

State of Connecticut
Department of
Administrative Services



Annual Report to the
State Properties Review Board
for
Fiscal Year 2012

(July 1, 2011 through June 30, 2012)

September 27, 2012

Mr. Edwin S. Greenberg, Chairman
State Properties Review Board
State Office Building
165 Capitol Avenue
Hartford, Connecticut 06106

Dear Mr. Greenberg,

I am pleased to transmit the Department of Administrative Services (DAS) Annual Report for Fiscal Year 2012, required by C.G.S. §4b-2(1), as amended by P.A. 11-51 and P.A. 12-205.

As you know, 4b-2 requires the Commissioner of Administrative Services to “(1) Submit to the board on September first of each year a report which shall include all pertinent data on his operations concerning realty acquisitions and the projected needs of the state.” Last year, although not required by statute, we also included Department of Construction Services (DCS) construction activity in this report. This 2012 Report follows the strict guidelines of the statute – covering only data relating to DAS operations concerning realty acquisitions and the projected needs of the state. However, DCS intends to submit additional information relating to FY12 construction activity, for the Board’s background and information. I expect that information to be submitted to the Board shortly.

In our ongoing effort toward paperless transactions, DAS is transmitting this Annual Report electronically. Additionally, we will send electronic copies to the clerks of the Senate and the House of Representatives and the Office of Legislative Research, and will send one hard-copy to the State Librarian, pursuant to C.G.S. §11-4a, as amended by P.A. 11-150.

Finally, I would also like to take this opportunity to thank you and the Board for all the good work that you have done this past year. Through cooperation and teamwork, SPRB, DAS, DCS and other stakeholders have made great strides streamlining and improving processes relating to state realty transactions, improving communications, and adding value for state taxpayers. Of particular note is our ability to achieve a 4% decrease in the amount of floor space leased by the state, from 2,704,233 square feet in 2010 to 2,596,144 square feet in 2012. At average current market rates, that represents a reduced expenditure of \$1,881,829. Your efforts, and the efforts of your staff, have contributed greatly.

Best Regards,



Donald J. DeFronzo
Commissioner

cc: Pasquale Salemi, DCS Deputy Commissioner

SECTION I: THE STATE'S REALTY ACTIVITY

A. State-Owned Property

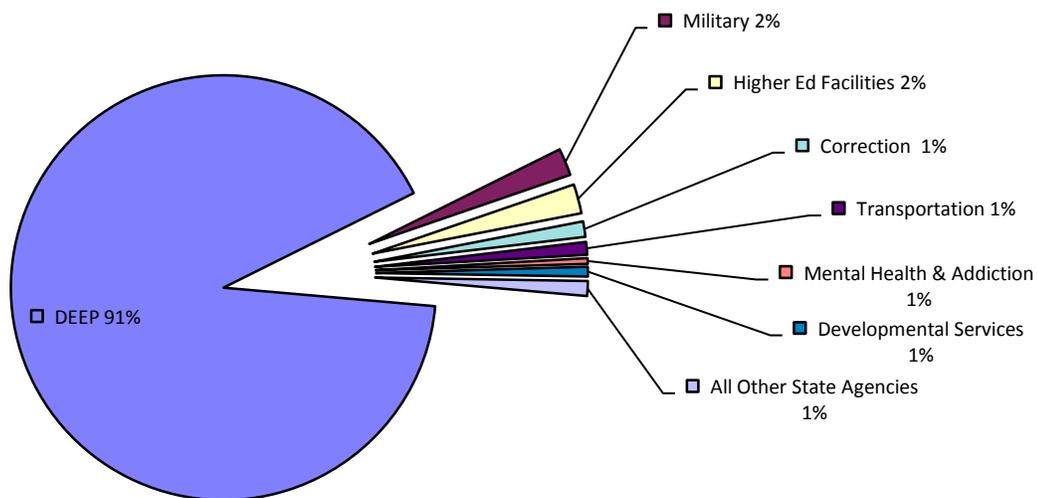
Land: (Appendix 1)

In FY 2012, the state of Connecticut owned approximately 259,046 acres of land comprising 8% of the overall 5,009 square miles (3,205,760 acres) contained within the state's boundaries. These numbers do not include land within state highways and rail rights-of-way, which are under the custody of the Department of Transportation.

As illustrated in the chart below, the majority of the land owned by the state in FY 2012 is under the custody of the Department of Energy and Environmental Protection (DEEP). DEEP land holdings total 235,969 acres consisting of state parks, forests, recreation facilities, and other open space permanently preserved for future generations.

The following chart reflects percentages of land holdings in the custody of state agencies. Appendix 1 provides the details regarding the numbers of acres held by each of these agencies.

Land Holdings by State Agencies



Source: State Inventory CO-59 Reports filed 10/1/2011 with the Office of State Comptroller

Buildings: (Appendix 2)

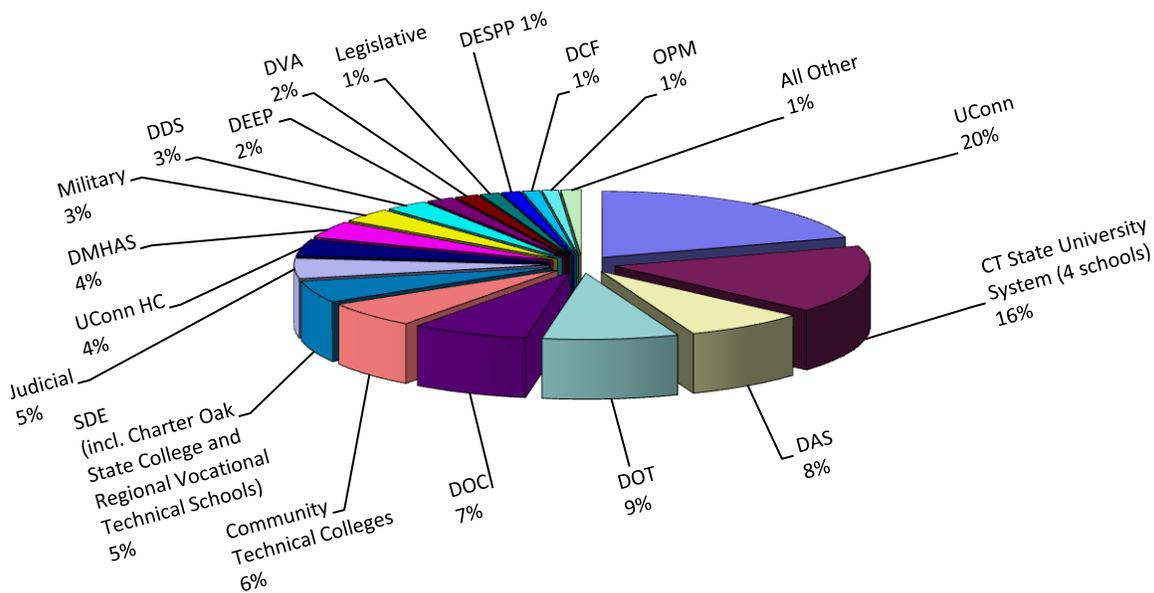
The state’s building inventory is maintained by the Office of Policy & Management (OPM) in a database known as “JESTIR” (the “Joint Effort for State Inventory Reporting”). Because DPW and DAS have historically provided information in this Annual Report regarding state-owned building holdings, we continue to do so here. However, please note, that information in the JESTIR database has not been updated since FY 2010.

According to JESTIR, as of June 30, 2012, the state owned an aggregate floor area of 59,666,692 gross square feet in 3,780 structures. These figures continue to remain static since the FY 2010 State Realty Report.

The largest single category of building space continues to be educational facilities, with a total of 31,165,921 gross square feet. This figure includes buildings owned by the University of Connecticut (UConn), the Community-Technical Colleges (CTC), the Connecticut State University System (CSU), the State Department of Education (SDE=Technical High School System) and the University of Connecticut Health Center.

Appendix 2 lists floor space by state agency, and also provides a 5-year look back on the amount of floor space in the custody of state agencies. The percentage of gross square feet of floor space held by each state agency is illustrated in the chart below.

Gross Square Feet of Floor Space by Agency



Source: JESTIR database (OPM)

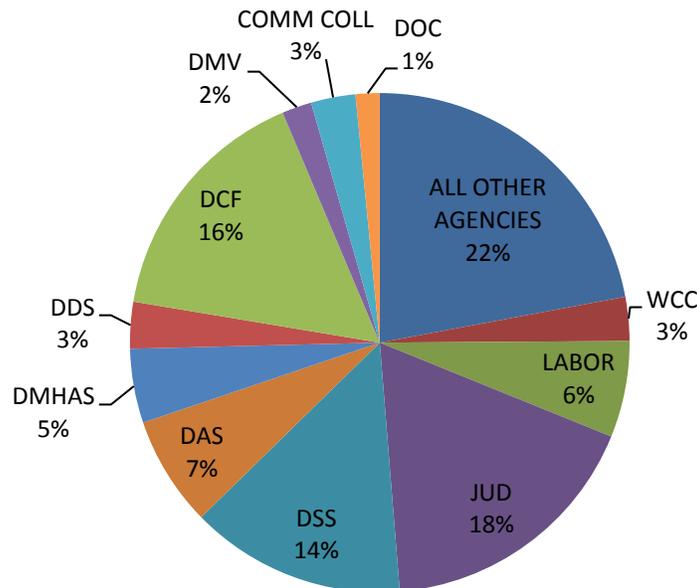
B. Property Leased to the State (Appendix 3)

As of June 30, 2012 the state of Connecticut leased a total of 2,596,144 net usable square feet (NUSF) of space distributed through 137 leases for office space, warehouse space, academic space and parking lots. All of the office space leases include parking, with the exception of 4 leases that do not include parking. 21 of the 137 leases are for parking only.

The amount of leased floor space decreased by 45,009 NUSF in FY 2012. This represents a 1.7% decrease in leased space since FY 2011 (from 2,641,153 NUSF) and a 4% decrease since FY 2010 (from 2,704,233 NUSF). It should be noted that although DAS does not oversee DOL leases, we did receive information that DOL has 16 leases for office space, totaling 169,853 NUSF of space.

The following chart illustrates the percentage of state leased space managed by individual agencies. The Judicial Branch manages the largest proportion of all leased space among the state agencies. DAS is primarily responsible for the management of most of the leased space in the City of Hartford used to house various agency activities.

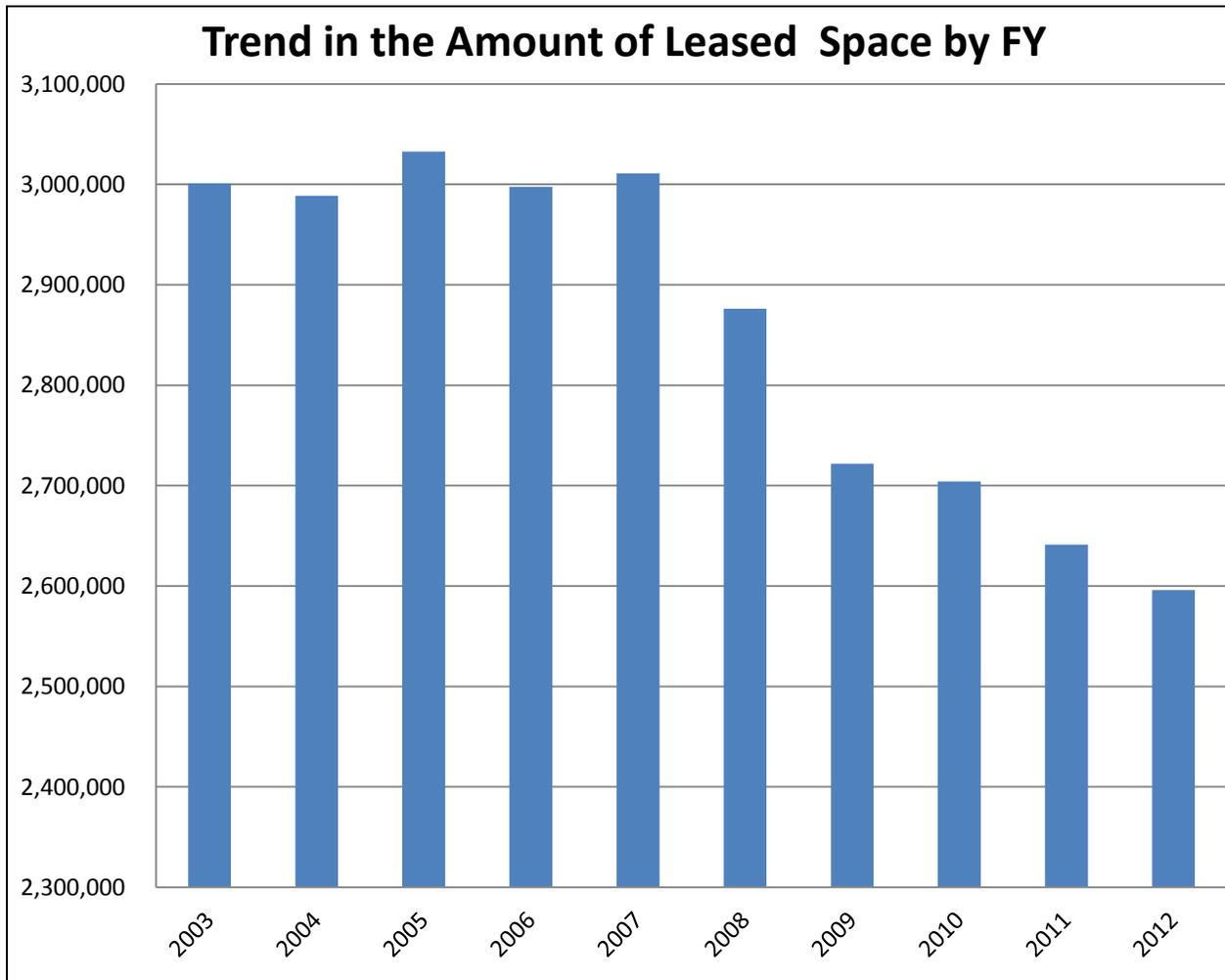
Percentage of Leased Space by Agency

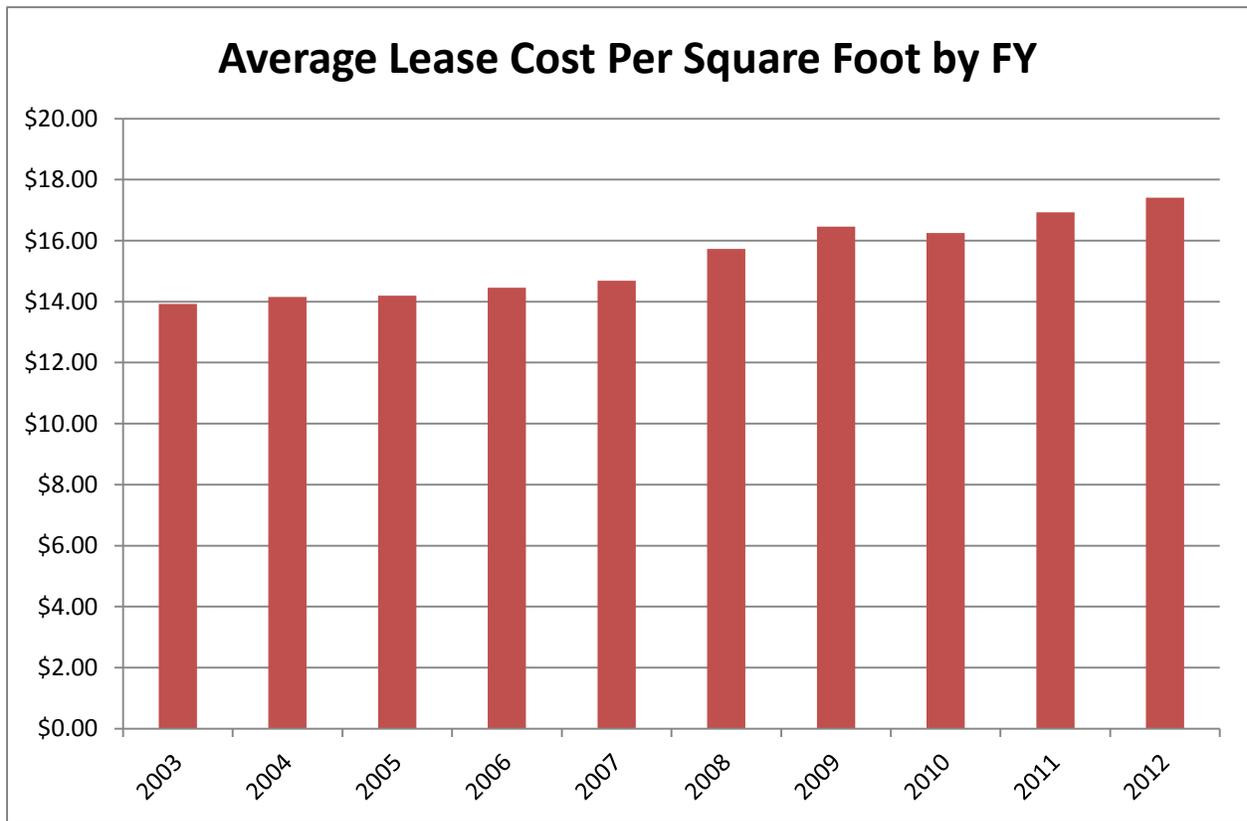


Source: DAS Leasing database

The state's total annualized cost of leased space (FY 2012) was \$45,187,594, a 1% increase over the \$44,719,567 incurred by the state in overall lease costs in FY 2011. [Appendix 3](#) contains a statistical overview of annual rent and average costs per square foot of space leased by the state.

In the last 10 years, overall leasing costs have increased by an average of 2.97% per year (inflation averaged 2.75% for the same period) with the average rate per square foot rising from \$13.42 (FY 2002) to \$17.41 (FY 2012). Below are charts illustrating trends in the state's leased space and lease costs over the last 10 years.





With regard to lease transactions that occurred specifically during FY 2012, between July 1, 2011 and June 30, 2012, the SPRB approved twenty-seven (27) lease transactions submitted by DAS. These submissions included 19 office/parking leases and 3 parking only leases. These leases comprised a total of 217,513 NUSF of space, with an average per square foot cost of \$17.05 excluding parking. The total annualized value of all approved transactions was \$3,708,298. [Appendix 4](#) contains a list of proposals for leased facilities submitted by DAS and the action taken by the State Properties Review Board in FY 2012.

C. Acquisitions, Sales and Transfers (Appendix 4)

In FY 2012, DAS received approval from SPRB to acquire one (1) property. Further, SPRB approved five (5) property sales or transfer actions in FY 2012. [Appendix 4](#) includes a complete listing of all purchase, sale, transfer and easement transactions submitted by DAS and approved by the Board in FY 2012.

D. Lease-Out Activity of State Property (Appendix 4)

During FY 2012, the SPRB approved three (3) lease-out transactions involving state-owned property. A total of 1,490 gross square feet in state facilities and one (1) parcel of land were leased to various municipal and private entities. Appendix 4 contains the complete data on the FY 2012 lease-out transactions.

SECTION II: PROJECTING THE REALTY NEEDS OF THE STATE

Section 4b-23 of the Connecticut General Statutes requires each state agency to submit to OPM a long-range (five-year) plan for its facility needs by September first of each even-numbered year. A proposed state facility plan is prepared by OPM and presented to the State Properties Review Board for its recommendation on or before February fifteenth. The Secretary of OPM submits the recommended state facility plan to the General Assembly for approval on or before March fifteenth in each odd-numbered year. Upon the approval by the General Assembly of the operating and capital budget appropriations, the Secretary of OPM updates and modifies the recommended state facility plan, which then becomes the official "State Facility Plan." DAS is responsible for implementation of the approved plan.

One of DAS's real estate-related priorities is to continue to reduce the amount of square footage leased by the state by collapsing leases when possible and placing agencies in state-owned space. Members of DAS staff are working cooperatively with the staffs of the State Properties Review Board and the OPM Asset Management unit to identify available state-owned space that may be utilized in place of leased space. During this past fiscal year, DAS issued a request for proposals to purchase office buildings with the intention of collapsing leases and other state office requirements into newly acquired buildings with the goal of reducing the state's costs of occupancy. To help implement this goal, the General Assembly enacted Public Act 12-189, authorizing \$180 million for DAS to acquire, repair and improve state buildings and grounds.

DAS plans to continue to work with OPM, SPRB and other stakeholders to right-size the space needs of state agencies and offices, obtain and maintain necessary space for the best value possible, and dispose of surplus state properties in a manner that is most fiscally advantageous to the state.