

Report on Leases

Department: Arkansas Department of Agriculture

Secretary: Wesley W. Ward

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. Reduction of leased space for the Natural Resources Division at Main Street Mall

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

Goal: Reduce the amount of leased space for the Natural Resources Division at the Main Street Mall by 4,650 sq. ft. for a minimum savings of approximately \$58,300.

Background: The Arkansas Department of Agriculture's Natural Resources Division currently leases 32,699 sq. ft of office space at the Main Street Mall. The current lease rate is \$12.54 per sq. ft. for all but 650 sq. ft. of basement storage that leases for \$4.40 per sq. ft. The total annual lease payment is \$404,754. The current lease's renewal date is June 30, 2021.

By digitalizing paper files, the Natural Resources Division has identified approximately 1,950 sq. ft. of storage space that can be returned to the Division of Building Authority. The reduction in the leased space has a potential savings of \$24,453.

We are in the process of relocating seven employees to the Department's main headquarters building in Little Rock. This relocation will result in an additional 2,700 sq. ft. of leased space that can be relinquished at a potential savings of \$33,858.

Action Plan: The Department will:

- Work with the Division of Building Authority to adjust the annual lease payments to realize the cost savings.
- The Department will continue to evaluate options for co-locating more Natural Resource employees at the headquarters building.

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

No additional resources are required.

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

Relocation costs are expected to be minimal.

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

Savings will be determined by the reduction in lease payments.

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

The 1,950 sq. ft. space is available immediately and the Division of Building Authority (DBA) has been notified. The fiscal staff relocated on November 1, and DBA will be notified of the available space as soon as possible. Realization of the savings can occur at any time DBA is ready to renegotiate the lease.

Further evaluation of relocating additional Natural Resources Division staff to the headquarters building is immediate and ongoing.

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

Relocating any additional Natural Resources Division staff to the headquarters office will be limited due to a lack of space.

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

ACTION PLAN FOR PROJECT 2:

2. Co-location of more staff in Little Rock office

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

Goal: Attain greater efficiency through co-location of staff.

Background: The Department currently has 215 employees housed in three state-owned buildings in Little Rock as follows:

Location	Square Footage	Annual Lease	Employees
1 Natural Resources Drive (headquarters)	77,000	\$861,312	147
4608 W. 61 st Street (Bureau of Standards)	11,000	\$66,494	11
Main Street Mall (Natural Resources)	32,699	\$404,754	57

The Department faces many challenges with our locations in Little Rock:

- The Headquarters building was constructed in 1978 to house two separate agencies and was not designed to accommodate a consolidated department. The building's design reinforces the silo effect that has plagued the Department since its inception and discourages collaboration and functioning as a team.
- Approximately 36% of total floor space is used for laboratories, which is more than was originally intended. This has caused additional expenses for renovation, higher energy costs, ventilation issues, and inefficient use of space.
- Laboratory space is located on two separate sides of the headquarters building, and a third laboratory is located at the Bureau of Standards building in a separate part of the city. The

distance between these labs prevents coordination of operation and resources, including employees and equipment, which results in increased costs and inefficiency.

- The Bureau of Standards building is a 30-minute drive away from the headquarters office and has been vandalized numerous times.
- The building's current size is inadequate to accommodate the Natural Resource Division employees currently located at the Main Street Mall. We have converted storage, training, and conference room space to accommodate seven Natural Resource employees. The other 57 employees will remain at the Main Street Mall location, further hindering collaboration, teamwork, delivery of services, and management efficiencies.

In 2017, the Department relocated 12 Forestry Division employees from a location on Roosevelt Road and sold the building in 2019 for \$150,000. Many benefits have been achieved by this co-location, including improved communication, coordination, management, teamwork, and \$58,000 in utility and maintenance cost savings annually.

In 2017, the Department received a \$6 million General Improvement Capital Projects appropriation and a \$60 million Bond Proceeds Capitol project appropriation for new office space, laboratories, and support facilities. In January 2018, the Department issued a Request for Qualifications (RFQ) for architectural and engineering design services. The RFQ was re-advertised in March 2018, and a firm was selected in April 2018.

Due to funding limitations, the only actions taken towards a new facility or renovation have been a geotechnical soil investigation at a site owned by the Department, and preliminary programing discussions to determine potential office and laboratory space needs.

Action Plan: The Department will continue working with Division of Building Authority to determine next steps.

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

No additional, non-financial resources are anticipated.

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

No additional costs are anticipated for the action plan.

If it is determined that the Department should proceed, it is anticipated that additional resources through a bond issue will be needed. An accurate determination of financial resource needs cannot be made until cost estimates are received and a building option is selected.

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

Not applicable at this time.

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

Not applicable at this time.

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

No obstacles are anticipated at this time.

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

ACTION PLAN FOR PROJECT 3:

3. Co-location of field staff and better utilization of offices and work centers

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

Goal: Achieve greater efficiency and better utilization of staff, offices, and work centers located across the state.

Background: In addition to the three office buildings in Little Rock, the Department also owns or leases offices and work centers in 63 locations across the state as follows:

- In 17 locations, the Department owns the buildings and the land.
- In 30 locations, the Department owns the buildings but leases the land.
- In 16 locations, the Department leases buildings and the land.

At three of the work center sites, the Department owns a total of four houses that are rented to Forestry Division personnel as personal residences for a total of \$9,600 annually. The Department also owns nine fire towers, four of which are on leased land.

All offices, work centers, and houses currently are used by Forestry Division staff only.

The 117 field staff working for the Livestock and Poultry Division, Plant Industries Division, or the Natural Resources Division across the state currently do not report to an office. Many supplies and some equipment for these employees are kept at the headquarters office in Little Rock, requiring time away from more productive work to travel to Little Rock to replenish supplies. In some areas, the Department leases storage space for field staff equipment and supplies. The Department currently leases 15 storage units in nine locations at an annual cost of \$12,576.

Prior to the Transformation and Efficiencies Act of 2019, Department leadership recognized and discussed the need to explore expanding the scope of use for the Forestry Division offices and work centers to achieve greater efficiency. An overlay map of division boundaries, field office/work center locations, and base locations of field staff was developed.

Action Plan: The Department will:

- Form a team to study the feasibility of other divisions using Forestry Division offices and work centers for supply storage, a base of operations, and other possible uses. The team will include field staff from each division.
The team will submit a report to Secretary Ward by February 1, 2020.
- Implement actions recommended in the report that are feasible and would result in efficiency gains.

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

No additional resources are needed.

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

No additional costs are anticipated at this time.

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

Success of the plan will be measured by:

- the development of a feasibility report that outlines possible options, efficiency improvements, and recommended action steps.
- Implementation of recommended action steps that increase efficiency.

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

The team's progress will be tracked by bi-weekly updates. The team will submit a report to Secretary Ward by February 1, 2019. Implementation of feasible recommendations will occur as soon as possible.

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

It's possible the study may determine that expanding the scope of use for Forestry Division offices and work centers will not increase efficiency due to travel distances or other factors.

A willingness by internal team members and external partners to "think outside the box" will be critical to the plan's success.

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

ACTION PLAN FOR PROJECT 4:

4. Reduce the number of storage units

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

Goal: Reduce expenses associated with leased storage space.

Background: The Department is leasing 15 storage units at nine locations across the state for a total of \$12,576 annually. Several of these units are storing paper records that may no longer need to be retained.

Action Plan: The Department will:

- Send teams to each location to inventory contents
- Properly dispose of paper records and other items no longer needed
- Where feasible, relocate items that must be kept to locations that do not result in additional fees.

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

No additional, non-financial resources are anticipated.

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

Depending on the volume of paper records that can be eliminated, we may incur shredding costs. We have sufficient funds to cover those possible costs.

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

Success will be measured by a reduction in the amount spent annually on leased storage space.

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

Teams will inventory the contents of leased storage units by January 1, 2020. Disposal and/or relocation of stored items will occur no later than March 1, 2020.

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

No obstacles are anticipated.

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

Additional thoughts/comments: