

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

January 2009

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 from approximately one hundred ninety-five (195) days, to one hundred twenty (120) 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 from approximately one hundred ninety-five days (195), to one hundred twenty (120) days.
 - 1. Past Year's Accomplishments:
 - a. Additional Staffing – The Leasing Specialist position which was approved and funded by the 2007 legislature, was filled in February 2008.
 - b. Improve Transmission Time of Lease Documents - We continued our efforts to expedite the lessor's document review and approval process. From the onset, this requires that lease documents be prepared in the format which will expedite the review by the Attorney General, Land Transportation Division. Over the past year, we made various revisions to our boilerplate lease language which were requested by the Attorney General's office. We also changed our procedures for renewing leases by establishing guidelines for the use of a lease amendment form versus a new lease form.

- c. Tracking of Lease Requests – We continued to utilize the lease tracking process to track the status of user requests for new leases, as well as for leases pending renegotiation. Additionally, we enhanced the reporting program to reflect leases that were executed, as well as tracking of incoming and outgoing branch correspondence. The report provided a management tool to oversee the work progress, and helped the Leasing Specialists organize and prioritize their workload.
- d. Educational and Networking Opportunities for Staff – Our Leasing Specialist were able to attend presentations on various topics concerning the local economy and the commercial real estate market, which provided training and opportunities for networking with industry professionals. These relationships will be beneficial in our contact and negotiations with lessor’s representatives.
- e. Upgrading Office Equipment - We replaced 2 of our oldest computers and purchased a larger and wider monitor for the branch secretary, to aid in the preparation of monthly branch reports and spreadsheets.

2. Required Actions

- a. Work with the Department of Health, Disabilities and Communication Access Board (DCAB) to clarify requirements and get updates in the law, and consider updating our Americans with Disabilities Act (ADA) policy for leasing office space in private commercial buildings.
- b. Budget for computer upgrades every 3 to 4 years to maximize staff’s ability to prepare lease documents efficiently and transfer them electronically, to maintain our data base, and to prepare leasing reports.
- c. Participate in public hearings for Act 62, SLH 2007 (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.

- d. Build on the lease tracking system to develop reports to reflect the amount of time taken to complete lease requests.

3. Implementation Timetable

- a. One Year – Participate in any public hearings and work with the Department of Labor and other state and county agencies to finalize appropriate lease language consistent with the adopted Administrative Rules for Act 62.
- b. Two Years – Further computerize the lease tracking system to develop reports to reflect the amount of time taken to complete each lease request.
- c. Five Years (or less) - 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. Have Americans with Disabilities Act (ADA) site surveys completed for a majority of properties which are, or which can be considered for lease.

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

1. Past Year's Accomplishments

- a. Developed branch policies to address tax clearance requirements for the last and final payment, for a new lease contract, and when there is a simultaneous occurrence of both situations.
- b. Resolved with Maui County, the effective date of the real property tax exemption which they give to property owners for office space under lease to the State. The exemption effective date is now consistent among all outer island counties. Also, we are more actively pursuing the credit for real property tax exemptions from lessors, in order to reduce the lease rental charges to the State.
- c. Updated the DAGS, Leasing Branch Website by revising instructions for completing leasing forms, and adding additional forms onto the website.

- d. Met more frequently with individual Leasing Specialists to get the updated status of new lease requests, and leases due for renewal
- e. Improved our budget projection program to add more flexibility, so that estimated annual lease rental expenditures can be calculated during the fiscal year, rather than only prior to a fiscal year.
- f. Developed a computer program to assist DAGS and state auditors to determine future lease rental obligations during the fixed term of our leases.
- g. Created an internal report to identify encumbrance balances by the appropriation year for each lease contract number. This resulted in time savings for preparing the monthly lease encumbrances.
- h. Revised our notification to user departments of their lease expiration dates, in order to give more advance notice to user departments. Developed a follow-up procedure to obtain the departments' lease request, to ensure that we will have adequate time to negotiate the lease renewal.
- i. Commenced cross training of staff from another branch of the Public Works Division, to perform secretarial functions including processing of purchase orders, p-card charges, lease encumbrances and lease payments.

2. Required Actions

- a. Make any necessary updates to all leasing information forms, instructions and guidelines which are used by other state departments, and tax clearance forms used by lessors. Update the Leasing Branch's website with any changes and include the state boilerplate form for processing changes of ownership.
- b. Improve the branch's Access data base system to expand the information maintained in the fields under each lease, to include the number of employees and the number of agencies serviced. Also, expand the number of fields to identify pertinent lease terms and conditions, and information on the user agency.

- c. Manage the vendor list for real estate services by responding to 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.
- d. Work with DLIR and other state and county agencies to finalize the Administrative Rules for Act 62 and participate in related public hearings.
- e. Develop a computer report to reflect when leases need to be encumbered in the next fiscal year, the amount of the encumbrances, and the projected quarterly allotments required.
- f. Work with the Public Works Div., Planning Branch to make any necessary updates to the "Office Space Standards for Lease and State Buildings".

3. Implementation Timetable

- a. One Year – Develop a Lease Abstract form for each lease using the expanded Access data base information on the lease and the user agency.

Poll vendors on the real estate vendor list to determine effectiveness of the vendor list (activity level, and number and type of real estate service contracts executed).

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

- b. Two Years – Develop internal branch procedures for processing and storing of contractor certified payrolls in accordance with Administrative Rules for Act 62.

Expand the State Procurement Office, real estate vendor list to include any needed real estate services.

Develop a computer report to reflect when leases need to be encumbered in the next fiscal year, the amount of the encumbrances, and the projected quarterly allotments required.

- 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”.

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 training the person in the new 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 revisions to the “State Office Space Standards for Lease and State Buildings”.