

JOINT STATE GOVERNMENT COMMISSION

General Assembly of the Commonwealth of Pennsylvania

OFFICE SPACE MANAGEMENT IN PENNSYLVANIA STATE GOVERNMENT

November 2016



*Serving the General Assembly of the
Commonwealth of Pennsylvania Since 1937*

REPORT

Office Space Management in Pennsylvania State Government

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The Joint State Government Commission was created in 1937 as the primary and central non-partisan, bicameral research and policy development agency for the General Assembly of Pennsylvania.¹

A fourteen-member Executive Committee comprised of the leadership of both the House of Representatives and the Senate oversees the Commission. The seven Executive Committee members from the House of Representatives are the Speaker, the Majority and Minority Leaders, the Majority and Minority Whips, and the Majority and Minority Caucus Chairs. The seven Executive Committee members from the Senate are the President Pro Tempore, the Majority and Minority Leaders, the Majority and Minority Whips, and the Majority and Minority Caucus Chairs. By statute, the Executive Committee selects a chairman of the Commission from among the members of the General Assembly. Historically, the Executive Committee has also selected a Vice-Chair or Treasurer, or both, for the Commission.

The studies conducted by the Commission are authorized by statute or by a simple or joint resolution. In general, the Commission has the power to conduct investigations, study issues, and gather information as directed by the General Assembly. The Commission provides in-depth research on a variety of topics, crafts recommendations to improve public policy and statutory law, and works closely with legislators and their staff.

A Commission study may involve the appointment of a legislative task force, composed of a specified number of legislators from the House of Representatives or the Senate, or both, as set forth in the enabling statute or resolution. In addition to following the progress of a particular study, the principal role of a task force is to determine whether to authorize the publication of any report resulting from the study and the introduction of any proposed legislation contained in the report. However, task force authorization does not necessarily reflect endorsement of all the findings and recommendations contained in a report.

Some studies involve an appointed advisory committee of professionals or interested parties from across the Commonwealth with expertise in a particular topic; others are managed exclusively by Commission staff with the informal involvement of representatives of those entities that can provide insight and information regarding the particular topic. When a study involves an advisory committee, the Commission seeks consensus among the members.² Although an advisory committee member may represent a particular department, agency, association, or group, such representation does not necessarily reflect the endorsement of the department, agency, association, or group of all the findings and recommendations contained in a study report.

¹ Act of July 1, 1937 (P.L.2460, No.459); 46 P.S. §§ 65 – 69.

² Consensus does not necessarily reflect unanimity among the advisory committee members on each individual policy or legislative recommendation. At a minimum, it reflects the views of a substantial majority of the advisory committee, gained after lengthy review and discussion.

Over the years, nearly one thousand individuals from across the Commonwealth have served as members of the Commission's numerous advisory committees or have assisted the Commission with its studies. Members of advisory committees bring a wide range of knowledge and experience to deliberations involving a particular study. Individuals from countless backgrounds have contributed to the work of the Commission, such as attorneys, judges, professors and other educators, state and local officials, physicians and other health care professionals, business and community leaders, service providers, administrators and other professionals, law enforcement personnel, and concerned citizens. In addition, members of advisory committees donate their time to serve the public good; they are not compensated for their service as members. Consequently, the Commonwealth of Pennsylvania receives the financial benefit of such volunteerism, along with their shared expertise in developing statutory language and public policy recommendations to improve the law in Pennsylvania.

The Commission periodically reports its findings and recommendations, along with any proposed legislation, to the General Assembly. Certain studies have specific timelines for the publication of a report, as in the case of a discrete or timely topic; other studies, given their complex or considerable nature, are ongoing and involve the publication of periodic reports. Completion of a study, or a particular aspect of an ongoing study, generally results in the publication of a report setting forth background material, policy recommendations, and proposed legislation. However, the release of a report by the Commission does not necessarily reflect the endorsement by the members of the Executive Committee, or the Chair or Vice-Chair of the Commission, of all the findings, recommendations, or conclusions contained in the report. A report containing proposed legislation may also contain official comments, which may be used in determining the intent of the General Assembly.³

Since its inception, the Commission has published more than 350 reports on a sweeping range of topics, including administrative law and procedure; agriculture; athletics and sports; banks and banking; commerce and trade; the commercial code; crimes and offenses; decedents, estates, and fiduciaries; detectives and private police; domestic relations; education; elections; eminent domain; environmental resources; escheats; fish; forests, waters, and state parks; game; health and safety; historical sites and museums; insolvency and assignments; insurance; the judiciary and judicial procedure; labor; law and justice; the legislature; liquor; mechanics' liens; mental health; military affairs; mines and mining; municipalities; prisons and parole; procurement; state-licensed professions and occupations; public utilities; public welfare; real and personal property; state government; taxation and fiscal affairs; transportation; vehicles; and workers' compensation.

Following the completion of a report, subsequent action on the part of the Commission may be required, and, as necessary, the Commission will draft legislation and statutory amendments, update research, track legislation through the legislative process, attend hearings, and answer questions from legislators, legislative staff, interest groups, and constituents.

³ 1 Pa.C.S. § 1939 ("The comments or report of the commission . . . which drafted a statute may be consulted in the construction or application of the original provisions of the statute if such comments or report were published or otherwise generally available prior to the consideration of the statute by the General Assembly").



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November 2016

To the Members of the General Assembly of Pennsylvania:

The Joint State Government Commission is pleased to announce the release of the report written in response to Senate Resolution 215 of 2015: *Office Space Management in Pennsylvania State Government*.

SR215 directed the Commission to review the current management practices, rules, regulations, and laws that impact the Commonwealth's real estate system. SR215 noted the Senate's commitment to ensuring that office space is fully and economically used by its tenant agencies. Accordingly, Commission staff studied best practices of both private and public entities in leasing, acquisition, and space management. A number of recommendations were developed for the General Assembly's consideration, including prioritizing updates to the inventory system and calculating utilization rates of office buildings, development of long-range facilities plans that are linked to program and strategic planning, and exploration of ways to refurbish Commonwealth-owned space.

The full report, along with a one-page summary, is enclosed and available on our website at <http://jsg.legis.state.pa.us>.

Respectfully submitted,

Glenn J. Pasewicz
Executive Director

TABLE OF CONTENTS

INTRODUCTION	1
REVIEW OF PENNSYLVANIA REAL ESTATE SYSTEM	3
Introduction to Department of General Services	3
BRE and the Commonwealth’s Leasing System	3
Laws Impacting the Pennsylvania Real Estate System	4
Other Space Management Agencies	9
Process for Requesting Space	10
Leasing Process	11
Board of Commissioners of Public Grounds and Buildings	12
Downtown Location Law	13
Reducing State-Leased Space	14
State Building Inventory and Occupancy Rates	16
Renovating State-Owned Space	16
Pennsylvania Office Space Standards	17
Designing Layout	20
State Procedure for Modifications	21
PLCB Stores and Warehouses	21
REVIEW OF BEST PRACTICES	25
Best Practices of Private Sector Businesses	25
Warehouses Best Practices	27
Improving Warehouse Efficiency	28
Warehouse Practices in Other States	29
Office Space Practices in Other States	30
Open Office Layouts.....	33
Office Space Strategies to Increase Mobility	34
RECOMMENDATIONS	39
APPENDIX A	41
DGS Proposed Legislation.....	42
APPENDIX B	57
Bureau of Real Estate.....	58

APPENDIX C	59
Request for Space Allocation.....	60
APPENDIX D	63
Space Allocation Questionnaire.....	64
APPENDIX E	69
Request for Budget Approval of Lease Action.....	70
APPENDIX F	71
Bureau of Real Estate Lease Process	72
APPENDIX G	73
Map of Capitol Complex	74
APPENDIX H	75
Senate Resolution 215.....	76

INTRODUCTION

The sponsors of Senate Resolution 215 of 2015 took note of the declines in the number of state workers over the last 30 years and asked whether office space square footage had similarly declined. Ultimately, this report cannot answer that question. Records of the last four years indicate that leased office space has indeed been reduced by nearly 590,000 square feet, an area larger than ten football fields.⁴⁵ In the same time period, Pennsylvania employed 1,522 fewer salaried and part-time employees, a 1.4 percent decrease.⁶ However, specific reports of historic decreases in state office space before that time are largely anecdotal. While the Department of General Services (DGS) has made great strides in trimming the amount of excess office space, it is impossible at this point to say how efficiently this space is being used. There is currently no established baseline for comparing building occupancy across the Commonwealth.

While there are numerous reports of state agencies relocating into leased spaces to meet their expanding needs, agencies often do not move back into state-owned buildings when downsizing. When space becomes available in state-owned buildings, it is often absorbed by the nearest agency. In other instances around the Capitol Complex, statutes have limited the use of office space in state-owned buildings to specific organizations.

The importance of DGS action on space management cannot be overstated, but the efficient use of space is also dependent on the cooperation of agency leaders to make the issue a priority. The Pennsylvania Auditor General is an example of an agency that has had great success in the reduction of space on its own initiative. That agency was able to cut its annual office space costs by \$400,000. Greater coordination between facility managers, agency heads, and DGS may help communicate the importance of using office space efficiently across all levels of government.

With these factors in mind, Joint State Government Commission (JSGC) staff set out to create a compilation of the current laws, regulations, and management practices that comprise the Commonwealth's system of real estate. A review of practices currently employed by private and public organizations was also conducted. While new practices that could improve efficiency were identified, many other best practices have already been piloted throughout the Commonwealth. Over the course of the study, JSGC staff consulted with representatives from DGS to discuss the barriers in place that limit the efficient management of office space. These discussions helped inform a series of recommendations on how to improve the Commonwealth's real estate system. Additionally, DGS attorneys have created two pieces of proposed legislation aimed at increasing the operating efficiency of the Commonwealth real-estate system.⁷

⁴ Reduced Square foot calculation compiled from Office of budget figures and Testimony from DGS Secretary Curtis Topper.

⁵ NFL official standard 57,600 square feet per field.

⁶ JSGC staff calculations based on figures available at <http://pennwatch.pa.gov/Pages/default.aspx>.

⁷ Appendix A, *infa* p. 41-55.

REVIEW OF PENNSYLVANIA REAL ESTATE SYSTEM

Introduction to Department of General Services

The Department of General Services was created by the act of July 22, 1975 (P.L.75, No.45), which merged the functions of the Department of Property and Supplies and the General State Authority.⁸ Currently, DGS has approximately 900 employees who carry out a wide range of functions necessary for the day-to-day operations of the Commonwealth.⁹ These duties include providing maintenance to buildings in the Capitol Complex, overseeing the state's vehicle fleet, handling insurance claims, selling surplus state property, and managing state-owned and leased properties.¹⁰ DGS provides these and other services to state agencies in a similar manner to a private-sector business serving its clients.

The current financial climate of the Commonwealth somewhat inhibits the way DGS and other agencies are able to perform their duties. Today, fiscal restraint is more important than ever as executive agencies take on additional responsibilities with reduced workforces and tightened budgets. While these changes have imposed limitations on the way DGS performs its duties, they have also led to necessary modernizations as the agency updates its work processes. Despite these limitations, DGS should assess how to move towards a more automated and transparent real estate system.

BRE and the Commonwealth's Leasing System

The Bureau of Real Estate (BRE), within DGS, was the main point of contact for JSGC staff when collecting information on Pennsylvania's real estate system. BRE has the responsibility of locating office space and negotiating leases for executive agencies, independent agencies, departments, boards, and commissions that request its services.¹¹ While BRE attempts to locate agencies in state-owned space whenever possible, sometimes agencies cannot be properly accommodated within state-owned space or need to establish a branch office outside of Harrisburg.¹² The Commonwealth's real estate needs are not limited to office space; BRE is also

⁸ Act of July 22, 1975 (P.L.75, No.45).

⁹ Dep't of Gen. Servs., "About," <http://www.dgs.pa.gov/About/Pages/default.aspx#.WCx2c7IrKU>.

¹⁰ *Id.*

¹¹ Act of April 9, 1929 (P.L.177, No.175), known as "The Administrative Code of 1929," § 2402(d).

¹² Meeting with DGS representatives May 6, 2016.

responsible for leasing retail stores for the Pennsylvania Liquor Control Board and state-leased parking garages and warehouses.¹³

According to BRE representatives, the division has faced staff reduction in recent years, which have caused some of their operations to be scaled back.¹⁴ Currently there are 24 full-time personnel that are distributed between four divisions which handle specific operations of the Commonwealth’s real estate system.¹⁵ The current portfolio of space managed by these employees comprises over 1,100 property leases, seven million square feet of leased space, and 4,300 leased parking spaces.¹⁶ Employees in the Real Estate Services Division maintain floor plans for state facilities, review partition modification work orders, analyze space requests and oversee space allocation. The Real Estate Acquisitions and Dispositions Division buy real property for capital projects and prepare surplus real property owned by the Commonwealth for sale. Finally there are two leasing divisions within the BRE, focusing on leasing general office space and retail stores, respectively.

Laws Impacting the Pennsylvania Real Estate System

The Administrative Code of 1929 (P.L.177, No.175) contains much of the existing framework that the Commonwealth’s real estate system is built on, including the powers and duties of DGS. Remnants of old state systems that have never been repealed such as the Board of Commissioners of Public Grounds and Buildings are also contained within the administration code. Sections relevant to DGS and the Commonwealth real estate system have been included in Table 1.

Table 1		
Administrative Code of 1929		
Section	Heading	Purpose
446	Board of Commissioners of Public Grounds and Buildings	Describes the composition of the Board of Commissioners of Public Grounds and Buildings, which is composed of the Governor and State Treasure or employees chosen to represent their offices.

¹³ Dep’t of Gen. Servs., “Facilities & Space Management,” <http://www.dgs.pa.gov/State%20Government/Facilities%20and%20Space%20Management/Pages/default.aspx#.WD4THrIrJtQ>.

¹⁴ *Supra* note 12.

¹⁵ Appendix B, *infra* p. 57.

¹⁶ *Supra* note 12.

Table 1
Administrative Code of 1929

Section	Heading	Purpose
508	Erection, Repairs, or Alterations of and Additions to Buildings	<p>Gives DGS exclusive authority to build or contract for new buildings or alterations to existing buildings greater than \$25,000 and requires agencies to notify DGS of other construction;</p> <p>Requires state agencies to conduct a survey of state buildings, land, and equipment every two years to be submitted to the Governor; and</p> <p>Allows DGS to demolish state buildings with the approval of the Governor.</p>
2401	Powers and Duties Transferred	Transfers duties pertaining to the management of public grounds, monuments, and state printing services to DGS.
2401.1	Specific Powers of the Department of General Services	<p>Transfers powers and duties relating to construction, alteration, and repair of state buildings previously exercised by the Department of Property and Supplies to DGS;</p> <p>Gives DGS exclusive authority over public improvement projects and Commonwealth repair projects and the ability to acquire land necessary for such projects, pending legislative authorization (excluding transportation constructions); and</p> <p>Tasks DGS with providing architectural and engineering services to agencies, developing specifications and standards for state construction projects, and creating a laboratory for testing new construction materials, procedures, and systems.</p>
2401.2	Department of Environmental Resources Powers Not Affected	Clarifies that DGS real estate powers do not affect the historical construction activities of the Department of Conservation of Natural Resources
2402	Grounds, Buildings and Monuments in General	Grants the Board of Commissioners of Public Grounds and Buildings the power to control and supervise the State Capitol Building and the public grounds and buildings connected with the State Capitol.
2402.1	Utilization of Capitol Annex	Grants exclusive use of the Capitol Annex Building to the House of Representatives and allows the Speaker of the House of Representatives to allocate space for legislative purposes, and restricts the building's use to legislative purposes.
2403	Standards and Purchases	Authorizes DGS to act as a purchasing agent for state departments and creates a purchasing schedule, and lists exceptions.
2417	Allocation of Certain Costs Incurred by the Department	Allows DGS to bill agencies for supplies and utilities purchased on their behalf.

Table 1		
Administrative Code of 1929		
Section	Heading	Purpose
2402-A	Annual Property Survey	Requires agencies to annually survey property under their jurisdiction and report to DGS by March 1st. The survey must include the location, size, current use, and identify the number and condition of buildings and improvements on the property. One of the main purposes of the survey is to identify the presence of surplus property.
2403-A	Property Disposition Plan	Tasks DGS with creating an annual plan to dispose of surplus property which is not suitable for other agencies. The plan must consider when the property will be disposed of, likely revenues and costs, the assessed market value of the property, and the Commonwealth's acquisition cost.
2404-A	Legislative Oversight and Public Review	Requires DGS to publish its surplus property disposition plan annually by May 1st for review by the House and Senate State Government Committees, contains procedures for public hearings related to specific parcels of land of interest to local communities, and the process of approving the disposition plan.
2405-A	Conditions Upon Conveyances	Outlines who can buy surplus real estate from the Commonwealth, the requirement of posting legal notification of a sale through the Pennsylvania Bulletin, the rules for a minimum price of sale, approved methods of sale, and DGS terms and conditions of sale.
2406-A	Allocation of Sale Proceeds	Details where proceeds of sold property are deposited to and includes provisions to reimburse DGS for costs incurred to dispose of property
2409-A	Exemption for Certain Conveyances	Provides DGS authorization to convey projects of institutes of higher education and state universities under certain conditions.

Since its creation, the Commonwealth’s real estate system has continued to develop, often through amendments to the Administrative Code. Other major changes to the real estate system were created through laws listed in Table 2. One example is the Downtown Location law which requires state offices to lease in downtown areas when possible. Additional uses and restrictions for Capitol Complex buildings are also detailed, such as the acceptable uses for the Irvis and North Office Buildings and the creation of the office space organization systems employed by the Pennsylvania House and Senate.

Table 2		
Unconsolidated Statutes		
Citation	Short Title	Purpose
Act of May 18, 1949 (P.L.1450, No.427)	Allowing Administrative Agencies to Sell Property	Authorizes any administrative department, board, commission, agency, or instrumentality of the Commonwealth, with the approval of the Governor, to sell, assign, or transfer any lands, easements, or rights in lands, together with improvements, and any contracts or agreements, to any authority created by the General Assembly, and to enter into contracts with such authority.
Act of April 12, 1951 (P.L.90, No.21)	Liquor Code	Specifies that the Pennsylvania Liquor Control Board must lease or purchase premises for stores or establishments through DGS.
Act of January 10, (1968) 1967 (P.L.925, No.417)	Legislative Officers and Employes Law	Creates the Senate Committee on Management Operations and provides for its powers, as well as the Bi-partisan Management Committee of the House of Representatives and its powers.
Act of June 22, 1999 (P.L.113, No.16)	Speaker Matthew J. Ryan Legislative Office Building - Designation	Renames the Capitol Annex Building the Speaker Matthew J. Ryan Legislative Office Building and transfers authority from the Speaker of the House of Representatives to the Bi-partisan Management Committee of the House of Representatives to allocate space for legislative purposes.
Act of June 22, 2000 (P.L. 318, No. 32)	Downtown Location Law	Tasks DGS with creating guidelines to locate state agencies in downtown areas whenever prudent. Requires DGS to annually report the amount of offices leased by the state and the percentage located in Downtown Areas to the Urban Affairs Committee of the House of Representatives.
Act of December 30, 2002 (P.L.2088, No.236)	Speaker K. Leroy Irvis and North Office Building - Designation and Use	Renames the South Office Building the Speaker K. Leroy Irvis Office Building and grants authority to the Bi-partisan Management Committee of the House of Representatives to allocate space for legislative purposes, and grants use of the North Office Building to the General Assembly and directs the President Pro Tempore to, after consultation with the Committee on Management Operations of the Senate, allocate space for legislative purposes.

While the above laws form a broad picture of the Commonwealth’s real estate system, the specific practices used by DGS to perform its duties are left to the determination of the Governor through the creation of management directives. The directives laid out in Table 3 reference the procedures followed by agencies to lease office space. Additionally, the Governor’s Office produces the Manual for Space Utilization which contains the current set of space standards employed by Commonwealth agencies. As part of this study, JSGC recommends that this manual and the related management directives be reassessed to ensure they reflect the current practices employed by DGS and incorporate new best practices.

Table 3		
Management Directives		
Management Directive Number & Title	Date	Purpose
625.1 - Repairs, Alterations, and Improvements to Commonwealth Buildings Under the Direct Supervision of the DGS	10/04/2004	Contains procedures for agencies to comply with when submitting requests for repairs, alterations, and improvements to buildings under the supervision of DGS
625.2 - Inventory of Commonwealth Real Property	09/16/2008	Requires all state agencies to update the status of Commonwealth real property in the Land and Building Inventory and to notify DGS of all land dispositions and building demolitions.
625.5 - Reporting Surplus Real Property	05/06/1996	Contains procedures for reporting the disposition of buildings, land, or other real estate owned by the Commonwealth that has been deemed surplus to the needs of an administering agency.
625.6 - Leasehold Improvements	05/01/2009	Defines the responsibilities and procedures for requesting and making improvements to leased facilities.
625.7 - Use of Form STD-291, Request for Lease Action and Budget Approval	11/06/1997	Outlines the procedures for processing agency requests for new real estate leases or amendments to existing leases.

Other Space Management Agencies

While DGS is the primary focus of this report, it is not the only agency in Pennsylvania that manages office space. Agencies with a multiple facilities sometimes have internal divisions that manage office space across several regional locations. One example is the Division of Facilities and Property Management within the Department of Human Services. Generally, the responsibility of these divisions is to provide facilities maintenance, technical services, and space management services throughout an entire agency and act as liaisons between DGS and lessors.

Executive branch agencies have also created additional offices to supplement the services provided by DGS. In 2005, a review made by the Governor's Chief of Staff and the Secretary of the Budget assessed whether the quality and operating efficiency of administrative services for executive offices could be increased.¹⁷ The result was the creation of a centralized administrative services organization within the Office of the Budget to support these offices in the executive branch.

The Office of Administrative Services (OAS) within the Office of the Budget assists its customer agencies by placing emphasis on standardized, streamlined business processes, and by leveraging the expertise of its teams. Among the services offered by OAS are facility management and support services. OAS manages and provides oversight of facilities while coordinating with executive offices on real estate matters. Other primary functions of OAS include:

- non-DGS custodial, maintenance, and security contracts
- on-site maintenance at the Commonwealth Technology Center for those services not available from DGS, or an established contract
- mapping, reconfiguration, and allocation of space
- coordination of all office moves and furniture installations¹⁸

State organizations that OAS manages office space for include:

- Council on the Arts
- Office of Administration
- GOTIME
- Office of the Budget
- Office of Human Resources & Management
- Office of Inspector General
- OA-Information Technology¹⁹

¹⁷ Office of the Budget, "A closer look at OAS,"

<http://www.budget.pa.gov/About/OAS/Pages/ACloserLookatOAS.aspx>.

¹⁸ Office of the Budget, "Facility Management & Support Services,"

<http://www.budget.pa.gov/About/OAS/Pages/FacilitiesManagementandSupportServices.aspx>.

¹⁹ Office of the Budget, "OAS Customer Agencies,"

<http://www.budget.pa.gov/About/OAS/Pages/OASCustomerAgencyListing.aspx>.

In addition to serving executive offices, other agencies become customers of the OAS by contracting with them to provide administrative services they need to support their operations. Depending on the service required, smaller agencies can function despite personnel losses while reducing their administrative personnel overhead costs.²⁰ Currently, the Patient Safety Authority and PENNVEST are the only organizations that pay OAS for office space management services.²¹

Process for Requesting Space

Many factors are taken into account when space is being allocated to an agency, such as the location of available space, special requirements, justification for the request, and the opportunity to use present space more efficiently.²² All agencies requesting space allocation in state-owned or leased buildings are subject to DGS regulations.²³ Similarly, agencies wishing to move or trade office space between each other must also seek approval.²⁴

While most procedures pertaining to the use of office space are outlined in the Governor's Office Manual for Space Utilization, DGS has implemented a new process for agencies to request office space. Previously, agencies were required to fill out form STD-564, which provided the amount and justification for requested office space.²⁵ Now, an alternative request process has been created in which client agencies are provided a questionnaire by DGS.²⁶ Overall, this questionnaire allows DGS to accurately create its own estimates of how much space an agency requires.

Initially, the DGS space allocation questionnaire requires client agencies to provide responses about their existing locations. Among the information collected is relevant contact information and the intended use of the space (office, warehouse, etc.). Factors relating to the current office space occupied by the agency are taken into account, such as whether the facility is currently leased or owned and how many square feet the agency is currently occupying. The agency's compliment of personnel authorized by the Office of the Budget and the number of vacant positions are considered by BRE. In addition, the questionnaire also takes into account the number of wage, seasonal, and temporary positions within the agency and how frequently they will be using the office.

An important purpose of the questionnaire is to determine the core operations of an agency. When relocating an agency, DGS must consider any health or safety concerns relating to the agency's operations that may limit where it can be located.²⁷ Potential examples include agencies that require additional security, or agencies that cannot be relocated near schools or daycares.

²⁰ Bureau of Real Estate, Dep't of Gen. Servs., "Manual for Space Utilization: M260.1 Amended," Jan. 2004, http://www.oa.pa.gov/Policies/Documents/m260_1.pdf, p. 1.

²¹ *Supra* note 18.

²² *Supra* note 12.

²³ *Supra* note 20.

²⁴ *Id.* at p. 4.

²⁵ See Appendix C, *infra* p. 59.

²⁶ See Appendix D, *infra* p. 63.

²⁷ *Supra* note 12.

While it makes sense to co-locate agencies that have similar functions and office space needs, agencies with highly-specialized functions tend to have requirements that necessitate having their own space.²⁸

With all of the information provided by through the questionnaire, DGS learns enough about a client agency's operations and space needs to make informed choices when deciding what space will work best for the agency. Once DGS has this information, BRE staff use the reported data to determine the amount of space and any unique features an agency requires to perform its core functions.

Once an agency's space allocation requests are submitted to the BRE, they are reviewed to make sure they comply with the established space standards and overall space allocation plans.²⁹ If the request is approved, an electronic message is sent to inform the agency about space assigned to it and whether or not the space will be in a state-owned or leased location. After an approved allocation, an agency must then fill out form STD-291 to request budget approval of lease action.³⁰

Leasing Process

Choosing to relocate an agency's space can be challenging. In the event there is no suitable workspace available in state-owned buildings, DGS begins the process of leasing space. Examples of activities that would require DGS approval include leasing additional office space, renewals, or renegotiations of leases.³¹ Generally, DGS aims to anticipate the needs of agencies two to five years in advance to ensure a location will remain appropriate and sustainable throughout the entire duration of the lease.³² DGS is conscious of the taxpayer cost for each square foot of space leased, which is typically \$20 per square foot annually.³³

Locating a building for a client agency to lease begins when DGS posts a solicitation for proposal on the e-marketplace and contacts existing lessors in the area near an agency.³⁴ The solicitation for proposal includes the specific requirements of the agency and the standard conditions required by DGS. This process takes around 45 to 60 days while proposals are submitted by potential lessors.³⁵ During this time, DGS conducts site visits and discusses the proposed sites with the client agency to determine if any sites meet the requirements of the agency. To determine the best choice, all proposals go through a comprehensive evaluation by generating side by side comparisons of each offer.

²⁸ *Id.*

²⁹ *Supra* note 20, at p. 4.

³⁰ See Appendix E, *infra* p. 69.

³¹ *Supra* note 20, at p. 4.

³² *Id.*

³³ *Supra* note 12.

³⁴ See Appendix F, *infra* p. 71.

³⁵ *Id.*

How far ahead agencies plan for their future real estate needs varies. Most agencies begin searching for a new lease 24 to 36 months in advance.³⁶ The leasing process can take roughly four months with standard language, and can go on for over seven months if nonstandard language is used since it requires additional time for review and approval from the Office of General Counsel and the Attorney General.³⁷

Once a proposal is selected, DGS then negotiates on behalf of the client agency. Currently DGS uses standardized lease forms to resolve details of the leasing process in the Commonwealth's favor rather than using the wording of a lease contract chosen by the landlord.³⁸ After negotiations, DGS will notify lessors whether or not their proposals were accepted. Once DGS finalizes the draft lease, and an agency receives budget approval from their comptroller, the lease must go through a lengthy internal approval process before being signed by the lessor.³⁹ Leases at this stage are batched together and wait three to four weeks for the next Board of Commissioners of Public Grounds and Buildings meeting.⁴⁰

Board of Commissioners of Public Grounds and Buildings

The Board of Commissioners of Public Grounds and Buildings plays a critical role in the Commonwealth's leasing system by giving the final approval for leases used by executive or independent agencies as well as any department, board, or commission that cannot be properly and adequately accommodated in the Capitol Complex.⁴¹ The board is also responsible for approving automobile sales and sole source procurement contracts.⁴²

The Board has existed since 1895 and has performed various functions, such as approving the location and construction of county bridges, and state institute building and upkeep.⁴³ Over the years, many of its responsibilities were reassigned to DGS. The modern structure and role of the board was established in the Administrative Code of 1929.⁴⁴ Originally, the board was composed of three members, representing the Governor, the Treasurer, and the Auditor General.⁴⁵ In 1991, the Supreme Court of Pennsylvania affirmed, without an opinion, a decision that it was unconstitutional for the Auditor General to serve on the board.⁴⁶ The Court indicated that the Auditor General could not both approve and audit financial transactions. Since that ruling, the board has consisted of two members, a representative of the Office of the Budget and a representative of the Treasurer.

³⁶ *Id.*

³⁷ Calculations prepared by JSGC staff based on "BRE Lease Process".

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.*

⁴¹ 62 Pa.C.S. § 326.

⁴² *Id.*

⁴³ Pa. Senate, Compiled by Miller, H. P., "Smull's Legislative Handbook and Manual of the State of Pennsylvania," Harrisburg, 1922, p. 239.

⁴⁴ *Supra* note 11 at §§ 202 & 446.

⁴⁵ *Id.*

⁴⁶ *See Jannetta v. Knoll*, 566 A.2d 330, 332-34 (Pa. Commw. Ct. 1989), *aff'd*, 591 A.2d 1052 (Pa. 1991).

Reducing the Board to only two members created further complications in the decision-making process regarding leases. Ties can occur when one of the members of the board votes to approve a proposed lease for space and the other member votes against the lease. This situation led to the 1991 Commonwealth Court case *Crossgates, Inc. v. Board of Commissioners of Public Grounds and Buildings*.⁴⁷ The outcome indicated that when the board was equally divided on issues requiring a majority vote, it constituted a legally binding disapproval of a lease, not an absence of decision.⁴⁸ Due to this decision, each member of the board is understood to have *de facto* veto power over items of business that come before the board, for which a majority is required by statute.⁴⁹

Meetings for the board are held monthly and are open to the public. Currently the attendance rate for the meetings is low apart from those required to attend.⁵⁰ Individuals with pending leases with the Commonwealth who took the initiative to attend the board meetings have reported feeling frustrated over the meetings' low level of value to prospective lessors.⁵¹ One possible alternative suggested by DGS staff to was post information pertaining to the potential leases online, in a similar manner to lease solicitations on the e-marketplace.

As a result of the current approval process relying on the board, DGS uses batch processes for its leases, grouping as many together as possible to line up with the monthly board meeting. This means that a lease nearing completion can be slowed by as much as a three or four weeks. An alternative to this method would be to create a continuous approval process that is limited only by DGS's capacity to do the work, instead of a meeting schedule.

Prior to the board's approval of leases, both the Treasurer and the Office of the Budget are required to review and sign the lease documents after approving them; thus the board's main purpose has become redundant and slows down the leasing process. After consultation with DGS, it is recommended that the board be eliminated.

Downtown Location Law

One of the factors for consideration when leasing office space is the physical location of space. The Downtown Location Law recognized the potential economic benefits to communities by locating state offices in the downtown areas of cities.⁵² The law was passed as an effort to revitalize stagnating economic conditions in cities caused by the growing number of Pennsylvanians moving to the suburbs.⁵³ A growth of urban sprawl in Pennsylvania communities

⁴⁷ *Crossgates, Inc. v. Bd. of Comm'rs of Pub. Grounds and Bldgs*, 603 A.2d 276 (Pa. Commw. Ct. 1992).

⁴⁸ *Id.*

⁴⁹ 62 Pa.C.S. § 326, enacted in 1998, indicates that non-sole source leases shall be approved when one member votes to approve.

⁵⁰ Meeting with DGS representatives June 29, 2016.

⁵¹ *Id.*

⁵² Act of June 22, 2000 (P.L.318, No.32), known as the Downtown Location Law.

⁵³ *Id.* at § 2.

contributed to several undesirable conditions in urban areas including higher rates of crime and unemployment, coupled with a shrinking tax bases and decaying infrastructure.⁵⁴

The Downtown Location Law provides the guidelines for leasing office space in a city and requires that the following are considered:

- requirements of the agency
- clientele needs
- local economic considerations
- availability of suitable space
- competitiveness in the marketplace
- cost to the Commonwealth
- safety of employees and visitors
- availability of public transportation
- compatibility with the economic revitalization plans
- local zoning ordinances
- likelihood of natural disasters and preventative and emergency response measures thereto
- comments from select public and private sector organizations chosen by the Department of Community and Economic Development⁵⁵

An amendment to this law was enacted in 2012 to increase the coordination of the Downtown Location Law with community stakeholders by adding additional guidelines for leasing state offices downtown.⁵⁶ However, there are still several obstacles, such as identifying a satisfactory definition for what constitutes a downtown area and striking a balance between locating agencies in downtown areas while simultaneously shrinking the amount of leased office space.

Reducing State-Leased Space

Whenever possible, DGS works to reduce the amount of space leased by agencies and seeks opportunities to relocate agencies to state-owned property. An example of a successful space saving initiative by is its implementation of multi-agency-building leases (MABL) in regional offices. Inspired by the private sector, MABLs mark a shift in DGS policy towards a regionalized view of the real estate used for state-leased facilities.⁵⁷ Key advantages of MABLs include increasing the number of agencies represented to leverage a better price during leasing negotiations and locating services in a centralized location convenient to the public.⁵⁸ Through this practice DGS reduced the cost of state office in Scranton by \$4 per square foot.⁵⁹

⁵⁴ *Id.*

⁵⁵ *Id.* at § 4.

⁵⁶ *Id.* at § 2.

⁵⁷ *Supra* note 12.

⁵⁸ *Id.*

⁵⁹ *Id.*

In addition to specific initiatives to reduce office space, DGS has identified four more general strategies that are at the heart of its efforts to reduce the amount of leased space:

1. enforcing space standards
2. identifying agencies in nearby locations with similar or compatible functions that could be co-located
3. identifying occupancy rates in state-owned and leased facilities
4. improving space utilization and efficiency by reducing the amount of duplicative and underutilized space and equipment from conference rooms, reception areas, and break rooms⁶⁰

By following these guidelines, DGS reported during its 2015-2016 fiscal year budget hearing that the Commonwealth had reduced the amount of leased space by over 647,300 square feet in a four year period.⁶¹ These reductions in leased office space have led to an annual saving of over \$10 million.⁶² In 2015 alone, DGS reported a 173,000 square foot reduction, 30 percent larger than the Pennsylvania Agriculture Building.⁶³ This success led to DGS's goal of reducing 85,700 square feet of office space each year.⁶⁴

While progress to reduce excess space is being made, the state system is not designed to rapidly reduce the amount of leased space due to the length of leases. The standard lease agreement for an agency is five years, with an option to renew the lease for an additional five years.⁶⁵ For agencies that have difficulty locating suitable office space, longer agreements of up to 15 years are sometimes preferable.⁶⁶ Even using the best management practices to reduce space, the progress DGS can make at reducing leased office space in a single year is capped by the terms of the leases that are expiring.⁶⁷ Office space efficiency must continue to be a priority in the future to ensure that the Commonwealth's inventory of real estate benefits from these practices.

⁶⁰ Office of the Budget, "2014-15 Report on State Performance,"

<https://www.performanceplan.state.pa.us/Dashboard2014-15/Performance%20Manager%20Dashboard.html>.

⁶¹ Senate Appropriations Hearing, Testimony by DGS Secretary Curtis Topper, Mar. 16, 2015.

⁶² *Id.*

⁶³ House Appropriation Hearing, "Opening Statement by DGS Secretary Curt Topper," March 9, 2016.

⁶⁴ *Supra* note 61.

⁶⁵ DGS Correspondence June 3, 2016.

⁶⁶ *Id.*

⁶⁷ *Id.*

State Building Inventory and Occupancy Rates

The state land and building inventory system managed by DGS was designed to contain a list of all state-owned land and facilities, excluding highways and highway right-of-ways.⁶⁸ The database is updated monthly by state agencies who notify DGS of changes that have been made to state buildings and real estate.⁶⁹ Unfortunately, the system is reliant on state agencies to keep the information current and there are concerns about the accuracy of the inventory. While the inventory system does track historical use of state buildings and property, the database has limited functionality, cannot create individualized reports, is difficult to navigate, and does not note whether property is leased or owned.

Currently, there is not an accurate and timely method of tracking the occupancy of DGS-managed buildings.⁷⁰ In 2014, DGS reported that “commonwealth does not track personnel data in a manner that can be aligned with leasing data.”⁷¹ At that time, DGS used an estimated occupancy rate at an assumed 300 square feet per worker.⁷² The BRE is reportedly conducting a comprehensive space studies of each building to optimize the space under their supervision.⁷³ At present, DGS creates estimates for specific buildings it manages by comparing information about the number of employees reported by an agency to the amount of square feet it is allocated.⁷⁴ This process is both slow and labor-intensive and can only focus only on a limited number of buildings. DGS is considering contracting with a private vendor to overhaul the inventory system. DGS is also interested in purchasing software that will be able to track the occupancy by state agencies. These changes would allow for much more accurate information to reach DGS and save time by automatically tracking agency space usage. DGS hopes to implement this plan in near future pending available funding.

Renovating State-owned Space

Pennsylvania currently has a limited amount of financial resources available to devote to renovating state-owned buildings.⁷⁵ This limitation is complicated by the aging facilities of core buildings in the Capitol Complex that sometimes struggle to meet the needs of state agencies that desire the modern conveniences that are commonplace in private sector buildings. Increased

⁶⁸ Pa. Office of Admin., “Inventory of Commonwealth Real Property: Management Directive 625.2,” Sept. 16, 2008, http://www.oa.pa.gov/Policies/md/Documents/625_2.pdf.

⁶⁹ *Id.*

⁷⁰ *Supra* note 66.

⁷¹ Dep’t of Gen. Servs., “Downtown Location Law Report,” June 30, 2014 <http://www.dgs.pa.gov/State%20Government/Facilities%20and%20Space%20Management/Office-Leases/Documents/DowntownLocationReport2014.pdf>, p. 5.

⁷² *Id.*

⁷³ *Supra* note 66.

⁷⁴ *Id.*

⁷⁵ *Id.*

flexibility, additional features, and lessor-paid build-out costs (upgrades and customization) are all factors tied to the preference of renting.⁷⁶

A variety of reasons lead to unoccupied space in state-owned buildings. In some cases, necessary heating and ventilation repairs and outdated fire and safety systems create make the spaces unusable for state workers.⁷⁷ These issues and others are caused by lack of upkeep that has accumulated over the years. DGS has identified that limited funding is typically the biggest obstacle to renovating Commonwealth owned space.⁷⁸ Many agencies prefer leasing over relocation to state-owned space because the cost of expansions or improvements is included in their rent, spreading the cost over a longer period, rather than paying up front.⁷⁹

Time is also a factor that limits DGS ability to renovate owned space since agencies generally look 36 months ahead. Renovations usually take time to create layouts of space and produce cost estimates. Unfortunately, DGS is not always able to identify space usable for a specific agency before they must relocate and choose a location. Agencies that began to plan their space needs further into the future and budget accordingly may be less inclined to lease. Creation of five year plans, would clearly communicate agencies future space needs while allowing DGS more time to generate additional space options.

DGS is examining potential solutions for this issue by working with the Office of Budget to create a new account that could be used to fund agency renovations.⁸⁰ This fund would allow agencies in state-owned buildings to borrow money necessary for renovations. Agencies would then repay that money over a set time period, allowing the fund to be replenished for use by another agency. If successful, this process could also be used to relocate agencies from leased space into refurbished state-leased space.

Pennsylvania Office Space Standards

DGS is responsible for the control and supervision of buildings in the Capitol Complex and numerous state government facilities located throughout Pennsylvania. To assist in this process, each agency is required to appoint a space coordinator.⁸¹ These staff members are the point of contact for DGS and collaborate with DGS on projects involving designing office layout, building office partitions, or leasing new office space.

The Commonwealth's standard workspace allocation is laid out in Table 4. Ideally, the floor layout that best serves the interest of the Commonwealth is selected. However, in some cases, deviations from space standards may be allowed with written permission from the Space Management Division of the BRE.⁸²

⁷⁶ *Id.*

⁷⁷ *Supra* note 12.

⁷⁸ *Id.*

⁷⁹ *Id.*

⁸⁰ *Supra* note 66.

⁸¹ *Supra* note 20, at p. 1.

⁸² *Id.* at p. 2.

Table 4			
DGS Space Standards			
Workspace Categories	Positions	Office Size (sq. ft.)	Type
Executive I Secretary	Cabinet officer	425	Full Height Office
Executive II Deputy Secretary	Dep Secretary, Independent Board Commissioner	255	Full Height Office
Senior Manager	Bureau Director, Executive Director	225	Full Height Office
Mid-Manager/ Semi Private Office	Division Chief, Attorney, position requiring privacy	150	Door Height Office
Supervision/ Technician	Supervisory or technical positions	96	Workstation
Analyst/Admin/ Secretary	Analysts, Accountants, programmers, clerical positions with admin duties	64	Workstation
Clerical/Field	Single task clerical position, fiscal techs, field staff, interns	48	Workstation
Source: Chart Adapted from Bureau of Real Estate, Dep't of Gen. Servs., "Manual for Space Utilization: M260.1 Amended," Jan. 2004, p. 1			

These standards for office space are followed in leased buildings to the extent allowable. However, this is not always possible due to differing building specifications and room sizes. Some buildings may have stricter rules for office space standards. One example is the Keystone Building, which was built with open offices and a more efficient use of space. DGS measures space in net usable square feet, which is the area of the building usable for work functions, such as office areas, storage areas, and conference rooms, including circulation for workers.⁸³ Conference rooms vary in size depending on the expected use. DGS estimates that conference rooms should be based on 17 square feet per average occupant of the room. Office reception areas are based on an average visitor load with seven square feet per person in addition to extra circulating space for traveling the room. Other areas such as copy rooms, libraries, mail rooms, and supply rooms are all based on the size of the equipment needed to occupy the space in addition to circulating room. Equipment size is detailed in Table 5.

⁸³ *Id.* at p. 4

Table 5	
Equipment Size	
Equipment	Size in Square Feet
File Cabinet	7
Supply Cabinet	9
Coat Valet	4
Lateral File Cabinet	10
Plan File	26
Copier	30
Tables	25
Computer	25
Bookcase	6
Printer/FAX	25
Source: Chart adapted from Bureau of Real Estate, Dep't of Gen. Servs., "Manual for Space Utilization: M260.1 Amended," Jan. 2004, p. 2	

In JSGC discussions with DGS representatives, it was stated that these standards have become outdated, and do not necessarily match the current practices of Commonwealth agencies. Overall DGS is moving away from strict office space standards and its staff is researching other ways to create more efficient space practices such as those detailed in the best practices section of this report. Additionally, DGS is interested in adopting the office space standards employed by the United States General Services Administration and incorporating promising practices from other states.⁸⁴

⁸⁴ *Supra* note 66.

Designing Layout

If state-owned space is identified, then the agency works with the Division of Real Estate Services to design floor plans.⁸⁵ When coming up with a new workspace layout, DGS recommends that agencies take time to analyze their current procedures.⁸⁶ Agencies should consider the needs of their employees and the overall purpose of the office when developing a layout. If successful, the new layout may reduce duplication, overlap, or backtracking of work processes.

Creating models of current office layouts can help with redesigning the space. DGS has computer-aided design files for many state-owned offices, which are available to aid agencies.⁸⁷ Several different layouts can be modeled to see how units of workspace can be arranged in allotted space. According to DGS, the most important factor in determining layout is workflow through and between units.

“Major items of work should progress logically in a direct line through the office. Units having the greatest amount of contact should be placed adjacent to one another so that work flows with the minimum amount of travel from unit to unit. Units having considerable public contact should be located so as to give visitors direct and convenient access. Place equipment, if possible, close to those using the equipment. Open areas in offices should be used for large clerical operations.”⁸⁸

Afterwards, agencies can seek aid in developing a more detailed layout of their office space that includes more specific details such as the location of individual work stations and partitions.⁸⁹ While relocating often necessitates reconfiguring the layout of workspace, it should not be the only time when managers consider making changes. Currently, DGS recommends that agencies reassess office layout after experiencing large shifts in personnel, change in work procedures, or running out of filing or work space.⁹⁰

Overall, current DGS practices guide agencies that have relocated or require periodic renovations to make more efficient decisions about office space. However, agencies that have limited contact with DGS may never be encouraged to rethink their office space strategies.

⁸⁵ *Supra* note 20, at p. 6.

⁸⁶ *Id.* at p. 7.

⁸⁷ *Id.* at p. 7.

⁸⁸ *Id.* at p. 7.

⁸⁹ *Id.* at p. 8.

⁹⁰ *Id.* at p. 6.

State Procedure for Modifications

In order to make changes to the size or location of assigned space, Commonwealth agencies must have prior written approval from DGS.⁹¹ Agencies wishing to change their office layout by creating or altering partitions such as removing or adding walls and doors can contact the BRE, which guides agencies in planning their workspace alterations.⁹²

These alterations are subject to the regulations of the Uniform Construction Code. Work orders must be reviewed and approved by the Department of Labor and Industry, which can take a significant amount of time to be processed.⁹³ There are other restrictions on office modifications, such as not disrupting building systems such as heating, ventilation, air conditions, power sources, plumbing, and blocking exterior light sources.

Alterations must also follow Pennsylvania space standards, which are enforced by DGS. Master leases, such as space rented at Strawberry Square, follow a similar process to state-owned buildings but must seek additional approvals. Partition modifications over \$10,000 are the responsibility of the owner and any leaseholder improvements must be negotiated with lessors through DGS. Renovations under \$10,000 fall under a special exemption.⁹⁴

Creating partition modifications in leased buildings is the responsibility of the lessor. Agencies should make their requests for modifications prior to DGS finalizing or renewing a lease. This is necessary due to expenses and administrative difficulties incurred through the multi-agency approval process. To secure better value, DGS negotiates on behalf of their clients for the inclusion of modification in leasing terms. The cost of any changes may be added to the rental cost.

PLCB Stores and Warehouses

The PLCB currently contracts with three privately-held companies to operate its distribution centers that are responsible for the receipt, processing, and storage of PLCB merchandise. The Philadelphia distribution center is operated by XTL, Inc., the Scranton distribution center that serves much of central Pennsylvania is managed by Kane is Able (Kane); and the Pittsburgh distribution center is operated by General Commodities Company, Inc. The three warehouses contain a total 780,000 square feet.⁹⁵ Store, warehouse, and transportation costs

⁹¹ Pa. Office of Admin., “Management Directive 625.1, Amended,” Oct. 4, 2004, http://www.oa.pa.gov/Policies/md/Documents/625_1.pdf.

⁹² Dep’t of Gen. Servs., “Partition Modification Requests,” <http://www.dgs.pa.gov/State%20Government/Facilities%20and%20Space%20Management/Partition-Modification-Requests/Pages/default.aspx#.V-E1SvkrLRY>.

⁹³ Over 120 days in some cases.

⁹⁴ Pa. Office of Admin., “Management Directive 625.6, Lease Amendment Exceptions for Leasehold Construction Improvements Costing Less Than \$10,000.” http://www.oa.pa.gov/Policies/md/Documents/625_6.pdf.

⁹⁵ Pa. Liquor Control Board, “2014-2015 Annual Report,” <http://www.lcb.beta.state.pa.us/cons/groups/externalaffairs/documents/form/003225.pdf>, p. 17.

for PLCB were \$389.8 million in the 2015-16 fiscal year, which accounted for 16 percent of the liquor store system proceeds.⁹⁶

In addition to contracting for warehouses and distribution services, PLCB operates 601 retail facilities across the Commonwealth. Statistics relating to the average amount of rent and amount of space contained in these stores are detailed in Table 6. These facilities include 518 standard stores, 75 Premium Collections stores, ten licensee service centers and 18 shops inside grocery stores.⁹⁷

Table 6					
Retail Space of PLCB Stores 2015-2016					
Location	Number of Stores	Total Sq. Ft.	Average Store Size Sq. Ft.	Total Annual Rent Paid	Average Price Per Sq. Ft.
Region I (East)	168	1,008,521	6,003	\$21,033,633	\$20.86
Region II (Central)	215	1,004,118	4,670	\$13,482,336	\$13.43
Region III (West)	218	898,798	4,123	\$11,785,092	\$13.11
State Total	601	2,911,437	4,844	\$46,301,061	\$15.90
Source: Adapted from Pa. Liquor Control Board, “2015-2016 Annual Report,” Oct. 2016, p. 19.					

⁹⁶ Pa. Liquor Control Board, “2015-2016 Annual Report,” Oct. 2016, http://www.lcb.pa.gov/About-Us/News-and-Reports/Documents/AnnualReport_2016.pdf, p. 14.

⁹⁷ *Id.* at p. 18.

DGS acts as real estate agent of PLCB stores and is responsible for leasing, furnishing, and equipping such buildings, rooms, and other accommodations as required for their regular operations.⁹⁸ Historically PLCB leases were always approved by the DGS, but had a separate leasing staff and different internal processes. In 2012, the PLCB leasing department merged with DGS's Bureau of Real Estate.

The decision to rebrand, relocate, or open a new store is a complex one. PLCB works with DGS to examine current market trends, future population estimates, real estate values, and the availability of property before investing the time and money to a location. Ultimately, choosing the right location to lease retail space is more advantageous than leasing cheaper locations because of the revenue made from sales.⁹⁹

When considering the creation of a new store, PLCB evaluates the sales impact on the market of surrounding stores to ensure there will be a net gain. PLCB has a general policy of trying to locate PLCB stores near supermarkets if possible and providing adequate parking and ease of accessible. When deciding whether to renew retail leases, each location is analyzed to establish whether customer demand is being met and the store offers a customer convenient experience.

⁹⁸ Act of April 12, 21 of 1951 (P.L90, No.21), known as the Liquor Code.

⁹⁹ *Supra* note 12.

REVIEW OF BEST PRACTICES

Best Practices of Private Sector Businesses

In the private sector, organizations have high level of flexibility when making decisions relating to office and warehouse space. For example, small businesses and new startups often grow in size and therefore choose to rent space in order to remain flexible as they grow. Furthermore, private sector organizations often consider financial aspects of the office and warehouse space decision. Real estate is a traditional form of investment, and low interest rates may serve as an incentive to buy instead of rent space. Income and property tax benefits, such as the deductibility of lease payments or mortgage interest, depreciation of buildings, as well as incentives to invest in certain areas of town or types of development projects may also influence the decision.

Ultimately, private sector organizations are responsible to their investors. Typically, they aim to minimize costs and maximize profits, so minimizing the costs associated with the space requirements of the organization is typically a primary objective when organizations make decisions relating to office and warehouse space.

Because optimization of space usage is therefore a business strategy to increase profit, little information is shared publicly about the specific measures organizations take to achieve their optimization goals. However, when Washington State conducted a similar study, researchers there were able to collect information from large organizations in that state.¹⁰⁰ Researchers found that almost all of the organizations had formal planning processes for facilities.¹⁰¹ The planning forecasts ranged from three to 15 years, and were directly linked to business plans.¹⁰² The organizations forecasted demand for products and services, then extrapolated projected staffing levels and geographic concentrations.¹⁰³

Regarding the decision to buy or rent space, the Washington State researchers found that organizations approach the issue differently.¹⁰⁴ However, all of the organizations agreed that the decision was part of the planning process, and that the treasury or financial office was heavily involved.¹⁰⁵ Some organizations approached the rent or purchase decision as a strategic decision, identifying markets that they wanted a long-term presence in, and purchasing property in those

¹⁰⁰ Berk & Associates, Office of Fin. Mgmt., State of Wash., “State of Washington Strategic Facilities Planning and Management System: Current System Assessment and Best Practice Report,” Oct. 12, 2007, <http://www.ofm.wa.gov/budget/facilities/documents/FacilityOversightAssessBestPrac.pdf>, p. 28-33.

¹⁰¹ *Id.* at p. 30.

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

markets.¹⁰⁶ Other organizations related the decision to their core business lines, so when the business line was stable in terms of staffing and the organization was certain that it was a core business line, purchase was preferred.¹⁰⁷ Where the organization required a highly specialized facility, the organization tended to purchase space.¹⁰⁸

In contrast, other organizations focused on the financial aspects of the rent or purchase decision.¹⁰⁹ These organizations are accountable to their shareholders, and large acquisitions are analyzed in terms of their balance sheet implications and potential effect on stock prices, there is a disincentive to increase the asset base.¹¹⁰

Several of the organizations deferred to their local business units to make space decisions because those decisions were ultimately reflected in business unit profit and loss statements, while other organizations relied on more centralized real estate management.¹¹¹ The Washington researchers concluded that centralized real estate management was more applicable to state operations since states do not operate based on profits and losses.¹¹² However, the researchers listed several performance measures that can be utilized by states, including:

- transaction cycle times;
- square foot per employee;
- cost per square foot;
- annualized cost per seat;
- facilities cost per person (fully loaded);
- facilities management cost per square foot;
- quality of facilities and facilities services;
- occupancy ratios;
- number of transactions completed; and
- dollar amounts of transactions completed.¹¹³

Because the Commonwealth is accountable to all taxpayers, not just investors, and because the Commonwealth is not a profit-maximizing organization, the private sector approach is not directly applicable. However, like the private sector, the Commonwealth should incorporate both strategic and financial analyses into the decision-making process regarding its use of office and warehouse space, and whether to rent or purchase facilities.

For a business or warehouse to be profitable, it must incorporate the best practices into its business model. However, staying up-to-date on best practices can be a struggle for businesses. Real property management poses significant risks for companies due to long-standing problems

¹⁰⁶ *Id.* at p. 31.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.*

¹¹⁰ *Id.* p. 30-31.

¹¹¹ *Id.* at 31.

¹¹² *Id.*

¹¹³ *Id.*

that can hinder business or warehouses from achieving optimum efficiency.¹¹⁴ For example, making an initial investment in the right tools can ultimately save businesses both time and money over the lifespan of a business.¹¹⁵ In essence, investing the initial time and resources when acquiring a business or warehouse will increase the chance of achieving such best practices.

Warehouses Best Practices

The Logistics Capacity Assessment (LCA) is a long-standing tool for warehouse management.¹¹⁶ The LCA provides the logistics and warehouse management strategies for the United Nations World Food Programme (UNWFP), which serves 140 countries.¹¹⁷ When conducting LCAs, the UNWFP considers many factors in terms of the best practices for pre-warehouse management in all the countries it aids. The factors for consideration include the following:

- nature and characteristics of goods to be stored;
- nature of handling equipment available;
- duration of storage needed i.e. short term or long term;
- the need for other activities, e.g. repackaging, labelling, kitting;
- access and parking for vehicles;
- number of loading docks required; and
- secure compound¹¹⁸

Although these practices are implemented throughout entire countries, many of these factors also apply for private and public entities looking to buy or lease warehouses.

Along with the UNWFP considerations, the McKinsey & Company business consulting firm recommends that, during any acquisition of business property, a company meet one of five business acquisition archetypes:

- improve the performance of the target company
- remove excess capacity from an industry
- create market access for products
- acquire skills or technologies more quickly or at lower cost than could be done in-house
- pick winners early and help them develop their businesses¹¹⁹

¹¹⁴ Gen. Servs. Admin., “Innovative Workplaces: Benefits and Best Practices,” Jan. 2006, http://www.gsa.gov/graphics/pbs/Innovative_Workplaces-508_R2OD26_0Z5RDZ-i34K-pR.pdf.

¹¹⁵ *Id.*

¹¹⁶ Logistics Cluster, “Logistics Capacity Assessments,” <http://www.logcluster.org/lcas>.

¹¹⁷ *Id.*

¹¹⁸ Logistics Cluster, “Warehousing and Inventory Management.” Aug. 7, 2015, <http://dlca.logcluster.org/display/LOG/Warehousing+and+Inventory+Management>.

¹¹⁹ *Id.*

McKinsey & Company's five archetypes further prove how acquisitions must serve distinct purposes and that deliberative strategies play vital roles.

Both the McKinsey & Company's five archetypes for acquisition and the UNWFP's LCA create the foundation of investing the initial time and resources to meet the best practices for warehouse and business management. Simply put, before a warehouse can conduct the best practices, the business plan must reflect a company's logistics, as well as the purpose, the nature, and the layout of the warehouse.

Whether a business or warehouse is public sector or private sector, utilizing and reinforcing best practices will improve success and productivity.¹²⁰ Best practices can be implemented in every facet of a business model, ranging from warehouse employees stocking packages to be shipped to the software used for facility management. The following are recommendations from the literature that describes the best practices for business models of public sector or private sector warehouses or businesses.

Improving Warehouse Efficiency

One of the principle recommendations found in the literature is knowing the key performance indicators (KPI) of the business.¹²¹ The KPIs of any business should be defined and quantifiable because they represent whether the business is realizing profits or losses.¹²² For example, crucial KPIs for a business may be cost per shipped order, cost per box and line shipped, or returns on invested capital.¹²³ Constant monitoring of KPIs will raise efficiency. Knowledge of how fluid a business's numbers are helps keep the business prepared for the future.

Equipping managers with facility management software is another valuable practice¹²⁴ Facility management software allows for the business to independently monitor and track operations at all times. In recent years, facility management software has been evolving rapidly, becoming vital for business managers to monitor and plan more efficiently.¹²⁵ These new software applications allow managers to utilize their time and employees more efficiently, while also pinpointing the business weaknesses and strengths at any given moment.¹²⁶

¹²⁰ Gen. Serv. Admin., "Warehouse Asset Management Best Practices," March 25, 2016, <http://www.gsa.gov/portal/category/100234>.

¹²¹ Camcode, "Warehouse Productivity: 15 Experts Reveal Their Top Tips for More Efficient and Productive Warehouse Operations," August 3, 2016, <http://www.camcode.com/asset-tags/how-to-improve-warehouse-productivity>.

¹²² Clear Point Strategy, "18 Key Performance Indicator Examples Defined For Managers," March 5, 2015, <https://www.clearpointstrategy.com/18-key-performance-indicators>.

¹²³ *Supra* note 121.

¹²⁴ *Id.*

¹²⁵ Planon Software, "What you need to know about CAFM and CAD," November 24, 2016, <http://planonsoftware.com/uk/whats-new/knowledge-centre/glossary/cafm>.

¹²⁶ *Supra* note 121.

Altering the methodology of storage areas can also achieve significant cost savings. Optimizing the layout or blueprint of a storage area, specifically a warehouse, can be a means of improving productivity. For example, a blueprint could include keeping the most requested items next to each other, items that get shipped together near each other, and storing high-volume items closer to front of the warehouse where they get shipped from.¹²⁷ In addition, when stocking items into storage, the practice of stacking the items vertically, rather than horizontally, will reduce the amount of required square feet. The United States General Service Administration concluded that a 50,000 square foot warehouse that increases the height of the storage space by six feet creates space equal to an additional 10,000 square foot warehouse with a 30 foot high ceiling.¹²⁸ Another implementation for storage space is adopting a “lean inventory” methodology. Lean inventory allows for a business to stock only what it needs on demand and reduces or eliminates its extra stock for certain emergencies known as “safety stock.”¹²⁹ Maximizing and optimizing the methodology for storage allows a business to become more efficient, increasing productivity.

Warehouse Practices in Other States

The Office of Government-wide Policy conducted a study to identify the best practices for real property warehouses, storage facilities, and distribution functions. In addition, the study aimed to discover a government-wide information sharing mechanism for such best practices.¹³⁰ The study used information from federal databases and private sector-entities located in Florida, Georgia, and Tennessee. The sample for the study was 16 warehouses in Florida, 25 in Georgia, and 13 in Tennessee. The study included on-site visits and interviews with formal questionnaires. It is important to note that the scope of the study did not include cost estimates or cost-benefit analyses.¹³¹

From each of the three states, the study found states had specific best practices tailored to individual warehouses. Identified practices included the use of automated inventory with barcode technology, a vertical carousel used for high-value small cube items, and a conveyor system utilizing barcode technology to sort orders. The study also found warehouses using facility management software that integrated warehouse operations. To save space, one warehouse was implementing over-the-dock racking to use otherwise unused space. Another best practice was to utilize open floor space for receiving and shipping.¹³²

The study reinforces the best practices found from reviewing the literature. Warehouses in Georgia, Florida, and Tennessee implemented best practices and experienced improved efficiency and productivity from the study. Importantly, the PLCB has also improved its

¹²⁷ Chartered Institute of Procurement and Supply, “Five Simple Ways to Improve Warehouse Efficiency,” <https://www.cips.org/supply-management/opinion/2015/august/five-simple-ways-to-improve-warehouse-efficiency>.

¹²⁸ *Supra* note 121.

¹²⁹ *Supra* note 122.

¹³⁰ U.S. General Services Administration “Strategic Storage Needs of the Federal Government,” 1999, pg. 2 https://www.gsa.gov/portal/mediaId/125310/fileName/swingrpt_R2E-cEK_0Z5RDZ-i34K-pR.action

¹³¹ *Id.* at p. 50.

¹³² *Id.*

operations through the adoption of best practices and was able to reallocate \$100 million to pay revolving loans from the Pennsylvania State Treasury.

Office Space Practices in Other States

Presumably, all states have some form of office space standard that guides how office space is allocated. Some states' standards apply broadly, while others are limited to specific branches or agencies. Though not all states make their policies available to the public, many of the policies are similar to existing standards in Pennsylvania, relying on job title or function to assign specific workstation or office configurations; however, some states have made efforts in recent years to modernize and optimize office space usage.

New Mexico acknowledged, in its policy adopted in 2000, that “[c]urrent technology in furniture, furniture systems, equipment, computers, job and team interaction, and building layout now allows very efficient use of building space while, at the same time, providing state personnel the space needed to adequately and comfortably accomplish their particular job function and to accommodate the visiting public.”¹³³ New Mexico’s plan embraces open office workstations and favors systems furniture over conventional furniture.¹³⁴ The New Mexico plan provides tables that list type of work space and square foot ranges for various function groups.¹³⁵ The plan also provides sample floor plans and furniture arrangements.¹³⁶

In Kansas, the governor and cabinet adopted the State of Kansas Office Space Standards in the spring of 2003 “in an effort to more efficiently utilize state-owned and leased office space while at the same time provide adequate and appropriate office work space for state agency personnel.”¹³⁷ Generally, work spaces are sized for work performed, and for job functions, not job titles or classifications.¹³⁸ The plan also emphasizes that “common space and meeting rooms should be utilized as much as possible to reduce the need for private offices...”¹³⁹

The Kansas plan provides a range of 210 to 250 usable square feet per workstation or office as an overall office space standard, but that standard does not mean that each workstation or office is within this range, but rather that the overall calculation of useable square feet of an allocated area divided by the number of workstations or offices is within this range.¹⁴⁰ The following table represents the plan’s seven space standards for individual offices and workstations, based on the function of the position assigned to that office or workstation. The plan also provides for standard cubicle sizes for each of three job functions.

¹³³ N.M. Gen. Servs. Dep’t, Prop. Control Div., “State of New Mexico Space Standards,” Oct. 2000, <https://www.nmlegis.gov/sessions/interimcommittees/CBPC/SpaceStandards.pdf>, p. 1-1.

¹³⁴ *Id.* at 1-3, 2-1.

¹³⁵ *See Id.* at 2-1 - 2-16.

¹³⁶ *See Id.* at 4-1 - 4-36.

¹³⁷ Kan. Dep’t of Admin., “Office Space Standards,” <https://admin.ks.gov/offices/ofpm/real-estate-leasing/office-space-standards>.

¹³⁸ *Id.*

¹³⁹ *Id.*

¹⁴⁰ *Id.*

Table 7		
State of Kansas Office Space Standard		
Job Title	Private Office (sq. ft.)	Workstation (sq. ft.)
Cabinet Level Secretary	300-400	Not recommended
Agency Administrator	180-225	Not recommended
Department Manager	175-185	120-150
Supervisor/Senior Professional	110-130	80-100
Administrative Staff	Not recommended	60-80
Junior Professional	Not recommended	50-60
Intern, Data Entry	Not recommended	45-50
Source: Adapted by JSGC staff from Kan. Dep't of Admin., "Office Space Standards," https://admin.ks.gov/offices/ofpm/real-estate-leasing/office-space-standards .		

In Oregon, the administrator of the Department of Administrative Services issued a statewide policy in 2003 providing for "size standards to be used in assigning space to state agencies in buildings owned or leased by the state, and to provide planning standards which promote employee productivity and the functional, efficient, and flexible use of space..."¹⁴¹ The Oregon plan embraces "open landscape" office design as the office design standard approach for all state-owned or leased facilities.¹⁴² The state objective is to "reduce initial costs, increase sustainability, reduce the expense for future remodeling, increase flexibility, and contribute to employee productivity."¹⁴³ Furthermore, "[m]inimizing floor to ceiling walls contributes to efficient and effective environmental control and promotes the use of natural lighting."¹⁴⁴ The plan also specifies, in some detail, the use of freestanding or modular components and "Systems Furniture to reduce the amount of space needed, increase flexibility, and provide greater adjustability."¹⁴⁵

¹⁴¹ Or. Dep't of Admin. Servs., "Building Office Space and Planning Standards," July 23, 2003, <https://www.oregon.gov/das/Policies/107-011-100.pdf>.

¹⁴² *Id.* at p. 3.

¹⁴³ *Id.*

¹⁴⁴ *Id.*

¹⁴⁵ *Id.* at p. 4.

In contrast, some states have taken more innovative approaches to their use of space. In June 2016, Washington Governor Jay Inslee issued an executive order directing state agencies to establish Workplace Strategy Councils, to enable a mobile workforce, to create a modern work environment, and to measure implementation of modern strategies across the state government.¹⁴⁶ In support of his order, Governor Inslee declared the following:

- “[T]o support Washingtonians, we must attract and retain talent by adopting innovative workplace strategies that support the state’s organizational mission, flexibility, and mobility in the workplace; create modern work environments; and reflect organizational cultures that align with the changing expectations of employees and our customers;”
- “[T]o be an employer of choice and better support the needs of multiple generations, we must provide flexibility in how, when, and where work gets done so that employees can have work/life balance, improved wellness, a supportive and productive work environment, increased job satisfaction, and engagement;”
- “[M]odern work environments, telework, and flexible work hours present opportunities to save taxpayers money;”
- “[U]sing technology to support a mobile workforce will allow us to be more adaptive and responsive to customers;”
- “[T]hese strategies are proven to empower employees to be productive, regardless of location and time;”
- “[M]odernizing the workplace so that it is an efficient, purpose-driven space that aligns with the work will support the state’s effort to optimize its facilities footprint;”
- “[Washington law] requires the state to reduce energy consumption in buildings, and right-sizing the workplace will result in carbon pollution reduction;”
- “[A published state energy goal] establishes a measure to reduce transportation-related greenhouse gas emissions, and [Washington law] directs state agencies to take a leadership role in aggressively developing substantive programs to reduce commute trips by state employees;” and
- “[M]obile work, telework, and flexible work hours provide state government the ability to be resilient and responsive during emergencies and natural disasters.”¹⁴⁷

¹⁴⁶ Wash. Office of the Governor, “Exec. Order No. 16-07: Building a Modern Work Environment,” June 3, 2016, http://www.governor.wa.gov/sites/default/files/exe_order/eo_16-07.pdf.

¹⁴⁷ *Id.*

In connection with the governor's executive order, the Washington Office of Financial Management, Facilities Oversight Division, released a report detailing new space use standards and recommendations.¹⁴⁸ The report noted that the agencies' business needs were the main driver in acquisition, design, and use of space, and where across-the-board assignment of space and cookie-cutter workplace design had been implemented, data suggested that space was underutilized.¹⁴⁹

The report concluded that a single space allocation standard was not consistent with diverse business needs of the various state agencies, and that while open office concepts support cost control and employee access to light and ventilation, "policies such as 'universal work space' and prescriptive design requirements such as a specific percentage of private offices are not consistent with modern work environment strategies, which focus on aligning work with the workplace and agency culture."¹⁵⁰ Instead, the state's policies should be aligned with each agency's "types of work, culture, furniture, technology and agency goals..."¹⁵¹

Open Office Layouts

In offices around the world, businesses and government agencies attempt to reduce costs by maximizing their productivity while minimizing their costs in office and employee investments. Both public and private sector organizations have been hesitant to institute alternatives in office space utilization to the traditional office layout. Traditionally, employees are allocated space based on a sliding scale of hierarchal importance within the organization.¹⁵²

Despite some skepticism, alternative methods of office space utilization have been identified as a successful practice for increasing efficiency by eliminating the physical barriers within the office.¹⁵³ As technology facilitates innovation in the methods by which organizations structure themselves, the environment where work is conducted should be innovated as well. Alternative strategies allow organizations to cut costs while increasing employee mobility, creating a more cost-effective workplace.¹⁵⁴

Conventional office plans that are still used by some state agencies are characterized by space apportioned in a position-based hierarchy separated by full-height constructed walls. Agencies are encouraged to consider the potential disadvantages of private offices, such as high cost, practicality, limited flexibility, decreased communication, ventilation, and lighting.

¹⁴⁸ Wash. Office of Fin. Mgmt., Facilities Oversight Div., "Building a Modern Work Environment: Washington Space Use and Standards Space Use Recommendations Report," July 2016, http://www.ofm.wa.gov/initiatives/workplacestrategies/documents/WPSstrategy_SpaceUseStudyReportJuly2016.pdf.

¹⁴⁹ *Id.* at p. 9.

¹⁵⁰ *Id.* at p. 12.

¹⁵¹ *Id.*

¹⁵² Gen. Servs. Admin, "Workspace Utilization and Allocation Benchmark," July, 2011, http://www.gsa.gov/graphics/ogp/Workspace_Utilization_Banchmark_July_2012.pdf.

¹⁵³ *Id.*

¹⁵⁴ Gen. Servs. Admin, "Leveraging Mobility, Managing Place: How changing Styles Impact Real Estate and Carbon Footprint," June, 2010, http://www.gsa.gov/graphics/pbs/Leveraging_Mobility_508_compliant.pdf.

The high cost of office space has led DGS to advocate for open office plans. The open office plan is a large, open room free of conventional walls, corridors, and private offices. Employees are divided into clusters or teams of workspace purposes, and the layout is dictated by workflow requirements. State agencies to take a more conservative approach to the allotting private offices, especially in the case of mid-level positions. The allocation of private offices is a major consideration in efficient workspace utilization.

Private offices should be reserved for high-level positions or positions with demonstrable privacy needs. While noise complaints are often one source of annoyance for employees who are new to open offices, the effect can be somewhat mitigated through installing sound-absorbent partitions, carpeting, and window treatments. However, this approach does not mean that the need for worker privacy should be neglected. DGS also recommends creating several small and mid-sized conference or interview rooms available for private calls or discussions.

One advantage of open office space is that it allows managers to be more available to their employees. There can be a fast rearrangement of workstations to accommodate organizational changes, with a minimum of time and expenses involved. The use of modular furniture can be enhanced and maintenance costs can be reduced in many instances.

Ideally, the open office plan should be established when a new building is being planned for construction as was the case with the Keystone Building. However, open office plans can be implemented in existing buildings, although it may require be more costly. For example, an assessment must be made of such factors as support columns, lack of or possibility of installation of in-floor duct systems for voice/data and electric wiring, and the size and shape of the areas. Open office layout should be considered for organizations that alter its organization or operations frequently.

However, the open office plan is not necessarily adaptable to every function. Successful use of this approach requires a careful study by experienced space planners who can translate the needs of the user into an effective work environment. If an agency desires to use the open office plan approach, the BRE, is available for consultation and assistance.

Office Space Strategies to Increase Mobility

Mobility in office layouts refers to an employee's ability to utilize technology as a means to freely work inside and outside of the office. The United States General Service Administration (GSA) has concluded that "[t]his freedom gives individuals more flexibility over when and where they work and allows them to select the space and place that are most appropriate for their work at any given time."¹⁵⁵ As office technology advances, organizations should evaluate the possible advantages of adopting new practices. Mobility increases employees' autonomy over their own schedules, creates less physical interaction between managers and subordinates. The result leads positions of power to shift their techniques for communication.¹⁵⁶ Ultimately, the successful

¹⁵⁵ *Id.*

¹⁵⁶ Harpers, "The Office and Its Ends," April, 2014, <http://harpers.org/archive/2014/04/the-office-and-its-ends>.

implementation of increasing workplace mobility depends on acceptance by senior members of an organization.

Organizations can improve their mobility by applying alternative work space strategies like teleworking, hoteling, and desk sharing.¹⁵⁷ Evidence shows these methods of increasing employee mobility increase office productivity. Employees from the Defense Information Systems Agency took an internal survey which showed that 95 percent of the respondents reported equal or increased productivity from teleworking.¹⁵⁸ The GSA defines teleworking as the arrangement with employees who regularly perform assigned duties at home or other convenient locations in close proximities to employee's residences.¹⁵⁹ In addition, teleworking has been seen to improve the recruiting process by expanding the scope of applicants, to reduce absenteeism, and to reduce turnover.¹⁶⁰

Along with teleworking, hoteling is another alternative to increase mobility of employees in an office layout. Hoteling is the practice of employees reserving specific time periods during the work day to utilize conference rooms, desks, and spaces for group collaboration.¹⁶¹ In traditional office layouts, the ratio of employee to workspace is 1:1, causing efficiency to be dependent on the daily attendance of each employee.¹⁶² Using this formula, the cost for an average federal employee being \$10,000 to \$15,000 annually, the cost for 100 employees would be \$1 million.¹⁶³ However, instituting hoteling would allow for employees to only utilize desks and cubicles when necessary, cutting the dependency from each individual.

Similarly, desk sharing designs eliminate the amount of space dedicated to the individual worker and promote group collaboration.¹⁶⁴ Diminishing the need for space per person allows organizations to cut costs on office design and layout. For example, the business, Sabre, was able to consolidate over half of its headquarters footprint from 1.04 million square feet to 470,000 square feet, and to consolidate its five buildings into two.¹⁶⁵ Without terminating any employees, Sabre increased their cubicle per employee ratio from 0.81:1 to 1.35:1, causing employees to work collaboratively.¹⁶⁶

Increasing mobility allows for organizations to cut costs and maintain a more stable office environment. Utilizing one or several of these mobility practices can provide an organization with numerous benefits. First, the GSA found mobility improves the continuity of operations.¹⁶⁷ Resulting from teleworking, a governmental office can fully operate in the case of a disruption to normal operating conditions, due to employees' ability to fully function in numerous different

¹⁵⁷ Gen. Servs. Admin., "The New Federal Workplace: A Report on the Performance of Six Workplace 20*20 Projects," June, 2009, http://www.gsa.gov/graphics/pbs/GSA_NEWWORKPLACE.pdf.

¹⁵⁸ *Id.*

¹⁵⁹ *Supra* note 152.

¹⁶⁰ *Id.*

¹⁶¹ *Id.*

¹⁶² *Supra* note 154.

¹⁶³ *Supra* note 152.

¹⁶⁴ Trade Gecko, "Is an Open Office Environment Beneficial or Detrimental for your Team?," April, 2014, <https://www.tradegecko.com/blog/open-office-beneficial-detrimental>.

¹⁶⁵ *Supra* note 152.

¹⁶⁶ *Id.*

¹⁶⁷ *Supra* note 154.

locations. In addition, real estate and operating costs can be tremendously reduced by the decrease in reliance on physical office space.¹⁶⁸ For example, AT&T reported 90 percent of its managers telework on some level, and the company reported their annual savings exceeds \$15 million in real estate costs accompanied by a \$150 million increase in productive hours worked.¹⁶⁹ An increase in mobility also increased the payoff found from initial investments in technology.¹⁷⁰ The GSA found from their study on mobility that, for an initial investment of \$16 million over a three-year span in basic telework solutions for a staff of 100,000, the return can be up to \$36 million.¹⁷¹ This can be seen from AT&T's heavy reliance on their managers' use of teleworking. Essentially, a business must make the initial investment in their employees to become more mobile.

Employees who function within an alternative office space tend to embrace a more proactive outlook towards their work.¹⁷² Employees in open office spaces have more interaction with fellow co-workers, something discouraged in the traditional partitioned office layout. When employees have greater peer-to-peer interaction, they often develop a greater sense of pride in their work.¹⁷³ In the GSA's study of six businesses that have implemented alternative office space methods, they found substantial increases in employee satisfaction. The study found 58 percent of the employees were getting to know other people in the office better, 66 percent felt more satisfied with their job, and 55 percent felt the new space was better for individual productivity.¹⁷⁴ Employees who telework often find that they experience fewer distractions and more comfort, causing them to feel more productive. In Defense Information Systems Agency study, they found 70.5 percent of their teleworking employees based their decision to continue working for the agency on the ability to telework.¹⁷⁵

In addition, alternative office spaces have a significant role in reducing an organization's carbon footprint.¹⁷⁶ The ability of organizations to put a greater emphasis on working remotely allows for the employees to not have to commute on a daily basis. The National Science Foundation (NSF) performed a study using survey responses from 87 percent of its employees. The results from the study indicated that the average employee saved 62 hours and \$1,201 in commuting costs annually by teleworking.¹⁷⁷ Along with teleworking, consolidating building space allows organizations to reduce their carbon footprint. For example, overall energy consumption diminishes because mobile work offices rely less on total operational energy costs.¹⁷⁸ While electronic documenting is a necessity for a well-structured mobile workplace, it also almost totally eliminates unnecessary paper consumption.

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ *Id.*

¹⁷² *Supra* note 156.

¹⁷³ *Supra* note 152.

¹⁷⁴ *Supra* note 154.

¹⁷⁵ *Id.*

¹⁷⁶ *Supra* note 152.

¹⁷⁷ *Supra* note 154.

¹⁷⁸ *Id.*

There are also some potential negatives to implementing alternative office designs, such as managers being uncomfortable with employees exercising too much autonomy.¹⁷⁹ Another primary area of concern found with organizations piloting alternative approaches is employees losing their privacy within an office. When an organization removes the physical partitions within an office, all of the employees are forced to interact with each other regardless of the employee's preferred style of working.

While the open floor plan forces collaboration, it indirectly promotes higher levels of distracting noise and discussions. The Harvard Business Review cited a study by the University of Sydney analyzing the biggest criticisms of 42,000 US office workers in varying office designs. The study showed that approximately 50 percent of "partitionless" workers cited sound privacy as their greatest frustration in the office.¹⁸⁰ Employees also cited the amount of space they have in the office as an issue that was important to them. Regardless of the office layout, all employees cited the single most important issue was the lack of personal space.¹⁸¹ This example can also apply to teleworkers because these employees cannot perform every task at home. For teleworkers, they must have space dedicated to them for when they are present in the office.

In both the private and public sectors, organizations can witness their costs decrease substantially by establishing a well-designed mobile workplace. Teleworking, hoteling, and desk sharing all have the potential for allowing employees to work in more comfortable, collaborative, and productive work environments. These practices have been implemented successfully in major federal agencies and private sector businesses.

¹⁷⁹ *Supra* note 164.

¹⁸⁰ *Id.*

¹⁸¹ *Id.*

RECOMMENDATIONS

Throughout this report, JSGC has indicated practices that Pennsylvania could adopt or strengthen to increase the efficient use of state-owned and leased office space. Some of the best practices and suggestions that deserve additional consideration include the following:

- updated documentation of policies and procedures to reflect the current practices employed by DGS
- prioritizing updates to the state inventory system and calculating utilization rates of state office buildings to provide a more comprehensive and transparent picture of the real estate system
- improved two-way communication between DGS and client agencies, including performance feedback
- development of long-range facilities plans for agencies which are linked to program and strategic planning
- exploration of ways to refurbish state-owned space; such as through the creation of a repayable fund for renovations to state buildings
- continued creation and consolidation of shared spaces between agencies, including conference rooms, libraries, and storage areas
- agency adoption of open office layouts, remote working, desk sharing, and desk hoteling when practical

A common theme of these recommendations is the need of better communication across state government. DGS could benefit from being more communicative about its work processes, their successes in reducing excess office space, and the current constraints it is operating under. Client agencies should be more expressive about their current and future office needs and more diligent about notifying DGS on matters pertaining to real estate. By implementing these recommendations, the Commonwealth could decrease some of the cost associated with office space while becoming a more flexible and desirable place to work.

DGS Proposed Legislation

DGS Proposed Legislation

DGS staff were an invaluable resource while gathering information for this report and had many suggestions on how real estate system operations could be improved and achieve greater cost savings. However, many of the changes proposed by DGS would call for the current system of real estate disposition, Article XXIV-A of the Administration Code of 1929, to be replaced in its entirety. DGS representatives speculated that if they had greater autonomy over state sales they could drastically cut the cost associated with state leasing and selling state property. In discussions with the DGS, they made several observations about the current methods of surplus real estate disposition:

1. The time necessary to obtain approval of the General Assembly can be quite costly to the various agencies through excessive carrying costs while the approval is being obtained.
2. The existing process only allows one opportunity per year for DGS to process a disposition plan.
3. The existing process only allows for the sale of surplus property only through a rigid competitive bid/public auction process.

In response to these limitations, DGS attorneys created the following pieces of proposed legislation which have been included for the consideration by the General Assembly. The largest proposed change, is the elimination of the requirement that surplus property be specifically approved by the General Assembly before DGS can proceed with marketing and sale of real property. Other notable provisions of this proposed legislation include:

- raising maximum leasing term from 5 years to 20 to allow DGS more flexibility when negotiating leases
- streamlining the state-leasing approval processes through the elimination of the Board of Commissioners and Public Grounds and Buildings and by requiring Treasury to sign off on leases
- allowing DGS to accept donated real property upon approval of the Secretary
- authorizing DGS the ability to grant easements, right of ways
- permitting DGS to utilize a best value contracting process to select buyers of surplus real property through solicitation for a proposals process and to sell real estate through online multiple listing services

If the General Assembly decides to consider these amendments, it would benefit by hearing directly from those with relevant experience. This input could be useful to assess the practicality and advisability of these amendments.

DGS Proposed Legislation 1

AN ACT

Amending the act of April 9, 1929 (P.L. 177, No. 175), entitled “An act providing for and reorganizing the conduct of the executive and administrative work of the Commonwealth by the Executive Department thereof and the administrative departments, boards, commissions, and officers thereof, including the boards of trustees of State Normal Schools, or Teachers Colleges; abolishing, creating, reorganizing or authorizing the reorganization of certain administrative departments, boards, and commissions; defining the powers and duties of the Governor and other executive and administrative officers, and of the several administrative departments, boards, commissions, and officers; fixing the salaries of the Governor, Lieutenant Governor, and certain other executive and administrative officers; providing for the appointment of certain administrative officers, and of all deputies and other assistants and employees in certain departments, boards, and commissions; and prescribing the manner in which the number and compensation of the deputies and all other assistants and employees of certain departments, boards and commissions shall be determined,” providing for the orderly disposition of surplus State-owned real property and making repeals.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The act of April 9, 1929 (P.L.177, No.175), known as “The Administrative Code of 1929,” is amended as follows:

Section 202. Departmental Administrative Boards, Commissions, and Offices.--The following boards, commissions, and offices are hereby placed and made departmental administrative boards, commissions, or offices, as the case may be, in the respective administrative departments mentioned in the preceding section, as follows:

[Board of Commissioners of Public Grounds and Buildings]

[Section 446. Board of Commissioners of Public Grounds and Buildings.--The Board of Commissioners of Public Grounds and Buildings shall consist of the Governor, the Auditor General, and the State Treasurer. The Governor may authorize the Secretary to the Governor, or some other employee of the Governor's office, to serve in his stead on said board. The Auditor General and the State Treasurer may authorize a named deputy, of their respective departments, to serve in their stead on said board: Provided, however, That any such person designated by the Governor, the Auditor General or the State Treasurer, shall not have the right to exercise any power or perform any duty which the Constitution of the Commonwealth of Pennsylvania requires such officials personally to exercise or perform.]

Section 2401.1 Specific Powers of the Department of General Services.--In addition to all other powers and duties set forth in this act, the Department of General Services shall have the power, and its duty shall be:

(4) To acquire land in the name of the Commonwealth by purchase, gift, [or] eminent domain proceedings, or otherwise, in fee or in such right, title, interest or easement as the department may deem necessary for the project as specifically authorized in a capital budget or other legislation; excluding, however, highways, bridges and other transportation facilities.

(14) With the approval of the Governor, to transfer and convey [any] easements, rights of way, [or] licenses, or other interests in Commonwealth real estate [necessitated by any construction project which has been previously authorized by the General Assembly].

(22) With the approval of the Governor, to transfer and convey licenses necessitated by any General assembly authorized construction project or necessitated by a public service line agreement.

Section 2402. Grounds, Buildings and Monuments in General.--The Department of General Services shall have the power, and its duty shall be:

(d) To contract in writing for and rent proper and adequate offices, rooms, or other accommodations, outside of the Capitol buildings, for any department, board, or commission, which cannot be properly and adequately accommodated with offices, rooms, and accommodations in the Capitol buildings; and, in all cases in which the head of a department, for such department or for a departmental administrative board or commission within such department, or an independent administrative board or commission, with the approval of the Executive Board, has established or is about to establish a branch office in any city or place outside of the capital city, [with the approval of the Board of Commissioners of Public Grounds and Buildings,] to contract in writing for and rent such offices, rooms, and other accommodations, as shall be proper and adequate for such department, board, or commission. The department shall rent such garages or contract for such garage space as may be necessary for the accommodation of State-owned automobiles, either in or outside of the capital city, at such rentals or rates as it shall deem reasonable. The department may also, if the General Assembly shall have appropriated funds therefor, lease any lands which may be necessary for use by any department, board, or commission in the exercise of its powers or the performance of its duties. It shall be unlawful for any other department, board, commission, or agency of the State Government

to enter into any leases, but the Department of General Services shall act only as agent in executing leases for departments, boards, and commissions, the expenses of which are paid wholly or mainly out of special funds, and, in such cases, the rentals shall be paid out of such special funds. Any nonprofit corporation which leases lands, offices or accommodations to the Commonwealth for any department, board, commission or agency with a rental amount in excess of one million five hundred thousand dollars (\$1,500,000) per year shall be deemed an agency as defined by the act of July 3, 1986 (P.L.388, No.84), known as the "Sunshine Act," and the act of June 21, 1957 (P.L.390, No.212), referred to as the Right-To-Know Law, and any such nonprofit corporation shall be subject to and governed by the provisions of the "Sunshine Act" and the Right-To-Know Law.

(i) To rent to individuals, firms or corporations, or the Government of the United States or any branch or agency thereof, such real estate, owned by the Commonwealth, as is not being used in connection with the work of any department, board, or commission thereof, upon such terms and conditions as the Secretary of General Services may prescribe, with the approval of the Governor in writing: Provided, however, That no lease executed under the authority hereby conferred shall be for a longer term than [five] twenty years, [except that State owned airports, or any part of the facilities thereof, may be leased for terms not longer than twenty years when the lessee proposes to make a major capital investment in the construction or purchase of facilities at said State owned airport, or for five years in other cases, and] except leases made in the interest of national defense to the Government of the United States or any branch or agency thereof, which leases may be for such terms as are approved by the Governor.

Section 2407. Automobiles.--The Department of Property and Supplies shall, upon the effective date of this act, take over, and thereafter assume responsibility for, the maintenance and operation of all automobiles owned by the Commonwealth, or any administrative department, board, or commission thereof, except the Department of Highways.

After the effective date of this act, all automobiles required for use by the administrative departments, boards, commissions, and officers of the State Government, shall be purchased by the Department of Property and Supplies, but, in purchasing automobiles required for the use of any department, board, or commission, having authority to purchase automobiles out of money appropriated to it, the Department of Property and Supplies shall act as purchasing agency.

The Department of Property and Supplies shall make or contract for the making of all repairs to automobiles owned by the Commonwealth, except those operated by the Department of Highways, unless in any case it shall specifically authorize any department, board, commission, or officer, to make or order the making of repairs to any specified automobiles, and, except emergency repairs necessarily made while any automobile is away from its garage.

The Department of Property and Supplies may assign to any department, board, or commission, such automobiles as may be required by it for full-time daily use and such

automobiles shall be operated by employees of such departments, boards, or commissions. The department shall maintain a sufficient number of automobiles, not assigned to departments, boards, or commissions, to meet the requirements of departments, boards, and commissions which do not require the full-time daily use of automobiles, and to meet extraordinary and occasional demands of all departments, boards, and commissions, other than the Department of Highways. Such automobiles with or without chauffeurs, shall be furnished to departments, boards, or commissions, upon requisition of the heads of the respective departments, or of the executive officers of the respective boards or commissions. This paragraph shall not be construed to prohibit a State officer or employee from being reimbursed for the use of his own automobile on State business, but all such reimbursements shall be made under and subject to the rules of the Executive Board regulating the payment of expenses to State officers and employees.

The cost of oil, gasoline, tires, repair parts for and repairs to automobiles permanently assigned to departments, boards, and commissions, shall be paid out of the appropriations to such departments, boards, and commissions, but the Department of Property and Supplies shall contract for all such oil, gasoline, tires, repair parts, and repairs, except that repairs may be made by the Department of Highways, and, if authorized as hereinbefore provided, by other departments and by boards and commissions. For the use of other automobiles, departments, boards, and commissions shall be billed by the Department of Property and Supplies, upon a mileage basis, at such amount per mile as the Department of Property and Supplies, with the approval of the Governor, shall determine. Amounts payable for the use of such automobiles shall be paid out of the appropriations to such departments, boards, or commissions to the Department of Property and Supplies, and shall be, by it, paid into the General Fund of the State Treasury, through the Department of Revenue.

The Department of Property and Supplies shall require every administrative department, including the Department of Highways, and every independent administrative and departmental administrative board or commission, to report to it monthly, upon forms supplied by it, and with such detail as it shall require, the places to and from which each automobile was operated, the mileage traveled, the amount of oil and gasoline purchased, the names of employees of the department, board, or commission operating each automobile, the names of the employees of the department, board, or commission for whom the automobiles were operated, and such other information as may be necessary to enable the Department of Property and Supplies to make and keep complete records of the use and cost of operation of all State automobiles, except that it shall not be necessary for the Department of the Auditor General, the Treasury Department, or the Pennsylvania State Police, to report the places to and from which, or the names of the persons by or for whom automobiles were operated.

The types and number of automobiles to be purchased by the Department of Property and Supplies hereunder shall be subject to approval by the Executive Board, and the use of automobiles by State officers and employees shall be subject to the rules and regulations of the Executive Board.

[Subject to the approval of the Board of Commissioners of Public Grounds and Buildings, the] The Department of Property and Supplies may sell automobiles, owned by the

Commonwealth, when it deems it is in the public interest to do so. The proceeds of such sales shall be paid into the State Treasury, shall be credited to the appropriation to the department for the purchase of automobiles, or to any department, board or commission having authority to purchase automobiles with money appropriated to it, and are hereby appropriated to the respective department, board or commission for the purchase of automobiles.

[ARTICLE XXIV-A
DISPOSITION OF COMMONWEALTH SURPLUS LAND

Section 2401-A. Limited Definitions.--The following words and phrases when used in this article shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:

"Agency." Any department, departmental administrative board or commission, independent board or commission, agency or other authority of this Commonwealth now existing or hereafter created, but shall not include any court, political subdivision, municipal or local authority.

"Department." The Department of General Services.

"Surplus property." Any buildings, land or other real estate owned by the Commonwealth that has been deemed surplus to the needs of the administering agency which has current use of the property. The definition of and the designation of surplus property shall not apply to any lands designated as State parks or State forests or any lands acquired by the Pennsylvania Fish and Boat Commission or the Pennsylvania Game Commission.

Section 2402-A. Annual Property Survey.--(a) The department shall distribute to all agencies, not later than January 1 of each year, a request to compile information on all State-owned real property. The survey shall require the agency, for each parcel of real property, within its jurisdiction, to identify its location, size, current use, the presence of any buildings or other improvements, the condition of all buildings and improvements and other relevant property attribute data. The survey shall require the agency to identify any property currently surplus to the needs of the agency.

(b) Agencies shall send to the department, not later than March 1 of each year, completed annual property surveys. The department shall compile and consolidate the agency surveys and send a copy of the compilation to the Chairmen and Minority Chairmen of the House and Senate State Government Committees or their successor committees.

(c) For all real property identified as surplus by an agency, the department shall determine whether any other agencies have an appropriate use for the property. If it is desirable and appropriate to transfer to another agency property that has been deemed surplus by the administering agency currently using the property, the department shall prepare a plan for transfer of the property. Upon approval of the transfer plan by the General Counsel and the Secretary of Budget and Administration, use of the property shall be transferred to the agency that can make the best use of the property.

Section 2403-A. Property Disposition Plan.--(a) The department shall annually develop a plan for the orderly disposition of all real property deemed surplus by the agency currently in possession of the property, which property is not suitable for use by another agency.

(b) The plan shall consider the following factors in proposing the manner and schedule for property disposition:

(1) Whether the property should be leased, transferred in fee simple, or transferred with a restriction as to use, right of reversion, or other special deed provisions.

(2) Whether the land should be retained in agricultural use or as open space for recreation or conservation. A determination whether land should be preserved as open space or in agricultural use shall be made in consultation with the Department of Agriculture, the Department of Environmental Resources and the Department of Community Affairs.

(3) Likely cost savings and expenses to the Commonwealth arising from the proposed property disposition.

(4) The needs of local governments, charitable institutions, and local volunteer fire and rescue squads.

(5) The likely revenue to be generated by the sale of the property and the needs of the Commonwealth for those revenues.

(c) The plan for the disposition of surplus property shall, for each parcel, identify the proposed manner of disposition, when the property will be disposed of, likely revenues and costs, the assessed market value of the property, and the Commonwealth's acquisition cost for the property.

(d) Any Commonwealth lands acquired by condemnation which is later determined to be surplus land shall be disposed pursuant to and consistent with the provisions of section 2003(e) and the provisions of the act of June 22, 1964 (Sp.Sess., P.L.84, No.6), known as the "Eminent Domain Code."

Section 2404-A. Legislative Oversight and Public Review.--(a) The property disposition plan shall be transmitted to the Chairmen and Minority Chairmen of the House and Senate State Government Committees or their successor committees not later than May 1 of each year. The House and Senate Committees shall conduct public hearings which may be joint hearings to review the plan and shall advise the department of any suggested modifications in the plan not later than June 1 of each year.

(b) The department shall publish its proposed property disposition plan in the Pennsylvania Bulletin not later than May 1 of each year and invite public comments on the plan during the following 30-day period. The proposed plan shall not require review by the Attorney General for form and legality prior to publication, but during the 30-day comment period the department shall request that the Attorney General review the plan for form and legality. The Attorney General shall communicate his evaluation of the plan, in writing, to the department and to the Chairmen and Minority Chairmen of the House and Senate State Government Committees or their successor committees.

(c) Whenever the department deems that there is significant public interest in the plan proposed for disposition of a parcel of real property, the department shall, in the vicinity of the site, hold public hearings on the proposed property disposition plan for the parcel.

(d) (1) Not later than June 15, the department shall transmit the plan to the Governor for his approval and the Governor shall transmit the plan to the Chief Clerk of the House of Representatives and the Secretary of the Senate for consideration by the General Assembly in the manner specified by the act of April 7, 1955 (P.L.23, No.8), known as the "Reorganization Act of 1955," except that either House of the General Assembly may reject

a plan for the disposition of a specific parcel while approving the balance of the surplus property disposition plan.

(2) If no action is taken on the plan within 20 calendar days after submission of the plan to the General Assembly, any five members of the Senate or 25 members of the House may petition their respective presiding officer to schedule a vote on the plan. This vote shall be scheduled to occur within five calendar days of the presentation of the petition.

(3) If the General Assembly disapproves any plan in whole or in part, the department may submit to the Governor for transmittal to the General Assembly an amended plan designed to resolve the General Assembly's objections to the disapproved plan.

Section 2405-A. Conditions Upon Conveyances.--Any proposed disposition of property shall be subject to the following conditions and limitations:

(1) The department may sell real estate to an individual, an organization, a firm or corporation, a political subdivision of the Commonwealth, or to the Government of the United States or a branch or agency thereof.

(2) Following approval of the property disposition plan, information regarding the availability and sale of each parcel of surplus property shall be provided through the publication of legal notice in the Pennsylvania Bulletin and such State newspapers as the department shall direct.

(3) The remuneration for a conveyance of surplus property shall be based on fair consideration. Fair consideration requires either the payment of the current fair market value of the property or the demonstration of equivalent or greater return to the Commonwealth within five years due to the proposed use of the property by the entity receiving the conveyance.

(4) After appropriate public notice, the sale of declared surplus property by the department shall be open to public review and inspection. Acceptance of an offer shall be subject to a minimum price requirement as established by the department, which shall not be less than the fair market value. Declared surplus property shall be sold by the department through either a competitive sealed bidding process in which prospective buyers submit sealed offers through the mail or at an auction conducted by an auctioneer holding a license under the provisions of the act of December 22, 1983 (P.L.327, No.85), known as the "Auctioneer and Auction Licensing Act." The use of either method of sale shall be at the department's discretion. Except as provided in clause (3), sale of the declared surplus property shall be to the highest bidder, provided that no offer may be accepted which is below the fair market value, established through independent appraisal.

(5) The disposition of property shall be made upon such terms and conditions of sale as the department may prescribe. The sale of such real estate may be in the form of a lump sum purchase, installment purchase or lease purchase and may include use restrictions and reverter clauses. The term and conditions of sale and the form of purchase shall reflect current market conditions, shall afford maximum protection of Commonwealth assets and shall prescribe procedures to be utilized in the event of default. In the case of the sale of authority properties, the sale of such property shall be in accordance to the applicable bond indentures.

(6) The deed of conveyance shall expressly reserve all oil, gas and mineral rights to the Commonwealth.

Section 2406-A. Allocation of Sale Proceeds.--The proceeds of the sale of real estate under the provisions of section 2405-A shall be paid into the State Treasury, through the Department of Revenue and deposited in the Capital Facilities Redemption Fund, or if the land was acquired by moneys wholly or mainly out of a special fund, such proceeds shall be credited to the proper special fund, and all proceeds of the sale of authority properties shall be paid to the respective fiscal agent of the authority in accordance with the bond resolution. The costs and fees incurred by the Department of General Services, including but not limited to costs of auctions or sales at auction, title searches, notice, surveys and appraisals, shall be deducted from the purchase price and that amount shall be an executively authorized augmentation to the appropriation from which the costs and fees were paid by the department.

Section 2407-A. Construction of Article in Relation to Contrary Provisions of this Act.--Except for sections 1902-A and 2003 of this act, the provisions of this article shall be construed to prevail over any other provision of this act in the event of any inconsistency.

Section 2408-A. General Assembly Not Limited.--Nothing in this article shall be construed as limiting the power of the General Assembly to otherwise enact legislation providing for the conveyance of real property owned by the Commonwealth.

Section 2409-A. Exemption for Certain Conveyances.--(a) This article shall not apply to a conveyance by The General State Authority where a resolution authorizing such conveyance was adopted by the board of directors of the authority on or before July 1, 1981.

(b) Notwithstanding the provisions of this act, including without limitation this article or any other act to the contrary, the Department of General Services is authorized to convey, with the approval of the Governor, any project within the meaning of the act of March 31, 1949 (P.L.372, No.34), known as "The General State Authority Act of one thousand nine hundred forty-nine," which was conveyed and transferred by resolution of The General State Authority and under the authority of the act of July 22, 1975 (P.L.75, No.45), entitled "An act amending the act of April 9, 1929 (P.L.177, No.175), entitled 'An act providing for and reorganizing the conduct of the executive and administrative work of the Commonwealth by the Executive Department thereof and the administrative departments, boards, commissions, and officers thereof, including the boards of trustees of State Normal Schools, or Teachers Colleges; abolishing, creating, reorganizing or authorizing the reorganization of certain administrative departments, boards, and commissions; defining the powers and duties of the Governor and other executive and administrative officers, and of the several administrative departments, boards, commissions, and officers; fixing the salaries of the Governor, Lieutenant Governor, and certain other executive and administrative officers; providing for the appointment of certain administrative officers, and of all deputies and other assistants and employees in certain departments, boards, and commissions; and prescribing the manner in which the number and compensation of the deputies and all other assistants and employees of certain departments, boards and commissions shall be determined,' creating the Department of General Services and defining its functions, powers and duties; and transferring certain functions, records, equipment, personnel and appropriations from the Department of Property and Supplies and The General State Authority to such department," to the Department of General Services, provided that:

(1) The grantee is an institution of higher education located in this Commonwealth.
(2) The project was constructed by The General State Authority on behalf of the grantee.

(3) The consideration for each conveyance shall be based upon either the outstanding principle and interest indebtedness of the project or the total cost of the project adjusted to its present value as determined by the Department of General Services in consultation with the Secretary of the Budget.

(4) All costs of the transaction are borne by the grantee.

(5) No part of the consideration or transaction costs are paid with General Fund moneys or Capital Facilities Fund moneys.

(6) No conveyance shall be made under the authority of this subsection to an institution of the State System of Higher Education.

(c) Notwithstanding the provisions of this act, including without limitation this article or any other act to the contrary, the Department of General Services is authorized to convey, with the approval of the Governor, to The Pennsylvania State University, the University of Pittsburgh, Temple University or Lincoln University any project which The General State Authority or the Department of General Services constructed on behalf of the grantee, provided that:

(1) All outstanding principal and interest indebtedness of the project has been retired.

(2) All costs of the transaction are borne by the university.

(3) The university shall pay one dollar (\$1.00) for each project transferred.

(4) No part of the transaction costs is paid with General Fund moneys or Capital Facilities Fund moneys.

(5) The deed of conveyance shall contain a clause that the property conveyed shall be used for educational purposes by the grantee, and, if at any time the grantee or its successor in function conveys the property or permits the property to be used for any purpose other than those specified in this section, the title to the property shall immediately revert to and revest in the Commonwealth of Pennsylvania.]

ARTICLE XXIV-B

DISPOSITION OF COMMONWEALTH-OWNED SURPLUS PROPERTY

Section 2401-B. Limited Definitions.--The following words and phrases when used in this article shall have, unless the context clearly indicates otherwise, the meaning given to them in this section:

“Agency.” Any department, departmental administrative board or commission, independent board or commission, agency or other authority of this Commonwealth now existing or hereafter created, but shall not include any court, political subdivision, municipal or local authority.

“Department.” The Department of General Services.

“Surplus property.” Any buildings, land or other real estate owned by the Commonwealth that has been deemed surplus to the needs of the administering agency

which last had use of the property and which has been turned over to the jurisdiction of the Department of General Services for final verification and declaration of its surplus status. The definition of and the designation of surplus property shall not apply to any lands designated as State parks or State forests or any lands acquired by the Pennsylvania Fish and Boat Commission or the Pennsylvania Game Commission.

Section 2402-B. Agency Reporting of Surplus Property.--(a) The department shall establish and maintain a readily available system wherein agencies are able to report to the Department surplus property.

(b) For all real property identified as surplus by an agency, the department shall first determine whether any other agencies have an appropriate use for the property. If it is desirable and appropriate to transfer to another agency property that has been deemed surplus by the administering agency currently using the property, the department shall prepare appropriate documentation for the interagency transfer of such property pursuant to Section 501 and Section 502 hereof.

Section 2403-B. Approval to Convey and Conditions upon Conveyances.--(a) For each property declared surplus by an agency, and for which no other agency has expressed a need, the department shall have the power and its duty shall be to prepare a plan of disposition for each individual property identified as surplus property which is in the best interests of this Commonwealth.

(b) The department may sell real estate to an individual, an organization, a firm or corporation, a political subdivision of the Commonwealth, or to the Government of the United States or a branch or agency thereof.

(c) Information regarding the availability and sale of each parcel of surplus property shall be provided through the publication of a formal public notice in an appropriate media format; such as the department's web site or other electronic and/or print media.

(d) After appropriate public notice, the sale of surplus property by the department shall be open to public review and inspection. Acceptance of an offer shall be determined by the department based on an independent appraisal report.

(e) Offers may be received by the department through either a sealed bid process, at an auction conducted by an auctioneer holding a license under the provisions of the act of December 22, 1983 (P.L.327, No.85), known as the "Auctioneer and Auction Licensing Act," electronic real estate listing service, or through a solicitation for proposals process. The use of any method of sale shall be determined at the department's discretion.

(f) The disposition of surplus property shall be made upon such terms and conditions of sale as the department may prescribe. The sale of such real estate may be in the form of a lump sum purchase, installment purchase or lease purchase and may include use restrictions and reverter clauses.

2404-B. Allocation of Sale Proceeds.--The proceeds of the sale of surplus real estate under the provisions of Section 2403-A shall be paid into the State Treasury, through the Department of Revenue and deposited into the General Fund, or if the land was acquired by money wholly or mainly out of a special fund, such proceeds shall be credited to the proper special fund. The costs and fees incurred by the department, including but not limited to, costs of title searches, advertising, land surveys/subdivisions, environmental reports and appraisals shall be deducted from the purchase price and that amount shall be an executively authorized augmentation to the appropriation from which the costs and fees were paid by the department.

2405-B. Construction of Article in Relation to Contrary Provisions of this Act.--The provisions of this Article shall be construed to prevail over any other provision of this act in the event of any inconsistency.

2406-B. General Assembly Not Limited.--Nothing in this article shall be construed as limiting the power of the General Assembly to otherwise enact legislation providing for the conveyance of real property owned by the Commonwealth.

Section 2. This act shall take effect immediately.

DGS Proposed Legislation 2

AN ACT

Amending Title 62 (Procurement) of the Pennsylvania Consolidated Statutes, in Procurement Organization and Source Selection and Contract Formation providing for the repeal of the powers and duties of the Board of Commissioners of Public Grounds and Buildings; and making editorial changes.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Title 62 of the Pennsylvania Consolidated Statutes is amended as follows:

TITLE 62

PROCUREMENT

PART I. COMMONWEALTH PROCUREMENT CODE

CHAPTER 3

PROCUREMENT ORGANIZATION

SUBCHAPTER D

POWERS AND DUTIES OF [BOARD OF COMMISSIONERS OF PUBLIC
GROUNDS AND BUILDINGS AND OFFICE OF THE BUDGET] THE
OFFICE OF THE BUDGET

[§ 326. Board of Commissioners of Public Grounds and Buildings.

No lease of real estate for use by an executive or independent agency and no sole source procurement of supplies, except for computer software updates under \$50,000, for an executive or independent agency for which the department acts as the purchasing agency shall be valid or effective unless, upon review, it is approved by the Board of Commissioners of Public Grounds and Buildings. Where the board is reviewing a proposed sole source lease or procurement being submitted pursuant to section 515 (relating to sole source procurement), approval of the lease or procurement shall require the unanimous vote of the board. Where the board is reviewing a proposed non-sole source lease, the lease shall be approved when one member of the board votes to approve the lease. All votes shall take place at a public meeting.]

§ 515. Sole source procurement.

A contract may be awarded for a supply, service or construction item without competition if the contracting officer first determines in writing that one of the following conditions exists:

The written determination authorizing sole source procurement shall be included in the contract file. [With the exception of small procurements under section 514 and emergency procurements under section 516 (relating to emergency procurement), if the sole source procurement is for a supply, except for computer software updates under \$50,000, for which the department acts as purchasing agency, it must be approved by the Board of Commissioners of Public Grounds and Buildings prior to the award of a contract.]

§ 543. Effective contracts.

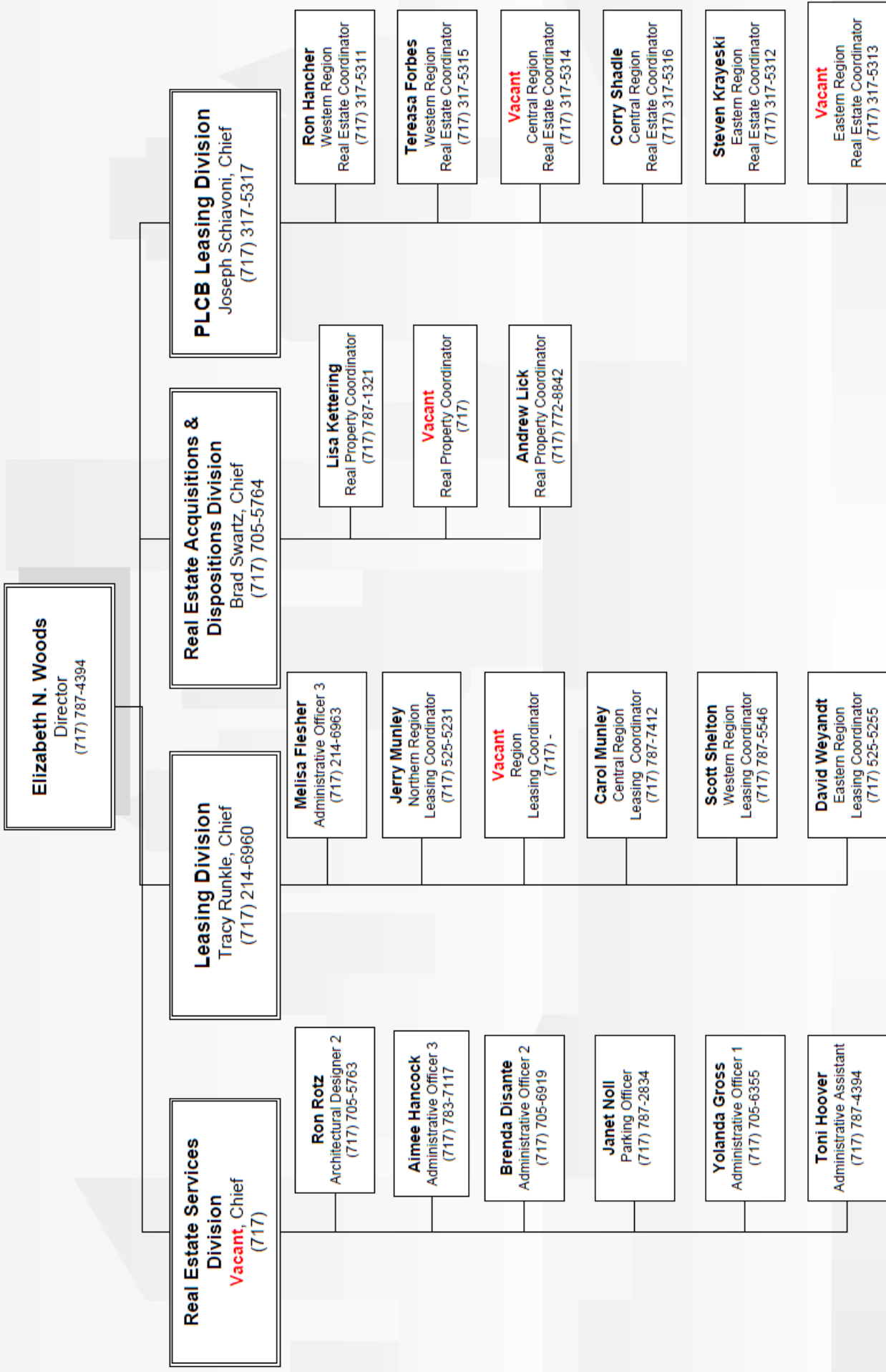
(c) No lease of real estate for use by an executive or independent agency shall be valid or effective unless it is approved by the State Treasurer. A lease shall be deemed to have been approved if the State Treasurer has not approved or disapproved it within 30 days after submission utilizing the department's standard electronic routing system.

Section 2. This act shall take effect immediately.

Pennsylvania Department of General Services

Bureau of Real Estate

Bureau of Real Estate



Commonwealth of Pennsylvania

FORM: STD-564 REV. 08-01

Request for Space Allocation

RESET FORM

COMMONWEALTH OF PENNSYLVANIA
STD-564 REV. 08-01

REQUEST FOR SPACE ALLOCATION

NOTE: See reverse side for instructions.

1. DATE OF REQUEST		2. <input type="checkbox"/> NEW ALLOCATION <input type="checkbox"/> REVISED ALLOCATION	
3. REQUESTING DEPARTMENT (INCLUDE BUREAU OR DIVISION)		4. PRESENT LOCATION (INCLUDE CITY AND COUNTY)	
5. EXECUTIVE BOARD APPROVAL ? DATE APPROVED		6. TYPE <input type="checkbox"/> STATE-OWNED (IDENTIFY)	7. PREVIOUS ALLOCATION NO. IF ANY
<input type="checkbox"/> DOES NOT APPLY <input type="checkbox"/> YES		<input type="checkbox"/> LEASED SPACE	SA
9. CURRENT SPACE OCCUPIED SQ. FT.		10. EXCESS OR DEF. SQ. FT.	8. TOTAL SPACE NEEDED SQ. FT.
		11. PURPOSE <input type="checkbox"/> GENERAL OFFICES <input type="checkbox"/> WAREHOUSE <input type="checkbox"/> STORAGE <input type="checkbox"/> PUBLIC RECEPTION	<input type="checkbox"/> OTHER (SPECIFY)
12. JUSTIFICATION (EXPLAIN REASON FOR REQUEST AND THE FUNCTIONS TO BE PERFORMED. BE SPECIFIC. USE ADDITIONAL SHEETS IF NEEDED.)			

13. PERSONNEL COMPLEMENT					14. BUDGET OFFICE USE ONLY			
A. PRESENT PERSONNEL			B. PROJECTED PERSONNEL					
AUTHORIZED	FILLED	VACANT	REQUESTED	DATE PROJECTED FOR				
15. PERSONNEL			STANDARD ALLOWANCE	SQ. FT./EA.	NO. OF POSITIONS REQUIRED	TOTAL SQ. FT. ASSIGNED		
EXECUTIVE I			25 FT. X 17 FT.	425		0		
EXECUTIVE II			15 FT. X 17 FT.	255		0		
SENIOR MANAGER			15 FT. X 15 FT.	225		0		
MID MGR/PRIVATE OFFICE			10 FT. X 15 FT.	150		0		
SUPERVISOR/TECHNICAL			8 FT. X 12 FT.	96		0		
ANALYST/ADMIN/SECRETARY			8 FT. X 8 FT.	64		0		
CLERICAL/FIELD			6 FT. X 8 FT.	48		0		
PERSONNEL TOTAL					0	0		
16. AUXILIARY AREAS			DETERMINE	SQ. FT./EA.	NO. REQUIRED	TOTAL SQ. FT. ASSIGNED		
CONFERENCE ROOM			PER PERSON MEETING	17		0		
RECEPTION			PER PERSON WAITING	7		0		
STORAGE ROOM			AREA REQUIRED			0		
LIBRARY			AREA REQUIRED			0		
WAITING ROOM			AREA REQUIRED			0		
LUNCH ROOM			LEASED SPACE ONLY			0		
COMPUTER ROOM			AREA REQUIRED			0		
FILE ROOM			AREA REQUIRED			0		
MAIL ROOM			AREA REQUIRED			0		
OTHER			AREA REQUIRED			0		
OTHER			AREA REQUIRED			0		
AUXILIARY TOTAL						0		
17. SHARED EQUIPMENT (NOT IN AUXILIARY AREAS/EMPLOYEE WORK SPACES)			STANDARD ALLOWANCE (INCLUDES WORK SPACE)	SQUARE FT. EA.	NO. REQUIRED	TOTAL SQ. FT. ASSIGNED		
FILE CABINETS			1.5 FT. X 4.5 FT.	7		0		
TABLES			5 FT. X 5 FT.	25		0		
PC/MP/CRT			5 FT. X 5 FT.	25		0		
COPIERS			5 FT. X 6 FT.	30		0		
STORAGE CABINETS			3 FT. X 3 FT.	9		0		
PLAN FILES			4 FT. X 6.5 FT.	26		0		
BOOKCASES			2 FT. X 3 FT.	6		0		
COAT VALET			2 FT. X 2 FT.	4		0		
LATERAL FILES			2.5 FT. X 4 FT.	10		0		
OTHER			FT. X FT.	0		0		
SHARED EQUIPMENT TOTAL						0		
18. SUB TOTAL (ADD TOTALS FROM 15, 16, & 17)						0		
19. ALLOWANCE FOR ACCESS AND CIRCULATION (35% OF SUB TOTAL)						0		
20. AREAS NOT REQUIRING CIRCULATION				SQ. FT./EA.	NO. REQUIRED	TOTAL SQ. FT. ASSIGNED		
WAREHOUSE						0		
GARAGE						0		
OTHER AREAS TOTAL						0		
21. GRAND TOTAL (ADD TOTALS FROM 18, 19, & 20)						0		

22. SIGNATURE OF REQUESTING AGENCY REPRESENTATIVE

INSTRUCTIONS

GENERAL Form STD-564 must be submitted to the Bureau of Real Estate Space Management Division, Department of General Services, where it will be reviewed for adherence to policy and administrative plans. Use additional sheets if necessary.

Block No.

1. Self-explanatory.
2. Check the appropriate block. A new allocation is requested when an entirely new requirement exists. A revised allocation is requested when the present allocation is no longer suitable for the present or projected function.
3. Self-explanatory.
4. Specify the city and county within which the allocation is required.
5. Check appropriate block. Approval of Executive Board is required for establishment of a new branch or field office outside the Capital City. If "yes", enter the date of approval.
6. Check the appropriate block. If request is for space in a state-owned building, identify it.
7. Enter previous space allocation number, if any.
8. Enter total square feet required as estimated by the requesting agency.
9. For a new allocation, insert "0". For a revised allocation, insert the number of net square feet presently **occupied**, since amount allocated and that occupied sometime differ.
10. Subtract amount shown in "9" from the amount in "8" (or vice versa if for a reduction) and insert the remainder in "10". This represents the excess or deficiency between total space requested and that presently occupied.
11. Check block(s) indicating the principal purpose for which the space is to be used. If "other", identify.
12. Explain as completely as possible the reason for request and the function to be performed.
13. Personnel Complement:
No request for space can be considered unless the personnel complement has budgetary approval.
 - 13.A. - Enter the current totals as of date of this request.
 - 13.B. - Enter the projected totals as of the date of the proposed occupancy of the space being requested. Enter the proposed date of occupancy.
14. Leave blank.
15. List the number of personnel by functional title for the complement shown in "13.B"; the total number of square feet assigned; and the overall total square feet requested for employees.
16. Where auxiliary space such as for conference rooms, reception area, etc., is needed, enter the number of rooms, the type of area, total per type and the overall total square feet of auxiliary space requested.
17. Where space is needed for shared equipment, such as filing cabinets, photocopy equipment, etc., enter the number of items for each type, total per type and the overall total square feet requested for shared equipment.
18. Enter sum of the totals shown in blocks "15", "16" and "17".
19. Enter 35% of total shown in block "18".
20. Where remote space is required for standalone functions such as warehouse or garage, list the requirement and size. (Additional circulation not added.)
21. Enter sum of the totals shown in blocks "18", "19" and "20".
22. Signature of requesting agency's representative.

Pennsylvania Department of General Services
Space Allocation Questionnaire

DGS Space Allocation Questionnaire

SECTION 1 – AGENCY INFORMATION

Department/Agency				Choose an item.			
Agency Contact Information		Name		Phone Number		Email Address	
Bureau/ Division/ Program Office		Name		Phone Number		Email Address	
Bureau/ Division/ Program Office Contact		Name		Phone Number		Email Address	
Bureau of Real Estate Coordinator Contact		Name		Phone Number		Email Address	
		Choose an item.		Choose an item.		Choose an item.	

CURRENT LOCATION

Address (street, city, county)

Purpose/Use (check all that apply) General Office Warehouse PSP Barrack Air Craft Hangar

Type of Office Space Leased Commonwealth Owned Provide lease # Identify Building:

Current amount of space occupied? (square feet)

SECTION 2 - PROGRAM OPERATIONS

What is the core function of your office?

How are the office operations carried out? (ex. data processing, walk-in customer interaction, etc.)? Yes No Explain:

Do you have adjacency issues locating near any Commonwealth or non-Commonwealth entities? (ex. unable to locate near a daycare center or school)

SECTION 3 - COMPLEMENT

(to be completed by Agency being considered for relocation)

AGENCY STAFF (Provide Organizational Chart)	FULL-TIME	WAGE	FILLED	VACANT
What is the current authorized complement? (as approved by Governors Budget Office)	TOTAL	WAGE	FILLED	VACANT
PERSONNEL				
• Executive (i.e. Deputy Secretary)				
• Bureau Director				
• Division Chief/ Manager				
• Supervisor / Technical				
• Analyst / Administrative Officer				
• Clerical staff				
• Field Staff				
o How often would field staff occupy the space in the office each week? (average # days/week)				
SEASONAL, PART-TIME & TEMPORARY PERSONNEL				
How many wage, seasonal, and/or temporary positions do you have?	CONTRACTOR	ANNUITANT	TEMP	WAGE

• What is the purpose of these positions?	
• How long do you anticipate having these positions/ When do the related contracts expire?	
• How many days/hours are they required to work on-site each week?	

SECTION 4 - SPACE REQUIREMENTS										
OFFICE / WORK SPACES										
PRIVATE OFFICES										
What are the privacy/ confidentiality requirements?										
Can appropriate privacy/ confidentiality be offered utilizing a workstation with higher panels?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<i>(answer the following question)</i>							
Are there any positions that have special functions that will require an office outside of the DGS space standards?	If no, explain:									
WORK STATIONS										
Are there any positions that have special functions that require non-standard partitions (i.e. receptionist desk, equipment, storage...etc.)?										
Are there any positions (Field staff/ Contractors) that can share the use of small private study booths or open touch down work surfaces for short-term activities?										
MEETING SPACES										
What meeting space is required? <i>(check all that apply)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How many participants typically attend meetings/hearings?										
Who are the participants? (type of meetings... formal management, staff, clients)										
How often are meetings/hearings being held?										
What is the average length of a meeting/hearing?										
What meeting space can be shared with other offices?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• If common space cannot be shared, please explain why?										
Are there any unique audio / visual requirements? Please explain.										
COMMON SPACES										
What common space is required? <i>(check all that apply)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How many people does the space need to accommodate?										

What common space can be shared with other offices?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If common space can be shared, are there any special considerations that must be addressed?									
If common space cannot be shared, please explain why?									
ENTRANCE									
What are the hours of operation?									
What are the security requirements for the entrance?	<input type="checkbox"/>	Secured/Controlled Access	<input type="checkbox"/>	Public Access					
<ul style="list-style-type: none"> If secured/ controlled access, what type is desired? (key card, fob, remote access control...) 									
Who will be entering the office?	<input type="checkbox"/>	Staff	<input type="checkbox"/>	Visitors/Clients (scheduled)	<input type="checkbox"/>	Visitors/Clients (walk-in)			
How many clients/visitors will be entering per day?									
What is the purpose of the walk-in traffic?									
<ul style="list-style-type: none"> How much daily walk-in traffic? 									
Do you require client restrooms?	Yes <input type="checkbox"/>	No <input type="checkbox"/>							
RECEPTION / WAITING AREA									
What are the security requirements from reception into office space?	<input type="checkbox"/>	Secured/Controlled Access	<input type="checkbox"/>	Public Access					
<ul style="list-style-type: none"> If secured/ controlled access, what type is desired? (key card, fob, remote access control...) 									
How many clients /visitors could be waiting at one time?									
Is a receptionist required to receive clients/visitors?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No					
Can a shared reception area or receptionist be utilized?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	If no, explain:				
Are there any special requirements for access or circulation to office space other than ADA requirements?	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	Explain:				
MAIL ROOM									
Describe the mailing process for your program operations									
What types of materials/items are mailed/received?									
How much mail is sent or received? (average # per day)									
What equipment is required?									
Can a mail area be shared by multiple agencies?									
STORAGE ROOM									
What are the usage/needs of the storage room (identify what types of materials or items are stored in the room)?									

Can storage cabinets be used instead of a storage room?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Explain:
FILE ROOM / FILING		
What types of materials are being filed?		
Must these files be stored on site?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Can file cabinets be used instead of a file room?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Are you following your agency record retention schedule?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Can files be archived or scanned and saved electronically?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
TELECOM/ DATAROOM		
Are there any special voice /data requirements that will affect the standard requirements for a Telecom/Data room?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Explain:
Do you require a dedicated server room or can the server room be shared with other offices?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Explain:
LIBRARY		
What types of materials/ resources are stored?		
Separate secure space for reading or open shared space part of circulation?		
What type of shelving is required?		
SPECIAL PURPOSE SPACE		
Are there any non-standard areas required to accommodate unique activities/functions essential to your program?		
PARKING		
How many parking spaces are desired?	Staff Parking	Client/ Visitor Parking
LOADING DOCK/ STAGING AREA		
Does your office require a loading dock to receive large bulk items?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, how often?

AUXILARLY SPACE REQUIREMENTS				
FURNITURE / EQUIPMENT	Filing Cabinets	Storage Cabinets	Bookcases	Coat Valet
What equipment does the agency require? <i>(check all that apply)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How many of each?				
Is there any furniture that needs special accommodations?				
FILING CABINETS				
How many lateral file cabinets will you need in the new location?				
How many vertical file cabinets will you need in the new location?				
How many plan/map files will you need in the new location?				
Voice / Data Equipment	Copiers/MFDs	Network Printers	Scanners	Other
What equipment does the agency require? <i>(check all that apply)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

How many of each?					
Can equipment be shared with other agencies??					
How many copier/printer work areas will you require?					
Are there any procurement contracts that will need to be extended or terminated for equipment being relocated? (copiers, water cooler, maintenance...)					

Commonwealth of Pennsylvania

FORM: STD-291 REV. 9-2013

Request for Budget Approval of Lease Action

REQUEST FOR BUDGET APPROVAL OF LEASE ACTION

DGS CONTROL NO.

TO (IN TURN) A. DIRECTOR, BUREAU OF REAL ESTATE DEPARTMENT OF GENERAL SERVICES	B. OFFICE OF THE BUDGET DATE
---	--

Request necessary budget approvals for the negotiation of a new lease, lease renewal, or alterations for rental of real estate to accommodate the _____ of the _____
(SPECIFIC OFFICE, I.E. BUREAU, UNIT, ETC.) (DEPARTMENT, BOARD OR COMMISSION)

The following data and justification is offered for your review and consideration.

TYPE OF TRANSACTION <input type="checkbox"/> NEW LEASE	<input type="checkbox"/> LEASEHOLD IMPROVEMENTS <input type="checkbox"/> REPLACES EXISTING LEASE	<input type="checkbox"/> AMENDMENT	<input type="checkbox"/> RENEWAL OF LEASE	<input type="checkbox"/> WITH ADDED SPACE <input type="checkbox"/> WITH COST INCREASE
---	---	------------------------------------	---	--

LEASE DATA	NEW OR PROPOSED LEASE	CURRENT OR EXISTING LEASE
LESSOR: NAME(S), COMPLETE ADDRESS (CITY, TOWN, COUNTY, ETC.)		
FED. I.D. OR SOC. SEC. NO.		
LOCATION OF PROPERTY: COMPLETE ADDRESS - TWP/BORO - IF RURAL, ATTACH MAP OR SKETCH		
LEASE #:		
EFFECTIVE DATE OF NEW LEASE		
EXPIRATION DATE OF CURRENT LEASE		
TERM OF LEASE: RENEWAL CLAUSE AND OPTIONS		
PURPOSE OR USE: (INCLUDE NUMBER OF CURRENT AND TOTAL EMPLOYEES TO USE FACILITY)		
APPROVED SPACE ALLOCATION	DATE _____ SQ. FT. _____	DATE _____ SQ. FT. _____
	FOR _____ EMPLOYEES	FOR _____ EMPLOYEES
SQUARE FEET OF SPACE		
ANNUAL COST PER SQUARE FEET		
BUILDING SERVICES	<input type="checkbox"/> HEAT <input type="checkbox"/> ELECTRICITY <input type="checkbox"/> WATER <input type="checkbox"/> GAS <input type="checkbox"/> JANITORIAL SERVICE AND SUPPLIES <input type="checkbox"/> AIR CONDITIONING <input type="checkbox"/> PARKING FOR _____ <input type="checkbox"/> OTHER <input type="checkbox"/> CARS _____	<input type="checkbox"/> HEAT <input type="checkbox"/> ELECTRICITY <input type="checkbox"/> WATER <input type="checkbox"/> GAS <input type="checkbox"/> JANITORIAL SERVICE AND SUPPLIES <input type="checkbox"/> AIR CONDITIONING <input type="checkbox"/> PARKING FOR _____ <input type="checkbox"/> OTHER <input type="checkbox"/> CARS _____
DATE OF EXECUTIVE BOARD APPROVAL (WHEN REQUIRED IN ACCORDANCE WITH SECTION 709(H), ADMINISTRATIVE CODE)	<input type="checkbox"/> NOT REQUIRED <input type="checkbox"/> APPROVAL DATED ON FILE, THIS AGENCY _____	

SPECIFIC DATA AND JUSTIFICATION

JUSTIFICATION OF REQUEST (USE REVERSE IF NECESSARY)

COORDINATION: PLEASE CALL _____ NAME: _____ TEL. # _____						
RENTAL	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 20%;">ANNUAL</td> <td style="width: 20%;">MONTHLY</td> <td style="width: 20%;">ANNUAL</td> <td style="width: 20%;">MONTHLY</td> </tr> </table>		ANNUAL	MONTHLY	ANNUAL	MONTHLY
	ANNUAL	MONTHLY	ANNUAL	MONTHLY		
SAP FUND	CC GL IO WBS ELEMENT					
I CERTIFY THAT FUNDS FOR CURRENT YEARS COSTS ARE AVAILABLE FROM CITED APPROPRIATION AND BUDGET ALLOCATION _____ _____ <small>COMPTROLLER DATE</small>						

ATTACHMENTS:

PLANS AND SPECIFICATIONS MANDATORY FOR ALL REQUESTS FOR NEW, INCREASED, DECREASED OR RENOVATED LEASE SPACE

LESSOR IDENTITY DISCLOSURE

OTHER AS IDENTIFIED

I certify that the information contained on this form and the attachment thereto to be true and correct to the best of my knowledge

_____ _____
DEPARTMENT, BOARD, COMMISSION, INSTITUTION DATE

_____ _____
DEPARTMENT OF GENERAL SERVICES DATE

I certify that the Governor approves this request.

_____ _____
SECRETARY, OFFICE OF THE BUDGET DATE

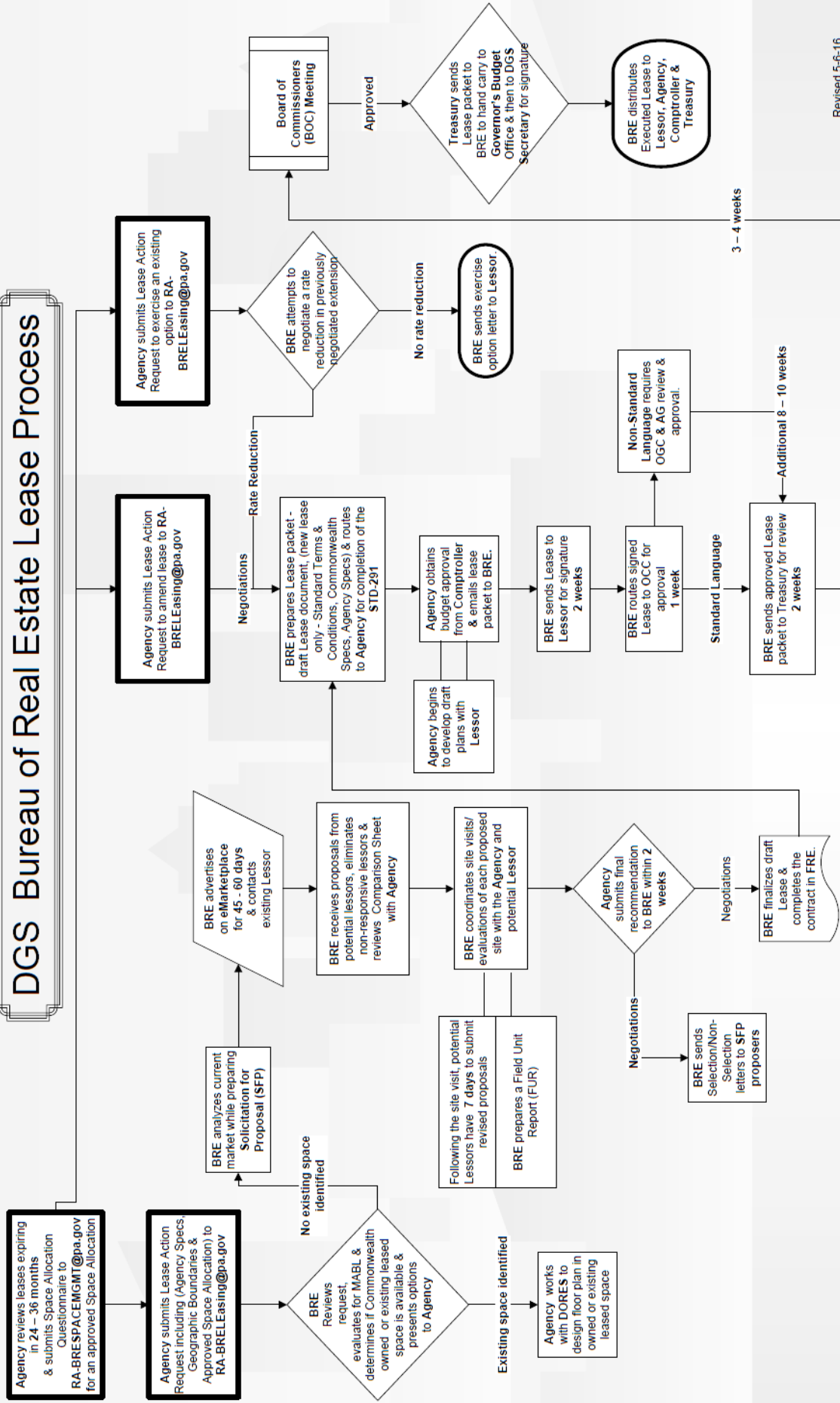
COPY TO: DGS REAL ESTATE COMPTROLLER TREASURY ORIGINATION ACTIVITY OFFICE OF THE BUDGET

Pennsylvania Department of General Services

Bureau of Real Estate

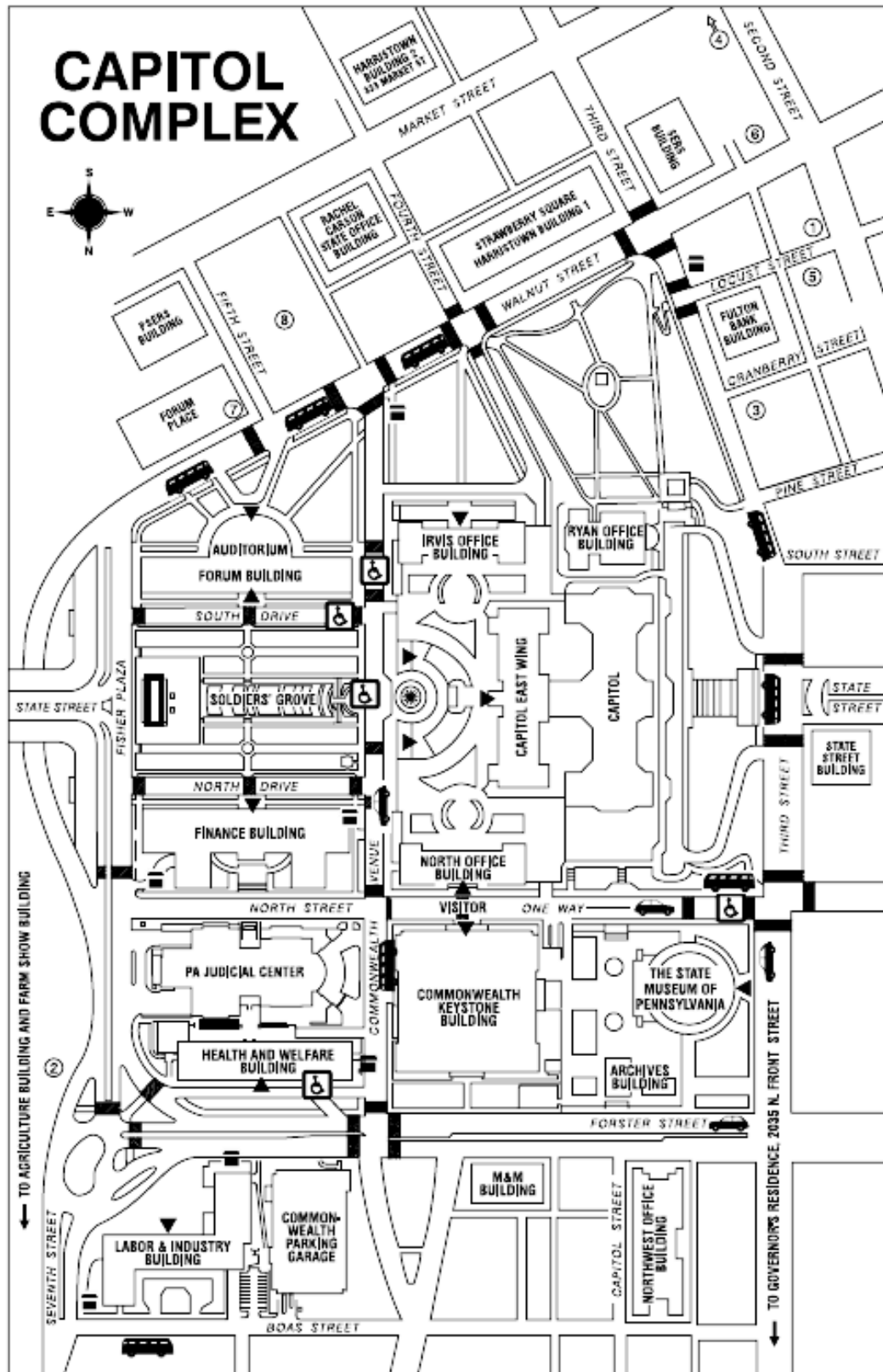
Lease Process









DGS Bureau of Real Estate Lease Process



Map of the Capitol Complex

CAPITOL COMPLEX



-  VISITOR SPACES FOR PERSONS WITH DISABILITIES
-  ON-STREET PARKING
-  BUS STOP
-  PUBLIC ENTRANCES
-  PEDESTRIAN CROSSING AREAS
-  AVAILABLE PARKING
-  BUS SHELTER
-  PENNSYLVANIA WAR VETERANS MEMORIAL FOUNTAIN

Senate Resolution 215

Session of 2015

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE RESOLUTION

No. 215 Session of
2015

INTRODUCED BY ARGALL, VULAKOVICH, AUMENT, BARTOLOTTA, BROWNE,
FOLMER, GORDNER, MENSCH, RAFFERTY, SCAVELLO, STEFANO,
TEPLITZ, VOGEL, WARD AND YUDICHAK, OCTOBER 21, 2015

REFERRED TO STATE GOVERNMENT, OCTOBER 21, 2015

A RESOLUTION

1 Directing the Joint State Government Commission to complete a
2 comprehensive review and study of the best practices used by
3 private businesses and other public entities in the leasing,
4 acquisition and management of office, warehouse and other
5 types of space and to issue a report.

6 WHEREAS, The Commonwealth leases more than 7 million square
7 feet of office, warehouse and other assorted space throughout
8 this Commonwealth's 67 counties; and

9 WHEREAS, The Commonwealth currently pays approximately \$124
10 million annually for the space it leases; and

11 WHEREAS, The Commonwealth owns more than 9 million square
12 feet of office space in 66 counties in this Commonwealth; and

13 WHEREAS, The Department of General Services (DGS) has the
14 responsibility and broad oversight for the maintenance and
15 upkeep of State-owned facilities, leasing of additional office
16 space and parking and the assignment of office space at owned
17 and leased facilities; and

18 WHEREAS, The Bureau of Real Estate within DGS serves as the
19 Commonwealth's real estate agent, buying and selling property,

1 as well as leasing additional space from public and private
2 sector entities; and

3 WHEREAS, The bureau manages the process through which State
4 agencies lease additional office space, Pennsylvania Liquor
5 Stores, warehouse space and other types of space; and

6 WHEREAS, DGS is responsible for the management of space
7 within the Capitol Complex buildings and those buildings
8 designated as State office buildings; and

9 WHEREAS, Given the significant cost leased spaces impose on
10 the Commonwealth, it is incumbent on DGS that best practices be
11 used in the acquisition and management of such space; and

12 WHEREAS, A primary responsibility of DGS is to ensure that
13 all Commonwealth owned and leased space is being fully and
14 economically used by the tenant agencies; and

15 WHEREAS, Multitudes of private and public sector entities
16 lease and manage space throughout the United States; therefore
17 be it

18 RESOLVED, That the Senate direct the Joint State Government
19 Commission to complete a comprehensive review and study of the
20 best practices used by private businesses and other public
21 entities in the leasing, acquisition and management of office,
22 warehouse and other types of space; and be it further

23 RESOLVED, That the study include a review of the
24 Commonwealth's current management practices, rules, regulations
25 and laws impacting the leasing, acquisition and management of
26 such space; and be it further

27 RESOLVED, That the Joint State Government Commission consult
28 with the Department of General Services in conducting the study
29 and preparing the report; and be it further

30 RESOLVED, That the Joint State Government Commission issue a

1 report to the Senate by November 30, 2016, with any
2 recommendations for best practices and include suggestions to
3 change or update the current practices, rules, regulations and
4 laws of the Commonwealth to help ensure the comprehensive and
5 economic use of all facilities and the elimination of
6 unnecessary or inefficiently used space to enable DGS to promote
7 a more efficient management of space and lower annual
8 maintenance and operating costs.