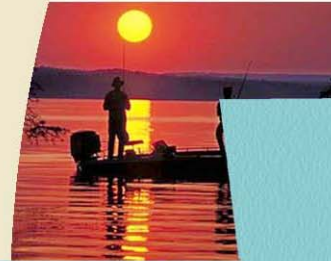




Commission for a New Georgia

Task Force Executive Summary Space Management

February 18, 2004



Space Management Key Findings

- Space Management is decentralized and silo-structured by agency
 - Data is limited as well as fragmented, agency-specific and in multiple formats
- No single accountable resource
 - Most agencies handle their own space management independently and report only to department head
- No accommodation for comprehensive management of real estate assets
 - Property maintenance and asset management are neither being routinely performed nor strategically evaluated
- Space Management has been studied multiple times without significant changes being implemented



Space Management Recommendation #1

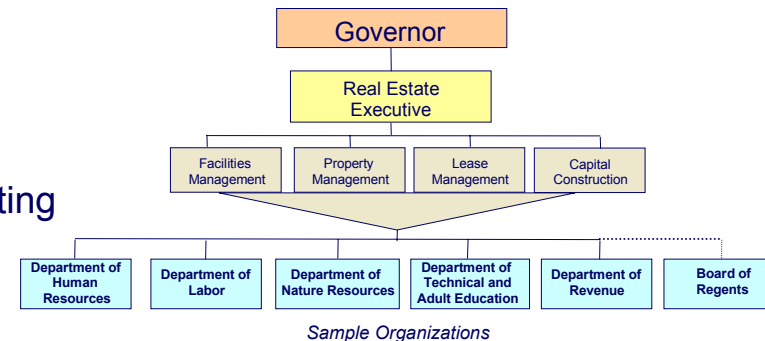
Establish Real Estate Authority to be run by a portfolio management executive

Current Problem

- Duplicate real estate functions within agencies leading to disparate information and outcomes
- No formal governance structure and coordination between State organizations
- No single point of responsibility to guide and enforce policies and procedures in real estate decisions
- No master plan for the State's real estate

Vision

- All owned and leased State real estate would be managed through one organization to standardize and implement operating procedures, and provide an overall strategic and business approach to managing space using industry best practices



Discussion/Rationale

- Review GBA and GSFIC to become this single entity
- Adopt portfolio management strategy - Virginia and North Carolina as models
- Consolidate leases which **could potentially save the State between \$275 and \$875 million** over a 10 year period
- Identify and utilize/sell surplus land and buildings; **could result in \$210 to \$315 million in cost reductions** over a five year period



Space Management Recommendation #2

Consolidate information on all real estate holdings, leased and owned

Current Problem

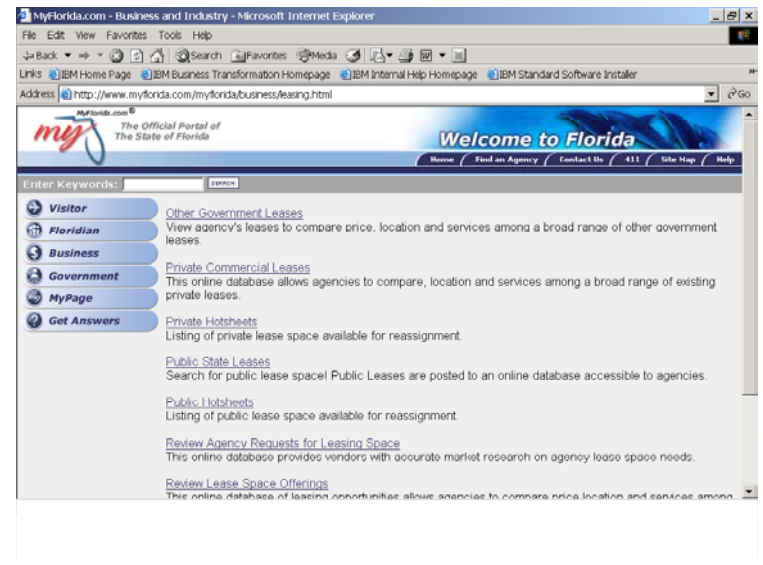
- Statewide information on real estate holdings, amount of space available, space required is not housed in one database
- Decisions tend to be reactive and made on incomplete data

Vision

- Web-based, real-time data access available to public and private entities statewide
- Report generation will create critical information for analysis and trends
- Database maintained by Real Estate Authority

Discussion/Rationale

- Generate opportunities for divestiture, co-location, etc.
- Establish a centralized database to store the State's real estate (Florida's website is a potential model)
- Enable identification of State demand, "in-house" supply and optimal scenarios



Space Management Recommendation #3

Develop portfolio management policies, procedures and tools in order to make effective space management strategic decisions

Supporting Recommendations

- Establish Space Management “Standard Operating Procedures”
- Eliminate excess space from the portfolio, look to consolidate and co-locate across agencies
- Establish Advisory board to advise on best practices
- Review “renovate versus rebuild” decision on portfolio buildings
- Review cost benefit of selling and leasing back buildings
- Authorize 3-5 year leases to allow greater negotiating flexibility
- Perform market analysis to determine optimal State locations



Space Management Task Force

Summary and Next Steps

Portfolio Optimization will require significant organizational change management

- View State real estate assets as a whole versus in agency silos as they are today
- Maintain robust repository to develop a master plan for portfolio management
- Elevate decisions to the portfolio management executive, who will need authority to enable change
- Combine Space Management and Capital Construction into one organization

Next Steps

- Establish authority and portfolio management executive via Executive Order
- Retain real estate consulting experts to develop master plan and create a detailed business case
- Establish Advisory Board and utilize to continue Task Force momentum
- Contact other States who have adopted similar recommendations
- Develop organization transition plan and communication strategy

