

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

January 2018

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 lease requests to ninety (90) 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 lease requests to ninety (90) working days.

1. Past Year's Accomplishments:

- a. Updating Lease Template – We pursued and secured approval from the Attorney General's Office for several revisions that will improve our lease document, protect the interests of the State, and help expedite the execution of our lease. These changes included the requirement of landlords to send invoices thirty days in advance of the payment due date, so that State departments who pay the rent will not have to generate their own invoices. Other changes included deleting invalid references to the Hawaii Revised Statutes concerning real property tax exemptions, limiting the State exposure for plate glass replacement, and strengthening the State's rights to question and audit the Landlord's common area maintenance (CAM) charges.
- b. Educational and Networking Opportunities – our staff attended an annual presentation organized by various real estate and tourism related organizations on forecasting various sectors of the real estate market, including commercial real estate. We also attended a seminar

(Essentials of Commercial Leases) to learn about and review various types of commercial leases, important lease terms and conditions, types of entities, and examples of interesting landlord/tenant lease issues. These presentations provided valuable staff training, as well as opportunities for networking with industry professionals, including property managers and landlords' broker representatives.

- c. Temporarily Filling of Leasing Specialist Position – The Leasing Specialist position, which became vacant as of November 30, 2016, was filled under a TAOL (Temporary Appointment Outside the List) arrangement in April 2017, while the permanent recruitment was being pursued.
- d. Subordination, Non-Disturbance and Attornment Agreement – This document is provided to us by the Landlord in anticipation of refinancing or in contemplation of a purchase. A Landlord's lender (mortgagee) is now requiring that tenants pay their rent to the lender, in event of default by the landlord. This has caused operational and legal concerns for the State in paying a third party. Leasing Branch has completed their comments and recommendations on the State's proposed lease language and is awaiting the Attorney General's final review.

## 2. Required Actions

- a. Pursue the recruitment and filling of the permanent, full-time Leasing Specialist position to replace the temporary hire arrangement.
- b. Initiate improvements to our branch policies and procedures that are consistent with the policies of DAGS Fiscal Office and Pre-Audit Branch, and the Attorney General/Land and Transportation Division, and seek procedural improvements which can help expedite the leasing process.
- c. Work with the Attorney General's Land & Transportation Division to finalize a standard Subordination, Non-Disturbance and Attornment Agreement. Having a standard form agreement will expedite the review by both the Leasing Services Branch and the Attorney General's office, so that the document can be returned to the landlord within the timeframe required under the lease.
- d. Provide input to the Office of the Attorney General, Administration Division, to work out a policy to address which division of the Attorney General's office should provide review services on Memorandum of Agreements for office space, and to address situations, such as when there are multiple state agencies as tenants, when agencies require

assistance in negotiating the MOA agreements, and when the MOA requires DLNR, Land Board approval.

- e. Coordinate with the PWD, Planning Branch to pursue lease consolidations into any available state buildings to create operational efficiencies for user agencies and to reduce our lease inventory and related leasing costs.
- f. Consider expanding the use of eSign to expedite the routing and execution of lease documents by user departments.
- g. Restore the Leasing Specialist position which was abolished in 2009 due to the Reduction in Force (RIF) action.
- h. Have Americans with Disabilities Act (ADA) site surveys completed for commercial properties which can be considered for lease.

3. Implementation Timetable

- a. One Year – Complete the recruitment and filling of the permanent, full-time position.

Pursue any needed revisions/updates to our branch policies and procedures, and seek improvements to stream line the leasing process.

Coordinate with the Office of the Attorney General, landlords, and mortgagees to develop a standard Subordination, Non-Disturbance and Attornment Agreement.

- b. Two Years – Coordinate with PWD, Planning Branch to pursue office consolidations from lease space to available space at the Keoniana building, or any other DAGS controlled office building that becomes available for occupancy.

Consider opportunities to use eSign to have lease documents electronically executed by other departments.

- c. Five Years (or less) - Using the ADA site surveys, develop a state wide list of commercial office properties which meet the State's minimum ADA requirements.

Pursue restoration of the Leasing Specialist position which was abolished through RIF.

Provide input and coordinate with the Office of the Attorney General, Administration Division, in working out a policy to address which

division of the Attorney General's office, provides what services in the review of Memorandum of Agreements for office space.

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

1. Past Year's Accomplishments

- a. Data Base System – continued to work with branch secretary to continue preparing and updating of branch policies and procedures, and the Leasing Information form PWD 500 to improve our branch's Access data base program.
- b. Revision of Office Space Standards, Forms & Instructions – through collaboration with the PWD, Planning Branch, we finalized the division's Office Space Standards, Instructions, and Space Need Computation worksheets (Form 501) for all departments to use when requesting office space. We continue to work together to share communications between the Planning Branch and the requesting department in the space computation review process, and in building the lease data in Planning Branch's Capitol District Master Plan data base program. This has helped in understanding the user department's operational needs and identifying appropriate lease locations and office layout design requirements. Leasing Branch staff also attended training on the data base management system by Planning Branch's consultant.
- c. Worked with DAGS System & Procedures Office to improve and update our existing Excel budget projection program to determine annual leasing costs.
- d. Assisted the Board of Directors, management agent and the legal counsel for the King Kalakaua Association of Apartment Owners to revise their condominium Declaration and By-Laws documents. This will correct and properly identify the common and limited common elements of the property, and identify who is responsible for its repair, maintenance and replacement. Completion of this task will relieve Leasing Branch's participation on the Board of Directors and free up our staff resources.

2. Required Actions

- a. Revise and update the standard form lease, and branch policies and procedures whenever situations arise which impact current conditions, or cause disruption, so that operational improvements are on-going. This will include revisions to the lease that addresses the Asbestos

### Management Program.

- b. Update the branch's policies and procedures with respect to the leasing process, data collection/input, and the lease encumbrance and payment process. Continue working with DAGS Systems and Procedures Office (S&PO) to assist with any necessary updates to our Access data base program. The updated policies and procedures will also serve as training material for new staff.
- c. Continue collaboration with the PWD, Planning Branch to finalize the standardized office space request memo, the boilerplate response memo, and revisions to the PWD's policy and procedures manual (currently in draft) that will show how leasing requests are reviewed and processed by both our Planning Branch and Leasing Branch. After the standardized office space request memo is finalized, update the Public Works website to include this form, the "Suggested Office Move Planning Guide", and the "ADA Site Assessment & Building Worksheets for ADA Compliance".

### 3. Implementation Timetable

- a. One Year – Continue revising or adding new branch policies and procedures as necessary, to keep branch operations current.

Work with the Attorney General's office to have any needed revisions and updates approved for our standard form lease. This includes revisions to the Asbestos Management Program which are currently under review.

- b. Two Years – In order to update our Access data base program, complete the documentation of all branch policies and procedures with respect to the leasing process, data collection, and the lease encumbrance and payment process.
- c. Five Years (or less) – Continue collaboration with the PWD, Planning Branch to document the lease review and authorization procedures in the PWD policy and procedures manual. Finalize the standardized office space request memo for user departments to use, the DAGS response memo, and update the Office Space Forms panel of the PWD website with these revised memos and updated lease forms.

## IV. Performance Measures

### A. Customer Satisfaction Measure

1. Pursue evaluations from user departments concerning improvements to our

leasing forms and instructions, the effectiveness of our 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 restoring 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 DAGS Office Space Standards.