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OGS ACTIONS PRODUCE \$11.9 MILLION IN RENTAL SAVINGS

New York State Office of General Services' (OGS) Commissioner John Egan today announced that a series of the agency implemented initiatives have secured \$11.9 million in savings since the beginning of the 2009-10 fiscal year associated with the state's portfolio of nearly 600 leases which support the ongoing operation of essential government services.

OGS, working closely with Governor Paterson's Office of Taxpayer Accountability and the Division of the Budget, OGS identified areas where savings could be realized through several key strategies including:

- Renegotiating terms and rates of existing leases;
- Targeting rental abatements for new leases; and
- Aggressively auditing energy and property tax charges to ensure compliance with terms.

"Governor Paterson has called on all agencies to pursue innovative paths to reducing the operating costs," Commissioner Egan said. "OGS' objective is to wring savings from an annual lease expenditures that tops \$245 million. As we move into the second half of the fiscal year 2009-10 we have calculated nearly \$12 million dollars in savings. In 2010-11, we hope to realize significant returns as well."

OGS manages a portfolio of 587 real estate leases encompassing more than 20 million square feet on behalf of other state agencies. Using the current real estate market to the state's advantage, OGS renegotiated rental rate savings on targeted lease extensions or renewals to achieve a savings of \$6.3 million. This figure is \$1 million over a \$5.3 million goal set for the 2009-10 fiscal year and is expected to increase before the year's end. The majority of the savings were for state agency office space, warehousing, or specialized space in the Metro New York market.

In addition, OGS was able to achieve \$3.4 million more in savings by renegotiating existing rent leases in upstate and downstate regions. As agency space needs are diminished due to recent retirements and hiring freezes, OGS is reducing state leases

by consolidating agencies into space not fully utilized, or removing agencies from private leased space to available state-owned space. OGS anticipates the amount of leased space will decrease significantly as lease-terms expire and are not renewed.

OGS' auditing staff routinely performs lease audits to ensure landlords comply with rental terms and billing standards. From the beginning of the 2009-10 fiscal year to date, OGS staff performed 364 audits, resulting in a cost-avoidance of \$2.2 million in unauthorized lease expenses.

OGS provides a broad range of core services that facilitate the operations of state and local governments in areas such as: property management, design and construction, procurement, and essential support services.

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