



# Commission for a New Georgia

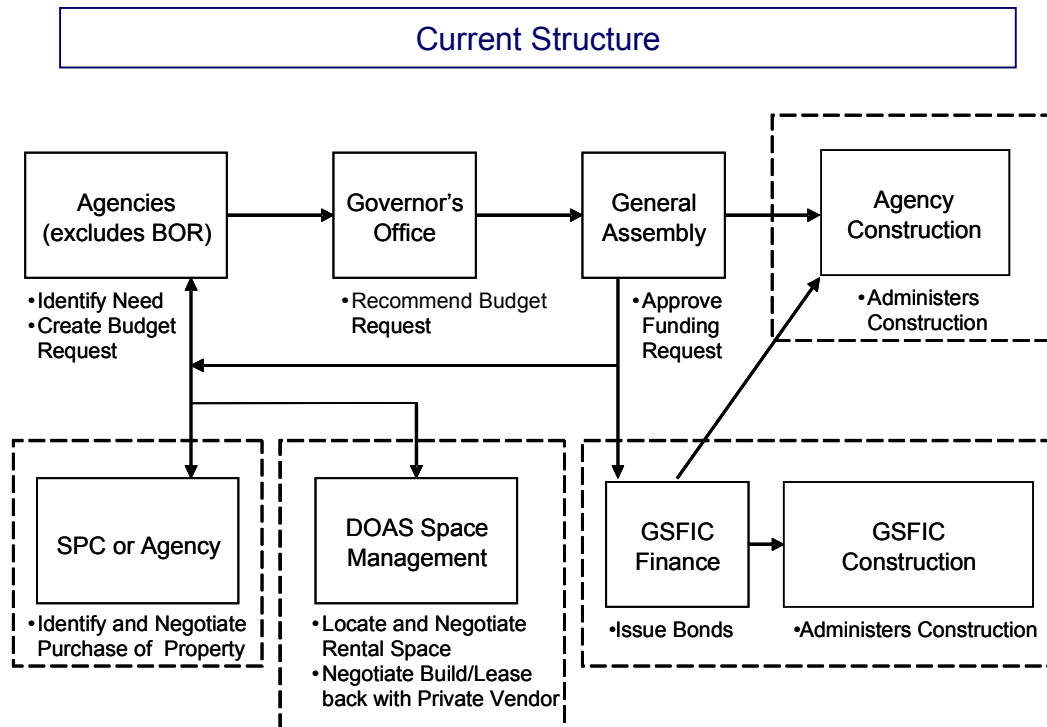
## Task Force Executive Summary Capital Construction

*February 18, 2004*



# Capital Construction Key Findings

- Decentralized structure with multiple entities responsible for capital management
- Inconsistent policies and procedures
- Lack of enterprise wide vision for construction and capital asset management
- Redundancies of staff responsibilities
- Varying levels of expertise across agency professionals
- State facilities are losing value due to lack of maintenance and capital renewal



# Capital Construction Recommendation #1

## Establish a Chief Property Officer

### Current Problem and Opportunities

- Inconsistent policies and procedures
- Lack of common vision
- Redundant responsibilities
- Varying expertise levels

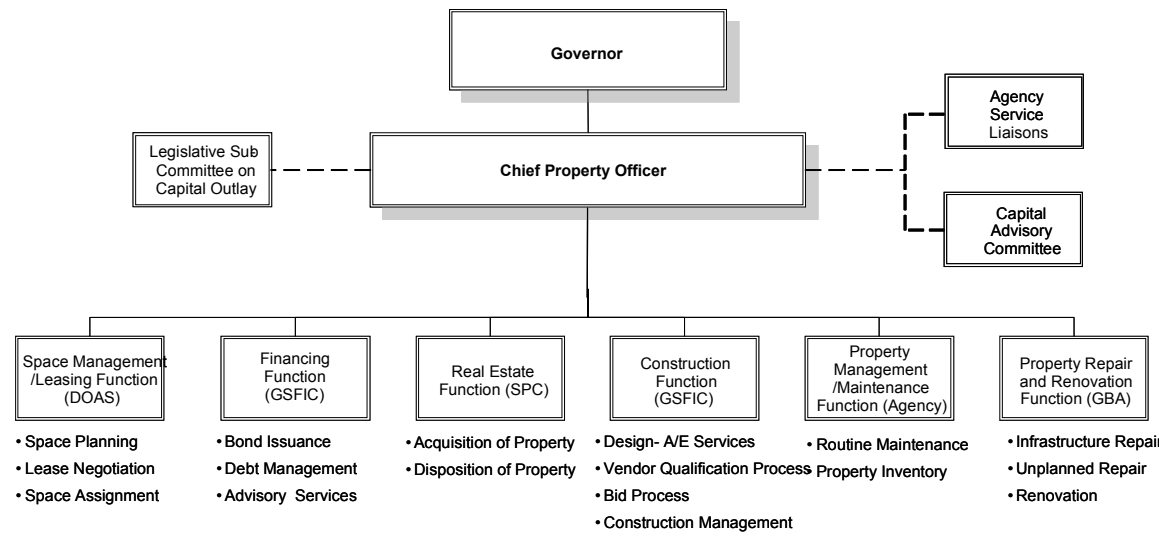
### Vision

- Consolidated property organization with effective fiscal management, collaboration, and efficient construction processes

### Discussion/Rationale

- Appoint Chief Property Officer to implement recommendations
- Develop mission, vision, and guiding principles
- Streamline the responsibilities to eliminate redundancy

### Recommended Functional Structure



# Capital Construction Recommendation #2

## *Evaluate liquid and tangible assets for reallocation and divestment*

### Current Problem and Opportunities

- Over 11,000 state facilities valued at \$10.5 B; many are losing value and are underutilized due to poor maintenance and emerging safety issues
- GA has 2<sup>nd</sup> largest consolidated funding volume of public construction in the U.S. without direct ownership
- Excess General Obligation (G.O.) Bond funds remain obligated to canceled or completed projects (\$80 MM)

### Vision

- Provide management oversight of the facility lifecycle related to financial and operational aspects, that:
  - Captures total cost of ownership for the effective life of special use state property
  - Provides a structure that minimizes the State's capital ownership to essential property

### Discussion/Rationale

- Divest State property that does not meet the established Guiding Principles for Capital Property and return it to the tax digest (potential recovery of invested capital funds of \$150 MM to \$450 MM)
- Explore public/private partnerships to obtain potential savings of 3% to 5% per project
- Reallocate excess G.O. Bond funds to establish a pre-design fund and a “capital renewal” revolving fund



# Capital Construction Recommendation #3

***Develop end to end process management policies, procedures and tools for the selection, acquisition and development of capital construction services***

### Current Problem and Opportunities

- Multiple policies and processes utilized by agencies
- Inconsistent documentation and performance feedback
- Varying levels of staff knowledge and capabilities

### Vision

- Provide a consistent process that captures and evaluates necessary information to the affected groups

### Discussion/Rationale

- Determine the total cost of ownership for the expected lifecycle of a building
- Complete and utilize process documents and procedures created by Regents and GSFIC
- Complete, adopt and implement the State Construction Manual for statewide use
- Expedite the adoption of new contracts already under consideration
- Implement a review process to define project scope, budget and schedule uncertainties
- Develop a “lessons learned” database to drive future project efficiencies

Current Process						
Function	GSFIC	GBA	SPC	DOAS	Regents	Agencies
Construction Management	√	√			√	√
Real Estate Acquisitions		√	√		√	√
Space Design				√	√	√
Bidding	√	√		√	√	
Financing	√	√			√	
Property Management		√			√	√
Leasing				√	√	√



# Capital Construction & Space Management

## Summary

<b>Capital Construction</b>	<b>Space Management</b>
<ul style="list-style-type: none"><li>• Establish a Chief Property Officer who will report to the Governor</li><li>• Evaluate liquid and tangible assets for reallocation and divestment</li><li>• Develop process management policies, procedures and tools</li></ul>	<ul style="list-style-type: none"><li>• Establish a Real Estate Executive who will have authority to implement change</li><li>• Consolidate information on all real estate holdings, leased and owned</li><li>• Develop portfolio management policies, procedures and tools related to space management strategic decision</li><li>• Combine Space Management and Capital Construction into one organization</li></ul>

