

WASHINGTON STATE JUDICIAL BRANCH
2015-2017 BIENNIAL BUDGET REQUEST

SAMPLE ONLY - Detailed Decision Package - SAMPLE ONLY

Agency: Administrative Office of the Courts
Decision Package Title: Office Consolidation
Budget Period: Sample Only
Budget Level: Policy Level

Agency Recommendation Summary Text

The Administrative Office of the Courts requests funding to lease a building beside its current facility within the Eastside Plaza complex, leaving the AOC data center and some personnel in the current location and consolidating staff from our two overflow facilities.

Fiscal Detail

Operating Expenditures		<u>FY 1</u>		<u>FY 2</u>		<u>Total</u>
001-1 State General Fund		\$ 390,044		\$ 390,044		\$ 780,088
Staffing		<u>FY 1</u>		<u>FY 2</u>		<u>Total</u>
FTEs		-0-		-0-		-0-

Package Description

Background

RCW 43.82.010(5) states:

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.

The Administrative Office of the Courts (AOC) has had its headquarters located at 1206 Quince Street SE for over 20 years and in fact has been the building's sole tenant since it was originally built. In 1995, and again in 1999, AOC was forced to lease additional facilities in order to accommodate an increase in its workforce.

In 1999 the Washington State Legislature directed the Department of General Administration 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.

As a result, the Department of General Administration published a series of reports designed to address the legislative mandate. In October 2000, the Department of General Administration published a report entitled Thurston County Lease and Space Planning. This report identified the Administrative Office of the Courts as one of 15 agencies that were "Highly Fragmented." The report concluded that agency fragmentation continues to be a significant barrier to delivering state services and managing state agencies.

In 2002 the Administrative Office of the Courts was notified by the owner of our headquarters facility (the Eastside Plaza facility) that he intended to completely renovate all four structures at the Eastside complex, that the renovation for the AOC facility would take approximately 4 months, that AOC was expected to vacate the premises while renovation occurred, and that the Department of Health would be permanently vacating the three remaining buildings. To complicate matters further, the Eastside facility lease was set to expire on July 31, 2004, at which time our lease rates were expected to increase. This situation presented the AOC with an opportunity to review and analyze the current facility locations, the current employee space allocation and the impact that numerous locations had on customers and office operations.

AOC began its facility analysis by determining the space requirements for existing and future operations, reviewing what type of workstation configuration would generate the greatest return, and by identifying what building options and configurations would most benefit our customers and enhance operational efficiency and effectiveness. The analysis quickly identified the fact that the Eastside facility did not meet the Department of General Administration's (GA) recommended space allocation standards, even if staffing remained at the 2002 level. Further review led to the following additional conclusions:

- Our two overflow facilities were at maximum capacity and could not be used to offset the cramped quarters of our Eastside facility,
- Staff time was being inefficiently used due to multiple facility locations,
- The open office concept would be the best layout for the agency's cross-functional and self-directed work teams,
- Additional meeting and storage space was required,
- Citizen access was impaired with the multiple facility configuration, and
- AOC staffing levels are likely to increase in the future.

Current situation

Based upon the conclusions noted above, AOC determined that there were three basic facility siting options available. The options examined were:

- Moving out of the Eastside facility completely,
- Identifying another overflow facility, and
- Determining the feasibility of remaining in our current area (Eastside Complex) while utilizing a different mix of the buildings available.

Facility Siting Option 1: Vacate the Eastside Facility Entirely

The first facility siting option assumed AOC would completely vacate the Eastside facility and find another facility(s). This proved to be a non-viable option for a number of reasons including cost, facility location and availability.

AOC is mandated to collect, compile, store, and report on the actions of courts throughout the state of Washington. Statute and Supreme Court Rule reflect the AOC's responsibility to maintain the statewide Judicial Information System (JIS) for the Washington Courts. Because of this mandate AOC had a data center designed and built into the Eastside facility during its initial construction. As part of this relocation analysis, AOC requested that an outside vendor provide an impartial cost analysis for the replication of the data center in its current configuration. The vendor estimated the cost to be approximately \$1,000 per square foot, approximately \$1.2 million. Due to the exorbitant cost to replicate the facility, AOC explored the possibility of leaving the data center intact, leasing enough of Eastside facility to house the data center and allow staff to enter and exit. The remaining AOC staff would be relocated to a facility not located in the Eastside Complex. When approached, the owner stated that this was not an option that he would consider.

AOC then began to broaden its search for available facilities outside the Olympia area. The Supreme Court directed AOC to give priority consideration to locations in the Olympia area near the Temple of Justice. AOC then inquired about space at the General Administration Building (GA Building) located on the Capitol Campus. We were informed that the GA Building did not have space that would adequately serve AOC's needs. Based upon these findings, AOC abandoned this option due to the cost of moving the data center and because of the limited space near the Temple of Justice.

Cost estimates are noted below.

Facility Siting Option 2: Identify Another Overflow Facility

Our second siting option focused on acquiring a sixth facility in order to mitigate the risk associated with failure to comply with space allocation standards. In order to comply with space allocation standards approximately 15,000 square feet of additional office space would have had to be acquired.

AOC staff relocation and other expenses would push the biennial figure beyond \$1 million.

Next, AOC staff began reviewing the space availability data that had already been collected. As before, adequate office space was not readily available within the geographic area of consideration. Based upon the estimated costs, lack of adequate office space and the additional fragmentation that a fourth facility would cause, AOC chose not to actively consider this option.

Cost estimates are noted below.

Proposed solution

Facility Siting Option 3: Remain at the Eastside Complex

While AOC was analyzing the various facility siting options, the owner of our existing facility approached us with the idea of leasing one or more of the soon-to-be renovated facilities at the Eastside Complex (see attached aerial photo). Working with the owner, we approached our review in much the same way as noted above. We discussed the possibility of leaving the data center in our current building and moving staff into one of the larger buildings. While this was somewhat more palatable to the owner because we would be on the premises, he was still concerned about finding another tenant willing to share the building. AOC also had concerns regarding data center access and security, making this a non-workable option. We then discussed the possibility of moving the data center to one of the larger buildings but, as noted above, moving the data center is cost prohibitive. The most viable alternative consisted of remaining in our current facility, leasing the neighboring building, and consolidating staff from our two overflow facilities.

Facility siting option 3 fully supports Washington State policy, as codified in 43.82.010(5) and meets organizational, operational and customer support and service needs. In addition, this option eliminates costs associated with moving the data center, allows AOC to remain in the Olympia area, allows AOC to meet GA space allocation standards and provides AOC with leverage to negotiate cost reductions with the owner.

Cost estimates are noted below.

Narrative Justification and Impact Statement

This package contributes to the Judicial Branch Principle Policy Objectives identified below.

Fair and Effective Administration of Justice in All Civil and Criminal Cases.

Washington courts will openly, fairly, efficiently and effectively administer justice in all criminal and civil cases, consistent with constitutional mandates and the judiciary's duty to maintain the highest level of public trust and confidence in the courts.

Accessibility. *Washington courts, court facilities and court systems will be open and accessible to all participants regardless of cultural, linguistic, ability-based or other characteristics that serve as access barriers.*

Commitment to Effective Court Management. *Washington courts will employ and maintain systems and practices that enhance effective court management.*

Assigning the majority of AOC staff to workstations in a single location will facilitate efficiency of operations and communication, ensuring that the courts of Washington State are more effectively supported.

Appropriate Staffing and Support. *Washington courts will be appropriately staffed and effectively managed, and court personnel, court managers and court systems will be effectively supported.*

Reason for change

AOC is currently housed in 4 separate facilities, three of which are at maximum capacity and the fourth is over capacity. This configuration is in direct violation of state policy. RCW 43.82.010(5) states:

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.

Additionally, AOC has a high level of risk associated with failure to comply with space allocation standards.

Impact on clients and services?

The Administrative Office of the Courts provides services to the general public, the Washington State Supreme Court, the State Law Library, the State Court of Appeals and the states superior, district and municipal trial courts. Co-location of staff and the consolidation of buildings will allow AOC to:

- Provide one-stop shopping for members of the public and other customers.
- Enhance operational efficiencies and effectiveness.
- Improve usage of human and financial resources.
- Improve communication due to the proximity of interrelated functions.
- Provide additional access to the training facility.
- Provide access to meeting rooms.

Internal operations will also be more effective and efficient. A portion of the Information Services Division and all of the Management Services Division, including Human Resources, currently reside in buildings physically separated from the rest of the agency. Consolidation of AOC's fragmented facilities will allow agency staff easier access to the agency's budget, accounting, payroll, and human resources services.

Travel time and associated costs will decrease and productivity will increase as a result of increased communication among and between "programmatic" lines. AOC will be able to consolidate supply receipt and distribution, mail services, telephone systems

and computer systems. In addition, the proposed building design will allow for the formation and re-formation of information technology design and implementation teams and other self-directed work groups. AOC has provided for team member and structure changes by aligning and co-locating interrelated functions in adjacent areas.

Impact on other state programs?

Other state programs will benefit indirectly through AOC's enhanced efficiency and effectiveness.

What alternatives were explored by the agency, and why was this alternative chosen?

As noted above the agency explored three alternatives.

Facility Siting Option 1 consisted of moving all AOC staff to another facility. However, the cost of moving the data center made this alternative cost-prohibitive. In addition, no facilities met AOC's space or proximity requirements.

Facility Siting Option 2 consisted of leaving the data center intact and moving "excess" staff to another facility. This alternative would have required AOC to move into a 19,000 square foot facility. This alternative is not only cost-prohibitive but it would add additional barriers to the efficient and effective operation of the Washington State Judiciary by fragmenting services further.

Facility Siting Option 3 consists of keeping staff and the data center in our newly renovated facility and moving "excess" staff and fragmented staff to the building immediately adjacent to our existing facility. This option is not only cost effective because the data center remains intact; it also allows the building owner to provide AOC with financial incentives.

What are the consequences of not funding this package?

Budget Impacts in Future Biennia:

Costs noted in this request will continue into future biennia.

Distinction between One-time and Ongoing Costs:

All costs are on-going in nature.

Expenditure Calculations and Assumptions:

	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Data Center	\$1,200,000	\$ -0-	\$ -0-
2005-2007 Lease Costs (Capacity Overflow)	\$ -0-	\$642,200	\$ -0-
2005-2007 Additional Staff Costs	\$ -0-	\$ 54,000	\$ -0-
2005-2007 Janitorial and Utility Costs	\$ 261,840	\$169,000	\$261,840
Staff Move Costs	\$ 23,100	\$ 53,700	\$ -0-
Temporary Rent during Renovation	\$ -0-	\$164,000	\$ -0-
Increased Rent Current Eastside Facility	\$ -0-	\$165,000	\$ -0-
Dept. of General Admin.			
Real Estate Service Costs	\$ 80,000	\$ 80,000	\$ -0-
2005-2007 New Building Lease Costs	\$809,024	\$ -0-	\$598,248
Total Costs	\$2,373,964	\$1,327,900	\$860,088
Staff Savings			
Total Costs Plus Staff Savings	\$2,293,964	\$1,327,900	\$780,088

Definitions

Data Center

Represents the cost of replicating AOC's data center in another building. Costs are based upon information provided by an outside vendor.

2005-2007 Lease Costs (Capacity Overflow)

This represents the cost of a fourth facility if AOC chose not to consolidate. The cost is based upon a rental rate of \$16.90 per square foot for a facility approximately 19,000 square feet.

2005-2007 Additional Staff Costs

If AOC chose not to consolidate, it is estimated that approximately .50 FTE per year would be expended due to the addition of a fourth building. Increased staff costs would result from additional mail service, additional time and travel associated with going to & from meetings, the continued time and travel associated with staff traveling for financial and human resource meetings, etc.

2005-2007 Janitorial and Utility Costs

Option 1 assumes that janitorial and utility costs would approximately double if AOC moved into one large facility. Current annual costs are approximately \$261,840.

Option 2 assumes that janitorial and utility costs would be about one-half of existing costs if AOC moved into a facility that was approximately 19,000. Our existing facility is 29,128 square feet.

Option 3 assumes that janitorial and utility costs would double when AOC moves into the adjacent facility.

Staff Move Costs

Option 1 all staff would be moved.

Option 2 all staff would be moved from Building 2 while it is being renovated, staff would then be moved back to Building 2 after the renovation and that overflow staff would be moved to a fourth facility.

Option 3 the facility owner is paying for staff movement.

Temporary Rent During Renovation

Option 1 no impact.

Option 2 the building owner has indicated that AOC would be charged rent at the market rate of \$16.90 per square foot while being temporarily housed in the adjacent building while renovations occur.

Option 3 no costs.

Increased Rent Current Eastside Facility

Option 1 no impact.

Option 2 the building owner has indicated that rent would immediately begin at \$16.90 square foot effective the first day of occupancy for our current Eastside facility.

Option 3 the building owner will charge a lower rental rate for the first year.

Dept. of General Admin. (GA) Real Estate Service Costs

Option 1 GA costs for lease negotiation & processing.

Option 2 GA costs for lease negotiation & processing.

Option 3 the building owner is paying this fee.

2005-2007 New Building Lease Costs

Option 1 Assumes that the NET increase in lease costs are calculated as follows:

Biennial Lease Costs (\$16.90/sq. ft) for 58,000 sq. ft.	\$1,960,400
Less Lease Budget Carryforward Level	<u>\$ 931,944</u>
Additional Lease Costs	\$1,028,456
Less Maintenance Level Adjustment*	<u>\$ 219,432</u>
Option 1	<u>\$ 809,024</u>

Option 2 Costs identified under *2005-2007 Lease Costs (Capacity Overflow)* heading.

Option 3 Assumes the NET increase in lease costs are calculated as follows:

Biennial Lease Costs	
Current Bldg (8 months @ \$11.25 & 16 months @ \$16.90)	\$ 874,812
New Bldg (8 months @ \$11.25 & 16 months @ \$16.90)	<u>\$ 874,812</u>
Biennial Lease Costs	\$1,749,624

Less Lease Budget Carryforward Level	\$ 931,944
Additional Lease Costs	<u>\$ 817,680</u>
Less Maintenance Level Adjustment*	<u>\$ 219,432</u>
Option 3 Lease Portion of AOC Policy Request	<u>\$ 598,248</u>

***Maintenance Level Adjustment**

As noted, the owner of the current facility would have increased AOC's rent from the current rate of \$11.25 per square foot to at least \$16.90 per square foot, effective July 1, 2005, due to market conditions and because of the complete renovation. However, the computation noted below assumes that this package will be funded, therefore rate changes are consistent with the proposed 2 building lease document.

Estimated FY 06 Lease Costs Current Facility (8 months at \$11.25/sq ft. and 4 months at \$16.90/sq ft.)	\$ 382,548
Estimated FY 07 Lease Costs Current Facility (12 months at \$16.90/sq ft.)	<u>\$ 492,264</u>
Total 2005-2007 Costs Current Bldg	\$ 874,812
CFL Lease Funding (\$11.25/sq ft for 24 months)	<u>\$ 655,380</u>
Maintenance Level Adjustment	<u>\$ 219,432</u>

Staff Savings

Option 1 Assumes there will be approximately 0.70 FTE savings per year due to consolidation of staff.

Option 2 Assumes no staff savings due to fragmented building locations.

Option 3 Assumes there will be approximately 0.70 FTE savings per year due to consolidation of staff.

Total AOC Option 3 Policy Request

2005-2007 Janitorial and Utility Costs	\$261,840
2005-2007 New Building Lease Costs	\$598,248
Less Staff Savings	<u>\$-80,000</u>
Policy Request	<u>\$780,088</u>

Expenditure Calculations and Assumptions

<u>Object Detail</u>	<u>FY1</u>	<u>FY2</u>	<u>Total</u>
Object Code	\$390,044	\$390,044	\$780,088
Total Objects	\$390,044	\$390,044	\$780,088