



STATE OF NEW YORK
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OGS ACTIONS PRODUCE MORE THAN \$21 MILLION IN SAVINGS AND REFUNDS FOR NEW YORK STATE

New York State Office of General Services' (OGS) Commissioner John C. Egan today announced that a series of agency implemented initiatives associated with the state's portfolio of leases and procurement contracts have resulted in \$21.5 million in savings or recoveries to the state, municipalities and others.

"Recognizing the severity of the state's fiscal crisis, Governor Paterson asked agencies to carefully examine all of their expenditures and contracts to find opportunities for savings," Commissioner Egan said. "Lease expenditures accounted for more than \$245 million in the budget last year, so OGS made reducing those costs a priority. The agency identified opportunities and negotiated savings totaling \$16 million during Fiscal Year (FY) 2009 –10. We anticipate an additional savings of more than \$8 million next year. Additionally, we dedicated staff to review existing contracts for goods and services and identified another \$5.5 million in savings to taxpayers."

Real Estate

A review of nearly 600 leases secured \$16 million in savings for the 2009-10 FY. These leases support the ongoing operation of essential government services statewide including local offices for state services, warehouses and technical operation centers.

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

- Renegotiating the terms and rates of existing leases to immediately lower costs;
- Negotiating rental abatements for new or existing leases; and
- Aggressively auditing energy and property tax charges to ensure compliance with terms.

During the 2009-10 FY, OGS staff performed audits of 564 state real estate leases, resulting in a cost-avoidance of \$6.5 million. OGS' auditing staff routinely performs lease audits to ensure landlords comply with rental terms and billing standards including energy use. The largest single recovery was \$1.4 million on behalf of the Office of Temporary Disability Assistance in New York City.

OGS currently manages a portfolio of 582 real estate leases, down from 587 at the end of FY 08-09. When combined with state office buildings, OGS owns or leases 35.9 million square feet statewide. The 2009-10 FY was a period of declining market conditions across the state. As a result, OGS renegotiated rental rate savings on targeted lease extensions or renewals to achieve a savings of \$6.1 million in FY 09-10. This is nearly \$1 million higher than the \$5.3 million goal set for the year. State agency office space, warehousing, and specialized space in the Metro New York market accounted for most of the savings.

Additionally, OGS was able to achieve \$3.4 million more in savings in FY 09-10 by negotiating leases in upstate and downstate regions which incorporate rental abatements. OGS is reducing state leases by consolidating agencies into space not fully utilized due to recent retirements and hiring freezes and by relocating agencies from privately leased space to available state-owned space.

Contracts and Services

OGS employs a number of internal and external auditors to review vendors under contract with the agency to ensure compliance with contract terms and conditions. In 2009, based on irregularities identified through standard contract reviews, OGS initiated a series of internal contract audits that have resulted in \$5.5 million in savings or reimbursements to state agencies and municipalities from vendors including computer manufacturers, school supply providers, construction contractors, and others.

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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