

February 2025



Space Optimization & Utilization Project

Transforming the Commonwealth's Office Space

Letter from the Secretary

The Shapiro-Davis Administration is committed to delivering high-quality services for all Pennsylvanians. In partnership with our sister agencies, the Pennsylvania Department of General Services (DGS) developed a bold Space Optimization and Utilization Plan (SOUP) to reshape how state-owned and leased facilities are used. This strategic initiative reflects our administration's promise to innovate, solve problems, and deliver meaningful results for taxpayers.

For decades, the Commonwealth has expanded its presence in leased facilities without fully utilizing its owned properties. This approach has resulted in inefficiencies, increased costs and workspaces that no longer meet modern standards.

For the first time in Commonwealth history, DGS has completed a comprehensive analysis of the state's owned and leased real estate and space utilization. The results of the analysis serve as the basis for this strategy to reduce dependency on leased spaces, consolidate services, and invest in Commonwealth owned facilities to create efficient, sustainable, and inspiring work environments.

This plan reduces annual leasing costs for agencies, allowing us to reinvest in state owned properties. By 2033, savings are projected to reach \$180 million. By consolidating services into fewer, more strategically located facilities, Pennsylvanians will benefit from one-stop service centers, where they can conveniently access multiple state services such as driver's licenses, birth certificates, and other vital records in a single location.

This initiative focuses on modernizing state-owned facilities to:

- 1 Preserve their historic character while upgrading building systems for energy efficiency and functionality.
- 2 Create flexible, well-lit, and collaborative workspaces that foster innovation, creativity, and employee satisfaction.
- 3 Reduce operational costs associated with leased space.

The success of this plan is due in large part to the valuable input of agency liaisons, employees, and stakeholders who have collaborated with DGS through the planning process not to mention small business consultant firms who helped to collect, analyze and interpret data. Their insights and expertise have helped shape a vision that addresses inefficiencies and positions the Commonwealth as an employer of choice and a model of public service excellence.

Our current lease inventory includes 324 leased facilities, representing a significant cost to taxpayers.

This effort underscores our commitment to ensuring Pennsylvania remains a state where people want to work, raise families and retire. The SOUP represents a transformative investment in our infrastructure, workforce, and citizens, driving us toward a more efficient, sustainable, and innovative future.

Together we are building a government that works smarter, spends wisely, and serves Pennsylvanians better than ever before.

In service to all,



Reginald McNeil II, Secretary, PA Department of General Services

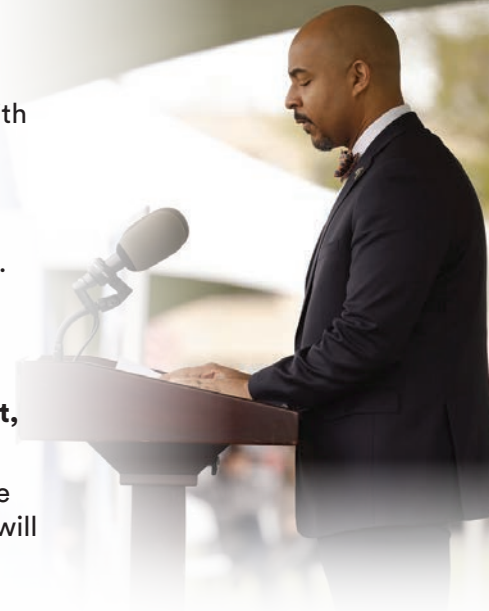


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Executive Summary

Bottom Line:

The Commonwealth's Space Optimization & Utilization Project is a strategic initiative to modernize office spaces, improve efficiency, and reduce costs while adapting to evolving workplace needs. It optimizes office spaces based on use and agency needs, creating collaborative, flexible work environments. The plan prioritizes cost savings, increased density, shared spaces, and improved employee satisfaction by consolidating services into strategically located facilities that enhance employee productivity and public service delivery.

Key Goals:

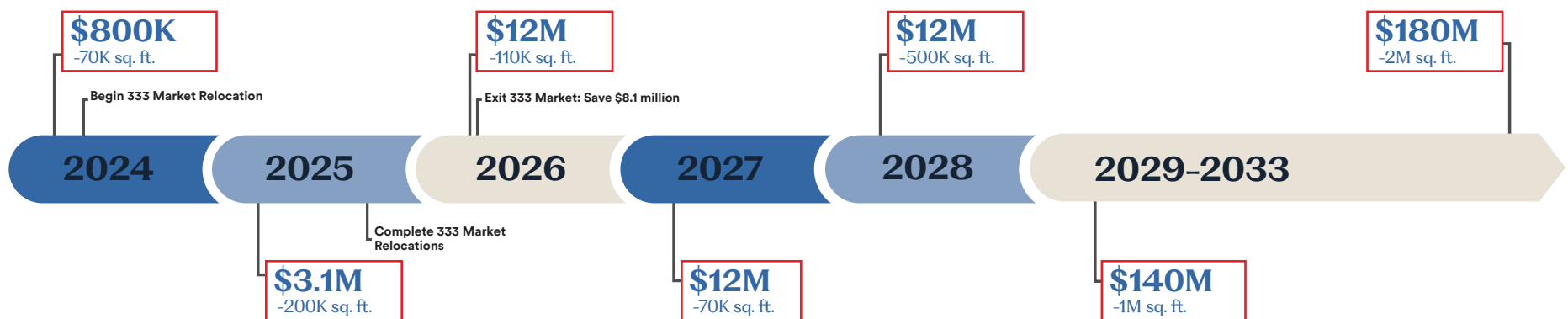
- » Save \$180M over 10 years by reducing leased space and maximizing owned assets.
- » Increase space utilization by redesigning offices for flexibility, efficiency, and collaboration.
- » Attract and retain talent by creating modern, employee-centric work environments that support hybrid and remote work while reducing long commutes.

Action Plan:

- » Reduce leased facilities (currently 324 leases, 6.7M sq. ft.) while improving the use of state-owned properties.
- » Invest in resources, including furniture, technology upgrades, and staffing to support a smooth transition and improve workplace functionality.
- » Adopt modern work environments, including hoteling stations, shared workspaces, and enhanced IT infrastructure.
- » Enhance agency collaboration by co-locating public services in centralized, accessible locations.

Space Utilization Timeline: Annual Savings & Space Reduction

Estimated Time: 10 years



*The timeline above shows the anticipated lease savings and square footage reduction by year(s).

The Transformation

New, Diversified Spaces | Individual, Shared, Neighborhood
New floor plans include large and small meeting rooms, nursing parent rooms, lunch rooms, offices, hoteling spaces, etc.

 **70,000**

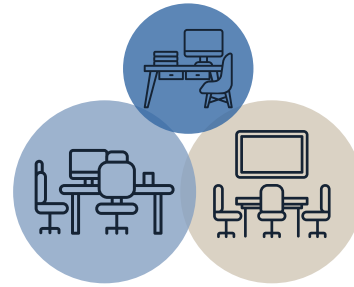
CoPA employees meeting
people where they are in life.



270

Per person by increasing
building density.

The Space Optimization Project

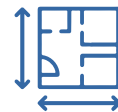


13 Million
Useable square feet

406
Locations

Leased Space
324 leases
6,731,152 square feet

Owned Space
18 buildings
6,310,553 square feet



2 Million

reduction in square footage

Transforming the way the Commonwealth of Pennsylvania
utilizes its real estate will



save nearly \$180M*
to better serve Pennsylvanians.

*lease savings over the next 10 years.

Bottom Line:

How we work has changed, but our space standards have not.

Understanding Baseline Conditions

Surveys: Data was collected to assess workplace practices across 43 state entities and 406 work locations. The findings underscore the need for flexible workspaces, such as hoteling and drop-in spaces, to support a hybrid workforce and enhance operational efficiency.

Data Analysis of Lease Portfolio: Identified leases near expiration or in hold-over status. The analysis focused on the Central and Eastern regions because they provide the greatest opportunities for savings.

Site Visits: Found spaces dedicated to functions now conducted online or otherwise infrequently used. Outdated layouts including high-panel workstations, private offices with solid doors blocking natural light, multiple interior breakrooms, windowless spaces, and rows of unnecessary file cabinets.

Meeting Pennsylvanians Where They Are in Life

Commonwealth employees work in shifts, they travel to field offices, they work with local governments and community leaders, present and attend conferences, visit grantees, inspect hospitals and banks, and they work from home.

Other changes to the way we work:

- » Files are stored digitally, making less need for photocopiers, printers, and file cabinets.
- » Trainings, tests, and forms are digital, meaning fewer documents are stored on-site.
- » Traditional office space design, which supports use by the same employee each day, are inefficient for hybrid work models.

Note: The two regional studies excluded space associated with warehousing, utility, aircraft hangars, retail centers, law enforcement and correctional facilities, state parks, driver's license centers, parcels of land, CareerLink's, Governor's Residence, State Museum, Farm Show Complex, and facilities associated with certain commissions and independent agencies.



Current State

Change in Work Practices but not Sharing Space

Eighty-three percent (83%) of entities reported that staff do not share offices or workstations.

Fragmented IT Infrastructure

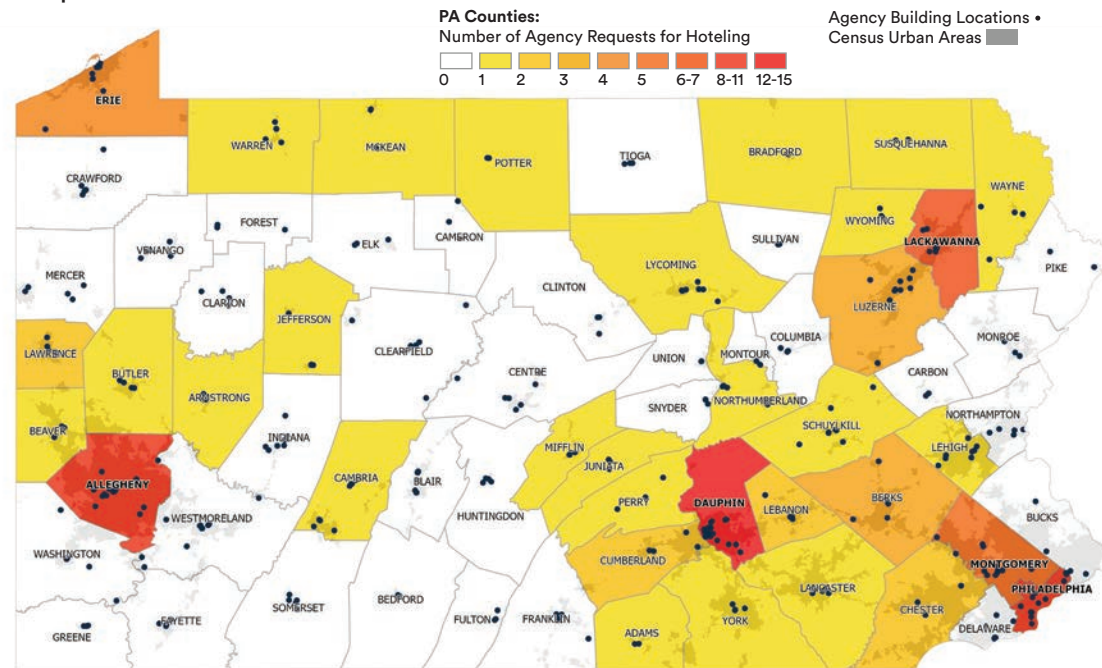
These disconnected systems and processes lead to inefficiencies with accessing our network and increases our footprint.

- » Some employees could access agency files from home, but not from all state office buildings.
- » Various methods for reserving meeting spaces outside of primary worksites.
- » Multiple badge access systems creates confusion and limits information available to Pennsylvania Capitol Police.

Need for Drop-in Space

Survey results show 47% of the agencies indicated that they have a need for hoteling space. Home-headquartered CoPA employees also lack access to dedicated office spaces, hindering their ability to conduct meetings, store materials, and access alternative workspaces. To address this, the Commonwealth plans to establish a network of hoteling locations across the state using existing managed spaces, focusing on high-demand areas like Dauphin, Allegheny, and Philadelphia counties, to provide flexible workspaces for all agencies.

The map highlights the 34 counties where there is demand and the number of agencies with demand for hoteling needs. The black dots on the map indicate the location of existing CoPA offices that can be evaluated as hotel sites. DGS is piloting two hotel locations currently: one in Harrisburg and a second in Philadelphia.



Current State

Commute Time

A new lens on employee flexibility and how to best utilize the existing real estate portfolio has allowed us to look deeper into the distance employees commute to their Commonwealth work location. We've found that, on average, teleworking employees are currently traveling 17 miles to work, while living only 4 miles from the closest Commonwealth facility.



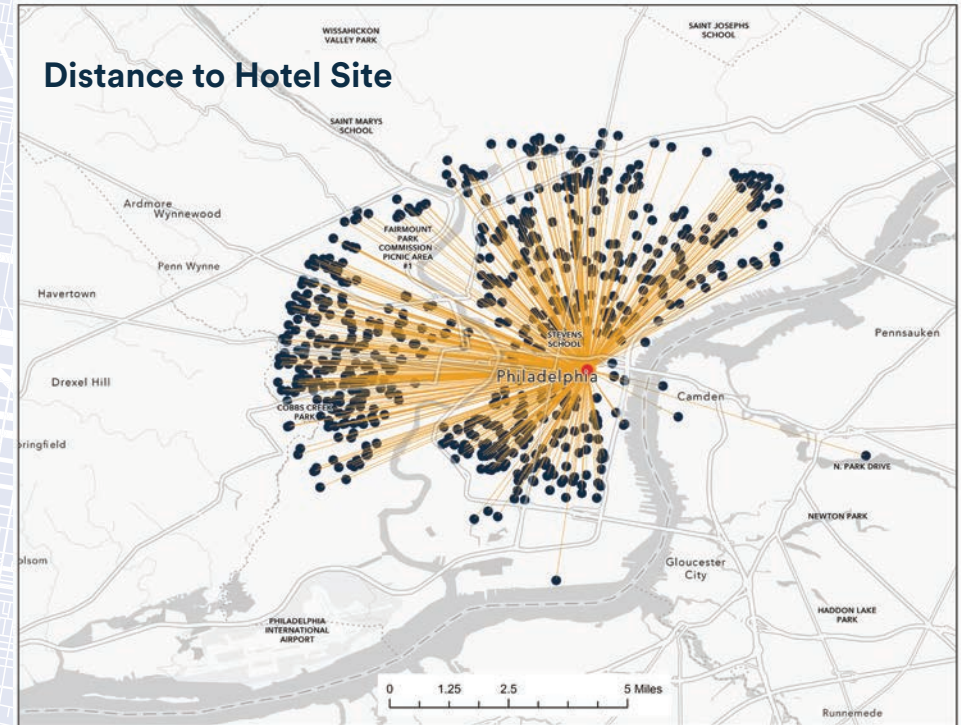
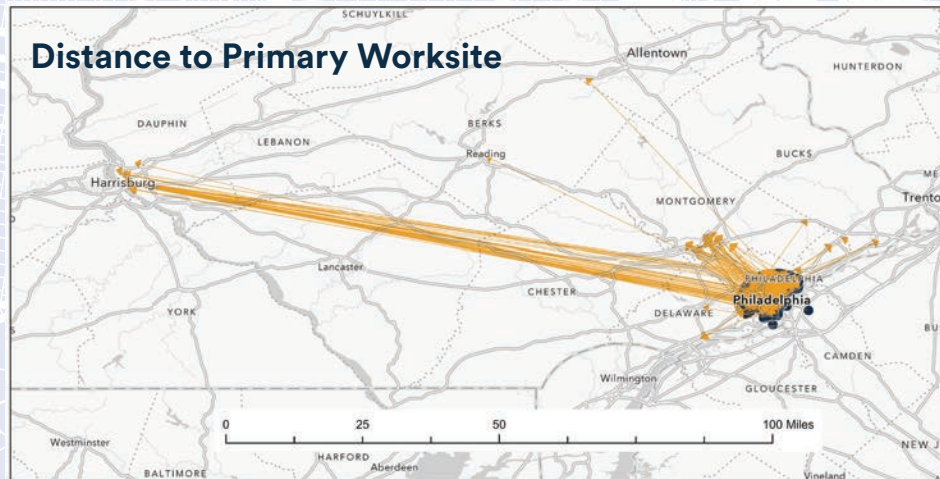
	Home → Assigned Location	Home → Closest CoPA Building
Average	17 miles	4.1 miles
Median	9 miles	2.7 miles



Case Study: Philadelphia Commuters

Given the rise in commute times and the proven benefits of hybrid work, hotel sites offer CoPA employees the flexibility to choose their work environment. This fosters increased productivity, reduces stress, and strengthens employee engagement by facilitating interagency collaboration and a stronger sense of community within the Commonwealth.

In the Southeastern region, 743 employees across multiple agencies live within 6.5 miles of the Philadelphia hoteling location. An alternative worksite is an amenity for these employees.



- Employee Homes (<5 miles from Philadelphia hoteling)
- Employee Homes to Assigned Work Locations

- Philadelphia Hoteling Location
- Employee Homes (<5 miles from Philadelphia hoteling)
- Employee Homes to Assigned Work Locations

Bottom Line:

By consolidating and optimizing our real estate footprint, we are creating spaces that enhance employee productivity and improve public service delivery.

Fundamental Changes to the Utilization of Commonwealth Space.

This plan recognizes that a one-size-fits-all approach is impractical and inefficient given the diverse needs of the Commonwealth.

The Commonwealth's telework policy provides agencies with the necessary ability to adapt to new workforce opportunities while improving productivity, which is integral to the success of this initiative. As shared spaces are designed, policies impacting confidentiality and the segregation of work are being actively considered to ensure they meet the diverse requirements of different agencies, including those that welcome and serve the public. Sixty percent of agencies surveyed allow some type of public visitation. This careful consideration ensures that while space is being optimized, the integrity and security of the work conducted by Commonwealth employees is not compromised.

1 Create Modern Worksites: Expand Communal & Shared Spaces

Why? With more employees working remotely or in hybrid arrangements, the need for permanent, individual workspaces has decreased. Instead, there is a growing need for flexible, modern, multi-purpose shared spaces.

What:

- » Update the DGS Space Design Standards to leverage shared spaces and reflect staff use.
- » Provide alternative worksite options.
- » Expand access to building amenities (nursing parents room, café space, various size conference rooms).
- » Assign agencies to buildings/locations based upon security needs.
- » Create one-stop locations for the public to access multiple services.

Impact: Maximize space utilization by increasing shared spaces and resources will allow employees to access more amenities.

Measures:

- » Increase overall utilization of space.
- » Increase the number of worksite locations and shared amenities.

2 Seamless Technology Ecosystem

Why? Employees need reliable access to systems and tools regardless of their location. Currently, employee IT experiences vary by agency and location, which hinders efficiency and collaboration. Enhanced cyber security.

What:

- » Increase Wi-Fi throughout the CoPA Campus.
- » Create a seamless, secure network experience for CoPA employees.
- » Improve meeting rooms to better support hybrid meetings.

Impact: Provide secure and seamless connectivity.

Measures:

- » Fewer Help Desk tickets for shared spaces.
- » Improved employee experience working from various locations.
- » Improved cyber security.

3 Redesigned Shared Services Model

Why? Managing shared spaces is inefficient and places an undue burden on agencies. While agencies can leverage over 200 existing rooms to host meetings, information about those rooms (such as capacity, room size, and technology) and their availability requires a phone call.

What:

- » Launch an online room reservation tool.
- » Centralize mailrooms for each building.
- » Centralize building badging operations.

Impact: Centralize the management of building services, ensures fair distribution of responsibilities and costs. Make shared services more efficient and reduce space.

Measures:

- » No documented loss of services across facilities.
- » Improved security.
- » Increased access to office/meeting spaces for employees.

4 Efficient Relocation

Why? The current relocation process can be costly, cumbersome, and disruptive.

What:

- » Establish a coordinated and clear process for DGS and OA IT to build out new spaces.
- » Revise the furniture procurement process, streamline selection.
- » Establish a Concierge Care Team from state surplus that will support moving and surplus processes.

Impact: Simplify and support multiple agency relocations, minimize disruption, and ensure that employees can quickly resume full productivity in their new environments.

Measures:

- » Reduce the time required to relocate agencies.
- » Reduce furniture cost and contracting processes.

Timeline for Action and Next Steps

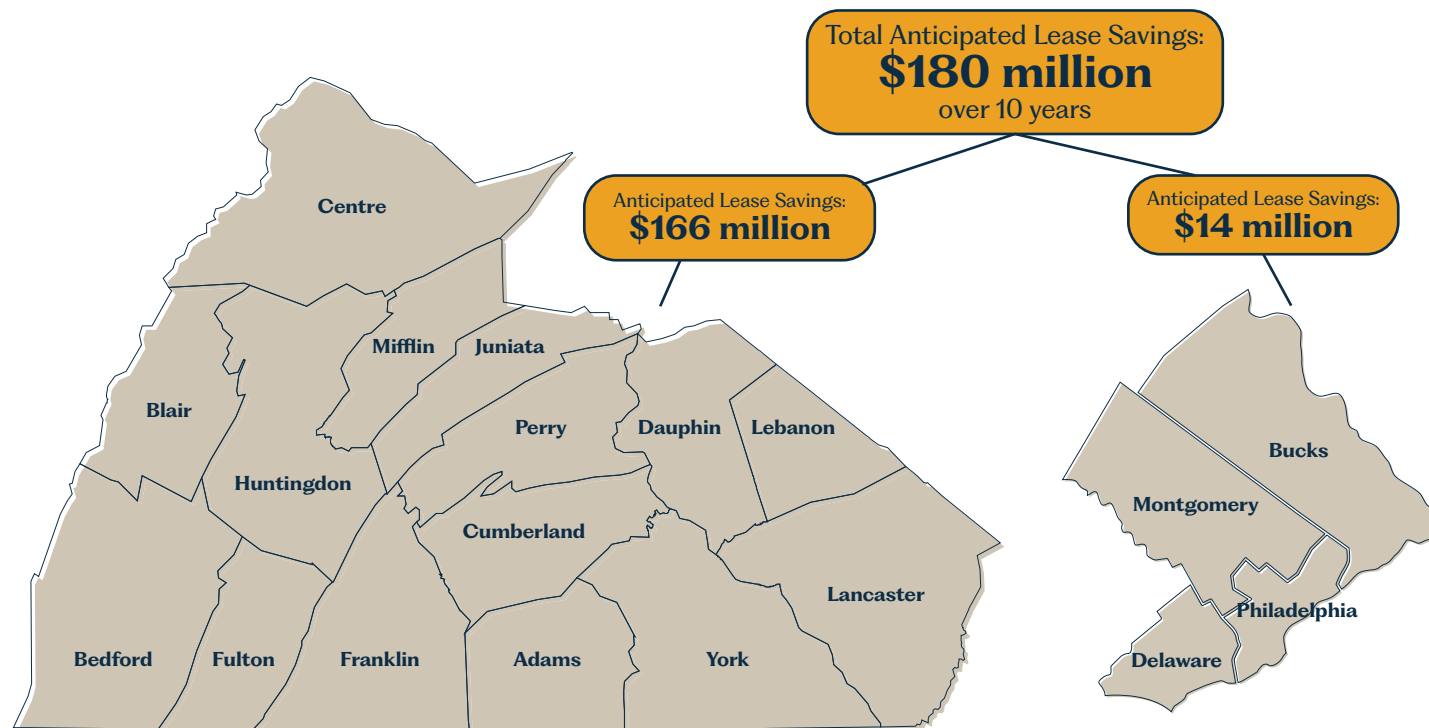
The Commonwealth is committed to fulfilling our existing lease commitments. The general project timeline is driven by lease expiration dates as well as planned projects in owned buildings that impact space. Planning will begin several years prior to proposed action items to ensure adherence to the timeline. Planning includes detailed assessments of proposed locations, agency space needs, and logistical considerations.

Central Pennsylvania

The recommendations are based on the information collected from each agency over the study period between May and August 2024. In the immediate future, DGS plans to vacate the master lease at SO2 (333 Market Street, Harrisburg) and relocate several agencies to the Forum Place master lease building, resulting in a reduction of 76,000 square feet of leased space and increased utilization of Forum Place building.

Southeast Pennsylvania

The Commonwealth does not own any office facilities within the boundaries of the Southeast Pennsylvania regional area that were considered within the study requirements, therefore, the recommendations provided in this area focused more on consolidation of existing leases and repurposing existing long-term leased space to support the Commonwealth's workspace goals. DGS will look to consolidate customer-facing hearing offices in each county into one, accessible location.





30%
reduction in
square footage

Case Study: Space Reduction DEP at Rachel Carson Building

Space consolidation is sometimes viewed as a taboo subject or an aspirational goal. While implementation can be challenging, DEP has been successful in building out a versatile, modern design that complements current teleworking policies, reduced space and costs, while incorporating a variety of employee needs and wants.

DEP leadership led by example, first consolidating space in executive offices before expanding efforts across the agency. The move required DEP to remain nimble in planning and execution. DEP communicated intentions and promoted the concept with staff. Leadership welcomed feedback from management and employees, and adapted as feedback was received. Even after the space redesign, with employees occupying the space, adjustments continued to ensure the space fully supported the work.

“At DEP, we work every day to be good stewards of the environment. That’s not just a good practice - it’s essential to fulfilling our mission. This workspace consolidation creates an overall reduction of our office footprint, fostering increased stewardship while reducing our impact on the environment. It’s important that we lead by example.”

Jessica Shirley, Acting Secretary, Department of Environmental Protection

“DEP’s new hoteling spaces represent a clean, fresh approach - flexible, comfortable, and connected. This initiative is designed to further support our agency employees, increasing collaboration as we continue serving Pennsylvania.”

Ian Harlow, Deputy Secretary Administration, Department of Environmental Protection

Annual Savings

Estimated	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Totals
Total Savings (leases only)	\$800K	\$3.1M	\$12M	\$12M	\$12M	\$27M	\$27.2M	\$27.2M	\$27.2M	\$31.5M	\$180M
Sq. Ft. Reduction	70,000	200,000	100,000	70,000	500,000	150,000	160,000	160,000	160,000	390,000	2,000,000

Lease Savings

The chart above shows annual lease savings over the ten years. Reductions occur as we elect to end leases at their expiration date. To recognize these savings and minimize disruptions to services, agencies must relocate, and offices must be cleared of materials and furniture prior to the lease expiration date. The costs to move are one time expenditures and will be incurred prior to lease terminations.

This scope specifically reflects only office space reductions in Central and Southeast Pennsylvania. These areas showed the highest level of telework activity and the greatest opportunities for space reduction. As the first phase of work starts, DGS will begin to study space needs in all sections of the state. Additional lease savings are anticipated as we study and plan for changes throughout other parts of the state.

Investments

Estimated	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Totals
Operating Expenses	\$13.3M	\$15.1M	\$14.8M	\$14.8M	\$14.4M	\$12M	\$8.1M	\$8.1M	\$8.1M	\$8.1M	\$117M
Consulting Expenses	\$530K	\$230K	\$350K	\$100K	\$50K	\$0	\$0	\$0	\$0	\$0	\$1.3M
Personnel Expenses	\$900K	\$2.5M	\$2.6M	\$2.7M	\$2.5M	\$2.4M	\$1M	\$1M	\$1M	\$1M	\$17.5M

The Commonwealth will generate \$180 million in lease savings by consolidating and increasing utilization rates in owned buildings, and exiting leased facilities. The total operating and consulting expenses to modify agency spaces and relocate agencies is \$136 million. This will generate a net savings of \$44 million in the first 10 years. The Commonwealth will see continued financial benefits after year 10.

Numbers shown are high-level estimates per square foot based on current market rates and subject to change.

Relocation Cost

Agency Dedicated Spaces:

The cost to physically move agencies to owned properties and long-term leased facilities includes: (1) general moving costs (\$5/sq. ft.); (2) IT relocation cost (\$80/seat); (3) configuration of the new dedicated agency spaces and IT setup (\$85/sq. ft.); and (4) furniture cost (DGS will work with agencies to use existing furniture whenever possible).

Estimated Total Cost: \$55 million

Shared Neighborhood Spaces:

Renovations and build-out (construction) of shared neighborhood spaces for the agencies relocating will include furniture for conference rooms, break areas, and overflow workspace. These spaces will be shared by agencies, rather than being individually assigned to agencies (\$145/sq. ft.).

Estimated Total Cost: \$7.9 million

Increasing Access to Alternative Worksites:

Establish 14 hoteling spaces across the Commonwealth in existing long-term leased or owned buildings. Approximately 4,000 sq. ft. of office space to accommodate 40 seats per location. Estimate includes space renovation cost and IT infrastructure investment, plus construction and furniture cost per sq ft., if required (\$100/sf pp).

Estimated Total Cost: \$8.2 million

Space Reservation System (one-time system implementation cost):

To launch a space reservation tool. Cost includes the addition of new reporting functionality, a MS Outlook plug-in to integrate with Outlook/Teams, additional IT staffing support to launch and migrate the new enhancements, and support agencies in the transition.

Estimated Total Cost: \$3.9 million

Expand Wi-Fi throughout COPA Campus (one time cost, replacement will be built into future operating expense budgets):

Add and/or upgrade 100,000 sq. ft. per year for 10 years to complete 1 million sq ft.

Estimated Total Cost: \$9 million

Planning Services (one time cost):

DGS will supplement existing staff with consultants to identify additional space reduction opportunities and design new, consolidated spaces.

Total Estimated Cost: \$1.26 million over five years

Personnel Cost

BRE Staff:

Increase service capacity to CoPA agencies by adding BRE and OA IT staff, consistent with industry standards.

Estimated BRE Staff Total Cost: \$5.7 million | Estimated IT Staff Total Cost (up to 10 projects/yr.): \$5 million

BSSO Staff (reassignment of staff from augmented to GGO funded):

Concierge care team, including state surplus chief and three surplus property agents. This team will support moves, disposition and surplus processes. May require additional temporary clerical pool support, depending upon project needs/deadlines.

Estimated Total Cost: \$2.6 million

Bottom Line:

It's a new model about adaptability, efficiency, and collaboration.

✓ What's In: Dynamic, Flexible Workspaces

Diverse Environments

Conference rooms, huddle spaces, & quiet areas designed to fit varying work styles.

Collaboration Zones

Open spaces for brainstorming, pop-up conversations, and cross-agency teamwork.

Hoteling & Shared Desks

Instead of assigned desks for hybrid workers, employees can book workspaces as needed.

Multi-Purpose Meeting Rooms

Tech-enabled conference rooms for hybrid meetings, workshops, and presentations.

Neighborhood Office Layouts

Office hubs with shared amenities like work cafes, lounge areas, and wellness spaces.

Drop-In Workstations

Satellite office spaces across the state to reduce commutes and support mobile employees.

Case Study: Space Reduction

DGS at Suite 503 at North Office Building

DGS successfully optimized office space and consolidated two bureaus by implementing a reservation system and coordinating work schedules of hybrid employees to maximize efficiency. The agency was able to reduce their overall footprint and operational costs while maintaining productivity.

Staff density increased by

25%

moving from 63 to 80 staff assigned to the space.

Space capacity increased by

45%

moving from 45 seats to 81 seats available.

✗ What's Out: Inefficient, Outdated Office Models

Dedicated Offices for Hybrid Workers

Less personal offices sitting empty half the week.

Rows of Cubicles

Replacing outdated layouts with open, shared spaces for teamwork.

Underused Conference Rooms

Large rooms repurposed into multi-functional, bookable spaces.

Wasted Square Footage

Reducing low-occupancy office footprints and consolidating buildings.

Limited Interaction

Encouraging collaboration over isolated, assigned workstations.

Paper-Heavy Workspaces

Less need for storage rooms and filing cabinets with digital-first processes.



North Office Building as of January 2025

This approach ensures responsible stewardship of public resources, places customers experience at the core of our design, and reduces unnecessary overhead costs.

DGS is grateful for CoPA employees and DGS consultants that contributed to these recommendations by looking at current practices and identify barriers to reducing space.

They committed to preparing a plan that is:

- » Responsible financial stewards of public resources
- » Improves processes to reduce time and clearly define roles and responsibilities

- » Ensures compliance with laws and policies
- » Measures the impact of our work

Commonwealth of Pennsylvania Agencies

Department of General Services
Office of Administration
Office of General Counsel
Office of the Budget
Governor's Office

Consultants

TKS Architects
Rock Commercial Real Estate/Interior Architects
Make Advisory Services, LLC.