Real Estate and Lease Management

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Expectations

Inventory surplus and unused state properties

Lease audit & renegotiation of office leases

Explore sale and lease-back opportunities

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Results of inventory

Inventory

- Agencies contacted include DOC, DHS, DNR, DOT and DPD; these agencies have specific authority for disposing of surplus real property
- To date, DAS has not been notified that any agency has real property which is not in use and/or should be sold

DOT

- DOT sells surplus property on a regular and routine basis

DAS authority

- DAS does not have statutory authority to deem real properties as "surplus" and engage in selling
- DAS is required to obtain authorization by the General Assembly and approval by the Governor to dispose of real property

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Results of Lease Audit

Audit

- DAS undertook a massive effort to renegotiate all leases for office space, both at the seat of government (Polk and contiguous counties) and outside the seat of government

Negotiation

- Through these efforts, DAS was able to achieve more than $4M in lease cost savings over the next several years

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Results of Sale & Lease-back Analysis

Analysis

- DAS identified 14 buildings for potential sale-leaseback arrangements
- Other buildings may be options for considerations, but are outside of DAS authority

Pros

- Up front benefit of one-time income to the general fund
- Depressed real estate market may allow for lower than normal rent payments
- Sale-leaseback may be attractive to investors, due to the guaranteed occupancy

Cons

- Higher annual costs to the State
- Selling at a low point in the market may result in less revenue
- State of Iowa owns the buildings outright; there are no bond or other debt obligations on any of the buildings that might be sold
- Loss of building control

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Reports and Next Steps

- DAS submitted a full report to the General Assembly on December 30, 2010
  - Describes our efforts and recommendations in more detail
- HF646 requires DAS to provide space & lease management services statewide. This has the potential to create greater savings by:
  - Maximizing co-location opportunities
  - Ensuring competitive lease rates
  - Establishing consistent lease terms
  - Reducing square footage for redundant common areas
  - Implementing consistent space standards

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