

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

January 2017

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. Training on the Public Works Division's Capitol District Master Plan database - the Leasing Services Branch staff participated in training on the database program (EvolveFM) that is continuing to be developed by a DAGS consultant. When completed, the Leasing Services Branch will be able to view pertinent data for state agencies occupying leased offices (i.e. program identification, no. of employees, organizational chart) as well as details of the building being leased (i.e. building photo, address, square footage, floor plan). This will aid in the obtaining approved space authorizations faster (electronically), provide important lease data to our Leasing Specialists, and have access to data that is currently not available in Leasing Branch's data base.
- b. Converting Office Leases to Memorandum of Agreements (MOA) –By working with the Attorney General's office, a new policy was developed to change the form of occupancy agreements from leases to MOAs, in cases where the landlord and tenant are both state agencies. Leasing Branch's statutory authority is to acquire office space only in

non-state owned facilities. As such, the responsibility to contract for these types of occupancy agreements will be handled between the two agencies in the form of an MOA. This policy will eventually shift 4-5 current office leases out from Leasing Branch's responsibility. The Attorney General's office is still working on details of the new policy to address which division should provide document review services for unusual situations, such as when there are multiple state agencies as tenants, and where agencies require assistance in negotiating the MOA agreements.

- c. Educational and Networking Opportunities – The Leasing Program Manager and Leasing Specialists 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. 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.
- d. Support for Leasing Specialist – Due to the backlog of office lease renewals, the Leasing Program Manager assisted by drafting lease terms for several lease renewals, and negotiated terms and conditions of an amendment to the MOA with the Office of Hawaiian Affairs (OHA) for a 108,000 square foot office building.

2. Required Actions

- a. Continue to pursue the restoration of the Leasing Specialist position, and prepare for the anticipated retirement of one Leasing Specialist in FY 2017.
- b. Have Americans with Disabilities Act (ADA) site surveys completed for a majority of commercial properties which are, or can be considered for lease. Update/improve the ADA site survey checklist to make it more user friendly. Also, consider making revisions to the minimum ADA guidelines for leasing office space.
- c. 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.

- d. 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.
- e. Coordinate with the Attorney General's Land & Transportation Division to develop a standard Subordination, Non-Disturbance and Attornment Agreement. These documents are provided to us by the Landlord in anticipation of their refinancing or in contemplation of a sale of the property. Having a standard form agreement will expedite the review by both the Leasing Services Branch and the Attorney General's office.

3. Implementation Timetable

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

Seek opportunities to use eSign to have appropriate documents electronically executed.

- b. Two Years – Complete any necessary revisions to the minimum ADA guidelines for leasing office space, and distribute the same to all branches of State government for implementation. Update the ADA site assessment checklist to make it easier to use by departments' ADA coordinators.

Coordinate with PWD, Planning Branch to pursue office consolidations from lease space to available space at the Keoniana Building.

Pursue approval for the restoration of the Leasing Specialist position.

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

- 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.

Upon their renewal, structure the terms of appropriate office leases for eventual consolidation into the planned Liliha Civic Center state office building, or other state-owned facility.

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

1. Past Year's Accomplishments

- a. Data Base System – worked with branch secretary to continue preparing and updating of branch policies and procedures, and the Leasing Information form PWD 500 to assist the DAGS, Systems and Procedures Office (S&PO) in developing a web based program to replace our branch's Access data base system.
- b. Revision of Office Space Standards, Forms & Instructions – through collaboration with the PWD, Planning Branch, finalized the division's Office Space Standards, Instructions, and Space Need Computation worksheets (Form 501) for all departments to use when requesting office space. 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 departments' operational needs and identifying appropriate lease locations and office layout design requirements.
- c. Requesting Lease Rental Invoices From Departments who pay Directly to Landlords – requested all departments who pay lease rent, to send copies of the landlord's rental invoices. The purpose was to verify the amounts of rent and CAM (common area maintenance) that departments pay to landlords. This exercise was helpful in updating our data base lease records to reflect the correct CAM, real property and other charges. This will also help to prepare a more accurate annual budget projection report for all leasing costs.

2. Required Actions

- a. 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.
- b. After the standardized office space request memo is finalized, update the Public Works website to include this form to allow all departments' use of the memo.
- c. Continue working with DAGS S&PO to develop a new web based, data

base program 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. Work with DAGS S&PO to revise the budget projection program in order to more accurately project annual office leasing costs for all existing leases, and to request any additional leasing funds to meet anticipated budget shortfalls.
- e. Update branch policies and procedures whenever situations arise which impact current conditions, so that operational improvements are on-going.
- f. Coordinate with PWD Planning Branch to consider revising the DAGS Office Space Standards to reduce the authorized space for all employee SR levels, and encourage the open office space design concept, wherever applicable.

3. Implementation Timetable

- a. One Year – Continue updating branch policies and procedures and work with DAGS S&PO on the web based, data base program to replace the current Access system.

Work with DAGS S&PO to improve and update our existing budget projection program for office leasing costs.

Finalize the standardized office space request memo PWD response memo, and complete needed revisions to the PWD policy and procedures manual. Update the Office Space Forms panel of the PWD website with these revised memos and updated lease forms to include the “Suggested Office Move Planning Guide”, and “ADA Site Assessment & Building Worksheets for ADA Compliance”.

- b. Two Years – Transition from the Access data base system to the new web based program, subject to completion by DAGS S&PO.
- c. Five Years (or less) – Coordinate with PWD Planning Branch to revise the DAGS Office Space Standards to reduce square footage authorization for all state employees, and implement the open space design concept wherever applicable.

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.