

EFFICIENT TO THE CORPS
Federal Center South in Seattle, home to the US Army Corps of Engineers, utilizes shared work spaces and reclaimed timber from the building it replaced

IN 2014, THE AMOUNT OF SPACE OCCUPIED BY THE US GOVERNMENT WENT DOWN, BUT RUNNING COSTS WENT UP. WHY?

Management of public assets is not just about how much property is being used, but how it is being used, reports *Roxane McMeeken*

Last year, the US federal government reduced the footprint of its real estate assets. You might assume that this rationalization led to a lower overall bill for the running costs of the portfolio's buildings, but — puzzlingly — total costs actually increased. In the face of tightening public budgets and heavily scrutinized spending plans, smart ideas for how to improve the operational efficiency of US government properties would be welcomed by the public sector and taxpayers. The US Army Reserve Command is a case in point, as its chief executive and director of services and infrastructure, James Balocki, admits. “We need to become more efficient and our door is wide open to fresh and creative ideas about how to improve.”

At the end of 2014, the total number of federal buildings — from courthouses and historic buildings to new office blocks — was 275,000. These properties added up to »





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JAMES BALOCKI US Army Reserve Command

government’s costs per square foot for its own buildings increased from \$5.63 to \$5.77, while costs for leased properties also grew from \$22.32 to \$24.04.

Even the most efficient federal agencies would welcome lower operating costs. Balocki says of the Army Reserve, whose annual bill for running its buildings is \$1bn: “We are a model of efficiency. Although we make up 20% of the US Army’s force, we account for only 6% of its budget. But to maintain our readiness, we are dedicated to becoming increasingly efficient. Every dollar saved from building operations costs can be spent on our primary function – readiness.

“We want experts with an independent view to identify any opportunity to improve efficiency that we may be missing. We believe the commercial sector has the skills to help.”

Lawrence Melton FRICS is chief executive of The Building People, a real estate and facilities management organization based in Leesburg, VA. Most of his clients are federal agencies. He believes that operating costs of government buildings could initially be cut by at least 15% by targeting the “low-hanging

2.8bn ft², reports the US General Services Administration (GSA). Compared with 2013, last year the number of buildings decreased by 4% and overall square footage shrank by 2%. This consolidation follows a 2007 presidential executive order, titled Federal Real Property Asset Management, which instructed government agencies to improve the efficiency of their property portfolios.

So it is surprising that the GSA also reported a 2% increase last year in annual operating costs for all federal government buildings, despite the reduction in properties – owned and leased. The

REAL MCCOY
As well as a new security pavilion, the GSA-mandated upgrades to the AH McCoy Federal Office in Jackson, MS included a complete renewal of building systems

CASE STUDY

Developers make use of US Army reserves

A building exchange project demonstrates an innovative model that could improve efficiency for federal agencies.

The Real Estate Property Exchange (RPX) program allows US military departments to give reserve properties to a

private developer which, in return, provides more up-to-date facilities elsewhere.

The US Army Reserve’s James Balocki says: “We need to be located close to the age group from which we recruit. We have found that, while our facilities

were built in the right place decades ago, that area might no longer be optimal.”

The neighborhood might also have become prime real estate. “RPX allows us to be nimble enough to move to the right areas and to upgraded facilities

– potentially with renewables technology, resulting in lower energy bills – while also benefiting the private sector.”

Thirty such exchanges, valued at nearly \$250m, have taken place since the authority was first provided in 1999.

fruit”. Further-reaching efficiency measures could have an even more dramatic effect.

For Melton, the first step for any building is to install IT systems that monitor the use of energy and water, as well as maintenance needs. This approach is already yielding results. Steve Sakach is assistant commissioner, facilities management and services programs, at the GSA’s Public Buildings Service, which oversees 8,721 federal government buildings. He says that installing such systems across the service’s portfolio, along with retrofitting renewable energy and sustainability features, has “cut energy use by more than 30%, hitting the target set in the executive order ahead of the deadline of the end of 2015”.

Melton says that, to achieve even greater efficiencies, a building’s various automated systems must be connected: “While plenty of our clients are collecting data, many have yet to introduce a strategy for maximizing its use.” For example, the system monitoring energy use may not be linked to that measuring comfort levels. Converge the two and you can identify where real-time tenant demands are affecting utility consumption. “This is when you start making a really powerful impact on running costs.” It is not the data, but how you use it that matters.

Encouragingly, the Public Buildings Service has taken steps towards this by installing its GSA Link program, which gathers information on the building and feeds it back to the GSA central control system. Sakach says: “The system will tell you in real time, for example, the pattern of water and electricity usage, so it will alert you if high water use on a Sunday indicates a broken pipe.” GSA Link has been installed in 81 buildings so far.

A further opportunity being missed by many government agencies, says Melton, concerns the people that operate buildings and their technology. “Most of the time, we find that people are not up to speed with the technology. So you can have a LEED Platinum building but if occupants don’t use it properly – say, they keep opening windows – it won’t deliver the energy efficiency it is capable of.”

Melton’s colleague at The Building People, managing director Linda Osgood, adds: “We have found that one-third of building inefficiencies are a result of human error. So the arrival of the technology in a building absolutely must be accompanied by cultural change.” This means formal training and campaigns to raise awareness aimed at all staff members, not just the facilities management team.

Use of space is another key opportunity for deep reductions in the operational costs of the federal buildings portfolio. Successful moves already implemented could be expanded further. For example, Balocki says that the Army Reserve’s relatively low expenditure has resulted in part from moving to fewer, but larger, facilities. “This has enabled us to benefit from economies of scale, including lower maintenance spending and installing renewable utilities. It’s also enabled sustainable energy solutions such as installing renewable utilities.”

But Balocki believes that further rationalization is possible. “The typical reserve unit drills for two days per month. So training facilities are often only used at weekends and, in extreme cases, they are vacant for 28 days of the month. We need to look at what else we could do with these facilities when they are standing empty.”

In office buildings, Melton says that the space allocated for each employee should also be revisited. “Most of our clients still say they need 150-175 ft² per person. But it is worth considering the way each of these people is working before you decide on that.”

Osgood explains: “When you look at this issue, you find that some staff are more collaborative, so they need more shared space where they can interact with others. Some may not need a desk in the office but only ‘touchdown’ spaces where they can plug in their laptop occasionally, while others can desk share. Some agencies that we are working with are finding that they actually only need 90 ft² per employee.”

GSA is trialing a new way to use space at its headquarters in Washington DC. Sakach says: “Most of our staff work from home three or two days per week. We do a lot of meetings by phone and, for when staff are in the office, we have changed the environment to support a more flexible way of working.

This includes adding technology to allow people to operate ‘softphones’ attached to their laptop and more conference rooms. The experiment proves that a smaller amount of space is possible.”

So many of the ideas that could radically reduce the running costs of government buildings are already being used. Some simply need tweaking: automated building management systems, for example, may need to be linked up. Or occupiers and building managers might just need more education about how the technology that is already in their hands should be used. Existing space rationalization measures, meanwhile, could be adopted more widely.

RICS members could certainly help US federal government agencies take these steps and agencies would also likely welcome new ideas from surveying professionals. Balocki is certainly keen: “We are ready to learn from the best and would welcome the expertise of members of a professional organization with the credibility of RICS.” ■

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WALKING THE WALK
Renovations to the GSA’s own HQ encouraged greater collaborative working and brought a 50% reduction in floorspace, saving \$24m a year in leasing costs



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