



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-3000

OFFICE OF ADMINISTRATION

MAY 21 2008

MEMORANDUM FOR: The Deputy Secretary, SD  
FROM: Keith A. Nelson, Assistant Secretary for Administration, A  
SUBJECT: ACTION – Office of Policy Development and Research –  
Renovation of Office Space – Staff Move to Systems Furniture

ISSUE:

In accordance with HUD's five (5) year space consolidation plan, the Office of Administrative and Management Services (OAMS) proposes to reconfigure the office space and move the staff into systems furniture in the Office of Policy Development and Research (PD&R). This initiative will allow HUD employees located in leased satellite office space to be housed in the HUD Headquarters Building. This initiative will also result in significant cost savings in office rental fees and an improved (modernized, ergonomic, energy efficient and safe) work environment for PD&R employees. The space consolidation effort will result in \$48 million in leased space savings over the next 10 years.

**PD&R Space Design Proposal Analysis**

**Background**

**Need to consolidate**

HUD launched its 5-year space consolidation plan in 2006 with the support of HUD senior management to maximize utilization of Headquarters space in the Weaver Building and to reduce the amount of leased space at Headquarters satellite offices. PD&R consolidation is a key part of this consolidation initiative, and continues a series of office moves that started with HHLHC and OCIO, that will carry HUD toward its critical space consolidation goals and reduce rents by \$48 million over 10 years. In addition, Management and Union have a National Supplement which states that HUD will utilize systems furniture in future office moves. Local 476, which has jurisdiction over PD&R and OGC, agrees about the importance of the 5-year consolidation plan and the resulting costs savings.

After many group meetings and other discussions with PD&R management, employees and the Union, Management provided final space plans featuring systems furniture to the Union on May 6, 2008. The Union provided a counter proposal on May 12, 2008, for consideration by HUD management. Below are the key provisions of the Management and Union proposals. Following these provisions are detailed charts describing the assessment of Management versus Union space proposals and a chart showing how the PD&R space proposals relate to HUD policies.

### **Option 1: Management's Proposal:**

Although management's proposal requires one-time costs at \$1.3 million, the proposal results in significant long term cost savings, state-of-the art furnishings, and flexibility for future office growth.

1. It accommodates all of PD&R managers' and employees' work related needs (including filing and equipment), including items identified in their task analysis and their interviews.
2. This proposal provides maximum flexibility for future growth. The systems furniture can be easily reconfigured to accommodate additional personnel at a minimal cost.
3. Implementing the Management proposal will provide systems furniture that is new and would last 10-15 years or more. Furthermore, employees will have ergonomic, aesthetically pleasing workspace which is beneficial to all PD&R staff.
4. Management's proposal will provide for improved air circulation. The reduction of hard walled offices will improve the air flow and reduce the urge to install personal appliances such as space heaters and fans which create a significant safety risk for fires. In May 2005, a fire was started by an employee's personal appliance that resulted in significant damage to several floors of the Weaver Building.
5. Management's proposal includes an average office size of 181 square feet, 28% larger than the union's proposal.
6. This will provide a uniform systems furniture environment for all PD&R employees in the Weaver Building.
7. The proposal allows the two PD&R business units currently working in systems furniture (Management and Administrative Services Division; and the Budget, Contracts and Program Control Division) to avoid participating in further moves.
8. If other program offices follow PD&R's lead and refuse to conform to the space standard, HUD will be very challenged to reduce the leased space or to maximize the space utilization of HQ as well as the field.
9. The approved budget structure for PD&R's systems furniture project allows for \$650K to purchase systems furniture and \$650K for renovation and related costs. Funds have been obligated with a vendor for systems furniture.

### **Option 2: Union's Proposal**

Although on its face the Union proposal appears to be a lower cost option at \$300K, it does not incorporate all costs of the move (estimated at approximately \$600K-\$800K) which includes pricing for furniture replacement, moving other units which would not be moved under the management plan, etc. Additionally, the Union proposal can not be easily adapted for future space needs and will result in increased costs. Accordingly, utilizing the Union's proposal will have a significant negative impact on PD&R and on HUD in the long run.

1. The Union's proposal does not address all requirements identified by PD&R employees during their task analysis and their interviews (which including requests for filing and equipment storage).
2. The Union's layout envisions a private office environment; to ensure consistency and fairness, PD&R's Management and Administrative Services Division; and the Budget, Contracts and Program Control Division, which are currently in systems furniture, would

- need to be converted to a shared office environment with conventional furniture. This would increase the costs of the Union's proposal, limit adaptability for future growth, and result in the loss of the 14 bays of space needed for the space consolidation effort.
3. The PD&R conventional office furniture environment consists of antiquated desks and files, the majority of which has not been updated since the 1960's. The Union's proposal provides continued use of these antiquated desks and filing units, which are no longer manufactured and not suitable to refurbish.
  4. The Union's proposal for private offices will continue to promulgate the use of personal convenience equipment such as fans and heaters for heating and cooling, as hard walled offices restrict air flow. In the current private-office oriented PD&R environment there are 76 personal appliances, which include fans, heaters, refrigerators, coffee pots, microwaves, toasters, and humidifiers. These create safety hazards and increase energy costs.
  5. The Union's proposal includes an average office size of 158 square feet, 28% smaller on average than management's proposal.
  6. The space layout in the Union's proposal is not in compliance with the standards prescribed by Chapter 13, Space Management, of HUD Handbook 2201.01. These standards, negotiated and approved by the Union, were established to ensure space optimization, equity, aesthetic uniformity, and cost effectiveness. The Union's proposal violates all of these key principles. In addition to employees' workspaces, the Union proposes footprint sizes for PD&R managers' offices, which it has no authority to do. The space distribution for these managers' offices is inequitable in the Union's proposal.
  7. Implementing the Union's proposal will set a far-reaching precedent, likely impacting future consolidation/renovation projects. If PD&R is not required to adhere to standards, it will be extremely difficult to enforce the standards throughout the agency.
  8. The \$650K cannot be de-obligated at this point. An additional \$300K has been obligated related to the design of the PD&R and other space consolidation projects. Of the remaining funds, only \$350K remains unobligated and available for the Union project.

**Past practice related considerations:**

1. The Department has not previously deviated from the space standards to this magnitude. In addition, space moves involving systems furniture are a common practice throughout HUD nationwide and specifically approved in Supplement 69 of the HUD/AFGE Agreement (negotiated and signed March 2006).

**Supplement 69 states:**

**11. Utilization of Systems Furniture:** *Management agrees that whenever possible, the Department will utilize systems furniture in its offices as it requires the least amount of square footage, allows for flexibility in reconfigurations, provides the efficient storage capacity, and is more ergonomically correct and adaptable.*

**13. Systems Furniture Workstation Standards:** *To ensure systems furniture workstations are equitable, when it has been determined that an office will receive new systems furniture, a workstation standard for employees will be established. The workstation standard and the impact on bargaining unit employees shall be negotiated at the local level from the*

options provided to the Office of Administration from the vendor. This standard shall apply to new leases, office relocations or office renovations. If it is determined that the office space will not accommodate workstations of 64 square feet (8 x 8), the size of the workstations may be reduced to no less than 56 square feet (7 x 8).

2. The Union has been approving systems furniture for other offices without any major issues.
3. The Union agreed to the HUD space standards; specifically, regarding use of systems furniture.
4. Providing a waiver to utilizing the HUD Handbook and other policies for the PD&R plan will create a tenuous position for Management. It is important for Management to limit the Union's input to those opportunities provided in the negotiated agreements.
5. Implementing the Union's plan would constrain the Agency from meeting its stated office consolidation goals and objectives to Congress and OMB.

RECOMMENDATION A:

I recommend that you approve Option One (1), Management's proposed consolidation plan submitted to the Union on May 6, 2008.

DECISION:

  
\_\_\_\_\_  
Approve

\_\_\_\_\_  
Disapprove

**MAY 27 2008**  
\_\_\_\_\_  
Date

RECOMMENDATION B:

Regardless of the Option selected above, I also recommend that you approve removal of all personal convenience appliances for safety and energy management reasons. This would minimize fire hazards and reduce energy consumption. HUD has invested in major capital renovations to provide modern eating facilities for employees, reducing the need for personal convenience appliances. (The use of galleys and eliminating personal convenience appliances is consistent with requirements of the PMA initiative, *Energy Management Scorecard*, and E.O. 13423, *Strengthening Federal Environmental, Energy, and Transportation Management*, for which HUD has received a GREEN score.)

DECISION:

  
\_\_\_\_\_  
Approve

\_\_\_\_\_  
Disapprove

**MAY 27 2008**  
\_\_\_\_\_  
Date