

Report on Leases

Department: Commerce

Secretary: Mike Preston

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

Consolidate Little Rock office space leases within the Department of Commerce into one space, resulting in operating efficiencies as well as reduced facility expenses.

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

Relocate all but Division of Aeronautics to one office location by end of fiscal year 2020. Does not include field offices or locations outside of Little Rock. By having all of Commerce co-located, collaboration over similar and common goals and tasks will occur, creating a unified approach to vendors and our customers, as well as sharing resources and reducing redundancies.

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

Movers, space planners, electrical, telephone, and data wiring staff will be required to complete the move. These will be one-time expenses in the current fiscal year and are not expected to be repeated in subsequent years. These expenses are expected to be recouped by the end of FY 2022.

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

There will be one-time incremental costs associated with moving, including boxes, shredding, and the cost of the personnel listed in 1.2. Budgets are sufficient at this time, but we are still in the process of determining costs.

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

Success will be measured by having all divisions located in one office space by the end of the fiscal year, with the exception of Division of Aeronautics. Cost savings are expected to be roughly \$500k per year beginning in FY 2021. By having all of fiscal, human resources, and IT divisions located together we will be poised to recognize efficiencies submitted in the Shared Services report September 1, in addition to shared security, mail room, fleet management, and building management services.

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

Moves began with Arkansas Rehabilitation Services on October 28, 2019 with the remaining divisions tentatively scheduled to be completed by end of 1st quarter CY 2020. Progress will be tracked by each completed move. Operating cost in FY 2021 should be less than FY 2019 and 2020.

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

Potential delays if space is not ready at the time of designated move.

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

DBA has been most helpful and supportive preparing the building for the moves.

ACTION PLAN FOR PROJECT 2:

2. Project Title

Consolidate and centralize management of copier/printer/scanners, postage meter machines, and any other commonly used leased commodities.

- 2.1. Brief description of project, goal, and action plan.
To maximize the use of existing leased equipment, centrally manage the leases and use all of commerce purchase power to obtain the best pricing. Analyze the existing leases to determine if any can be terminated.
- 2.2. Identify any additional resources required for the implementation and success of this plan.
Existing staff can incorporate task into workload.
- 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 cost.
- 2.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
Track cost of leased equipment and compare to FY 2020 when we began efficiency efforts.
- 2.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
Project can begin as all divisions are relocated to one central office space; no later than summer 2020. Quarterly analysis of leased equipment costs and trending should be reported to track progress.
- 2.6. Identify any obstacles to the implementation and success of this plan.
Lease terms of equipment may not allow for early termination.
- 2.7. How could Department of Transformation and Shared Services provide support to the Department?
Identify any vendors where pricing has been most competitive for other Cabinets.

ACTION PLAN FOR PROJECT 3:

3. Project Title

- 3.1. Brief description of project, goal, and action plan.
- 3.2. Identify any additional resources required for the implementation and success of this plan.
- 3.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?
- 3.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
- 3.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
- 3.6. Identify any obstacles to the implementation and success of this plan.
- 3.7. How could Department of Transformation and Shared Services provide support to the Department?

Additional thoughts/comments:

