency Comm for Outdoor Recreation	26.00	4.00	30.00	15.4%
Liquor Control Board	179.00	10.00	189.00	5.6%
Off Of Financial Mgmt	102.00	0.25	102.25	0.2%
Public Disclosure Comm	25.00	0.00	25.00	0.0%
Public Emp Relation Comm	20.00	0.00	20.00	0.0%
Social & Health Services	3,461.00	382.00	3,843.00	11.0%
State Auditor	116.00	0.00	116.00	0.0%
State Bd For Comm Coll	72.00	0.00	72.00	0.0%
State Investment Board	57.50	3.00	60.50	5.2%
State Library	90.00	0.00	90.00	0.0%
State Treasurer	74.00	8.00	82.00	10.8%
Supreme Court	60.00	0.00	60.00	0.0%
Transp Improvement Board	18.00	2.00	20.00	11.1%
Utilities/Trans Comm	154.00	4.00	158.00	2.6%
Wa Traffic Safety Comm	23.00	5.00	28.00	21.7%
Washington State Lottery	110.00	0.00	110.00	0.0%
Washington State Patrol	475.00	50.00	525.00	10.5%
Wkforce Trng/Ed Coord Bd	28.70	0.00	28.70	0.0%
Total Forecasted	**13,464.20**	**1,356.25**	**14,820.45**	10.1%
	Percent Increase = 10.1 percent		Standard Deviation = 7.2 percent	

Based on that forecasted FTE (and applying the average forecasted growth to those agencies for which the study didn't have a specific forecast) the following is the forecast by agency of the space needs to 2010.

Agency Forecast of Added Space To Meet Additional Worker Need

(Agencies not forecasted used statewide average for all other forecasted agencies)

Agency	Worker Growth to 2010	Sq Ft Needed Using 215 sf per Worker
Admin For The Courts	12.00	2,580
Admin Hearings Office	0.00	0
Arts Commission	2.00	430
Attorney General	224.00	48,160
Bd For Vol Firefighters	1.00	215
Bd Of Industrial Appeals	11.00	2,365
Caseload Forecast Councl	1.00	215
Citzs Com/Sal Elect Off	0.00	0
Comm African/Amer Affrs	0.00	0
Comm On Hispanic Affairs	0.00	0
Comm On Judicial Conduct	1.00	215
Conservation Commission	2.00	430
County Road Admin Board	0.00	0
Criminal Justice Trng Co	1.00	215
Department Of Health	161.00	34,615
Dept Comm/Trade/Econ Dev	31.00	6,665
Dept Labor & Industries	117.00	25,155
Dept Natural Resources	73.00	15,695
Dept Of Agriculture	1.00	215
Dept Of Corrections	14.00	3,010
Dept Of Ecology	92.00	19,780
Dept Of Financial Inst	11.00	2,365
Dept Of Fish & Wildlife	65.00	13,975
Dept Of Info Services	0.00	0
Dept Of Personnel	21.00	4,515
Dept Of Printing	5.00	1,075
Dept Of Retirement Sys	49.00	10,535
Dept Of Transportation	48.00	10,320
Dept Of Veterans Affairs	4.00	860
Dept Revenue	149.00	32,035
Dept Services For Blind	2.00	430
Dept/Licensing	50.00	10,750
Employment Security Dept	85.00	18,275
Environ Hearings Office	1.00	215
Forecast Council	1.00	215
Freight Mobility Strategic Inv	0.00	0
Gambling Commission	14.00	3,010
General Administration	22.00	4,730
Govs Ofc Indian Affairs	0.00	0
Growth Plan Hearings Ofc	0.00	0
Health Care Authority	0.00	0
Health Care Fac Auth	0.00	0
Higher Ed Coor Board	11.00	2,365
House Of Representatives	49.00	10,535
Human Rights Commission	0.00	0
Indeterminate Sen Rev Bd	1.00	215
Insurance Commissioner	0.00	0
Interagency Comm for Outdoor Recreation	4.00	860
Joint Leg Audit/Rev Comm	2.00	430
Joint Legislative Sys Co	5.00	1,075
L.E.A.P. Committee	1.00	215
Legislative Trnprt Comm	1.00	215
Lieutenant Governor Off	1.00	215
Liquor Control Board	10.00	2,150
Marine Employees Comm	1.00	215

Military Department	3.00	645
Ofc Of Public Defense	0.00	0
Off Min & Women'S Enterp	2.00	430
Off Of Financial Mgmt	0.25	54
Office Of State Actuary	1.00	215
Office Of The Governor	8.00	1,720
Parks / Recreation Comm	18.00	3,870
Perm Statute Law Comm	5.00	1,075
Personnel Appeals Board	1.00	215
Pollution Liab Ins Agy	1.00	215
Public Disclosure Comm	0.00	0
Public Emp Relation Comm	0.00	0
Secretary Of State	16.00	3,440
Sent Guidelines Comm	1.00	215
Social & Health Services	382.00	82,130
State Auditor	0.00	0
State Bd For Comm Coll	0.00	0
State Investment Board	3.00	645
State Library	0.00	0
State Senate	47.00	10,105
State Treasurer	8.00	1,720
Sup Of Pub Instruction	30.00	6,450
Supreme Court	0.00	0
Tax Appeals Board	1.00	215
Transp Commission	0.00	0
Transp Improvement Board	2.00	430
Utilities/Trans Comm	4.00	860
Wa St Historical Society	1.00	215
Wa State Law Library	2.00	430
Wa Traffic Safety Comm	5.00	1,075
Wash Bd Of Accountancy	1.00	215
Wash Horse Racing Comm	1.00	215
Washington State Lottery	0.00	0
Washington State Patrol	50.00	10,750
Wkforce Trng/Ed Coord Bd	0.00	0
Totals	**1,950.25**	**419,304**

The agency by agency forecasts indicates an aggregate need for 419,304 additional square feet by 2010 (using 215 square feet per worker).

Note that additional space will also be needed to replace existing space that has become functionally or operationally obsolete. Assuming the space the state occupies on average has a functional and operational life of about 50 years, normally about 2% of the space currently occupied would need to be replaced each year. Assuming the state is experiencing a normal curve related to the age of these facilities[5], then about 120,000 square feet would need to be replaced or substantially renovated[6] annually (240,000 square feet per biennium).

[5] It is currently occupying about 5.9 million square feet in Thurston County.
[6] A likely scenario, especially for state owned space. Surge space will be needed during the renovation process.

TODAY'S LEASING SITUATION

Developer Suggestions for Lease Process Improvement

GA has continued to solicit ideas for ways to improve its procurement process for leased and owned space throughout the Thurston County Lease and Space Planning process,

With regard to lease space, a written request was made to the Government Building Owners and Lessors Association (GBOLA) for suggested improvements. Although no official response was received from GBOLA, individual members of GBOLA and other developers made the following suggestions. GA's response is italicized below each suggestion.

- Advertise and request, for all categories of space, in one initial advertisement. Place an informative notice to prospective proponents that proposals will be considered and evaluated in the following priority: First, existing space; second, space under construction; third, planned space; fourth, space that will be outside of preferred leasing areas.

  GA’s standard policy has been to advertise for “existing” space, evaluate the proposals, and then, if necessary, re-advertise for “planned or under construction” proposals. GA has just implemented a new policy to implement the Thurston County Preferred Leasing Policy whereby all categories of space will be advertised under one initial advertisement with responses sorted into and evaluated by prioritized groups. That Policy is more included in Section I of this report on page 26.

  Once this method for advertisement has been tested in Thurston County, other counties may follow.

- Perhaps DRES could initiate an e-mail address book that would similarly notify interested owners and lessors of state leased space needs. After time, this could perhaps help simplify the notification procedure and expenses.

  GA currently notifies potential property owners/lessors through formal advertisements and informal verbal notifications. GA agrees with the above suggestion and has taken steps to develop an e-mail notification system to supplement GA’s advertising and web site notices.

- GA should use more 15 or 20-year leases.

  GA, with permission of the OFM Director, has the ability to enter into 15 or 20-year leases. In fact, GA is working on one such lease request now.

- GA should master-lease its state owned land for private lease development to take advantage of the property tax benefits and lower cost basis of state land ownership and private developer efficiencies.

  GA will consider this suggestion as the study planning is completed.

- GA should consider pre-negotiated options to renew a lease or options to purchase at any time for a pre-determined schedule of prices.

  GA will consider this suggestion as the study planning is completed.

Leased Facility Condition Assessment

How well a facility is maintained can determine whether an agency decides to renew its lease or relocate to a new location. A questionnaire asking a series of questions for each leased location in Thurston County was sent to state agencies, boards and commissions to determine agency leasing renewal plans.

Out of the 138 questionnaires distributed, 102 responses (or 75 percent) were returned. As indicated in the chart below, the majority of tenants intend to renew their leases. Of the 102 responses received, 53 locations adequately meet agency needs and the agency has no plans on relocating. In addition, 36 other locations will be renewed, not because the agency is satisfied with the space but because it has no budget to support moving to a new location.

Only five responses indicated that leases would definitely not be renewed. All reasons stated by the agencies on the questionnaire have been listed below in column #3 of the chart. Only eight responses listed “don’t know” as to whether an agency would renew its lease.

Total # of Thurston County Leases: **198**

Total # Questionnaires Sent to Tenants: **138**
(Note, there may be more than one lease for a particular facility. When this occurred, only one questionnaire was sent for the entire building/agency involved.)

Total # Questionnaires Received to Date: **102**

	1. Will renew lease and WOULD NOT relocate to a new facility	2. Will renew lease but WOULD relocate to a new facility	3. Will NOT renew lease	4. Don't know if lease will be renewed
Number of responses	53	36	5	8
a. Satisfied w/ space	39			
b. Budget limits options for relocating	8			
c. Ideal location for meeting business requirements	4			
d. Other	2			
Reasons tenants would want to move to a new facility, if the situation allowed		Consolidate programs, accessibility, space too small, landlord not responsive to maintenance needs, quality of building, condition of space poor, in-adequate air quality/ HVAC system, electrical, lease costs, inefficient use of space, lease costs, employee health		
a. Need additional space for growth			3	
b. Location does not meet business requirements			1	
c. Dissatisfied with space, for example, with facility maintenance, owner responsiveness, inaccessible, outdated building systems, etc.			1	
d. Other			0	

Thurston County Leased Office Buildings Under Construction

City	Agency	Status	Square Feet	Vacating	Vacated Square Feet	Reason for Vacating	Sf. Increase/ Decrease
Lacey	Gambling	Letter of Intent for planned Woodland Square Bldg.	42,250	649 Woodland Sq Lp, 2607 Martin Way, Lacey	24,407	Expansion	17,843
Tumwater	Retirement	Letter of Intent for Point Plaza East	11,000	n/a	0	Expansion	11,000

Comparison of Statewide Lease Rates

City	Average State Rate	Market Rate	Average Market Rate	Difference	Real Estate Contact
Bellingham	$12.97	$14.75-18.75	$16.75	23%	David Moody 676-8990
Eastside King Co.	$19.59	$27.50-$33.00	$30.25	35%	Tim Nelson, Regency Group
Yakima	$11.39	$12.00-$14.00	$13.00	12%	Larry Gamache, Century 21 (837-3604)
Lacey	$12.95	$16.00	$16.00	19%	Larry Gillam 943-5079
Northend King Co.	$20.24	$23.00	$23.00	12%	Tim Nelson, Regency Group
Olympia	$12.36	$14.15-$19.40	$16.75	26%	Pat Rants, The Rants Group
S. King County	$16.05	$21.00	$21.00	24%	Tim Nelson, Regency Group
Bremerton	$12.30	$10.50-$16.00	$13.25	7%	CB Parkshore – Jim Freeman (871-2332)
Seattle (Downtown)	$17.92	$33.00-$37.00	$35.00	49%	Tim Nelson, Regency Group
Spokane	$11.49	$12.00-$18.00	$15.00	23%	Michael Meagher, Kiemle & Hagood
Tacoma	$13.58	$22.00 (A) $20.00 (B)	$21.00	35%	Mark, Kidder Mathews (253) 383-5693
Tri-Cities	$11.51	$12.00-$17.00	$14.50	21%	Coldwell Banker – Adams Realty 783-1394
Vancouver	$12.38	$17.00-19.50 (A); $15.00-17.00 (B); $14.00 down (C)	$16.08	23%	John L. Scott (Dave 576-7000)
Walla Walla	$12.35	$13.00	$13.00	5%	Dan Snider (525-7160)
Averages	$16.42		$22.05	26%	

* Costs calculated on a base cost psf - state modified net, excluding janitorial and utilities.

ACQUIRING SITES FOR FUTURE STATE OFFICES

There are at least three tested ways the state could acquire land suitable for future state offices. The first would be through the sale of a very small portion of the 108,000 acres of mostly forested Capitol Building Trust lands. The **Captiol Building Trust** section below explains this further.

The second would be through an equal value exchange of state property that is less well or unsuited for state offices, for property that is better located. The Washington State Patrol (WSP) has an equal value exchange currently in progress in which the old WSP site on Martin Way near Slater Kinney Road is be exchanged for a brand new facility at the sound end of the Port of Olympia airport in Tumwater. The Washington Department of Transportation (WSDOT) has authority in standing law to do equal value exchanges as further explained below. The **Equal Value Exchange** section below explains the WSDOT process.

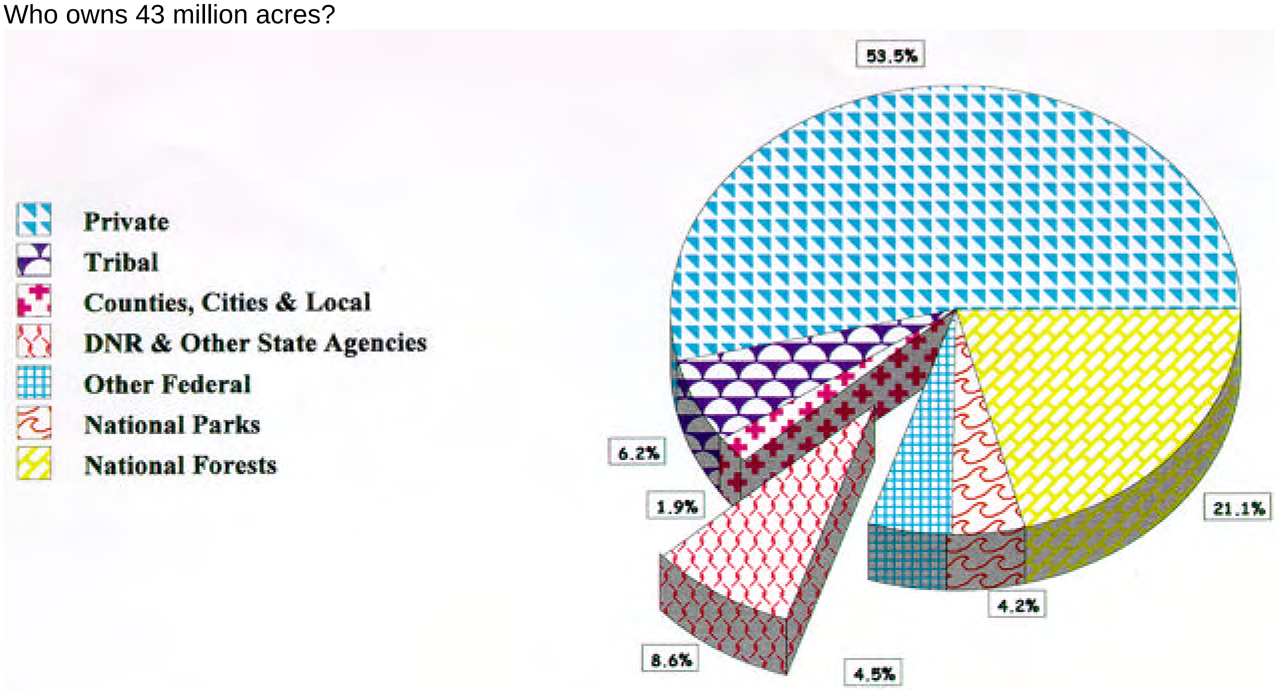
Substitute House Bill 1563 from the 1991 Regular Session was originally introduced at the request of the Department of General Administration to create a facility land bank. That bill passed out of the House of Representatives on a 95-0 vote on March 11, 1991, but did not pass out of the Senate. If enacted, with the approval of the State Capitol Committee and where appropriate subject to appropriation by the legislature, GA would have been authorized to purchase, sell or exchange real property for state facility purposes. The full text of SHB 1563 is included below under **Facility Land Banking**.

Capitol Building Trust Land Sales

The State of Washington has about forty three million upland acres. Upon statehood in 1889, the federal Enabling Act, acting on the Equal Footing Doctrine, granted land for the support of various public institutions. Much of the land that was originally in public domain had been acquired by private parties for various purposes. The current ownership patterns are shown in Figure #1, as of 2000.

Washington's Land Base

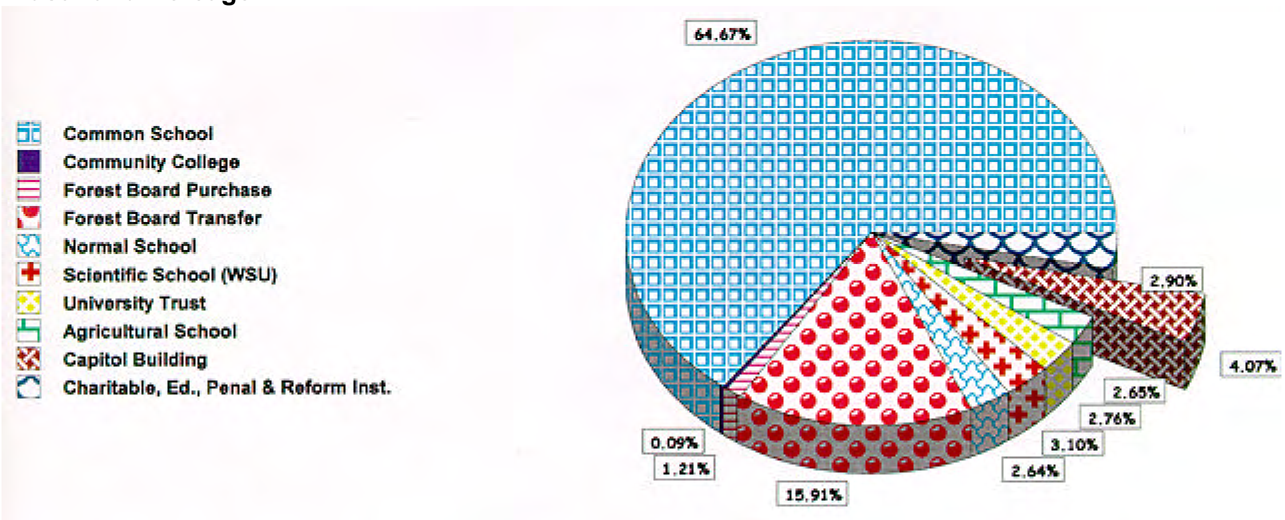
Who owns 43 million acres?



The federal Enabling Act of 1889 granted 50 sections of unappropriated public lands to the Capitol Building Trust "...for the purpose of erecting public buildings at the capital of said States for legislative, executive, and judicial purposes...(Section 12)...for public buildings at the State capital, in addition to the grant hereinbefore made for that purpose, one hundred thousand acres..."(Section 17). These provisions were amended in 1957 to include construction, reconstruction, repair, renovation, furnishings, equipment, or other permanent improvements of public buildings at the capital.

The original acreage granted was 132,000 acres. By 1920, 24,500 acres had been sold. There has been no acreage sold subsequent to 1920. Today's current acreage total stands at 108,234.

Trust Land Acreage

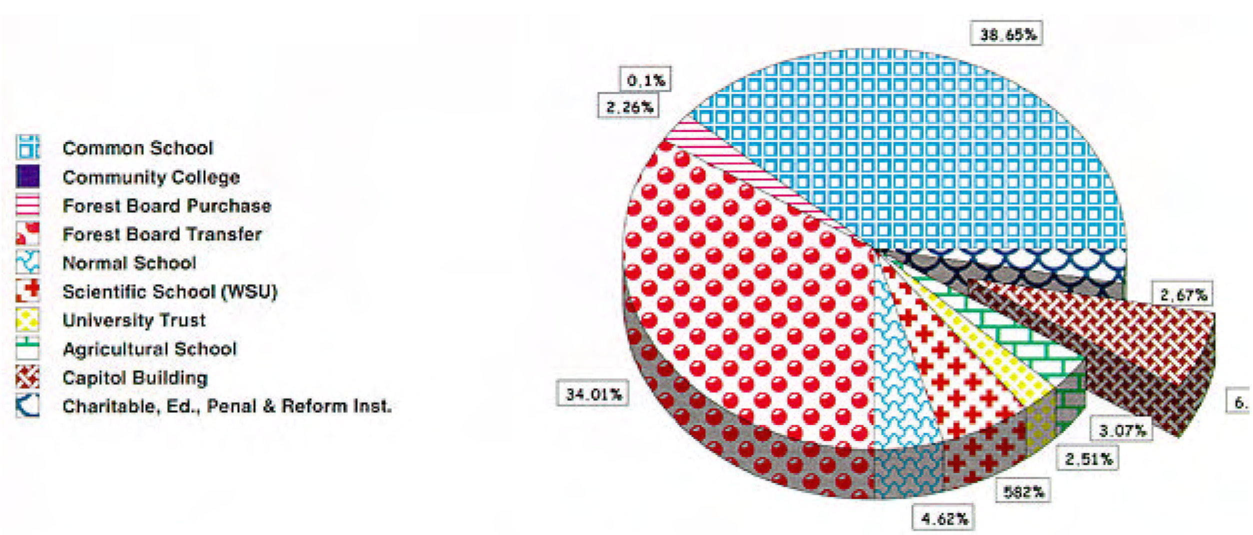


This chart identifies all the upland trusts currently managed by the DNR. Today, their total is nearly three million acres.

The original trust lands were selected from the unallocated federal land base, according to the procedures applicable at the time that the parcels were surveyed and approved for disposition. The original acreage was acquired in 17 different counties.

In 1996, as part of a first ever-comprehensive economic valuation of all trust lands, the DNR contracted with Deloitte & Touche, LLP. Their report showed the total value of the upland trusts to be $6.231 billion dollars. The value of the Capitol Building Trust is approximately $393 million. The chart below shows the value, expressed in percent, by individual trust as of their assessment in 1996. These are wholesale values and do not represent the value potential if smaller parcels were to be sold or traded.

Trust Land Value



Statutory, Legal and other Authorities that provide Guidance

The Department of Natural Resources (DNR) is required to comply with numerous statutes, laws of general applicability such as the Shorelines Management Act, Growth Management Act, various federal laws (e.g., the Endangered Species Act), the state Constitution, and in particular the following:

- Enabling Act, Section 11, 12 and 17
- Washington State Constitution, Article 16
- Revised Code of Washington (RCW), Titles 79, 76, 43 and 39
- Special Legislation
- Case Law

The Enabling Act and the Constitution authorize land sales and exchanges, provided full market value for the trust land is received from the transaction. RCWs and special legislation authorize land acquisitions and have set down more specific guidelines for all types of transactions. Case law has upheld the fiduciary responsibility of the State as a trust manager.

The main purpose of land transactions is to dispose of and acquire properties to maintain or improve trust asset value or to reposition assets to achieve different objectives. The net result is an increase in the benefits received by the people of Washington now and in the future. This is due to either revenue production, which ultimately reduces taxes, or through the acquisition of additional property for capital facilities.

Common Law Duties Of The Trustee[7]

In addition to constitutional and statutory requirements, transactions must consider the DNR's common law duties as a trust manager. The duties of a private trustee have been described in various ways and include: a duty to administer the trust in accordance with provisions creating the trust, a duty of undivided loyalty to the beneficiaries, a duty to manage trust assets prudently, a duty to make the trust property productive without unduly favoring present beneficiaries over future beneficiaries, a duty to reduce the risk of loss to the trusts, and a duty to keep and render accounts. The courts specifically in the context of federal land grant trusts have discussed several of these duties.

Case Law Pertaining To Federal Land Grant Trusts

Five cases show how the courts have applied some of the above principles to the sale, lease and management of federal grant trust lands.

In <u>Ervien v. United States</u>, 251 U.S. 41 (1919), the U.S. Attorney General sued for an injunction to prevent the New Mexico Land Commissioner, acting as trustee of New Mexico grant lands, from spending trust earnings for unauthorized purposes: to publicize the resources and advantages of New Mexico.

The New Mexico Land Commissioner argued that this advertising was a proper administrative expense because it could increase the value of the trust lands. The U.S. Supreme Court, however, granted an injunction prohibiting these expenditures. It ruled that the trusts were individually created to support public institutions specified in New Mexico's Enabling Act. **Therefore, the trustee could not use proceeds from a specific trust to benefit the state generally** (emphasis added), even if the trust also might be indirectly benefited. The Court held that Congress intended that the trustees apply the trust earnings to the fund created to "support" the public institution designated in the Enabling Act.

In <u>Lassen v. Arizona</u>, 385 U.S. 458 (1967), mentioned above, the Arizona Highway Department sued the Land Commissioner, as the trustee of grant lands, to condemn a highway right of way. The Arizona department argued that it need not compensate the trust because a highway across trust lands would enhance the value of remaining trust lands in an amount at least equal to the value of the trust lands taken. The U.S. Supreme Court rejected the argument and agreed with the Commissioner that the department must pay the trust for the property taken.

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[7] From, Appendix C, ***Forest Resource Plan, Policy Plan, 1992.***

The Court in Lassen stated:

> **The Enabling Act unequivocally demands both that the trust receive the full value of any lands transferred from it and that any funds received be employed only for the purposes for which the land was given. First, it requires that before trust lands or their products are offered for sale they must be "appraised at their true value" and that "no sale or other disposal . . . shall be made for a consideration less than the value so ascertained. (Emphasis added). ." . . .** Second, it imposes a series of careful restrictions upon the use of trust funds. As this Court has noted, the Act contains a "specific enumeration of the purposes for which the lands were granted and the enumeration is necessarily exclusive of any other purpose." Ervien v. United States, 251 U.S. 41,47.

The Court continued:

> The Act thus specifically forbids the use of "money or thing of value directly or indirectly derived" from trust lands for any purposes other than those for which that parcel of land was granted. It requires the creation of separate trust accounts for each of the designated beneficiaries, prohibits the transfer of funds among the accounts, and directs with great precision their administration.
>
> "Words more clearly designed . . . **to create definite and specific trusts and to make them in all respects separate and independent of each other** (emphasis added) could hardly have been chosen." United States v. Ervien, 246 F. 277, 279. All these restrictions in combination indicate Congress' concern both that the grants provide the most substantial support possible to the beneficiaries and that only those beneficiaries profit from the trust.

See also ASARCO, Inc. v. Kadish, 490 U.S.605 (1989).

United States v. 111.2 Acres of Land in Ferry County, Washington, 293 F. Supp. 1042 (E.D. Wash. 1968), aff'd 435 F.2d 561 (9th Cir. 1970) (per curium), is a Washington case adopting the principles set forth in Ervien and Lassen. The United States government sought to acquire state school trust lands for a federal irrigation project. The United States argued that, as trust grantor, it was permitted to take the land without paying for it. The court disagreed stating:

> The school lands provisions of the Enabling Act further a liberal policy of school support... In this context the principle of indemnity requires that no land or proceeds be diverted from the school trust unless the trust receives full compensation. This principle is explicitly a part of the Washington Enabling Act.

The district court concluded that donating school trust lands to the United States would constitute a breach of trust by the trustee (state of Washington). The court ordered the United States to pay the trust the full market value of the land.

In State v. University of Alaska, 624 P. 2d 807 (1981), the state of Alaska sought to include university grant land within Chugach State Park. The university opposed this action and sought a declaratory judgment as to whether the land could be used other than to support the University.

The Alaska Supreme Court ruled for the University, stating:

> Because the land was to be held in trust for the university, we must determine whether inclusion of the land in Chugach State Park caused a breach of the trust. The trial court concluded that the inclusion of university land in the park violated the trust provision of the federal grant. We agree. The use that can be made of park lands as compared to state lands in general is severely restricted. Trees may not be cut, minerals may not be removed, nor can the land be used for raising farm animals. The general principle is that park lands are to be managed in a way that will increase the "value of a recreational experience."

It is apparent that this objective is incompatible with the objective of using university land for the "exclusive use and benefit" of the university. The implied intent of the grant was to maximize the economic return from the land for the benefit of the university. This intent cannot be accomplished if the use of the land is restricted to any significant degree.

In 1984, the Washington State Supreme Court addressed the trust relationship in County of Skamania V. State of Washington, 102 Wn.2d 127, 685 P.2d 576.

In Skamania, the court, relying in part on the decisions discussed above, struck down the Forest Products Industry Recovery Act. The Recovery Act permitted purchasers of timber from federal grant lands to default on their contracts or to modify or extend their contracts without penalty. The court held that the legislation was a breach of the state's fiduciary duty as a trustee to act with undivided loyalty to the trust beneficiaries. The court stated that:

> [T]he Act provides direct, tangible benefits to the contract purchaser at the expense of the trust beneficiaries . . .
> We think the Act falls far short of the State's constitutionally imposed duty to seek "full value" for trust assets. The conclusion is inescapable that the primary purpose and effect of this legislation was to benefit the timber industry and the state economy in general, at the expense of the trust beneficiaries. This divided loyalty constitutes a breach of trust. Our holding is consistent with a host of cases from other jurisdictions involving school trust lands. To our knowledge, every case that has considered similar issues has held that the State as trustee may not use trust assets to pursue other state goals. Skamania, 102 Wn.2d at 136-07.

The court also discussed a trustee's duty to manage trust assets prudently. This duty includes using reasonable prudence in pursuing contract claims as well as seeking the best possible price for the assets. The Washington court in Skamania relied in part on Lassen v. Arizona ex rel Ariz. Hwy. Dept, 385 U.S. 458 (1967) to conclude the state of Washington breached its duty to act prudently by releasing valuable contract rights. Skamania, 102 Wn.2d at 138.

Conclusions from the Legal Background

The Enabling Act and Washington Constitution create express trusts: The United States is the grantor; Washington State is the trustee; public buildings at the state capital, certain schools and other designated entities are the beneficiaries. The Congressional intent and purpose in creating these trusts has been construed by the United States Supreme Court to be as follows: The trustee is to sell or manage the granted lands exclusively for the support of the public institutions designated in the Enabling Act. In doing so, it acts as a fiduciary. Additional management direction comes from the Washington State Legislature, which has the authority to pass laws governing trust management. Such laws are presumed to be valid. Forest Board trust lands are to be managed in a similar manner.

Enabling Act[8]

Section 11	"That all lands granted by this Act...may be exchanged for other lands, public or private, of equal value and as near as may be of equal area..."
Section 12	"...granted to said States for public buildings at the capital of said States for legislative, executive, and judicial purposes, including construction, reconstruction, repair, renovation, furnishings, equipment, and any other permanent improvement of such buildings and the acquisition of necessary land for such buildings, and the payment of principal and interest on bonds issued for any of the above purposes."
Section 17	"That the States provided for in this act shall not be entitled to any further or other grants of land for any purpose than as expressly provided in this act. And the lands granted by this section shall be held, appropriated, and disposed of exclusively for the purposes herein mentioned, in such manner as the legislatures of the respective States may severally provide."

[8] This federal law was passed in 1889, creating the State of Washington. It has been amended several times to modernize and increase trust land management flexibility.

Washington State Constitution Article XVI   School and Granted Lands

▪ 1 DISPOSITION OF. All the public lands granted to the state are held in trust for all the people and none of such lands, nor any estate or interest therein, shall ever be disposed of unless the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, be paid or safely secured to the state; nor shall any lands which the state holds by grant from the United States (in any case in which the manner of disposal and minimum price are so prescribed) be disposed of except in the manner and for at least the price prescribed in the grant thereof, without the consent of the United States.

▪ 4 HOW MUCH MAY BE OFFERED IN CERTAIN CASES – PLATTING OF. No more than one hundred and sixty (160) acres of any granted lands of the state shall be offered for sale in one parcel, and all lands within the limits of any incorporated city or within two miles of the boundary of any incorporated city where the valuation of such land shall be found by appraisement to exceed one hundred dollars ($100) per acre shall, before the same be sold, platted into lots and blocks of not more than five acres in a block, and not more than one block shall be offered for sale in one parcel.

Key Citations: Revised Code of Washington (RCW)

RCW 79.24.060 — Disposition of proceeds of sale. Publication of notice of proposals or bids. The proceeds of such sale of capitol building lands, or the timber or other materials shall be paid into the capitol building construction account which is hereby established in the state treasury to be used as in *this act provided. All contracts for the construction of capitol buildings shall be let after notice for proposals or bids have been advertised for at least four consecutive weeks in at least three newspapers of general circulation throughout the state.
[1985 c 57 § 77; 1959 c 257 § 44; 1911 c 59 § 10; 1909 c 69 § 5; RRS § 7901.]

Notes: *Reviser's note: "This act" first appears in 1909 c 69 codified as RCW 79.24.010 and 79.24.030 through 79.24.085. Effective date 1985 c 57: See note following RCW 18.04.105.

RCW 79.24.085 — Disposition of money from sales.
All sums of money received from sales shall be paid into the capitol building construction account in the state treasury, and are hereby appropriated for the purposes of *this act.[1985 c 57 § 78; 1959 c 257 § 46; 1909 c 69 § 8; RRS § 7904.]

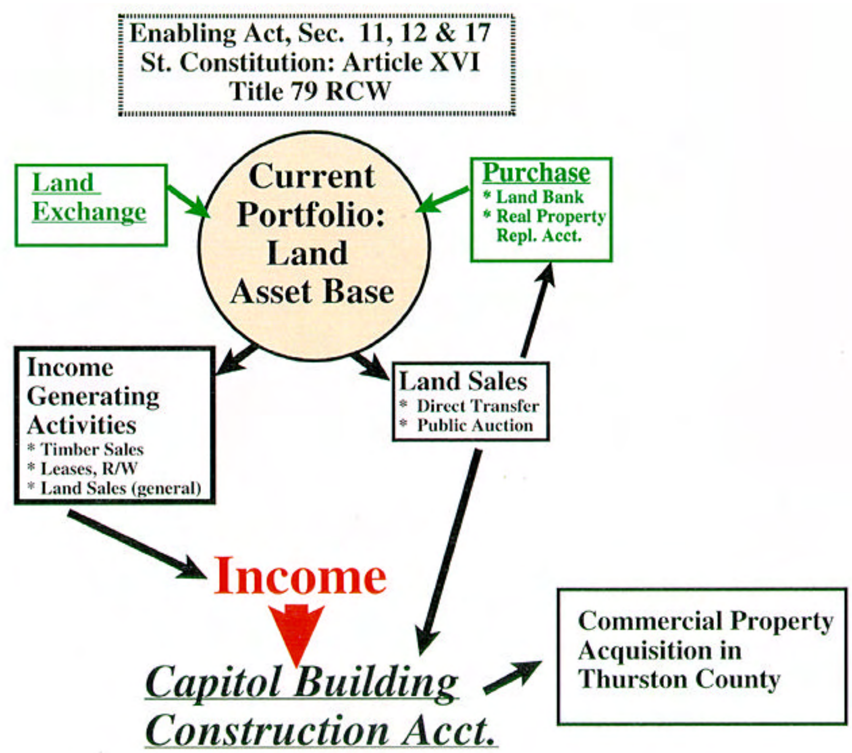
Notes: *Reviser's note: For "this act," see note following RCW 79.24.060. Effective date 1985 c 57: See note following RCW 18.04.105.

RCW 79.24.087 — Capitol grant revenue to capitol building construction account.
All revenues received from leases and sales of lands, timber and other products on the surface or beneath the surface of the lands granted to the state of Washington by the United States pursuant to an act of Congress approved February 22, 1889, for capitol building purposes, shall be paid into the "capitol building construction account".
[1923 c 12 § 1; RRS § 7921-1. _Formerly RCW 43.34.060.]

The previously cited RCWs are unique to the Capitol Building Trust. Other RCW's that apply to this and other federal trust lands are cited on page 92.

This diagram shows a stylized depiction on how various authorities can be used to manage the existing Capitol Building Trust's 108,234 acres.

Capitol Building Trust



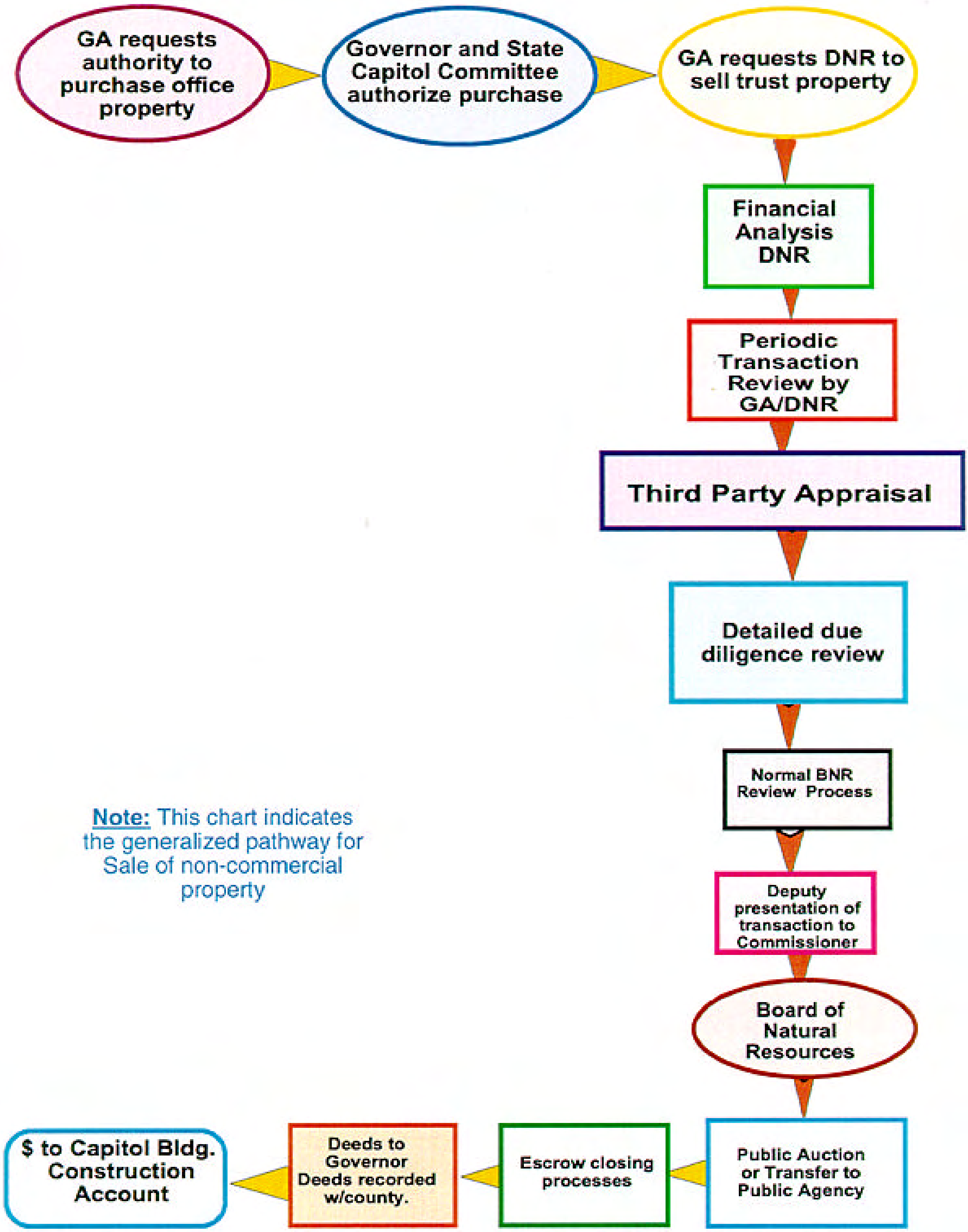
Given the somewhat unique nature of the Trust and the absence of a permanent fund[9], money from the management of the portfolio goes to the Capitol Building Construction Account administered by General Administration; the legislature then appropriates money for public buildings and land at the capital. Given the specific directive of RCW 79.24.085, money from sales (of land) can go directly into the Capitol Building Construction Account and is automatically appropriated for the same restricted purposes. This law creates spending authority without the usual appropriation requirements of the regular budget. The Office of the Attorney General has been asked to provide clarification on this and other RCWs. Given that no land has been sold since 1920, the majority of funds from this Account has been appropriated, with some monies derived from the sale of timber.

[9] The majority federal land grant acres have a permanent fund. Routinely, when such land from a trust with a permanent fund is sold, the money is placed into an irreducible fund. Interest from the fund is available to the trust, but not the principle.

A Sale of Non-Commercial Trust Property

The diagram on the next page identifies the process that the Department of Natural Resources and the Board of Natural Resources might use to dispose of Capitol Building Trust property. It defines one approach wherein the DNR and General Administration could work together to identify and dispose of properties so that the proceeds could be used to purchase property suitable for future state offices. This is only illustrative until both the State Capitol Committee and the Board of Natural Resources authorize such a sale.

Commercial Property Acquisition Process



Purchase of office sites could be handled in two ways. The preferred approach would be for General Administration to use their authorities to acquire suitable commercial properties in Thurston County without involving the Department of Natural Resources in technical, financial or other roles. General Administration would directly and solely use money from the Capitol Building Construction Account to the extent provided by their existing authorities. Title of the newly acquired property would be in GA's name and it would no longer be considered a Capitol Building Trust asset. Alternatively, the Department of Natural Resources could acquire this property and manage it as a Capitol Building Trust asset; given the end use of the properties, this is not a desired outcome. The preferred approached is administratively simpler, reducing the net cost of the project.

How the Commercial Property Acquisition processes worked in acquiring the Creekview Building in 1999

The initial contact by the purchaser occurred in the fall of 1997. Between this time and early July of 1998, the DNR considered 11 different proposals (commercial properties) from the purchaser. Once we finally identified the commercial property that met our acquisition criteria, the following tasks ensued, starting in July of 1998 and culminating with the closing and acquisition of the Creekview Building in March of 1999:

- Port Blakely, a private corporation, contacted DNR about acquiring specific DNR trust lands.
- DNR confirmed that the proposal conformed to state law and policy and was consistent with DNR's trust management objectives.
- DNR identifies parameter of the transaction
- Specific properties are identified, and due diligence and appraisals initiated.
- Proposed transactions are reviewed by DNR's Technical Advisory Committee and executive management.
- Legal advertisement and news release for mid-August community public hearing;
- Review of Creekview Building exchange/purchase transaction within the DNR.;
- DNR's consultant reviews and appraises the Creekview Building;
- Draft exchange/purchase/sale agreement is prepared and shared with purchaser;
- Community public hearing[10] is held in Issaquah; results of hearing are documented and forwarded to agency management;
- Summation of appraisals for both parties submitted, reviewed and approved;

  – TAC convenes to consider and provide guidance/recommendation towards completing proposed transaction; results of deliberations are documented and forwarded to agency management;
- Final DNR balance of exchange properties and land values;
- Final exchange/purchase/sale agreement executed with purchaser;
- Normal Board of Natural Resource Review Process (three levels);
- Board of Natural Resources regularly scheduled meeting (January 1999); and
- Escrow and closing processes. The exchange/purchase/sale transaction closes with deeds executed (March 1999)

[10] This transaction was unusual in that it also included a land exchange. The hearing is required due to the land exchange. For a land sale, a hearing is not required under state law.

A Conceptual Example

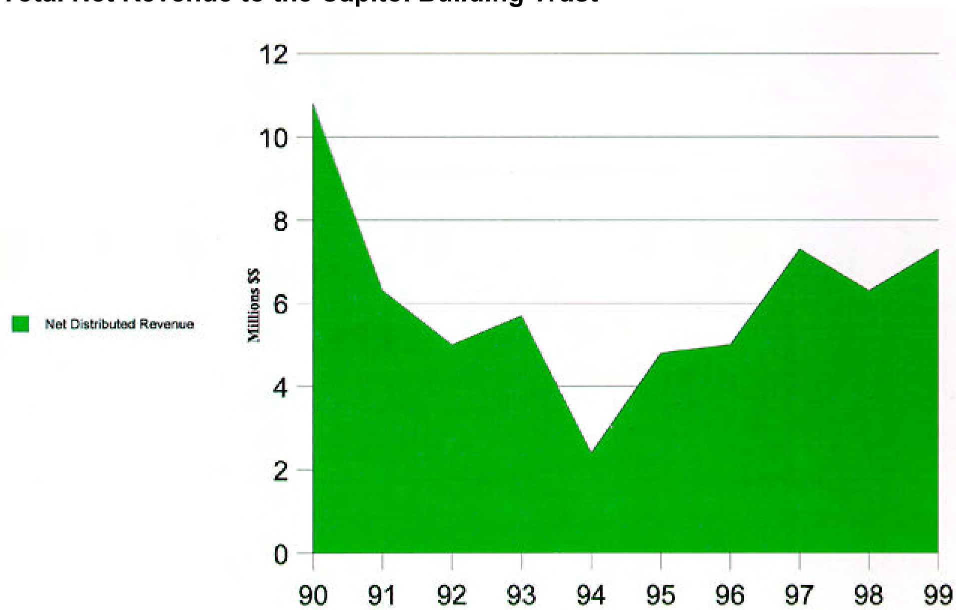
Repositioning of the existing 108,324 acre Capitol Building Trust portfolio is legally possible with specific direction from the Legislature and/or the Board of Natural Resources. Such actions could provide needed cash to acquire property, such as a city block, to ensure that the state controls enough land in its urban core to develop offices at the state capital. Currently, the portfolio is comprised of 93% forestland and 4% agricultural lands. The remainder is spread across miscellaneous land uses, none of which include any realistic commercial property.

To minimize the loss of acres and to maximize the cash generated in a transaction(s), selling forestland with older stands should be considered. Given that market value of forestland is strongly influenced by age, land that contains more forty-year plus stands is the most attractive to the timber market. Currently, there are over fifty thousand acres of Capitol Building Trust in western Washington that meet those important economic criteria. The following additional factors should be considered in selecting land targeted for sale:

- Forest lands with higher than average management costs;
- Low productivity (site class[11] four and five) that has merchantable timber;
- Isolated tracts or locations that minimize the impact[12] of sale to any adjacent state trust lands;
- Minimizing the loss of key habitat that contributes to the conservation objectives of the Habitat Conservation Plan;
- High volume and high value stands that reduce the number of acres to be appraised and sold; and
- Sale to a public entity, potentially to another trust. Depending on timing and cash availability, a public entity may be a possible purchaser. Given the locations of the Trust properties, limiting sales to a public entity will materially decrease the opportunity to generate cash.

The chart below shows the total net revenue to the Capitol Building Trust of about $6 million per year over the last ten years.

Total Net Revenue to the Capitol Building Trust



[11] Site class is a forestry term that measures the land's ability to grow trees. The higher the number the lower the productivity.

[12] Operational impacts would include the loss of rights of way, disruptions of landscape plans, introduction of new owners that may have materially different management objectives, including conversion of the property to residential or other purposes.

A sale of about one thousand acres[13] would be equal to the average annual revenue; that is, such a land sale would generate an additional six million dollars for the Capitol Building Construction Account (CBCA). While no particular sale would exactly match the stated assumptions or meet all the previously identified factors, the numbers should be seen as representative of the possible cash flows for a sale of some one thousand acres. Depending on the actual acres, the values could be appreciably lower or higher. The DNR would screen the portfolio prior to starting formal cruising and appraisals.

Using the DNR's geographical information system, forest inventory and other data, all Trust properties would be screened. The resultant analyses would be reviewed with General Administration using a process flow that could be very close to the diagram depicted the Commerical Acquisition Process.

After the DNR and General Administration reach agreement on the proposed sales, it would take the DNR about nine months to prepare the sale, seek BNR approval and conduct the actual auction[14].

A sale would generate money without any requirement for appropriation. After such money was deposited into the CBCA, General Administration could either use their own acquisition authorities to buy property or work jointly with the DNR. Once acquired, General Administration would manage the property, using routine site planning processes to develop the new state offices.

Appendix: Other Relevant and Significant RCWs

Direct Transfers

RCW 79.01.001	Allows direct sale of land to resolve realty trespass.
RCW 79.01.009	Originally submitted by program in 1991 to set up asset replacement account and to transfer direct to public agencies for nonpermanent dispositions of trust lands.
RCW 79.01.216	Provides land sales are to be made on terms and conditions set by the Board in light of market conditions.
RCW 79.01.048	Board of appraisers.
RCW 79.01.084	Appraisal, sale and lease of state lands – Blank forms of applications.
.088	Who may purchase or lease – Application – Fees.
.092	Inspection and appraisal – Minimum price of lands for educational purposes – Improvements on land.
.093	Statutes not applicable to state tidelands, shorelands, harbor areas, and the beds of navigable waters.
.094	Powers of department over lands granted to state for educational purposes.
.095	Economic analysis of state lands held in trust – Scope – Use.
.096	Maximum and minimum acreage subject to sale or lease – Exception Approval by legislature or regents – Duration of leases – Alteration of leases.
RCW 79.01.148	Deposit by purchaser to cover value of improvements
.152	Witness – Compelling attendance, examination, etc., in fixing values.
.164	Classification of land after timber removed – Lands for reforestation reserved.
.172	Disposition of crops on forfeited land.
.184	Sale procedure – Fixing date, place, and time of sale – Notice – Publication and posting – Direct sale to applicant without notice, when.
.188	Sale procedure – Pamphlet list of lands or materials – Notice of sale, proof of publishing and posting.

[13] The assumption is based on the following ranges: 50% of the tract is timbered, timber prices is $300-350/thousand board feet, merchantable stands have 30 to 35 thousand board feet to the acre and that the value of non-timbered forest land is $800/acre.

[14] After the sale, the money would be transferred to the CBCA and the Governor would sign a deed. If the property were sold/transferred to a public entity (RCW 79.01.009), there would be no auction; funds would be transferred to the CBCA. A deed may or may not be prepared, depending on the receiving public entity.

.192	Sale procedure – Additional advertising expense.
.196	Sale procedure – Place of sale – Hours – Reoffer – Continuance.
.200	Sale procedure – Sales at auction or by sealed bid – Minimum price – Exception as to minor sale of valuable materials at auction.
.204	Sale procedure – Conduct of sales – Deposits – bid bonds.
.208	Sale procedure – Re-advertisement of lands not sold.
.212	Sale procedure – Confirmation of sale.
.216	Sale procedure – Terms – Deferred payments, rates of interest.
.220	Sale procedure – Certificate to governor of payment in full – Deed.
.224	Sale procedure – Reservation in contract.
.228	Sale procedure – Form of contract – Forfeiture – Extension of time.
.236	Subdivision of contracts or leases – Fee.
.240	Effect of mistake or fraud.
RCW 79.01.300	Leased lands reserved from sale – Exception.
.301	Sale of lands used for grazing or other low priority purposes which have irrigated agricultural potential – Applications – Regulations.
RCW 79.66	Land Bank
RCW 79.66.010	Legislative finding.
.020	Land bank – Created – Purchase of property authorized.
.030	Exchange or sale property held in land bank.
.040	Management of property held in land bank.
.050	Appropriation of funds from forest development account or resource management cost account – Use of income.
.060	Reimbursement for costs and expenses.
.070	Land bank technical advisory committee.
.080	Identification of trust lands expected to convert to commercial, residential, or industrial uses – Hearing – Notice – Designation as urban lands.
.090	Exchange of urban land for land bank land – Notification of affected public agencies.
.100	Lands for commercial, industrial, or residential use – Payment of in-lieu of property tax – Distribution.

Trust Land Acquisitions

RCW 43.30.150	Purchases approved by Board of Natural Resources acting as Board of Appraisers.
RCW 43.30.265	Real property asset base – Natural resources real property replacement account.
RCW 79.66.010	Legislative finding.
.020	Land bank – Created – Purchase of property authorized.
.030	Exchange or sale property held in land bank.
.040	Management of property held in land bank.
.050	Appropriation of funds from forest development account or resource management cost account – Use of income.
.060	Reimbursement for costs and expenses.
.070	Land bank technical advisory committee.
.080	Identification of trust lands expected to convert to commercial, residential, or industrial uses – Hearing –Notice – Designation as urban lands.
.090	Exchange of urban land for land bank land
.100	Lands for commercial, industrial, or residential use – Payment of in-lieu of property tax – Distribution.

Trust Land Exchanges

RCW 76.12.050	Exchange of lands to consolidate and block up holdings or obtain – lands having commercial recreational leasing potential.
.060	Exchange of lands to consolidate and block up holdings – Agreements and deeds by commissioner.
.065	Exchange of lands to consolidate and block up holdings – Lands acquired are subject to same laws and administered for same fund as lands exchanged.

RCW 79.08.015	Exchange of land under control of department of natural resources – Public notice – News release – Hearing – Procedure.
RCW 79.08.180	Exchange of state lands – Additional purposes – Conditions.
.190	Exchange of lands to facilitate marketing of forest products or to consolidate and block up state lands – Lands acquired
.200	Exchange of lands to facilitate marketing of forest products or to consolidate and block up state lands – Agreements, deeds, etc.
RCW 79.66.030	Exchange or sale of property land in land bank.
RCW 79.66.090	Exchange of urban land for land bank land
RCW 79.01.096	160 acre maximum. Sale proceeds under this authority go to the permanent fund per State Constitution, except for trust without a permanent fund (e.g., Capitol Building Trust).
RCW 79.01.100	Platting requirement.
RCW 79.01.124	Selling timber separate from land.

Equal Value Exchanges

The Washington State Department of Transportation (WSDOT) has initiated an *Equivalent Value Exchange Program* based on the following authority:

RCW 47.12.063, Surplus real property program.

(1) It is the intent of the legislature to continue the department's policy giving priority consideration to abutting property owners in agricultural areas when disposing of property through its surplus property program under this section.

(2) Whenever the department determines that any real property owned by the state of Washington and under the jurisdiction of the department is no longer required for transportation purposes and that it is in the public interest to do so, **the department (of Transportation) may sell the property or exchange it in full or part consideration for land or improvements or for construction of improvements at fair market value to any of the following governmental entities or persons: (emphasis added)**

(a) Any other state agency;

(b) The city or county in which the property is situated;

(c) Any other municipal corporation;

(d) Regional transit authorities created under chapter 81.112 RCW;

(e) The former owner of the property from whom the state acquired title;

(f) In the case of residentially improved property, a tenant of the department who has resided thereon for not less than six months and who is not delinquent in paying rent to the state;

(g) Any abutting private owner but only after each other abutting private owner (if any), as shown in the records of the county assessor, is notified in writing of the proposed sale. If more than one abutting private owner requests in writing the right to purchase the property within fifteen days after receiving notice of the proposed sale, the property shall be sold at public auction in the manner provided in RCW 47.12.283;

(h) To any person through the solicitation of written bids through public advertising in the manner prescribed by RCW 47.28.050;

(i) To any other owner of real property required for transportation purposes; or

(j) In the case of property suitable for residential use, any nonprofit organization dedicated to providing affordable housing to very low-income, low-income, and moderate-income households as defined in RCW 43.63A.510 and is eligible to receive assistance through the Washington housing trust fund created in chapter 43.185 RCW.

(3) Sales to purchasers may at the department's option be for cash, by real estate contract, or exchange of land or improvements. Transactions involving the construction of improvements must be conducted pursuant to chapter 47.28 RCW or Title 39 RCW, as applicable, and must comply with all other applicable laws and rules. (emphasis added)

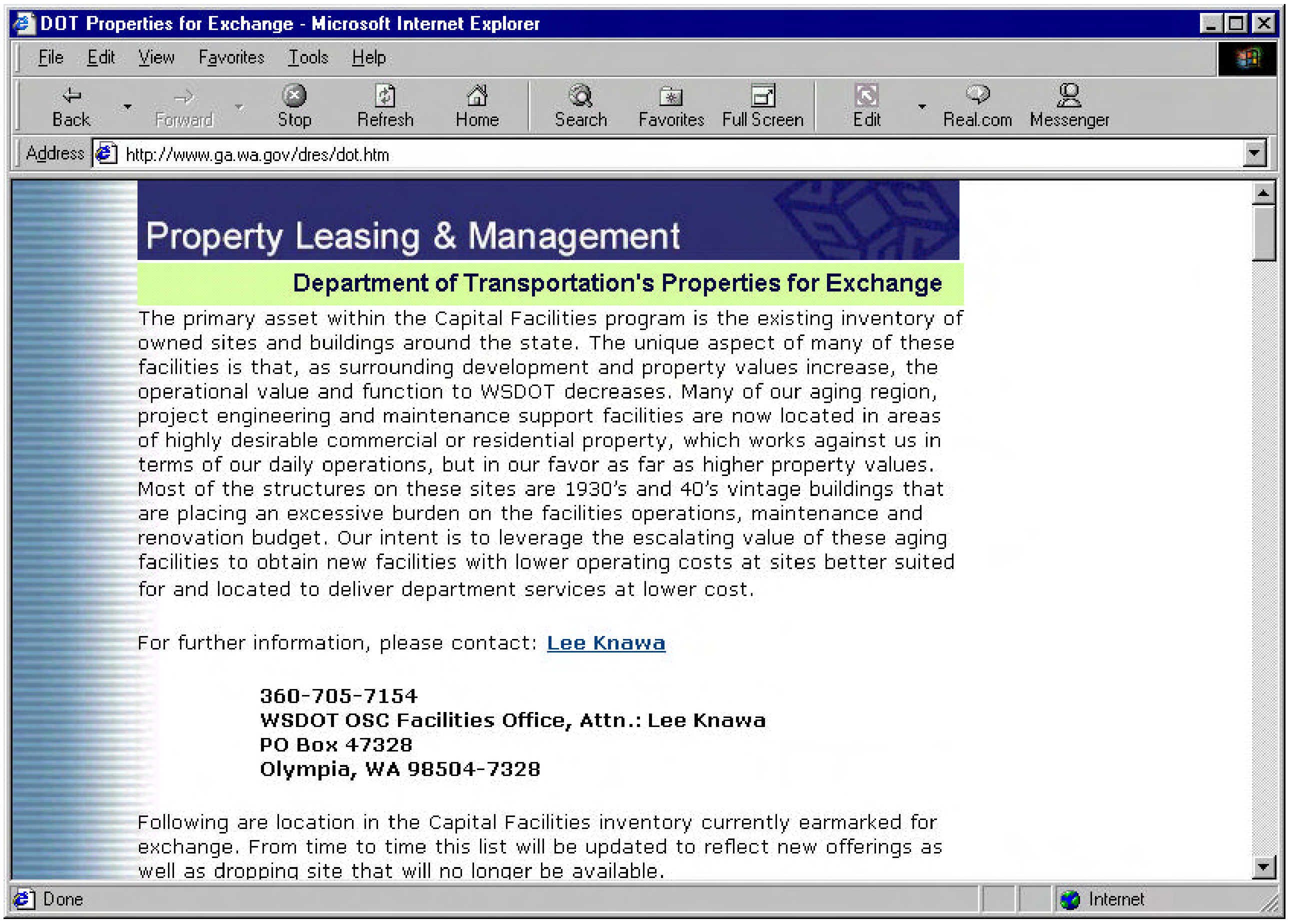
(4) Conveyances made pursuant to this section shall be by deed executed by the secretary of transportation and shall be duly acknowledged.

(5) All moneys received pursuant to the provisions of this section less any real estate broker commissions paid pursuant to RCW 47.12.320 shall be deposited in the motor vehicle fund. [1999 c 210 § 1; 1993 c 461 § 11; 1988 c 135 § 1; 1983 c 3 § 125; 1977 ex.s. c 78 § 1.]

Finding – 1993 c 461: See note following RCW 43.63A.510.

This Exchange Program is targeted to many of their older facilities that range in age from the 1930's to the 1950's. These facilities have limited functionality to respond to today's transportation system support needs because they are very old, are now in urban settings, and where a higher and better use would be to return them to the tax roles by replacing them with newer and better located facilities outside prime urban areas.

GA is working with WSDOT on this exchange program. More complete and up to date information is presented on GA's web site at www.ga.wa.gov/dres/DOT.htm The following page contains screenshots of this site.



DOT Properties for Exchange - Microsoft Internet Explorer

Address: http://www.ga.wa.gov/dres/dot.htm

Property Leasing & Management

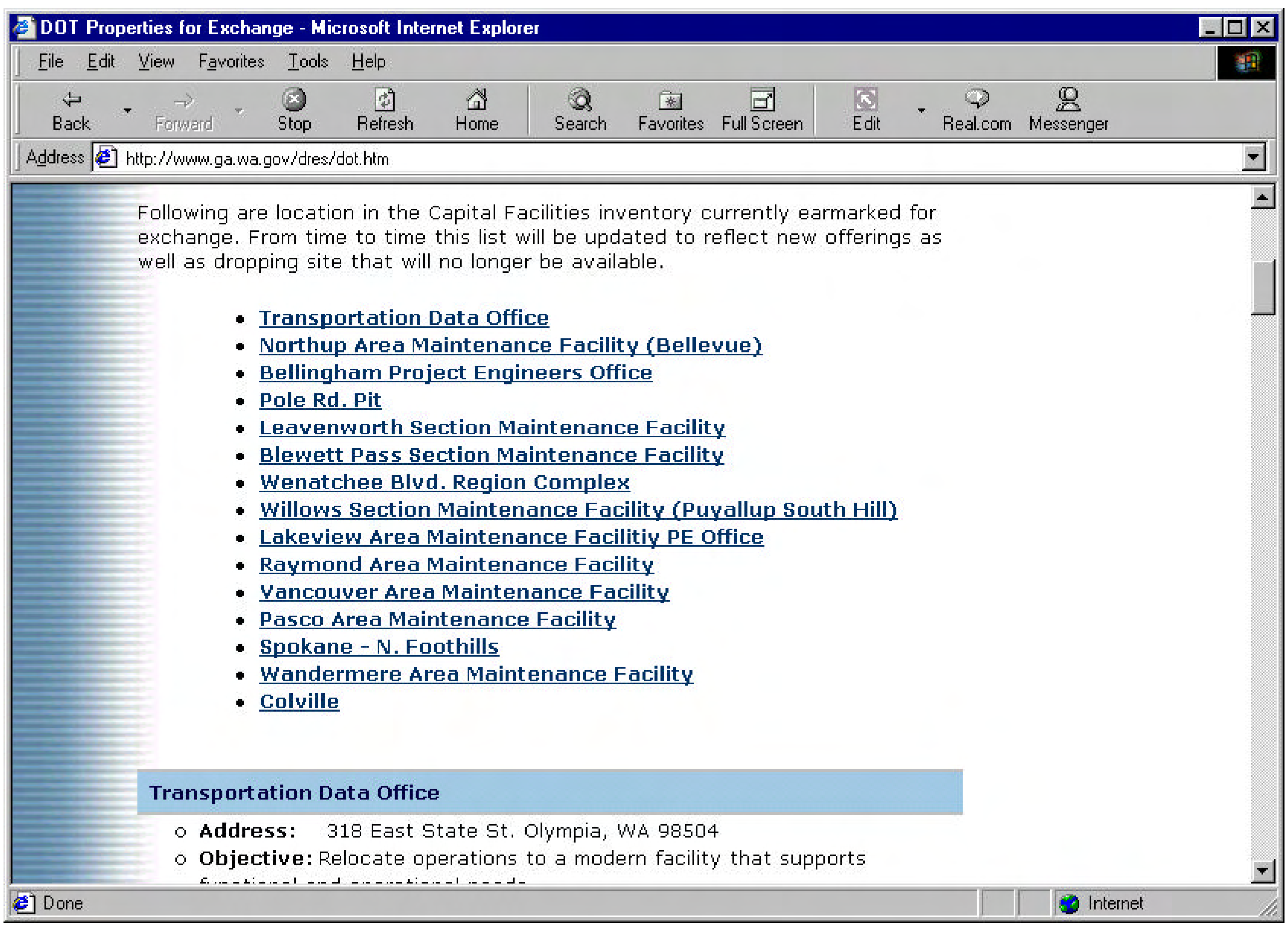
Department of Transportation's Properties for Exchange

The primary asset within the Capital Facilities program is the existing inventory of owned sites and buildings around the state. The unique aspect of many of these facilities is that, as surrounding development and property values increase, the operational value and function to WSDOT decreases. Many of our aging region, project engineering and maintenance support facilities are now located in areas of highly desirable commercial or residential property, which works against us in terms of our daily operations, but in our favor as far as higher property values. Most of the structures on these sites are 1930's and 40's vintage buildings that are placing an excessive burden on the facilities operations, maintenance and renovation budget. Our intent is to leverage the escalating value of these aging facilities to obtain new facilities with lower operating costs at sites better suited for and located to deliver department services at lower cost.

For further information, please contact: Lee Knawa

360-705-7154
WSDOT OSC Facilities Office, Attn.: Lee Knawa
PO Box 47328
Olympia, WA 98504-7328

Following are location in the Capital Facilities inventory currently earmarked for exchange. From time to time this list will be updated to reflect new offerings as well as dropping site that will no longer be available.



DOT Properties for Exchange - Microsoft Internet Explorer

Address: http://www.ga.wa.gov/dres/dot.htm

Following are location in the Capital Facilities inventory currently earmarked for exchange. From time to time this list will be updated to reflect new offerings as well as dropping site that will no longer be available.

- Transportation Data Office
- Northup Area Maintenance Facility (Bellevue)
- Bellingham Project Engineers Office
- Pole Rd. Pit
- Leavenworth Section Maintenance Facility
- Blewett Pass Section Maintenance Facility
- Wenatchee Blvd. Region Complex
- Willows Section Maintenance Facility (Puyallup South Hill)
- Lakeview Area Maintenance Facilitiy PE Office
- Raymond Area Maintenance Facility
- Vancouver Area Maintenance Facility
- Pasco Area Maintenance Facility
- Spokane - N. Foothills
- Wandermere Area Maintenance Facility
- Colville

Transportation Data Office

- **Address:** 318 East State St. Olympia, WA 98504
- **Objective:** Relocate operations to a modern facility that supports functional and operational needs

Facility Land Banking

As noted above, GA introduced legislation in 1991 to provide a means to acquire and hold real property for future state needs. The purpose of the requested authority was to minimize state costs, facilitate the location of future state facilities, and support local land use and growth management policies.

Substitute House Bill 1563 is presented over the next five pages.

H-1760.4

SUBSTITUTE HOUSE BILL 1563

State of Washington 52nd Legislature 1991 Regular Session

By House Committee on Capital Facilities & Financing (originally sponsored by Representatives Schmidt, H. Sommers, Anderson, Belcher, Neher, Brumsickle, Betrozoff and Rasmussen; by request of Department of General Administration).

Read first time February 22, 1991.

AN ACT Relating to a facility land bank; adding a new chapter to Title 79 RCW; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

<u>NEW SECTION.</u> Sec. 1. The legislature finds that it may be desirable for the department to acquire land or real property, before legislative appropriation for specific facility projects, in order to eliminate or reduce speculation by landowners that could cause state land purchase costs to be artificially inflated and in order to ensure that state facility development occurs at the most desirable locations. The purpose of this chapter is to provide a means to facilitate such acquisitions so that costs are minimized and state facilities can be located consistent with state master plans, local land use plans, and sound growth management principles. It is not the intent of the

legislature to encourage facility land bank property acquisitions solely for revenue-producing purposes.

NEW SECTION. Sec. 2. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Department" means the department of general administration.

(2) "State offices or other state facilities" means offices, office support facilities, or real property required for the housing of state agencies.

NEW SECTION. Sec. 3. The department, subject to the approval of the state capitol committee, may purchase or acquire real property or interests in real property at or below fair market value to be held in a facility land bank, which is hereby created within the department. Property so acquired shall be consistent with an office of financial management-approved capital plan and shall be limited to real property that is desirable for addition to the public lands of the state because of its value as a potential location for state offices or other state facilities. The department shall not exercise the right of eminent domain provided for in chapter 8.04 RCW to acquire property for the facility land bank. The department shall not acquire property to be held in the facility land bank where development of state offices or other state facilities will not occur for ten or more years, unless a longer term capital plan has been approved by the office of financial management.

NEW SECTION. Sec. 4. The department, with the approval of the state capitol committee, may:

(1) Sell property held in the facility land bank at fair market value to any state agency, including the department, after specific legislative approval has been granted to develop state offices or other state facilities on the property;

(2) Exchange property held in the facility land bank for any other public lands of equal value administered by the department or the department of natural resources, including any lands held in trust, and that has greater potential for development of state offices or other state facilities;

(3) Exchange property held in the facility land bank for property of equal or greater value that is owned publicly or privately, and that has greater potential for development of state offices or other state facilities; and

(4) Sell property held in the facility land bank in the manner provided by law for the sale of state property and use the proceeds to acquire property for the facility land bank that has greater potential for development of state offices or other state facilities.

NEW SECTION. **Sec. 5.** The department shall manage the property held in the facility land bank as provided in chapter 43.82 RCW. However, properties or interest in properties held in the facility land bank shall not be withdrawn, exchanged, transferred, or sold without first obtaining (1) payment of the fair market value of the property or interest therein, or property of equal value in exchange; and (2) approval of the state capitol committee.

NEW SECTION. **Sec. 6.** (1) There is created a state lands management fund in the custody of the state treasurer to be used solely for the following purposes: (a) Purchasing or acquiring an interest in real property under section 3 of this act; and (b) the actual transaction and closing costs necessarily incurred by the department in acquiring, exchanging, and disposing of facility land bank real property.

(2) Moneys in the state land management fund may be spent only after appropriation. Only the director of the department or the director's designee may authorize expenditures from the state lands management fund, subject to approval of the state capitol committee.

(3) All receipts from the sale of property held in the facility land bank shall be returned to the state lands management fund and may be used to acquire property under section 3 of this act.

NEW SECTION. **Sec. 7.** (1) There is hereby created a facility land bank technical advisory committee, consisting of one member qualified by experience and training in matters pertaining to land use planning and real estate appointed by the governor; one member qualified by experience and training in public property matters appointed by the state auditor; and one member qualified by experience and training in financial matters appointed by the state treasurer. Members shall serve at the pleasure of the appointing official.

(2) The technical advisory committee shall provide professional advice and counsel to the state capitol committee regarding facility land bank sales, purchases, and exchanges.

(3) Members of the technical advisory committee shall be appointed for five-year terms and shall serve until a successor is appointed. All terms shall expire December 31st. Vacancies shall be filled by the appointing authority. The initial term of the appointee of the governor shall expire December 31, 1994. The initial term of the appointee of the state auditor shall expire December 31, 1995. The initial term of the appointee of the state treasurer shall expire December 31, 1996.

(4) Members of the technical advisory committee shall be reimbursed for travel expenses incurred in the performance of their duties under RCW 43.03.050 and 43.03.060.

NEW SECTION. **Sec. 8.** The department shall report annually on properties acquired, exchanged, or sold from the facility land bank, and on all properties held within the facility land bank. The report shall be submitted to the fiscal committees of the legislature by September 1st each year, and shall describe activities for the previous fiscal year.

NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act shall constitute a new chapter in Title 79 RCW.

NEW SECTION. **Sec. 10.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 11.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect July 1, 1991.

Section II. Agency Level Planning Update

AGENCY SUMMARIES: STATE AUDITOR, PERSONNEL, EMPLOYMENT RELATIONS COMMISSION, OFM, STATE LOTTERY, RETIREMENT SYSTEMS, BOARD OF INDUSTRIAL INSURANCE APPEALS, CORRECTIONS, DIS, HEALTH CARE AUTHORITY, LIQUOR CONTROL BOARD, STATE PARKS, AGRICULTURE, SECRETARY OF STATE, UTC, INSURANCE COMMISSIONER, DEPARTMENT OF PRINTING, GAMBLING COMMISSION, FINANCIAL INSTITUTIONS, STATE LIBRARY, GOVERNOR, HIGHER EDUCATION COORDINATING BOARD, STATE BOARD OF COMMUNITY AND TECHNICAL COLLEGES, STATE TREASURER, SUPREME COURT, OFFICE OF ADMINISTRATIVE HEARINGS, STATE INVESTMENT BOARD, JLARC, VETERAN'S AFFAIRS, IAC, WORKFORCE TRAINING & EDUCATION COORDINATING BOARD, HUMAN RIGHTS COMMISSION, PDC, GENERAL ADMINISTRATION

Office of the State Auditor

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Executive Management, Audit Management	416 14th Ave (State Owned)	10,569	20	$11.99	$126,722	0
Fiscal, Budget, Human Resources, Information Services, Audit Operations/Teams	210 11th Avenue (State Owned)	23,714	96	$11.99	$284,331	0

Department of Personnel

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Director's Office, Admin Services Division, Personnel Services	521 Capital Way S	32,400	120	$12.77	$413.748	Not Available
Human Resource Division Services, PSD, HRISD-LAN/OA Office	600 S Franklin (State Owned)	28,578	50	$10.85	$310,071	Not Available
Human Resource Information Services Division (HRISD)	4224 6th Avenue	13,422	75	$9.85	$132,207	Not Available
Employee Advisory Service	3400 Capitol Blvd	1,148	4	$8.35	$9,586	Not Available

Public Employment Relations Commission

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
PERC (Single Program Agency)	711 Capital Way	4,877	20	$14.00	$68,278	No Change

Office of Financial Management

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Accounting Division	6639 Capital Way	24,000	85+	$14.90	$357,600	.25 FTE
Wash Commission for National Community Services	515 E 15th (State Owned)	4,320	8	$12.50	$54,000	None
OFM/IS	1063 S. Capitol Way (State Owned)	768	6	$10.00	$7,680	None
Workfirst	1063 S Capitol Way (State Owned)	433	3	$10.61	$4,594	None
Headquarters, Budget, Policy	14th & Water (State Owned)	39,601	130	$9.00	$356,412	18 FTEs

Washington State Lottery

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Administrative Services Warehouse	7860 C 29th Ave	13,745	4	$6.80	$93,466	None
Headquarters	814 4th Ave	26,102	106	$12.58	$328,363	-11 FTEs
Region 4	*In search of 1,000-1,400 sf	1,000 to 1,400	TBD	TBD	TBD	+11 FTEs

Department of Retirement Systems

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Entire agency except Files Unit	6835 Capital Blvd SE	57,441	265	$15.84	$909,865	49 FTEs in 01-03 biennium
Files Unit	5075 Lambskin St SW	5,250	8	$9.32	$48,930	None

Board of Industrial Insurance Appeals

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Main Headquarters Office	2430 Chandler CT. SW	48,874	114	$13.06	$638,294	10% over next 5 years

Department of Corrections

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Community Corrections	3700 Martin Way	5,055	21	$13.02	$65,816	2 FTEs over next 5 years
Community Corrections	715 E 8th	3,982	10	$13.02	$51,846	2 FTEs over next 5 years
Headquarters	410 W 5th/411 W 4th	89,953	295	$11.26	$1,012,871	5 FTEs over next 5 years
Information Technology	406 Legion	11,000	40	$14.10	$155,100	None
SW Regional Headquarters	4317 6th Ave	7,000	25	$12.05	$84,350	5 FTEs over next 5 years

Department of Information Services

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Telecommunications	605 11th Ave SE	13,954	27	$10.93	$152,517	None
Administration	1110 S Jefferson	24,878	87	$13.10	$325,902	None
Warehouse	7827 Arab Dr	12,748	7	$5.95	$75,851	None
Computer Services	1310 Jefferson St	25,086	112	$13.35	$334,898	None
Telecommunications	512 12TH Ave SE	23,155	82	$12.65	$292,911	None
Telecommunications	4224 6th Ave SE	3,861	1	$12.95	$50,000	None
DIS Data Center	1115 Washington St (State Owned)	67,849	135	$13.53	$917,997	None

Health Care Authority

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Administrative Services	3819 Pacific Avenue	7,975	11	$8.72	$69,542	None
Basic Health, Human Resources, Accounting	4522 Pacific Avenue	15,178	75	$12.58	$190,939	None
Basic Health	637 Woodland Sq Lp	18,104	65	$10.73	$194,256	None
PEBB, CHS, HCP, Executive, Communications, Contracts, Finance/Admin, Information Services and Medical Director	676 Woodland Sq Lp	33184	125	$11.45	$379,957	None

Liquor Control Board

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Liquor & Tobacco Enforcement	2425 Bristol Ct SW	2,464	7	$10.17	$25,059	2-5 FTEs over next Biennium
Headquarters	3000 Pacific Ave	44,393	172	$13.23	$587,319	2-5% over next 5 years

Washington State Parks

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Headquarters	7150 Cleanwater Ln	27,237	116	$9.00	$240,000	Unknown
Storage	1020 85th Ave	2,200	0	$4.00	$8,700	None
Storage	1020 85th Ave	432	0	$5.00	$2,100	None
Storage	8441 Old Hwy 99	225	0	$6.00	$1,320	None
Storage	7547 Henderson	50	0	$11.00	$528	None
Engineering	Natural Resources Building (State Owned)	6,500	14	$8.80	57,200	Unknown

Department of Agriculture

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Warehouse, storage, animal, grain, soil, gypsy moth labs	3939 Cleveland	15,057	29	$10.30	$155,087	.5% increase over next 5 years
Weights & Measures	2747 29th SW	3,384	3	$8.87	$30,016	“
Headquarters	1111 Washington (State Owned)	43,258	125	$17.00	$753,386	“

Secretary of State

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Corporations/Charities	801Capitol Way (State Owned)	23,385	50	$12.18	$221,006	Unknown
Elections, Certification & Training	120 E Union (State Owned)	2,214	3	$11.00	$24,354	Unknown
Storage	120 E Union (State Owned)	125	0	$ 2.74	$343	Unknown
Elections, Voter Registration	1007 S Washington St (State Owned)	6,561	25-50	$11.14	$73,090	Unknown
Archives	Archives Building (State Owned)	47,900	0	Unknown	Unknown	Unknown
Headquarters	416 14th Ave (State Owned)	10,190	26	$8.73	$89,978	Unknown
Fiscal, Productivity Board	6330 Capitol Blvd.	6,000	17	$10.70	$64,200	Unknown

Utilities and Transportation Commission

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
UTC Attorneys General; Headquarters	1400 Evergreen Park Dr SW	15,647	60	$12.03	$188,233	2 FTES next biennium
Headquarters	1300 Evergreen Pk Dr SW	37,107	94	$11.65	$423,297	2 FTEs next biennium

Office of the Insurance Commissioner

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Company Supervision Division; Legal Division	420 Golf Club Road	5,694 1,200	25	$13.50 $16.00	$76,869 $19,200	Unknown
Consumer Advocacy Division	4224 6th Ave (Bldg 4)	9,300	30	$10.79	$100,347	None
Operations Division; Consumer Protection	4224 6th Ave (Bldg 5)	9,126	33	$12.00	$109,512	None
Headquarters & Administration	14th & Water (State Owned)	17,199	66	$8.73	$150,147	None

Department of Printing

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Main Plant	7580 New Market St SW	58,250	102	$9.00	$524,250	5 new staff in 2000
Copy Center 1	210 Columbia (State-Owned)	2,201	4	$36.00	$79,236	None
Copy Center 5	7171 Clearwater Lane	960	1	$21.00	$20,160	None
Copy Center 6	300 Desmond Dr (State Owned)	2,500	6	$9.24	$23,100	None
Copy Center 7	304 15th Ave (State Owned)	757	1	$7.07	$5,352	None
Copy Center 8	1115 Washington St SE (State Owned)	1,219	1	$36.00	$43,884	None
Copy Center 14	1400 Evergreen Pk Dr	260	1	$9.00	$2,340	None

Washington State Gambling Commission

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Regulation & Control	720 Sleater Kinney	1,227	3	$14.43	$17,706	None
Regulation & Control	649 Woodland Sq Lp	21,338	97	$11.38	$242,826	14 FTEs over next 5 years
Regulation & Control	2607 Martin Way E	3,069	13	$16.81	$51,590	None

Department of Financial Institutions

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Consumer Services & Administration, Banks, Credit Unions, Securities	210 – 11th Ave (State Owned)	26,914	80	$8.74	$235,228	Unknown

State Library

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Warehouse	7510 New Market	6,382	0	$7.49	$47,862	None
Library	415 15th Ave SW (State Owned)	48,700	90	$9.78	$476,285	None

Office of the Governor

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Governor's Office/Staff	416 14th Ave (State Owned)	14,553	35	$8.80	$128,066	Unknown

Higher Education Coordinating Board

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
GET, HPLRP, Veterans Admin St. Approving Agency, Degree Authorization Act, Capital GEAR-UP	1603 Cooper Pt Rd	3,838	15	$14.60	$56,035	2 FTEs
Headquarters	917 Lakeridge	15,300	61.5	$13.45	$205,785	9 FTEs

State Board for Community and Technical Colleges

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	319 7th Ave	18,516	67	$14.21	$263,112	None

Office of the State Treasurer

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Headquarters, Administration, Bond Debt, Investment, Public Deposition Commission	416 14th Ave (State Owned)	10,008	27	$9.20	$97,073	3 FTEs next biennium
Accounting, Cash Management, Information Services, Computer Operations, Warrant Management)	210 11th Ave (State Owned)	18,833	47	$12.00	$265,336	5 FTEs next biennium

Supreme Court

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	415 12th St SW (State Owned)	42,222	60	$9.00	$380,940	None

Office of Administrative Hearings

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Hearings	2425 Bristol Ct SW	6,317	16	$9.90	$62,538	None
Headquarters/Hearings	919 Lakeridge Wy	6,600	18	$13.52	$89,232	None
Hearings	921 Lakeridge Wy	6,483	14	$13.00	$84,279	None

State Investment Board

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	2424 Heritage Ct SW	17,850	57.5	$13.76	$245,616	3 FTEs per biennium between 2003-20013

Joint Legislative Audit and Review Committee

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	506 E 16th Ave (State Owned)	2,800	20	$9.99	$27,720	Unknown

Department of Veterans' Affairs

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Veterans' Services; Admin. Services	1011 Plum St	11,056	35	$13.30	$147,045	Unknown

Interagency for Outdoor Recreation

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	1111 Washington St SE (State Owned)	7,824	26	$8.80	$68,851	4 next year

Workforce Training and Education Coordinating Board

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	124 10th Ave	8,168	28.7	$15.67	$127,993	None

Human Rights Commission

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	711 Capitol Wy	4,972	52.5	$12.25	$60,907	None

Public Disclosure Commission

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Single Program Agency	711 Capitol Way	5,775	25	$14.95	$86,336	None

Department of General Administration

Division/Program	Thurston County Locations	Rentable Square Feet	# of Employees	Facilities Cost PSF/YR*	Total Annual Facilities Cost	Estimated Projected Increase in Staff
Headquarters and all but one division	210 – 11th Ave (State Owned)	73,214	288	$8.80	644,000	22
Division of Capitol Facilities (does not include trades & service staff that work in buildings)	1058 S. Capitol Way	10,300	32	$4.28	$44,000	
Consolidated Mail Services	Legion/Cherry	33,000	81	$8.15	$269,000	
State Motor Pool	1310 Fones Rd.	13,349	17	$12.81	$171,000	
Central Stores Warehouse	7511 New Market	56,550	36	$2.63	$148,000	

**Facilities Cost PSF/YR* has been adjusted to include rent, janitorial and utility costs. Revised August 9, 2000

REVISED DOH CONSOLIDATION CONCEPT AND BUDGET REQUEST

Background

DOH is located in 21 buildings in four locations in Thurston County. This fragmentation adversely affects customer service, results in costly multiple operating systems and makes effective and efficient management of the agency more difficult.

The Governor's 2000 supplemental budget request contained funding and approval for the Department of Health to consolidate its offices in Thurston County. The proposal was for a developer to build for lease with an option to buy in five years. This request was not approved by the legislature.

Status

The need for consolidation remains. DOH is committed to working with OFM, GA, the Legislature and stakeholders to reach a solution, and will request approval for consolidation in its 01-03 budget request to the Governor. To this end DOH and GA have identified a modified proposal for proceeding with consolidation.This proposed approach is described below. Attached is a set of Questions and Answers about this concept. We encourage and welcome comments.

Elements of Modified Consolidation Proposal

1. Specific Siting: The Tumwater Town Center, recently confirmed by the State Capitol Committee as a state Preferred Development Area, has at least 4 parcels developable within the time frame for this project, and the state would commit to a DOH facility in this area. This area includes state owned property, both leased and unleased Port of Olympia property and developer owned property.
2. Lease vs. Own: Both DOH and GA believe that a single building and lease with option to buy is the most cost effective alternative. However, DOH is open to considering other arrangements that the market place may identify, including phases and long term lease, if these can be shown to better meet the business needs of the department.
3. Procurement Process: A one-step approach is proposed. The state would invite proposals from the development community on any of the four suitable parcels in either single or multiple phases.
4. Selection Process: A juried process would be used to evaluate proposals against established criteria. One of the criteria would be financial and budget impacts over the building service life. The JLARC model would be used to evaluate proposals against these criteria. The jury would be chaired by the Secretary of the Department of Health and would include other top officials from the public and private sectors.
5. Lease Backfilling: GA is committed to working better with DOH's five landlords to address if and how each vacated building would be backfilled by the state.

Questions and Answers about DOH’s Concept

Q: How is this proposal different from that made to the 2000 Legislature?

This proposal is more location specific, permits both multiple and single phased proposals from developers, makes state-owned and unleased Port-owned property available for developers to propose on, is more open on the question of state ownership, leaving it up to the market place to offer better proposals than the state has identified as its preferred approach (such as long term leases or ownership reversion at the conclusion of a long term lease), and is more clear about the state’s willingness to make building specific re-leasing commitments for some property that would be vacated when DOH moves into its new facility.

Q: Why is the location limited to the Tumwater Preferred Development Area (PDA)?

The Tumwater PDA was selected for 4 reasons:

1. The state must develop its 22-acre site next to Labor and Industries by 2003 or it can be re-acquired by the Port of Olympia at its $4.08 million 1993-purchase price. If the Jury does not select the state site, the Port might nevertheless give the state a time extension in exchange for a large state project that would begin the re-development of this mostly Port-owned site. The Port would probably also require additional conditions for an extension depending on which site was finally chosen.
2. Tumwater is the least expensive location for DOH because of land costs, because much of the land is already publicly owned, and because project parking can be initially satisfied with surface lots.
3. It would take one to two years longer to construct the project on other state-owned land or in northern Downtown Olympia area because, in the case of Olympia, sufficient property would have to be assembled, off-site infrastructure requirements are less well defined or more costly, and SEPA work and permitting would take longer than in Tumwater.
4. The state can begin immediately working with Tumwater and the Port to clarify development and design requirements and address regional issues such as storm water management and parking while the state is seeking legislative approval and then developing its Request for Proposals, saving several months.

Q: Why must DOH eventually own the building?

Eventually owning is important for both budget and control reasons. First, once DOH moves into its new headquarters it would occupy it permanently. Applying the JLARC financial model over the lifetime of the building shows both a discounted net positive benefit and a budget cash flow benefit to owning. Specific developer proposals may provide lower overall costs than the state prospectively estimated, however, allowing the state to change its earlier conclusion about economic and budget benefits to purchasing the building at year five.

State control is also critical. Eventual state ownership is more likely to provide a higher certainty of sustained high level of building performance over the building’s service life than a long term lease where the state’s only option is to move if the state’s landlord does not adequately maintain or solve building problems. Abandoning a leased building on state-owned land would cause additional problems.

SUMMARY OF AGENCY 01-03 BUDGET REQUESTS TO OFM FOR ADDITIONAL SPACE

Agencies were required to submit their budget requests for the next 10 years to OFM in September. The Governor will consider those requests as he prepares the 2001-2003 budget that will be submitted to the Legislature in December. The office building requests that GA is aware of are briefly summarized below.

For the 2001-2003 biennium, agencies have identified three lease developments of at least 30,000 square feet:

- 315,000 square foot headquarters to consolidate Department of Health Thurston County operations.
- 70,000 square foot Community Services Office for DSHS
- 30,000 square feet of temporary office space to allow renovation of Office Building 2

For the 2003-2005 biennium, GA requested:

- 175,000 square foot alternatively financed state office to co-locate between 20 and 30 small state agencies, boards and commissions.

For the 2005-2007 biennium, Labor & Industries requested:

- 120,000 square foot addition to its Tumwater headquarters building with pre-design and design to be completed during 2003-2005.