



Office of General Services

Joint Legislative Committee on Economic Development
Testimony by Commissioner RoAnn Destito
February 12, 2019

Good morning Chairs Krueger and Weinstein, ranking members Seward and Barclay, and distinguished members of the committees. I am pleased to be here today to provide testimony about the Office of General Services.

OGS provides enterprise-wide operational services and programs that allow other agencies to focus on and fulfill their own diverse missions on behalf of the people of New York State. This agency provides a myriad of services in support of state agencies, local governments, not-for profits, businesses, and citizens.

OGS manages and maintains 20 million square feet of state-owned space, and leases 11.5 million square feet of office, warehouse and other required space on behalf of Executive Department agencies throughout the state.

OGS provides architectural, engineering, contracting, and construction management services to over 50 state agency clients with a current workload of \$700 million in active construction projects and another \$1 billion in design development.

Additionally, OGS provides vital emergency response and recovery support following floods, fires, weather disasters, and more, 24/7/365.

We manage a portfolio of approximately 1,500 centralized contracts for commodities, services, and technology valued at \$26.8 billion used by state agencies and over 7,500 authorized users made up of local governments, schools, and not-for-profits.

We also provide transactional back-office administration services for finance and human resources for nearly all Executive agencies through the Business Services Center and administer the Service Disabled Veteran-Owned Business program.

In addition, OGS delivers support services for agencies including fleet management, printing and mail services, food distribution, warehousing, surplus property disposition, and we aggregate and manage the purchase of energy resources and insurance. We also administer the visitor experience at the Capitol and Empire State Plaza, and we issue easements and grant licenses and permits for the use of uplands and lands under water.

Currently, we have 1,812 full-time and 272 hourly staff supporting OGS operations in all the State's ten regions.

I would like to offer some more detail on a few of the services OGS provides.

The Business Services Center (BSC) is an enterprise-wide shared services program established in 2012 to centralize and streamline back-office transactions for all NYS Executive agencies. Today, the BSC serves 53 agencies for HR services and 65 agencies for finance services supporting nearly 45,000 employees. The BSC is planning to serve new finance customers after the SFS procure to pay upgrade and new HR customers after the human resource management system HRMS implementation. Putting new technology in place will be key to service delivery for the BSC.

Our Procurement Services group continues to lead the way in new and innovative procurements. They maintain the largest IT catalog contracts in the country, attracting both NY based small, MWBE, and SDVOB businesses, as well as, many of the largest technology companies in the world. New contracts such as walk-in building supplies and electronic vehicle supply equipment combine our commitment to moving the states principles and technology forward at the same time. The state spent more than \$1.5 billion dollars against OGS centralized contracts for state agencies alone last year. These contracts continue to reduce bureaucracy and streamline the delivery of commodities and services statewide. In fact, this year New York contracts were leveraged by states all over the nation to provide their core services to taxpayers.

Moving on to real estate, OGS is responsible for the administration and daily operations of 176 state-owned buildings and structures totaling over \$7 billion in assets serving approximately 30,000 tenants and thousands of visitors statewide. Since the beginning of this administration, the agency performed 829 capital projects and 2,450 preventive maintenance, and rehabilitation/improvement projects to properties and buildings that had significant deferred maintenance.

Since we started looking at how to utilize state-owned and leased office space more efficiently in 2011, the implementation of new space standards and restacking have resulted in over \$114 million in net savings. We are now taking space utilization to the next level through the Office Space Optimization Initiative. Rather than restack office space once a decade, the Optimization Initiative enables OGS to invest in our owned facilities, continuously analyze owned and leased office space utilization, create and execute space renovation projects, and right-size the leased and owned portfolios - which will yield greater occupancy rates and realize substantial real estate cost savings.

In addition to managing space, we also build it and conduct project permitting with the OGS Design and Construction team, which serves State agencies including DOCCS, OMH, State Police, DMNA, and Ag & Markets. Design and Construction typically responds to 300 vital agency construction emergency declarations each year with payments averaging \$40 million.

In an effort to expand savings and efficiencies for New York State taxpayers, OGS would like the Legislature to consider granting expansion of its Design-Build (DB) and Construction Manager at Risk authority. The Design-Build project delivery method combines architectural and engineering design services with construction performance under one contract, simplifying and speeding up the project delivery process; allowing the State to do more with less. Members of the State workforce would continue to play an integral role in the utilization of these flexible construction options. Senior project managers would oversee each project and additional State staff would be responsible for reviewing design for compliance and constructability and managing the contractors throughout the process.

Following the 2017-18 budget, OGS was given DB authority on a project-specific basis to include Phase II of the State Fair Revitalization. The design and construction of the 133,000+ SF Expo Center for \$63 million was successfully procured and awarded in the same year, 2017, with construction beginning in December 2017. The building was opened just eight months later, in time for the Great New York State Fair of 2018. Design-Build allowed the State to implement a full design and construction schedule in less than a year. Without Design-Build, this project would typically have taken several years to design, procure, and build. Granting OGS full scale DB authority would allow parity for OGS to consider such alternative delivery methods just as other comparable construction agencies do including the Department of Transportation, Office of Parks, Recreation and Historic Preservation, and the Department of Environmental Conservation.

OGS's service delivery would also benefit by the Legislature's approval of granting OGS the authority to deliver projects utilizing the construction manager at risk (CMAR) method. The CMAR project delivery method includes the procurement of a design firm followed by a construction management firm during the design phase that will ultimately construct the project, many times with overlapping design and construction, similar to the DB method. Both alternative project delivery methods of Design-Build and CM at Risk would be another tool in the tool box and not the solution to all large projects. The overlap of construction with the design has advantageous course corrections during the lifecycle of the project with benefits to the State.

OGS also does an excellent job growing businesses. In 2011, the OGS eligible MWBE utilization was 14%, and we are very proud to say that that we have now exceeded the Governor's goal of 30 percent. As an example, in that time, MWBEs have received in excess of \$538 million from contracts associated with our Design & Construction Group alone.

Our success implementing the Service-Disabled Veteran-Owned Business Act continues, and I am hopeful that the legislature will continue to support this program for another five years as proposed in the budget. Since the program's inception, over \$124 million in contract awards have been reported to OGS, and more than \$97 million has been disbursed to SDVOBs to date. For the quarter ending September 30, 2018, disbursements almost doubled from the same quarter of the prior year to almost \$19 million, and OGS has achieved a 6.60% SDVOB utilization for the 12 months ending September 30. SDVOB goals are now present on most agency and authority projects.

Creating a special visitor experience is also part of our core business. As such, I have some good news. We now have free wi-fi available on the concourse and the Observation Deck. Since 2011, OGS has managed nearly 9,000 events. Nearly 470,000 people have taken tours of the State Capitol, Executive Mansion, and visited the Corning Tower Observation Deck, and we have welcomed approximately 83,000 skaters since re-opening the Plaza rink after it was closed for 3 years.

The hard-working and dedicated team at the Office of General Services is one I am honored to represent as Commissioner. Their service to the people of New York State never wavers and can be counted on at all times. Thank you for listening to my testimony, and I am happy to take any questions that you may have.

