

DAS Leasing/Property Transfer Workshop

June 16, 2016



DAS Leasing/Property Transfer Workshop

AGENDA

- COMMENTS FROM DAS COMMISSIONER MELODY A. CURREY
- INTRODUCTIONS
- PURPOSE OF SESSION
- REVIEW:
 - CURRENT STATEWIDE CAPITAL AND FACILITIES PLAN (FACCAP) – 2015-2020
 - REQUEST FOR SPACE PROCESS
 - INTERIM SPACE PROCESS
 - YOUR AGENCY’S RESPONSIBILITIES
 - GENERAL PARAMETERS REGARDING LEASES
- DISCUSS 4B27
- DISCUSS LEASE COMPLIANCE
- DISCUSS ANNUAL INSPECTIONS of EMERGENCY EQUIPMENT AND FIRE SYSTEMS
- DISCUSS STATE’S/AGENCIES RESPONSIBILITIES TO REPORT TO LESSORS
- QUESTION/ANSWER

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- PURPOSE OF SESSION IS;
- To ensure you are fully informed about the leasing/property transfer process
 - To reduce the amount of time the process takes
 - To ensure all of us are in compliance with statutes
 - *To help DAS meet your agencies' real estate needs*

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State Facility Plan & Surplus Real Property

Paul Hinch, Planning Specialist
Office of Policy & Management
Bureau of Assets Management

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WHAT IS THE STATE FACILITY PLAN?

- Mandated by CGS 4b-23 - *“The state facility plan shall be used as an advisory document for the leasing of property for use by state agencies & departments & for related capital projects.”*
- Any agency wishing to lease space **must** be approved for both the necessary costs **and** square footage under the Plan before DAS can begin the space acquisition process.
- Information submitted to OPM is reviewed by Assets Management Unit and Budget Division who make recommendations for costs and square footages for each request which forms the basis of the State Facility Plan.
- The State Facility Plan is in effect for a 2 year period, so the upcoming Plan will cover the July 1, 2017 to June 30, 2019 timeframe.

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STATE FACILITY PLAN SPREADSHEET

Agencies will receive a spreadsheet from OPM which looks similar to this:

Department of Housing - Excel

O'Brien, Patrick M.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	CONTENTS:	This Microsoft Excel workbook contains five (5) worksheets (see tabs at bottom)													
2															
3															
4															
5															
6															
7															
8															
9															
10	ASSISTANCE:	For information related to existing leases or with projected space needs or costs please contact shane.mallory@ct.gov at 860-713-5682 or shane.mallory@ct.gov													
11															
12															
13		For general assistance please contact Paul Hinsch (OPM) at 860-418-6429 or paul.hinsch@ct.gov													
14															
15	RESPONSES DUE:	Please review the information contained within these spreadsheets; make any necessary changes and													

#1 General Info #2 Existing Leases #3 New Lease Requests #4 Parking Leases #5 Demolition #6 Surplus

All information on each of these tabs must be complete and accurate.

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DATA SUBMISSION

- Agencies will receive blank spreadsheets from OPM Assets via email in mid-July.
- These blank spreadsheets will require each agency to input all your existing leases. We
- You must:
 - Request any new leases or proposed expansions
 - Make sure all information is **complete and accurate**

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STATE FACILITY PLAN – SQUARE FOOTAGE ESTIMATES

- In 2013 DAS, SPRB and OPM established a space standard of 220 square feet per employee for (1) new leases, (2) expansions of existing leases, or (3) relocating existing leases.
- While still higher than private industry, this 220 square foot figure brings State space standards more in line with our private sector counter-parts.
- This **does not mean** each employee gets a 220 square foot office or cubicle!
- The 220 square foot figure, in addition to employee cubicles and offices, includes areas such as storage, kitchens, standard waiting rooms, common areas, primary and secondary circulation space, etc.
- If an agency has a unique space requirement such as a very large waiting room, hearing rooms, etc., additional square footage **may** be approved; however, this is considered by DAS and OPM on a case-by-case basis.
- When preparing State Facility Plan submissions, agencies should base their square footage needs on 220 square feet multiplied by the number of approved employees⁸

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STATE FACILITY PLAN DATA SUBMISSION – COST ESTIMATES

- The spreadsheets you will receive will include, among other items, information related to annual rental and additional rent costs for existing and proposed leases.
- **This information must be complete and accurate.**
- For existing leases, **actual costs must be used.**
- For proposed expansions at existing locations, use existing actual costs per square foot.
- For new lease requests or relocations, reasonable per square foot estimates are:

– Electric	\$2.50	Janitorial	\$1.50
– Gas	\$1.25	R.E Taxes	\$0.25 (above base year)
– Security	\$0.25	Window Cleaning	\$0.10
– Trash	\$0.10	TI (check with your DAS property agent)	

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WHAT IF MY REQUEST IS NOT FULLY APPROVED IN THE STATE FACILITY PLAN?

- If the agency is not fully approved for the necessary costs and/or square footage under the State Facility Plan, then DAS **may not** legally enter into a lease **or** even begin the process to find a lease.
- However, CGS 4b-23 does allow agencies to submit “interim requests” for funding and/or square footage.
- If your agency is not approved for sufficient costs and/or square footage in the State Facility Plan, you may submit an Interim Request to DAS, which is then reviewed by OPM.
- If (**and only if**) DAS and OPM approves the Interim Request, the space acquisition process can move forward.
- This is true for new requests, proposed expansions, relocations **and existing leases**.

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INTERIM SPACE AND FUNDING REQUESTS

- If your agency is not approved for sufficient costs and/or square footage in the State Facility Plan, you may submit an Interim Request to OPM.
- Interim Requests require your agency to **fully justify the need** for additional square footage and/or reallocating your existing fiscal resources to cover any unanticipated costs.
- Interim Requests do **not** provide your agency with additional funds but rather represent OPM's approval of your agency's plan to **reallocate your existing fiscal resources** to cover the costs of the lease for the **entire** term of the lease.
- Basically, **you must already have sufficient funds to cover all of the costs** and are seeking OPM permission to shift funds in order to spend them on the lease in question.
- Agencies are now **required** to work with their OPM Budget analyst on a plan to reallocate existing fiscal resources **prior** to submitting an interim funding request (***** New *****).
- Sample interim request submission letters are available on the OPM Assets website.

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INTERIM SPACE AND FUNDING REQUESTS

- OPM Budget will review interim requests to make sure that anticipated staffing levels are accurate and that the agency's proposed plan for reallocating its existing fiscal resources is appropriate, feasible and acceptable.
- OPM Assets will review interim requests to make sure that the square footage being requested is appropriate, whether there are any unique agency needs which would result in the need for additional square footage, evaluating whether the costs being requested are adequate and identifying alternate low/no cost alternatives to leasing.
- Once those reviews are complete, the request is approved/disapproved/modified by the Assets Management Unit.
- Please note that interim request submissions are not "*FYI*" or "*done deals*". OPM will review each submission and make an independent determination as to the square footage and cost approvals.
- **As the State is actively seeking to reduce costs wherever possible, interim space requests will be scrutinized closely and agencies are strongly advised to make sure that their State Facility Plan submissions are complete and accurate.**

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STATE FACILITY PLAN - AREAS OF CONFUSION WHEN SUBMITTING DATA

- **Requesting additional space for an existing lease**
 - On the “*Existing Leases*” tab enter the total anticipated square footage need in the “*Anticipated Square Footage Required*” column
- **Requesting that an existing lease be relocated to a new location**
 - On the Existing Leases tab, simply set the “*Anticipated Action*” to “*New Lease*”
- **Informing OPM that an existing lease will no longer be required**
 - On the Existing Leases tab, set the “*Anticipated Action*” to “*Cancel Lease*”
- **Informing OPM that one of the leases listed has already been canceled**
 - On the Existing Leases tab, set the “*Has Your Agency Cancelled This Lease?*” to “*Yes*”

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COMMON MISCONCEPTIONS

- *“Its an existing lease, so I don’t need to report it.”*
- *“Everyone knows we’ve been at this location for years so I don’t need to report it.”*
- *“My budget analyst knows we have this location so I don’t need to report it.”*
- *“I was approved for this space under the old Plan, so I don’t need to request it again.”*
- *“I won’t be using State funds to pay for the lease so I don’t need to submit it for the Plan.”*
- *“I’m not sure of my needs so I’ll just submit an interim request later.”*
- *“The lease has no cost so I don’t need to report it.”*

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MAJOR PROBLEM AREAS

- Agencies don't submit all of the required information.
- Agencies don't fact check and/or update the information they submit.
- Agencies don't submit the information by the required deadlines.
- Agencies add, delete or rearrange columns in the spreadsheets.
- Agencies add or delete the tabs in the spreadsheet.
- Agencies rely on interim requests rather than proper planning.
- Agencies use previous versions of the spreadsheet or make up their own.

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STATE FACILITY PLAN TIMELINE

- **July-September** (*even-numbered years*) – Agencies prepare & submit requests to OPM (with a copy to DAS). Spreadsheets **must** be submitted no later than September 1st.
- **September** – OPM Assets works to ensure that submissions are complete & accurate
- **October–January** - Agency submissions are forwarded to OPM budget analyst who is responsible for making cost and square footage recommendations in conjunction with preparation of the State Budget.
- **February 15th** (*odd-numbered years*) – OPM is required to submit to the State Properties Review Board (SPRB) a *Proposed State Facility Plan*.
- **March 1st** – SPRB required to makes recommendations regarding the Plan to OPM.
- **March 15th** – OPM required to present the Plan to the General Assembly.
- **March-June** – General Assembly passes an operating and capital budget
- **July 1st** – State Facility Plan goes into effect.

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SURPLUS STATE REAL ESTATE

- CGS 4b-21, “Any agency having custody & control of land, an improvement to land or interest in land, belonging to the state, shall inform the Secretary of the Office of Policy and Management and the municipality where the land is located, in writing, **not less than six months before** the date when the agency anticipates such land, improvement or interest or any part thereof is not needed.”
- Once a property is declared surplus, OPM will solicit reuse proposals from State agencies.
- Reuse proposals must include an explanation as to how the property will be used and your agency’s plan to not only pay for the programs which will be housed on the property but also your plan to pay for the operation and maintenance of the property itself.
- Agencies have 30 days to respond. OPM evaluates agency reuse proposals and determines if the reuse proposal should be accepted and the agency be given the property or if the State, through DAS, should divest itself of the property.

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SURPLUS STATE REAL ESTATE

- CGS 4b-21 allows OPM to require the agency which declared the property to be surplus to continue to oversee the care of the property during the disposition process.
- While there are some exceptions, any agency declaring property to be surplus should **anticipate being directed to continue to oversee the property** during the disposition process.
- While CGS 4b-21 requires agencies to notify OPM at least 6 months prior to the agency no longer needing the property, agencies may declare property to be surplus as far in advance as they wish (but no less than 6 months).
- We **strongly** recommend that agencies declare property surplus as early as possible so that the disposition process can run concurrently with agency operations.
- This will **dramatically reduce the time** your agency is caring for property after you have vacated it.

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STATE FACILITY PLAN – QUESTIONS?

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REVIEW REQUEST FOR SPACE PROCESS

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- **REQUEST FOR SPACE FORM**
- **Existing Leases**
 - 18 month notice letter is sent to agency stating lease end date. The old RFS form is included (if available) in this package.
 - The agency must fill out the RFS form as a rough draft and return it to Leasing for basic review. We will call you back to discuss any details and explain what other info is required to complete the form.
 - If the amount of space or cost is less than 10% over the amount in FACCAP, we can proceed with the commissioner signatures. If it is more than 10% over the amount in FACCAP – an interim space request is needed.
 - The interim space request form ----- Paul Hirsch
 - When the existing lease is **NOT** in FACCAP (happens when the agency fails to submit space request in each even year to OPM!) the agency must follow the Interim Space Request Process outlined earlier.

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REVIEW INTERIM SPACE REQUEST PROCESS

- These cover letters are required when the agency is seeking more square footage than it is approved for under the current State Facility Plan. They are on the OPM website.
- Sample ISR Letter #1 - To be used when an agency needs to exceed State Facility Plan square footage approval by more than 10%.
- Sample ISR Letter #2- To be used when the space request was not submitted for inclusion in the State Facility Plan.
- Sample ISR Letter #3 - To be used when a space request was submitted for inclusion in the State Facility Plan, but not approved.
- Required Cover Sheet - To be used as a cover sheet when submitting an interim space request submitted to OPM.

- **Interim Funding Requests (IFR)**
- Required when the agency is seeking lease funding beyond what it is approved for under the current State Facility Plan.
- Sample IFR Letter

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GENERAL PARAMETERS REGARDING LEASES/PROPERTY TRANSFER:

- Leasing/Property Transfer does not solicit bids, but rather request for proposals
 - Once advertised we can look at anything
- A new lease is necessary if an existing lease is expiring and there is no renewal option or it is a new location
 - A purchase and sale agreement will be necessary on a transfer
- The leasing process, and to a lesser extent property transfer, is based on statutes, policies and procedures
- The leasing/property transfer process is not negotiable, it must be followed

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DISCUSS 4B27

Discussing your agency's real estate needs with anyone outside your agency and DAS, jeopardizes the leasing/property transfer process

- Can result in the elimination of a prospective site
 - Will result in slowing everything down
 - May result in having to start over again
- Confuses prospective lessors/buyers/sellers
- Violation of 4B27 is a class A misdemeanor

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YOUR AGENCY'S RESPONSIBILITIES:

- Provide timely accurate information throughout entire process
 - Sign all documents correctly
 - Deliver all documents to DAS directly
- Please do not discuss your agency's real estate needs outside of DAS or your Agency
- Read your lease (s), understand your obligations and the lessor's obligations, **CALL US WHEN IN DOUBT**
 - If you don't hear from DAS, call us

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Discuss Lease Compliance

- Ensures Lessor is in compliance with lease
- Ensures user agency is in compliance with lease
- Ensures both parties are in compliance with life/fire safety, codes, etc.

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Annual Inspections of Emergency Equipment and fire systems

Agencies must:

- Perform fire drills – a minimum of two per year
- Self inspect fire extinguishers, date and initial tag, monthly
 - Self inspect emergency lighting, monthly

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AGENCIES' RESPONSIBILITIES UNDER STATE STANDARD LEASE

- **Notify Leasing:**
 - **Give prompt notice of damage or other casualty to Leasing so we can inform lessor**
 - **of any water penetration IMMEDIATELY**
 - **Of any matter/issue regarding the lease (i.e., lessor not performing duties, etc...)**

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Annual Inspections of Emergency Equipment and fire systems

LESSORS must:

- Annual alarm testing by licensed alarm equipment contractor (annual is minimum, may need to be more frequent, depending on type of occupancy)
 - Annual inspection of sprinkler systems by licensed contractor
 - Annual fire extinguisher service by licensed contractor

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REVIEW PROPERTY TRANSFER PROCESS

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QUESTIONS/ANSWERS

THANK YOU FOR COMING!