

2021 CSAC CHALLENGE AWARDS EXECUTIVE SUMMARY: THE L.A. COUNTY SPACE MANAGEMENT INITIATIVE

OVERVIEW: The Los Angeles County (County) Space Management Initiative is reducing leases and reutilizing both County owned and leased space, resulting in financial savings.

CHALLENGE: The County leases over seven (7) million square feet at an annual cost of \$200 million. With yearly inflation and a sustained demand for space, annual lease costs continue to increase. The County set a four-year goal to reduce the amount of leased space, increase private-sector competition, and control leasing costs. Additionally, the pandemic's financial impacts on County revenue motivated departments to look for savings that would avert furloughs and layoffs and reduction in funding for services most needed in times of crisis, such as services to address homelessness, child welfare, healthcare, and mental health.

SOLUTION: The County's Chief Executive Office's (CEO) Real Estate Division (Real Estate) began the Space Management Initiative effort well before the COVID-19 pandemic, however, the need for employees to telework due to the pandemic gave this effort a huge boost. LA County's CEO formed an Executive task force to focus on the reduction of office space needs by utilizing teleworking, wireless technology, contemporary workplace practices, and focusing on sustainability (less equipment, paper, and carbon emissions). Members of this task force met with each County department to discuss reduction/optimization within the current portfolio. Real Estate also collaborated with Regional Planning and Internal Services to develop an application that analyzes reduction opportunities through space utilization survey responses received from all 36 County departments. Results of the analysis were then categorized into tiers based on whether available space matched existing demands for space. Cost-savings opportunities were found through immediate terminations of leases no longer needed by the County. Real Estate continues to maintain the County's asset inventory database to compare against any incoming demands and evaluates program telework readiness to encourage further space reductions within existing space. Additionally, the County adopted new space standards for all new space plans moving forward that reduces wasted space and need for paper file storage.

INNOVATION: A growing and changing workforce traditionally necessitated more physical space. Departments often see their own direct needs for additional space but are not able to see underutilized County space as a whole. Real Estate took a multi-faceted approach, employing best practices and modifying them to meet the County's specific needs, changed the way departments saw their existing space, and enhanced planning methods for future space. Through effective management of both owned and leased assets, it is possible to reduce costs, increase revenue, and focus the use of assets to their highest purpose.

RESULTS: Through Space Management Initiative efforts, the County realized cost savings in the first year of approximately \$3 million from terminating 180,000 square feet of leased space as well as cost avoidance of over \$17 million from cancelling an additional 290,000 square feet for existing needs. For example, the new office space standards allowed 140 employees from three CEO branches to consolidate onto one floor, eliminating their associated leases. The Space Management Initiative has created a ripple effect, inspiring more and more departments to see the benefits of consolidation and reduction while having meaningful conversations about how to continually maximize their existing portfolio. Cost savings and cost avoidance are expected to increase as departments implement these methods and opt to discontinue leases at expiration.

REPLICABILITY: While database systems and applications may help achieve results, they are not required. Other counties can replicate this practice and achieve cost savings by adopting similar space optimization methods, collecting and maintaining accurate data to make data-driven decisions, and committing to the process.

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OPTIONAL SUBMISSION: Please view the Space Management Initiative Efforts PowerPoint attachment

ISSUE AREA AND POPULATION CATEGORY: Housing, Land Use & Infrastructure; Urban