

Online Lease Search

Summary

The Alabama Department of Finance, through its Office of State Buildings & Space Management (OSBSM), is responsible for managing over 600 leases for real estate in the forms of office space, warehouses and other properties. Historically, State agencies independently determined their needs, sought adequate property and negotiated leases with the Retirement Systems of Alabama or with private landlords. Completed leases were then sent to OSBSM to determine if errors or omissions existed that would not be in the best interest of the State. Leases were entered into a database for storage and tracking and then routed for signatures of the Finance Director or Governor. After approval, a hard copy of the lease was filed at OSBSM.

There were numerous shortfalls and challenges with that system, and there was a clear and urgent need for a database which would provide Space Management the tools needed to take appropriate oversight required by law. Since no agency of State government was managing the 600+ leases, the opportunity for waste, fraud and abuse abounded. The innovative creation of this searchable, web-based tool made it possible for any citizen to view the entire real estate portfolio of State agencies—making the business of state government transparent, accurate and efficient.

The Space Management Leases Search program now provides a tool for the analysis of space occupied by agencies. This thorough evaluation of leases allows the State to determine if agencies are making efficient use of space. Concurrent with development of the database, OSBSM polled all agencies to determine the number of full-time employees occupying leased space. As the database matured, Space Management was able to compute the average square feet per person. The results of this project revealed that significant inefficiencies exist in state-leased property. For instance, if agencies determine their space requirements autonomously, it is common for them to include the need for conference rooms, break rooms and storage. Common use of these facilities could provide savings to the state on an enormous scale. By establishing a state standard for square footage per person, controls can be applied to future leases and space potentially be reduced at the time of lease renewal. As a result, the Staubach Company, under contract with the state, has begun an evaluation of leases and has conducted interviews with agency heads to determine future needs. The database is used to anticipate lease expirations well before fulfillment date and look for creative methods of generating savings for both the agency and the state. This innovative tool also created the opportunity to conduct evaluations of possible agency consolidations in order to reduce square footage, provide improved customer service and increase the cost savings to the State.

Results of this project can be demonstrated at many levels, but the greatest advantage is the cost savings to the State of Alabama. Due to this innovative tool, a process that was once antiquated, inefficient, inaccurate and inadequate to meet the needs of Alabama's State government is now not only meeting the needs of state agencies—it provides complete transparency to the citizens of Alabama.

Justification

Project: Online Lease Search

The Problem

The Alabama Department of Finance, through its Office of State Buildings & Space Management (OSBSM), is responsible for managing over 600 leases for real estate in the forms of office space, warehouses and other properties. Historically, State agencies independently determined their needs, sought adequate property and negotiated leases with the Retirement Systems of Alabama or with private landlords. Completed leases were then sent to OSBSM to determine if errors or omissions existed that would not be in the best interest of the State. Leases were entered into a database for storage and tracking and then routed for signatures of the Finance Director or Governor. After approval, a hard copy of the lease was filed at OSBSM.

There were several shortfalls and challenges with that system:

- a. There was no verification of square footage to insure the State was getting the space it was paying for;
- b. There was no market study conducted to verify the rate was actual market rate;
- c. There was no standard format for leases, so each review was cumbersome;
- d. There was no analysis conducted to determine if the agency would be better off leasing, buying or building;
- e. There was no review of ownership of the property;
- f. There was no advanced planning prior to lease termination to determine if the property still satisfied the needs of the agency; and
- g. No standard existed for square footage per person in state leased property.

The Solution

There was a clear and urgent need to replace the 20 to 30-year old filing system with a database that would provide Space Management the tools needed to take appropriate oversight required by law. Since no agency of State government was managing the 600+ leases, the opportunity for waste, fraud and abuse abounded. The innovative creation of this searchable, web-based tool made it possible for any citizen to view the entire real estate portfolio of State agencies—making the business of state government transparent, accurate and efficient.

The Space Management Leases Search program, developed with Visual Studio .NET 2005 using Visual Basic .NET as the programming language, provides a tool for the analysis of space occupied by agencies. This thorough evaluation of leases allows the State to determine if agencies are making efficient use of space. Concurrent with development of the database, OSBSM polled all agencies to determine the number of full-time employees occupying leased space. As the database matured, Space Management was able to compute the average square feet per person. The results of this project revealed that significant inefficiencies exist in state-leased property. For instance,

if agencies determine their space requirements autonomously, it is common for them to include the need for conference rooms, break rooms and storage. Common use of these facilities could provide savings to the state on an enormous scale. By establishing a state standard for square footage per person, controls can be applied to future leases and space potentially be reduced at the time of lease renewal. As a result, the Staubach Company, under contract with the state, has begun an evaluation of leases and has conducted interviews with agency heads to determine future needs. The database is used to anticipate lease expirations well before fulfillment date and look for creative methods of generating savings for both the agency and the state. This innovative tool also created the opportunity to conduct evaluations of possible agency consolidations in order to reduce square footage, provide improved customer service and increase the cost savings to the State.

The Results

Results of this innovative online tool, which has been active now for only a few months, can be demonstrated at many levels. The greatest advantage is the cost savings to the State of Alabama. The analysis of the lease data by Staubach of Montgomery has revealed a potential savings of approximately 30%. As leases draw to a close, significant savings should result in the coming years.

Following creation of the database and evaluation of space and costs, it was determined that the average lease provides approximately 600 square feet per employee—200 square feet per person above the Federal standard of 400. This solution allows the State to reconfigure space to the more reasonable standard. As leases begin to approach their expiration date, agencies are contacted to reevaluate their needs. Reconfiguration is not possible in all cases, but it is anticipated that over the next 10 years, considerable savings to the State of Alabama will be realized. Not only is this solution useful in better meeting future needs—the renegotiation of leases is insuring that the State is obtaining property at or below market rates.

In addition to cost savings, this tool provides a solution to each and every one of the challenges of the prior system. Advanced planning is now possible to determine if an agency's needs are met appropriately. Citizens can be assured that the State is evaluating and correcting any non-standard conditions. This has never been done in Alabama before.

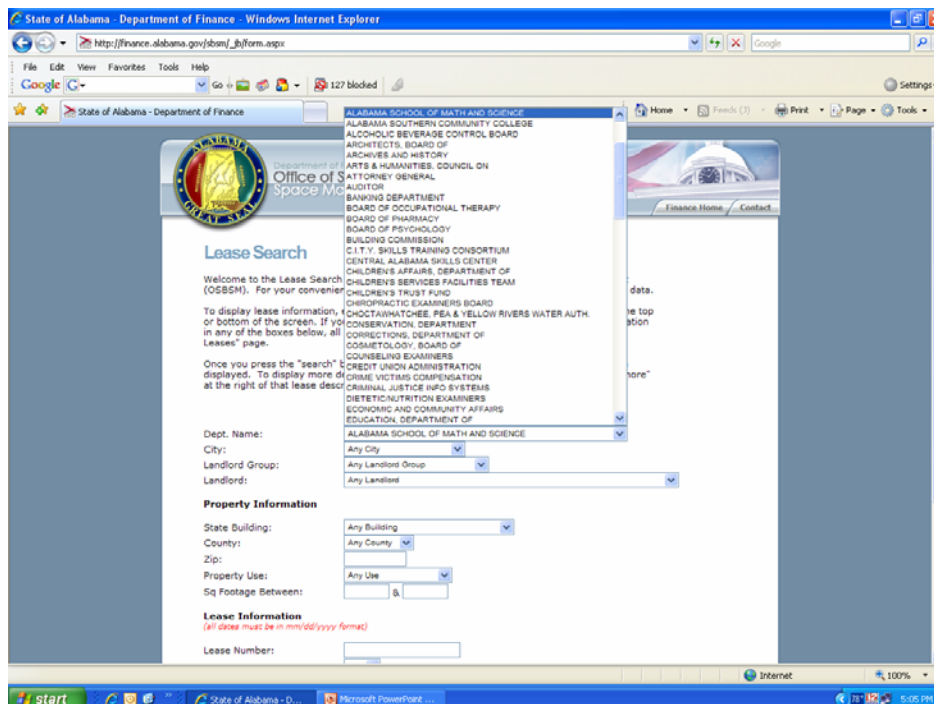
Due to this innovative tool, a process that was once antiquated, inefficient, inaccurate and inadequate to meet the needs of Alabama's State Government is truly meeting the needs of state agencies. In addition, and equally important, this tool provides full transparency to the citizens of Alabama. This increases the confidence level the general public has in State Government. And, as an added benefit, greater knowledge of the State's needs for space may gender increased competition among providers.

As a result of this online search, several hundred citizens view the website each month to view lease data—a practice that was impossible until the development of the online searchable lease database.

Marketing Efforts

Media across Alabama covered the new search tool. This major advancement from the previously inaccurate and unavailable process is another step in our Governor's commitment to Alabama citizens to provide transparency in State Government.

The Online Search Tool



Example of Search Results

State of Alabama - Department of Finance - Windows Internet Explorer

http://finance.alabama.gov/sbomf_sj/results.aspx

Department of Finance
Office of State Buildings & Space Management

Active Leases

196 Active Leases meet your search criteria. Of these, 101 are current building leases with:

Total Current SqFt: 810,647
Total Current Annual Base Rent & OpEx: \$7,993,217.54
Current Annual Base Rent & OpEx p/SqFt: \$9.76

Agency	Address	Sq. Ft.	Info
ALCOHOLIC BEVERAGE CONTROL BOARD	100 East Second Street, Gulf Shores	3936	more
ALCOHOLIC BEVERAGE CONTROL BOARD	10200 Eastern Shore Boulevard, Spanish Fort	3200	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1023 Douglas Avenue, Brantton	2719	more
ALCOHOLIC BEVERAGE CONTROL BOARD	102-B North Three Notch Street, Troy	1000	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1031 Alabama Avenue, Selma	360	more
ALCOHOLIC BEVERAGE CONTROL BOARD	104 Ardis Place, Dothan	2870	more
ALCOHOLIC BEVERAGE CONTROL BOARD	105 Eastside Street, Tuskegee	5250	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1051 S. Fox Run, Opelika	3434	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1064 Monticello Park, Montgomery	5000	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1064 Monticello Park, Montgomery	pending	more
ALCOHOLIC BEVERAGE CONTROL BOARD	110 Commerce Street, Hayneville	3000	more
ALCOHOLIC BEVERAGE CONTROL BOARD	111 Brown Springs Road, Montgomery	1980	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1116 3rd Avenue North, Birmingham	5340	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1117 Bethel Avenue, Tarrant City	4060	more
ALCOHOLIC BEVERAGE CONTROL BOARD	113 Brown Springs Road, Montgomery	pending	more
ALCOHOLIC BEVERAGE CONTROL BOARD	114 Titan Drive, Florence	2480	more
ALCOHOLIC BEVERAGE CONTROL BOARD	114-116 Commerce Parkway, Pelham	4000	more
ALCOHOLIC BEVERAGE CONTROL BOARD	116 Eufaula Avenue, Clayton	3000	more
ALCOHOLIC BEVERAGE CONTROL BOARD	11700 South Memorial Parkway, S.W., Huntsville	5000	more
ALCOHOLIC BEVERAGE CONTROL BOARD	1177 Andrews Avenue, Ozark	2575	more
ALCOHOLIC BEVERAGE CONTROL BOARD	11973 Highway 431 South, Guntersville	6000	more

Example of Detailed Search Results

State of Alabama - Department of Finance - Windows Internet Explorer

http://finance.alabama.gov/sbomf_sj/details.aspx?lease=1991-014-R1&year=5

Department of Finance
Office of State Buildings & Space Management

Lease Details

Lease Information
Agency: ALCOHOLIC BEVERAGE CONTROL BOARD
Lease Number: 1991-014-R1
Lease Expires: 3/31/2013

Lessor Information
Name: Louie F. Grimes
Address: PO Box 186
 Opp, AL 36467

Property Information
Address: 100 East Second Street
 Gulf Shores, AL 36542
County: Baldwin County

Other Information
Use: ABC Store #137
Term Years: 10
Square Footage: 3936
Current Annual Base Rent & OpEx: \$49,200
Current Annual Base Rent & OpEx p/SqFt: \$12.50

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