Progress Report

Program Evaluation Unit
Legislative Finance Committee
Date: March 2015

Space Utilization and Impact on Capital Planning

OVERALL STATE FOOTPRINT REMAINS HIGH

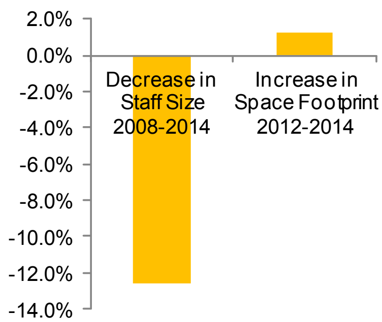
The state still has excess office space. Total leased and state-owned office space remains unchanged from 2012, while average space per employee remains far above standards. Cost savings associated with lease renegotiations have slowed, dropping from $1.2 million reported for 2012 and 2013 to under $60,000 for FY14. Major initiatives to reduce lease costs in Santa Fe are in limbo.

The Evaluation: The evaluation, *Space Utilization and the Impact on Capital Planning,* (September 2012) assessed the status of aligning space use with needs in light of the nearly 14 percent reduction in the state's work force. The report found maximizing the use of state-owned buildings would save taxpayer dollars.

Addressing the data gap on building information, the Capital Building Planning Commission (CBPC) reports the 2014 New Mexico Inventory of Facilities and Properties, a searchable database, is nearing completion. General Services Department (GSD) is procuring the 2015 Facility Condition Assessment (FCA), yet the 2009 FCA was not used.

Missing or inaccurate data for state facilities has impeded effective management of capital assets, including the effective use of office space. However, improved information has not translated into any changes in the overall state footprint or cost savings beyond lease renegotiations already noted. Use of available and forthcoming information on capital outlay is required to effectively match state space needs with use and generate meaningful cost savings.

Change in FTE 2008-2014 and Office Footprint from 2012 to 2014



Source: CBPC and LFC

Caveat to space footprint metric: the increase may be due to more accurate information for state-owned facilities being reported and not necessarily because more space has been added. Leased space has increased minimally.

Inventory of Facilities and Properties—Issues

The latest version of this CBPC web-based initiative now includes FTE by location, although data is self-reported from entities rather than a more accurate download from SHARE. Efforts to coordinate this information with DoIT or DFA have not proven successful. Other issues with compiling the inventory have ranged from inconsistent building codes and redundant counts to missing data on existing facilities. However, the extensive research apparent in the project provides greater confidence these issues are gradually being resolved. A new feature offers Google mapping.

With the inventory about 98 percent complete, the focus now turns to sustaining data entry with updates from the various sources. The Legislative Council Service has spent about $260 thousand to date on the project. How the inventory will be maintained—and who will bear the cost—remains undetermined. No central authority is required to maintain records. Also, the absence of processes for maintaining and updating FTE information from SHARE is a complicating factor.

Using Information for Effective Space Management

New data reveals the state inefficiently operates its owned facilities. GSD's Space Use Assessment analyzed seven Santa Fe buildings and found an average 68 percent efficiency, measured by how much space is usable out of total space, whereas the reported goal would be 80 percent. To achieve this level would cost an estimated $33.2 million for renovations. So far GSD reports only three of the seven buildings show activity totaling $2.1 million, or less than 7 percent of the full amount needed as of December 2014.

Table 1—Implementing Space Assessment Recommendations

Building	Recommendation	Status	Amount	% of Total
Runnels	Locate break rooms along walls	In Process	$363,000	1.1%
Montoya	RMD Consolidation/Renovation	Completed June 30, 2014	$765,679	2.3%
Wendell Chino	EMNRD OCD Consolidate & Renovate	Partially in Process	$1,063,956	3.2%
			$2,192,635	6.6%

Source: GSD

GSD 2008 space recommendations of 225-250 GSF/FTE compare with similar federal standards of 230 GSF/FTE but are above those reported for the state of Washington at about 215 GSF./FTE.

Source: CBPC and LFC

No funding was requested in 2015 session for capital outlay projects aimed toward this effort, indicating little future progress in the near term. GSD notes it is waiting for revised space standards dictating square footage per FTE, which should be available from the CBPC after the 2015 legislative session, to move forward. However, several of the recommendations do not appear to involve FTE, such as renovating the Bataan basement for storage. Moreover, using modern space guidelines already available from other states, such as Washington, as part of the assessment could have prompted quicker progress toward efficiency goals.

Data shows excess office space per employee persists. The Executive agency average for Santa Fe of 356 gross square feet (GSF)/FTE for state-owned space climbs to over 400 leasable square feet (LSF)/FTE for leased space. These measurements, based on budgeted FTE counts, do not consider the excess space associated with vacant positions. At an average lease cost of $21 per square foot in Santa Fe, significant savings could be gained by holding agencies to the GSD 2008 space standards of 225-250 LSF per funded FTE and eliminating space for positions that have not been filled for one year or more.

GSD notes that the recent lease savings "have been small or non-existent. This is in part due to the lack of human resources and, therefore, a smaller number of renewals which have showed no appreciable savings."

In 2013 legislation was line-item vetoed that would have incentivized space reduction by charging agencies located in state-owned buildings a use fee in favor of requiring executive agencies seek GSD approval prior to any space or lease modifications. Data does not reflect any significant change in space utilization of either state-owned or leased facilities using this strategy.

Using Information for Effective Capital Planning

GSD has performed four facility condition assessments (FCA) since 2003, two of them for statewide evaluations. While applied in a piecemeal fashion, information from these assessments has aided staff in recommending critical projects for the capital outlay process. However, a 2014 LFC Evaluation found the most recent FCA from 2009 received little attention due to the failure of the contractor to upload the information into FacilityMax CMMS system, GSD's condition assessment database. GSD is currently contracting for a $1.4 million statewide assessment but has indicated the database still needs a $100 thousand dollar upgrade before the new data can be incorporated and used. Whether this latest effort to assess deferred maintenance priorities is effectively used by agencies to craft capital outlay requests, coordinated with a five-year facility master plan, remains to be seen. So far *Executive Order 2012-23* requiring agencies to provide master planning appears stalled by lack of funding.

GSD remains in contact with the owners of the Las Soleras property, which was the proposed site for the Health and Human Services Complex. Talks have continued on the potential use of that site in the future for a state facility.

A primary objective of the Capital Building Planning Commission's 2000 Capital Master Plan is decreasing overall lease expense by developing consolidated state facilities in Santa Fe, Albuquerque and Las Cruces. Two of the key projects located in Santa Fe, the Health and Human Services Complex (HHS) and the Executive Office Building (EOB), have seen various delays for several years.

These delays may have provided the Commission and the administration time to re-evaluate these projects in light of the decrease in the state workforce and weak real estate market. New information provided by the GSD Space Use study quantifies excess capacity within Santa Fe that may diminish the need for new buildings or reduce their size. The consideration for "rightsizing" has become as important as site selection.

Report: General Services Department Space Utilization and Impact on Capital Planning (Issued Sept 2012)
Finding: Continued effort is needed to maximize the use of state office space and save taxpayer dollars

Recommendation	Status			Comments
	No Action	Progressing	Complete	
GSD should coordinate with Capital Building Planning Commission (CBPC) to continue developing an inventory of buildings.				The beta version of the 2014 Facilities and Properties Inventory is operational but has not been released to the public. Currently gross square feet, leasable square feet and usable square feet are used with differing measurements. Making all references adhere to a standardized square foot metric would be an essential requirement to maximize usefulness and reduce confusion.
GSD should collaborate with SHARE representatives and the CBPC to identify each FTE with a unique county, city, campus and building code within the SHARE and ARC databases.				Not having any success working with SHARE representatives, the CBPC spent 18 months contacting entities to acquire FTE information to populate the inventory. Data integrity is a concern.
Require any amendments or modifications to office space coincide with facility plans and approved by GSD.				FMD requires a Space Needs Questionnaire to be filled out and submitted for a lease amendment requesting additional space or an entirely new lease. GSD notes the majority of agencies comply with the requirement but cannot determine any space efficiencies that might have been obtained.
Execute the CBPC long-term master plan by increasing state-owned space and reducing leased space.				Lease space continues to inch up despite fewer employees. Neither the HHS Complex or EOB have started construction.
Agencies should reduce space use by adhering to the space standards.				While the data regarding FTE found in the ARC Inventory may not be entirely accurate by location, the averages fall consistent with prior reports of excess space per employee. ARC has made preliminary recommendations for new space standards to the CBPC but final determinations will not be made until after the 2015 Legislative Session.