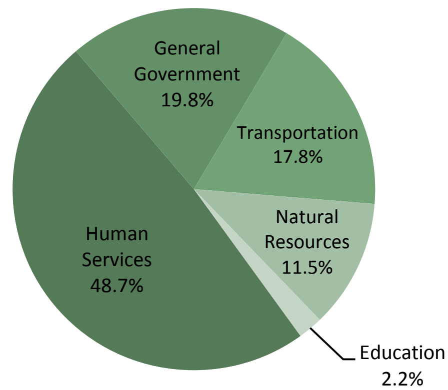
STATEWIDE RESULTS

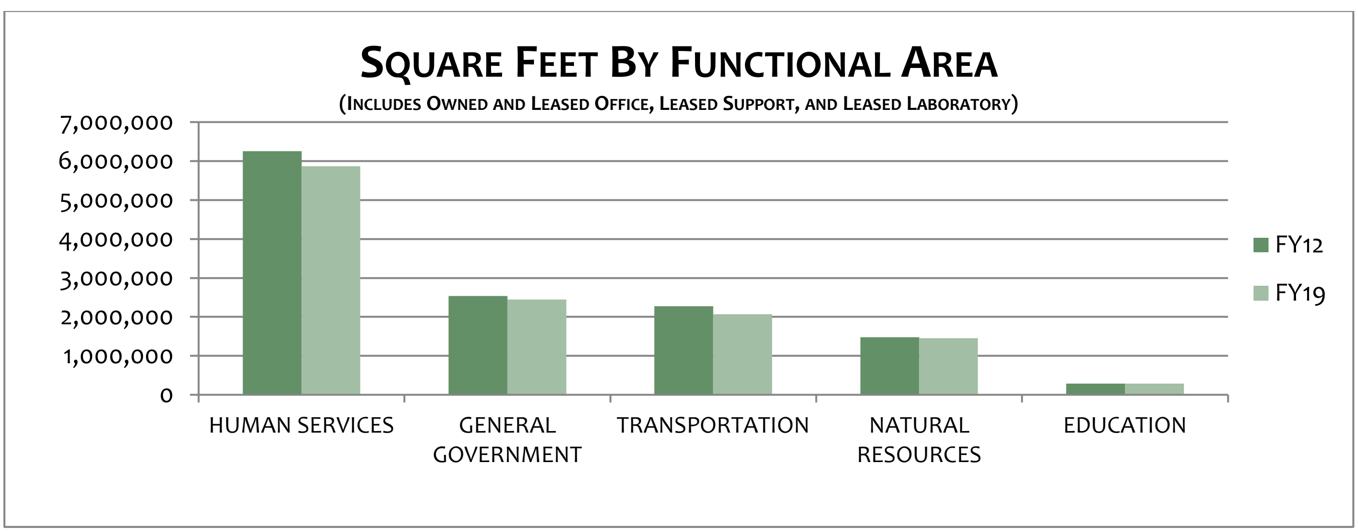
As of June 2012, the state of Washington's executive branch agencies occupy 916 leased and owned office, leased warehouse, and leased laboratory locations totaling approximately 12.8 million square feet. The state pays approximately $257.8 million in annual rent, debt service, and operating costs for these locations. The state currently averages 300 square feet per FTE at an approximate cost per FTE of $5,894. Human services agencies represent just under half of this square footage. The Department of Social and Health Services (DSHS) is the largest single agency. The adjacent chart illustrates the distribution of square footage across functional areas.



The *2013-19 Enacted Six-Year Facilities Plan* represents an ongoing effort by state agencies to meet the state's facilities goals. The Enacted Plan includes 97projects between July 2013 and June 2019, including ten multi-agency projects. The Enacted Plan also documents 67 projects underway that were expected to be complete by June 30, 2013. Projects include new facilities, expansions, relocations, downsizes, closures, and backfills. These projects reduce 661,591 square feet (-5.2 percent) of office, laboratory, and support space, down to approximately 12.1 million square feet statewide by 2019. The Enacted Plan projects an increase in lease and operating expenses of approximately $7.0 million annually (+2.7 percent) up to $264.8 million annually by 2019. This is 12.0 percent lower than projected inflation over the same period.

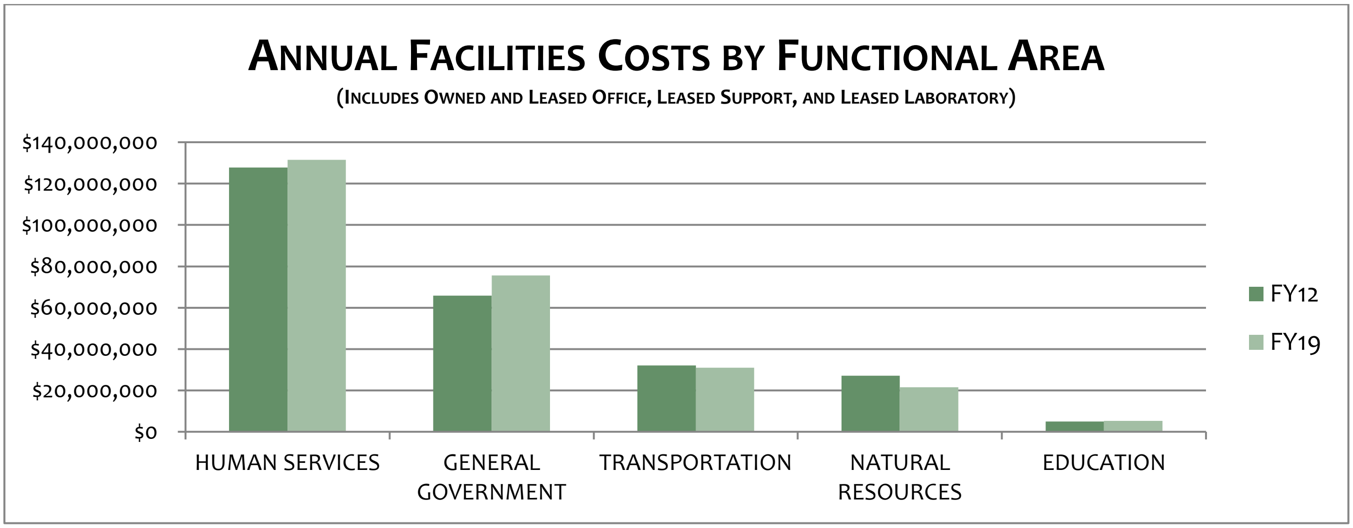
By 2019, the *2013-19 Enacted Six-Year Facilities Plan* projects minor changes in the distribution of the portfolio. Human services agencies will continue to occupy the majority of the square footage. These agencies are also expected to have the largest square footage decrease. The changes in square footage mirror recent budget reductions. The largest FTE reductions during the recession were in DSHS and the Employment Security Department. Similar FTE reductions in the Department of Transportation are reflected by the decrease in the transportation portfolio.

There is a strong correlation between the size of the portfolio and the ability to reduce the total obligated space. The larger the facilities portfolio, the more flexibility the state has to consolidate and reconfigure space within it, reinforcing the need to continue to evaluate the state's facilities portfolio using an enterprise approach. The chart below illustrates the change in square feet by functional area.



Unlike the square footage decrease, the change in annual facilities costs by functional area between 2012 and 2019 do not necessarily correlate to FTE reductions. Instead, cost changes are influenced by several factors: retirement of debt, debt service repayment for owned and leased-to-own assets, the effect of planned relocation, and inflation projections for leased space and operating expenses.

The Enacted Plan documents cost savings as the result of paying off debt service obligations; however, it does not reflect the capital expenditures that may be required to maintain these assets in the future. While inflation is assumed for future costs, market conditions for leased space cannot be fully anticipated. These costs may be controlled through aggressive negotiations on the part of DES. The chart below illustrates the change in annual facilities costs by functional area.



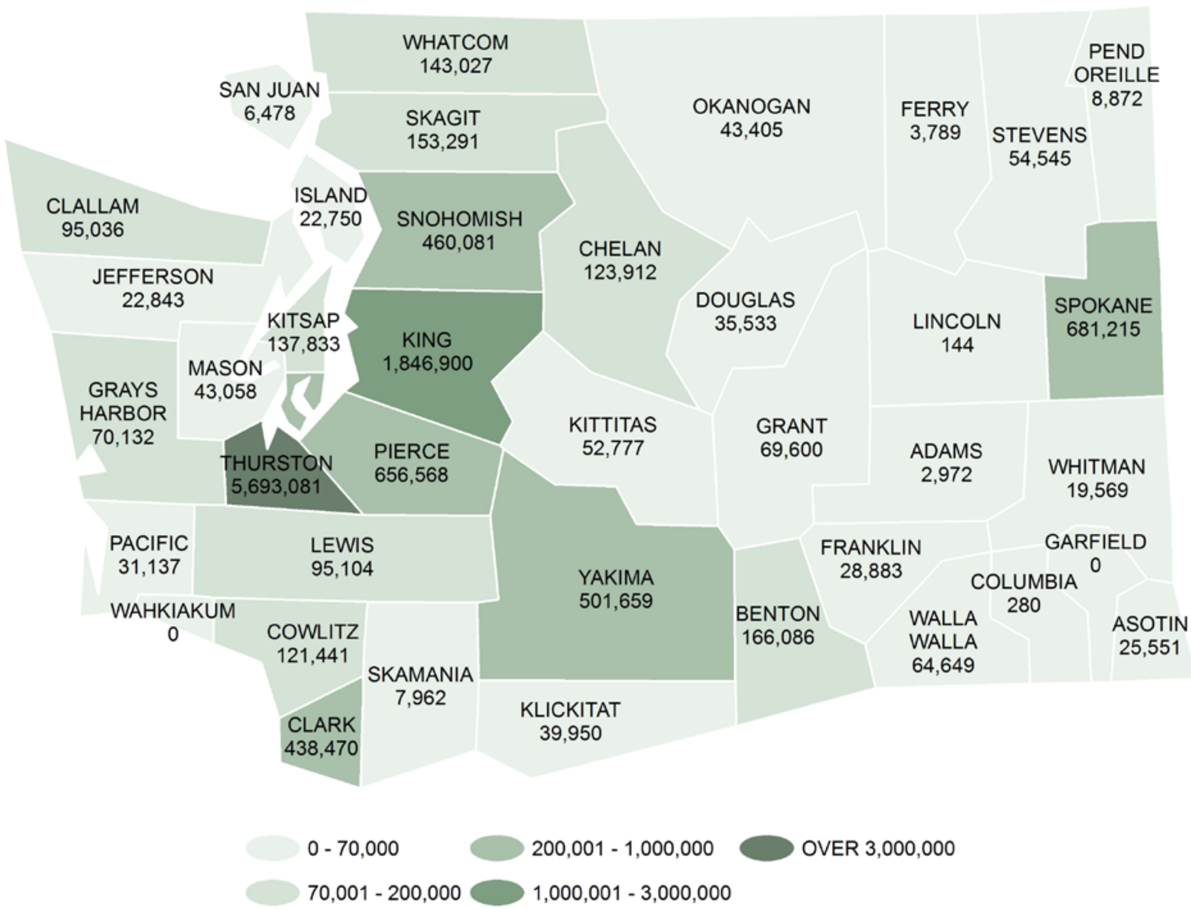
The next sections of the Enacted Plan provide details by space type including projected square footage and costs. These sections also provide the distribution of the space and planned changes by county.

Office Locations

Current Office Space

For the purpose of the *2013-19 Enacted Six-Year Facilities Plan*, office space is defined as individual, multi-person, or workstation spaces used for administrative or service functions. The uses include, but are not limited to, administrative, service delivery, conference, training, and hearings facilities. The leased and owned office spaces within the Enacted Plan's scope include 841 locations statewide. As of June 30, 2012, office locations accounted for 11,968,583 square feet at a cost of approximately $235,494,000 annually. The state currently averages 300 square feet per FTE at a cost of $5,894 per FTE in office space.

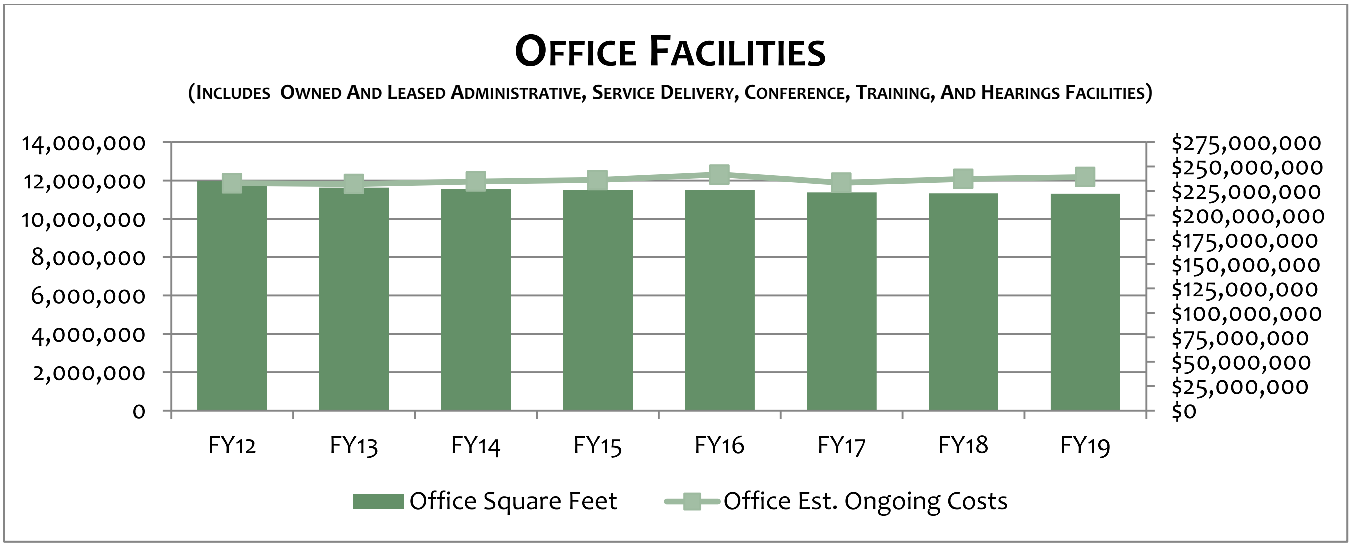
The map below shows the distribution of square feet of office space by county. The state owns or leases office space in all counties except Wahkiakum and Garfield counties.



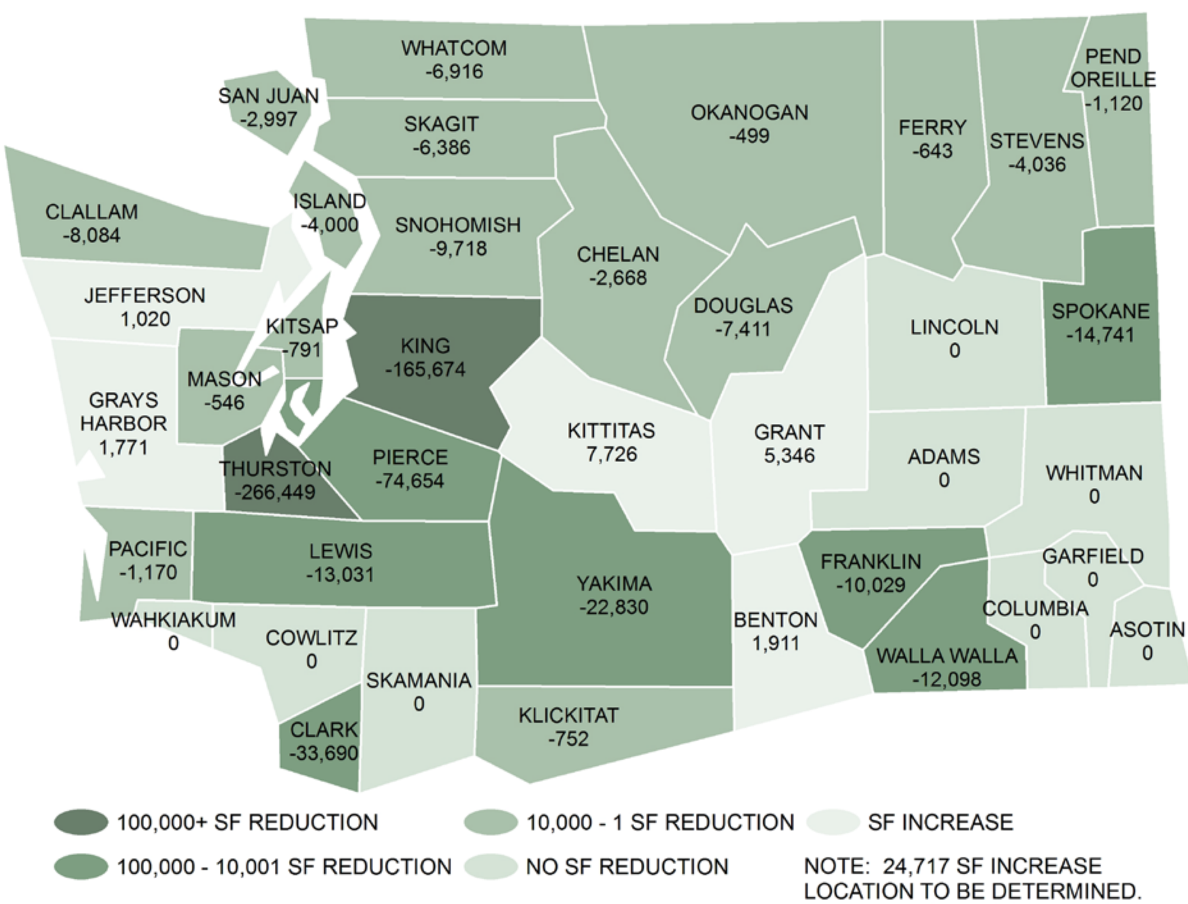
Six-Year Facilities Plan For Office Space

The Enacted Plan projects a decrease in state owned and leased offices space of 618,443 square feet (-5.2 percent) and an increase in annual costs of approximately $4.0 million (+1.7 percent) between July 2012 and June 2019. This results in a decrease of 17 square feet per FTE and an increase in cost of $85 per FTE. Square footage reductions are the result of the elimination of excess space within large state agencies and the identification of multi-agency backfill solutions across agencies. Rising facilities costs are offset by the savings achieved through these projects. Additional cost savings is the result of the retirement of debt service for two key Thurston County facilities.

The chart below summarizes the expected square feet and costs by fiscal year for office space.



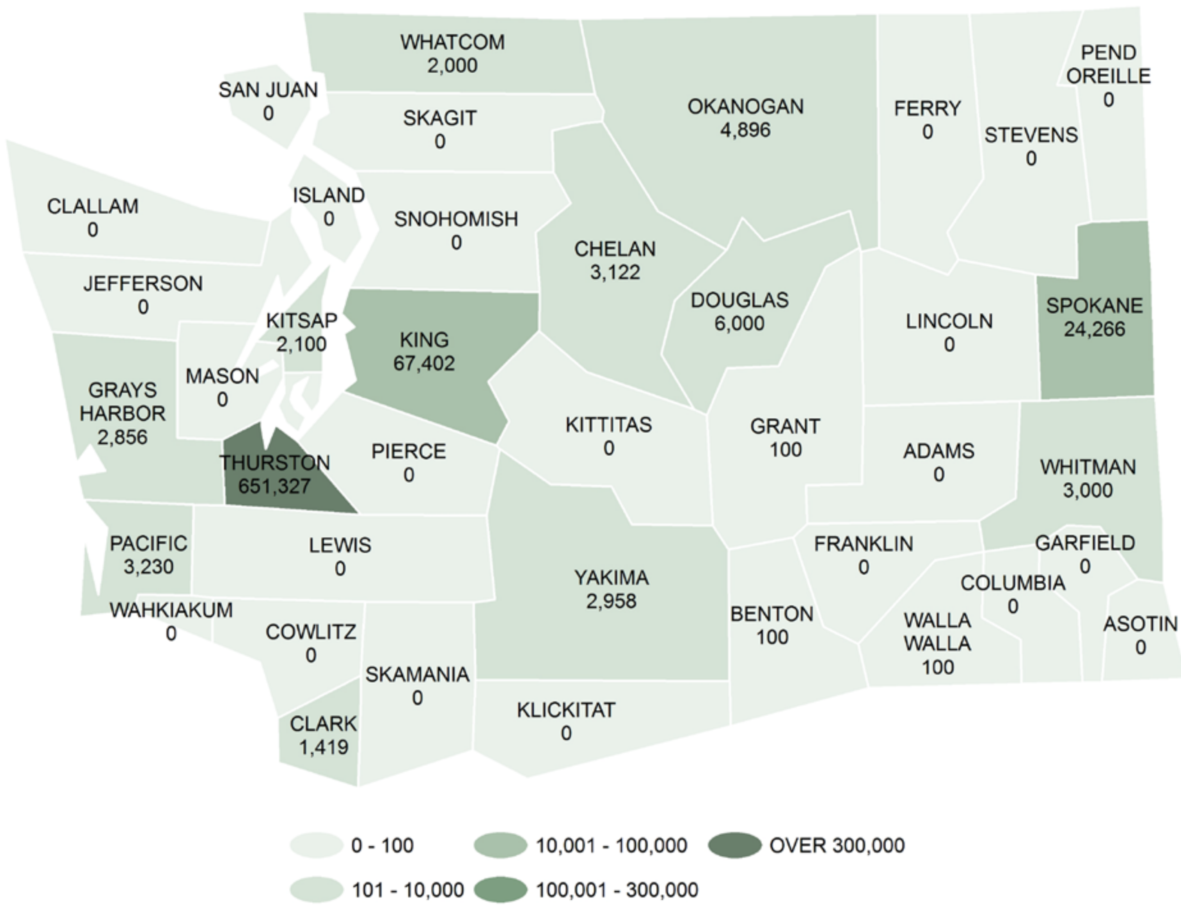
The Enacted Plan identifies square footage reductions for office space in 25 counties across the state, as a result of closing, downsizing, and backfilling excess space. The largest decreases are in Thurston and King counties. Square footage increases are projected in five counties. These increases are the result of six projects that improve service delivery in human services and natural resource agencies. The map below shows the change in square feet of office space by county.



Support Locations

For the purposes of the *2013-19 Enacted Six-Year Facilities Plan* support space is defined as auxiliary space used by an agency to maintain program operations. Uses include, but are not limited to, warehouse, storage, maintenance, manufacturing, data halls, and information technology sites. The in-scope support facilities for the Enacted Plan include 70 locations statewide. As of June 30, 2012, leased support facilities accounted for 772,776 square feet at a cost of approximately $20,933,000 annually.

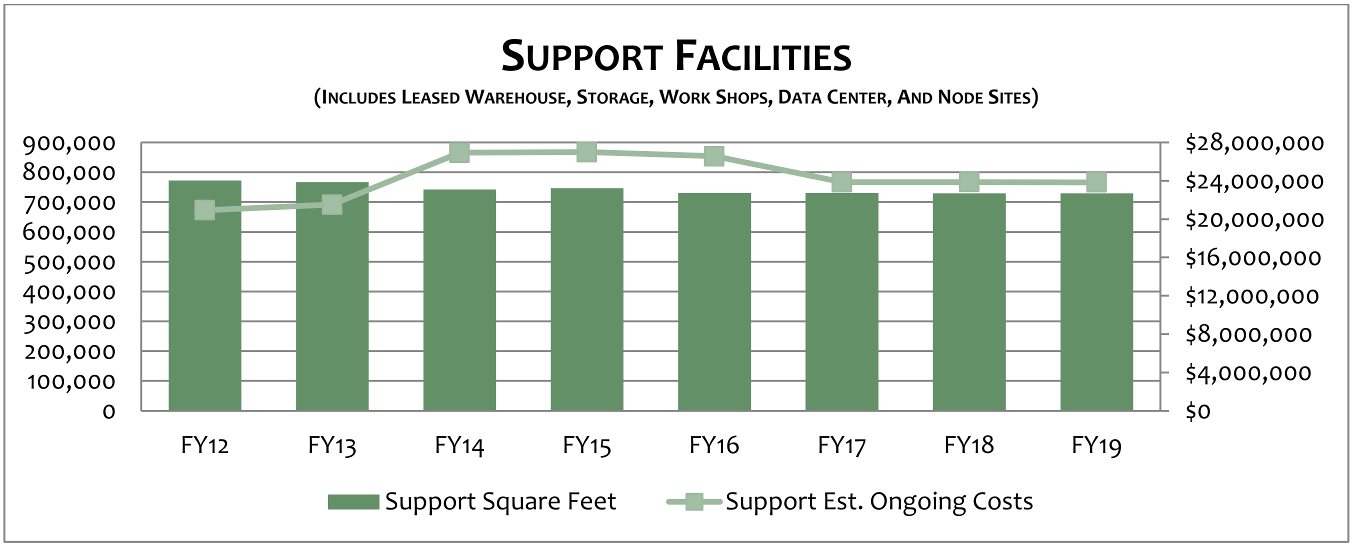
The map below shows the distribution of square feet of support space by county. The state leases support space in 16 counties.



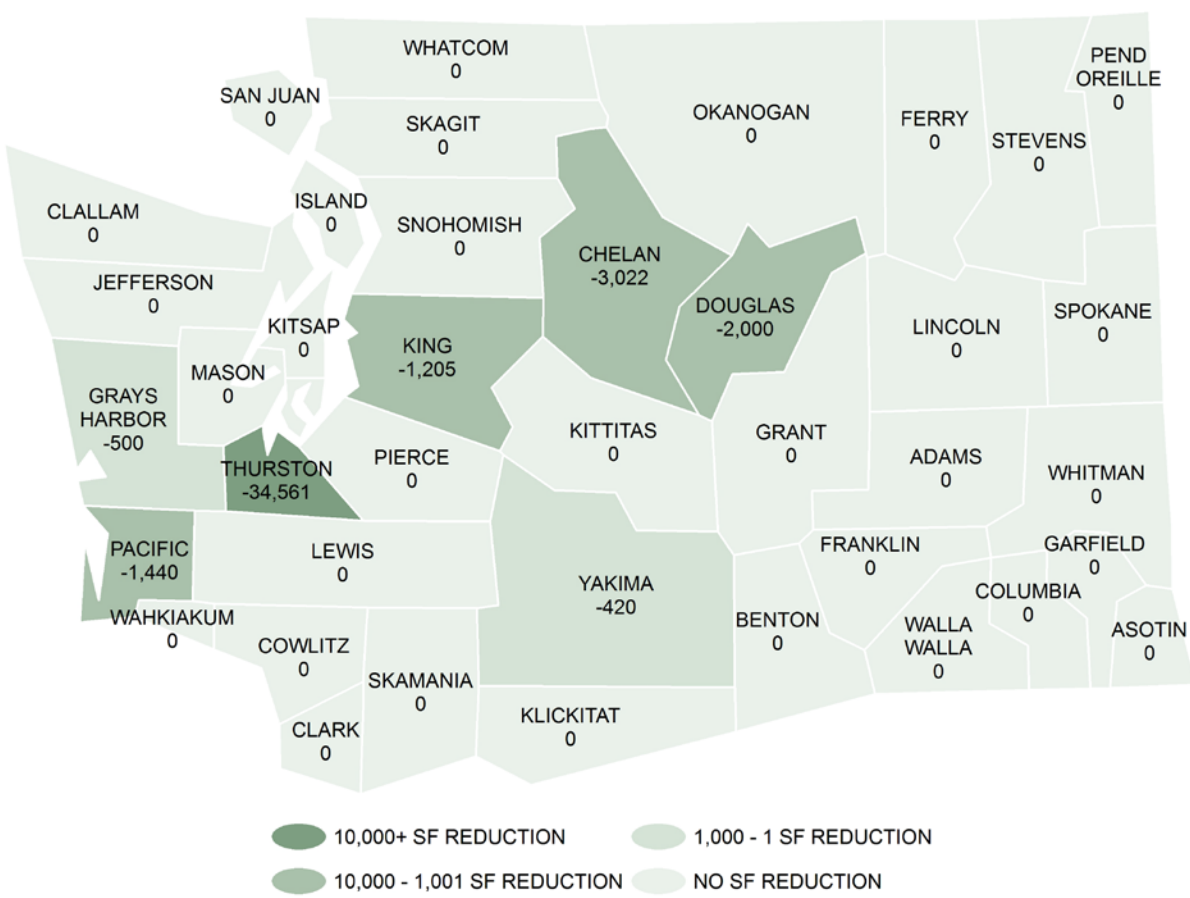
Six-Year Facilities Plan For Support Space

The Enacted Plan projects a decrease in state leased support space of 43,148 square feet (-5.6 percent) and an increase in annual costs of approximately $2.9 million (+13.9 percent) between July 2012 and June 2019. Square footage reductions are the result of downsizing efforts. Increased cost in fiscal year 2014 is primarily the result of the full cost impact of the state data center. Decreased cost in fiscal year 2017 is the result of projected revenue from the backfill of the state data center.

The chart below summarizes the expected square feet and costs by fiscal year for support locations.



The Enacted Plan identifes square footage reductions for support space in seven counties as a result of closing, downsizing, and backfilling excess space. The decrease in Thurston County is largely a result of two projects. Employment Securtity Department is reducing its leased support space following the completion of a recent lean initiative. The map below shows the change in square feet of support space by county.



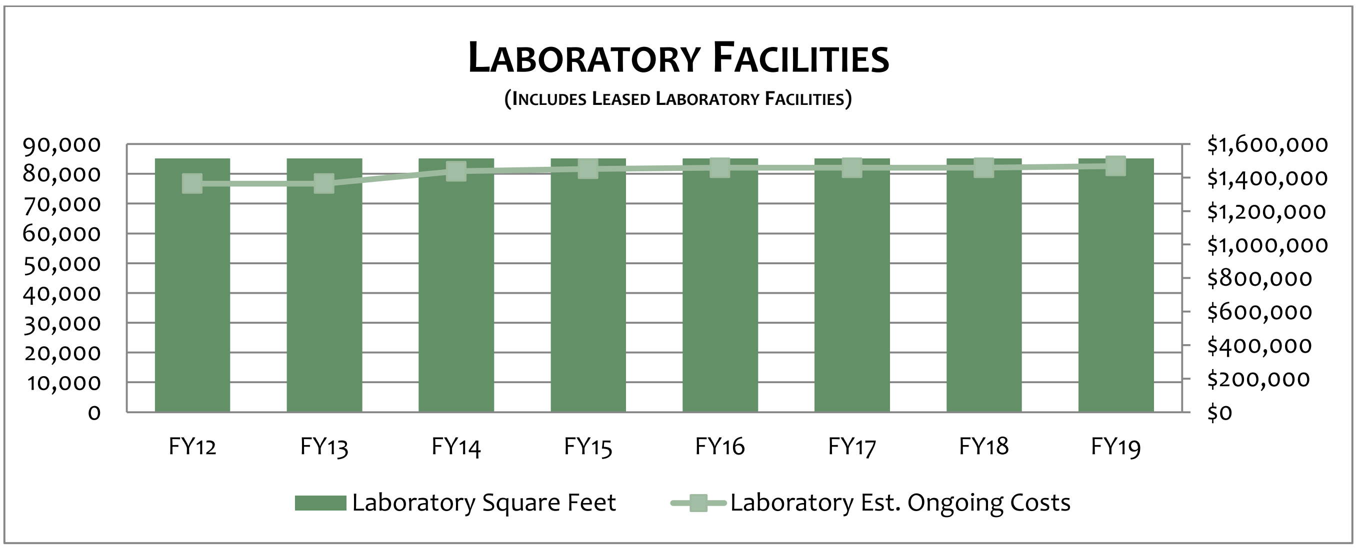
Laboratory Locations

For the purposes of the *2013-19 Enacted Six-Year Facilities Plan*, laboratory space is defined as space designed and equipped for experimentation, research or testing in a controlled or structured environment. The in-scope laboratory facilities for the Enacted Plan include five locations statewide. The largest of these facilities is the Washington State Crime Laboratory. As of June 30, 2012, laboratory facilities accounted for 85,221 square feet at a cost of approximately $1,364,000 annually.

Six-Year Facilities Plan For Laboratory Space

The Enacted Plan projects no change in state leased laboratory square feet and an increase in annual costs of approximately $105,000 (+7.7 percent) between July 2012 and June 2019. The increase of laboratory space costs is a result of anticipated inflation in lease rates.

The chart below summarizes the expected square feet and costs by fiscal year for laboratory locations.



PLANNED ACTIONS

The *2013-19 Enacted Six-Year Facilities Plan* identifies 97 projects between July 2013 and June 2019, including ten multi-agency projects. The Enacted Plan also documents 67 projects that were underway that were expected to be completed by June 30, 2013. Projects include new facilities, expansions, relocations, downsizes, closures, and backfills.

Documented projects that were underway included:

- five new locations
- 13 relocations
- 12 downsizes
- seven expansions
- four backfills
- 26 closures, demolitions, or disposals

The projects identified between July 2013 and June 2019 the following actions by project type:

- four new facilities
- 45 relocations
- 22 downsizes
- seven expansions
- six backfills
- 13 closures, demolitions, or disposals

In addition to these 97 projects, three agencies have identified additional space needs as a result of increased FTEs from 2013 Legislative session. However, project impacts are not known. These agencies include Department of Natural Resources, Department of Corrections and Department of Social and Health Services. The Enacted Plan also identifies lease renewals for over 500 locations along with over 200 locations that have no action between July 2013 and June 2019. Locations with no action are either owned or leased long-term.

For the definition of each project type, see the Appendix A: Glossary.

CONCLUSION

While the *2013-19 Enacted Six-Year Facilities Plan* identifies an admirable reduction and several promising projects during this short period, including several significant projects, the state can do more. The next section identifies an approach that will allow the state to continue to move forward with optimizing the state's facilities portfolio by developing a workplace strategy. It documents both the means and some of the key benefits of implementing such a strategy.