



**WASHINGTON STATE AUDITOR'S OFFICE
WORK REQUEST**

LEASE MANAGEMENT SERVICES AND COST STUDY

0909-WR-K144

Solicitation #0909-WR-K144 - Professional Consulting Services: Work Request

This Work Request is issued under your Convenience Contract #0109-C-K104 with the Washington State Auditor's Office.

Work Request Number:	<i>0909-WR-K144</i>	Date Issued:	<i>9/1/2009</i>
Service Category:	<input checked="" type="checkbox"/> 1. Subject Matter Expertise	<input type="checkbox"/> 2. Performance Audit	
Number of business days to respond to this request:	<i>11</i>		
Responses are due by 2:00 pm PDT on:	<i>September 17, 2009</i>		
<i>Late submissions cannot be considered.</i>			
Please have your response submitted via email to:	<u><i>contractmanager@sao.wa.gov</i></u>		
A Pre-Proposal teleconference will be held Tuesday, September 8th at 10:00 am local time.	Participants should call Phone-360-407-3780, Pin code 918247#		
Questions regarding this solicitation are due by 2:00 pm PDT on:	September 10, 2009 2:00 PM		
Expected Work Period of Performance			
From:	October 1, 2009	To:	March 31, 2010

I. REQUEST FOR SPECIFICATIONS

A. Title – Lease Management Services and Cost Study

B. Project Background

Governor Gregoire issued a directive on shared services on February 10, 2009 as a component of her government reform package. That directive states: “Other states and private sector organizations have achieved significant benefits through the use of shared services – the practice of having a single group provide back-office administrative services or customer-facing activities for multiple agencies or departments. Sharing administrative functions between agencies will allow [state agencies] to focus on core missions of providing essential services to Washingtonians.” The Governor’s directive specifically calls for consolidating lines of business in the areas of information technology, fleet management, property management and human resources.

State Auditor Brian Sonntag is conducting a statewide performance review to find new ways to streamline government programs, improve service to customers and save taxpayers’ money. The review asks two fundamental questions of every state government program: Should government be doing this? If we should, can we do it better, faster and cheaper? The auditor’s initial research indicates that administrative business functions such as information technology, property management and fleet management are the types of services that warrant a rigorous and independent analysis from an enterprise and market perspective in order to assure citizens are getting the best services at the lowest possible cost. The review will produce a series of recommendations to improve services and save money.

The 2009-11 biennial budget as passed by the state Legislature also calls upon the Governor to convene a workgroup and submit a proposal to simplify processes and gain efficiencies using a shared common service model for “commonly needed services to state agencies, including, but not limited to: human resource management, employee benefits, payroll, accounting, purchasing, information technology, real estate services, facility management, building and grounds maintenance, fleet management, printing services and office mail distribution.”

This work request assumes that lease management services will be shared within state government if the result is lower total costs to the state, will build on the results from the Six-Year Facilities Plan for the State of Washington that was completed in January 1, 2009, and will consider other related studies already completed. The Six-Year Facilities Plan defines the long-term facilities needs of state agencies and the proposed solution to meet those needs based on detailed analysis and outlines the approximate timelines and costs for meeting the identified needs. The Plan identifies approximately 14,077,000 square feet of space being utilized by 103 state agencies as of July 2008. Approximately 73% of the facilities are leased and 27% are owned. <http://www.ofm.wa.gov/budget/documents/0915SixYearFacilityPlan.pdf>.

In addition, this work should build on and consider other related studies already completed. These include, but are not limited to the “State of Washington Strategic Facilities Planning and Management System Current System Assessment and Best Practices Report, October 12, 2007” and the work of the Joint Legislative Audit Review Committee on life cycle cost analysis.

(<http://www.ofm.wa.gov/budget/documents/FaciityOversightAssessBestPrac.pdf> and <http://www.leg.wa.gov/reports/07-5.pdf>)

For the purpose of this review, “facilities” will include facilities leased on behalf of state agencies through the Department of General Administration. This includes the leasing of office, warehouse, storage, and other like spaces.

For the purpose of this review, “lease management” will include:

- The acquisition of new leased space on behalf of state agencies.
- The renewal of leases for existing state space.
- The alteration of leased space during the term of the lease.
- The amendment of leases during the term of the lease.
- The monitoring and management of the lease contract during the term of the lease.

C. Project Scope of Work

The objective of the agencies’ lease management efforts is to acquire and maintain space at a lower total cost while increasing their ability to perform core missions and optimizing the citizen experience. This work request will be responsive to imperatives to immediately improve the effectiveness and efficiency of enterprise-wide lease management services by providing an in-depth review of lease management efforts including the following:

- Validate, review and analyze the baseline inventory of resources allocated to the lease management process in combination with data from the Facilities Inventory System. The current baseline information will be provided to the Consultant in a common format through SAO from General Administration (GA), the Office of Financial Management (OFM), Department of Social and Health Services (DSHS), Department of Transportation (DOT), Employment Security Department (ESD), Department of Corrections (DOC), the Attorney General’s Office (AGO), Department of Licensing (DOL), Department of Labor and Industries (LNI), and Department of Agriculture. These agencies represent the majority of the lease expenditures and lease agreements covered by RCW 43.82 and collectively account for more than 58% of the current state square footage as reported in the Six Year Facility Plan. The baseline inventory of resources shall include FTE’s, the cost of the resources by fund source, personnel classifications, current organizational charts, square footage by type of space, workstation and employee count, and the cost per square foot. The analysis of this information should result in the total cost of the lease management efforts within these agencies along with the adequacy of resources, the distribution of resources, and a comparison between agencies, geographic areas, and local market costs.
- Document and analyze the relative effectiveness and efficiency of the lease management processes including planning and forecasting processes performed in each of the agencies comparing results between agencies and with industry standards. The SAO will provide the Consultant with information from a sample of current leases, the costs, and process elements found within the leases from each participating agency.
- Review and analyze the financing mechanisms for services performed on behalf of the state by GA and OFM.
- Identify and analyze management results that at a minimum include:
 - Existing performance measures,
 - Service level agreements, and
 - Turnaround time for service requests.
- Document and analyze the governance and accountability structure established by statute or policy for management of leased facilities.
- Identify the most promising opportunities to improve services and reduce costs by applying best practices for lease management from the public, private and nonprofit sectors. This may include:
 - Streamlined statutory direction and policy,
 - Common lease management processes,
 - Consolidated organizational structure,

- Clear accountability structure,
- Statewide performance measures,
- Standard service level agreements, and
- Sound financing mechanisms.
- Propose recommendations to dramatically simplify the current environment, financing mechanisms, statutes and processes in order to reflect an efficient and effective consolidated or shared services approach.
- The SAO reserves the right to increase or decrease the number of state agencies addressed in the report at their discretion by amendment to this initial contract.

D. Deliverables

The Consultant will be expected to ease the level of effort needed within the agencies participating in the Performance Review by providing as much support as possible to the participating agencies. This close collaboration with the agencies is meant to shift the burden of work to the Consultant and minimize the disruption caused within the agencies, who already have heavy demands on their time. The Consultant will be expected to closely coordinate the work being done with SAO. The deliverables under this work request are the following:

1. Final Report – No later than January 15, 2010

The Consultant will be expected to prepare a substantial draft no later than **December 15, 2009** and complete the final report no later than **January 15, 2010**.

2. Develop Standard Definitions – No later than October 9, 2009

The Consultant will build upon definitions for lease management services (as defined in the Six Year Facility Plan) in collaboration with OFM, GA, and SAO in order to obtain consistent, comparable data about the service, related assets, and the associated costs.

3. Determine the Total Cost of Current Services within the 10 State Agencies – No later than November 15, 2009

The Consultant will determine the total cost of providing lease management services within the ten (10) state agencies. The Consultant will identify how much of the total cost is:

- Expended internally including overhead,
- Expended for services procured from OFM and GA, and
- Expended for services from other service providers.

Determination and analysis of Costs (may include the following):

- A multi-year history and a multi-year projection of the total agency spending on lease management services by fund type (federal, General Fund, or dedicated fund source) for the services and their support. This includes items such as:
 - Cost of leased space and state-owned space.
 - Lease management staff FTES and associated costs including organization charts and position descriptions (in effect July 1, 2009) and including the identification of FTES whose functions may convey to a consolidated or shared services lease management infrastructure.
 - Administrative costs including all non-facility job classifications and FTES directly and indirectly, in whole or in part (at least 25%), supporting the identified services.
 - Physical facility space used to support all lease management infrastructures.
 - Contractors, consultants, and outsourced service costs.
 - Janitorial and other maintenance contracts.
 - Facility-related Capital expenditures and related debt service.

In the event any critical data is not readily available from the agencies for all of these costs, the Consultant will describe their approach on how they will either acquire or estimate the total costs of current services within these state agencies (i.e., assumptions, formulas).

4. Establish and Validate Current Baseline of Lease Management Results and the Current Process Flows within the 10 Agencies – No later than November 15, 2009

The Consultant will describe how they will work with SAO staff to establish baseline data including lease management process flows in 10 state agencies, existing performance measures, and the governance/accountability structure. The Consultant must describe how they will provide an independent validation of agency reported information. The baseline data must be reported by agency and also summarized. The baseline will include at least the following:

- Mapping of existing lease management process flows in each agency.
- Cost and process elements of lease contracts by agency.
- Results (measurements of service results):
 - A review of existing performance measures.
 - A review of service level agreements with client agencies.
 - Analysis of service request turnaround time.
- A review of governance and accountability structure as established by statute or policy for management of leased facilities.

5. Determine the Financing Mechanism for Current Services Provided by GA and OFM – No later than November 15, 2009

The Consultant will describe lease management services and the service level and results provided by GA and OFM upon delivery of these services to state agencies. The Consultant will identify the current method of financing for each of these services by GA and OFM to state agencies and the statewide financing mechanism.

6. Comparison of Services and Costs and Identification of Promising Opportunities – No later than December 2, 2009

The Consultant will compare and identify promising opportunities to improve services and reduce costs related to:

- Streamlined statutory direction and policy,
- Lease management processes,
- Cost and process elements of leases.
- Organizational structure,
- Total costs,
- Performance measures,
- Service level agreements,
- Accountability structures, and
- Financing mechanisms.

The Consultant will compare these elements to other states or comparable public organizations. The Consultant will be able to take advantage of some prior research by the State of Washington in this comparison.

7. Propose Recommendations That Dramatically Simplify the Current Environment and Processes - No later than December 15, 2009

The Consultant will propose recommendations to improve lease management by employing shared services to reduce the total cost. At a minimum, the Consultant must provide recommendations:

- If services are provided within state government in a shared manner, and
- If services are outsourced.

The Consultant will develop alternative processes and mechanisms that reflect the recommended service approach. The alternative processes and mechanisms must allow for increased transparency and accountability for the services being provided. The data analysis must provide the state with compelling information to inform policy-makers, the public, landlords and agencies to adopt the proposed recommendations immediately. The Consultant will be able to take advantage of some prior research by the State of Washington in this comparison.

8. Available for Future Meetings/Progress Reports – through March 31, 2010

The Consultant must be available to engage in regular discussions with the SAO, GA, OFM and the participating state agencies. The Consultant must provide progress reports by the first of every month to SAO. The Consultant must be available upon request to discuss the study and the results with key stakeholders and decision makers through **March 31, 2010**.

II. VENDOR'S RESPONSE

A. Work Request Coordinator and Submission of Response

WORK REQUEST COORDINATOR

The Work Request Coordinator is the sole point of contact at State Auditor's Office for this procurement. All communication between the proposer and State Auditor's Office will be with the Work Request Coordinator, as follows:

Kevin Greene

Washington State Auditor's Office

Town Square

621 8th Ave. S.E. Suite 201

P.O. Box 40022

Olympia WA 98504-0031

Telephone Number: (360) 725-9730

Fax Number: (360) 586-0008

E-mail Address: contractmanager@sao.wa.gov

Physical Address for Hand Delivery or Courier Service:

Washington State Auditor's Office

Town Square

621 8th Ave. S.E. Suite 201

Olympia WA 98504-0022

Any other communication will be considered unofficial and nonbinding on the State Auditor's Office. Proposers are to rely only on written statements issued by the Work Request Coordinator. Communication directed to parties other than the Work Request Coordinator may result in disqualification of the proposer.

A Pre-Proposal teleconference will be held Tuesday, September 8th at 10:00 am local time.

Participants should call Ph-360-407-3780, Pin code 918247#

The State Auditor's Office reserves the option to award work from this solicitation to multiple contractors.

B. Work Request Response – Instructions to Vendors

Proposals and attachments must not exceed 20 pages. The proposed budget for this project is \$350,000.

The following are not included in the 20-page limit: Customer References and Staff Resumes.

Proposals must include a letter of submittal describing qualifications and experience of the firm and the qualifications and experience of the proposed staff and a detailed work plan describing the approach, assumptions, schedule, deliverables, and the cost of each deliverable.

Questions regarding this work request must be submitted in writing to the Work Request Coordinator no later than 2:00 p.m. local time on September 10, 2009.

Consultants may submit proposals via email. The proposal, whether emailed, mailed or hand-delivered, must arrive at the State Auditor's Office no later than 2:00 p.m. local time, Olympia, Washington on September 17, 2009.

The proposal is to be sent to the Work Request Coordinator at the address noted above. The proposal should be clearly marked with the agency work request number **0909-WR-K144** and to the attention of the Work Request Coordinator.

Consultants mailing proposals should allow normal mail delivery time to ensure timely receipt of their

proposals by the Work Request Coordinator. Consultants assume the risk for the method of delivery chosen. The State Auditor's Office assumes no responsibility for delays caused by any delivery service. Proposals may not be transmitted using facsimile transmission.

Consultants should allow sufficient time to ensure timely receipt of the proposal by the Work Request Coordinator. All proposals and any accompanying documentation become the property of the State Auditor's Office and will not be returned.

III. EVALUATION AND SELECTION CRITERIA

1. Mandatory and Highly Desirable Experience and Qualifications

- A. **Mandatory Experience and Qualifications:** Provide information about the consultant(s) to demonstrate experience and readiness needed to accomplish this work. Indicate the experience and knowledge of the individual in conducting price studies, evaluating various delivery models for lease management services, developing financing mechanisms and tools, and approaches taken in other states or public organizations.
- B. **Highly Desired Experience and Qualifications:** Provide information about familiarity with the lease management environment in Washington State and any other experience that indicates the qualification of the consultant(s) to perform the work requested.

2. Weight Evaluation Criteria:

Responsive proposals will be evaluated based on the instructions and information contained in this work request. SAO will create an evaluation team(s) to determine the ranking of the proposals. SAO reserves the right to contact a contractor to clarify any portion of their proposal. At their discretion, SAO reserves the right to conduct oral interviews of the highest scoring proposals to determine the final contract award. The oral interview, if conducted, will determine the apparent successful vendor. SAO reserves the right to contract with more than one vendor to perform this work at their discretion.

<u>PRELIMINARY SCORE</u> <u>REQUIREMENTS/CRITERIA</u>	<u>WEIGHT</u> <u>ASSIGNED</u>
Letter of Submittal	Pass/Fail
Qualifications and Experience of Staff	30%
Qualifications/Experience/References of the Firm	20%
Price Proposal	10%
Approach/Methodology/Availability	40%
Oral Presentation/Interview (if used)	

IV. ADMINISTRATION

1. Protest Procedure and Format

This procedure is available to proposers who (1) submitted a response to this solicitation document and (2) have participated in a debriefing conference. Upon completing the debriefing conference, the proposer is allowed three (3) business days to file a protest of the procurement with the Solicitation Coordinator. Protests may be submitted by facsimile or e-mail, but must be followed by the original document.

Proposers protesting this procurement will follow the procedures described below. Protests that do not

follow these procedures will not be considered. This protest procedure constitutes the sole administrative remedy available to proposers under this procurement.

All protests must be in writing and signed by the protesting party or an authorized agent. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested should also be included. All protests will be addressed to the Solicitation Coordinator.

- Only protests stipulating an issue of fact concerning the following subjects will be considered:
- A matter of bias, discrimination or conflict of interest on the part of the evaluator.
- Errors in computing the score.
- Noncompliance with procedures described in the procurement document.

Protests not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as: 1) an evaluator's professional judgment on the quality of a proposal, or 2) State Auditor's Office's assessment of its own and/or other agencies' needs or requirements.

Upon receipt of a protest, a protest review will be held by the State Auditor's Office. The State Auditor's Office will designate three individuals who were not involved in the procurement to consider the record and all available facts and issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

In the event a protest may affect the interest of another proposer that submitted a proposal, such proposer will be given an opportunity to submit its views and any relevant information on the protest to the Solicitation Coordinator. The final determination of the protest will:

- Find the protest lacking in merit and uphold the State Auditor's Office's action; or
- Find only technical or harmless errors in the State Auditor's Office's acquisition process and determine the State Auditor's Office to be in substantial compliance and reject the protest; or
- Find merit in the protest and provide State Auditor's Office options which may include:
 - Correct the errors and re-evaluate all proposals, and/or
 - Reissue the solicitation document and begin a new process, or
 - Make other findings and determine other courses of action as appropriate.

If the State Auditor's Office determines that the protest is without merit, the State Auditor's Office will enter into a contract with the apparent successful contractor. If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

2. The Agency's Option To Extend

The agency reserves the right to extend the Work Order issued under this Work Request for one (1) one year period at the agency's option.

3. The Agency's Right to Cancel

The agency reserves the right to cancel this Work Request at any time, reject any and all responses received, and/or not to execute a Work Order from this Work Request without penalty to the agency. The release of this solicitation document does not obligate the agency to contract for the services specified in this Work Request. The agency shall not be liable for any costs incurred by a Vendor in preparation of a proposal submitted in response to this Work Request, in the conduct of an oral interview, or any other activity related to responding to this Work Request.