

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

January 2021

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 one hundred fifty (150) 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 one hundred fifty (150) working days.

1. Past Year's Accomplishments:

- a. Completed hiring of the permanent Leasing Specialist position 2020. This will help us to catch up on our lease renewal backlog and continue our support of user departments for their office leasing needs.
- b. A new exhibit has been established and incorporated to our lease to secure approval from the Attorney General's office, in advance of any delays to the early occupancy date, which occasionally results from the landlord's delay in providing our access to the leased space. This is because construction of improvements by the landlord may take longer than expected, which delays our access to the space, and pushes back the lease start date and any rent step-up dates. This will also avoid our staff from having to quickly prepare and execute a formal amendment to the lease.

- c. Tracking of Lease Requests – We continued to utilize the lease tracking system to track the status of user requests for new leases, leases pending renegotiations, 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.
- d. 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. These presentations provided valuable staff training, as well as opportunities for networking with industry professionals, including property managers and landlords' broker representatives.

2. Required Actions

- a. Continue providing training the new Leasing Specialist on leasing policies and procedures, and bill payment matters.
- b. Initiate improvements to our branch policies and procedures that are consistent with the policies of DAGS Fiscal Office, 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 office to develop a policy to determine which division of the Attorney General's office will perform lease reviews for office space in DAGS controlled state facilities, leased to private and non-profit tenants.
- d. Continue to 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. Restore the Leasing Specialist position which was abolished in 2009 due to the Reduction in Force (RIF) action.
- f. Have Americans with Disabilities Act (ADA) site surveys completed for commercial properties which can be considered for lease.
- g. Seek new and creative ways to encourage landlords to begin the HCE process sooner in order to obtain their tax clearance compliance from the State and Federal tax offices.

- h. Due to COVID-19, assist the various State agencies who are downsizing their staff and/or the termination of their programs, requiring smaller leased spaces or need to early termination of leases. In addition, there are addition unbudgeted building operating expenses, or common area maintenance (CAM) being charged by Landlords/Property Management Companies for increased labor and supplies needed to disinfect the interior and common areas of the buildings. We are working closely with the State agencies and the Landlords/Property Management Companies to resolve issues relating to COVID-19, which includes but not limited to negotiation for smaller spaces, early termination of leases and monetary penalties for early termination of leases. There also may be a need to research and locate new spaces for the State agencies, depending on their situations.

3. Implementation Timetable

- a. One Year – Get landlords to apply for and secure HCE tax clearances before leases are executed, to prevent delays in the lease start date.

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

Complete the training for the Leasing Specialist.

- b. Two Years – Coordinate with PWD, Planning Branch to pursue office relocations from lease space to available space at the Keoni Ana building, Kaneohe State Office Building and any other DAGS controlled office building that becomes available for occupancy.
- 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 in 2009 due to the Reduction in Force (RIF) action.

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 services to review leases to private entities and non-profit organizations, for DAGS controlled state facilities.

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

1. Past Year's Accomplishments
 - a. Working with AG's office for the preparation of document to cancel the Certificate of Participation (COP) lease (No. 1 Capitol Building formerly known as Hemmeter Building), which expired on 5/1/2020.
 - b. Continued to work with our branch secretary to update branch policies and procedures, and the Leasing Information form PWD 500 to improve our branch's Access data base program.
 - c. Pursued delinquent asbestos inspection /surveys reports from landlords that were supposed to be completed and attached to our leases as an Exhibit C.
 - d. Upgrade Office Equipment – We replaced 4 outdated computers and monitors.
 - e. Due to COVID-19, employees are allowed to telework, thus, laptops were purchased for the staff.

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 ongoing.
 - 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. Collaboration with DAGS-PWD, Planning Branch to create a departmental request form letter, which will serve as dual purpose for Planning Branch and Leasing Branch. The form letter will be submitted by the department directors to the Comptroller via the PWD website. This form letter will have a section for the departments to state what the program needs are and the type of action to be taken by Planning Branch/Leasing Branch. This form letter will also expedite the review time of the space comp forms by Planning Branch. If there are no changes to the space comp information, then Planning Branch will reiterate the space comps authorized at any earlier date, and any additional information to the programs by way of the departmental form letter.

- d. Follow up with any landlords who are delinquent in completing their asbestos inspection/survey reports.
- e. Continue to minimize office storage requirements by eliminating or reducing unnecessary architectural plans & specifications for our various lease locations.
- f. Crosstrain an employee (from Public Works Division) on C-41 contract encumbrances, lease payments, purchase orders and P-Card purchasing.

3. Implementation Timetable

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

Conduct the second phase for pursuing delinquent asbestos inspection/survey reports for month-to-month leases.

Work with the Attorney General's office to have any needed revisions and updates approved for our standard form lease.

Review all office renovation plans in storage and retain or destroy, as applicable.

Crosstrain an employee (from Public Works Division) on C-41 contract encumbrances, lease payments, purchase orders, and P-Card processing.

- 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 to work with PWD, Planning Branch to expedite the review time of the space comp forms by creating a departmental form letter, which will be added to the PWD space comp website. If there is no change, then Planning Branch will reiterate the space comps authorized at any earlier date, and any additional information to the programs by way of the departmental form letter.

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.