

## 2008 Innovations Awards Program APPLICATION

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ID # (assigned by CSG): 08-S-03AL

**Please provide the following information, adding space as necessary:**

State: Alabama

Assign Program Category (applicant): Government Operations: Public Information

1. Program Name: Lease Search
2. Administering Agency: Alabama Department of Finance
3. Contact Person (Name and Title):

Jeff Samuel, Special Projects Coordinator  
Jim Yoder, Manager, Office of State Buildings and Space Management  
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8. Web site Address: <http://www.finance.alabama.gov> (click on Lease Search to access tool)
9. Please provide a two-sentence description of the program:

Numerous shortfalls and challenges existed with the previous method that we managed over 700 leases for real estate in the forms of state office space, warehouses and other property. To address the challenges and correct the problems, we developed an innovative online search tool that ultimately not only addressed the problems, but provided an enormously popular, frequently-used and highly successful solution.

10. How long has this program been operational (month and year)?

The year-long process was completed and launched on our department's website in Feb 2007.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

The Alabama Department of Finance, through its Office of State Buildings & Space Management (OSBSM), is responsible for managing over 700 leases for real estate in the forms of state 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 manually filed at OSBSM.

There were several shortfalls and challenges with that system:

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

12. Describe the specific activities and operations of the program in chronological order.

We determined that 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 700+ leases, the opportunity for waste, fraud and abuse abounded.

Design of the innovative creation of this searchable, web-based tool began, with the objective of making it possible for any citizen, media, legislator, etc, to view the entire real estate portfolio of State agencies—making the business of state government transparent, accurate and efficient.

Steps were taken to ensure that the Space Management Leases Search program would provide 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 can, and in many cases does, provide savings to the State on an enormous scale.

We established a State standard for square footage per person; controls can now 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.

Attention was given to ensure that the database could be 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.

13. Why is the program a new and creative approach or method?

This tool is creative because it innovatively answered all previous challenges. Results of this project 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 already revealed a potential savings of approximately 30%.

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.

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 non-standard conditions.

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, as well. Thousands of visitors to the site have used the tool to search by several variables and view reports on agency leases; this option was never possible before.

14. What were the program's start-up costs?

The contract with the database developer was \$97,000; their portion of the project took approximately six months. Population of the database was performed by existing department employees, so no additional cost was involved. The state's Information Services Division (IT) falls under the Finance Department, so they lent expertise on software and web interfacing.

15. What are the program's annual operational costs?

Maintenance of the database requires approximately 10% of a current staffer's position, which totals approximately \$5,000 per year. As we do use current employees, however, to maintain the database, no additional costs are actually expended.

16. How is the program funded?

No additional fees required, as the project is now in maintenance mode. Only cost to the State of Alabama is the use of current employees, who are paid through the state's General Fund.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number. No.

18. What equipment, technology and software are used to operate and administer this program?

ACCESS software is utilized for operation of the database search. Department staff utilizes their PCs for database updates and maintenance, and the state's ISD server hosts the site.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes. We are not aware of other states utilizing a similar tool. We did not consult with other states on its development—it was an internally-designed project.

Principals involved in the project were:

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20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ? No.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

Yes. The project was completed late 2006 and was tested for a couple of months prior to its public launch in February 2007. It is accessed at <http://www.finance.alabama.gov>.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Several examples are provided in #13 of this application; but to summarize, this tool innovatively answered all previous challenges. It has provided never-before transparency to leases owned by the state of Alabama. It is available to all citizens, media, legislators and others who may be interested. It has provided a management tool, also previously non-existent, for anticipating lease expiration dates and the opportunities to negotiate renewals, terminations or expansions. The tool has eliminated emergency renewals and costly month-to-month extensions, which were never in the best interest of the State. The data also provides an opportunity to determine square footage per employee to insure that Alabama's state agencies are complying with space standards.

One year into the project, the only con we have determined is that verification of actual rentable square footage in leased space remains an issue.

23. How has the program grown and/or changed since its inception?

Since its inception, we made the database available to a real estate company who serves under contract with the State Finance Department for portfolio

management and tenant representation. This has resulted in more effective and efficient management of leases than ever before.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Determining database fields and search criteria is difficult, but not overwhelming and definitely doable. Cooperation from agencies can be difficult at first, as some may have formed their own real estate offices to handle space issues.