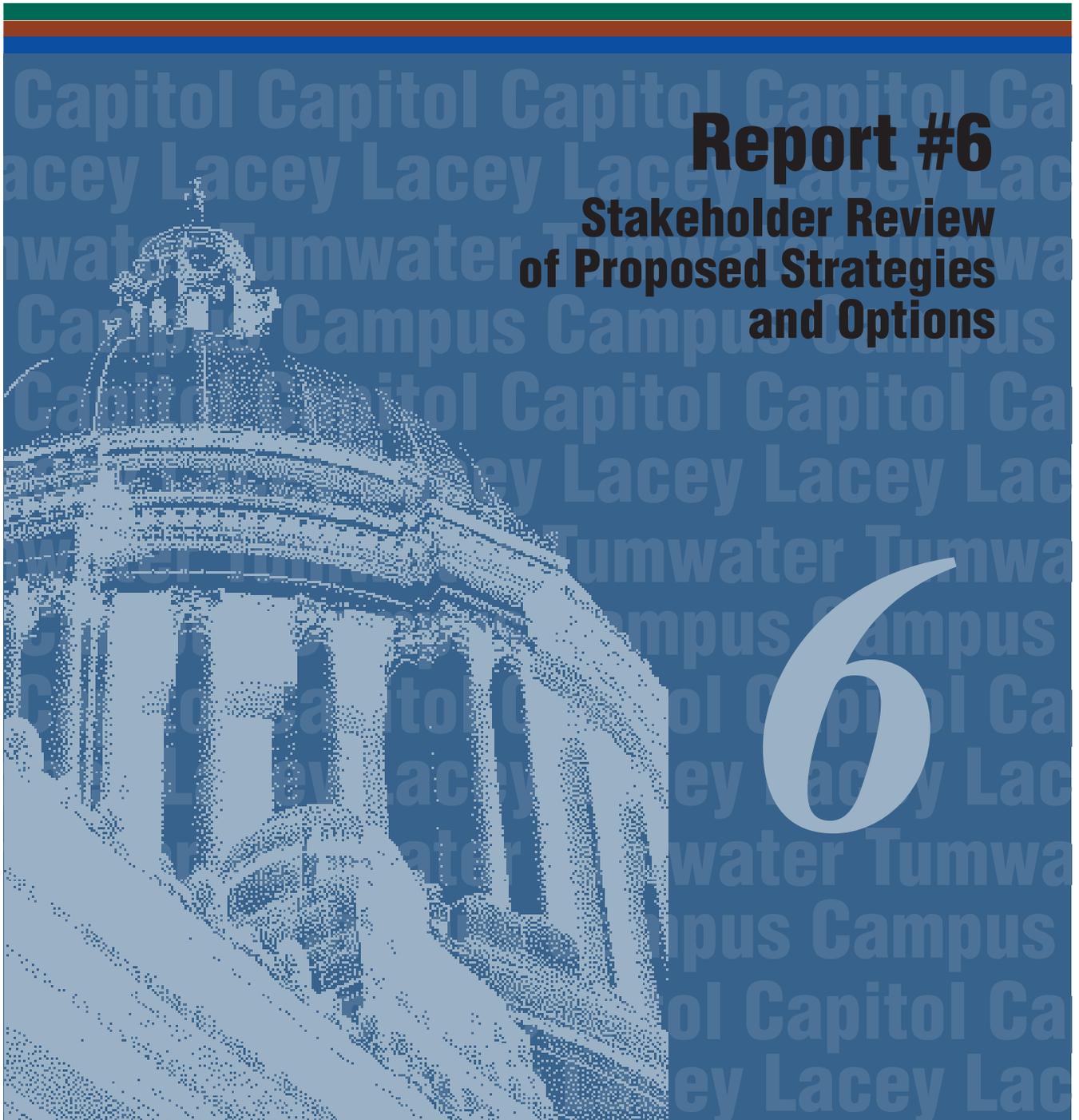


# *Thurston County Lease and Space Planning*



## **Report #6** **Stakeholder Review** **of Proposed Strategies** **and Options**

# 6



Washington State Department of  
**General Administration**

*October 2000*

**Report No. 6 – Table of Contents**

**PREFACE ..... 3**

**EXECUTIVE SUMMARY ..... 7**

**INTRODUCTION ..... 9**

**OVERVIEW ..... 11**

Key Facts .....11

Historic Office Development Trends .....14

**KEY CONCLUSIONS..... 16**

**PRELIMINARY POLICIES ..... 19**

**NEXT STEPS ..... 27**



---

## Preface

### The Assignment from the Legislature

This is the sixth of seven reports on the 18-month Department of General Administration-led Thurston County Lease and Space Planning Project. The 99-01 Capital Budget appropriated \$100,000 to the Department of General Administration for a Thurston County Office Space Study (1999 c 379 s 942). The 1999 Legislature directed the Department of General Administration (GA) to

...conduct an analysis of future state office space needs in Thurston County, by agency, for the next ten years. GA is to consult with state agencies, private developers, and building owners to determine the inventory of space available and planned over the next ten years in government and non-government buildings. Planning for state office expansion shall consider the impact on current office space.

This direction grew out of the following concerns:

- The principles of the 1991 Master Plan for the Capitol of the State of Washington (1991 Master Plan) were not being followed.
- The impacts on local government of state-initiated private development were not sufficiently coordinated.
- A long-term state policy on leasing facilities had not yet been developed.
- Larger new leases were being signed without sufficient legislative and executive budget review.
- The capacity of the private sector to meet state office needs the state was not being fully considered.

This report invites your help in answering the question:

**How and where should state government be housed in  
Thurston County over the next 10 years?**

## GA's Goals

The Department of General Administration hopes this study will result in:

1. Authority from the Governor, State Capitol Committee and then the Legislature for a comprehensive program to meet the business needs of state government through a multi-year program to develop both leased and owned state offices.
2. Facilities that:
  - 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 benefits that include, but are not limited to, the exemplary design of state buildings, wise use of energy and other natural resources, and adherence to local growth management policies.
3. A program of state-initiated public and private development that complements the community development goals of Olympia, Tumwater and Lacey.
4. Broad support by the Legislature, state agencies, local government and the public.

## Summary of Reports 1 – 5: The Foundation

**Report 1** summarizes legislative direction from standing law and the 99-01 Capital, Operating and Transportation budgets. The report begins to gather together relevant reference materials. It also details GA's plan for assessing facility needs, defines facility performance and cost standards, reviews current state management practices, and develops improved ways to plan for new leased and owned office space.

**Report 2** identifies potential Olympia and Tumwater sites that could meet the needs of new state projects, special requirements associated with developing those sites including potential mitigation, and reviews how project options conform to the 1991 Master Plan. It also provides background on state procurement practices, the JLARC lease versus ownership cost model, and building standards.

**Report 3** provides additional lease and space planning information including more specific information regarding space needs for five large agencies. It lays the groundwork for decisions in six policy areas: facility costs, leasing versus owning, growth, locating state offices in preferred areas, standards, and executive and legislative decision making.

**Report 4** summarizes how state government currently plans its new leased or owned office space.

**Report 5** updates planning and analysis occurring from June through September and summarizes planning and policy direction provided to GA by the State Capitol Committee. In addition, it summarizes policies, planning and design principles from the 1991 Master Plan that are, in almost every respect, still applicable today. The current planning effort builds on those tested concepts.

## Master Plan Principles

State master plans in 1959, 1970, 1982 and 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 sets 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.
- Develop according to sound growth management principles.

### **Stakeholder Groups Affected**

Publication of Report 5 completed the information gathering foundation for the public phase of the project. Report 6 initiates this public comment phase, 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.

Four stakeholder groups are affected by Thurston County lease and space planning and office development:

- The taxpayer and community residents.
- State agencies and their employees.
- Local governments.
- State landlords and private developers.

The public phase of this study is oriented to these groups.

### **Report 6 Distribution**

Copies of this and Reports 1-5 are available on GA's web site at [www.ga.wa.gov/report/facility](http://www.ga.wa.gov/report/facility)  
This site also includes the following master plans:

- Master Plan of the Capitol for the State of Washington (1991).
- The Capital Community: Tumwater Campus (1992).
- The Capital Community: Lacey Campus (1993).

**Report 6** will 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](mailto:gfredri@ga.wa.gov)



---

## Executive Summary

Report 6 is a high level summary of 15 months of information gathering, analysis and work with state agencies, local government and the state's landlords. We are asking your help in answering the question; ***How and where should state government be housed in Thurston County over the next 10 years?***

This report presents *Key Facts* (pg.10) that provide the demographics of 2.7 million square feet of state leased space. The number of leases is very large and growing, and leased offices are widely distributed throughout the three cities. Many of the leases are for relatively small amounts of space. Much of the leased space is more than 20 years old. The same is true for state-owned office buildings.

Except for two small historic buildings, the state has not acquired new owned space since 1993. The state owns undeveloped land planned for offices in Olympia, Tumwater and Lacey.

As agency fragmentation continues, consolidation is an important business objective for most fragmented agencies. Fifteen agencies are in five or more office buildings.

The demand for new office buildings will continue to increase because older owned and leased buildings are wearing out and because state government employment continues to grow, though not as fast as in the past. Between 550,000 and 1.2 million square feet of new office space may be required over the next 10 years. However, this analysis suggests a planning target of 800,000 square feet of new private and/or public development. An 800,000 square foot plan can be accelerated if state needs increase faster, or slowed if demand of new state office space is slower.

An important question to be answered during October and November and one of the objectives of Report 6 is to promote discussion about whether the state should meet its facility needs as it did in 1989 with a master-planned program of state construction, as it is doing now with as-needed lease development, or whether the state should develop a different approach to meets its future office space needs.

Four study conclusions are described in this report:

- **State facilities are not ends in themselves, but rather means to providing quality services to citizens and to operating government efficiently.**
- **Value, affordability and the wise use of taxpayer dollars are considerations in facility-related decisions.**
- **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.**
- **Better coordinated planning would benefit state agencies, our communities, and developers.**

A preliminary policy framework is also offered for public discussion:

### **Policy 1.** Management of Existing Facilities

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

- Optimal customer service delivery and agency performance.
- Maximum consolidation and co-location.
- 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, rather than intermittent way.

**Policy 3. Standards**

The state will only build or lease new office space if the space 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.

A set of strategies to implement each of these policies is also offered for consideration.

Finally, a set of both specific and general questions is offered to invite and encourage further discussion with taxpayers and community residents, state agencies and their employees, local government and developers and state landlords.

December 12<sup>th</sup> marks the formal conclusion of this study. On this date, the State Capitol Committee will make its final decisions. The next report, Report 7, will be submitted to the Legislature in late December 2000 incorporating the State Capitol Committee policy direction.

---

## Introduction

This report begins to look ahead and answer the critical planning question: *What is the best way to meet state government's housing needs over the next ten years?*

We hope to create a dialogue on this topic among all parties, based on the information and data provided in the previous five reports. This dialogue will enable us to develop a sound, thoughtful long-term consensus plan for housing state government in Thurston County.

This report begins the dialogue in six preliminary policy areas:

- Management of existing owned and leased facilities.
- Development of new leased and owned offices.
- Performance, quality and cost standards.
- Office locations.
- Financing state offices.
- Transportation demand management.

Public and stakeholder discussions will form the basis of the December 2000 report (Report 7) to the Legislature directed in the state capital budget, and will assist the State Capitol Committee in amending the Master Plan.

Report 6 is organized to present key facts and information first, summarizing in an "overview" the most critical information gathered and details provided in the five previous reports. References are provided throughout to guide readers to the detail provided in earlier reports. A guide to the referencing conventions follows below.

The second half of the report offers the six preliminary policies and discusses them in detail. At the end of the report, "Next Steps" explains how this study will be used to guide future planning and decision-making.

### Reference Conventions:

Reference will be made throughout this report to material presented in previous reports for those wishing to read more about a topic. The previous five reports were published between September 1999 and September 2000.

References will appear as **(R#P#)**. For example **(R1P41)** refers to the material beginning in Report 1 on page 41. Appendices were alphabetized, and may be referred to as **(R#PAp#B)**, where Ap#B indicates Appendix B.

Reports 1 through 5 are available on GA's web site at [www.ga.wa.gov/reports/facility](http://www.ga.wa.gov/reports/facility) or in hard copy or on compact disk from GA. Contact Kathleen Hoff at 902-7205 for more information.



---

## Overview

Information presented in *Key Facts* and *Historic Trends* will orient the reader to what the state has learned and to the preliminary conclusions about how state government has been and is currently housed in Thurston County.

### KEY FACTS

***The current inventory of state office space is about equally divided between leased and owned:***

#### **Leased:**

- The state leases about 2.7 million square feet of office space in Thurston County (R1P41, R2P10 and R3P43) in 166 leases.
- 2/3 of leases are inside *Preferred Leasing Areas*; 1/3 are outside *Preferred Leasing Areas*. (Note: *Preferred Leasing Areas* were designated by the State Capitol Committee on June 12<sup>th</sup>, 2000.) (R5P14)
- 34 leases (20%) are in buildings more than 20 years old. 16 of these 34 are more than 30 years old.
- 48 leases (21%) are for less than 5,000 square feet. 36 leases (16%) are more than 30,000 square feet.
- 60% of leased space is in Olympia, 22% in Lacey and 18% in Tumwater. (R4PApxA)
- Private property owners absorbed 1 million square feet of leased space vacated when agencies moved into the L&I, Natural Resources and Ecology buildings in the early 1990's, mostly with state government. There was also a net addition of 200,000 square feet of privately owned space since that period.
- Leased space has grown from 29% of state office space in 1980, to 56% in 1987, to 60% in 1990, and then decreased to 51% in 2000.
- 80% of new leases require state investment in tenant improvements (TI's). In the past 2-½ years, the state spent \$2.8 million on TI's. (R3P29)

#### **Owned:**

- The state owns about 2.6 million square feet of office space in Thurston County. (R1P45)
- The state also owns 67 acres of undeveloped property purchased for office development on the Lacey and Tumwater campuses. The undeveloped Tumwater property, with an estimated current market value of about \$6 million, must be developed by 2003 or it may be re-acquired by the Port of Olympia at its \$4.08 million 1993 purchase price. (R4P91, PRPD1)
- Two small historic buildings were purchased and rehabilitated since 1990.
- Seven properties in downtown Olympia are owned by three different state agencies.

***Initial state construction costs are relatively small compared to other agency office-related expenses:***  
(R5P42)

- Over the first 10 years, initial facility costs are only 8% of the cost of an office. Operations and maintenance (O&M) costs are 8%, but personnel represents 84% of total office costs.
- Over a normal 40-year facility life, initial facility costs are only 2%, O&M is 6% and personnel is 92%.
- The office has a 3% to 9% effect on productivity.
- The maximum contribution the workplace makes to job satisfaction is 18%, to individual performance is 3%, and to team performance is 6%.

**State Agencies in Thurston County are becoming increasingly fragmented:  
(fig. 1)**

- Over the past 10 years, 26 of 28 agency moves were to consolidate or avoid fragmentation. (R1P21)
- 15 agencies have Thurston County headquarters operations in 5 or more buildings.
- Department of Health is housed in 21 leased office buildings in 5 locations. (R4PApxJ)
- DSHS has 23 offices including one state owned office in 14 locations (R3P68)
- The 6 transportation funded agencies (DOT, State Patrol, Licensing, County Road Administration Board, Transportation Improvement Board and Traffic Safety Commission) are in 22 leased office buildings (in addition to state owned facilities) (R3P59)
- Other highly fragmented agencies are Employment Security, Attorney General, Revenue, Information Services, Corrections, Health Care Authority, and Administrator for the Courts.

**Agencies cite important benefits to consolidation of state agency functions: (R1P7)**

- Improved Service to the Public.
- Improved Agency Operating Efficiency and Effectiveness.
- Cost Reduction.
- Improved Security.

**There have been large swings over time in the demand and supply of office space:  
(fig. 2)**

**Demand** (Employment Changes in State Government):

- State general government employment in Thurston continues to grow, but slower than in the past. (R5P67)
- 2000 employment of 24,097 is 2% more than 1995 (23,509).
- 1995 employment was 19% more than 1990 (19,775).
- 1990 employment was 29% more than 1985 (15,274).

**Supply** (Availability of Office Space in Thurston County):

- Existing office space is currently in very short supply. (R4P41).
- Private developers have 50,000 square feet currently vacant and available.
- An additional 150,000 square feet is being speculatively constructed.
- Four other private developments have received formal preliminary approval but are not yet permitted by cities.
- At this time, no new state-owned space is under construction or is even approved.

## Highly Fragmented Agencies

(5 or more headquarters buildings)

- Social & Health Svcs.
- Health
- Transportation
- State Patrol
- Licensing
- Administrator for Courts
- Employment Security
- Attorney General
- Revenue
- Information Svcs.
- Corrections
- Health Care Authority

Figure 1. Highly Fragmented Agencies

## General Government Employment



While the number of employees has increased, the pace of growth has decreased.

Figure 2. General Government Employment

## HISTORIC OFFICE DEVELOPMENT TRENDS

An important question to be answered during October and November, 2000 is whether the state should meet its facility needs as it did in 1989 with a master-planned state construction program, as it is doing now with as-needed lease development, or should the state develop a different approach.

Over the past 90 years, the state has used these two very different approaches to planning and developing its office space in Thurston County, as noted in Figure 3.

As noted in the *Preface* to this report, the state completed five Capitol Campus master plans between 1911 and 1982. These plans were the basis for master planned-construction of the historic West Campus, concluding with the construction of the O'Brien Building in 1940. The General Administration Building was later built in 1956.

The trend in state construction to house a growing state workforce continued with the East Campus office buildings. The construction started in 1962, and concluded with the completion with Office Building 2 in 1975. Fourteen years elapsed before the Natural Resources Building was authorized by the Legislature in 1989.

During the construction hiatus between 1975 and 1989, there was an explosive growth of Thurston County office space, all of which was added by private developers. Individual agencies that were formerly consolidated in a single state owned office building became highly fragmented. The state's search for affordability led to a marked decline in the quality and cost of the new leased offices. Office buildings became much smaller, and they became scattered throughout Olympia, Lacey and Tumwater. Frequently, grocery stores and other retail buildings were converted to state offices.

	1911 – 1940	1956	1959 – 1975	1975 – 1989	1989 – 1996	1996 – 2000
	<i>Construction of Historic West Campus</i>	<i>GA Building Constructed</i>	<i>Construction of East Campus</i>	<i>Lease Development</i>	<i>East Campus Plus Development</i>	<i>Lease Development</i>
<b>Legislatively approved</b>	YES	YES	YES	NO	YES	NO
<b>Master Planned</b>	X		X		X	
<b>Public Development</b>	X	X	X		X	
<b>Private Development</b>				X		X
<b>Building Size</b>	Medium to Large	Large	Large to Very Large	Small to Medium	Very Large	Medium

**Figure 3. Office Development Trends**

In the past, state office construction was paid from the general fund and construction became an obligation of the state at large. Eventually lease development led to an increase in agency operating budget costs as facility costs shifted to agencies through rent payments.

1989 marked a return to public construction of state offices. The Governor proposed a four building construction program for the following agencies: (R1P25)

- The Labor & Industries Headquarters;
- The Natural Resources Building to house the departments of Natural Resources, Agriculture and Fisheries;
- The Department of Wildlife and the Interagency Committee for Outdoor Recreation later became building tenants.
- The Ecology Headquarters, the first state office financed with certificates of participation; and
- The Washington State Patrol Headquarters (later cancelled during the design process)

The first three projects were completed between 1992 to 1993, cost \$194 million and added 1 million square feet to the state's owned building inventory.

Although the 1991 Master Plan envisioned a regular program of state-owned office development, no state development has occurred since the Ecology Headquarters was completed in 1993. Instead, 10 new privately owned office buildings have been built and leased by the State, and an eleventh is under construction. The Department of Retirement Systems and the Liquor Control Board have re-consolidated their agencies, and a building now under construction will consolidate the Gambling Commission. However, fragmentation persists.

The lease-development of recent years was not anticipated by the 1991 Master Plan. Over the past two years, local and state officials have raised concerns about how the state's leasing activities conform to state policies concerning growth management, transportation demand management, community development, agency consolidation and co-location, and state development standards.

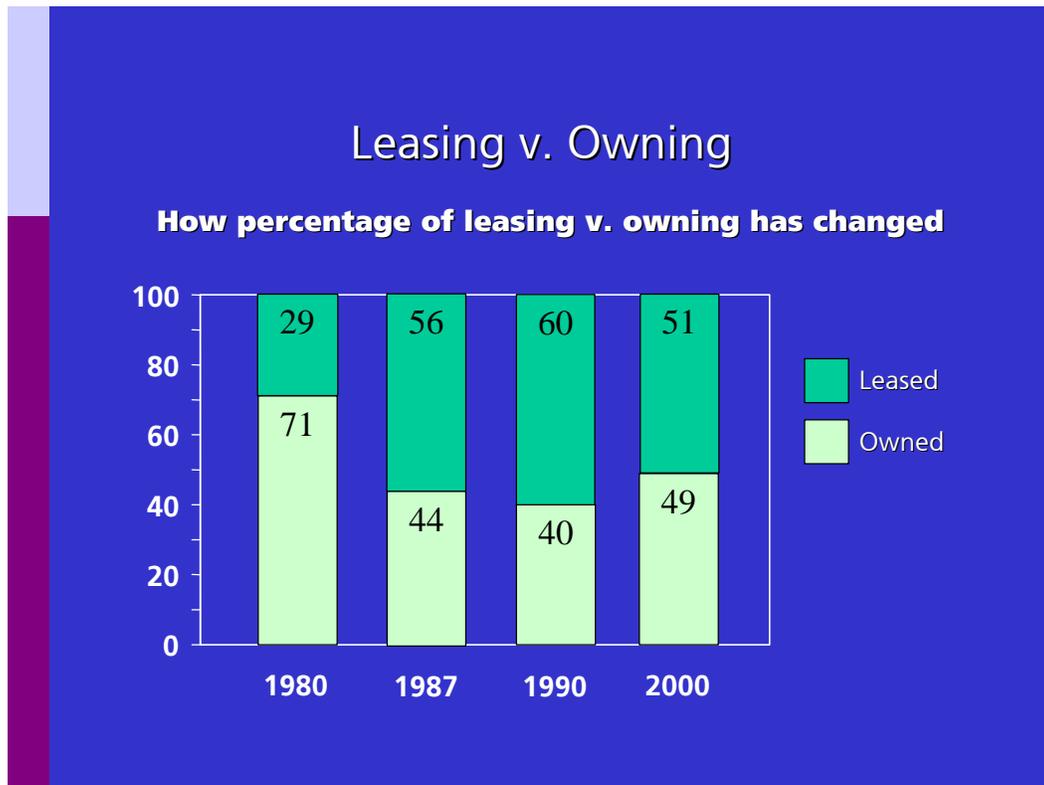


Figure 4. Leasing v. Owning

---

## Key Conclusions

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. (fig. 5)**

- 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. (fig. 6)**

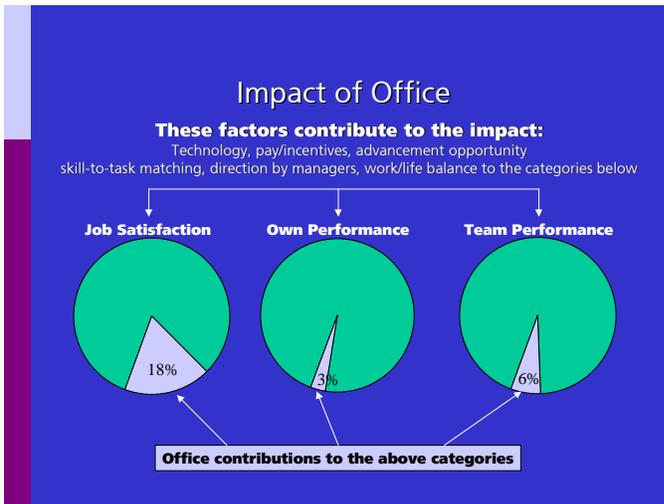
- Managing *existing* leased and owned facilities more efficiently, and giving full consideration to available existing office buildings, should come before developing *new* leased or owned facilities.
- Standards and financial analysis tools such as the JLARC and other life cycle cost and budget models 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. (fig. 7)**

- 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 in Preferred Development Areas 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. (fig. 8)**

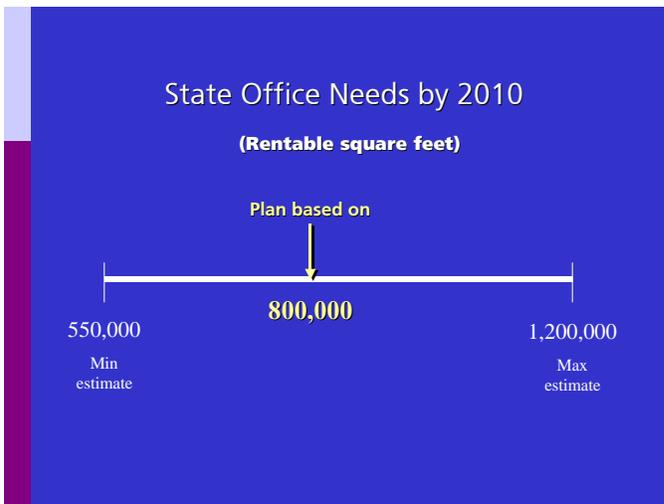
- A coordinated development program for *all* state government facilities in Thurston County would be far better for *all* those directly affected, rather than dealing separately with individual space requests.
- Policies, planning and design principles should continue to build on earlier master plans (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.



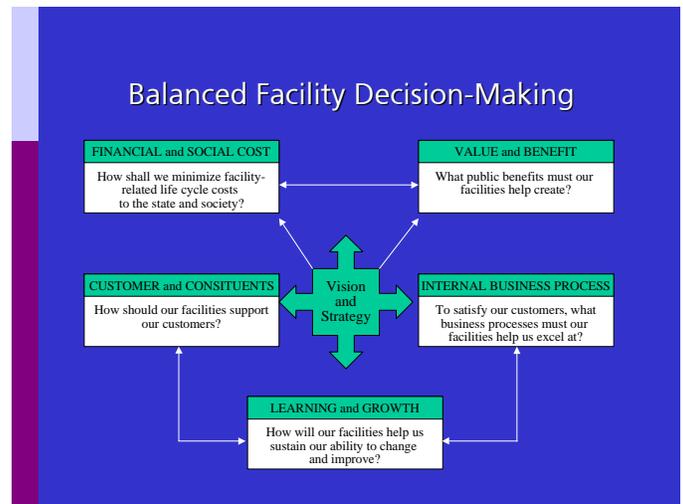
**Figure 5. Impact of Office**



**Figure 6. Office-Related Costs**



**Figure 7. State Office Needs by 2010**



**Figure 8. Balanced Facility Decision-Making**



---

## Preliminary Policies

On August 9, 2000, the State Capitol Committee, subject to broader public review and comment, adopted the following *preliminary* policies to guide GA in completing the Thurston County Lease and Space Planning project and December 2000 report to the Legislature.

These policies, once formally adopted by the State Capitol Committee and endorsed by the Legislature, will be the framework within which the state's approach to meeting its facility needs will be developed and implemented.

### **Policy 1. Management of Existing Facilities**

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

- Optimal 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, rather than 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 state offices in Preferred Development Areas (PDAs) and build-to-lease state offices in Preferred Leasing Areas (PLAs). The state may also build-to-lease in PDAs.

### **Policy 5. Finance**

State-owned offices will *generally* be financed with bonds or Certificates of Participation (COPs) 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.

## Strategies to Achieve Policy Goals

Some strategies to implement these six policies were developed in conjunction with, and are more fully described in the 1991 Master Plan. Other strategies were developed as information was gathered and analyzed over the past 17 months, as explained above. There has also been some stakeholder review and suggestions as noted throughout the lists since the State Capitol Committee meeting on August 9<sup>th</sup>.

### Policy 1. Management of Existing Facilities

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

- Optimal 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. Co-locate smaller agencies in Olympia to permit sharing of common facilities and services
4. Define required levels of performance more clearly in all leases.
5. Preserve the heritage and character of the Capitol Campus.

Preliminary New Strategies:

1. To achieve greater co-location and consolidation:
  - a. Develop improved ways to identify and evaluate opportunities for co-location and consolidation. **(R4P16)**
  - b. Reduce over time the number of leases smaller than 5,000 square feet (57 or 31% of existing Thurston County leases).
  - c. Develop a plan to swap leases between agencies to achieve higher degrees of agency consolidation. **(R4P22)**
2. To provide state landlords better information about state intentions:
  - a. Identify building leases that the state will not renew when leases expire. **(R5P78)**
  - b. Identify what the state intends to do when individual leases expire and when a new building is proposed.
3. To minimize new state construction or private lease development:
  - a. Initiate a regular program of owned and leased space rehabilitation.
  - b. Develop temporary housing for agencies that must vacate space to permit rehabilitation.
4. Preserve the heritage and character of all historic properties owned or leased by the state.

## 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, rather than 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. Coordinate the long-term plan for leasing with ownership plans each biennium.
5. Develop state facilities in phases to provide for possible future staffing increases.
6. Create distinctive buildings, attractive and easily recognizable with openness and accessibility and cluster them for the convenience of customers and employees.
7. 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 ways to partner with developers to jointly develop state offices.
3. Develop improved ways to partner with local government to jointly develop office support facilities such as parking garages and regional storm water utilities.
4. 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.
5. Develop regional approaches to provide library services to state government.
6. Develop coordinated OFM/GA/Legislature space forecasts. **(R5P67)**
7. Consolidate space requests into fewer solicitations, resulting in larger, multi-agency office buildings versus smaller, single agency buildings.
8. Concentrate first on building performance supporting agency customer service delivery and operations before considering whether a building should be owned or leased. **(R3P23, R4PA5)**
9. Leverage a portion of the 108,000 acres in the Capitol Building Trust to acquire Thurston County property recommended by cities as suitable for future state office buildings.
10. 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.
11. 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:

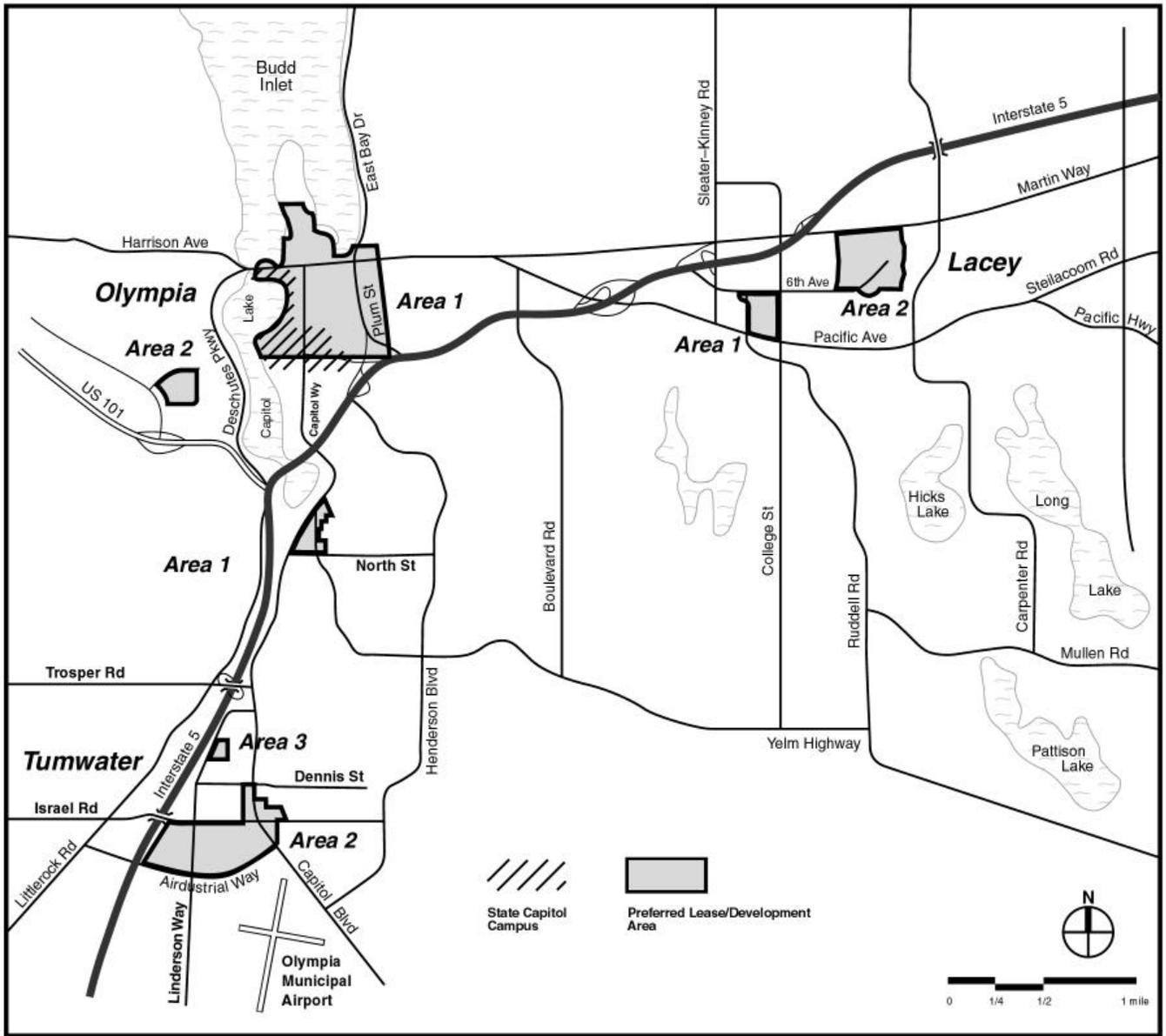
1. Develop different performance requirements and standards for leased buildings depending on size, expected occupancy and eventual ownership.
2. Develop new state facilities at satellite campuses and in preferred leasing areas that are distinctive and visually unified clusters that are convenient to customers and employees, and that are clearly identifiable as centers of government.
3. 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.
4. 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. **(R4P34 and R5P53)**
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. **(R4P28)**
3. Adopt new initial and recurring cost standards. **(R4P34)**
4. Adopt new technical and performance standards for technology, security, access, utilities, health, land use and building service life. **(R2P26)**
5. 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. **(R4P30, R5P49)**
6. Provide pre-lease design review services if requested by developers who intend to speculatively develop state office buildings.

**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.



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, 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. Promote thriving centers of urban life by helping to create a mix of public and private business when off campus state offices are developed.
7. Lease storefronts on ground floors to private retailers to augment the existing mix of retail uses in preferred development areas.
8. 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.
9. 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 4, *Master Plan Principles*.
10. Agencies with a high degree of interaction with the Legislature, the Supreme Court, the Governor and other elected officials, in addition to general government agencies, that support the functions of the three branches of government and the Capitol Campus, should be located on the Capitol Campus.
11. 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 functions and that support the legislative and government processes that must be located in or near the Legislative Buildings.
12. Facilities with potential community-related uses should be located on the northern edge of the campus.
13. Facilities with a lower expectation of public use should be located on the southern boundary of the campus to minimize neighborhood impacts.
14. 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:

1. Adopt standardized state office site evaluation and location criteria. **(R4P20)**

## **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 and commute trip reduction objectives.

Applicable Existing Master Plan Strategies:

1. Implement transportation management plans designed to:
  - Decrease the dependence of state employees on single-occupancy vehicles.
  - Encourage other transportation choices such as transit, bicycling and walking.
2. Construct and manage jointly shared parking garages with local government and/or private developers.
3. Provide subsidies or other incentives to employees who leave their cars at home.
4. 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.
5. Encourage development of parking garages to maximize usable open space in Tumwater and Lacey.
6. Cooperate with Intercity Transit and local governments in state facility development.

Preliminary New Strategies:

1. Adopt TDM and parking performance standards for new facilities. **(R4P38)**
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.



---

## Next Steps

With the completion of information gathering and analysis, the study enters the *Stakeholder Review* phase. It begins October 12<sup>th</sup> and concludes with final action of the State Capitol Committee at their December 12<sup>th</sup> meeting.

The *Legislative Review and Direction* phase coincides with the 2001 legislative session that ends in April. It is expected that the Legislature will direct one of three things:

1. Continue Thurston County lease and space planning and lease development-as-needed approach, much as it is being done today;
2. Resume coordinated master planning and develop state-owned facilities as was done from 1989-1993; or
3. Develop a different way to plan and develop state offices, probably building on the best of all the earlier and current approaches.

But first, the report to the Legislature, Report 7, must be completed with the help of taxpayers, state agencies and their employees, local government, and the state's landlords and developers. These stakeholders are asked to review the state's work to date, validate our conclusions, and answer the following questions. A full, rich and challenging discussion will help the State Capitol Committee and the Legislature make decisions and provide direction on Thurston County Lease and Space Planning.

### Key Conclusions

1. Referring to *Historic Office Development Trends* beginning on page 14, should the state use a comprehensive office development program as it did most recently in 1989, continue its current practice of lease developments on an agency request-by-agency request basis each biennium as it is doing now, or alternatively develop a new approach? Why? Should the planning horizon be longer than 10 years?
2. Referring to *Key Conclusions #1* on page 16, do you agree that state offices should be developed to (1) improve services to the public and (2) improve the efficiency of state government? If not, why?
3. Referring to *Key Conclusion #4* on page 16, how should the state more closely work with local government to include Intercity Transit and the Port of Olympia to site and develop new state offices?

### Policy 1. Management of Existing Leased and Owned Facilities. Referring to page 20,

1. Do you support the state law promoting the consolidation and co-location of state agencies? If not, why? Should the law apply to facilities other than just offices such as laboratories and warehouses?
2. How does agency fragmentation and dispersion affect you, your agency or the community? What, if anything, should the state do about it?
3. What responsibility, if any, does the state have to owners of property from whom we formerly leased?
4. Is reducing the number of leases that involve less than 5,000 square feet an appropriate strategy?
5. Are the other existing and proposed new strategies right and complete?

**Policy 2. Development of New Facilities.** Referring to page 21,

*Planning*

1. Should more state resources be put into long-range comprehensive planning? For just offices or for other state facilities?
2. How should GA help other agencies plan?

*Development Considerations*

1. What qualitative factors, if any, should affect decisions about developing new state leased or owned offices? (R4P32)

*Lease Development*

1. Should the state decrease, hold constant, or increase the amount of office space it leases in Thurston County, and why?
2. What are the concerns, if any, of state ownership versus the practice since 1993 of leasing all new state offices?
3. If the state needs 800,000 square feet of replacement and growth space over the next ten years, should we develop 15-25 smaller office buildings or 5-7 larger office buildings?

*Costs*

1. Should the state spend more money initially if the overall costs over the life of the office will be less?

*Community Development*

1. How, if at all, should the state help local government achieve its community development objectives?
2. In 1889, the federal government deeded to the state more than 108,000 acres of mostly forest but also agriculture, grazing and other lands to erect public buildings at the state capitol. Should the state sell some of this property so that it can purchase Thurston County property to ensure that the state controls enough land in its urban core to develop state offices over the next 50 years?
3. What can the state do to promote complementary development by private retail and service businesses?

*Other*

1. Are the other existing and proposed new strategies right and complete?

**Policy 3. Performance, Quality and Cost Standards.** Referring to page 22, (R2P25)

1. What differences, if any, should there be between leased and owned offices in performance, longevity, quality or appearance?
2. Are the other existing and proposed new strategies right and complete?

**Policy 4. Location.** Referring to page 23,

1. Should the state designate preferred development and leasing areas, or let the market place essentially identify where state offices should be built?
2. What changes would improve planning and siting of new leased and owned state office buildings?
3. Are the other existing and proposed new strategies right and complete?

**Policy 5. Finance.** Referring to page 25,

1. How should the state pay for newer offices at this time of tight budgets? (R2P15)
2. Are the existing and proposed new strategies right and complete?

**Policy 6. Transportation Demand Management, Commute Trip Reduction and Parking.** Referring to page 25, (R2P17, R4P13)

1. What strategies should the state adopt to minimize vehicle impacts on regional transportation and parking resources?
2. Should the state continue to favor surface parking because of its lower cost or should the state build more expensive structured parking because it creates smaller environmental impacts and makes better use of more valuable land within our city cores?
3. Are the other existing and proposed new strategies right and complete?

**Other Questions**

1. What other suggestions do you have to improve Thurston County lease and space planning?
2. What areas of the study are not fully addressed?
3. What are the most critical areas of the planning process and study that should guide decision-making?

Special meetings will be scheduled to receive input from everyone potentially affected by state office development during October and November, 2000. Individuals are also encouraged to write or e-mail GA with their questions, comment or suggestions to:

**Grant Fredricks, Deputy Director**  
Department of General Administration  
P.O. Box 41000  
Olympia, WA 98504-1000  
(360) 902-7203  
Fax: (360) 586-5898  
E-mail: gfredri@ga.wa.gov