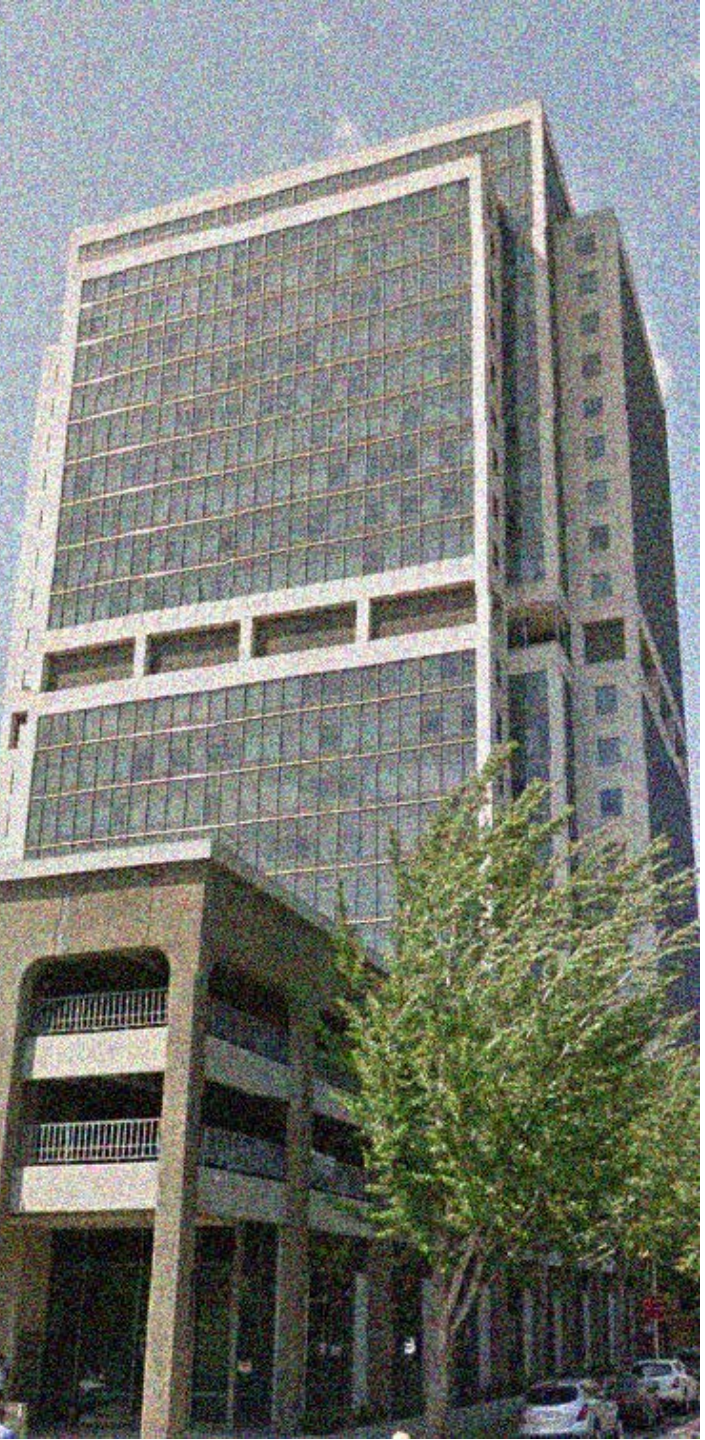


review draft

State of California

Board of Equalization

Process Improvements Study

Executive Summary

January 26, 2016 Meeting

HGA Architects and Engineers
1200 R Street, Suite 100
Sacramento, CA 95811

OVERVIEW

2015 PROCESS IMPROVEMENTS STUDY

- **Response to State Auditor's Report** 2014-108
- **BOE Headquarters** focus

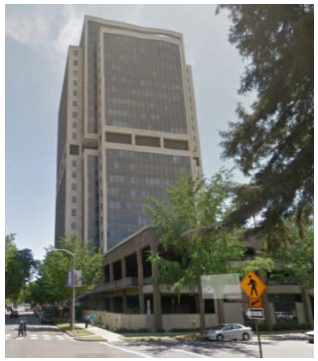
FINDINGS

- **The BOE continues to grow**
- The BOE's **Headquarters operations are constrained** by the **450 N Street** facility
- The BOE's **Headquarters fragmentation will increase** with continued growth
- **Process Improvements are possible**
- **Employee-related issues will be reduced** with new facility
- The BOE could operate more **efficiently** in a **new consolidated facility**

BOE HQ FACILITY NEEDS

- 800,000 Gross Square Feet today; five facility locations
- BOE HQ staff growth is projected at approximately 3% per year
- 995,000 Gross Square Feet projected need in 2025

Report Exclusions: Facility costs; DGS recommendations for 450 N Street future uses



Existing BOE HQ Facilities

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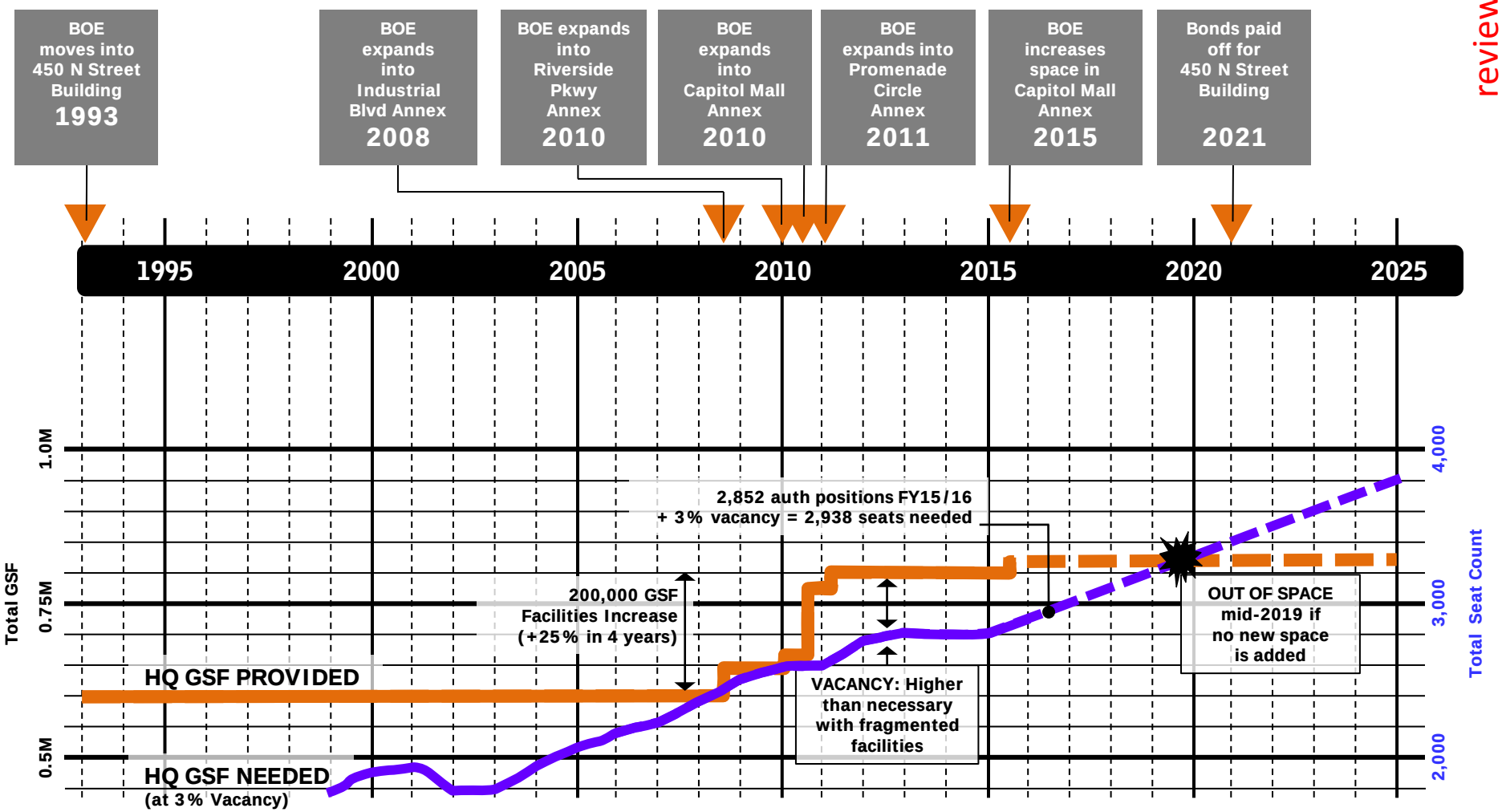
BACKGROUND & PROJECTED GROWTH – BOE Headquarters



review draft

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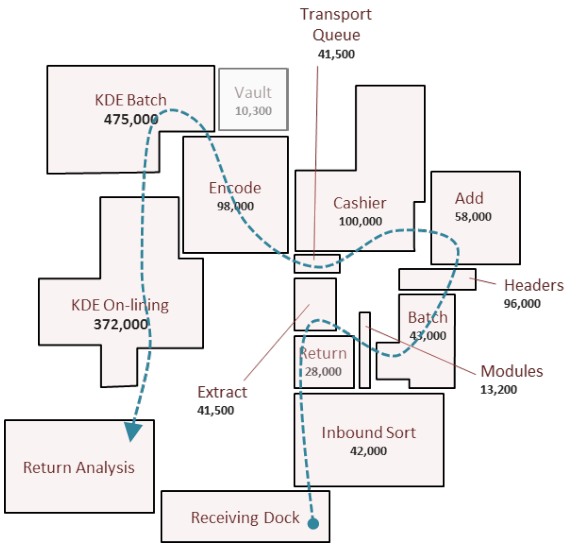
STATE AUDITOR RECOMMENDATIONS

EFFICIENCY & PRODUCTIVITY

EFFICIENCY IMPROVEMENTS IN MATERIAL MOVEMENT

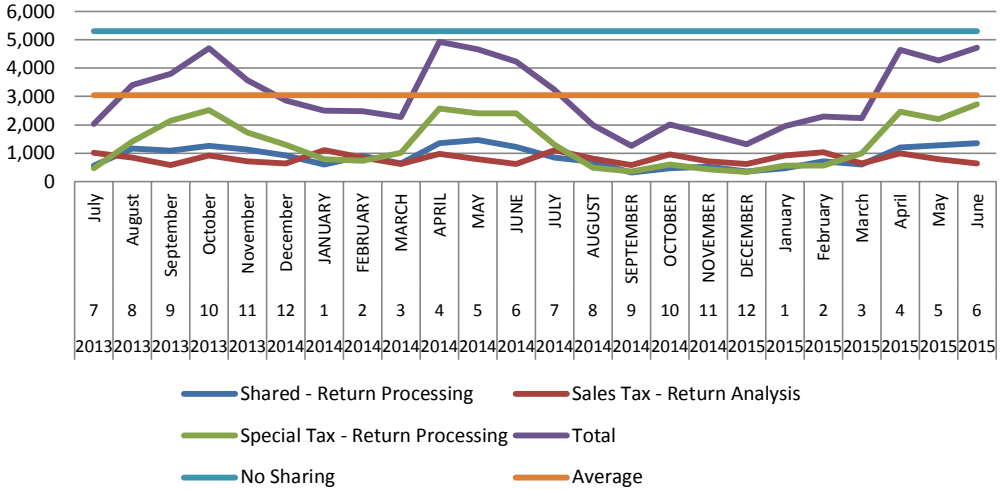
- 97% electronic returns and payment
- 3% paper-based, manually processed (6% of BOE HQ staff)
- **Travel related waste** could be reduced 60% with a consolidated campus (processing of documents)



PRODUCTIVITY IMPROVEMENTS

- **Share work across departments** to reduce workload imbalances and improve processing time.
- **Cross-training and work-sharing** = 45 FTE potential savings

Workload Variation In Shared Condition
(Equivalent Work = Items Per Department Staff)



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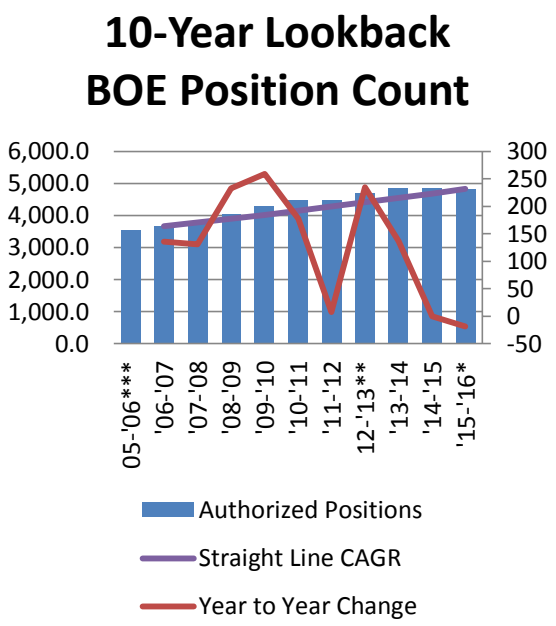
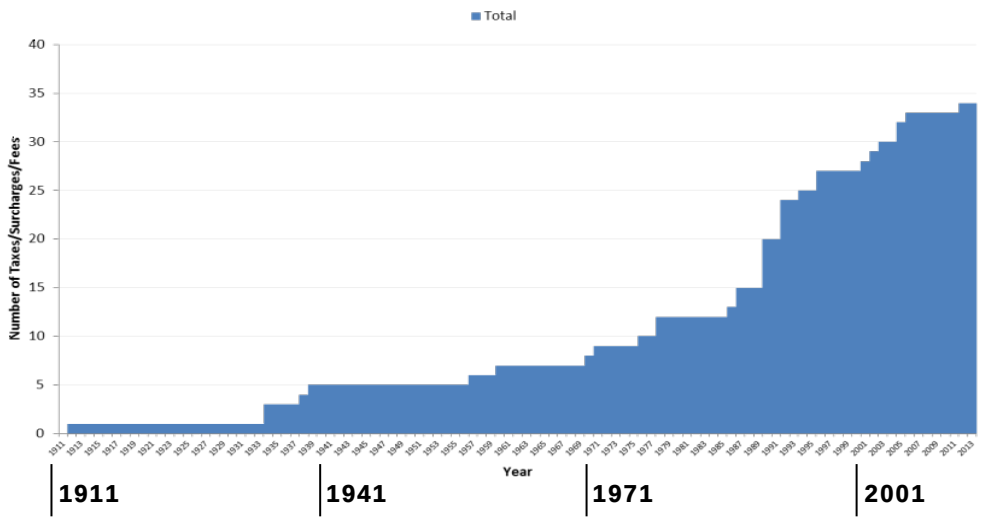
STATE AUDITOR RECOMMENDATIONS

HEADCOUNT

- **20-year** historical Compound Annual Growth Rate (CAGR) in head count is **2.4%** (according to BCP—1.8% from '96 – 06', and 3.1% from '06 – '16)
- **10-year** historical CAGR in head count is **3.1%** (according to BCPs)
- **Next decade will be more like last ten years** than last 20 years





Number of Taxes / Surcharges / Fees by Year

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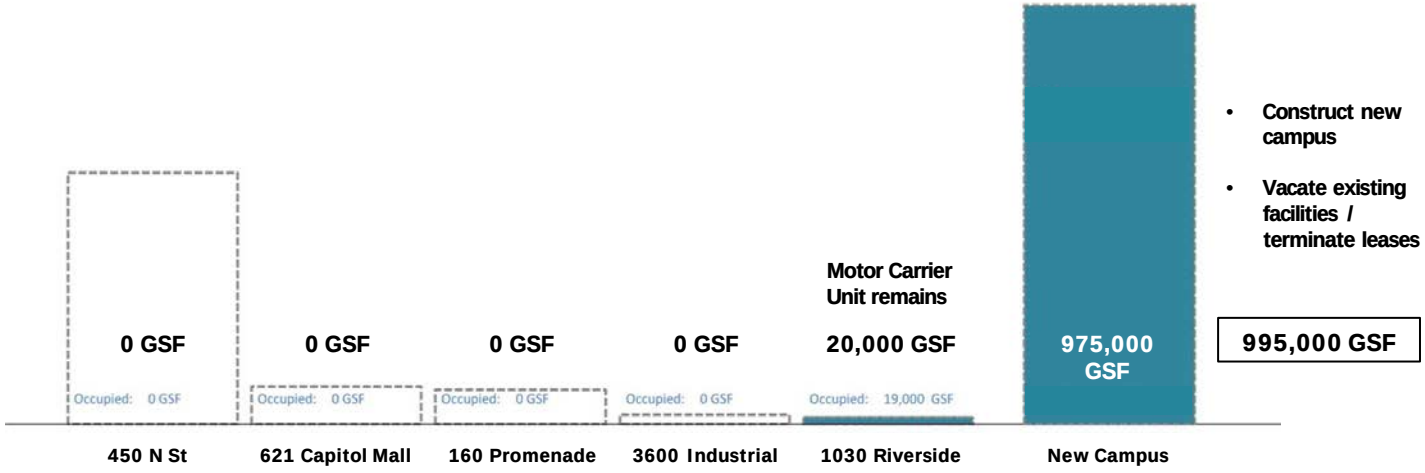
SUMMARY

RECOMMENDATION

- **Relocate BOE Headquarters programs to a new low-to-mid-rise campus**
  - Consistent with previous studies
  - Single phase or multi-phase relocation
  - Integrate a "Return Processing Center" into the new campus -- could be Phase 1

BENEFITS OF CONSOLIDATING THE BOE ON A NEW CAMPUS

- **Accommodates growth** of BOE Headquarters programs
- **Consolidates BOE Headquarters programs** on one campus
- **Enables Process Improvements** in Return Processing operations
- **Removes Facility Deficiencies** that constrain operations, including Return Processing inefficiencies, technology limitations and disruptions for facility repairs
- **Improves employee-related issues** including employee recruiting and satisfaction