JOINT LEGISLATIVE
AUDIT AND REVIEW
COMMISSION

THE
VIRGINIA
GENERAL
ASSEMBLY

CONSOLIDATION OF OFFICE SPACE IN NORTHERN VIRGINIA

A report in a series dealing with consolidation of State office space in Virginia.

REPORT OF THE

JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION ON

CONSOLIDATION OF OFFICE SPACE IN NORTHERN VIRGINIA

TO

THE GOVERNOR

AND

THE GENERAL ASSEMBLY OF VIRGINIA

SENATE DOCUMENT NO. 15

COMMONWEALTH OF VIRGINIA
RICHMOND
1983

MEMBERS OF THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

Chairman
Senator Hunter B. Andrews

Vice Chairman
Delegate L. Cleaves Manning

Delegate Richard M. Bagley
Delegate Robert B. Ball, Sr.
Senator Herbert H. Bateman
Senator John C. Buchanan
Delegate Vincent F. Callahan, Jr.
Delegate Theodore V. Morrison, Jr.
Delegate Lacey E. Putney
Delegate Ford C. Quillen
Senator Edward E. Willey
Mr. Charles K. Trible, Auditor of Public Accounts

Director
Ray D. Pethtel

JLARC STAFF FOR THIS REPORT

Mark D. Willis, Project Director
Suzette P. Denslow
Sarah J. Larson

Susan L. Urofsky, Division Chief

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 second regional study conducted by JLARC.

In the Northern Virginia area, an alternative for consolidation which could generate significant cost savings is not presently available. However, many agencies could benefit from locating together. Consolidation could create a more visible State presence in the area with the potential for improved services to the public and more efficient use of space. Furthermore, co-location of offices could correct deficiencies in current space.

Although cost effective alternatives are not currently available, several actions could be taken to improve agency offices or make better use of space in the Northern Virginia area. The Department of General Services should assist agencies to correct problems in current space and achieve economies by locating offices together wherever possible. In addition, institutions of higher education in Northern Virginia should take steps to obtain more economical and efficient instructional space. Finally, given the benefits that could occur as a result of consolidation, the State should remain alert for cost-effective opportunities, such as vacated public buildings.

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

Ray D. Pethtel

Ray D. Pethtel
Director

January 5, 1983

CONSOLIDATION OF OFFICE SPACE IN NORTHERN VIRGINIA

January 5, 1983

Joint Legislative Audit and Review Commission

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 over $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 is the second regional study conducted by JLARC.

In the Northern Virginia area many offices could benefit from consolidation. To be a practical alternative to current arrangements, however, consolidation must be cost effective. The JLARC analysis showed that in light of current economic conditions, an option with significant cost savings is not presently available. Given the potential benefits of consolidation, however, the State should remain alert for cost effective opportunities.

Feasibility and Desirability of Consolidation (pp. 9-31)

In the Northern Virginia area, which includes the cities of Alexandria, Fairfax, and Falls Church, and Fairfax and Arlington counties, it is feasible and desirable to consolidate 26 out of 55 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 mass transportation lines, quick access to interstate highways, 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. 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. Nine offices need to be located within the specific geographic areas that they serve for easy access by clients or nearness to other agencies; these offices should only be considered for consolidation at sites in their current geographic areas. One office needs a site with easy pedestrian access that is near a bus or subway; and one office should be considered for relocation only in a newly constructed building. All of the 16 remaining offices could be accommodated in any well-planned site, although there are special considerations regarding the space leased by two off-campus higher education programs.

Off-Campus Program Considerations (pp. 31-35)

Higher education institutions spend a considerable amount of money for their facilities in Northern Virginia. Two off-campus programs—UVA continuing education and VPI&SU graduate studies—spend almost a half million dollars annually for commercial office space, a large portion of which is used for classrooms. The space leased is not only expensive, it is the most inefficiently used space among the agencies reviewed in Northern Virginia, due in part to the nature of the programs. More cost effective methods of providing space for these programs should be sought, including sharing facilities with George Mason University and Northern Virginia Community College and exploring the use of local secondary schools.

Consolidation Alternatives (pp. 35-46)

The 26 agencies currently spend $1.2 million annually for their office space. These costs are expected to increase an average of 5.3 percent per year for the next 20 years, and total costs could reach $3.2 million by the year 2000.

Three options for establishing a consolidated office building were examined as part of this review: (1) leasing space for the agencies, (2) constructing a new building, and (3) purchasing and renovating an existing building.

Numerous office developments in Northern Virginia could accommodate State agencies in a leasing arrangement. To be cost effective compared to current facilities, the State would have to lease space within a fairly narrow range—between $10.00 and $13.50 per square foot, depending on the agencies included and configuration of space. Some savings could be achieved by using more efficient office designs and by sharing common facilities. However, because moving and refurnishing expenses would have to be included, significant savings would occur only if space could be leased well below that range.

Several alternatives for construction of a consolidated office building were examined with different combinations of agencies and space configurations. For some alternatives, construction appeared to be marginally cost effective. The most cost effective alternative, with UVA and VPI&SU programs included, produced savings of $2.8 million over 20 years. However, savings would not occur until the year 1999.

Purchasing an existing building is a somewhat limited option. Because the market for building sales is constantly changing, the availability and cost of buildings cannot be predicted in advance. However, renovating facilities built for purposes other than office space, such as school buildings, could be explored.

Conclusion and Recommendations (pp. 47-48)

At this time, consolidation of State offices in the Northern Virginia area does not appear to be cost effective. However, general consolidation could create a more visible State presence in the area with the potential for improved services and more efficient use of space. In some cases, co-location of offices (when current leases terminate) could also correct office space deficiencies. Services to the public could be enhanced by improving the visibility, accessibility, and condition of current offices. The degree of cost savings would depend on the site, the agencies included, and the space design. Savings for the alternatives examined by JLARC are apt to be marginal, at best, in light of current economic conditions. Given the potential benefits of consolidation, however, the State should remain alert for cost effective opportunities.

Recommendation (1). The Department of General Services should be alert to opportunities for cost effective consolidation and co-location of offices in Northern Virginia. The Secretary of Administration and Finance should charge the department with responsibility for more carefully monitoring the real estate market in Northern Virginia to identify sites with significant potential for long-term cost savings through lease or purchase. When buildings of appropriate size and price become available, DGS should initiate detailed site analyses and take appropriate steps to promote consolidation of offices as identified in this report.

Recommendation (2). To overcome problems with the visibility, accessibility, and condition of existing facilities, DGS should monitor the termination of leases and assess opportunities to correct the deficiencies which exist. When current leases expire, the department should assist the agencies in improving existing space or, to the extent possible, correcting problems and achieving economies by locating offices together. Economies could be achieved through more efficient office layout and by sharing common facilities and equipment.

Recommendation (3). Regardless of any action taken to consolidate offices, UVA and VPI&SU (with the assistance of the State Council of Higher Education) should explore the opportunities available in the Northern Virginia area to obtain less expensive instructional space for their off-campus programs. Several alternatives could be examined, including (1) sharing facilities with George Mason University and Northern Virginia Community College; (2) using the facilities of local public schools to a greater extent; and (3) exploring the potential for acquiring a vacated school building.

Supplementary to its study of off-campus programs, SCHEV should examine the use and cost of leased facilities for administrative and instructional purposes. And, under its statutory duties for ensuring economical and coordinated continuing education programs (Section 23-9.10 of the *Code of Virginia*), SCHEV should also consider the development of policies and standards regarding space use, acquisition, and leasing for off-campus programs.

TABLE OF CONTENTS

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 over 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 providing space for agencies could result in significant cost savings and improved services to 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

Over half of all State agencies and two-thirds of State employees are situated in the eight metropolitan areas of Virginia (Table 1). This review of office space in Northern Virginia is the second JLARC study which will assess the potential for consolidating office space in a region of the Commonwealth; the Roanoke area was the first region studied.

Study Objectives

The objectives of each regional study are:

- to determine whether it is feasible and desirable for individual agencies to relocate their offices from existing sites;
- to examine whether it is feasible and desirable for all agencies or selected groups of agencies to consolidate their offices in a centralized location;

Table 1

STATE FACILITIES AND EMPLOYMENT

Area	Number of State Agency Locations[1]	Number of State Employees
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	29	3,692
	649	55,935
Rural Areas:		
Southwest	155	11,020
Northwest	114	6,690
Southside	132	4,677
Central	107	11,000
Northern Neck and Eastern Shore	52	668
	560	34,055
Totals	1,209	89,990

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

[2]Standard Metropolitan Statistical Areas (SMSA).

Source: Department of Telecommunications, Department of Personnel and Training Report PSP-207.

- to determine if it is more cost effective in the short and long term to consolidate offices than to maintain the present individual arrangements; and

- to examine the cost effectiveness of different methods for establishing a consolidated office building including construction, leasing, and purchase and renovation.

Each study presents several options for consolidating State office space based on 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

Office space in the Northern Virginia 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 the 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 those 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.

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 Northern Virginia. Chapter II looks at the feasibility and desirability of relocating and consolidating Northern Virginia 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. Nevertheless, because of the large number of State offices located in the region, consolidation could be considered in Northern Virginia.

Consolidation in Other States

Of eleven states contacted by JLARC, all but two have established consolidated office buildings outside their capital cities to house the 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 percent.

Table 2

CONSOLIDATED OFFICE BUILDINGS IN OTHER STATES

State	Number of Employees (1980)	Number of Consolidated Buildings[1]	Size of Buildings (Sq. Ft.)
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 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 agency office space is also 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.

The first study of office space by JLARC showed that it was feasible, desirable, and cost effective to consolidate up to 20 offices in the Roanoke area. Several alternatives for establishing a consolidated office building were found to be cost effective compared to existing arrangements for office space. Savings of up to $7.3 million over 20 years were projected.

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 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 employee 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 a basement 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 pays 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 indicate 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 Northern Virginia Area

The Northern Virginia area has one of the highest concentrations of State facilities outside of Richmond. Twenty-eight agencies operate out of 102 different locations in the area, which includes Fairfax and Arlington counties and the cities of Fairfax, Falls Church and Alexandria. State agencies spend $3.6 million annually on leases and own facilities valued at $125 million.

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

Office space represents about ten percent of State-owned and leased space in the Northern Virginia area. Twenty-two agencies operate out of 55 locations classified as office space. Of these, 47 are leased, three are owned by the agencies, and five are in space received free of charge from other agencies.

Table 3

TYPES OF SPACE IN THE NORTHERN VIRGINIA AREA

	Total Square Feet	
Type	Owned	Leased
General office space	17,443	321,479
Maintenance/storage facilities	1,320	116,579
Institutions	2,817,051	48,187
Retail stores	3,375	109,172
Other	45,518	3,273
	2,884,707	598,690

Source: Fixed Asset Information System (FAIS) and JLARC review of DEB records. An additional 2,218 square feet of general office space is provided free of charge.

II. FEASIBILITY AND DESIRABILITY OF CONSOLIDATING STATE OFFICES IN THE NORTHERN VIRGINIA AREA

To assess the possibilities for consolidation in the Northern Virginia area, JLARC 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 determined 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.

Many offices in the Northern Virginia area could be relocated into one or more consolidated facilities. Most of the administrative offices have no location or facility needs which would preclude moving from their present sites. For the most part offices which serve clients or the public need to be located in certain geographic areas and should be considered for consolidation options only in those areas.

IDENTIFICATION OF OFFICES FOR REVIEW

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

Office Space in the Northern Virginia Area

About forty percent of the State offices in Northern Virginia are administrative agencies and 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 libraries, classrooms, laboratories, and computer rooms.

Table 4-A

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

Function	Number of Agencies	Number of Offices	Number of Employees
Administrative	18	20	488
Services to Public	5	16	208
Local Health	1	13	630
Other	4	6	131
Total		55	1,457

Table 4-B

COSTS FOR LEASED OFFICES
(FY 1982)

Type of Office	Total Number of Square Feet	Total Facility Expenditures	Average Cost Per Square Foot	Range
Administrative	55,293	$ 582,136	$10.53	$6.65 - $12.50
Services to Public	45,440	467,276	10.28	$6.89 - $12.09
Local Health	155,808	492,530	3.16	$0.28 - $10.73
Other	64,938	670,417	10.32	$4.04 - $11.20
Total	321,479	$2,212,359	$ 6.88	$0.28 - $12.50

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

The following examples illustrate the range of State offices in the Northern Virginia area:

The State Fire Marshal's office is located in an older high-rise apartment building in Alexandria. The office covers 965 square feet and consists of a reception area, storage room, conference room, and three staff offices.

* * *

The Department of Social Services regional office is located in a medium size office building in Falls Church. The agency leases 13,500 square feet of space over three floors at an annual cost of $151,875. Although the office building is relatively new, staff indicated that there were problems with maintenance and cleanliness of the facility.

Expenditures for facilities in leased space totaled $2.2 million in FY 1982 including rent, utilities, janitorial services, maintenance expenses, and other costs depending on provisions of the lease (Table 4-B). Lease expenditures range from $.28 per square foot paid by a health department office in Fairfax County to $12.50 per square foot paid for the Regional Office of the Department for the Visually Handicapped in Arlington. Multiyear leases often include escalator clauses under which rental costs increase annually. The three State-owned offices in Northern Virginia are valued at $910,000 with annual operating expenses estimated at $53,000. Annual operating expenses include utilities, janitorial services, routine maintenance, and security services but do not include capital costs.

State offices in the Northern Virginia (Figure 1) area tend to be located near major highways such as the Beltway (Interstates 95 and 495) and Interstate 395, which goes into Washington D.C. However, offices are dispersed throughout the area from Alexandria in the east to Herndon over 18 miles to the west. In many cases, program-related needs have required agencies to locate in particular areas such as near client groups or near other government offices. In many instances, however, agencies have located at a particular site because of availability, cost, or convenience to employees and visitors.

Selection of Offices for Review

Not all of the 55 locations classified as office space were included in the consolidation analysis. Twenty-seven have special needs or constraints which preclude relocation:

- Free Space - Five offices receive their office space free of charge in another government-owned facility.

- Owned Facility - The three State-owned offices were omitted because, in addition to office space, these facilities have space that is dedicated to special functions, such as a retail store; helicopter landing pad; and maintenance workshop. The cost of replacing these other facilities makes them impractical for consideration.

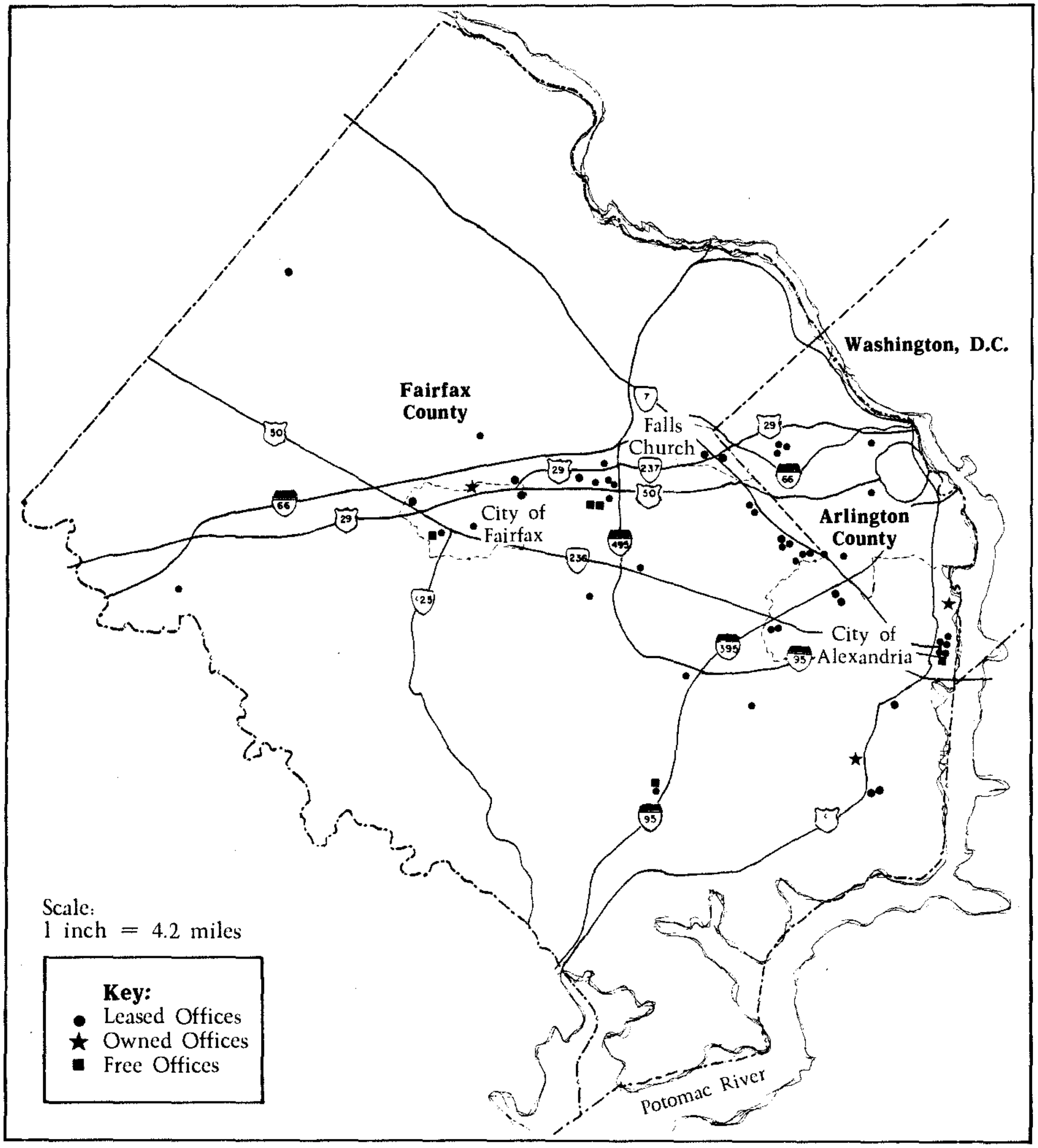
- Joint Operations - Fourteen offices are jointly funded by the State and local government. Typically, these offices are located in facilities owned by the locality, and lease expenditures are considerably less than they would be for commercial office space.

- Unique Physical Plant Needs - The State Medical Examiner has a morgue located at a hospital.

- Other - Four other offices were not considered in the consolidation analysis:

Figure 1

LOCATION OF STATE OFFICES IN THE NORTHERN VIRGINIA AREA



Source: JLARC Representation

- one office was completely federally funded and was required to meet federal space standards

- one office was scheduled to close by the end of 1982

- two leased offices will be moving to a State-owned facility that is under construction.

The remaining 28 offices were considered for potential consolidation. Table 5 provides summary information on all State offices in the Northern Virginia area. The offices excluded from this review are set apart.

ANALYSIS OF STATE OFFICE RELOCATION

Over half of the 28 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 be relocated within limited geographic areas. On the basis of program-related needs, two groupings of agencies were developed: (1) agencies with no location requirements and (2) agencies which need to be located in certain geographic areas because they serve clients in those areas.

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, accessibility to major transportation routes, and proximity to client groups or other agencies (Figure 2).

Accessibility for the convenience of employees and others visiting the office was frequently mentioned. Fifteen of the agencies indicated that they needed to be on a metro transit line and eleven wanted quick access to major highways. For example:

> *The director of the regional office of the Department for the Visually Handicapped indicated that his office must be located near a metro line. Some of his staff are visually handicapped and must*

Table 5

STATE OFFICES IN NORTHERN VIRGINIA

Agency	Function	Number of Square Ft.	Total Facility Expenditures (FY 1982)	Number of Employees
OFFICES INCLUDED IN CONSOLIDATION ANALYSIS				
Agriculture & Consumer Services	Service	871	$ 8,552	3
Air Pollution Control	Administrative	1,297	14,466	8
Commerce	Administrative	770	7,320	5
Corrections: Alexandria	Service	2,700	31,797	14
Corrections: Arlington	Service	2,583	17,784	17
Corrections: Fairfax	Service	5,687	44,208	35
Corrections: Regional Office	Administrative	5,687	63,900	17
General Services	Laboratory	8,550	76,630	34
Health: Regional Office	Administrative	2,400	28,800	17
Housing: Fire Marshal	Administrative	965	6,420	4
Industrial Commission	Administrative	1,980	8,855	3
Labor & Industry	Administrative	2,000	17,000	16
Rehab. Services: Alexandria	Service	2,150	24,000	9
Rehab. Services: Falls Church	Service	3,724	34,697	11
Rehab. Services: Falls Church	Service	2,313	22,552	11
Rehab. Services: Falls Church	Service	3,304	30,769	20
Rehab. Services: Mt. Vernon	Service	1,059	12,627	8
Rehab. Services: Mt. Vernon	Service	2,220	26,833	3
Rehab. Services: Regional Office	Administrative	2,024	21,012	5
Social Services	Administrative	13,500	151,875	67
Taxation	Administrative	3,371	32,567	51
Univ. of Virginia: Cont. Education	Education	10,000	112,000	29
Virginia Employment Commission	Service	15,000	176,250	35
Visually Handicapped	Administrative	2,103	26,292	24
VPI&SU Graduate Studies Program	Education	33,316	373,139	56
VPI&SU Urban Studies	Education	6,812	75,098	2
War Veterans Claims	Service	700	5,760	5
Water Control Board	Administrative	4,860	38,925	24
		141,946	$1,490,128	533
OFFICES EXCLUDED FROM CONSOLIDATION ANALYSIS				
Alcoholic Beverage Control	Administrative	10,020	$ (a)	26
Comm. on the Status of Women	Administrative	126	0	1
Highways & Transportation Fairfax Residency	Administrative	4,528	(a)	43
Conservation & Econ. Development: Forestry	Administrative	350	0	2
Health: Alexandria	Health	18,310	65,220	32
Health: Alexandria	Health	24,220	90,369	96
Health: Arlington	Health	11,960	3,840	38
Health: Arlington	Health	1,100	1,489	2
Health: Arlington	Health	10,293	14,775	61
Health: Arlington	Health	12,038	11,958	53
Health: Fairfax	Health	8,815	77,131	42
Health: Fairfax	Health	6,673	42,040	27
Health: Fairfax	Health	6,160	58,520	32
Health: Fairfax	Health	5,215	37,800	35
Health: Fairfax	Health	6,724	72,156	61
Health: Fairfax	Health	16,700	9,600	78
Health: Fairfax	Health	24,600	7,632	73
Health: Med. Examiner	Morgue	2,100	16,750	4
Rehab. Services: Disability Determination	Administrative	9,831	125,346	70
Rehab. Services: Fairfax Hospital	Service	360	0	23
Rehab. Services: No. Va. Mental Health Inst.	Service	432	0	4
State Police (Area 9)	Administrative	2,600	20,800	55
State Police (BCI)	Administrative	1,905	18,558	26
State Police (7 HQ)	Administrative	2,895	(a)	24
Va. Employment Comm.: Employment Service	Service	950	0	9
Va. Employment Comm.: Work Incentive	Service	3,129	31,447	1
VPI&SU Research Division	Research	4,160	16,800	6
		199,194	$ 722,231	924

(a) Owned office. Costs not comparable to leased facilities.

Source: JLARC Facility Analysis and Fixed Asset Information System.

Figure 2

LOCATION PREFERENCES AND PHYSICAL PLANT REQUIREMENTS OF NORTHERN VIRGINIA OFFICES

	LOCATION PREFERENCES						PHYSICAL PLANT REQUIREMENTS				
Agency	Parking	On Metro Transit Line	Near Major Highway	Near Clients	Near Other Agencies	Other	Special Facilities	Special Layout	Security	Handicapped Access	Other
Agriculture & Consumer Services	●	●	●				●	●			
Air Pollution Control	●		●						●	●	
Commerce	●					●					●
Corrections: Alexandria		●		●	●						
Corrections: Arlington		●		●	●						
Corrections: Fairfax				●	●						
Corrections: Regional Office	●		●			●	●				
General Services			●		●		●	●	●		●
Health: Regional Office	●										
Housing: Fire Marshal	●		●								
Industrial Commission					●						
Labor & Industry											
Rehab. Services: Alexandria		●		●						●	●
Rehab. Services: Falls Church	●	●		●						●	
Rehab. Services: Falls Church		●		●		●	●			●	
Rehab. Services: Falls Church		●		●						●	●
Rehab. Services: Mt. Vernon		●		●	●					●	●
Rehab. Services: Mt. Vernon		●		●		●	●			●	
Rehab. Services: Regional Office		●								●	
Social Services	●		●		●		●	●	●		
Taxation	●		●				●	●	●	●	
Univ. of Virginia: Cont. Education	●	●	●		●	●	●				
Va. Employment Commission	●	●	●	●			●	●		●	
Visually Handicapped	●	●								●	
VPI&SU: Graduate Studies	●	●				●	●			●	
VPI&SU: Urban Studies			●			●	●	●			
War Veterans Claims		●								●	●
Water Control Board			●		●		●				

Source: JLARC Facility Analysis

rely on the subway and bus to reach the office. Some visually handicapped clients also use the metro system to reach the office.

* * *

The State Fire Marshal's office in Alexandria is a short drive to Interstate 395. The professional staff travel extensively throughout the Northern Virginia area and indicate that they prefer to have quick access to the interstate highways.

Two agencies, the Department of Corrections and the Department of Rehabilitative Services, have established nine offices throughout Northern Virginia to serve the population in specific geographic areas. Staff in those offices indicated that their programs would suffer if they were relocated to a site that was not convenient to clients. For example:

The Department of Rehabilitative Services office in Mount Vernon was located to provide counseling, service coordination, and placement services to clients in the Springfield area and along the Route 1 corridor. The facility also houses the department's evaluation center which provides testing services to potential clients. The office is centrally located to most of its eligible population.

Several offices are located in close proximity to other State offices and local government and community facilities. Staff in these offices indicated that their effectiveness would suffer if they were relocated to a site that was not convenient to these offices.

The Department of Corrections Probation and Parole offices in Arlington and Alexandria are located next to the courthouse, and the Fairfax office is within easy driving distance of the county courthouse. Agency staff frequently visit these other agencies as part of their jobs.

* * *

The Department of Rehabilitative Services Evaluation Centers in Falls Church and Mount Vernon are located with the DRS field offices in both facilities. The evaluation centers receive many of their referrals from the field office counselors.

Although agencies have expressed preferences for particular types of locations, 17 of the 28 offices have no overwhelming program-related needs which would preclude moving to a consolidated site. The location preferences of the remaining nine agencies, particularly the need to be near client populations, were taken into account in identifying offices for potential consolidation at particular locations.

Physical Plant Requirements. Most offices have reception areas, staff offices, conference rooms, and storage areas. Some agencies need special facilities such as laboratories, testing rooms, and classroom facilities (Figure 2). For example:

> *The Department of General Services' Northern Regional Laboratory provides forensic services to law enforcement agencies. The office has several laboratory stations, a special room for ballistics tests, and special controls for heating and ventilation. Access to the office must be strictly controlled because evidence is stored there. A ground floor location is desirable because bulky items are often delivered to the facility.*

* * *

> *The Department of Rehabilitative Services has evaluation centers in Falls Church and in Mount Vernon. Each has a large room in which clients are tested on various skills such as visual acuity and manual dexterity. One center also has a classroom.*

* * *

> *The University of Virginia Continuing Education Division and the Northern Virginia Graduate School Branch of Virginia Tech are located in a modern office building in Fairfax County. Each off-campus program has a number of classrooms and both share a library and bookstore. VPI also has an engineering lab and a computer room.*

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 leased facilities. Seven of the 28 offices visited by JLARC were not accessible to the handicapped.

Some agencies need special layouts of facilities to accommodate large numbers of visitors or to control access to certain parts of their offices. In at least one case -- the Department of Social Services -- a special layout is required by federal regulations. Examples of special layout requirements include:

> *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 Taxation regional office has computer terminals which allow access to taxpayer records. Access to the room which houses the terminals must be strictly controlled.

* * *

The Virginia Employment Commission office located in Fairfax County has several hundred visitors each day. The office requires a large reception area and a layout to separate individuals being served by the agency's different programs.

For the most part the special physical plant requirements of agencies do not preclude relocation and could be accommodated in a consolidated building. In fact some needs, such as special facilities and handicapped access, could be more economically provided in a consolidated site because agencies with similar requirements could share facilities.

Other Factors. The relocation analysis considered additional factors that could affect the feasibility of relocating State offices. For example, some offices have long-term leases which expire as late as 1989 (Table 6). The cost of early cancellation of these leases is significant and could reduce the potential cost effectiveness of a consolidated building.

Table 6

LEASE EXPIRATION DATES

Year of Expiration	Number of Leases	Total Square Feet	Annual Costs (FY 1982)
1983	13	31,709	$294,436
1984	5	15,595	159,042
1985	6	30,639	331,053
1986	2	43,316	485,139
1989	1	15,000	176,250

Source: Fixed Asset Information System.

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. Most agency staff indicated that they could be moved if a new location was still central to their region and in an uncongested area near Interstate 95, I-395, or I-495 in Fairfax County. Several indicated that locations in Alexandria and Arlington are too congested and do not permit quick access for employees and visitors.

Staff in offices which provide direct services to the public and clients indicated that a move could hurt their programs if the new location was not close to their present office. These offices were established to serve the clients in a particular geographic area.

Another consideration in locating offices together is compatibility of functions. Some offices have a large number of visitors which would make a consolidated site congested.

> *Several hundred people come daily to the Virginia Employment Commission facility in Fairfax County to obtain job-seeking assistance and counseling, to be tested, and to file unemployment insurance claims.*

Many of these concerns are legitimate but can be addressed through the proper location, planning, and design of the consolidated site. Easy access for visitors and employees could be arranged by locating near major highways and on metro transit lines. 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 can be considerable, every effort should be made to assist employees in accepting and adjusting to the changes associated with a sound consolidation option. They should be made aware of the potential benefits. For example, employees' 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 disparate 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 consolidation would be desirable in that relocation could improve the visibility, accessibility, or the physical condition of their offices. It is also desirable to consolidate if cost savings can be achieved.

Current Visibility, Accessibility, and Physical Conditions. State offices in Northern Virginia are not very visible. They are presently dispersed around the metropolitan area and are not often located in easily identified buildings. Twenty-three of the 28 offices have no sign on the outside of their buildings which would indicate that a State office was located there.

Even though most present offices are accessible, some have problems which could be alleviated in a consolidated building. Six of the offices have limited parking; seven are not accessible to the handicapped; and 11 are not in a major thoroughfare.

> *It is difficult for a handicapped individual to enter the Probation and Parole Office in Arlington. An individual in a wheelchair can enter through the back door only with difficulty. There is also a serious parking problem in the area. Visitors must park on the street where the number of spots is very limited.*

One standard of accessibility on which the offices score highly is proximity to mass transportation. Twenty-seven of the 28 offices are on a metropolitan transit line.

Most of the offices are located in clean and well-maintained space. However, a few are in less than desirable facilities.

> *The director of the Department of Social Services regional office in Falls Church rated her office's cleanliness and upkeep a "2" on a scale of 1 to 5 (5 is the highest). The carpet and molding were ripped in some spots; the windows, draperies, and stairwells are not kept clean; and staff indicate that they have had problems with roaches.*

Figure 3 summarizes the accessibility, visibility, and physical condition of the 28 offices in Northern Virginia considered for consolidation. Most of the facilities could be improved to some extent by relocating to a consolidated State office building.

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

> *The regional office of the Department for the Visually Handicapped in Arlington does not have a conference room or adequate storage space. Six professional staff members share a 225 square foot room, which also serves as a conference room for 24 persons once a month.*

* * *

> *The Department of Commerce office in Falls Church does not have a copier or secretarial personnel. The staff must go to a private firm to make copies. Telephone calls are handled by an answering service.*

Figure 3

ACCESSIBILITY, VISIBILITY, AND PHYSICAL CONDITION PROBLEMS IN NORTHERN VIRGINIA OFFICES

	ACCESSIBILITY				VISIBILITY		PHYSICAL CONDITIONS		
Agency	**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 Services		●	●						
Air Pollution Control					●				
Commerce					●		●		
Corrections: Alexandria	●				●				
Corrections: Arlington	●	●	●						
Corrections: Fairfax					●				
Corrections: Regional Office					●				
General Services	●		●		●				
Health: Regional Office		●			●				
Housing: Fire Marshal		●	●		●		●		
Industrial Commission	●				●				
Labor & Industry			●		●				
Rehab. Services: Alexandria	●				●			●	
Rehab. Services: Falls Church					●				
Rehab. Services: Falls Church					●				
Rehab. Services: Falls Church					●				
Rehab. Services: Mt. Vernon			●		●			●	
Rehab. Services: Mt. Vernon			●		●			●	
Rehab. Services: Regional Office				●	●				
Social Services		●			●		●		●
Taxation					●				
Univ. of Virginia: Cont. Education			●						
Va. Employment Commission									
Visually Handicapped			●		●				
VPI&SU: Graduate Studies			●						
VPI&SU: Urban Studies	●				●	●			
War Veterans Claims		●	●		●		●		
Water Control Board		●			●		●		

Source: JLARC Facility Analysis

In addition to conference rooms and photocopiers, typical needs of agencies include access to State vehicles and computer facilities, and more storage space. By bringing several offices together at one site, agencies could share these facilities and equipment, and the smaller offices could have access to additional or improved resources. Table 7 lists the resource needs of the Northern Virginia offices.

Table 7

NEEDS OF NORTHERN VIRGINIA OFFICES

Need	Number of Offices
Photocopier	7
Conference Room	3
Storage Space	3
State Car	2
Access to Computer Facilities	2
Mail Room	1
Cafeteria	1
Secretarial Assistance	1

Source: JLARC Facility Analysis.

Bringing agencies together at one site could also reduce costs by reducing the duplication of facilities and equipment. For example, 20 agencies have copying machines that could potentially be shared. Savings could also result from shared restrooms, hallway space, and lobby areas. Total space needs could be reduced through more efficient designs.

Optional Groupings for Consolidation

The JLARC analysis shows that few agencies have overwhelming program-related needs which would preclude relocation. In fact, several offices could benefit from a move to a consolidated site. Nevertheless, there are two offices which should not be considered for relocation.

The VPI&SU Center for Urban Studies leases studio space in downtown Alexandria. In order to have the program accredited, students must gain experience in an urban environment. The studio is in an older building in a section of the city which is undergoing significant revitalization. The building and the area have historic value and the facility was renovated to meet the programs needs.

Moving this office to a consolidated site other than downtown Alexandria could have substantial negative effects on its mission.

* * *

The Virginia Employment Commission has recently consolidated most of its offices in the Northern Virginia area. A single office now serves the entire region. An older warehouse was renovated to meet the needs of the agency. The lease expires in 1989. There is no escape clause in the lease, which costs at least $176,000 annually or $1.2 million over the term of the contract. It would be too costly to the State to include this agency in a consolidated location. Moreover, the agency has several hundred visitors per day to the office.

The remaining 26 offices could potentially be consolidated. However, nine offices serve clients in specific geographic areas or deal frequently with local agencies. These offices should be considered for consolidation only at sites in the geographic areas where they are now located.

The Department of General Services consolidated laboratories should be considered for consolidation only in a newly constructed building. Renovating an existing site to meet the ventilation, heating, cooling, and special facility and equipment needs of the office would be very expensive.

The Department for the Visually Handicapped office should be located in a site with easy pedestrian access that is near a bus or subway. Many visitors and employees of the office have visual handicaps and rely on public transportation to reach the office.

The remaining offices in the JLARC analysis can generally be accommodated in any well-planned site, although there are special considerations regarding the space leased by the University of Virginia and Virginia Polytechnic Institute and State University for off-campus instruction. Table 8 illustrates these office groupings and provides additional relevant information for each agency.

Table 8

GROUPINGS FOR CONSOLIDATION

Agency	Number of Square Feet	Facility Expenditures (FY 1982)	Total Staff
No Location Needs			
Agriculture and Consumer Services	871	$ 8,552	3
Air Pollution Control Board	1,297	14,466	8
Commerce	770	7,320	5
Corrections: Regional Office	5,687	63,900	17
Gen. Services: Consolidated Labs[1]	8,550	76,630	34
Health: Regional Office	2,400	28,800	17
Housing: Fire Marshal	965	6,420	4
Industrial Commission	1,980	8,855	3
Labor & Industry	2,000	17,000	16
Rehab. Services: Regional Office	2,024	21,012	5
Social Services	13,500	151,875	67
Taxation	3,371	32,567	51
UVA - Continuing Education	10,000	112,000	29
VPI - Graduate Center	33,316	373,139	56
Visually Handicapped[2]	2,103	26,292	24
War Veterans Claims	700	5,760	5
Water Control Board	4,860	38,925	24
	94,394	$993,513	368
Alexandria			
Corrections: Probation & Parole	2,700	$31,797	14
Rehab. Services: Area Office	2,150	24,000	9
	4,850	$55,797	23
Arlington			
Corrections: Probation & Parole	2,583	$17,784	17
Bailey's Crossroads			
Rehab. Services: Area Office	2,313	$22,552	11
Rehab. Services: Area Office	3,304	30,769	20
Rehab. Services: Evaluation Center	3,724	34,697	11
	9,341	$88,018	42
Fairfax City			
Corrections: Probation & Parole	5,687	$44,208	35
Mt. Vernon			
Rehab. Services: Area Office	1,059	$12,627	8
Rehab. Services: Evaluation Center	2,220	26,833	3
	3,279	$39,460	11

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

[2]Considered only for a site with easy pedestrian access and near a bus or subway line because of visually handicapped employees and visitors.

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

III. EXAMINATION OF OPTIONS FOR A CONSOLIDATED OFFICE BUILDING

The consolidation of State offices in the Northern Virginia area has been shown to be both feasible and desirable at the agency level. To be a practical alternative, consolidation must be cost effective. For that reason, consolidation in Northern Virginia should be approached with caution. Although some agencies could benefit, an alternative with significant cost savings is not immediately available. Some options could result, under certain circumstances, in cost savings. However, not all options are cost effective and in some instances savings are unpredictable.

The long-range cost effectiveness of consolidation is dependent upon inflation and interest rates that are in a state of flux. Moreover, a unique situation regarding space use by the University of Virginia (UVA) and Virginia Polytechnic Institute and State University (VPI&SU) greatly affects the space and cost determinations for consolidation.

Of the 26 offices that have the potential for consolidation, only 13 have no constraints. From one to six additional offices could be consolidated with these offices if a compatible location and facility could be found. The 26 offices spend $1,238,780 annually for their space. These costs are expected to rise an average of 5.3 percent for the next 20 years and annual costs could reach $3,324,142 by the end of the period.

Locating several agencies at a single site could, under certain conditions, lower costs by making more efficient use of space and reducing overall space needs. Three primary options for a consolidated building were examined: (1) leasing a building to accommodate the offices, (2) constructing an office building, and (3) purchasing a new or renovated building.

ASSESSMENT OF COST SAVINGS

A consolidated facility should meet the needs of State agencies at a cost that is less than the sum of expenses for separate offices. Full occupancy of a consolidated facility has the potential for savings to the general fund and a reduction of expenses for those agencies with the highest costs and greatest amounts of space.

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. The cost of a consolidated office building and the range of potential savings would actually be determined by its location, the agencies included, and the size of the facility.

Costs of Current Facilities

Costs paid by State agencies for their office space appear to be reasonable for the Northern Virginia area. The 26 offices in the consolidation analysis paid an average of $10.30 per square foot for office space in FY 1982. According to the Real Estate Research Center at VCU, the cost of office space in the Northern Virginia area currently ranges from $9.00 to $16.00 per square foot.

Based on inflation estimates made by Chase Econometrics in November 1982, rental costs are expected to rise an average of 5.3 percent annually for the next 20 years in Virginia. Local conditions may affect the rate of increase as well. 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 Northern Virginia area will reflect the State average, expenses for office space could approximately double by the year 1995 (Table 9).

Table 9

PROJECTED COSTS FOR OFFICE SPACE IN THE NORTHERN VIRGINIA AREA

Year	Estimated Expenditures[1]	Percent Increase From 1982
1982	$1,238,780	0
1985	1,465,266	18
1990	1,882,933	52
1995	2,438,427	97
2000	3,156,833	155

[1]Chase Econometrics has projected inflation rates until 1991. Estimates beyond 1991 were made by assuming that the last annual increase (5.3%) would remain constant past 2000.

Source: Chase Econometrics (November 1982) and JLARC.

Square foot costs vary considerably among the offices due to the location of the office and age of the building (Table 10). All but three of the agencies have full-service leases that include all facility expenses in the lease. The other agencies pay for utilities, janitorial services, or other costs in addition to rent.

Table 10

SQUARE FOOT COSTS FOR NORTHERN VIRGINIA OFFICES

Cost per Square Foot	Number of Agencies	Total Amount of Space (in square feet)
Less than $8.00	4	11,215
$8.01 to $9.50	6	23,138
$9.51 to $11.00	5	9,349
$11.01 and above	11	76,432
TOTAL	26	120,134

Source: JLARC Facility Analysis and Fixed Asset Information System.

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 reduced up to 20 percent 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 Northern Virginia area where the work activities are frequently conducted outside of the office. The professional employees in ten of the 26 agencies are out of the office 50 percent or more of the time. Thus, their work space is often unused.

Reduction of Unproductive Space

Many leases are based on gross square feet of space. There is variation among agencies, however, in how efficiently space is designed. For example, space leased by UVA and VPI&SU for off-campus instruction must have extra-wide halls to meet fire and safety standards. Only about 63 percent of the space leased by these institutions is used for program or work activities. The remainder, known as the inefficiency factor, is taken up by hallways, restrooms, utility closets, and elevator lobbies.

Exclusive of these programs, the other agencies in the Northern Virginia use about 85 percent of their rented space for work-

Table 11

CONFIGURATION OF STAFF SPACE
IN NORTHERN VIRGINIA

Type of Space	Number of Employees	Number of Square Feet	Space Per Employee (Sq. Ft)
Professional Staff:			
Private	189	25,156	133
Semi-Private	101	7,052	70
Cubicles	16	1,289	81
Open Area	67	3,881	58
Total	373	37,378	100
Clerical/Administrative Staff			
Private	16	2,315	145
Semi-Private	8	857	107
Cubicles	5	414	83
Open Area	47	6,482	138
Reception Area	46	8.548	186
Total	122	18,616	153

Source: JLARC Facility Analysis. Based on 26 agencies.

related purposes. For this reason, there can be little reduction in common space by moving most agencies to a consolidated facility.

Sharing of Facilities

Thirteen percent 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 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 the resulting savings that could occur depend 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 employee lounge and one large storage area would be needed. Conference and copy

Table 12

COMMON FACILITIES IN NORTHERN VIRGINIA AREA OFFICES

Type	Number of Agencies With Rooms	Number of Square Feet	Percent of Total Leased Space	Total Annual Cost of Rooms
Conference Room	15	4,598	3.8%	$46,305
Employee Lounge	7	1,421	1.2	14,665
Storage Area	17	3,164	2.6	31,829
Classrooms	2	6,656	5.5	74,547
Total		15,839	13.1%	$167,346

Source: JLARC Facility Analysis.

rooms could be provided on specified floors of a multi-story building. An additional benefit of consolidation is that some agencies would gain access to facilities, such as conference rooms, 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. 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.

LOCATION AND OTHER SPECIAL CONSIDERATIONS

Several factors must be considered when selecting a location and determining the size of a consolidated building for State offices. Numerous locations exist, but they vary considerably in terms of urban or suburban orientation, the availability and cost of land or buildings, access to mass transportation or major roadways, and the degree of traffic congestion. The unique circumstances of the off-campus programs of UVA and VPI&SU can have a major impact on the size, space configuration, and cost of a consolidated site. These programs account for well over one-third of the current costs and space of the 26 agencies considered for consolidation.

Potential Locations for a Consolidated Building

Although Northern Virginia does not have a central commercial or office space district, there has been considerable development of office buildings in recent years. The development has been dispersed throughout the region from Alexandria in the east to Reston, near Dulles Airport, over 28 miles by car to the west. Currently, there is a surplus of office space on the market, and local economic development specialists indicate that leases can be negotiated below advertised rates.

Nine areas were identified as potential consolidation locations because they provided a range of sites within, or on, the beltway formed by Interstate 495 and 95, and in outlying areas. The selection criteria included, but were not limited to, relatively quick access to the interstate highways and other arterial roads, access to bus and/or subway lines, minimal traffic congestion, and adequate parking.

Some locations would be better suited for certain consolidation options. Purchasing a building is probably most viable in the more developed urban areas, while suburban areas offer the greatest number of alternatives for leasing new buildings. The less congested outlying areas have lower land costs for a construction option. The availability of space and the advantages, disadvantages, and locations of the various areas are shown in Figure 4.

Areas Within the Beltway. Two primarily urban areas, the Arlington Courthouse area and Alexandria, and a relatively developed area, Bailey's Crossroads, are located within the Beltway. Location in either Arlington or Alexandria offers the State the opportunity to participate in urban revitalization. However, construction sites are limited and land is expensive, ranging from $40 to $50 per square foot. A considerable amount of leasable space is available in Arlington, but advertised lease rates are relatively high--from $14 to $25. Mass transit is very accessible, but access to highways is not as convenient as in other locations.

Bailey's Crossroads is accessible to both mass transit and major roads. It is unique in that three service offices are located in the area and could be considered for consolidation along with the 13 offices without geographic constraints. Leasable space is available in a moderate range of $9 to $18. Construction sites are limited, although the cost of land is relatively low--$5 to $6.

Areas on the Beltway. Three areas located on the Beltway are primarily suburban: the Merrifield/Oakton area near Interstate 495 and Route 50; Tysons Corner near Interstate 495 and Route 7; and the Springfield area near the interchange of Interstates 95, 395 and 495. These areas have good access to interstates but limited mass transit. Both lease and construction sites are available in the Merrifield/

Oakton area in moderate to high cost ranges. Tysons Corner is considered to be a prestigious but expensive location. Springfield has a considerable amount of leasable space, but few construction sites.

Outlying Areas. Relatively uncongested areas outside of the metropolitan core are the Newington area along Interstate 95, Reston/Herndon near Dulles Airport, and Fairfax City. These areas have several potential lease or construction sites, but travel time and mileage is greater than for other areas. The Newington area is south of the metropolitan core and readily accessible to the geographic areas served by most of the State offices. Much of the travel done by agency personnel is to Richmond or the western parts of the region's service area. The Reston area is west of the metro area and not easily accessible to the rest of the region. Fairfax City is also not easily accessible by major roads or mass transit.

Off-Campus Program Considerations

Any comprehensive assessment of space used by State agencies in the Northern Virginia region must take into account the space leased by the University of Virginia (UVA) and Virginia Polytechnic Institute and State University (VPI&SU) for their off-campus instruction programs. These two agencies lease space in the same office building in suburban Fairfax County, at a rate of $11.20 per square foot. This rental rate is among the highest for State facilities in Northern Virginia. The leases run through 1986.

Obviously not all of this space is used for offices. But because annual expenditures for this space are 39 percent of all lease expenditures for the 26 offices, all or part of the program space should be considered for consolidation or for cost reduction by another means to save State funds.

Because the present space represents such a high proportion of the potentially consolidatable space in Northern Virginia, the cost effectiveness of a consolidation option will be dramatically affected by the inclusion or exclusion of these agencies. However, off-campus instruction may not be compatible with the other uses of a State office building. Moreover, it may not be practical to tie the cost effectiveness and space configuration of a consolidated building to educational programs that may be more subject to expansion or contraction than programs of a purely administrative nature.

Space Use. The current space leased by the two universities is not only expensive, it is also the least efficiently used due, in part, to the nature of the programs. A total of 43,316 square feet of space is leased at an annual cost of $485,139.

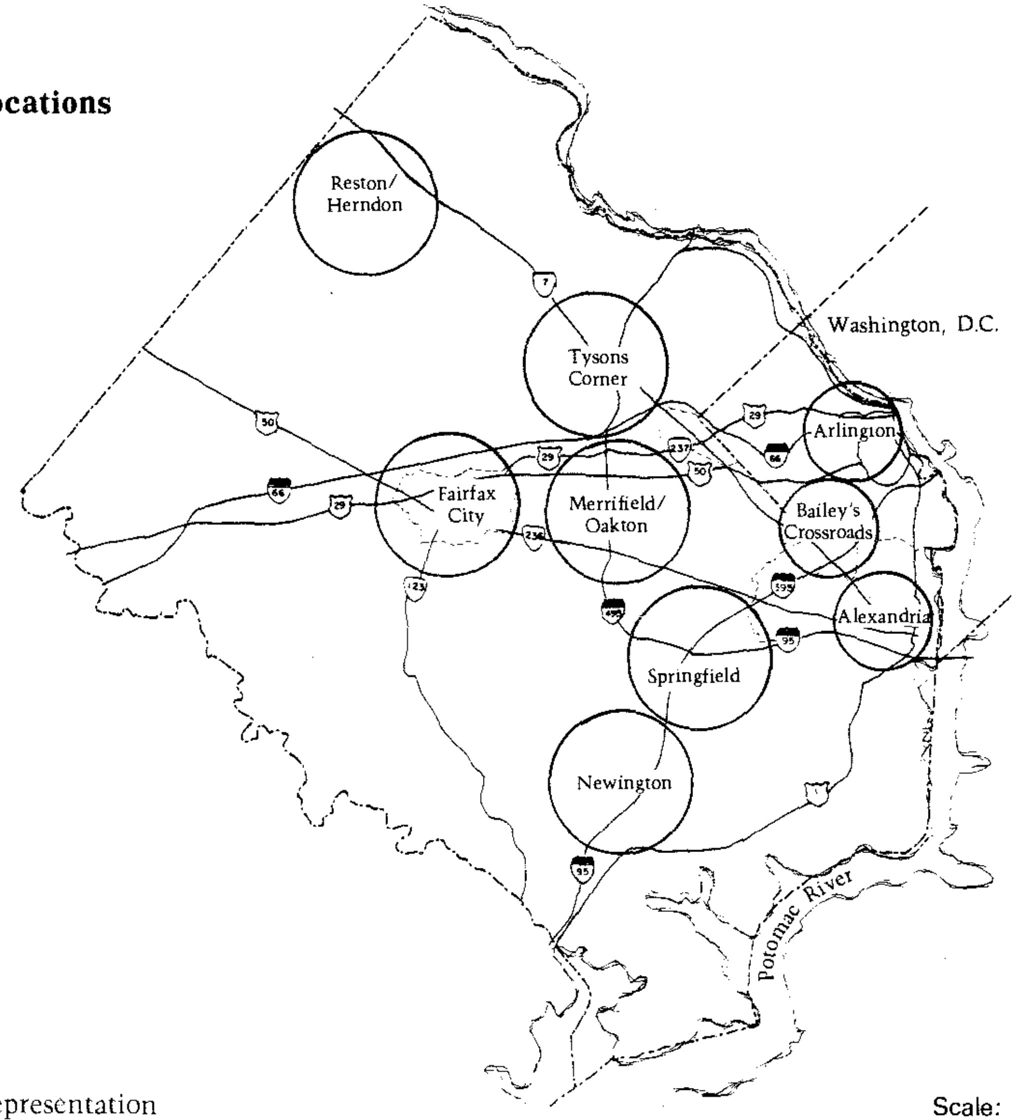
Of the total amount of space, almost one-third is for 19 classrooms, two laboratories, a library, and a bookstore (Table 13). Another one-third is for faculty and administrative offices. Almost 40 percent of the total amount of space leased is for common areas such as

Figure 4

POTENTIAL LOCATIONS FOR A CONSOLIDATED BUILDING

Part A

Geographic Locations



Source: JLARC Representation

Scale: 1" = 5.9 miles

Part B
Description of Locations

Location	LEASABLE OFFICE SPACE (sq. ft.) Proposed	Under Construction	Currently Available	Advertised Rates	Land Costs (per sq. ft.)	Advantages	Disadvantages
Inside Beltway							
Arlington (Courthouse Area)	2,500,000	525,000	405,000	$14 - $25	$42 - $46	• Good accessibility by mass transportation • Considerable amount of leasable space	• High costs • Congested, limited parking • Not easily accessible by auto • Limited sites for construction
Alexandria	2,515,000	448,000	0	$15 - $25	$40 - $50	• Good accessibility by mass transportation • Urban revitalization	• High costs • Congested • Limited parking • Limited sites for construction
Bailey's Crossroads	2,250,000	246,000	50,000	$9 - $18	$5 - $6	• Good accessibility by mass transportation • Central in region	• Congested • Limited sites for construction
Along Beltway							
Springfield	1,896,000	203,000	190,000	$8 - $18	$3 - $5	• Good accessibility to interstates • Considerable amount of leasable space	• Limited sites for construction • Poor access by mass transportation
Merrifield/ Oakton	2,502,000	149,000	315,000	$10 - $16	$4 - $8	• Considerable amount of space available • Sites available for construction • Good accessibility to interstates	• Expensive • Limited access by mass transportation
Tyson's Corner	3,331,000	1,048,000	667,000	$11 - $20	$10 - $15	• Considerable amount of space available • Good accessibility to interstates • Sites available for construction	• Expensive • Limited access by mass transportation
Outlying							
Newington	1,770,000	233,000	0	$11 - $14	$2.50 - $5	• Relatively inexpensive • Uncongested • Sites available for construction	• Poor access by mass transportation • Not central to population
Fairfax City	2,689,000	303,000	230,000	$12 - $17	$7 - $10	• Considerable amount of space available • Sites available for construction	• Poor access by mass transportation and auto
Reston/ Herndon	6,094,000	790,000	75,000	$10 - $19	$3 - $5	• Considerable amount of space being developed • Sites available for construction	• Not central to region • Poor access by mass transportation and auto

[1]Space in blocks greater than 45,000 square feet.

Sources: Blacks Office Leasing Guide (Fall 1982), Fairfax County Economic Development Authority, Arlington County Department of Community Development, Alexandria Real Estate Assessment Office, Fairfax City Planning Department

Table 13

SPACE USE BY UVA AND VPI&SU
(in square feet)

	Total Space Leased	Staff Offices & Work Areas	Student Areas*	Other Rooms	Common Areas**
UVA	10,000	4,931	1,679	608	2,782
VPI&SU	33,316	7,530	11,306	1,100	13,380
TOTAL	43,316	12,461	12,985	1,708	16,162

*Classrooms, library, bookstore, and laboratories.
**Hallways, restrooms, mechanical closets, and other common areas.

Source: JLARC Facility Analysis.

hallways, restrooms, and mechanical closets. Since the facility is used for classes, hallways are required to be at least six feet wide to accommodate large numbers of students. Therefore, a significant amount of space is taken up in hallways.

Both universities offer courses primarily during the evening hours to accommodate persons who are working. UVA teaches courses primarily at locations other than the leased building, such as local schools and business and governmental offices. In contrast, VPI&SU holds most classes in the building. According to the director of the program, staff and students prefer the "campus-like" atmosphere that the building provides. Since most of the courses at the center are held at night and on weekends, a considerable amount of space is not being used a large part of the day at significant cost.

Status of the Programs. Although UVA and VPI&SU can be expected to continue offering programs in the Northern Virginia region, those program offerings are subject to change by factors such as reductions in State funds, higher tuition rates, and the increasing capacity of schools within the region to meet student needs. A study completed in March 1982 by the State Council of Higher Education, at the request of JLARC, addressed the question of proliferation of off-campus graduate programs. The Council expressed concern that competition between institutions will intensify as regional institutions develop and as an anticipated decline in enrollment growth rates takes hold.

Therefore, the Council recommended that UVA and VPI&SU phase out their Northern Virginia programs in graduate level education. Their programs can continue in business, public administration, economics, and mathematics only as long as there is sufficient student demand to warrant sharing these programs with George Mason University. Specialized programs such as computer science, architecture, and engineering programs will continue to be the province of VPI&SU and UVA. SCHEV expressed some concern, however, that tuitions would have to rise to offset the loss of the high-enrollment education programs.

Given the high cost of current off-campus space, UVA and VPI&SU, with the assistance of SCHEV, should assess alternative and less expensive space options for programs offered by non-resident schools. Several alternatives should be examined. One option is to explore the potential for sharing existing instructional facilities with other educational institutions in the Northern Virginia area including George Mason University and Northern Virginia Community College. Virginia Commonwealth University currently uses facilities at George Mason for its courses at no cost. Another option is to use facilities of local public schools to a greater extent. UVA currently uses local secondary schools for many of its courses at minimal or no cost. A third option is to explore the acquisition of a vacated public building, such as a school.

As a supplement to its study of off-campus programs, SCHEV should examine the use and cost of facilities for administrative and instructional purposes. Under its statutory responsibilities for ensuring economical and coordinated continuing education programs (Section 23-9.10 of the *Code of Virginia*), SCHEV should also consider development of policies and standards regarding space acquisition and use for off-campus programs.

Although the off-campus programs may not always be suitable for consolidation in an administrative office building, alternatives for including the space should be examined when consolidation decisions are made. The consolidation options developed in this report will show the impact of (1) considering consolidation without including the two university programs; (2) including both offices and student areas such as laboratories and classrooms in the consolidated site; and (3) including only administrative and faculty offices in the consolidated site on the assumption that instructional space will be located elsewhere. If instructional space is included, it should be made available to State agencies for conference space, training, and other uses.

OPTIONS FOR CONSOLIDATING STATE OFFICES IN NORTHERN VIRGINIA

Three primary options for establishing a consolidated office building were examined as part of this review: (1) leasing space for the agencies; (2) constructing a new building; or (3) purchasing and renovating an existing building. Options for leasing sufficient space for State offices are fairly broad in the Northern Virginia area. Numerous new office developments could potentially accommodate State agencies. In addition, several general locations in the Northern Virginia area would be suitable for construction. However, land costs are high, ranging up to $50 per square foot in some of the highly urbanized areas. Opportunities for purchasing an existing building are somewhat limited.

Offices identified in the feasibility analysis were selected for each option so as to meet their specific requirements and to maximize cost savings through more efficient use of space and reduction of overall space needs. For the lease and purchase options, break-even square foot rates were estimated below which consolidation would be cost effective. Current facility costs and estimated costs for the construction option were projected over a 20-year period. This permitted a comparison of the long-term costs.

Leasing a Consolidated Office Building

In the Northern Virginia area about eight million square feet of space is currently available or under construction for leasing. An additional 26 million square feet has been proposed by developers. However, to make leasing a consolidated building cost effective, the State would have to locate space within a fairly narrow price range.

Agencies for Consideration. At least 13 offices, without geographic or program constraints, could be considered for consolidation at a single leased site:

- Agriculture and Consumer Services
- Air Pollution Control Board
- Commerce
- Corrections: Regional Office
- Health: Regional Office
- Housing: Fire Marshal
- Industrial Commission
- Labor and Industry
- Rehab. Services: Regional Office
- Social Services
- Taxation
- War Veterans Claims
- Water Control Board

Up to six additional agencies could be part of a consolidated facility depending on location and compatibility of functions. The UVA and VPI&SU off-campus programs could be included at any location if it is determined that the educational activities are compatible with other State agency functions. The Department for the Visually Handicapped could be included if the site were on a metro transit line. In addition, up to three service offices could be included if a facility were leased in the geographic area that they serve. Three service agencies are located near Bailey's Crossroads, two are in Alexandria, two are in Mount Vernon, one is in Arlington, and one is in Fairfax City.

Range of Building Sizes. Space needs in a consolidated leased facility could range between 37,000 and 82,500 square feet. The smallest size could accommodate 13 State offices under a design which maximized space savings and required agencies to share common facilities. The largest size would accommodate 19 offices and duplicate the amount of space they currently use. This range of space needs was calculated on the basis of the location of the consolidated building, the agencies to be included, and the possible office configurations.

Table 14 shows several different combinations of agencies under different space configurations and their space needs. Although it does not cover every possible alternative out of the 26 offices which could be consolidated, it illustrates the range in space requirements that would be necessary in a leased consolidated site. Including or excluding the UVA and VPI&SU off-campus programs in a consolidated building will greatly affect the size and potential costs, since these two programs represent a significant portion of the space in Northern Virginia. Space needs are shown for three possibilities: excluding the programs entirely; including only administrative and faculty offices and assuming that classrooms will be located elsewhere; and including both offices and classrooms.

Analysis of Alternatives. In order for a leasing option to be cost effective, square foot costs in a consolidated site must be less than the current average square foot costs plus moving and refurnishing expenses. For purposes of this analysis, moving expenses were

Table 14

RANGE OF SPACE NEEDS FOR CONSOLIDATION ALTERNATIVES IN A LEASED BUILDING

		Space Needs (square feet)	
Alternatives	Number of Offices	Maximizing Space Reductions	Duplicating Current Space Use
1. Agencies without geographic or program constraints	13	36,800	40,800
2. Same agencies as #1 plus administrative and faculty offices of UVA and VPI&SU off-campus programs	15	47,800	55,100
3. Same as #2 plus UVA and VPI&SU classroom and other educational space	15	64,700	72,000
4. Same as #3 plus Visually Handicapped and three service offices	19	74,500	82,500

Source: JLARC Facility Analysis.

estimated to be $70 per employee plus an additional proportional amount for non-staff space, such as conference rooms. The cost of refurnishing offices could be up to $3,100 per employee, depending upon the usefulness of existing equipment and the extent of office redesign.

A "break-even" lease rate at which consolidation would be reasonable was determined for the minimum number of 13 consolidatable agencies and the maximum number of 19 agencies. For each alternative the rental rate was calculated based on (1) duplicating the amount of space currently used by the agencies, and (2) maximizing space reductions through the sharing of facilities and the use of open office designs.

Since agencies would require less total space in a consolidated building than they lease under separate arrangements, square foot rates in a consolidated building could be higher than current rates and still be cost effective. The break-even point is the rate at which annual lease expenses in a consolidated facility equal the sum of expenses in the current separate offices. All figures are based on 1982 dollars. However, taking into account the need to amortize moving and refurnishing expenses will increase the break-even rate to some extent and further narrow the cost-effective range.

LEASING ALTERNATIVE ONE:
Minimum of 13 Agencies

Since the 13 agencies have relatively little unusable space at their current locations, they would require approximately the same amount of space in a consolidated building. The break-even point would be at about the current rate of $10.03 per square foot.

Reconfiguration of space through sharing of facilities and open office design could reduce space needs to 36,800 square feet. The rental rate could then be up to $11.03 per square foot to break even.

Rental rates would actually have to be lower, however, to absorb moving expense of approximately $25,000 and the costs of any refurnishing necessary to accommodate to new or reconfigured space. Therefore, the cost effectiveness of consolidating the 13 agencies would be marginal at best.

LEASING ALTERNATIVE TWO:
Maximum of 19 Agencies

The 19 agencies currently have an average annual cost of $10.56 per square foot. To duplicate their current usable space would require 82,500 square feet of space. Taking into account only lease rates, space would have to be found for less than $12.13 per square foot to make the option cost effective. Reconfiguration of space use could reduce overall needs to 74,500 square feet, and rates could go up to $13.50 per square foot. Agencies could incur moving expenses of $41,500 and refurnishing costs of up to $964,000. Amortized over a 20-year period, these expenses would average 61 cents per square foot annually.

The flexibility in this alternative is gained by including the administrative, faculty and instructional space of the off-campus programs. Flexibility would be curtailed if the schools were found not to be compatible with this consolidation option. Total annual savings would depend on how far below the break-even point a consolidated site could be leased for.

Considerations. Table 15 shows the potential for savings at different lease rates under both alternatives. The cost savings likely to result from leasing a consolidated office site appear to be marginal in commercial space because of the relatively few agencies that can be consolidated and the relatively efficient use of space by those agencies.

Table 15

POTENTIAL ANNUAL SAVINGS[1] AT A LEASED SITE

	13 Agencies[2]		19 Agencies[3]	
Prospective Lease Rate	Duplicating Space	Maximizing Space Reduction	Duplicating Space	Maximizing Space Reduction
$ 9.00	$34,652	$74,252	$262,451	$334,451
10.00	0	37,452	179,951	259,951
11.00	0	652	97,451	185,451
12.00	0	0	14,951	110,951
13.00	0	0	0	36,451
14.00	0	0	0	0

[1]Moving and refurnishing expenditures are not included and would reduce the savings.
[2]Current average lease rate is $10.03
[3]Current average lease rate is $10.56

Source: JLARC Facility Analysis

Should the State wish to establish a more centralized State presence by consolidating selected agencies, it may be possible to effect some costs savings or to break even under certain circumstances. Properties are available for lease at prices within the State's range. Moreover, economic development specialists believe that leases can be obtained for less than advertised rates due to a current oversupply of office buildings. The State may also be able to negotiate favorable terms for a long-term lease, since a fairly substantial amount of square footage is involved.

It is also possible that a publicly owned facility, such as a school building, may become available for lease or purchase at a lower than commercial rate. A leasing alternative which could be explored in more detail is using school buildings which have been closed due to declining enrollments.

Fairfax County, for example, currently has four vacant school buildings, two of which are partially leased for office space. Because the properties are owned by a local government and are not taxed, leasing rates are potentially lower than similar commercial space. The County currently charges $5.75 to $6.25 per square foot for full service leases, but the tenant pays for renovations. The four buildings are relatively small, however. The largest is 43,000 square feet, with a usable area of approximately 35,000 square feet.

The County is also studying the need to close an intermediate school. The buildings being considered are relatively large (over 100,000 square feet) and are possible sites for a consolidated facility.

Construction of a Consolidated State Office Building

The second option examined by JLARC was construction of an office building. Because of limited parking and high costs for land in highly urbanized areas of Northern Virginia, a construction option should be considered only in relatively uncongested suburban locations.

Agencies for Consideration. At least 14 offices could be included in a construction option. In addition to the 13 offices considered for leased space, the Department of General Services' Consolidated Laboratories could be considered for a construction option. It was not considered for leasing because of the potentially high cost of renovations to accommodate the unique needs of the agency. The 14 agencies include:

- Air Pollution Control
- Agriculture and Consumer Services
- Commerce
- Corrections: Regional Office
- General Services: Consolidated Laboratories
- Health: Regional Office
- Housing: Fire Marshal
- Industrial Commission
- Labor and Industry
- Rehabilitative Services: Regional Office
- Social Services
- Taxation
- War Veterans' Claims
- Water Control Board

As with the leasing option, up to six additional offices could be part of a consolidated facility depending on location and compatibility of functions. The UVA and VPI&SU off-campus programs could be included if it is determined that the educational activities are compatible with other State agency functions. The Department for the Visually Handicapped could be included if the site were on a metro transit line. In addition, up to three service offices could be included if the site were in the geographic area that they served.

Range of Building Sizes and Costs. As with the leasing option, the costs and potential savings in a constructed building depend on the number of agencies included, their space needs, the configuration of space, and the degree of sharing. The construction option was analyzed for various alternative sizes ranging from 58,000 to 116,000 square feet. The smallest size could accommodate 14 State offices under a design which maximized space savings and required agencies to share common facilities. The largest size would accommodate 20 offices and duplicate the amount of space that they currently use. Table 16 shows the estimated construction and annual costs for the smallest and largest building. Costs would range between the two estimates depending on the alternative being considered.

Table 16

PROJECTED CAPITAL AND OPERATING EXPENSES
FOR A CONSTRUCTED BUILDING

Type of Expense	Size of Building	
	58,000 sq. ft.	116,000 sq. ft.
Capital Costs:		
Land and Site Development	$1,880,000	$2,150,000
Construction (@ $80/sq. ft.)	4,640,000	9,280,000
A&E Fees (@ 6%)	390,000	690,000
TOTAL	$6,910,000	$12,120,000
Interest (@ 9%)	$6,530,000	$11,340,000
Annual Operating Costs (FY 1985):		
Capital Costs[1]	$ 672,000	$1,173,000
Utilities (@ $2.10/sq.ft.)	122,000	244,000
Janitorial & Maintenance (@ $1.20/sq. ft.)	70,000	139,000
Management, Security, and Miscellaneous (@ $1.20/sq.ft.)	70,000	139,000
TOTAL	$ 934,000	$1,695,000

[1]Calculated by taking one-twentieth of total capital and interest expenses.

Source: Means Cost Data, DEB, and Black's Official Leasing Guide.

Construction costs of a consolidated office building were estimated using Means Cost Data, a construction estimating guide. Construction costs are estimated to be $80 per square foot plus land, site development, and architectural fees. Interest expenses are based on a 9 percent rate, which the Department of Treasury has indicated to be the current rate for general obligation bonds. Construction costs were estimated to range between $6.9 million and $13.8 million depending on the size of the building.

In order to estimate annual costs in a constructed facility versus current leasing arrangements, annual operating expenses were estimated, including one-twentieth of the capital cost of the new building. However, 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. Operating costs of the facility were estimated using standard 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, and the costs of various alternatives for refurnishing were also included.

Annual costs were projected for twenty years using November 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 in a state of flux and could change significantly in the future. Further examination and detailed financial study of this option would be necessary, using the most current data available at the time of the analysis.

CONSTRUCTION ALTERNATIVE ONE: Minimum of 14 Agencies

Two options were considered for construction of a building to house the 14 agencies without geographic or program-related restraints. Costs were estimated for a 58,000 square-foot building that would reduce space savings through open office design and sharing of facilities and equipment and a 64,000 square-foot building which would duplicate the current amount of space used by the agencies.

Projecting current lease costs and estimated costs of a newly constructed building for the 14 agencies over a 20-year period reveals that it would not be cost effective to construct a building for only the 14 agencies. Cumulative costs in a constructed facility would be $3.6 million more over 20 years in the smaller building and $6 million more in the larger building.

The costs and benefits of adding the three service agencies and the Department for the Visually Handicapped were also estimated. However, this option was also found not to be cost-effective.

CONSTRUCTION ALTERNATIVE TWO: 14 Agencies Plus Administrative and Faculty Space of Off-Campus Programs

Two options were considered for constructing a building that would include the administrative and faculty space of off-campus programs of UVA and VPI&SU with the 14 agencies. It was assumed that instructional space would be located elsewhere. An 82,000 square-foot building would be needed to duplicate existing space, and a 72,000 square-foot building would be needed under a design to reduce space needs.

Projecting current lease costs and costs of a newly constructed building over a 20-year period shows that it would not be cost effective to simply duplicate current space. Costs in a new facility would be $1.1 million more than current leases over 20 years. If space use could be reduced sufficiently, there could be a $2.8 million savings from the smaller building. However, the cumulative break-even point would not be until 1999, which makes the projected savings very tenuous.

CONSTRUCTION ALTERNATIVE THREE: 14 Agencies Plus Administrative and Instructional Space of Off-Campus Programs

Two options were considered for including both the administrative and instructional space of the off-campus programs in a consolidated building. A 103,000 square-foot building would be needed to duplicate existing space, and a 93,000 square-foot building could accommodate a reduced space design.

Projecting current lease costs and costs of a newly constructed building over a 20-year period shows that, even with the instructional space, a building that duplicates existing space is not cost effective. Costs in a new facility would be $1.8 million more than current leases over 20 years.

Savings from a space reducing design would be about $2.1 million, but the cumulative break-even point would be in 2001, making the projected savings tenuous at best. Greater savings could not be realized through space reduction because classroom and other instructional space is not subject to the same reduction as office space, and hallways must be maintained at six-feet widths to meet safety standards.

CONSTRUCTION ALTERNATIVE FOUR:

Maximum of 20 Agencies

Two options were considered for construction of a building that would house the maximum number of 20 agencies. Under this option, three service agencies and the Department for the Visually Handicapped were added to the core of 14 agencies and the administrative and instructional space of the off-campus programs. To duplicate existing space, a 116,000 square-foot building would be needed. Under a space reducing design, a 106,000 square-foot building would be needed.

Projecting current lease costs and costs of a newly constructed building for 20 years shows that the larger building would cost $2.3 million more over the period. A smaller building with its space savings could save $1.6 million over 20 years, but the cumulative break-even point would not be until the year 2003.

Other Considerations. As shown in Table 17, construction would be cost effective only when part or all of the space leased by UVA and VPI&SU were included and only for space reducing designs.

Table 17

POTENTIAL TWENTY-YEAR COST SAVINGS[1]
CONSTRUCTION VS. CURRENT LEASES

Alternatives	Number of Offices	Duplicating Space	Maximizing Space Reductions
1. Agencies without geographic or program constraints	14	($5,970,400)	($3,570,000)
2. Same agencies as #1 plus administrative and faculty offices of UVA and VPI&SU off-campus programs	16	($1,133,400)	$2,802,300
3. Same as #2 plus UVA and VPI&SU educational space	16	($1,804,600)	$2,131,200
4. Same as #3 plus Department of Visually Handicapped and three service offices	20	($2,346,500)	$1,589,200

[1]Figures indicate the difference between total costs in a constructed facility and total costs of current leases. ( ) indicates that costs in a constructed facility are projected to be higher over 20 years.

Source: JLARC Analysis.

Potential savings of up to $2.8 million are possible for a facility that includes part or all of the off-campus programs. However, the projected cost savings are somewhat tenuous because the cummulative break-even points would not occur until after 1999 for those options which appear to be somewhat cost effective.

Construction estimates and projections 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, land costs, specific design of the building, and agencies included. A major factor would be the determination of whether the off-campus programs should be included in a consolidated building.

Prior to further consideration of a construction option, the Department of General Services would have to conduct a detailed analysis of potential sites, agencies to be included, space, and anticipated costs. Specifically, DGS would have to determine:

- what the specific costs of construction will be to meet needs of 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 utilize the most current information available on interest rates and inflation estimates.
- who will be responsible for building management, including routine maintenance, janitorial services, and security.
- what the parking needs of the agencies are and how the needs can be met. DGS should ensure that sufficient short-term parking is available for visitors. Depending on the site, employee parking could be arranged by leasing or purchasing sufficient land in the vicinity and providing subsidized parking for workers.
- how much refurnishing would be necessary, and the related cost.

Purchasing a Building for Consolidation

According to economic development specialists in Northern Virginia, there are relatively limited options for purchasing an existing facility for use as a consolidated office building. The real estate market is volatile, depending on economic conditions and new commercial development. The availability and cost of buildings for purchase cannot be predicted in advance.

The size of a building to accommodate State offices would be the same as a constructed building and depend on location, number of agencies included, use of space-saving designs, and amount of facility sharing. The cost of a building would depend on its age, location, amount of land, and proximity to other services and development. Renovation expenses would be variable, affected by the condition of the site, needs of the agencies, and configuration of space.

Although the availability of office buildings for purchase are limited, other alternatives could be examined. For example, a structure that was built for purposes other than office space could be purchased and renovated to meet the needs of State agencies.

> *The Virginia Employment Commission is leasing a 15,000 square foot building that was formerly a warehouse. The owner renovated the structure to create offices, conference rooms, reception and claims areas to meet the needs of the agency. The VEC has a seven-year lease for the space at an initial rate of $11.75 per square foot.*

The Department of General Services could examine the feasibility of purchasing and renovating an existing facility for use as a consolidated office building. As with the construction option, DGS would have to assess costs, needs of the agencies, and building management responsibilities, and ensure that there is sufficient parking for visitors and employees. Additionally, the department should contact the Fairfax County Department of Education regarding purchase or long-term lease of their vacant school buildings.

CONCLUSION AND RECOMMENDATIONS

At this time, consolidation of State offices in the Northern Virginia area does not appear to be cost effective. However, consolidation could create a State presence in the area with the potential for improved services and more efficient use of space. Services to the public could be enhanced by improving the visibility, accessibility, and conditions of current offices.

Cost effectiveness would depend on the site, the agencies included, and the space design. Savings for the alternatives examined are apt to be marginal, at best. Given the non-financial benefits of consolidation, however, the State should remain alert for cost-effective opportunities, such as vacated public buildings.

Recommendation (1). The Department of General Services should be alert to opportunities for cost-effective consolidation and co-location of offices in Northern Virginia. The Secretary of Administration and Finance should charge the department with responsibility for more carefully monitoring the real estate market in Northern Virginia to identify sites with significant potential for long-term cost savings through lease or purchase. When buildings of appropriate size and price become available, DGS should initiate detailed site analyses and take appropriate steps to consolidate offices identified in this report.

Recommendation (2). To overcome problems in the visibility, accessibility, and conditions of existing facilities, DGS should monitor the termination of leases and assess opportunities to correct the deficiencies which exist. When current leases expire, the department should assist the agencies in improving existing space or, to the extent possible, correcting these problems and achieving economies by locating offices together. Economies could be achieved through more efficient office designs and by sharing common facilities and equipment.

Recommendation (3). Regardless of any action taken to consolidate offices, UVA and VPI&SU (with the assistance of the State Council of Higher Education) should explore opportunities available in Northern Virginia to obtain less expensive instructional space for their off-campus programs in Northern Virginia. Several alternatives should be examined, including (1) sharing facilities with George Mason University and Northern Virginia Community College; (2) using the facilities of local public schools to a greater extent; and (3) exploring the potential for acquiring a vacated school building.

Supplementary to its study of off-campus programs, SCHEV should examine the use and cost of facilities for administrative and instructional purposes. And, under its statutory responsibilities for ensuring economical and coordinated educational programs (Section 23-9.10 of the *Code of Virginia*), SCHEV should also consider development of policies and standards regarding space use, acquisition, and leasing for off-campus programs.

IV. APPENDIXES

Page

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 process, each State agency involved in JLARC's review and evaluation effort is given the opportunity to comment on an exposure draft of the report.

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

- The following agency responses are included herewith:
- Department of Agriculture and Consumer Services
- Department of Commerce
- Department of Conservation and Economic Development
- Department of General Services
- Department of Housing and Community Development
- Department of Rehabilitative Services
- Department of Taxation
- Virginia Employment Commission
- Virginia Polytechnic Institute and State University--
  Research Division
- Virginia Polytechnic Institute and State University--
  College of Architecture and Urban Studies

S. MASON CARBAUGH
COMMISSIONER

COMMONWEALTH of VIRGINIA

RAYMOND D. VAUGHAN
DEPUTY COMMISSIONER

DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
P. O. Box 1163, Richmond, Virginia 23209

JAN

January 4, 1983

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

Dear Ray:

Thank you for your letter of December 28 concerning your exposure draft on Consolidation of Office Space in Northern Virginia.

This is to advise that we have no comments or factual corrections to submit.

Sincerely,

S. Mason Carbaugh
Commissioner

pbh

cc: Mr. D. W. Zipperer

JAN 7 1983

COMMONWEALTH of VIRGINIA

BERNARD L. HENDERSON, JR.
Director

Department of Commerce

2 SOUTH NINTH STREET, RICHMOND, VIRGINIA 23219-3991

January 5, 1983

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 exposure draft of Consolidation of Office Space in Northern Virginia, prepared by the JLARC staff. We have found no factual errors in the report relative to the Department of Commerce.

I will note, however, that the Department has plans to combine two of our regions which would result in closing our Northern Virginia facility. The closest office the Department would maintain would be in the Fredericksburg area.

I appreciate the opportunity to examine this draft, which appears well prepared.

Sincerely,

Bernard L. Henderson, Jr.

BLHJr:ns

cc: The Honorable Betty J. Diener

ΞO W. WALKER
Director
ƎALO F. MOORE
Deputy Director

DIVISIONS
·RESTRY
/TER CONTROL
NEO LAND RECLAMATION
NERAL RESOURCES
.LT WATER SPORT FISHING
'ATE PARKS
ƎGINIA STATE TRAVEL SERVICE

COMMONWEALTH of VIRGINIA

DEPARTMENT OF CONSERVATION AND ECONOMIC DEVELOPMENT

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

December 30, 1982

JAN 4 1983

MEMORANDUM

TO: Mr. Mark Willis, JLARC Director

FROM: Fred W. Walker

SUBJECT: December 28, 1982 Draft: Consolidation of Office Space in Northern Virginia

Per Mr. Pethel's December 28 letter we have two comments on the referenced draft:

1. The conclusions and recommendations do not affect our Department, and

2. For consistency and clarity, table 4, page 17 could be improved where it references "Forestry" in the listing under Excluded From Consolidation Recommendation. Instead of "Forestry" insert Conservation and Economic Development - Division of Forestry.

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

RJD/ec

JAN 14 1983

COMMONWEALTH of VIRGINIA

Department of General Services
Division of Engineering and Buildings

805 EAST BROAD STREET
ROOM 101
RICHMOND 23219

TELEPHONE
804 786-3263

January 13, 1983

MEMORANDUM:

TO: Mr. Ray D. Pethtel, Director
Joint Legislative Audit & Review Commission

THROUGH: Mr. H. Douglas Hamner, Jr., Director
Department of General Services

FROM: For J. Stuart Barret, Director
Division of Engineering & Buildings

RE: Exposure Draft -- Consolidation of Office Space in Northern Virginia

Based upon a cursory review, we previously provided to you a couple of comments on the statistical content of the noted report. Since that time, we have made further evaluation and offer the following:

Pg. i., First Paragraph: We do not have precise statistics on the number of separate locations shown as 1,200; however, we do have fairly accurate information on the number of expense leases which is currently around 1,200 compared to the 1,500 stated. The FAIS Building Inventory indicates total value of owned buildings to be \$3.8 billion compared to the \$2.7 billion stated.

Pg. v., "Recommendation (1)": Within our resources, we will attempt to obtain notice of availability of buildings as they become available. We are establishing a contact with the State Department of Education to obtain notice of proposed school closings. We will try to establish proper contacts for information on buildings other than public schools and pursue favorable opportunities.

Pg. v., "Recommendation (2)": We have ordered a computer listing by geographic location in termination date order for all leases. We will use this list as a basis for matching up agencies with leases having common termination dates. We will encourage these agencies to obtain common space for colocation where it appears feasible. In addition, we will try to have agencies set termination dates on new leases to coincide with terminations of other active leases to accommodate matching up for future colocations. We plan to begin requiring that leases terminate only on the last day of a calendar quarter.

Pg. v., "Recommendation (3)": We will work with the State Council of Higher Education for Virginia in attempting to avoid situations similar to the VPI - UVA problem.

Pg. 8, "Locating & Acquiring Office Space": In order to preclude unnecessary rentals, our procedures require that any additional State function proposed to be housed in newly rented space must be evaluated and approved through a preplanning justification. Additionally, for continuation of existing leases, the head of the agency must certify that no space presently owned or leased under the control of that agency would satisfy the need. We evaluate the proposal to lease space against information we have on other available State controlled space. As you are aware, no new buildings may be acquired without review by the Department of General Services and approval by the Governor, or through a Capital Outlay appropriation. Although this combination of safeguards does not give the tight central control advocated by some, it does provide some assurance that agency leasing is reasonable.

In the second paragraph, reference is made to submittal of lease proposals to Cabinet Secretaries. Due to curtailment of Cabinet Secretarial staff, this procedure has been stopped. The proposals (space questionnaire) now flow to the Division of Engineering & Buildings.

Pg. 21, First Full Paragraph: Although there is no statutory obligation for it, we have administratively decided to include in the Standard Lease Form an obligation for general compliance with handicapped standards. This form is now complete. A copy is attached. We had previously been seeking compliance through less formal means.

The report in several places refers to some substandard facilities. Each agency establishes the minimum acceptable standard. Due to staff restraints, the Division of Engineering & Buildings does not field evaluate proposed facilities. We do generally require that agencies lease the acceptable space bearing the least rental cost. This is obviously in the interest of the Commonwealth, assuming the agency has established proper standards.

The Division of Engineering & Buildings staff for Statewide real estate, managed by the Assistant Director, is composed of one Property & Facilities Coordinator for leased property, and one Property & Facilities Coordinator for State-owned property. These people are currently swamped with implementation of long standing duties compounded by several recently increased responsibilities. With the continuous flow of income and expense leases, transfers among agencies, surplus property disposals, deeds, easements, and review of all real estate purchases, little time is available for field evaluations and for time-consuming attempts to coordinate and consolidate acquisitions by independent agencies.

We have requested an additional position for a Real Estate Acquisition & Disposal Coordinator. Although the main duties of this position would be in the owned property area (especially to accelerate the surplus sales), we plan to use it as a swing position to devote to the most important real estate matters at a given time. This position would possibly help in the area of lease coordination but obviously if we devote much of its time to leases, the surplus disposal effort would be proportionately diminished.

We appreciate the insight regarding field conditions provided by the report. Since we rarely visit field offices, we seldom have independent observations on leased space utilization and conditions.

Please be assured that we will implement to the full extent of available resources the recommendations contained in your report.

JLARC Note:	***The Fixed Asset Information System was being implemented during the course of this review. Some data in the system are incorrect and the Department of General Services has been working to identify and correct erroneous information. The statistics in this report, as well as the JLARC report on the Roanoke region, are based upon information in the System as of June 14, 1982. Completely accurate information will not be available until all data problems are identified and corrected.***

COMMONWEALTH of VIRGINIA

GENE DISHNER
IECTOR

DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT

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

January 6, 1983

JAN 7 1983

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

Dear Mr. Pethtel:

The staff of the Department of Housing and Community Development has reviewed your agency's draft report "Consolidation of Office Space in Northern Virginia" and concur with contents of the report. We appreciate the opportunity to review the draft report.

Sincerely,

Neal

Neal J. Barber
Deputy Director
Division of Administration

NJB/lm

ALTAMONT DICKERSON, JR.
COMMISSIONER

COMMONWEALTH of VIRGINIA

Department of Rehabilitative Services

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

January 12, 1983

JAN 1 3 1983

Mr. Mark Willis, Project Director
Joint Legislative Audit Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

Dear Mr. Willis:

This letter is a follow-up to our telephone conversation of yesterday. The Report of Consolidation of Office Space in Northern Virginia has been carefully reviewed and I am enclosing my comments.

I concur that if at all possible consolidation of office space should be done. This may be even more important in Northern Virginia because of the cost of space. Office space used by the Department of Rehabilitative Services has been carefully selected because of the unique needs of our disabled population. Accessible parking, entrances, bathrooms, transportation, and easy evacuation in case of emergencies, are necessities that must be considered. In most instances, leasors will make these accommodations but will ultimately reflect the improvements in a rent increase. However, there are tax incentives available for this purpose, also.

On Page 24, you indicate there is no sign for the Department's office located in the office complex at Baileys Crossroads. I had our Regional Director, Mr. Bill Burnside, go to the site and check this out. In the lobby of the building there is a directory and our name and room number are on this directory. I would appreciate that appropriate changes be made in the statement on Page 24.

We will cooperate in any way possible.

Sincerely,

Altamont Dickerson, Jr.

Altamont Dickerson, Jr.

cc: David Fink

COMMONWEALTH of VIRGINIA

Department of Taxation
Richmond, Virginia 23282

January 5, 1983

JAN 7 1983

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

Dear Ray:

We have reviewed the study of office space in Northern Virginia. The comments and figures concerning the Department of Taxation are correct, but we do feel the chart on page 9 should show a need for parking, security and access for the handicapped.

Sincerely,

W. H. Forst
State Tax Commissioner

aac

JAN 11 1983

COMMONWEALTH of VIRGINIA

Virginia Employment Commission

Ralph G. Cantrell
Commissioner

703 East Main Street

P. O. Box 1358
Richmond, Virginia 23211

January 10, 1983

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

Dear ~~Mr. Pethtel~~ Ray:

My staff and I have reviewed the exposure draft on the Consolidation of Office Space in Northern Virginia. There is a small item in the report on Page 26 that is incorrect. The chart on that page (Figure 4) indicates that our Northern Virginia office is neither visible nor identifiable. This building features a permanent sign and is clearly visible and identifiable from the street.

I appreciate your sharing the report with us; I found it informative and interesting.

Sincerely,

Ralph

Ralph G. Cantrell
Commissioner

JLARC Note:	***At the time JLARC staff visited this office (September 23, 1982), there were no signs on the outside of the building indicating that the VEC was located in the facility. We understand that a permanent sign has been subsequently installed.***

RESEARCH DIVISION

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Blacksburg, Virginia 24061

OFFICE OF THE DEAN (703) 961-5281

January 11, 1983

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and
Review Commission
Suite 11, 910 Capitol Street
Richmond, VA 23219

Dear Mr. Pethtel:

This will confirm our telephone discussion of January 10. Your letter of December 28 that covered the draft "Consolidation of Office Space in Northern Virginia" was received at the University after it was possible to return any written comments by the January 14 due date. Indeed, the document was received after January 3, the date when comments and questions were to have reached Mr. Willis of your staff.

At first glance, the report seems reasonable in tone and recommendations. But I think the report is appropriate for a more thorough review than the very quick reading I have given it. I will arrange for such a review and will forward to you any comments that result as soon as possible.

Sincerely,

David Roselle

David P. Roselle
Dean of Research and
Graduate Studies

mrw

COLLEGE OF ARCHITECTURE AND URBAN STUDIES

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Blacksburg, Virginia 24061

Office of the Dean (703) 961-6415

January 11, 1983

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

Dear Mr. Pethtel:

Thank you for the opportunity to review the exposure draft of the Commission's Report on the Consolidation of Office Space in Northern Virginia. In our brief review of the report we found 2 points that related to our Alexandria Center that you may wish to correct.

1. In Table 4, page 18, the number of employees should be corrected to 3.5. The College has three faculty and a half-time secretary working at the Center this year, as well as 52 advanced undergraduate and graduate students.

2. In Figure 3, page 19, the Center is identified with a location preference "near a major highway." A better preference would be a location "on Metro transit line."

3. The College is concerned that the students and faculty in residence at the Center have convenient access to public transit to ease their access both to the Center and to other institutions and facilities in the metropolitan area.

One additional comment, the College is aware of the lack of any exterior sign at the street entrance to the Center which we have assumed is the reason that Figure Four (page 26) notes the Center is not visible or identifiable. We have been working with the developer of the revitalized building to acquire a sign and have only recently received the authorization to install an appropriate sign. I am certain that by the time the final draft is complete the sign will be installed.

Again, thank you for the opportunity to comment on the report. We are pleased that the staff recognized the unique needs of the College in its decision to locate the Center where it did and that the nature of our activities in Alexandria require studio space not easily consolidated with office space of other State agencies. Your staff is to be commended on their work.

Very truly yours,

Charles Steger
Dean

/de

cc: President William E. Lavery

JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

Research Staff

John M. Bennett
L. Douglas Bush, Jr.
Suzette Denslow
Lynn L. Grebenstein
Stephen W. Harms
Gary T. Henry
Clarence L. Jackson
Kirk Jonas
R. Jay Landis
Sarah J. Larson
Philip A. Leone
John W. Long
Joseph H. Maroon
Barbara A. Newlin
Ray D. Pethtel
Cynthia Robinson
Robert B. Rotz
Mary H. Schneider
Walter L. Smiley
E. Kim Snead
Ronald L. Tillett
Glen S. Tittermary
Susan L. Urofsky
Mark D. Willis
William E. Wilson
R. Shepherd Zeldin

Administrative Staff

Deborah A. Armstrong
Vivian L. Dorrough
Sharon L. Harrison
Joan M. Irby
Betsy M. Jackson
Patricia L. Jordan
David W. Porter

Interns

Florence R. Haines
Carolyn C. Tedholm
Geraldine A. Turner

RECENT REPORTS ISSUED BY THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

The Virginia Community College System, March 1975
Virginia Drug Abuse Control Program, October 1975
Working Capital Funds in Virginia, February 1976
Certain Financial and General Management Concerns, Virginia Institute of Marine Science, July 1976
Water Resource Management in Virginia, September 1976
Vocational Rehabilitation in Virginia, November 1976
Management of State-Owned Land in Virginia, April 1977
Marine Resource Management Programs in Virginia, June 1977
Sunset, Zero-Base Budgeting, Evaluation, September 1977
Use of State-Owned Aircraft, October 1977
The Sunset Phenomenon, December 1977
Zero-Base Budgeting? December 1977
Long Term Care in Virginia, March 1978
Medical Assistance Programs in Virginia: An Overview, June 1978
Virginia Supplemental Retirement System, October 1978
The Capital Outlay Process in Virginia, October 1978
Camp Pendleton, November 1978
Inpatient Care in Virginia, January 1979
Outpatient Care in Virginia, March 1979
Management and Use of State-Owned Vehicles, July 1979
Certificate-of-Need in Virginia, August 1979
Report to the General Assembly, August 1979
Virginia Polytechnic Institute and State University Extension Division, September 1979
Deinstitutionalization and Community Services, September 1979
Special Study: Federal Funds, December 1979
Homes for Adults in Virginia, December 1979
Management and Use of Consultants by State Agencies, May 1980
The General Relief Program in Virginia, September 1980
Federal Funds in Virginia, October 1980
Federal Funds: A Summary, January 1981
Methodology for a Vehicle Cost Responsibility Study: An Interim Report, January 1981
Organization and Administration of the Department of Highways and Transportation: An Interim Report, January 1981
Title XX in Virginia, January 1981
Organization and Administration of Social Services in Virginia, April 1981
1981 Report to the General Assembly
Highway and Transportation Programs in Virginia: A Summary Report, November 1981
Organization and Administration of the Department of Highways and Transportation, November 1981
Highway Construction, Maintenance, and Transit Needs in Virginia, November 1981
Vehicle Cost Responsibility in Virginia, November 1981
Highway Financing in Virginia, November 1981
Publications and Public Relations of State Agencies in Virginia, January 1982
Occupational and Professional Regulatory Boards in Virginia, January 1982
The CETA Program Administered by Virginia's Balance-of-State Prime Sponsor, May 1982
Working Capital Funds in Virginia, June 1982
The Occupational and Professional Regulatory System in Virginia, December 1982
Interim Report: Equity of Current Provisions for Allocating Highway Construction Funds in Virginia, December 1982
Consolidation of Office Space in the Roanoke Area, December 1982
Staffing and Manpower Planning in the Department of Highways and Transportation, January 1983
Consolidation of Office Space in Northern Virginia, January 1983
Interim Report: Local Mandates and Financial Resources, January 1983
Interim Report: Organization of the Executive Branch, January 1983
The Economic Potential and Management of Virginia's Seafood Industry, January 1983
Follow-Up Report on the Virginia Department of Highways and Transportation, January 1983

910 CAPITOL STREET — SUITE 1100 — RICHMOND, VIRGINIA 23219 — (804) 786-1258