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DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

January 2012

Program ID/Title: AGS-223/Office Leasing  
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I. Goal

Improve the office leasing services provided to user departments.

II. Objectives and Policies

- A. #1 - Reduce the average number of days to complete new lease requests for office space, to one hundred twenty (120) working days.
- B. #2 - Improve various areas of the Leasing Branch's operations.

III. Action Plan with Timetable

- A. Objective/Policy #1 - Reduce the average number of days to complete new lease requests, to one hundred twenty (120) working days.

- 1. Past Year's Accomplishments:

- a. Real Estate Document Retrieval – pursued a request to DLNR, Bureau of Conveyances to receive free access to real estate documents recorded at the Bureau. This will expedite verification of changes in ownership of property leased by the State. DLNR will include us in a test project prior to granting us free access.
    - b. Hawaii Compliance Express (HCE) – researched the advantages and disadvantages of HCE services to expedite obtaining a tax clearance report. It was determined that it was more expedient for landlords to apply for a hard copy tax clearance from the DOTAX and the IRS.
    - c. Account Assignments – due to the RIF action which resulted in the abolishment of one of our Leasing Specialist positions, account responsibilities were re-balanced among the remaining two staff.

- d. Tracking of Lease Requests – we continued to utilize the lease tracking system to track the status of user requests for new leases, leases pending renegotiation, as well as tracking of incoming and outgoing branch correspondence. Additionally, we used this tracking system to retrieve data to determine the number of lease requests completed, and the number of days to complete leases. The report continues to be a management tool to account for each lease request, and track its progress.
- e. Educational and Networking Opportunities – our Leasing Specialists were able to attend a presentation on forecasting the commercial real estate market and the office leasing market. The presentations also touched upon the local economy, and provided training and opportunities for networking with industry professionals. These relationships will be beneficial in our negotiations with landlords and their broker representatives.
- f. ADA Training - Leasing Branch staff participated in the U.S. Department of Justice’s ADA and Civil Rights webinar in January 2011 to get updates on accessibility laws and guidelines. Landlords’ compliance with minimum requirements of the Americans with Disabilities Act (ADA) is a requirement in our office leases.

## 2. Required Actions

- a. Pursue an opinion from the Attorney General’s office on the impact of Act 190, which will require the use of Hawaii Compliance Express (HCE) to obtain state and federal tax clearances. No hard copy tax clearances will be issued by DOTAX or the IRS. Also must inquire whether compliance certification from both the DLIR and the DCCA is a necessary condition for executing leases with landlords.
- b. Participate in DLNR, Bureau of Conveyance’s test project, and pursue approval to receive free access to their recorded real estate ownership documents.
- c. Budget for computer upgrades or replacements to maximize staff’s ability to prepare lease documents efficiently and transfer them electronically, to accept updated software, and effectively maintain our office lease data base.
- d. Pursue the restoration of the Leasing Specialist position. The position was abolished due to the 2009 reduction in force (RIF) action, which resulted in the termination of the incumbent.

- e. Have Americans with Disabilities Act (ADA) site surveys completed for a majority of commercial properties which are, or can be considered for lease.
- f. Initiate any revisions to our branch policies (including ADA) and procedures and seek improvements, or develop new documents which can help expedite the leasing process.
- g. Pursue lease consolidations within leased offices, or with offices in state office buildings, in order to reduce leasing costs and our inventory of office leases.

3. Implementation Timetable

- a. One Year – Pursue any needed revisions/updates to our branch policies and procedures, and seek improvements or develop new documents to streamline the leasing process.

Secure approval from the DLNR, Bureau of Conveyances to gain free access to their recorded real estate ownership documents.

Upgrade staff's computer equipment and software, subject to funding and applicable administrative and departmental policies.

Complete office consolidations in order to reduce our lease inventory and achieve \$300,000 in general fund savings to meet FY 2013 supplemental budget reductions.

Obtain AG's opinion on whether the recent law (Act 190) now requires compliance certificates from DCCA and DLIR in addition to tax clearance certificates from DOTAX and the IRS, in order to contract for commercial office space.

- b. Two Years – Complete any necessary revisions to the minimum ADA guidelines for leasing office space and all commercial property, and distribute the same to all branches of State government for implementation.
- c. Five Years (or less) - Request for the restoration of the Leasing Specialist position based upon general fund savings generated by the position.

Using the ADA site surveys, develop a state wide list of commercial properties which meet the State's minimum ADA requirements.

B. Objective/Policy #2 - Improve on various areas of the Leasing Branch's operations.

1. Past Year's Accomplishments

- a. Data Base System - prepared branch workflow process diagrams, and began updating branch policies and procedures to assist the DAGS, Systems and Procedures Office (S&PO) in developing a web based program to replace our current Access data base system.
- b. Lease Payments by Departments - worked with various departments who make lease payments directly to landlords, and confirmed actual monthly costs (i.e. base rent, operating costs, G.E.T.). The purpose was to update our data base to reflect actual lease costs for our branch reports, and program budget.
- c. Document Scanning - continued scanning various branch policies and procedures, correspondence, and executed lease documents to reduce hard copy files and track the status of user departments' requests.
- d. Budget Reductions - achieved DAGS general fund savings of \$1.3 million over the FB 2009-2011 to meet budget reductions and anticipated rental increases. This was a coordinated effort with user departments and landlords, and involved lease terminations, office downsizing, lease renegotiations, and rent reductions.
- e. Cross Training - completed 50% of cross training for the Program Manager (in addition to volunteer staff from another branch of the Public Works Division), on secretarial functions involving the C-41 lease encumbrances, and the rental payment process.
- f. GSA Leasing Policies - researched the policy and procedures by the federal government, General Services Administration (GSA), in leasing office space for federal agencies.

2. Required Actions

- a. Continue making any necessary updates to all leasing information forms, instructions and guidelines which are used by other state departments. Update the Leasing Branch's website with any changes, to include the state boilerplate form for processing changes of ownership.
- b. Manage the vendor list for real estate services (renewed for the period September 2011 to August 2012) by responding to any questions from

user departments and vendors alike. Poll vendors to determine level of activity, and the number and type of real estate service contracts executed with state and county agencies. Consider any new real estate services to be added to the vendor list.

- c. Continue working with DAGS Systems and Procedures Office (S&PO) to develop a new web based, data base system to replace the current Access system. The data base system must be able to prepare a lease abstracts, project rent and operating cost for budget purposes, and project quarterly funding allotments, so that necessary funds will be available for encumbering lease contracts.
- d. Participate with the Public Works Div., Planning Branch to make any necessary updates to the "Office Space Standards for Lease and State Buildings".
- e. When the draft Administrative Rules are completed, work with the Department of Labor to participate in public hearings for Act 62, SLH2007 (Payment of Prevailing Wages and Public Work Projects) and assist in finalizing Administrative Rules that impact all state and county agencies who engage in the leasing of office space from the private sector.
- f. Continue cross training for Program Manager and volunteer staff (from another Public Works Division) on C-41 contract encumbrances, lease payments, purchase orders and P-Card purchasing.

3. Implementation Timetable

- a. One Year – Continue to work with DAGS, S&PO on the development of the web based, data base system to replace the current Access system.

Consider re-soliciting the RFP for real estate services, as the final extension of the vendor list expires August 31, 2012.

Make necessary updates to all leasing information forms, instructions and guidelines which are used by other state departments. Update the Leasing Branch's website with any changes and include the state boilerplate form for processing changes of ownership.

- b. Two Years – Transition from the Access data base system to the new web based program, subject to completion by DAGS, S&PO.

Complete cross training for Program Manager and volunteer staff (from the Public Works Division) on C-41 contract encumbrances, lease payments, purchase orders, and P-card processing.

- c. Five Years (or less) – Work with Public Works Planning Branch in making any necessary updates to the “Office Space Standards for Lease and State Buildings”.

When the draft Administrative Rules are completed, work with the DLIR to participate in any public hearings for Act 62, SLH2007 (Payment of Prevailing Wages and Public Work Projects) and assist in finalizing Administrative Rules.

#### IV. Performance Measures

##### A. Customer Satisfaction Measure

1. Pursue evaluations from user departments concerning improvements to our computerized leasing forms and guidelines, their accessibility from the website, and how it has helped in preparing and/or submitting leasing forms/requests more easily and efficiently.
2. Obtain evaluations of our branch’s leasing services after we are successful at re-storing the Leasing Specialist position. Areas identified by user departments which require attention, will be addressed immediately.

##### B. Program Standard Measure

1. Seek measures of comparison with other States, and applicable branches of State, County or Federal governments who perform office leasing services.
2. Evaluate the program’s efficiency in reducing the average amount of time needed to complete new lease requests, relative to program staffing.

##### C. Cost Effectiveness Measure

1. Compare the actual cost per square foot for our leases in specific locations, with the published asking rates for lease space in similar areas.
2. Determine the extent of lease savings created from any revisions to the “State Office Space Standards for Lease and State Buildings”.