Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #:2015-1725, **File Type:**Informational Report Agenda Number:

SYSTEM SAFETY, SECURITY & OPERATIONS COMMITTEE
JANUARY 21, 2015

SUBJECT: GATEWAY BUILDING SPACE ASSESSMENT

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file this report on space planning for the USG Building.

ISSUE

Many Metro departments located in the headquarters building have grown over the years. The Board directed staff to evaluate current space utilization and capacity and bring back recommendations to meet 1-3 year space requirements to house additional employees within the headquarters building. The Board also directed staff to provide the advantages/rationale for having Metrolink in the USG Building.

Metro engaged HNTB Architecture to analyze space requirements and optimal adjacencies, to establish new standards that will meet the needs of building occupants while making the most effective use of building space, and to recommend options to house more employees in the building.

DISCUSSION

Department executives were asked to forecast their space requirements, including currently budgeted but vacant positions and anticipated new positions. The number of additional workspaces required in the USG Building can be categorized into Low, Medium and High growth estimates.

- Low: April 2015 In-House Survey - Department management identified 181 new workspaces based on existing vacancies at that time and anticipated new FTE's in the FY16 budget.

- Medium: September 2015 HNTB Interviews & Survey - Department management identified 273 new workspaces when forecasting for the next 1-3 years.

- High: September 2015 HNTB Interviews & Survey - Department management identified 332 new workspaces if the anticipated tax measure is approved by voters in November 2016.

Department managers' forecasts of staffing do not reflect future budget decisions, nor do they reflect potential future organizational changes that may impact optimal adjacencies.

GATEWAY BUILDING SPACE ASSESSMENT

The consultant has identified eight (8) potential actions to create more workspace that can be taken in different combinations to meet organizational needs. For example, taking actions 1, 2, 3 and 6 would meet low growth estimates and optimize departmental adjacencies at a cost of $4.4 million. Adding actions 4 and 5 would meet medium and high growth estimates, but would cost $5.7 million in direct expense and result in $3.6 million in lost revenue, for a net cost of $9.3 million. Approximately 100 workspaces can be made available within one year with no budget changes. Acceleration to include more new workspaces sooner will require additional budget and staffing.

1. **Occupy Vacant Workspace**
   ($151,800, Gain 69 Workspaces)

   This action would fill 69 vacant workspaces scattered through the building. Outfitting vacant spaces with computers, phones and chairs is the least expensive way to house additional personnel. It can be achieved with no budget changes and without delay. This action would eliminate any remaining flexibility for short term staffing changes, and would place new employees in existing vacant workspaces that are not necessarily near their workgroup. Putting everyone in the area of their coworkers is addressed in action #6 (Restack Building).

2. **Convert Storage Space into Workspace**
   ($721,600, Gain 45 Workspaces)

   This action would convert storage rooms on some floors into workspaces. Department files and other stored items would be relocated into less valuable space in order to make room for employees. The cost of this 45 workspace gain includes creating additional compact storage in the Records Management Center on level P1, adopting a more active records management program, and funding labor and materials to build, furnish and equip the new workspaces.

3. **Apply New (Smaller) Space Standards**
   ($1,386,000, Gain 120 Workspaces)

   Current workspace standards in areas of the USG Building that have not already been reconfigured are larger than typical contemporary office settings. Downsizing larger cubicles to 70-80 square feet and some very large offices to 150-200 square feet would result in the addition of 95 cubicles and 25 offices.

4. **Relocate SCRRA and Occupy Floors 11 & 12**
   ($494,000 direct expense, loss of $3.6 million rental revenue, Gain 122 Workspaces)

   The single largest opportunity to accommodate Metro growth is to end the Metrolink lease early, and occupy the 11th and 12th floors. The cost of this 122 workspace gain is a $250,000 penalty for early lease cancellation payable to Metrolink, plus the cost to equip existing workspaces with computer, phone and chair. Lease terms require that Metro give SCRRA 18-months advance notice to relocate, so these spaces would not be available for 20-24 months after notification. Metro would also forego $3.6 million rental income if it exercises this option.

5. **Apply Space Standards on Floors 11 & 12**
($352,000, Gain 39 Workspaces)

Reconfiguration of the 11th and 12th floors to new Metro space standards would result in the addition of 39 workspaces. The cost of this 39 workspace gain includes labor and materials to build, furnish and equip the new workspaces.

6. **Restack Building**
($500,000 to $1,980,000, Improve Adjacencies)

This action moves departments within the building to optimize adjacencies. As departments have grown and the organizational structure has changed, many departments are spread throughout the building, with some workgroups on multiple floors. Locating department personnel together and adjacent to other groups they work with closely can have a positive impact on the productivity and teamwork.

The cost of restacking the building depends on the desired speed of the work. Work proceeds fastest when there is plenty of room to make changes efficiently. For example, moving the equivalent of one floor of staff to leased “swing” space outside of the building during the project would shorten the work by approximately 18 months, at a cost between $1.2 million and $1.5 million. The cost of a restack can be reduced if swing space is not leased, but this will complicate and extend the project by the same 18 months. The cost of restacking also includes consulting services to plan and schedule a complicated sequence of department and staff relocations, and labor to move approximately 500 staff within the building.

Restacking the building to optimize adjacencies carries some risk since space allocations and configuration cannot keep pace with organizational change. Whatever improvements to adjacencies may be achieved in a restack can be quickly undone by a new organizational chart.

7. **Hoteling**
($400,000, Gain 50 Workspaces)

This action would create 50 “Hoteling” workspaces at a cost of $400,000 for employees that telecommute or who have workspaces in project or field offices. Department managers were unenthusiastic about staff telecommuting from home as their primary workspace, and requiring only a small “hoteling” space in the building.

8. **Lease Outside Space to Accommodate Metro Growth**
($700,000 Annual Rent, Gain 100 Workspaces)

This action would relocate departments and functions out of the building. It is likely this would have a negative impact on the productivity and teamwork made possible by optimal adjacencies. Furthermore, commercial lease rates for comparable space are more expensive than rent paid by Metrolink.

Growth beyond that forecast by department managers during this process may necessitate consideration of this alternative in the future.

ADVANTAGES/RATIONALE FOR HAVING METROLINK IN THE USG BUILDING

The Board also asked staff to assess the advantages and rationale for having Metrolink collocated with Metro in the USG Building. These include mutual financial interest, proximity to Union Station, and potential for synergy from collocation.

Mutual Financial Interest: The 10-year Metrolink lease will have generated $8.2 Million over the term of the lease. The rent offered to Metrolink was lower than it was paying in its former headquarters building, so Metrolink benefits from favorable lease rates. Since Metro pays about half of Metrolink expenses, any savings to Metrolink is a savings to Metro.

Proximity to Union Station: The USG Building's proximity to Union Station is advantageous to Metrolink as Union Station is unquestionably the center of Metrolink operations. The majority of Metrolink service starts or ends here, making it an ideal location for management oversight of operations.

Potential for Synergy: Collocation of Board and staff functions provides potential for closer and more effective working relationships. This potential is important in light of plans for California High Speed Rail, and was seen as important during the period when Metro desired to become the managing agency for LOSSAN.

<u>NEXT STEPS</u>

Staff will continue building reconfiguration at currently budgeted activity level, unless directed to adopt any of the options presented. If so directed, staff will return with recommendations for required budget amendments.

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