



North Carolina State Government Facilities' Master Plan

January 3, 2019

Facilities Master Plan Overview

As specified in the *Appropriations Act of 2018*, the General Assembly directed the Legislative Services Office (LSO) to develop a State Government Facilities' Master Plan.

The objectives of this plan include:

- Increasing value to citizens by reducing the cost to house state employees while ensuring achievement of the state's goals and objectives
- Enabling more effective oversight of State-owned and leased office facilities



Facilities Master Plan Overview

Approach:

- Utilize the Old Revenue Building as the pilot facility and the Office of the State Auditor as the pilot agency

Results:

- Process to ensure necessary property management information is valid and can be compared with other state-managed office facilities
- Essential information for effective decision-making



Pilot Study Components

1. Facility Condition Assessment (FCA) – Analysis of a facility in terms of age, design, construction methods, and materials
2. Market valuation - Cost/benefit analysis of facility utilization alternatives
3. Econometric analysis - Economic and state/local tax impact of identified facility utilization alternatives
4. Agency/Employee workspace analysis - Employee workspace requirements based on an analysis of agency work patterns and employee mobility requirements



Facility Condition Assessment (FCA)

Evaluation of the current facility condition to determine the cost of restoration and repair activities necessary to sustain its intended functionality

Deliverable:

- Cost estimates of facility restoration and repairs utilizing a methodology that is consistent, repeatable, and defensible

Status:

- Contract awarded to Faithful+Gould in December, 2018



Market Valuation and Econometric Analysis

Analysis of current market condition to identify estimated fiscal and economic impact of selected facility utilization alternatives

Deliverables:

- State expenditure requirements and associated revenue projections
- Economic and state/local tax impacts

Status:

- Market valuation contract: Upon completion of FCA and Workspace analysis
- Econometric Analysis: Upon completion of FCA and market valuation



Agency/Employee Workspace Analysis

Analysis of employee workspace requirements based on agency work patterns and employee mobility requirements

Deliverables:

- Facility workspace design to cost-effectively house state employees
- Standardized process to evaluate and establish facility workspace requirements

Status:

- Contract awarded to Baskin Strategies/JLL in December , 2018



Tennessee Workspace Initiative

- Piloted with two agencies
 - Realized annual savings of nearly \$1 million in in office space costs due to increased use of telework and other space saving alternatives
- To date, implementation has begun in 17 of 23 state agencies
 - Estimated \$39 million annual cost reductions upon full implementation
- Tennessee realized documented increased productivity for all participating agencies



Summary

- The General Assembly directed the LSO to develop a State Government Facilities' Master Plan
 - Objective: Provide information to reduce the cost to house state employees and contribute to the achievement of the State's goals
 - Old Revenue Building will be used as the pilot facility.
 - Office of the State Auditor will be the pilot agency
 - Plan will include four components
 - Facility Condition Assessment
 - Market Valuation
 - Econometric Analysis
 - Agency/Employee Workspace Evaluation
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Tennessee Workspace Initiative

Tennessee's workspace requirements are based on a position's duties and the operational structure of an agency

Employee workspace considerations include:

- Nature of the employee's work performed
- Efficiency of an employee's work processes
- Impact on an employee's ability to provide quality customer service
- Utilization of office space
- Impact on an employee's quality of life



Tennessee Workspace Initiative

Key elements of Tennessee's success:

- Agency and employee participation
- Collaboration with enterprise-level agencies
- Capital funding assessment
- Employee and supervisor training
- Technology assessment for remote communication and collaboration
- Policies and procedures

