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DATE: March 2, 2009
TO: All Agencies, Boards and Commissions
FROM: William Bell, Director
RE: State Agency Space – ADOA Managed Buildings and Private Sector Leases

Nearly every State agency, including ADOA, is making changes as a result of the State's difficult budget situation. In FY 2008, ADOA began implementing changes in its delivery of building services to help reduce operating costs. ADOA currently faces continuing increases in utility rates and the cumulative effect of a 60% reduction in facilities staffing since last year. While recent reductions in ADOA funding will have a substantial impact on building services, ADOA remains committed to providing our tenants with the best-maintained facilities possible. This memo describes changes that affect state tenants in ADOA-managed buildings and changes in the procedure for private leases.

Custodial and Grounds Services

Regrettably, ADOA is losing the majority of our custodial and grounds staff. While ADOA values the service our staff has provided, funding is no longer available to provide these services in-house. ADOA will provide custodial services by relying on a combination of inmate labor and contracted services; ADOA will provide grounds maintenance by relying on inmate services with ADOA on-site supervision. Over the last several years, ADOA, with support from the Arizona Department of Corrections, has utilized inmate custodial and grounds services with excellent results.

Whenever ADOA provides services using inmate labor, a trained state employee works along side and supervises the inmate crew. We are sensitive to the additional security needs, however, for certain areas. In these cases, ADOA will arrange for contract custodial services that include appropriate background checks and security measures. If your agency has special circumstances of which we should be aware, please contact me or Lynne Smith, Assistant Director, General Services Division at 602-542-1427 or lynne.smith@azdoa.gov.

Building Maintenance

Please continue to report any facility problems through your internal facility liaisons or by calling ADOA Customer Support at (602) 542-5494. Although ADOA staffing reductions

will impact the timeliness or level of available repairs in some cases, ADOA is striving to keep the State's buildings in good repair and appreciates the assistance of state agencies by promptly reporting any issues.

Room Reservations/Special Events

State agencies may continue to reserve Wesley Bolin Plaza by e-mailing jobalena.yates@azdoa.gov. Conference room reservations are now self-service by accessing the on-line calendar at groupwise@adoa.gov; first time users will need to email Jobalena Yates for a password. ADOA is no longer able to provide any set-up, tear-down, or clean-up services for meetings or other events. Each agency must provide its own preparation and restore the area to its pre-event condition.

Non-state entities may continue to reserve Wesley Bolin Plaza and the atrium at the Tucson Office Complex; however, ADOA is no longer able to allow most non-state entities to hold meetings or events inside buildings. Only groups that are specified in the Arizona Administrative Code solicitation rules R2-11-309 (for example, United Blood Services, state deferred compensation, and state employee associations) will be able to reserve space inside state buildings. Each entity must provide its own preparation and restore the area to its pre-event condition.

ADOA will "grandfather in" any previously approved events that are scheduled to be held before March 9, 2009 and will provide any promised set-up, tear-down, and clean-up services for those events.

Energy Conservation Standards

Utility operating costs in ADOA owned and managed facilities must be reduced by \$600,000 by end of FY 2009. A successful reduction in utilities consumption and costs will require the support and team effort of all employees, including adherence to facilities rules and restrictions. Effective immediately, ADOA has implemented a "no personal appliance" policy that is consistent with widely accepted state and federal government and private-sector office-space management practices. In addition, each agency is responsible for ensuring that employees turn off their own lights when not in use and when leaving work for the day. For details, refer to the attached document entitled "State Energy Conservation Standards for ADOA Owned and Managed Buildings."

Reducing Space Allocations

Not unexpectedly, overall reductions in agency budgets have generated increased inquiries to ADOA from tenant agencies regarding reductions in space allocations, exemptions from rents and lease-purchase payments, and re-negotiation and termination of private-sector leased space.

Agencies currently occupying ADOA owned and managed space that are considering relocation or a reduced space allocation should seek ADOA advice immediately. Per the requirements of ARS §41-792.01, relocation or reduction in space does not automatically garner an exemption or reduction in rent or lease-purchase payments. It is to the benefit

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of tenant agencies to seek ADOA advice prior to relocating or reducing space, since rent or lease-payment charges will continue to accrue regardless of occupancy status. To avoid this, agencies must work with ADOA to coordinate an approved "back-fill" plan of the space. Please direct questions to Nola Barnes, General Manager, Building and Planning Services at 602-542-1954 or nola.barnes@azdoa.gov.

Private Lease Space

In accordance with ARS §41-792.D, ADOA reviews and approves all proposed leases for state agencies to rent privately owned office space. During this time of reduced funding levels, ADOA is implementing several measures to reduce operating costs to the State and to ensure economically sound lease terms for private-sector leased space. These measures include consolidating space at the request of tenant agencies and renegotiating leases for all private space.

ADOA has an existing contract with a tenant broker service to locate suitable office space, provide a comprehensive analysis of market conditions, create competition among landlords, and negotiate favorable lease terms, including re-negotiation of current lease terms. These services are available to the tenant agencies at no charge. Numerous agencies have used this contract to great advantage over the last several years. Jones Lang LaSalle (formerly The Staubach Company) represents the interests of the State as its tenant broker. These professional services will support state agencies in garnering the benefits of the current "tenant friendly" market conditions, which present numerous opportunities for lease cost savings.

Effective May 1, 2009, all agencies (excluding the universities and legislative or judicial agencies) with pending or future lease actions are required to use the State's lease broker contract for all lease negotiations and transactions. The deferred date is to allow agencies to conclude current lease negotiations and transactions; however, agencies are not required to wait and may transition to the State's lease broker contract effective immediately. Jones Lang LaSalle will assume responsibility to represent the State for all lease transactions signed after May 1, 2009. Please direct questions to Ryan Maxwell, Lease Coordinator, at 602-542-1941 or ryan.maxwell@azdoa.gov.

Questions/ Contact Information

If you have questions regarding any of these topics, please contact Lynne Smith, Assistant Director, ADOA General Services, at 602-542-1427 or lynne.smith@azdoa.gov.

Attachments

cc: Charlotte Hosseini, Deputy Director, ADOA
Lynne Smith, Assistant Director, ADOA
Nola Barnes, General Manager, ADOA