DOA Plan to Comprehensively Manage and Modernize the State's Real Estate Portfolio

The NC Department of Administration manages the State's Property Portfolio in collaboration with Governor Roy Cooper and executive agencies as well as our legislative leadership. The State Property Office serves as the corporate real estate office for all agencies – holding deeds and surveys for all state property, handling all transactions during acquisition and disposition, and negotiating leases when there is no available space in state-owned buildings. As directed by statute, the State Property Office is an agent of the state focused on the following three primary areas of responsibility:

I.   Transaction Management (*Most time consumptive work*)
II.   Space Management (*Authority traditionally focused on state government complex and leasing)*
III.   Asset Management (*SL 2016-119 directs a statewide approach*)

Transactional management is the most time consumptive work as real estate and leasing agents are evaluating proposals, reviewing and negotiating contracts, ensuring compliance with NC law, reporting to Council of State, and waiting for the appropriate approvals. Space Management has traditionally been focused on the state government complex area and on leasing in general. SL 2016-199 expands this focus to consider all properties occupied by state agencies across the state. Asset Management has also typically focused on DOA allocated buildings in the state government complex but will now take a statewide approach – considering buildings and land – allocated to all agencies.

The State currently owns 11,767 buildings, consisting of ±125,440,489 Gross Square Feet, in addition to 1,002,891 acres of land. The SPO also manages 668 office and warehouse leases containing 4,768,191 Net Square Feet with an annual rent amount of $72,080,029.

GOALS & OBJECTIVES:

- Create alignment by tying the statewide property portfolio to legislative capital spending plan (NCGA uses 6-year plans) for new construction as well as renovation and repair budgeting.
- Require decision making to be planned early enough in the process to incorporate space planning in a timely manner should funding allow fully-integrated system.
- Provide accurate data for analysis to Governor, Secretary of Administration, other key executive leaders, legislative leaders, Office of State Budget and Management, Department of Insurance.
- Provide recommendations to legislative leaders on existing property data gaps to better inform the state's technology needs.

- Identify space needs of custodial agency with automated, real-time reporting capability and analysis.
- Provide uniformity and optimal coordination among agencies, universities, community colleges and boards.
- Enhance facility & parking security planning in state government complex.

PLAN SCOPE:

The State Property Office is tasked with creation of a Real Estate Information System (REIS) – a live, cloud-based, automated GIS database to identify, track and report on the state's property portfolio in a comprehensive way that provides real-time data analysis and functionality incorporating buildings and land. The new REIS system will provide agencies with a portal to update key data fields as required per *SL 2016-119*, providing flexibility and capacity for those agencies who currently have no formal system in place. The REIS system will enable our portfolio manager to query the data and allow DOA corporate real estate and leasing staff to access a standard geodatabase. **This technology solution will connect silos internally and externally, increase collaboration, improve data accuracy and generate new insights and efficiencies.**

The REIS will need to integrate and connect directly to the following systems at a minimum:

-DOA State Construction Introscope

-DOA Facility Management

-DOA State Parking

-UNC General Administration Data Additions Validations Edits (DAVE System)

Beginning in August 2018, the Department has worked diligently with the NC Department of Information Technology in order to identify the business needs of the software as a service, and further aid DIT staff in development of an RFP. (*For more information, please refer to the November 2018 Report to Joint Legislative General Government Oversight Chairs.*) The Department engaged DIT to discuss cost, multiple system integration, and security.

In order to remove the existing backlog of property files, fill in data gaps on building centroids and footprints, develop new data sets, and finally convert, create, and digitize over 16,000 owned and leased floor plans to a consumable format, this project will require a significant time commitment and will not be met without challenges. Our existing FIS system can capture the following data layers – all of which must be enabled and accessible in a new REIS system:

- Buildings
- State Government Center Buildings (DT Raleigh)
- Room/Floor for State Government Center Buildings
- Structures – Towers, Parking decks

- Property boundaries
- Office/Warehouse Leases
- Leased Land
- Conservation easements (Conservation Reserve Enhancement Program, Agricultural Development and Farmland Preservation)
- Dedicated Nature Preserves
- DOT Easements
- Utility Easements
- Submerged Land Easements

Each of the following assets will be captured in the new REIS system:

Asset Use	Definition	Leased	Owned
Office	A facility that houses personnel in which the occupant conducts business.	X	X
Warehouse	A facility used for the storage of equipment, goods or merchandise.	X	X
Office/Housing Mixed Use	A facility used to both house personnel to conduct business and to house students or staff.	X	X
Office/Storage Mixed Use	A facility used to both house personnel to conduct business and for the storage of equipment, goods or merchandise.	X	X
Agricultural	A facility used to support agricultural functions which includes the production or processing of crops, trees, livestock, animals, poultry, honeybees, honeybee products, livestock products, poultry products, or products which are used in commercial aquaculture.	X	X
Animal Housing	A facility used to house animals.	X	X
Aquarium	A facility which contains aquariums used to promote an awareness, understanding, appreciation and conservation of the diverse natural and cultural resources of North Carolina's ocean, estuaries, rivers, streams and other aquatic environments.	X	X
Armory	A facility used by the national guard for training, administration, logistics, classrooms, weapons and protective equipment.	X	X
Assembly	A facility used by a group of people gathered in one place for a common purpose i.e. sports arena, coliseum, gym, auditorium, recreation hall, theater.	X	X
Correctional Facility	Facility used for inmate housing, isolation or a guard tower.	X	X
Educational	Facilities in which instruction is given to students, state employees or the public.	X	X
Food Service	A facility used for preparing and selling food and beverages (cafeteria, dining, mess hall).	X	X
Greenhouse	A facility specifically used for growing plants.	X	X

Health Services	A facility used for providing medical and/or surgical treatment for sick or injured people (hospital, infirmary)	X	X
Historical	Facilities of historical significance.	X	X
Housing	A facility used to house students or staff.	X	X
Kitchen	A facility where food is prepared and cooked.	X	X
Laundry	A facility set up with laundry equipment (washing machines and dryers).	X	X
Library	A facility operating as a library or a room holding specialist reference books.	X	X
Marine Research Facility	A facility used to study marine and estuarine fisheries	X	X
Museum	A facility in which objects of historical, scientific, artistic, or cultural interest are stored and exhibited.	X	X
Observatory	A room equipped with an astronomical telescope or other scientific equipment for the study of natural phenomena.	X	X
Other	A facility that does not meet one of the other definitions provided.	X	X
Recreational	A facility used for recreational purposes.	X	X
Religious	A facility set aside for religious meetings or worship.	X	X
Research/Laboratory	A facility set aside for research.	X	X
Retail Sales	A facility used to sell merchandise or goods (store, canteen, vending, tickets).	X	X
Shop/Maintenance	A facility devoted to building operations and maintenance related to the following fields: carpentry, electrical, mechanical, general maintenance, paint, plumbing, or any combination of these fields.	X	X
Student Union	A facility on a college campus devoted to student activities.	X	X
TV Studio/Communications	A facility used for the recording and/or broadcasting of live television.	X	X
Utilities	Facilities used for the production and/or distribution of utilities i.e. HVAC, water or sewer.	X	X
Vehicle Storage	A facility used to store motor vehicles.	X	X
Restroom	A public restroom facility.	X	X
Weigh Station	A facility used along a highway to inspect vehicular weights.	X	X
Welcome Center/Visitor Information	A facility used to promote tourism related businesses (attractions, accommodations, events) to visitors in the state.	X	X

SCHEDULE

July- August 2018	NCGA appropriates $1,000,000 non-recurring for up-front costs to acquire a Real Estate Information System to enable the Department to fully comply with the requirements of SB 747.
August-Current 2018	Department formally engaged Department of Information Technology to begin development of an RFP, identifying over 140 business requirements, including interoperability and data integration enabling internal systems to work collaboratively.
November 2018	Department reported to General Government Oversight on progress toward development of RFP.
December 2018	

PLAN RESOURCES:

In Fiscal Year 18-19, the North Carolina General Assembly transferred $1,000,000 from the E-Commerce Fund to the Department of Administration to initialize the procurement of a Real Estate Information System. In order to effectively complete this project and comply with statutory requirements of SL 2016-119, the following additional resources are needed:

	Year 1 FY18-19	Year 2 FY19-20	Year 3 FY21-22	Year 4 FY23-24	Year 5 FY24-25	Total
Staffing Needs	5 additional FTE					
Software	$2,500,000 Recurring	$185,000 Recurring	$185,000 Recurring	$185,000 Recurring	$185,000 Recurring	*$3,240,000
Appropriated Funding	$1,000,000 NR appropriated in July 2018					$1,000,000
Total FTE Cost Estimate	$250,000	$250,000	$250,000	$250,000	$250,000	$1,250,000
Total Cost	3,750,000	435,000	435,000	435,000	435,000	**$4,490,000**

Staffing Responsibilities

- Updating, maintaining and validating text data associated with all transactions (acquisition and disposition of land by deed, lease, easement, license or eminent domain).

- Development and maintenance of spatially enabled datasets using ArcGIS products.

- Research deeds, surveyor plats, and maps and digitize properties in the GIS mapping system using techniques such as coordinate geometry, keyboard entry of tabular data, manual digitizing of maps or floor plans, scanning or automatic conversion to vectors, or conversion of other sources of digital data.

- Interpret aerial photography or imagery.

- Analyze GIS data to identify spatial relationships and/or display results of analyses, using maps, graphs, or tabular data.

- Collect, maintain and validate the land, building and office warehouse data created during the property transaction (internal data collection).

- Remove the existing backlog of about 800 historical files (internal data collection).

- Collect, maintain and validate the additional facility life-cycle cost data from state agencies (external data collection).

- Provide analysis of the data collected to key corporate real estate and leasing staff.

- Train state agencies on how to utilize the new information system.

Software as a Service (SAAS):
The Real Estate Information System will provide a stable platform for the collection, validation and storage of data from internal and external data sources. The Department has provided NC Department of Information Technology with specifications and business requirements and awaits development of the RFP – for which we reported in November 2018.

PLAN CHALLENGES:

Beginning July 1, 2018, the State Property Office, Facilities Information System (FIS) staff received as requested the below 15 data elements required per SL 2016-119. Because each agency houses data in variety of ways using different systems, there is no existing uniform system to collect this information. Data collection and integration requires the use of manual methods by our existing FIS staff – who are skilled GIS professionals. Due to the many data gaps which exist from the initial collection, the exchange of data between the agencies and the State Property Office must go through multiple cycles of exchange and quality control. Complete and accurate data are the key to making this a successful project.

Below is a list of the required fifteen data elements required by *SL 2016-119* and the resulting constraints which further challenge implementation or hinder the collection of accurate information:

1. **BUILDING LOCATION**
    (including the latitude and longitude of the center of the building) This requires additional resources because every agency does not have access to professional GIS services. Additional GIS Analysts are required by the State Property Office in order to create and/or verify this data field.

2. **DECRIPTION OF BUILDING OPERATIONS**

3. **AGENCY OR AGENCIES THAT OCCUPY BUILDING**

4. **OPWNERSHIP INFORMATION**

5. **SIZE OF BUILDING** *(gross square feet and net/usable square feet)*

6. **DESCRIPTION OF BUILDING**

7. **BUILDING CONDITION ASSESSMENT (***including the estimated cost to make needed repairs and renovations as well as the date that the last condition assessment was completed). B***uilding condition assessment data is currently collected by the State Construction Office on a 3-year   rotation- for buildings 3,000 gross square feet and above as required by statute. In order to make a live connection to the State Construction *Interscope* database funding is required to fully integrate systems. The State Property Office has asked for each agency to report data for all of their buildings including those above 3,000 gross square feet.

8. **BUILDING OPERATIONS COST**
    Collecting accurate operating costs for some buildings is limited.

9. **BUILDING ANNUAL MAINTENANCE COSTS**

10. **NUMBER OF USABLE WORKSPACES IN BUILDING**.

11. **NUMBER OF FTE ASSIGNED TO A BUILDING BY AGENCY OCCUPANT**

12. **AMOUNT OF BUILDING THAT IS UTYILIZED AND MEAURED IN ACCORDANCE WITH G.S. 143-341.2(a)(3).**
    SB747 requires the State Property Office to enforce the new space planning standards which will require additional staff.

13. **MAINTENANCE RECORD** *(Including replacement schedules)*
    Gathering the maintenance records for all +/- State Owned Buildings is an extremely difficult task because there is no central database containing this type of information. Facilities Maintenance is not equipped to replace major mechanical using replacement schedules due to a lack of state funding.

    The State Property Office would recommend that this field be removed from the required list of data collected from the agencies. This data element is not considered a standard metric for measuring the performance of the Real Estate Portfolio.

14. **PARKING AND EMPLOYEE FACILITIES**

15. **ANY OTHER INFO DEEMED RELEVANT BY DOA**
    In addition to the challenges posed by collecting the additional data elements required by SB747 the main reason for replacing the current information system is the additional functional requirements outlined in SL 2016-119 (SB 747).

SUCCESS CRITERIA

The Department looks forward to modernizing the state's property portfolio. With an initial investment of $1,000,000 following passage of the state budget act- coupled with continued investment and support from our legislative partners, the Department is eager to procure a Real Estate Information System. Comprehensive State facilities planning could become a fully integrated capital budget planning tool – enabling the measurement of space utilization, strategic investments decisions and priorities. For example, space utilization standards could be uniformly reviewed and enforced across all state leased and owned buildings – resulting in optimized facility efficiencies. The new system will drive the creation of ROI and MPV standards to enable informed strategic investment and appropriate allocation of state resources.