

REPORT OF THE
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION ON
CONSOLIDATION OF OFFICE SPACE IN THE ROANOKE AREA
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA



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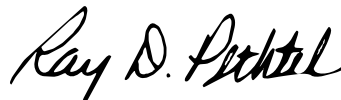
PREFACE

Senate Joint Resolution 29, passed during the 1982 Session of the General Assembly, directed the Joint Legislative Audit and Review Commission to study the feasibility, desirability, and cost effectiveness of consolidating State agency offices throughout Virginia. This report is the first of seven regional studies proposed to be conducted by JLARC.

In the Roanoke area, consolidation of State offices has significant potential for cost savings and improved services to the public. Cost savings could accrue through the greater efficiencies of a consolidated office, through the use of space-saving office designs, and through the sharing of common facilities. Services to the public could be enhanced by improving the visibility, accessibility, and conditions of current offices.

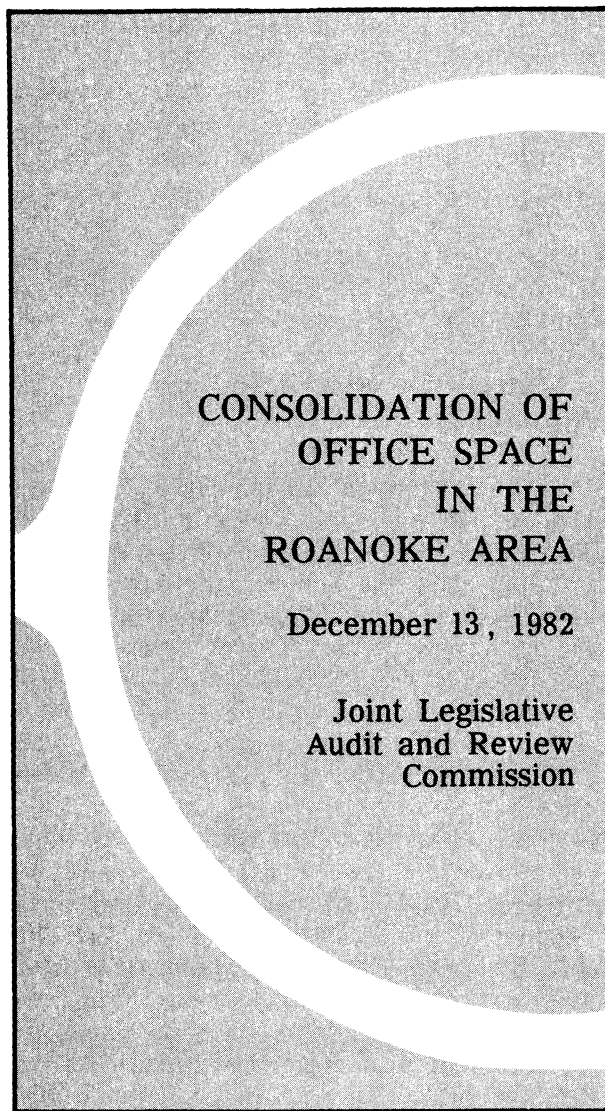
Two options for consolidating up to 22 offices in the Roanoke area are potentially cost effective: (1) leasing a renovated post office from the City of Roanoke and (2) constructing an office building. Over 20 years, the Commonwealth could save up to \$7.3 million over current arrangements for office space. The JLARC analysis supports the selection of the post office, assuming that the State and the City of Roanoke can satisfactorily resolve outstanding questions.

On behalf of the Commission staff, I wish to acknowledge the cooperation and assistance of the agencies involved.



Ray D. Pethtel
Director

December 13, 1982



Although most State agencies are headquartered in Richmond, additional administrative and service offices can be found in over 1,200 locations across the Commonwealth. In many localities, several agencies maintain separate facilities within close proximity to each other. State agencies own or lease a total of more than 68 million square feet of space. The Commonwealth spends more than \$24 million annually on 1,500 leases, and owns 8,300 buildings valued at \$2.7 billion.

Senate Joint Resolution 29, passed during the 1982 session of the General Assembly, directs JLARC to study the feasibility, desirability and cost effectiveness of consolidating State agency office space in various locations throughout Virginia. This review of the

Roanoke area is the first of seven regional studies proposed to be conducted by JLARC.

Feasibility and Desirability of Consolidation (pp. 9-26)

In the Roanoke area, which includes the cities of Roanoke and Salem and Roanoke County, it is feasible and desirable to consolidate 26 out of 42 agency offices. These agencies do not have unique program-related needs which would preclude relocation, although commonly mentioned preferences for location include on-site parking, location on a bus line, quick access to Interstate 81, and proximity to other State and local agencies. Generally, offices have similar physical plant needs, but some agencies need special facilities such as laboratories and secure space.

A JLARC REPORT SUMMARY

Most of these requirements could be met in a well-planned and appropriately designed consolidated site. In addition, perceptions by some employees of possible congestion, parking problems, and crime in a downtown location could be addressed by arranging for adequate parking and security for visitors and employees. For many agencies, it would be particularly desirable to relocate in order to be more accessible and visible to the public and clients or to improve the physical condition of their present quarters.

Although 26 offices could be relocated, a single site could not meet the needs of all these agencies. Seven offices need a downtown location for easy access by clients or to be near other agencies; three offices require a suburban location because staff must haul and store large equipment. All of the remaining offices could be accommodated in any well-planned site.

Cost Effectiveness of Consolidation (pp. 27-32)

The 26 agencies currently spend \$502,708 annually for their office space.

These costs are expected to increase an average of 6.7 percent per year for the next 20 years, and total annual costs could reach \$1.6 million by the year 2000.

Facility expenses for Roanoke area offices could potentially be reduced by more efficient use of space. If agencies were located in a single building, the total amount of space could be reduced as much as 30 percent by using open office designs, sharing common space such as hallways and restrooms, and consolidating certain duplicated and underutilized facilities such as conference and storage rooms. For example, space needs for staff could be reduced by limiting the number of private offices while providing sufficient areas for confidential work with clients or other employees. The open space concept used in most new office buildings is particularly applicable to offices in the Roanoke area, where professional employees in two-thirds of the agencies are out of the office at least 50 percent of the time.

Post Office Consolidation Proposal (pp. 33-41)

The City of Roanoke has proposed that the Commonwealth lease a city-owned building in the downtown area for use by State agencies. The City wants to renovate an old post office and lease it to the State for 20 years. Annual lease costs would be based on a prorated share of renovation expenses and actual costs of utilities, maintenance, custodial services, and insurance.

Analysis of agency space use and needs shows that between 14 and 20 agencies could occupy the 45,000 square feet of usable space in the post office. Three alternatives for occupancy were developed, ranging from duplicating the amount of space presently used by each office to maximizing space savings through open office designs and the sharing of common facilities. Over a 20-year period, cost savings under these alternatives could total between \$4 million and \$7.3 million.

The City maintains that because the base costs (renovation expenses) would be fixed and would not include the purchase cost of the building, lease expenses would increase much more slowly than private sector rates. Other benefits cited by the City

include enhanced visibility for the State in the Roanoke area, good accessibility from major transportation routes and bus lines, and revitalization of downtown Roanoke. However, several issues would have to be resolved prior to a commitment by the State. These include the specific interior design, precise estimates of renovation expenses, management responsibilities of the City, and adequate parking for visitors and employees.

Construction of a New Building (pp. 41-46)

Another option considered was construction of an office building in a suburban location. Nineteen offices could be located at a suburban site. Two alternatives were examined: (1) a 75,000 square-foot building to duplicate the amount of space that the 19 offices currently lease, and (2) a 50,000 square-foot building which could accommodate the offices by reducing space needs through open office designs and shared facilities.

The costs to construct the buildings would range between \$5 million and \$6.8 million. Over a 20-year period, the 75,000 square-foot building would not be cost effective. However, the smaller alternative could save up to \$2.3 million.

Conclusion and Recommendations (pp. 48-49)

Consolidation of State offices in the Roanoke area has significant potential for cost savings and improved services to the public. Cost savings could accrue through the greater efficiencies of a consolidated office, through the use of space-saving office designs, and through the sharing of common facilities. Services to the public could be enhanced by improving the visibility, accessibility, and conditions of current offices.

Recommendation (1). The Secretary of Administration and Finance and the Department of General Services (DGS) should take steps to consolidate offices in the Roanoke area. The post office is a viable option that is currently available and offers the opportunity to cooperate with the City. Construction is also viable if a suitable site can be found. Assuming the State and the City of

Roanoke can satisfactorily resolve outstanding questions, the JLARC analysis supports selection of the post office proposal.

Recommendation (2). In assessing the post office option, (DGS) should carefully analyze the space design, renovation cost estimates, and other related expenses to ensure that costs are within the original parameters specified by the City of Roanoke. Specifically, DGS should determine:

- what the specific costs of renovation will be, including interior demolition and construction to meet layout needs of agencies.
- how the routine operating expenses will be calculated, and what the exact costs will be for the first year. The State should insist that these expenses be based on actual costs rather than an inflated estimate.
- who will be responsible for providing and paying for building management, including routine maintenance, security, and lockup.
- what the parking needs of the agencies are, and how these needs can be met. DGS should negotiate with the City to ensure that sufficient short-term parking is available for visitors. Employee parking could be arranged by leasing or purchasing sufficient land in the vicinity and providing subsidized parking for workers.
- how much refurbishing will be necessary and what the related costs will be.

Recommendation (3). If the post office option is accepted, DGS should work with the City of Roanoke and its architects to ensure that agency space needs are met and that the design is appropriate and efficient. Moreover, DGS should provide assistance to the State offices to ensure that their needs are adequately determined and met.

Recommendation (4). In assessing the construction option, DGS should carefully analyze the site, agency needs, and construc-

tion costs. Specifically, DGS should determine:

- what the specific costs of construction will be to meet the needs of the agencies.
- what the routine operating expenses will be, and the most efficient means of providing building services.
- how the costs in the proposed facility compare over time to current lease arrangements. Long range projections should use the most current information available on interest rates and inflation estimates.
- how much refurbishing will be necessary, and the related costs.

Recommendation (5). With any option, DGS should maximize space reductions and flexibility through greater use of open office configurations and sharing of common facilities.

Recommendation (6). The potential for sharing equipment and services should be explored as a cost-saving measure. DGS should review photocopying needs of all agencies to be housed in a consolidated facility and determine the number of machines that would be necessary if the agencies shared equipment. Other items and services that could be shared include State cars, part-time secretarial help, computer facilities, and supplies. These possibilities could be explored in conjunction with an interagency task force from offices in the consolidated facility.

Recommendation (7). Agencies which are not included in a consolidation should be encouraged to explore the potential for sharing facilities. DGS should establish a suspense mechanism so that when an agency's lease falls due, the agency can be alerted to the possibility of consolidating with another agency needing leased space.

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I. INTRODUCTION

Although most State agencies are headquartered in Richmond, more than 80 percent of the State's offices are actually located outside the capital. Agencies administer their programs and provide services to the public out of more than 1,200 facilities located across the Commonwealth. In many localities, several agencies maintain separate offices within close proximity to each other.

State agencies currently own or lease over 68 million square feet of space. The 8,300 State-owned buildings are valued at \$2.7 billion, and over \$24 million is spent annually on 1,500 leases. In a system of this scale, more effective and efficient means of housing agencies could result in significant cost savings and improved services for the public.

Senate Joint Resolution 29, passed during the 1982 session of the General Assembly, directs JLARC to study the feasibility, desirability, and cost effectiveness of consolidating State agency office space in various locations throughout Virginia. In addition to cost savings, the resolution cites other potential advantages for consolidation, including enhanced visibility and accessibility for agencies, shared facilities and equipment, and increased coordination among agencies.

STUDY APPROACH

This review is the first of several studies which will assess the potential for consolidating office space in various regions of the Commonwealth. Over half of State agency locations and two-thirds of State employees are situated in the eight metropolitan areas of Virginia (Table 1). Roanoke is the first region to be reviewed (because of a pending consolidation proposal), and Northern Virginia will be the second (because of its complexity). Subsequent reviews are being considered, including Tidewater, Lynchburg, and three population centers in predominantly rural sections of the State: Abingdon, Danville, and the Harrisonburg-Staunton-Waynesboro area.

Study Objectives

The objectives of each regional study will be to:

- determine whether it is feasible and desirable for individual agencies to relocate their offices from existing sites;

Table 1

STATE FACILITIES AND EMPLOYMENT

<u>Area</u>	<u>Number of State Agency Locations</u> ¹	<u>Number of State Employees</u>
Metropolitan Areas ² :		
Richmond SMSA	231	28,104
Norfolk-Virginia Beach- Portsmouth SMSA	112	6,839
Northern Virginia SMSA	86	5,656
Roanoke SMSA	58	2,026
Newport News-Hampton SMSA	58	4,869
Lynchburg SMSA	44	3,720
Bristol SMSA	31	1,029
Petersburg-Colonial Heights- Hopewell SMSA	<u>29</u>	<u>3,692</u>
	<u>649</u>	<u>55,935</u>
Rural Areas:		
Southwest	155	11,020
Northwest	114	6,690
Southside	132	4,677
Central	107	11,000
Northern Neck and Eastern Shore	<u>52</u>	<u>668</u>
	<u>560</u>	<u>34,055</u>
Totals	<u>1,209</u>	<u>89,990</u>

¹Includes only locations which are on the State Controlled Administrative Telephone System (SCATS). Does not include specialized facilities.

²Standard Metropolitan Statistical Areas (SMSA).

Source: Department of Telecommunications, Department of Personnel and Training Report PSP-270.

- examine whether it is feasible and desirable for all agencies or selected groups of agencies to consolidate their offices in a centralized location;
- determine if it is more cost effective in the short and long term to consolidate offices than to maintain the present individual arrangements; and
- examine the cost effectiveness of different methods for establishing a consolidated office building, including construction, leasing, and purchase and renovation.

Each study will present reasonable options for consolidating State office space on the basis of an assessment of current space configurations and economic conditions. Any action to consolidate offices, however, will have to be preceded by additional architectural, engineering, and financial studies to specify particular site details, such as exact agency space requirements, office layout, and cost estimates.

Methodology Used in Roanoke

Office space in the Roanoke area was systematically assessed. An inventory was developed of all agency locations. Staff at each location were contacted by telephone to determine the nature of their operations and any special factors regarding their facility or site. Based on that preliminary survey, some agencies were eliminated from further consideration because of unique factors precluding consolidation.

The remaining agencies appeared to have potential for relocation in a consolidated office building. JLARC staff visited each of these agencies and collected detailed information on the use of the office, expenditures, and locational needs. The data were computerized, and a detailed analysis was conducted to determine the feasibility and desirability of relocating various agencies using different consolidation scenarios. The costs of a consolidated building were estimated using accepted construction and leasing cost guidelines, and these costs were compared to current expenditures and projected for 20 years. Special attention was given to use of an existing facility owned by the City of Roanoke and proposed for use as a State office building.

A technical appendix, which explains in greater detail the methodology and research techniques used in this study, is available upon request.

Report Organization

The remainder of this chapter will present background information on State property management and office space in Roanoke. Chapter II looks at the feasibility and desirability of relocating and consolidating Roanoke area offices. Chapter III details existing costs for the agencies and presents an analysis of the estimated costs for various consolidation alternatives.

BACKGROUND

State agencies operate field facilities such as offices, maintenance garages, halfway houses, and hospitals in order to perform a wide range of administrative and specialized functions. The reviews

conducted under SJR 29 are focused on office space. Regardless of their programs and activities, agencies use office space to support administrative functions, and to provide places where the public and clients can come for information and services and where field employees can carry out their administrative responsibilities. Typically, office space includes reception areas, offices for staff, conference rooms, and specialized work areas.

As the size of government has grown and the number of field offices has increased, governments have frequently reviewed the feasibility of consolidating office space in order to reduce expenditures. Several states contacted by JLARC have established consolidated office buildings outside of their capital cities for this purpose. Although recent studies in Virginia have addressed the issue of office consolidation, each agency is currently responsible for locating and acquiring its own field offices, and there have been few attempts by agencies to share space.

Consolidation in Other States

Of eleven states contacted by JLARC, all but two have established consolidated office buildings outside capital cities to house field offices of various agencies (Table 2). Florida has established a policy that planning for a consolidated office building must begin when the total amount of leased space in an area exceeds 50,000 square feet. Several states indicated that shared space and reconfigured office designs (e.g., from private offices to modular furniture) can reduce agency space needs by 15% to 20%.

Table 2

CONSOLIDATED OFFICE BUILDINGS IN OTHER STATES

<u>State</u>	<u>Number of Employees (1980)</u>	<u>Number of Consolidated Buildings¹</u>	<u>Size of Buildings (Sq. Ft.)</u>
South Carolina	61,138	0	--
Louisiana	81,292	5	14,000 - 198,000
Maryland	81,754	12	53,000 - 223,000
Georgia	83,300	0	--
North Carolina	86,603	1 (2 planned)	100,000
New Jersey	87,350	1 (14 planned)	100,000
Florida	104,664	10	66,000 - 187,000
Illinois	123,816	7	30,000 - 50,000
Michigan	125,630	7	50,000 - 450,000
New York	215,217	8	200,000 - 2,000,000

¹ Located outside of capital city. May include local and federal offices in addition to state offices.

Source: JLARC Survey of State Property Managers in Eleven States.

In almost all cases, consolidated office buildings have been constructed by the state rather than acquired through a lease or a purchase/renovation arrangement. However, the availability of funding may have been a major factor in these construction decisions. All of the states contacted had financed their construction by issuing bonds when interest rates were low. There has been no new construction in the last few years due, in part, to the high cost of financing.

Consolidation of state office space is more likely to occur where there is centralized responsibility and authority for property management. With centralization, there is typically stronger planning for office space needs and greater control over agency location and leasing arrangements.

Studies of Office Space in Virginia

Since 1973, the General Assembly has requested three studies of office space. A 1973 report by the Department of State Planning and Community Affairs and the Division of Engineering and Buildings inventoried State office space in 187 localities. A 1975 report by the same agencies found a lack of central control of State office space. Both reports found a need to improve information about facilities acquired by State agencies. They recommended that consolidation of offices take place in certain localities and that State agencies be provided additional real estate management services. Both reports emphasized the need to improve the roles of the Division of Engineering and Buildings (now in the Department of General Services) and the Division of Budget (now the Department of Planning and Budget) in bringing about a more effective system of office space control.

A report to the 1979 General Assembly by the Virginia Advisory Legislative Council found no central oversight of agency leasing and no coordination among agencies to consolidate facilities. The study committee recommended a broader role for the general services and budget agencies in reviewing leases, stronger legislative oversight of lease expenditures, and study by the Department of General Services of the economic benefits of consolidating office locations.

Locating and Acquiring Office Space

Because agencies are not required to coordinate their expansion or relocation plans with other agencies, they usually make such decisions independently. Agencies have developed their own "rules of thumb" for locating and deciding whether to lease, purchase, or construct offices. Typically, the criteria considered include cost, availability of parking, convenience to the public and employees, access to mass transportation, and access for the handicapped. These criteria are informal and may change to meet the circumstances of each office.

Generally, office managers in the field offices determine their space needs, locate suitable space, and negotiate leases, if necessary. Proposals are submitted to central office administrative staff, who coordinate the approval process through the appropriate Governor's secretary and the Department of General Services.

The Department of General Services has established space use standards with which agencies must comply when acquiring facilities. The standards specify the maximum amount of space that may be allotted for a given use. For staff work areas, the standards range from 64 to 256 square feet per employee, depending on rank in the agency and the configuration of space, such as private offices or open areas. The Department of General Services also reviews proposed real estate acquisitions and maintains records on state-owned and leased property.

As the following examples show, some consolidation of offices has occurred on a limited and informal basis:

The Lynchburg office of the Department of State Police moved into an office in a building constructed for the Division of Motor Vehicles. Officials of the two agencies worked together during the design of the building to accommodate the needs of the State Police. The State Police pay a monthly rent to DMV.

* * *

In June 1982, the Department of Rehabilitative Services' area office in Roanoke moved into the same building that houses the department's regional office. They now share copiers, conference facilities, and telephones. Staff of the offices indicated that there are substantial cost savings.

* * *

The Department of Transportation Safety has closed or is in the process of closing its ten field offices. Field personnel will be provided office space in Division of Motor Vehicles facilities. The department estimates that this will save \$10,000 annually in rent.

State Facilities in the Roanoke Area

The Roanoke area has one of the highest concentrations of State facilities outside of Richmond. Twenty-nine agencies operate out of 69 different locations in the area, which includes the cities of Roanoke and Salem and Roanoke County. State agencies spend \$900,000 annually on leases and own facilities valued at \$21.7 million.

The agencies in the Roanoke area carry out a wide range of activities, from providing institutional services for the mentally ill to enforcing laws and regulations, as well as administrative functions. In addition to office space, facilities include maintenance garages, storage areas, apartments, radio stations, and retail stores (Table 3).

Office space represents about one-fourth of State-owned and leased space in the Roanoke area. Twenty-six agencies operate out of 42 separate locations classified as office space. Of these, 35 are leased, five are owned by the agencies, and two are in space received free of charge from local or federal agencies.

Table 3

TYPES OF SPACE USED BY STATE AGENCIES
IN THE ROANOKE AREA

<u>Type</u>	<u>Total Square Feet</u>	
	<u>Owned</u>	<u>Leased</u>
General office space	57,338	129,548
Maintenance/storage facilities	104,432	150
Institutions	458,815	--
Retail stores	--	29,834
Other	--	48,581
TOTALS	620,585	208,113

Source: Fixed Asset Information System (FAIS) and JLARC review of DEB records. An additional 4,000 square feet of general office space is provided free by local agencies.

II. FEASIBILITY AND DESIRABILITY OF CONSOLIDATING STATE OFFICES IN ROANOKE

To assess the possibilities for consolidation in the Roanoke area, JLARC staff first identified the state offices which could potentially be relocated to a consolidated facility. Then, each office was examined to determine the feasibility and desirability of a move from its present location.

For the purposes of this analysis, "feasible" was taken to mean that there were no location or physical plant constraints which would preclude the move, that employee needs could be reasonably accommodated, and that suitable sites for relocation existed. "Desirable" meant that the accessibility, visibility, and condition of the present office locations could be improved, and that a consolidated facility would be more cost effective than the individual agency sites.

Most of the offices in the Roanoke area met these criteria for relocation to a consolidated facility, although not all could be consolidated at a single location. It appeared advantageous for certain agencies to be located at suburban sites, and for others to be located downtown. Most offices, however, had no specific geographic requirements for carrying out their programs.

IDENTIFICATION OF OFFICES FOR REVIEW

Offices with potential for consolidation were identified from a comprehensive inventory of all State facilities in the Roanoke area. Eliminated from the analysis were specialized facilities, such as institutions, halfway houses, and Alcoholic Beverage Control stores that were leased or built to meet unique needs of agencies.

Office Space in the Roanoke Area

Almost half of the 42 State offices in the Roanoke area are administrative agencies that do not provide direct services to the public (Table 4-A). These offices are typically in commercial office buildings or in free-standing structures designed and built specifically for the agencies. Some agencies have special facilities within their offices, such as laboratories, computer rooms, and large storage areas.

The following examples illustrate the range of State offices in the Roanoke area.

The State Water Control Board regional office is located in a modern suburban office park. The office covers 7,440 square feet, and consists of a reception area, 21 private offices for staff, semi-private clerical space, and a garage area where the agency's boats and canoe are stored and water samples are packaged for shipment to Richmond.

* * *

The Department of Education has an office which houses specialists who work with local school districts. The office is located above a television repair shop in an older building. It consists of six private offices for professional and clerical staff and a small room used for photocopying.

Expenditures for facilities in leased space totaled \$708,470 in FY 1982, including rent, utilities, janitorial services, and maintenance expenses (Table 4-B). Lease expenditures range from \$1.24 per square foot paid for a health department office in a city-owned building to \$8.50 per square foot paid for a health department clinic in a modern downtown office. These rental costs increase annually.

The five State owned offices in Roanoke are valued at \$3,003,760, with annual operating expenses estimated at \$164,000 (Table 4-C). Annual operating expenses include utilities, janitorial services, routine maintenance, and building security, but do not include capital costs.

State offices are presently clustered in or near the central business district of Roanoke City (Figure 1). In some cases, program-related needs have required agencies to locate in particular areas, such as near client groups or accessible to interstate highways. In most instances, however, agencies have located at particular sites because of availability, cost, or convenience to employees.

Selection of Offices for Review

Not all of the 42 locations classified as office space were included in the consolidation analysis. Thirteen offices have special needs or constraints which preclude relocation:

- Free Space - Two offices receive their office space free of charge in another government-owned facility. Both agencies have received free space for a number of years and expect to continue the arrangement in the future.

Table 4-A

FUNCTIONS OF AGENCIES IN LEASED, OWNED, AND FREE OFFICE SPACE

<u>Function</u>	<u>Number of Agency Units</u>	<u>Number of Offices</u>	<u>Number of Employees</u>
Administrative	20	20	264
Services to Public	8	14	297
Local Health	1	5	129
Other	2	<u>3</u>	<u>141</u>
		<u>42</u>	<u>831</u>

Table 4-B

COSTS FOR LEASED OFFICES
(FY 1982)

<u>Type of Office</u>	<u>Total Square Feet</u>	<u>Total Facility Expenditures</u>	<u>Average Cost per Square Foot</u>	<u>Range</u>
Administrative	50,841	\$321,107	\$6.32	\$3.15 - 8.31
Services to Public	43,634	268,489	6.15	3.91 - 8.50
Local Health	30,749	99,398	3.23	1.24 - 4.91
Other	<u>4,324</u>	<u>19,476</u>	<u>4.50</u>	<u>4.50</u>
Total	129,548	\$708,470	\$5.47	\$1.24 - \$8.50

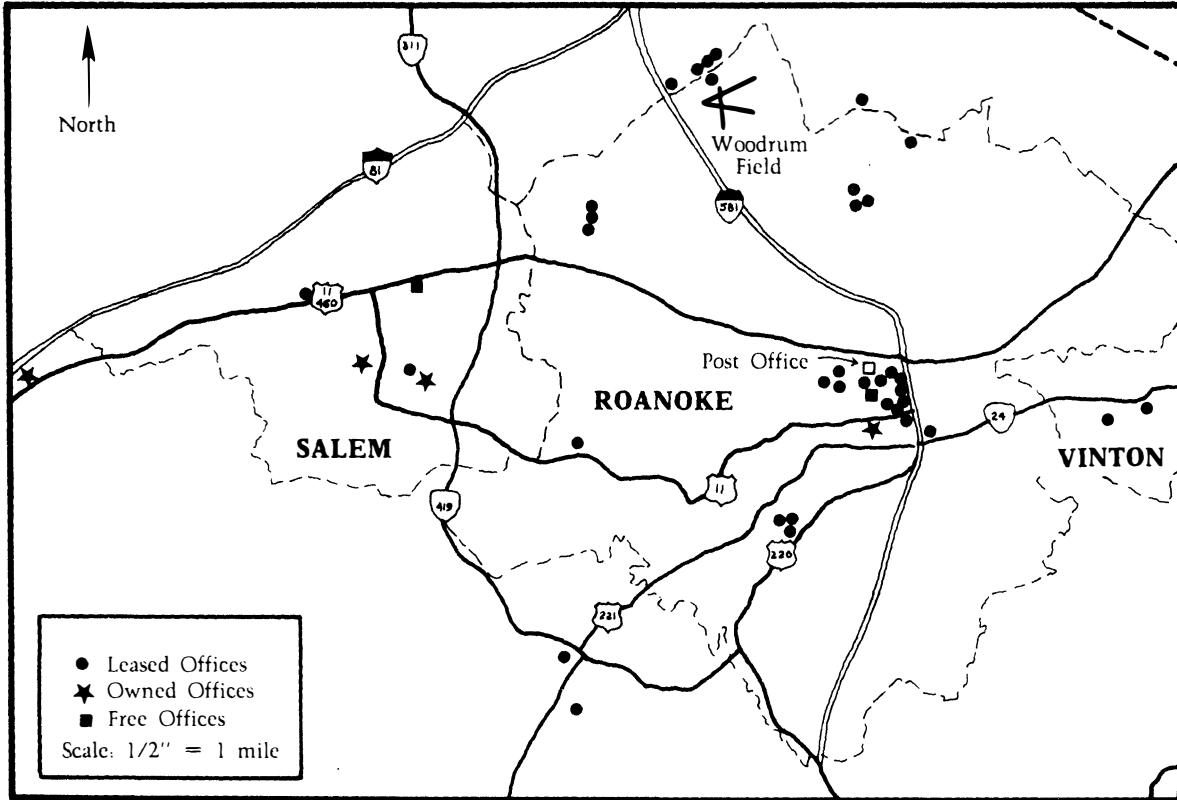
Table 4-C

COSTS FOR OWNED FACILITIES
(FY 1982)

<u>Type of Office</u>	<u>Total Square Feet</u>	<u>Value of Buildings</u>	<u>Estimated Routine Facility Expenditures</u>
Administrative	18,518	\$1,191,260	\$ 55,600
Services to Public	12,500	587,000	29,400
Other	<u>26,320</u>	<u>1,225,500</u>	<u>79,000</u>
Total	57,338	\$3,003,760	\$164,000

Source: JLARC Facility Analysis and the Fixed Asset Information System (FAIS).

Figure 1
STATE OFFICES IN THE ROANOKE AREA



- Owned Facilities - Four of the five State-owned offices were omitted because in addition to office space, facilities have space that is dedicated to special functions, such as maintenance workshops and material storage. The cost of replacing these facilities makes them impractical for consideration.
- Joint Operations - Six offices are jointly funded by the State and local government. Typically, these offices are located in facilities owned by the locality, and lease expenditures are considerably less than they would be for commercial office space.
- Scheduled to Close - One office was scheduled to close by the end of 1982.

The remaining 29 offices were considered for potential consolidation. Table 5 provides summary information on all State offices in the Roanoke area. The offices excluded from this review are set apart.

ANALYSIS OF STATE OFFICE RELOCATION

Most of the 29 offices could be relocated from their present facilities without significant problems. For the most part, location and physical plant needs could be accommodated in a consolidated location. It would be desirable for several agencies to move from their current facilities because of poor accessibility, visibility, and quality of the offices.

Although it is feasible and desirable to relocate most of the offices, some should not be moved to certain types of locations. On the basis of program-related needs, three groupings of agencies were developed: (1) agencies which appear to need a downtown Roanoke location, (2) agencies which appear to need a suburban site, and (3) agencies with no special location needs.

Feasibility of Relocating Offices

To the extent possible, relocation should take into account the location, physical plant, and program requirements of each agency.

Location Preferences. Generally, agency preferences were found to include free, near-by parking, easy accessibility, and proximity to other State and local agencies (Figure 2). Some agencies preferred a downtown location, while others preferred a suburban location.

Accessibility for the convenience of employees and others visiting the office was frequently mentioned. Ten agencies indicated that they needed to be on a bus line; some wanted quick access to Interstate 81; and a few agencies indicated that they needed to be near the Roanoke airport. For example:

The regional office of the State Water Control Board in Roanoke is located on Peters Creek Road, a major thoroughfare near Interstate 81. The office director states that the office must be located in an uncongested area because his field surveillance staff must haul their boats on trailers to their destinations. It would be difficult to haul these boats through city traffic. The director also prefers to be located near Interstate 81 because most of his staff's fieldwork is conducted along this corridor. In addition, the location near the airport is convenient for visitors.

* * *

Table 5

STATE OFFICES IN THE ROANOKE AREA

<u>Agency</u>	<u>Function</u>	<u>Number of Employees</u>	<u>Number of Square Ft.</u>	<u>Total Facility Expenditures (FY 1982)</u>
INCLUDED IN CONSOLIDATION ANALYSIS				
Agriculture & Consumer Services	Administrative	17	3,030	\$ 16,443
Air Pollution Control	Administrative	5	1,600	11,200
Alcoholic Beverage Control	Administrative	14	2,652	9,268 (a)
Commerce	Administrative	3	553	4,598
Corrections: Probation & Parole Office	Administrative	31	5,510	20,607
Corrections: Regional Office	Administrative	26	5,180	33,670
Education	Administrative	6	1,400	4,410 (a)
Fire Programs	Administrative	2	336	1,336 (a)
Game & Inland Fisheries	Administrative	7	900	4,746 (a)
General Services	Laboratory	16	4,324	19,476
Health: Bureau of Crippled Children	Health Clinic	12	1,643	6,563
Health: Bureau of Maternal & Child	Health Clinic	12	2,420	20,570
Health: Regional Office	Administrative	24	3,731	23,729
Housing & Community Development: Fire Marshal	Administrative	6	864	5,400
Labor & Industry	Administrative	9	1,300	8,242
Public Defender	Public Service	8	1,826	11,691
Rehabilitative Services: Disability Determination	Public Service	75	10,095	78,741
Rehabilitative Services: Evaluation Center	Public Service	9	4,440	28,860
Rehabilitative Services: Area Office	Public Service	16	2,660	22,020
Rehabilitative Services: Regional Office	Administrative	5	672	5,336
Social Services	Administrative	57	14,453	101,171
Taxation	Administrative	30	2,230	16,293
University of Virginia: Continuing Education	Administrative	4	2,500	17,672
Virginia Commonwealth University: Social Work Dept.	Administrative	1	400	2,100
Virginia Employment Commission	Public Service	29	12,500	(b)
Virginia Employment Commission: CETA/Unemployment Ins.	Public Service	45	5,565	34,814
Visually Handicapped	Public Service	22	3,250	23,563
VPI&SU Extension: District Office	Administrative	6	1,600	11,200
Water Control Board	Administrative	<u>27</u>	<u>7,440</u>	<u>44,263</u>
TOTAL		524	105,074	\$587,982
EXCLUDED FROM CONSOLIDATION ANALYSIS				
Highways & Transportation: District Office	Administrative	94	23,586	(b)
Highways & Transportation: Residency Office	Administrative	31	2,734	(b)
Conservation & Econ. Development: Forestry	Administrative	9	4,392	(b)
Health: City	Local Health	85	18,392	63,600
Health: City (Vital Statistics)	Local Health	(c)	1,392	4,800
Health: City Clinic	Local Health	(c)	2,000	2,472
Health: County	Local Health	39	9,707	20,426
Health: County Clinic	Local Health	5	1,650	8,100
State Police	Administrative	16	14,126	(b)
Virginia Employment Commission: Work Incentive	Public Service	13	2,900	11,340
VPI&SU Extension: City Office	Public Service	8	1,325	9,720
VPI&SU Extension: County Office	Public Service	9	2,000	0
War Veterans Claims	Public Service	<u>16</u>	<u>2,000</u>	<u>0</u>
TOTAL		325	85,812	\$120,458

(a) Janitorial services not provided by landlord. For comparability, facility expenditures include an estimate of the value of those services (at \$.50 per square foot).

(b) Owned facility. Costs not comparable to leased facilities.

(c) Included in Health: City.

Source: JLARC Facility Analysis and Fixed Asset Information System

Figure 2

**LOCATION PREFERENCES AND
PHYSICAL PLANT REQUIREMENTS
OF ROANOKE AREA OFFICES**

Agency	LOCATION PREFERENCES							PHYSICAL PLANT REQUIREMENTS					
	Parking	On Bus Line	Near Interstate	Near Airport	Near Other Agencies	Downtown Location	Suburban Location	Special Facilities	Security	Special Layout	Special Storage	Handicapped Access	Other
Agriculture & Consumer Serv.	•	•	•			•	•			•			
Air Pollution Control	•		•	•		•	•			•			
Alcoholic Beverage Control	•					•						•	
Commerce	•		•			•							
Corrections: Probation & Parole	•			•	•		•		•			•	
Corrections: Regional Office	•		•	•		•	•				•		
Education						•	•						
Fire Programs						•	•						
Game & Inland Fisheries	•					•	•			•			
General Serv./Cons. Labs				•	•		•		•			•	
Health: Crippled Children				•	•								
Health: Maternal & Child		•		•	•		•				•		
Health: Regional Office	•					•							
Housing: Fire Marshal	•					•							
Labor & Industry		•				•							•
Public Defender				•	•							•	•
Rehabilitative Serv. Disability Determination	•	•					•	•	•		•		
Rehabilitative Serv. Eval. Center	•	•			•		•	•			•		
Rehabilitative Serv. Area Office		•				•					•		
Rehabilitative Serv. Regional Office	•	•				•					•		
Social Services	•	•		•			•						
Taxation	•		•	•		•			•				•
UVA Continuing Ed.	•		•			•	•						
VCU: Social Work		•		•	•								
Virginia Employment Comm.	•	•						•			•		
Virginia Employment Comm. CETA/Unemployment	•					•		•			•		•
Visually Handicapped	•	•	•		•						•		
VPI Extension: District Office	•		•			•							
Water Control Board	•		•	•		•			•				

Source: JLARC Facility Analysis

The Department of Agriculture and Consumer Services is located in suburban Roanoke at an office which is a five-minute drive from Interstate 581. The office director said that most visitors to his office use Interstate 81 and that his staff needs quick access to the highway to get to other parts of the region. In addition, he indicated that the office should be located close to the airport.

Several offices are located in close proximity to other State, local, and federal agencies with whom they routinely work. Staff in these offices generally indicated that their effectiveness would suffer if they were relocated to a site that was not convenient to these agencies. For example:

The Public Defender's office is in a modern building near the courthouse in downtown Roanoke. Staff prefer to be near the courthouse because they walk from the office to the courthouse several times a day for trials.

Although agencies have expressed preference for particular types of locations, few agencies have overwhelming program-related needs that would preclude moving to a consolidated site. Nevertheless, agency preferences based on special needs were taken into account in grouping agencies for consolidated site analysis.

Physical Plant Requirements. Most offices have reception areas, staff offices, conference rooms, and storage areas. Some agencies have need for special facilities such as testing rooms, laboratories, large reception areas, or areas to store large equipment or chemicals. For example:

The State Water Control Board has a 1,200 square foot warehouse adjoining its offices. The warehouse is used for storage of boats, water samples, and equipment that is used by the field surveillance personnel.

* * *

The Department of Rehabilitative Services' Evaluation Center in downtown Roanoke has a 1,276 square foot room used to test clients for such skills as manual dexterity and visual acuity.

For some agencies, there is a need to control access to certain parts of their offices. In at least two cases -- the Department of Social Services and the Department of Rehabilitative Services' Disability Determination office -- a special layout of the office is required by federal regulations.

The Department of Social Services is required by the federal Department of Health and Human Services to arrange its Support Enforcement offices for direct access by the public and to meet certain security needs.

* * *

The Department of Rehabilitative Services Disability Determination office meets the Social Security Administration's standards for office layout and security.

Several agencies indicated that their offices needed to be accessible to handicapped individuals. For some agencies, it is a federal requirement. Although Section 2.1-519 of the *Code of Virginia* requires state-owned buildings to be accessible to the public, there is no general requirement for state-leased facilities. Nine of the 29 offices visited by JLARC were not accessible to the handicapped.

For the most part, the special physical plant requirements of these agencies do not preclude relocation and could be accommodated in a consolidated facility. In fact, some of these needs, especially testing rooms, storage areas, and handicapped access, could be provided more economically in a consolidated site because agencies with similar requirements could share these facilities.

Other Factors. The relocation analysis considered additional factors that could affect the feasibility of relocating agency offices. For example, some agencies have long-term leases which expire as late as 1987 (Table 6). The cost of early cancellation of leases could be significant and could reduce the potential cost effectiveness of a consolidated building. Consideration was also given to the adequacy of owned buildings and the availability of federal funds to support certain facilities that must meet federal standards.

Program and Employee Impacts. Any proposal to relocate offices from existing locations should address the concerns of employees and the potential effects on program delivery. Some agency staff indicated that if their offices were relocated to a downtown area, employee productivity and morale would suffer because of traffic congestion and inadequate parking. For example:

The director of the Department of Taxation's district office indicated that the office must be located in an uncongested suburban area with plentiful parking and quick access to the interstate. Staff come and go frequently and must be able to quickly get from the office to their cars.

Table 6

LEASE EXPIRATION DATES

<u>Year of Expiration</u>	<u>Number of Leases</u>	<u>Total Square Feet</u>	<u>Annual Costs</u>
1983	15	45,223	\$254,712
1984	7	10,841	79,380
1985	3	19,565	122,874
1986	1	14,453	101,171
1987	<u>2</u>	<u>8,560</u>	<u>29,875</u>
Total	28	98,642	\$588,012

Source: JLARC Facility Analysis and FAIS.

The office also has heavy public traffic (100 visitors per day) at certain times of the year. The director said that if the office were moved downtown, too much staff time would be spent driving in traffic and walking from the office to the parking area. Visitors would also have trouble finding parking.

* * *

The Department of Agriculture and Consumer Services office is located close to Interstate 81. The office director indicated that most visitors use the highway and that a relocation to a downtown site would discourage them from coming to the office.

Other agencies expressed concerns that their activities and images would suffer if they were located with other State agencies.

Some staff in the Department of Rehabilitative Services and the Virginia Employment Commission prefer not to be located with "welfare-oriented" agencies. Their offices are involved in helping people to get jobs, and they are concerned that the public would perceive them as welfare agencies.

* * *

The director of the Public Defender's office does not want to be located with other State agencies. He indicated that his clients would perceive his office to be part of an unsympathetic State bureaucracy.

Some of these concerns are legitimate, but each one can be overcome in the Roanoke area through proper planning and design of the consolidated site, and through employee information programs. Perceptions of congestion, parking problems, and crime at a downtown site could be addressed by arranging for adequate parking and security for visitors and employees. Potential incompatibility of functions could be accommodated in the design and layout of a building.

Because the potential benefits of a consolidated site to the public and the State are considerable, every effort should be made to assist employees in accepting and adjusting to the changes associated with consolidation. They should be made aware of potential benefits of consolidation. For example, employee access to State services such as a credit union, messenger delivery, and training may be enhanced. It would be easier for the State to locate such services in a consolidated facility than to serve separate locations. Moreover, interagency coordination and sharing of space and equipment would be facilitated, and many agencies could have access to facilities and equipment superior to that now available.

Desirability of Relocating Offices

For some agencies a consolidation would be desirable in that relocation could improve visibility, accessibility, or the physical condition of their offices. It would also be desirable to consolidate if cost savings could be made.

Current Visibility, Accessibility, and Physical Conditions. State offices are presently dispersed throughout the Roanoke metropolitan area and are not very visible. The photographs on the following page give some idea of the range and conditions of State offices in the area. Seventeen of the offices are not easily identifiable as State offices and are not visible from the street. Some offices are difficult to locate.

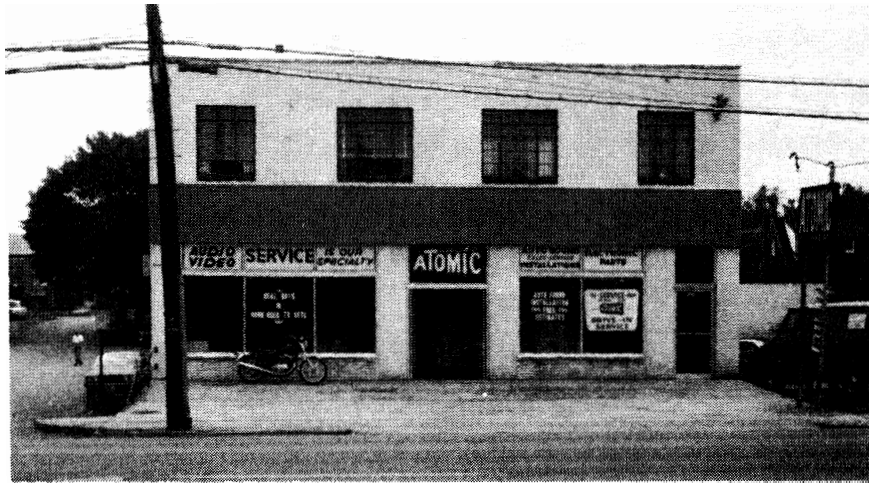
The Department of Education and the Department of Fire Programs are located above a television repair shop in an older commercial district. There are no signs identifying the agencies on the outside of the building. Visitors must climb the stairs to see the only sign identifying the offices.

Even though most present facilities are accessible, some have problems which could be alleviated in a consolidated site. Several of the offices have limited parking, several are not on major thoroughfares, and several are not accessible to the handicapped.

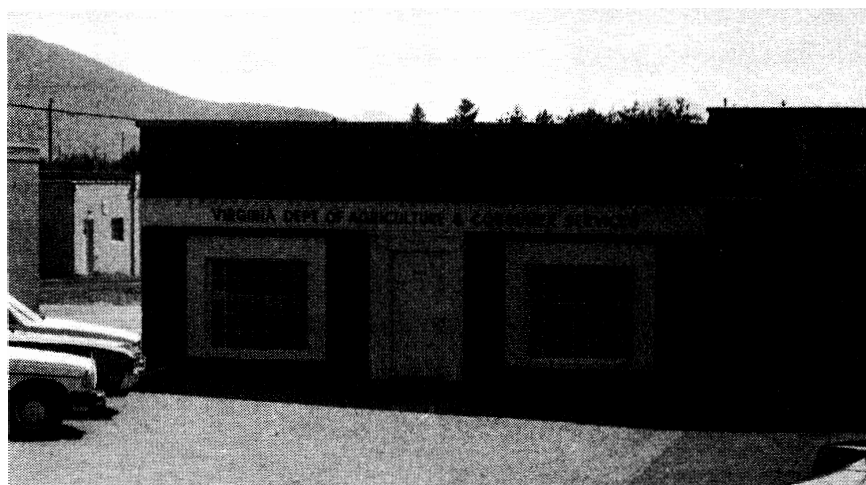
The Department of Corrections Probation and Parole office is located on an upper floor of an old office building in downtown Roanoke. Parking



The Department of Rehabilitative Services' Disability Determination Services office on Starkey Road



The Department of Education and the Department of Fire Programs on Williamson Road



The Department of Agriculture and Consumer Services on Williamson Road

in the area is on-street and limited. The building is accessible to an individual in a wheelchair only through a sloping rear entrance which is not clearly identified.

Although most offices are located in clean and well-maintained space, at least six agencies are in less than desirable facilities.

The Department of Alcoholic Beverage Control district office leases a former ABC store on the perimeter of downtown Roanoke. The office director stated that the office has been flooded three times in the last several years, after which several inches of sludge were deposited on the office floor. The conference room is an old storage area which houses two large oil storage tanks, trash cans, and closets for confiscated evidence. There was an odor of oil fumes in the room at the time of the JLARC visit.

* * *

For a brief period, a massage parlor was located across the hall from the Department of Education and Department of Fire Programs office on Williamson Road. Presently, a television repair shop occupies the first floor of this old building. A theatre which features X-rated movies is located across the street.

Figure 3 summarizes the accessibility, visibility, and physical condition of the 29 offices in Roanoke considered for consolidation. At least 24 of the agencies would improve these factors by relocating from their existing facilities.

Need for Special Facilities. Many of the offices in the Roanoke area are small. For many of these agencies, it is not cost effective to have conference rooms or photocopiers, because they would not be used frequently enough to justify the expense.

The Department of Commerce's Enforcement Office on Peters Creek Road does not have a copier, conference room, or secretarial staff. One staff room is used as a conference room, and the office has hired an answering service to handle its telephone calls.

* * *

The Department of Taxation District Office on Peters Creek Road does not have a conference room. The director asks some staff to stay away from the office on days when meetings are called so that the

Figure 3
**ACCESSIBILITY, VISIBILITY, AND
 PHYSICAL CONDITION PROBLEMS
 IN STATE OFFICES**

Agency	ACCESSIBILITY			VISIBILITY			PHYSICAL CONDITIONS		
	Limited Parking	Not Accessible to Handicapped	Not on Major Thoroughfare	Not on Busline	Not Visible from Street	Not Identifiable	Not Well Maintained	Poor Lighting	Poor Layout
Agriculture & Consumer Serv.									
Air Pollution Control				•	•				
Alcoholic Beverage Control	•	•					•	•	•
Commerce		•		•	•				
Corrections: Probation & Parole	•	•					•	•	
Corrections: Regional Office			•						
Education		•		•	•		•		
Fire Programs		•		•	•		•		
Game & Inland Fisheries		•	•						
General Serv./Cons. Labs		•		•					•
Health: Crippled Children		•	•	•					
Health: Maternal & Child				•					
Health: Regional Office				•					
Housing: Fire Marshal				•		•			
Labor & Industry		•		•					
Public Defender	•			•					
Rehabilitative Serv. Disability Determination				•					
Rehabilitative Serv. Eval. Center			•						
Rehabilitative Serv. Area Office									
Rehabilitative Serv. Regional Office									
Social Services	•			•					
Taxation				•					
UVA Continuing Ed.			•	•					
VCU: Social Work	•	•			•				
Virginia Employment Comm.									
Virginia Employment Comm. CETA/Unemployment									
Visually Handicapped				•	•				
VPI Extension: District Office				•					
Water Control Board			•						

open staff area can be used as a meeting space. The landlord sometimes allows the agency to use a conference room in the adjoining building.

In addition to conference rooms and photocopiers, typical needs of agencies include storage space and access to computer facilities. By bringing several offices together at one site, agencies could share these facilities, and the smaller offices could have access to them. Table 7 lists facility needs of the Roanoke agencies.

Table 7

NEEDS OF ROANOKE AGENCIES

<u>Need</u>	<u>Number of Agencies</u>
Conference Room	4
Photocopier	9
Access to Computer Facilities	6
Storage Space	8
Laboratory	2
Library	2
Secretarial Assistance	3

Source: JLARC Facility Analysis

Bringing agencies together at one site could also reduce costs by reducing duplicated facilities and equipment. For example, all but five agencies have copying machines. Savings could also result from shared restrooms, hallway space, and lobby areas. Total space needs could be reduced through more efficient designs.

Removal of Certain Offices from Further Consideration

Although few agencies were found to have overwhelming program-related needs that would preclude their relocation to a consolidated site, additional analysis established that three offices under consideration should not be relocated. They are the Bureau of Crippled Children, the Virginia Employment Commission's Employment Service office, and the Department of Rehabilitative Services' Disability Determination Services office. In addition, options for relocating the Department of General Services' Consolidated Laboratories would be limited.

The Bureau of Crippled Children appears to have a strong need for close proximity to the clinical facilities of Roanoke Memorial Hospital.

The office of the Department of Health's Bureau of Crippled Children is located in an office building near Roanoke Memorial Hospital. The office's clinical activities are carried out in the hospital. The Bureau's Nurse Coordinator states that it is very convenient to be located near the hospital because clients and staff constantly use hospital facilities for clinical activities.

It would not be cost effective to relocate the VEC's full-service office because it is State-owned and relatively modern and adequate.

The Virginia Employment Commission's Employment Service office was designed and built specifically for VEC. It is one of the few State-owned offices in Roanoke. The facility was constructed in 1972, has sufficient parking for the 2,400 weekly visitors, and meets the needs of the agency. The current value of the building is \$587,000, and routine facility expenses in FY 1982 were \$29,353.

While the Department of Rehabilitative Services' Disability Determination office could be relocated, no benefit would accrue to the general fund because the office is operated totally with federal funds. In addition, accommodating the large size and physical plant needs of this office in a consolidated facility with limited space would preclude relocation of a general fund agency.

The Disability Determination Services office conducts eligibility determinations for the Social Security Administration. It is totally funded by the federal government, and must meet federal standards for space and layout. The Social Security Administration must also approve the facilities. Although it is a State agency, no State funds support its operations.

The Department of General Services' Consolidated Laboratories is a unique case. The office could be considered for consolidation in a newly constructed building. However, renovating an existing site to meet the ventilation, heating, cooling, and special facility and equipment needs of the office could be very expensive.

Consolidated Laboratories is located in an older office building on the edge of downtown Roanoke. The agency provides forensic services for State and local law enforcement agencies. In addition to staff offices, the facility has several laboratory stations, a special room for ballistics tests, a darkroom, and special ventilating,

heating and cooling controls. Controlled access and a special alarm system are used to protect evidence. Extensive renovations were made by the landlord to accommodate these special requirements.

Agency Groupings for Consolidation Options

The remaining 26 agencies found acceptable for relocation could be consolidated under one of several options. The needs of three of these agencies to store and haul heavy equipment would appear to be better accommodated in a suburban location. Another seven agencies appear to have program-related needs for a downtown location in order to be near clients or local agencies with which they regularly consult. The other fifteen agencies have preferences which could generally be accommodated in any well-planned site. Table 8 illustrates these office groupings and provides additional relevant information for each agency.

Table 8

AGENCY GROUPINGS FOR CONSOLIDATION

	<u>Number of Square Ft.</u>	<u>Facility Expenditures (FY 1982)</u>	<u>Total Staff</u>
<u>Agencies With No Location Needs:</u>			
Agriculture	3,030	\$ 16,443	17
Alcholic Beverage Control	2,654	9,268	14
Commerce	553	4,598	3
Corrections: Regional Office	5,180	33,670	26
Education	1,400	4,410	6
Employment Com.: CETA/Unemployment	5,565	34,814	45
Fire	336	1,366	2
Gen. Services: Consolidated Labs ¹	4,324	19,476	16
Health: Regional Office	3,731	23,729	24
Housing: Fire Marshal	864	5,400	6
Labor & Industry	1,300	8,242	9
Rehab: Regional Office	672	5,336	5
Social Services	14,453	101,171	57
Taxation	2,230	16,293	30
UVA Continuing Ed.	2,500	17,672	4
VPI Extension: District Office	1,600	11,200	6
	<u>50,392</u>	<u>\$313,088</u>	<u>270</u>
<u>Agencies Requiring a Downtown Location:</u>			
Corrections: Probation & Parole	5,510	\$ 20,607	31
Health: Maternal & Child	2,420	20,570	12
Public Defender	1,826	11,691	8
Rehab.: Eval. Center	4,440	28,860	9
Rehab.: Area Office	2,660	22,020	16
VCU: Social Work	400	2,100	1
Visually Handicapped	3,250	23,563	22
	<u>20,506</u>	<u>\$129,411</u>	<u>99</u>
<u>Agencies Requiring a Suburban Location:</u>			
Air Pollution Control	1,600	\$ 11,200	5
Game & Inland Fisheries	900	4,746	7
Water Control Board	7,440	44,746	27
	<u>9,940</u>	<u>\$ 60,692</u>	<u>39</u>

¹Considered only for new construction, because of high cost of renovation to accommodate special facilities.

Source: JLARC Facility Analysis and FAIS

III. EXAMINATION OF OPTIONS FOR A CONSOLIDATED OFFICE BUILDING

The consolidation of State offices in the Roanoke area has been shown to be both feasible and desirable. However, to be a practical alternative, consolidation must be cost-effective.

The 26 offices which could be consolidated spend \$502,708 annually for their space. These costs are expected to rise an average of 6.7% per year for the next 20 years, and total annual costs could reach \$1.6 million by the year 2000. Locating agencies at a single site could lower costs by reducing overall space needs and making more efficient use of space. Projected savings over a 20-year period could range up to \$7.3 million, depending on the option and the agencies selected.

No single facility could accommodate all of the offices in the Roanoke area which could be consolidated. Although there are many potential ways that a consolidated building could be established, two primary options were examined: (1) leasing a renovated building from the City of Roanoke, and (2) constructing an office building. Several alternatives were examined for each option and costs were projected for a 20-year period. Both options appear to be cost effective in the long term compared to current arrangements. A combination of these options was also considered, but was found to be less cost effective than either primary option.

ASSESSMENT OF COST SAVINGS

A consolidated facility should meet the needs of State agencies at a cost that is less than the total of expenses for separate offices. Full occupancy of a consolidated facility could result in significant savings to the general fund and a reduction of expenses for those agencies with the highest costs and greatest amounts of space. The impact of market forces on facility expenses could also be limited through a fixed cost base for renovation or construction. Further savings could result through utilization of open work areas to reduce the total amount of space needed; through reduction of space used for non-program purposes, such as restrooms, hallways, and stairwells; and through sharing of facilities, such as conference rooms, that are currently duplicated and underutilized.

Costs of Current Facilities

Facility costs for the 26 offices under consideration exceeded a half million dollars in FY 1982. Square foot costs vary considerably among the offices (Table 9-A) due to such factors as office location, building age, and services included in the lease. Eighteen agencies have full-service leases that include all facility expenses. The other eight agencies pay for utilities, janitorial services, and other costs in addition to their rent. Agencies with full-service leases pay an average of \$0.57 more per square foot than agencies without full-service leases (Table 9-B).

Rental costs paid by State agencies appear to be reasonable for the Roanoke area. According to the Real Estate Research Center at VCU, office space in the Roanoke metropolitan area currently ranges from \$5.50 to \$12.00 per square foot. Nevertheless, based on inflation

Table 9-A

LEASED FOOTAGE COSTS

<u>Cost Per Square Foot</u>	<u>Number of Agencies</u>	<u>Total Amount of Space (in square feet)</u>
Less than \$4.00	3	9,560
\$4.01 to \$5.50	5	8,990
\$5.51 to \$7.00	11	50,269
\$7.01 and above	7	14,285
	<u>26</u>	<u>83,104</u>

Source: JLARC Facility Analysis and Fixed Asset Information System.

Table 9-B

LEASED FACILITY EXPENSES

<u>Type of Lease</u>	<u>Expenses</u>					<u>Average Cost Per Sq. Ft.</u>
	<u>Rent</u>	<u>Util.</u>	<u>Janit.</u>	<u>Other</u>	<u>Total</u>	
Full Service (18 Agencies)	\$388,469	Inc.	Inc.	Inc.	\$388,469	\$6.24
Limited (8 Agencies)	<u>100,766</u>	<u>8,511</u>	<u>4,249</u>	<u>713</u>	<u>114,239</u>	\$5.47
All Leases	\$489,235	\$8,511	\$4,249	\$713	\$502,708	\$6.05

Source: JLARC Facility Analysis and Fixed Asset Information System.

estimates made by Chase Econometrics in August 1982, rental costs in Virginia are expected to rise an average of 6.7% annually for the next 20 years. Local conditions may also affect the rate of increase. In localities where there is a surplus of office space, costs should increase at a slower rate; where there is a shortage, costs should increase at a greater rate. Assuming that increases in the Roanoke area will reflect the State average, expenses for office space could double in ten years, and could more than triple by the year 2000 (Table 10).

Use of Open Work Areas

Over half of the space in agency offices is currently used for staff offices and work areas. The most common arrangements are private offices for professional staff and open areas for clerical personnel, although some clerical staff occupy individual offices (Table 11). Private offices, however, are the most inefficient use of space. Open areas with modular furniture allow more flexibility in design and greater efficiency in space use. Space needs for staff could be substantially reduced by limiting the number of private offices while providing sufficient areas for confidential work with clients or other employees.

The open space concept is being used in most new office buildings. It is particularly applicable to those State offices in the Roanoke area where the work activities are frequently conducted outside of the office. The professional employees in two-thirds of the agencies are out of the office 50 percent or more of the time. Thus, their work space is unused a significant portion of the time.

Agencies already vary considerably in how space is allocated:

Most professional staff at the Water Control Board have private offices averaging 142 square feet apiece. The office director said that most staff carry out their work activities in the field, and that they are out of the office between 50 and 80 percent of the time.

* * *

The Department of Taxation uses an open office arrangement for its professional staff. Professional employees have an average of 41 square feet. They work outside of the office about 75 percent of the time.

Reduction of Unproductive Space

Many leases are based on gross square feet of space. Yet, on the average, agencies in the Roanoke area use only about 77 percent of

Table 10

PROJECTED COSTS FOR OFFICE SPACE
IN THE ROANOKE AREA

<u>Year</u>	<u>Estimated Expenditures</u> ¹	<u>Percent Increase From 1982</u>
1982	\$ 502,708	0%
1985	617,700	23
1990	881,100	75
1995	1,197,600	138
2000	1,627,700	224

¹Chase Econometrics has projected inflation rates until 1991. Estimates beyond 1991 were made by assuming that the last annual increase (6.3%) would remain constant past 2000.

Source: Chase Econometrics (August 1982) and JLARC.

Table 11

CONFIGURATION OF STAFF SPACE
IN ROANOKE AREA OFFICES

<u>Type of Space</u>	<u>Number of Employees</u>	<u>Number of Square Feet</u>	<u>Space Per Employee</u>
Professional Staff:			
Private	198	25,847	130.5
Semi-Private	59	3,672	62.2
Cubicles	4	450	112.5
Open Area	15	659	43.9
Clerical/Administrative Staff			
Private	22	2,930	133.2
Semi-Private	19	2,138	112.5
Cubicles	16	646	40.4
Open Area	24	3,779	157.5
Reception Area	26	4,977	191.4

Source: JLARC Facility Analysis. Based on 26 agencies.

their rented space for work-related purposes. The remainder, known as the inefficiency factor, is taken up by hallways, restrooms, utility closets, and elevator lobbies. There is great variation among agencies in how efficiently offices are designed:

The Department of Social Services leases the eighth floor of a modern office building in downtown Roanoke. The gross area of the floor is 14,453 square feet, and rental costs of \$7.00 per square foot are based on this figure. Actual space used by the agency, however, totals 9,985 square feet, 69 percent of the total area. The remaining space is hallways, a lobby area, restrooms, janitorial closets, and stairwells.

* * *

The Department of Rehabilitative Services regional office occupies four rooms in a suburban office complex. Three private offices are located off a reception area, which is used by two clerical personnel. All 672 square feet of space in the office are used by agency staff.

In a consolidated facility, the inefficiency factor could be reduced by the sharing of restrooms, hallways, and other common space.

Sharing of Facilities

Almost 15% of the space leased by agencies is for rooms that potentially could be shared by several agencies (Table 12). This space includes conference rooms, employee lounges, storage areas, mail and

Table 12

COMMON FACILITIES IN ROANOKE AREA OFFICES

<u>Type</u>	<u>Number of Agencies With Facility</u>	<u>Number of Square Feet</u>	<u>Percent of Total Leased Space</u>	<u>Total Annual Cost of Space</u>
Conference Room	16	6,071	7.3%	\$36,730
Employee Lounge	9	973	1.2	5,887
Library	2	238	0.3	1,440
Photocopier Room	4	559	0.7	3,382
Storage Area	19	<u>3,910</u>	<u>4.7</u>	<u>23,656</u>
Total		11,751	14.2%	\$71,095

Source: JLARC Facility Analysis.

file rooms, and rooms for photocopy equipment or other special purposes. Many of these facilities are used only on an intermittent basis and potentially could be shared in a consolidated building. For example, more than half of the offices visited by JLARC had conference rooms. Although precise records on use were not kept, agency staff indicated that many of the rooms are used at full capacity only occasionally.

The amount of sharing and resulting savings that could occur depends upon which specific agencies occupy a consolidated building and how these agencies currently use their space. In a consolidated building, for example, it is conceivable that only one library and one storage area would be needed. Conference and copy rooms could be provided on specified floors of a multi-story building. An additional benefit of consolidation that has already been mentioned is that some agencies would gain access to facilities, such as conference rooms and employee lounges, that they do not have at their present sites.

Sharing of Equipment and Services

Another area of potential savings in a consolidated building is the sharing of equipment and services. Almost all of the offices have photocopying equipment or access to it. However, some equipment does not always meet agency needs.

The Commission of Game and Inland Fisheries office in Vinton has an old federal surplus copier. The machine is not efficient and frequently needs repair. When staff have a large amount of material to be copied, they use a commercial firm or use equipment at the Department of Highways and Transportation in Salem--a 20 minute drive.

At a single location, agencies could share photocopying equipment, reducing the number of machines needed and providing some agencies with better equipment.

Several other areas of potential sharing and savings could be explored at a consolidated building. For example, establishing a pool of State cars could reduce the number of vehicles needed. Also, small agencies that need only part-time clerical assistance could explore the possibility of sharing personnel. Other areas with potential for sharing include computer facilities, mail rooms, and supplies.

OPTIONS FOR CONSOLIDATING STATE OFFICES IN ROANOKE

A consolidated office building could be established in one of three ways: by leasing sufficient space for the agencies; by purchasing and renovating an existing building; or by constructing a new building. The potential for leasing sufficient space for State offices

in the Roanoke area is limited. Moreover, there are currently no large office buildings on the market that would be suitable for purchase and renovation. Construction offers more possibilities because there are several general locations in the Roanoke area which would be suitable for development.

Two primary options were examined as part of this review: (1) leasing a renovated post office building from the City of Roanoke and (2) constructing a State office building in a suburban area. Construction in urban locations was not considered because of high land costs. Agency offices identified in the feasibility analysis were selected for each option so as to meet each office's specific requirements and to maximize cost savings. Current facility costs and estimated costs for each option were projected over a 20-year period proposed by the City as the term of the lease for the post office. This permitted a comparison of the long-term effects of the two options. Finally, several alternatives were developed within each option on the basis of the reduced space needs that could result from facility sharing and more efficient space designs.

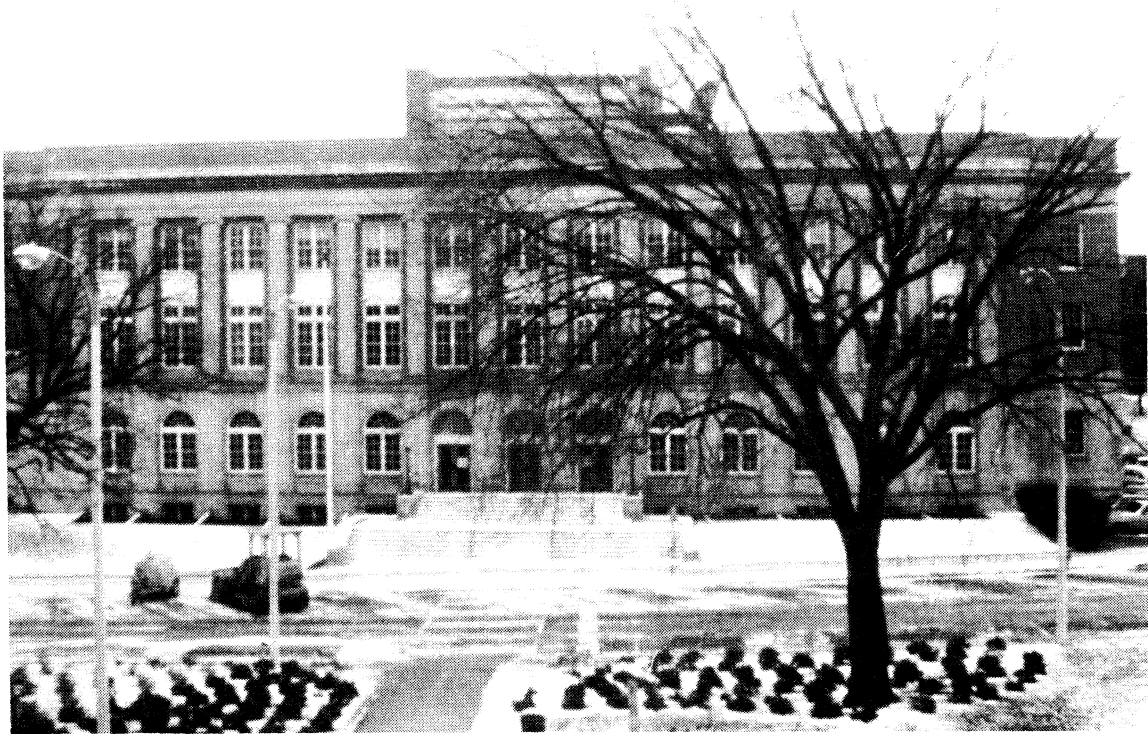
Each alternative examined was found to be more cost effective over 20 years than current arrangements for office space. Savings of up to \$7.3 million could accrue during the period. With the potential for such significant cost savings, the Commonwealth should consolidate State offices in the Roanoke area.

Post Office Proposal

In 1981, the City of Roanoke approached State officials with a proposal to establish a State office building in downtown Roanoke. The City proposed to renovate a vacant post office building for use by State agencies. The building is located between City Hall and the Poff Federal Building. The 33-year-old building was purchased by the City from the federal government for \$500,000 in 1978. It has been vacant since 1975.

The City proposes to renovate the structure to meet the needs of State offices in the Roanoke area and to lease the entire facility to the State for a 20-year period. Renovation costs are estimated to total \$2.3 million. As proposed by the City, annual lease costs would be based on:

- actual costs of a bond issue to renovate the building divided by 20;
- maintenance and custodial expenses starting at \$1.15 per square foot and adjusted annually by the Consumer Price Index;
- actual cost of utilities (electricity, water, and heating); and
- actual cost of fire insurance.



The Post Office, across from the Municipal Building in downtown Roanoke

The purchase price of the building and the value of the land would not be included in the cost of the lease.

Cost estimates in the City's proposal have been based on an assignable area of 56,513 square feet (Table 13). Actual base costs will be determined by final renovation expenses and the financing rate

Table 13

EFFECT OF FINANCING RATE ON
ESTIMATED SQUARE FOOT COSTS FOR POST OFFICE
(FY 1985)

<u>Type of Expense</u>	<u>Bond Financing Rate</u>		
	<u>9%</u>	<u>10%</u>	<u>11%</u>
Base costs (renovations)	\$4.40	\$4.72	\$5.04
Maintenance and janitorial	1.15	1.15	1.15
Utilities	1.67	1.67	1.67
Total	<u>\$7.22</u>	<u>\$7.54</u>	<u>\$7.86</u>

Source: City of Roanoke.

for the bonds issued for construction funds. The total expenditures for the facility for the first year of occupancy (FY 1985) would range from about \$408,000 to \$446,000, depending on the financing rate. Since the State would pay actual costs, higher or lower expenditures would be reflected in the square foot rate.

The City maintains that because the base costs (renovation expenses) are fixed and do not include the purchase cost of the building, the lease rate for the building will increase much more slowly than private sector rates. Other benefits cited by the City include enhanced visibility for the State in the Roanoke area, good accessibility from major transportation routes and bus lines, and State participation in the revitalization of downtown Roanoke.

The Department of General Services reviewed this proposal for the Secretary of Administration and Finance in the spring and summer of 1982. Several concerns about the proposal were raised, including whether the State should assume costs for the entire facility prior to full occupancy, whether agencies should be compelled to move into the facility, certain calculations of costs, and availability of parking.

Agencies for Potential Occupancy

Based on the JLARC feasibility analysis, 22 of the State offices which can be consolidated are potential occupants of the post office:

Agriculture and Consumer Services	Rehabilitative Services -
Alcoholic Beverage Control	Evaluation Center
Commerce	Rehabilitative Services -
Corrections - Regional Office	Area Office
Corrections - Probation and	Rehabilitative Services -
Parole	Regional Office
Education	Social Services
Fire Programs	Taxation
Health - Maternal and Child	UVA - Continuing Education
Health - Regional	Virginia Employment Commission -
Housing - Fire Marshal	CETA/Unemployment
Labor and Industry	VCU - Social Work
Public Defender	Visually Handicapped
	VPI Extension - District Office

These agencies either require a downtown location or have no needs which would preclude a downtown site. They currently occupy 59,935 square feet of space at an total annual cost of \$422,232.

Post Office Space and Cost Estimates

The post office building consists of three floors and a basement, occupying a gross area of 81,856 square feet. JLARC analysis showed an area suitable for office use of approximately 43,000 square feet. This estimate excludes the following space:

- lobby areas, hallways, restrooms, and utility areas;
- an outdoor loading area;
- basement space adjacent to utility areas;
- 2,230 square feet in a large courtroom suitable for large conferences, public hearings, and employee training but not for regular staff use.

Three alternatives were developed to determine economical options for the use of this space. Each includes the rental and moving costs of a specified number of agencies. No additional costs are assumed for telephone systems. According to estimates by the Department of Telecommunications, under a lease/purchase plan, monthly expenses for telecommunications would be approximately equal to or somewhat less than current billings. Similarly, building management and security costs were not included because these services were assumed to be the responsibility of the City as landlord. Where appropriate, however, costs that might be incurred beyond the base are indicated. For example, new furnishings may be necessary for establishing open office space.

Additional costs could be incurred if the State decided to provide parking for employees to supplement the parking spaces included in the lease. The State could lease or purchase a nearby lot, or require the City to provide adequate parking as part of the lease for the post office. The City recently leased a 204-space lot within two blocks of the post office for \$18,500 annually (\$7.56 per space per month). A 308-space lot within three blocks of the building is available for sale, with an assessed value of \$171,500.

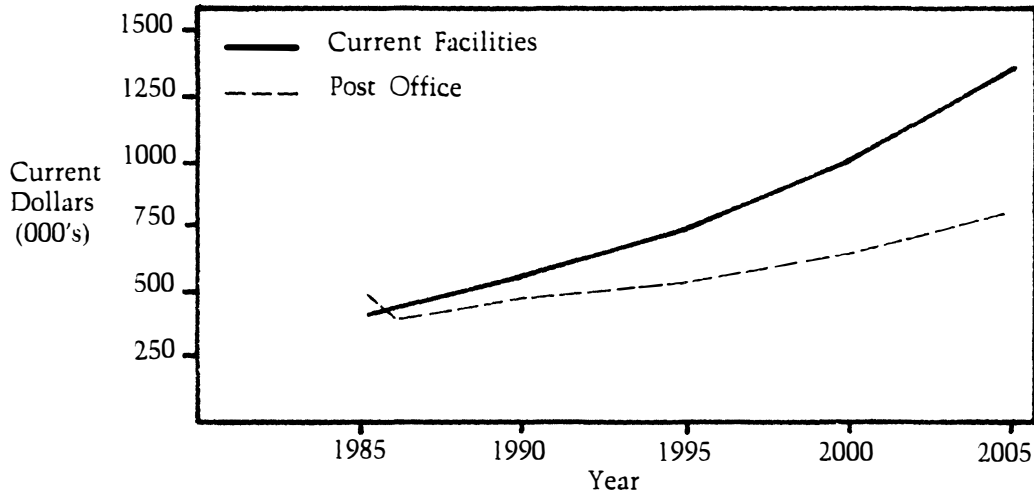
If the City were to purchase the 308-space lot for use with the building, leased expenditures would increase by \$8,600 annually over the 20-year term of the lease (\$2.33 per month per space). This cost could be absorbed by the State, shared with employees under a subsidy arrangement as in Richmond, or charged totally to employees. Under the latter option, facility costs would not be increased.

Post Office Alternative 1: Duplicate Space Agencies Currently Use

Number of Agencies: 14
 Number of Employees: 225
 Current Leased Space: 45,259 square feet
 Facility Expenditures (FY 1982): \$313,445

The first alternative duplicates the amount of space that each agency is using in its current office. To calculate space currently used, the amount of space in work areas was totaled and 15 percent was added for interior hallways and other common space. The offices with the current highest square foot costs were selected for consolidation in order to maximize cost savings. Under this alternative, 14 offices could be relocated to the post office.

PROJECTED EXPENSES



POTENTIAL TWENTY-YEAR SAVINGS: \$4 million

Moving expenses for these offices would be approximately \$23,000. Taking these expenses into account, annual costs in the post office would be less than those in the current offices in the second year of occupancy. The cumulative break-even point, where total expenses for the alternative equal the total expenses for the current offices, would occur in the fourth year of operation. Over the 20 years of the lease, there would be a cumulative savings of \$4.0 million.

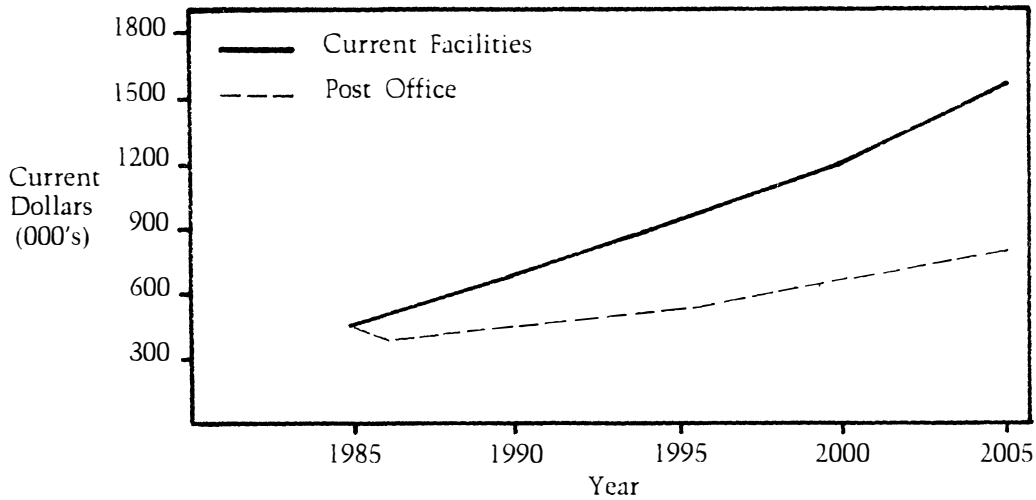
Post Office Alternative 2: Reduce Staff Work Space

Number of Agencies: 19
Number of Employees: 296
Current Leased Space: 57,860 square feet
Facility Expenditures (FY 1982): \$372,578

The second alternative reduces space needs of the agencies and increases savings by using an open office design for staff areas. To estimate space needs for each agency, professional staff were each allocated an average of 90 square feet, and clerical personnel were allocated 75 square feet. To the total space for personnel was added the amount of space in conference rooms, mail rooms, storage areas, and other rooms in the current offices. An additional 15 percent was added to the total for interior hallways and other common space.

Under this alternative, the post office building could accommodate 19 agency offices. Even with moving costs of \$30,000, total expenditures for the post office would be less in the first year of operation than the projected expenditures for current facilities. Over 20 years, the cumulative savings would be \$6.9 million.

PROJECTED EXPENSES



POTENTIAL TWENTY-YEAR SAVINGS: \$6.9 million

A potential expense that could reduce savings is the cost of refurbishing offices. If an open office layout were to be used in a consolidated facility, new furnishings, such as acoustic paneling and modular furniture, would be necessary. New and renovated State office buildings in Richmond are using this concept.

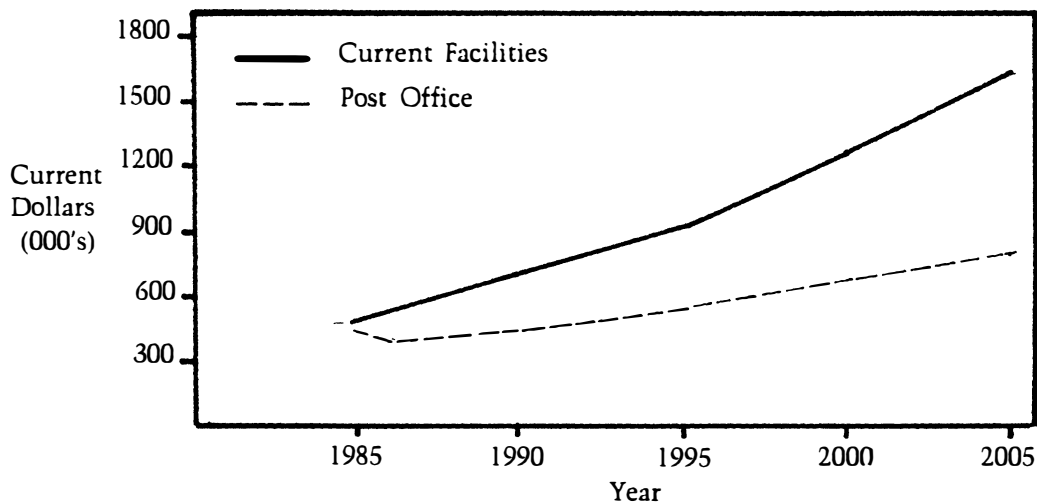
According to the Division of Engineering and Buildings, the cost of the paneling (for use with existing furniture) would be approximately \$1,100 per person. Paneling and modular furniture would cost \$3,100 per person. Using these estimates, refurbishing expenses could range from \$200,000 to almost \$1,000,000, depending on the office design selected, the number of employees included, and the existing furniture used. Once a design for a consolidated facility was prepared, DEB would have to estimate the cost of refurbishing and include these expenses in the cost analysis of the proposal.

Post Office Alternative 3: Maximize Space Savings

Number of Agencies: 20
Number of Employees: 308
Current Leased Space: 60,280 square feet
Facility Expenditures (FY 1982): \$393,148

The third alternative maximizes potential space reductions by changing staff areas to more efficient designs and requiring agencies to share conference rooms, employee lounges, and photocopier rooms. Twenty offices could be accommodated in the building under this option.

PROJECTED EXPENSES



POTENTIAL TWENTY-YEAR SAVINGS: \$7.3 million

Staff space needs were estimated at 90 square feet for each professional employee and 75 square feet for each clerical employee. The 20 agencies currently have 12 conference rooms totaling 4,000 square feet, six employee lounges totaling 713 square feet, and three photocopier rooms totaling 500 square feet. In the post office, an existing courtroom could be substituted for at least two large conference rooms, and each floor could have two smaller conference areas. Each floor could also have one photocopier room, and one employee lounge could serve the whole building.

With moving costs for the offices of approximately \$32,000, facility expenses in the post office would be less in the first year of operation than projected costs for the current offices. Cumulative savings over 20 years would be \$7.3 million, less any costs for acoustic panels or modular furnishings as specified for the second alternative.

Undetermined Aspects of the Post Office Proposal

Each alternative examined for the post office was found to be cost effective compared to current arrangements for office space. The analysis was based on cost and facility information provided by the City of Roanoke. Prior to any action by the State on the Roanoke proposal, the information should be examined and verified by the Secretary of Administration and Finance and the Department of General Services. Furthermore, several undetermined aspects of the City's proposal must be resolved before an agreement between the State and Roanoke can be finalized.

The caveats that must be considered include:

- *Renovations.* The projected expenses for renovations total \$2.3 million and include a new heating and air conditioning system, a new electrical system, roof replacement, new windows, and accommodations for handicapped access. The estimates were prepared by an architectural firm and cost consultants. However, the amount of interior demolition and new partitions shown in the proposal appears to be somewhat low. Since the base cost of the proposed lease is determined by renovation expenses, lease expenditures would increase if these costs were higher than anticipated. However, the City Manager of Roanoke told JLARC that the City would guarantee cost estimates based on final architectural designs. Any cost overruns would be absorbed by the City and not included in the lease. A letter to this effect from the City Manager is included in the Appendix to this report.
- *Office Design.* The City's proposal is not based on a specific design for the interior of the post office. The current layout is not very efficient and, considering that there are limited new partitions in the proposal, any design should be carefully evaluated. Prior to any agreement, the Department of General Services should work with City architects to review and approve the interior design of the post office. The Department should ensure that agency needs will be met and that the space will be used efficiently. Where practical, an open office design should be incorporated.
- *Building Management.* As landlord, the City should have responsibility for building management, including security, lockup, maintenance, janitorial services, and related services. The responsibility for some of these activities is currently unspecified. City responsibilities should be clearly and precisely specified in any lease agreement.
- *Parking.* A major concern for both employees and the public is the availability of parking in downtown Roanoke. There are 28 parking spaces on-site and approximately 37 additional spaces on the streets surrounding the building. The City reports an additional 485 short-term spaces within one block and monthly parking ranging from \$8 to \$22 in the vicinity of the post office.

Provisions for adequate parking should be negotiated with the City prior to any commitment by the State. Parking adjacent to the building should be used for short-term visitor parking. In addition, the State may wish to arrange for subsidized parking for employees near the building by leasing or purchasing a large surface lot or requiring the City to provide sufficient parking as part of the lease.

Figure 4 provides potential solutions to the parking concerns. The map shows the location of short- and long-term parking areas in relation to the Post Office building.

- *Lease Expirations.* Three current leases totaling over \$131,000 annually expire after the assumed July 1, 1984 occupancy date. If these leases could not be broken without penalty to the State, the consolidated agencies would have to spend an additional \$275,000.

All contingencies should be resolved prior to any agreement with the City. If the State should decide to pursue the post office proposal, the Department of General Services would have to take lead responsibility for ensuring that the Commonwealth's interests are protected in the design, renovation, and management of the facility. To ensure full occupancy, relocation of agencies should be mandatory. Moreover, the Department should be responsible for assigning space in the building prior to occupancy and for providing general management assistance to the agencies during relocation.

Construction of a Consolidated State Office Building

The second option examined was construction of an office building in a suburban location. Because of high costs for land (\$10-12 per square foot), a downtown location was not considered as a construction option.

Agencies for Consideration. Nineteen of the 26 State offices under consideration could be located at a suburban site:

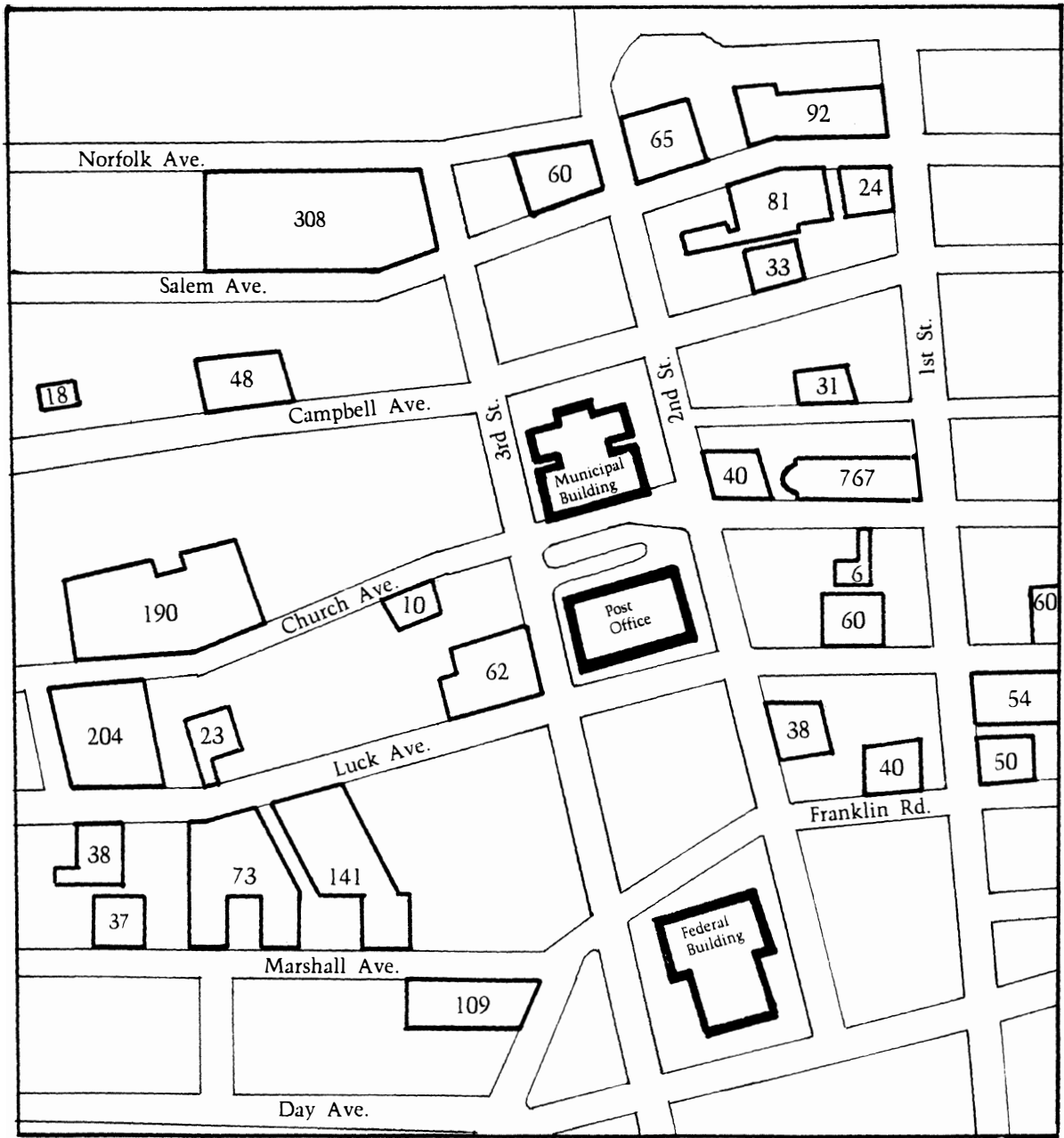
Air Pollution Control	Housing - Fire Marshal
Agriculture & Consumer Services	Labor & Industry
Alcoholic Beverage Control	Rehabilitative Services -
Commerce	Regional Office
Corrections - Regional Office	Social Services
Education	Taxation
Fire Programs	UVA Continuing Education
General Services -	Virginia Employment Commission -
Consolidated Laboratories	CETA/Unemployment
Game and Inland Fisheries	VPI Extension (District)
Health - Regional Office	Water Control Board

These agencies either have no unique geographic needs or should be located in a suburban area. The remaining seven agencies were not included because they require a downtown location.

Size Alternatives. The 19 agency offices currently use approximately 48,000 square feet of space out of a total leased space of 62,589 square feet. The remainder is the inefficiency factor taken up in hallways, restrooms, and other common areas. Two general construction alternatives were examined: (1) constructing facilities to

Figure 4

PUBLIC PARKING IN THE VICINITY OF THE POST OFFICE



Note: The numbers indicate the capacity of lots providing daily or monthly public parking.

Source: City of Roanoke

duplicate existing space and (2) constructing a building to meet reduced space needs through more efficient office layout and shared facilities as in the post office option. The first alternative would require a 75,000 square foot building. A 50,000 square foot building could potentially suffice under a space saving alternative.

Costs. Construction costs of a consolidated office building were estimated using Means Cost Data, a construction estimating guide. The Division of Engineering and Buildings also developed cost estimates for comparison. The two estimates were within five percent of each other. Interest costs were based on a nine percent financing rate. The Department of Treasury indicated that this would be the current rate on a general obligation bond for the State.

Operating costs of the facility were estimated using square foot guidelines for maintenance, janitorial, utility, and other routine expenses. Building management expenses were also included in the operating costs. In addition, moving costs were included in the first year of operation.

In order to estimate and compare annual costs for a constructed facility against current leasing arrangements, one-twentieth of the capital expenses was added to the total annual operating expenses. This is a conservative estimate, because capital costs are spread over only 20 years rather than the accounting depreciation standard of 30 years for buildings.

Annual costs were projected for 20 years using the August 1982 Chase Econometrics inflation estimates. These projections were compared to anticipated increases in current leasing expenditures to determine the long-range impact of the construction alternatives. However, inflation projections and interest rates are currently in a state of flux and could change significantly in the future. Further examination and detailed financial study of this option will be necessary, using the most current data available at the time of the analyses.

Table 14 shows the estimated construction and operating costs for a 50,000 square foot and a 75,000 square foot building. Construction costs were estimated to be \$68 per square foot plus land and site development and architectural fees. Annual operating costs in FY 1985, including a pro-rated share of capital expenses, were estimated to be \$654,000 and \$909,800 for the smaller and larger building, respectively.

Only the smaller building, in which agencies would have less space, is cost-effective over the 20-year period of the analysis (Figure 5). Annual costs in a constructed facility would be less than projected costs in the current separate offices in the eighth and eighteenth years of operation for a 50,000 and 75,000 square foot building, respectively. However, cumulative costs over 20 years in the larger building would be greater than total lease expenses. The smaller building could save \$2.3 million over 20 years.

Table 14

PROJECTED CAPITAL AND OPERATING
EXPENSES FOR CONSTRUCTION ALTERNATIVES

<u>Type of Expense</u>	<u>Construction Alternative #1 50,000 Sq. Ft.</u>	<u>Construction Alternative #2 75,000 Sq. Ft.</u>
Capital Costs:		
Land and Site Development	\$1,400,000	\$1,400,000
Construction (@ \$68 sq. ft.)	3,400,000	5,100,000
A&E Fees (@ 6%)	<u>204,000</u>	<u>306,000</u>
Total	\$5,004,000	\$6,806,000
Interest (@ 9%)	\$4,725,000	\$6,615,000
Annual Operating Costs (FY 1985):		
Capital Costs (Total/20) ¹	\$486,500	\$671,000
Utilities (@ \$1.70 sq. ft.)	85,000	127,500
Maintenance and Janitorial (@ \$1.15 sq. ft.)	57,500	86,300
Building Management	<u>25,000</u>	<u>25,000</u>
Total	\$654,000	\$909,800

¹Includes capital and interest expenses.

Source: Means Cost Data, DEB Estimates.

Other Considerations. These estimates and projections for construction are intended to be general parameters for comparing current arrangements with an owned facility. Actual costs could be greater or less, depending on the site selected, the specific design of the building, the agencies included, and actual inflation and interest rates.

Prior to further consideration of a construction option, DGS would have to conduct a detailed analysis of the site, agency needs, and construction costs. Specifically, DGS should determine:

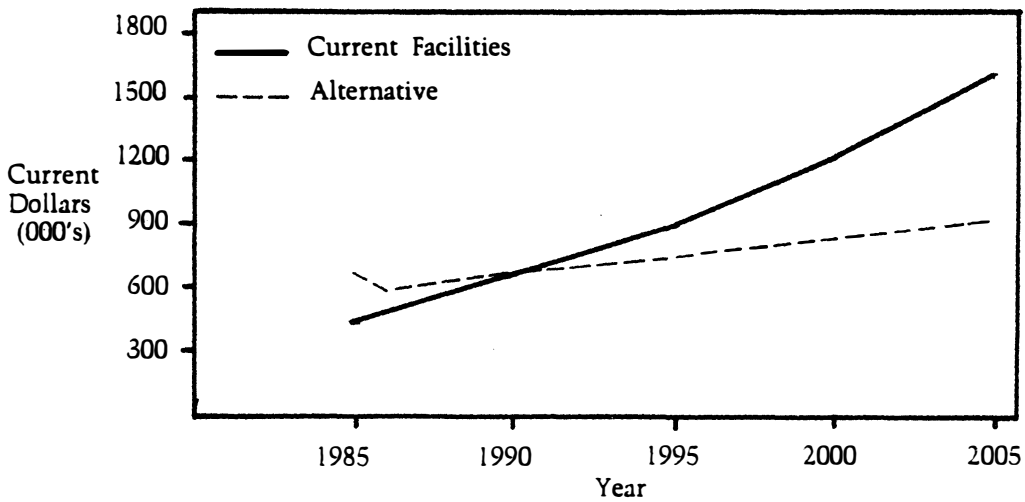
- what the specific costs of construction will be to meet the needs of the agencies.
- what the routine operating expenses will be, and the most efficient means of providing building services.

Figure 5

CONSTRUCTION OPTION ALTERNATIVES

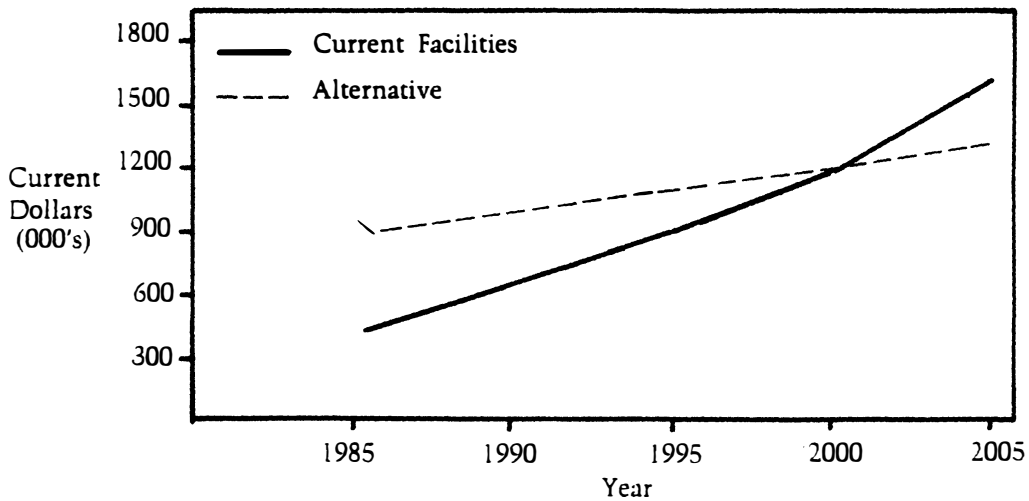
Number of Agencies	19
Number of Employees	309
Amount of Space Currently Leased	62,589 sq. ft.
Current Facility Costs	\$373,297

ALTERNATIVE: 50,000 Square-Foot Building



PROJECTED TWENTY-YEAR SAVINGS: \$2.3 million

ALTERNATIVE: 75,000 Square-Foot Building



PROJECTED TWENTY-YEAR SAVINGS: \$0

- how the costs in the proposed facility compare over time to current lease arrangements. Long range projections should use the most current information available on interest rates and inflation estimates.
- how much refurbishing will be necessary, and the related costs.

Combined Post Office/Construction Option

The option of using the post office in combination with a building constructed for additional agencies was also examined. Two alternatives for this option were reviewed: (1) locating as many offices as possible at the post office by using space-saving designs, and constructing a new facility for the remaining offices; and (2) duplicating the amount of space that agencies currently have in the post office, and constructing a new facility for the remaining offices.

Alternative 1. Under the first alternative, 20 offices could occupy the post office, and the remaining six agencies would require a new 25,000 square foot building. The building would cost about \$2 million to construct, and annual costs would be about \$316,000 in FY 1985 (including one-twentieth of the capital and interest costs).

Twenty-year savings are projected to be \$7.3 million for the post office. Costs for the new building are projected to exceed the expenses of current leasing arrangements by \$1.7 million over 20 years.

Alternative 2. Under the second combined alternative, 12 offices would occupy the post office and 14 offices would be located in a new 40,000 square foot building. Construction would cost about \$3.2 million, and operating costs would be \$482,000 in FY 1985. Although the post office shows about \$3.5 million in savings over 20 years, costs for a new building would total about \$1.8 million more than current leases.

Although the post office portion of a combined option is cost effective, a constructed facility for the remaining agencies is not. The other options discussed, where the number of offices in the post office or a constructed site is maximized, appear to be more cost effective in the early years of the analysis than a combined option. Therefore, further analysis is limited to the two most cost-effective options.

Comparison of Cost-Effective Alternatives

All but one of the alternatives examined for consolidating State office space in the post office or in a single newly constructed building was found to be more cost effective than the current separate leasing arrangements (Table 15). The projected savings over 20 years range from \$2.3 million in a newly constructed building to \$7.3 million under a space saving alternative of the post office proposal.

Table 15

COMPARISON OF ALTERNATIVES

<u>Site</u>	<u>Number of Agencies</u>	<u>Current Total Space (Sq. Ft.)</u>	<u>Space Needed (Sq. Ft.)</u>	<u>Projected Twenty-Year Savings</u>
Post Office				
Alternative 1	14	45,259	42,000	\$4 million
Alternative 2	19	57,860	42,000	\$6.9 million
Alternative 3	20	60,280	42,000	\$7.3 million
Constructed Facility				
50,000 Square Feet	19	62,589	50,000	\$2.3 million
75,000 Square Feet	19	62,589	75,000	\$0

Source: JLARC Facility Analysis.

Each of the alternatives would also be beneficial in terms of improving the accessibility, visibility, and physical conditions of some State offices. Moreover, some agencies would gain access to facilities and services which are currently unavailable to them, and there would be potential for increased coordination among some agencies.

The advantages of the post office alternatives include significant cost savings to the State over 20 years, limited responsibilities in managing the facility, a central location near city and federal government offices, and a contribution to urban revitalization. The disadvantages of the post office site are uncertainties over renovation costs and employee perceptions of congestion and limited parking in downtown Roanoke. The facility is estimated to be ready for occupancy early in FY 1985.

A newly-constructed office could meet the specific needs of the agencies, while at the same time incorporating space-saving interior designs and the most energy-efficient construction modes. A site could be selected to maximize the number of agencies that could locate there, ensure accessibility and visibility, and provide flexibility to accommodate the changing needs of agencies. Moreover, this option would provide the State with a capital facility that would have a useful life of 50 or more years. The disadvantages of a constructed facility are high construction costs, the need for capital outlay, and relatively smaller cost savings over 20 years. According to the Department of General Services, a new facility could be ready for occupancy in FY 1986.

CONCLUSION AND RECOMMENDATIONS

Consolidation of State offices in the Roanoke area has significant potential for cost savings and improved services to the public. Cost savings could accrue through the greater efficiencies of a consolidated office, through the use of space-saving office designs, and through the sharing of common facilities. Services to the public could be enhanced by improving the visibility, accessibility, and conditions of current offices.

Recommendation (1). The Secretary of Administration and Finance and the Department of General Services should take steps to consolidate offices in the Roanoke area. The post office is a viable option that is currently available and offers the opportunity to cooperate with the City. Construction is also viable if a suitable site can be found and only if a space saving building design is used. Assuming the State and the City of Roanoke can satisfactorily resolve outstanding questions, the JLARC analysis supports selection of the post office proposal.

Recommendation (2). In assessing the post office option, the Department of General Services should carefully analyze the space design, renovation cost estimates, and other related expenses to ensure that costs are within the original parameters specified by the City of Roanoke. Specifically, DGS should determine:

- a. what the specific costs of renovation will be, including interior demolition and construction to meet layout needs of agencies.
- b. how the routine operating expenses will be calculated, and what the exact costs will be for the first year. The State should insist that these expenses be based on actual costs rather than an inflated estimate.
- c. who will be responsible for providing and paying for building management, including routine maintenance, security, and lockup.
- d. what the parking needs of the agencies are, and how these needs can be met. DGS should negotiate with the City to ensure that sufficient short-term parking is available for visitors. Employee parking could be arranged by leasing or purchasing sufficient land in the vicinity and providing subsidized parking for workers.
- e. how much refurnishing will be necessary, and what the related costs will be.

Recommendation (3). If the post office option is accepted, DGS should work with the City of Roanoke and its architects to ensure that agency space needs are met and that the design is appropriate and

efficient. Moreover, DGS should provide assistance to the State offices to ensure that their needs are adequately determined and met.

Recommendation (4). In assessing the construction option, DGS should carefully analyze the site, agency needs, and construction costs. Specifically, DGS should determine:

- what the specific costs of construction will be to meet the needs of the agencies.
- what the routine operating expenses will be, and the most efficient means of providing building services.
- how the costs in the proposed facility compare over time to current lease arrangements. Long-range projections should use the most current information available on interest rates and inflation estimates.
- how much refurbishing will be necessary, and the related costs.

Recommendation (5). With any option, DGS should maximize space reductions and flexibility through greater use of open office configurations and sharing of common facilities.

Recommendation (6). The potential for sharing equipment and services should be explored as a cost-saving measure. DGS should review the photocopying needs of all agencies to be housed in a consolidated facility and determine the number of machines that would be necessary if the agencies shared equipment. Other items and services that could be shared include State cars, part-time secretarial help, computer facilities, and supplies. These could be explored in conjunction with an interagency task force from offices in the consolidated facility.

Recommendation (7). Agencies which are not included in a consolidation should be encouraged to explore the potential for sharing facilities. DGS should establish a suspense file mechanism so that when an agency's lease falls due, the agency can be alerted to the possibility of consolidating with another agency needing leased space.

APPENDIXES

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APPENDIX A

SENATE JOINT RESOLUTION 29

Requesting the Joint Legislative Audit and Review Commission to study the feasibility of consolidating certain agency offices in various areas of the Commonwealth.

WHEREAS, many state agencies maintain offices throughout Virginia to serve the citizens of the Commonwealth; and

WHEREAS, many of these agencies operate out of single offices that are often under-equipped and would benefit from a consolidation of services into one central and easily accessible location; and

WHEREAS, such a consolidation could have many conceivable advantages, including the placing of state agencies in one visible and identifiable location; the sharing by departments of conference, copying and other common facilities; the ability of employees of one agency to become familiar with other state services; and the potential savings to the Commonwealth through the cost effectiveness achieved by such a consolidation of state agencies; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission is requested to study the desirability and feasibility of consolidating state agencies that operate out of single offices throughout Virginia into one central and easily accessible location. The Commission is also requested to study the cost effectiveness of consolidation and possible sites for locating the consolidated state agencies.

The Joint Legislative Audit and Review Commission shall complete its study in time to submit recommendations to the 1983 Session of the General Assembly.

APPENDIX B

TECHNICAL APPENDIX SUMMARY

JLARC policy and sound research practice require a technical explanation of research methodology. The full technical appendix for this report is available on request from JLARC, Suite 1100, 910 Capitol Street, Richmond, Virginia 23219.

The technical appendix includes a detailed explanation of the methods and research employed in conducting this study. The following special methods are covered.

1. Office Inventory. The first step in each regional study was to develop an inventory of all State facilities in the area. The purpose of the inventory was to identify all State facilities and to eliminate those which would not be compatible in commercial office space.

The inventory was developed from several sources, including automated data systems and telephone directories. Staff at selected facilities were surveyed by telephone to determine the nature of the facility.

2. Facility Analysis. Each facility classified as "office space" was visited by JLARC staff. At each site, the office director was interviewed about special location and physical plant needs. In addition, detailed information was collected on facility expenses, space and equipment use, facility needs, and the visibility, accessibility, and physical condition of the office.

The data were computerized to permit analysis of agency space needs in a consolidated building and to develop different groupings of agencies or "scenarios" which would be compatible at a single site. Space needs at a consolidated building were computed in two ways: (1) duplicating the current space use and (2) minimizing space requirements by using efficient office designs.

3. Cost Analysis. Each consolidation scenario was analyzed to compare costs in a consolidated facility with the costs of current offices. Three primary options were examined: (1) leasing; (2) construction of a facility; and (3) purchasing a building.

Costs in a consolidated facility were estimated using advertised rates for the leasing option and construction and operating cost guidelines for the construction option. In order to assess long-term effects, costs were projected over 20 years using inflation estimates made by Chase Econometrics.

APPENDIX C

AGENCY RESPONSES

As part of an extensive data validation proces, each State agency involved in JLARC's review and evaluation efforts is given the opportunity to comment on an exposure draft of the report.

Appropriate corrections resulting from the written comments have been made in the final report. Page references in the agency responses may not correspond to page numbers in the final report.

Comments from the following sources are included in this appendix:

- Department of Commerce
- Department of Conservation and Economic Development
- Department of Education
- Department of Housing and Community Development
- Department of Rehabilitative Services
- Department of Taxation
- State Air Pollution Control Board
- State Water Control Board
- Virginia Employment Commission
- Virginia Cooperative Extension Service
- City of Roanoke



COMMONWEALTH of VIRGINIA

BERNARD L. HENDERSON JR.
Director

Department of Commerce

2 SOUTH NINTH STREET, RICHMOND, VIRGINIA 23219-3991

November 5, 1982

NOV 5 1982

Mr. Ray D. Pethel
Director
Joint Legislative Audit and
Review Commission
Suite 1100, 910 Capitol Street
Richmond, VA 23219

Dear Ray:

Thank you for the opportunity to review the report regarding consolidation of office space in Roanoke. I find no factual errors.

As usual, JLARC seems to have produced a well written and thoughtful report.

Please let me know if we can provide additional information.

With appreciation and best wishes, I remain

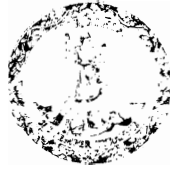
Very truly yours,

A handwritten signature in cursive script that reads "Bernard L. Henderson, Jr.".

Bernard L. Henderson, Jr.

BLHjr/rbt

FRED W. WALKER
Director
JERALD F. MOORE
Deputy Director



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DEPARTMENT OF CONSERVATION AND ECONOMIC DEVELOPMENT

1100 Washington Building
Capitol Square
Richmond, Virginia 23219
(804) 786-2121

November 5, 1982

MEMORANDUM

TO: Mr. Mark Willis, JLARC Project Director
FROM: Fred W. Walker *F. W. Walker*
SUBJECT: November 1 Draft: Consolidation of Office Space
in the Roanoke Area

Per Ray Pethel's November 1 letter we have two comments on the above draft:

1. Upon our review, the proposals do not affect our Department, and
2. For clarity, table 4, page 16 could be improved where it concerns "Forestry" in the listing called Excluded From Consolidation Analysis: instead of Forestry put Conservation and Economic Development - Division of Forestry District Office.

If you need any further information on this subject, please let us know.

BBM/cd



COMMONWEALTH of VIRGINIA

DEPARTMENT OF EDUCATION

P.O. Box 60
RICHMOND 23216

November 12, 1982

Mr. Ray D. Pethtel
Director
Joint Legislative Audit
and Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

Dear ~~Mr. Pethtel~~: *Ray*

Thank you for the opportunity to review your recent report on Consolidation of Office Space in the Roanoke Area. You indicated that the purpose of this draft is to obtain a factual review only and I am pleased to report that the facts as presented relative to the Department of Education offices in the Roanoke area are consistent with our records except for cost of our leased office on Williamson Road. That cost is \$3600, rather than \$4410 as shown in the report. This amount includes rent, utilities, and janitorial service for the period July 1982 through June 1983.

Let me congratulate you on producing a very thorough study and an exceptionally well-written report. We would be most pleased to join with other agencies in a consolidated regional office such as the one that you are recommending.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Davis".

S. John Davis
Superintendent of Public Instruction

SJD:ag



COMMONWEALTH of VIRGINIA

O GENE DISHNER
DIRECTOR

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Fourth Street Office Building
205 North Fourth Street
Richmond, Virginia 23219
(804) 786-1575

November 17, 1982

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and
Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

Dear Mr. Pethtel:

This Department has reviewed the Joint Legislative Audit and Review Commission's report of State office space consolidation in the Roanoke area. The Department's only concern with the potential move of Office of State Fire Marshal from its present location is the availability of adequate parking space in a downtown location. It is noted that you have recognized this problem and will consider options for future parking to accommodate the consolidated State offices.

We would request that this office be kept abreast of any developments which would carry out the recommendation to consolidate the State Fire Marshal's Office with the other State offices in the Roanoke area.

Thank you for the opportunity to review this draft report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gene Dishner".

O. Gene Dishner

clt

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COMMONWEALTH of VIRGINIA

Department of Rehabilitative Services

4901 FITZHUGH AVENUE POST OFFICE BOX 11045
RICHMOND, VIRGINIA 23230-1045
(804) 257-0316

November 17, 1982

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
910 Capitol Street, Suite 1100
Richmond, Virginia 23219

NOV 23 1982

Dear Mr. Pethtel:

I have reviewed the exposure draft, "Consolidation of Office Space in the Roanoke Area". This draft does an excellent job of reviewing this subject. As requested, I am making the following observations relative to the aforementioned paper:

1. On page 20, it is mentioned that several agencies indicated a need for accessibility to handicapped individuals. Title V of the Rehabilitation Act clearly states that programs which receive federal funds must be accessible to all citizens with handicaps. Since there are few agencies within state government which do not receive some type of federal funds, it would seem that most agencies would have to comply with accessibility standards. Furthermore, it is only appropriate that state offices should be accessible to handicapped individuals. I hope this section will be strengthened in the final report.
2. On page 22, the statement is made that some staff of the Department prefer not to be located with welfare-oriented agencies. While this may be the position of some staff in this area, it is not the position of the management of the Department of Rehabilitative Services, and this would not be a consideration on judging the appropriateness of available office space. We would recommend the deletion of this example from your report.

Thank you for the opportunity to comment on this exposure draft.

Sincerely,

Altamont Dickerson, Jr.
Commissioner



COMMONWEALTH of VIRGINIA

Department of Taxation
Richmond, Virginia 23282

November 16, 1982

1051-1-10

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

Dear Mr. Pethtel:

We have reviewed the JLARC exposure draft, Consolidation of Office Space in the Roanoke Area, and find it to be technically correct as it relates to the Department of Taxation.

Thanks for giving us the opportunity to review the draft.

Sincerely,


W. H. Forst
State Tax Commissioner

aac

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HARTINSVILLE

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DRIA

IGAH B. BOYNTON
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HARLOTTESVILLE



COMMONWEALTH of VIRGINIA

State Air Pollution Control Board

ROOM 801, NINTH STREET OFFICE BUILDING
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 786-2378

W.R. MEYER
EXECUTIVE DIRECTOR

November 17, 1982

Ray D. Pethlet, Director
Joint Legislative Audit
and Review Commission
Suite 1100, 910 Capital Street
Richmond, Virginia 23219

NOV 17 1982

Dear Mr. Pethlet:

Reference is made to your letter of November 1, 1982 with enclosed JLARC Exposure Draft, Consolidation of Office Space in the Roanoke Area, November 1, 1982.

The Exposure Draft has been reviewed by this agency. We are in complete agreement with the idea of consolidation of state facilities. We further subscribe to the recommendation contained in the draft wherein this agency is one of three state agencies, in the Roanoke area, that could be better accommodated in a suburban location.

We believe it to be in the best interest of the Commonwealth's effort to consolidate state agencies to have a suburban location for the three agencies in the draft. If additional agencies are diverted to the suburban location it would pose no particular problem for this agency.

Since the State Water Control Board is also located in the immediate area of our present location, we would prefer any new location be in the same general area in which we are now located.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Edward D. Hamlett".

Edward D. Hamlett
Director
Division of Administration

EDH/cmr

cc: Don L. Shepherd
Dir., Roanoke, SAPCB



NOV 18 1982

COMMONWEALTH of VIRGINIA

STATE WATER CONTROL BOARD
2111 Hamilton Street

NOV 18 1982

R. V. Davis, P. E.
Executive Director

Post Office Box 11143
Richmond, Virginia 23230
(804) 257-0056

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Mr. Ray D. Pethel
Director
Joint Legislative Audit and Review Commission
910 Capitol Street, Suite 1100
Richmond, Virginia 23219

Dear Mr. Pethel:

I appreciate the opportunity to review and comment on the exposure draft, Consolidation of Office Space in the Roanoke Area, which incorporated assessment of space needs for the Agency's West Central Regional Office in Roanoke, Virginia.

Overall, we find that the document is factually accurate and can agree with its findings. However, we would like to bring to your attention some areas which require clarification. A statement on page 35, concerning allocation of space at the Water Control Board and time spent away from the office is somewhat misleading.

Statement:

"Most professional staff at the Water Control Board have private offices averaging 142 square feet a piece. Most of their work activities are in the field and they are out of the office about 65 percent of the time."

Fact:

Our total on board Roanoke Office strength of 27 employees, professional and clerical identified in the study, includes only 3 professionals who conduct field and discharge monitoring programs and are out of the office approximately 65% of the time. These personnel share a common open office. On the average, the out-of-office time for the balance of the professional staff (18 employees) is approximately 30-40%, depending on their assigned work activities.

In addition, on page 26, a negative feature noted for the Water Control Board was the absence of mass transit availability. This is considered questionable since, with very few exceptions, our clients and employees would not use such transportation.

Mr. Ray D. Pethtel

Page 2

Finally, your conclusion that the Water Control Board should be excluded from consideration in the post office option is a viable one. Your concept of the needs of office and storage space, including boat and equipment storage, and related work effort, for the Agency's Roanoke Office is basically accurate. However, we would appreciate early notification of any plan for consolidation in a suburban area in order to accurately forecast and/or budget requirements for relocation and moving expenses; purchase of modular furniture (conducive to open office space); telephone system changes; parking space needs for employees, clients, and Agency-owned special purpose vehicles, and renewal of or new lease termination dates.

If we can be of further assistance, please contact Mr. John J. Cibulka (257-6383) at this office.

Sincerely,



R. V. Davis, P. E.
Executive Director

:pc



NOV 22 1982
COMMONWEALTH of VIRGINIA
Virginia Employment Commission

703 East Main Street

P. O. Box 1358
Richmond, Virginia 23211

Ralph G. Cantrell
Commissioner

November 19, 1982

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review
Commission
Suite 1100 910 Capitol Street
Richmond, Virginia 23219


Dear Mr. Pethtel:

My staff and I have reviewed the exposure draft of the regional study for office space consolidation authorized by Senate Joint Resolution 29. Based on our experience with offices in metropolitan areas, there are a few important factors to which I would like to call your attention. These factors apply only to the Virginia Employment Commission's Employment Service and Unemployment Insurance offices and not administrative offices, such as our Regional Operations Centers. As you mentioned in the report, 2400 people per week visited our offices and this creates special situations that deserve your attention.

Our experience shows a need for a facility that can handle a large number of clients per week, has a large waiting area, is on the first floor, and is easy to locate with ample free parking. Additionally, with the heavy workloads, we will need continual access to conference rooms, restrooms, copiers, and other equipment. Unless some of these needs are carefully considered, it is very easy for our clients to swamp a facility with people and cars. We become very unwelcome tenants in the community when this occurs. Furthermore, problems are caused for clients, staff, adjoining offices and landlords.

My staff is available to discuss these issues with you if you desire. We appreciate the opportunity to comment on the exposure draft and to acquaint you with our experiences.

Sincerely,


Ralph G. Cantrell
Commissioner

VIRGINIA COOPERATIVE EXTENSION SERVICE

**VIRGINIA
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**VIRGINIA
STATE**

Office of the Dean

NOV 16 1982

Blacksburg, Virginia 24061-0088

November 15, 1982

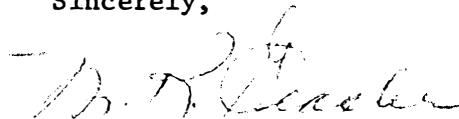
Mr. Mark Willis
Joint Legislative Audit and
Review Commission
Suite 1100
910 Capitol Street
Richmond, VA 23219

Dear Mr. Willis:

We have reviewed the Exposure Draft of "Consolidation of Office Space in the Roanoke Area." Data presented in the report regarding the Virginia Polytechnic Institute and State University Extension Division offices in the Roanoke area are correct.

We are concerned about a number of the recommendations in the report and their impact on our program and administrative functions. We expect sufficient opportunity to work with appropriate state agencies to resolve those concerns.

Sincerely,



M. R. Geasler
Interim Dean

bp

cc: Mr. Ray D. Pethtel



November 22, 1982

Mr. Mark Willis
Principal Legislative Analyst
970 Capital Street
Suite 1100
Richmond, VA 23219

Dear Mr. Willis:

This letter is in response to our telephone conversation Tuesday, November 9, 1982. A brief summary of my remarks before the Commission is set out below:

Parking

The City of Roanoke has considerable contact with the public and has experienced no difficulty regarding visitor parking in our downtown location across the street from the proposed Commonwealth Center. There are 12 short-term public parking spaces immediately in front of the former Post Office, 28 spaces on the site and an additional 20 spaces could be provided on the rear portion of the site facing Luck Avenue. In addition, there is ample public parking (over 2,900 spaces) available within three blocks walking distance from the proposed Commonwealth Center. Referred to map, (JLARC has map, copy of key is enclosed in this correspondence).

Expansion

There is sufficient site area to construct a four-story, 36,000 square foot addition at the rear of the present building. Estimated cost of such an addition would be in the magnitude of three million dollars. Further, a site located on the west side of Third Street across from the Commonwealth Center which is currently used for surface parking, could be purchased for a more major expansion, if required.

Cost

The City of Roanoke is prepared to retain mutually acceptable cost consultants to provide a more thorough cost analysis based on more advanced preliminary design and would pay the cost of the study, if the State would commit to the concept. Further, the City would be prepared to guarantee the cost consultant derived estimate as an upward cost level to the State, absorbing any costs in excess of that level and passing back any savings realized below the estimated cost.

Mr. Mark Willis
Page 2
November 10, 1982

The issue of a competing proposal from the City of Salem which was raised at the hearing is somewhat difficult to respond to as no specifics were mentioned. However, it should be noted that the City has been discussing the proposal to centralize State offices in the former Post Office with various State officials and representatives for over two years. Also, the largest concentration of State offices is presently in downtown Roanoke, the business center of Southwestern Virginia. To relocate these offices and others to Salem does not appear to enhance image, access or visibility for the State offices.

A comment regarding the JLARC report analysis: the opportunity costs of capital appropriation (interest expenses) for construction of a new State office building are not included, which in turn unfairly narrows the savings differential between the City's proposal and those identified with the new construction alternative.

I hope this additional information is sufficient for your purposes. The City of Roanoke needs a written firm indication of serious interest from the State, in order to advance this mutually beneficial project. Thank you for your assistance in this matter.

Sincerely,



H. B. Ewert
City Manager

HBE:JCA:mpf

cc: Congressman-Elect James Olin
Honorable Wayne Anderson

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