

Report on Leases

Department: Department of Finance and Administration

Secretary: Larry W Walther

The purpose of this report is an analysis of leases within each Department and assist in the formulation of a report to the Governor on how to achieve greater efficiency and cost savings as it relates to leases. **The report template includes sections for three projects for your convenience. This number is not a goal or target. You may add or delete boxes for as many projects as you submit.**

ACTION PLAN FOR PROJECT 1:

1. Project Title: Division Lease Review and Consolidation

1.1. Brief description of project, goal, and action plan.

1.1.1. The Department is evaluating the DFA Divisions to determine proper alignment. This evaluation will include looking at the number of employees of each division as well as the work space required. This will allow the Department to make decisions regarding future leasing options. DFA Management Services is currently located in two buildings. The amount of space needed for DFA Management Services was decreased due to Transformation and therefore the Department will be looking to move DFA Management Services into a single building. Alcohol Beverage Control (ABC) Administration, ABC Enforcement and Arkansas Tobacco Control (ATC) have combined forces and will be working together going forward. In doing this, the Department will be co-locating these Divisions to allow for better communication and workflow. Racing Commission will also be located with ABC Administration, ABC Enforcement and ATC. The Department is looking into the possibility of locating the Assessment Coordination Division with the Revenue Division.

1.2. Identify any additional resources required for the implementation and success of this plan.

1.2.1. The Department will work with Transformation and Shared Services Division of Building Authority to determine appropriate locations.

1.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

1.3.1. The success of this plan could potentially require moving expenses which could be absorbed by the current budget. The plan will lead to future cost savings on leases due to decreased foot print.

1.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

1.4.1. The success of this plan will be measured by comparing the year to year cost of leases. The Department currently has a meeting scheduled with Transformation and Shared Services on November 12, 2019. Until that meeting occurs cost savings cannot be determined.

1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

1.5.1. Time Line: Complete implementation as leases expire over the next 7 years.

1.5.2. Key Action Steps:

1.5.2.1. Determine the expiration of the current leases and work with Transformation and Shared Services Division of Building Authority.

- 1.5.2.2. Work with Transformation and Shared Services Division of Building Authority to determine locations.
- 1.5.2.3. Enter a new lease.
- 1.5.2.4. Move staff from current location to new location.
- 1.5.3. Track Progress: Progress will be tracked by using Fiscal Year 2020 expenditures for leases as a baseline for comparison. A full fiscal year of savings will be expected for Fiscal Year 2021.

- 1.6. Identify any obstacles to the implementation and success of this plan.
 - 1.6.1. Assistance in identifying available property in specified areas.

- 1.7. How could Department of Transformation and Shared Services provide support to the Department?
 - 1.7.1. Assistance in identifying available property to relocate DFA Management Services and ABC Administration, ABC Enforcement, ATC and Racing Commission.

ACTION PLAN FOR PROJECT 2:

- 2. Project Title: Local Office Lease Review and Consolidation
 - 2.1. Brief description of project, goal, and action plan.
 - 2.1.1. The Department is evaluating local offices including local revenue offices, field audit offices and child support offices to identify any opportunities for shared locations. This will allow the Department to make decisions regarding future leases in a more cost-effective manner. Some communities currently have a local revenue office and a child support office and putting both offices in one location could potentially create savings in leases as well as provide better customer service to state taxpayers.

 - 2.2. Identify any additional resources required for the implementation and success of this plan.
 - 2.2.1. The Department will work with Transformation and Shared Services Division of Building Authority to determine appropriate locations.

 - 2.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?
 - 2.3.1. The success of this plan could potentially require moving expenses which could be absorbed in the current budget. The plan will lead to future cost savings on leases due to decreased foot print.

 - 2.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
 - 2.4.1. The success of this plan will be measured by comparing the year to year cost of leases. It will also be measured based upon responses and comments from the taxpayers.

 - 2.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
 - 2.5.1. Time Line: Complete implementation as leases expire over the next 7 years.
 - 2.5.2. Key Action Steps:
 - 2.5.2.1. Identify cities/towns where there are at least two of these three offices: revenue office, child support office, and/or field audit office.
 - 2.5.2.2. Determine the expiration of the current leases.
 - 2.5.2.3. Work with Transformation and Shared Services Division of Building Authority to determine if there are any open spaces that could potentially house all offices in one location.
 - 2.5.2.4. Enter into a new lease.
 - 2.5.2.5. Move staff from current location to new location.

2.5.3. Track Progress: Progress will be tracked by using Fiscal Year 2020 expenditures for leases as a baseline for comparison. A full fiscal year of savings will be expected for Fiscal Year 2021. With additional savings each year for the next 7 years until all current leases expire and can be revisited.

2.6. Identify any obstacles to the implementation and success of this plan.

2.6.1. Lack of availability of property space large enough to house the offices in one location.

2.7. How could Department of Transformation and Shared Services provide support to the Department?

2.7.1. Assistance in identifying available property in specified areas.

Additional thoughts/comments: