

Report on Leases

Department: HEALTH

Secretary: Nathaniel Smith, MD, MPH

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 **Reduce funds paid by Boards and Commissions for Privately Leased Space**

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

The ADH is actively pursuing opportunities to co-locate Boards and Commissions in current State Health Department Buildings. As private leases are up for renewal, each situation is evaluated to determine the feasibility of locating the Board or Commission within current building spaces.

NOTE: The ADH has 91 Local Health Units (LHUs) statewide. Each LHU is housed in facilities that are owned or leased by the county and some city governments. The space is provided at no cost to the State of Arkansas. Under this long standing arrangement, the State provides staff, equipment, furniture, and supplies for services. This agreement ensures that local health activities are a partnership with each of the counties and cities. The LHUs are clinical service delivery sites that include laboratory facilities and medical examination rooms. As such office space is usually limited so LHUs may or may not be a feasible option for locating Board or Commission staff in the future.

Action Steps

- A. Assess leases and space needs of the Boards and Commissions new to the ADH.
- B. Assess space at the ADH central office buildings to determine potential opportunities for Boards and Commissions to use.
- C. Assist Boards and Commissions in privately leased space to move to available ADH space, as feasible, using cost-effective space management in the planning, design, and negotiating of office relocations, space reductions, and lease terminations.
- D. ADH is also working with the Department of Transformation and Shared Services, Division of State Building Authority (DBA) to relocate boards and commissions from state-owned buildings to available redesigned ADH space in the Freeway Medical. This move will allow sharing of meeting and conference room space. These moves will be closely coordinated with DBA to assure that the vacated space in state-owned buildings is used by other Departments in their colocation efforts.

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

The ADH is working closely with DBA on this project for their expertise in open floor plan design.

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

The current budgets have sufficient funds to cover all anticipated costs for this project.

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

The success and results of this project plan can be measured by the reduction in privately leased space. The total amount budgeted for privately leased space for state fiscal year 2020 is \$999,810, with the Boards and Commissions at 65% of this total (\$646,007). The ADH has already saved over \$75,000 annually by eliminating the need for the Spinal Cord Commission to reside in privately leased space.

The new redesigned ADH space at Freeway Medical Building will lower the square footage needs for the boards and commissions by occupying smaller office space, using cubicles, and sharing board and conference rooms.

1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
This is a short term and long-term project. Space needs and leases have been assessed for both Boards and Commissions and the ADH's two central offices, Markham Street and the Freeway Medical building. Two of the Boards and Commissions, the Kidney Disease Commission and the Spinal Cord Commission, have been moved to available space, one in the Markham Street office building, and one in the Freeway Medical Building. The ADH plans to continue relocations of Boards and Commissions as their leases end. Current available space owned by the ADH at Freeway Medical Building will be used first.

1.6. Identify any obstacles to the implementation and success of this plan.
Some private leases have terms that make long-term commitments and include penalties for early cancellation.

1.7. How could Department of Transformation and Shared Services provide support to the Department?
The ADH is working closely with the Department of Transformation and Shared Services, and the Division of State Building Authority on this project.

ACTION PLAN FOR PROJECT 2:

2. Project Title Prepare for New Public Health Building to Meet Current and Future Space Needs

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

The ADH central office on Markham Street houses 776 people in 406 offices, conference rooms and storage space, occupying 188,240 square feet. The Freeway Medical Building houses 166 people in 69 offices, conference rooms, and storage space, occupying 50,954 square feet for the ADH. (The Public Health Laboratory Building built in 2006 on the Markham Street campus also houses staff and specialized equipment to perform required testing, including Level 1 and Level 2 biological safety labs. A modular Level-3 bio-safety lab also allows the ADH to test dangerous chemical and biological materials such as anthrax.)

NOTE: The Public Health Laboratory Building and the ADH Central Supply Building, built in 1994, are located beside the Markham Street central office. Both are updated and functional facilities that meet current building standards and codes, as well as the Four C's Vision.

The central office building on Markham Street was completed in 1969 and is in need of major repairs. As requested by the Governor's Office, the State Engineer and State Architect for DBA did a facilities condition assessment report in 2016 and estimated that it would cost \$47,348,535 to modernize the building. In response to this report, approval was given to request statutory authority to apply special revenue fees that paid off the bond issue for Public Health Laboratory Building in 2018, to be redirected to fund a new Public Health Building, Act 752 of 2017.

As the ADH implements the new Arkansas State Government Office Space Management Plan, it has been determined that it is more cost effective to replace the current building in order to bring the building up to code, reduce maintenance costs, and establish a better environment to maximize collaboration, communication, and a cooperation-driven culture.

Action Steps

- A. Address document storage at the Markham Street and Freeway Medical Buildings as well as Boards and Commissions through implementation of records retention, destruction of unnecessary or outdated documentation, and state archival standards.
- B. Identify equipment storage needs and implement strategies to address them within the most limited amounts of space.

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

The expertise of the Arkansas State Archives will be needed to help identify historical documents that can be transferred to the appropriate storage facilities.

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

Vital Records special revenue funds are currently being collected and deposited in the Public Health Building Fund to finance the building. As the ADH personnel are moved to the new building the floors owned by ADH at Freeway Medical could be sold to help offset the debt.

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

Benefits include:

- A. Having a building that will house all centrally located ADH administrative staff and programs.
- B. More efficient use of space based on current and future needs.
- C. Elimination of private leases.
- D. Shared use of resources and facilities.
- E. Creating workspaces that allow for more collaboration and interaction between various programs that will enhance the mission of the ADH.

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

This is a long term project. The first action steps, addressing document and equipment storage, is projected to be completed by December 2020. The ADH will work with DBA to retain a design professional for the new building.

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

Limited options on current campus location to build without relocating during the buildout.

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

This project can only be possible with the close collaboration between the Department of Health and the Department of Transformation and Shared Services.

Additional thoughts/comments: