

Introduction

Good morning, Chair Restler, and members of the City Council's Committee on Governmental Operations, State & Federal Legislation.

My name is Louis Molina, and I serve proudly as the commissioner of the Department of Citywide Administrative Services, more commonly known as DCAS. I am joined here today by my colleague, DCAS Executive Deputy Commissioner for Asset and Property Management Shameka Overton.

Background on RES

Since joining DCAS in July, I have taken time to think both critically and strategically about how we can improve our processes across all divisions, including within Real Estate Services. I've been carefully assessing the work we do to identify opportunities to increase transparency and ensure that all decisions are made in the best interest of the City and all New Yorkers. One such change has been to assign the authority to execute leases with the Executive Deputy Commissioner for Asset and Property management, ensuring that one of my direct reports has an active role in reviewing and signing each deal. With this new process, it ensures increased oversight into our leasing practices.

At DCAS, Real Estate Services is charged with acquiring, disposing, and reallocating the City's real property. Additionally, we oversee the City's commercial rental and surplus real estate portfolio through short- and long-term leases out, as well as sales at public auction. Our combined private long-term and our short-term leases drives nearly \$40 million in annual revenue.

We also oversee the tracking of leased space and liaise with the Comptroller's Bureau of Contract Administration for the registration of all real property agreements, including new leases, renewals, renewal options, amendments, licenses and more.

Background on Leasing

Our Leasing and Acquisitions Unit is responsible for identifying and negotiating agreements for private space for City agency operations on behalf of the City. We oversee a portfolio of more than 22 million square feet of privately-owned leased space including sites selected to accommodate dozens of City agencies with their unique space needs. This important work demands that we balance:

- Securing real estate that City agencies need to carry out their daily operations by developing program specifications; researching the market of available space; preparing test fits, preliminary plan, and scopes of work for building and tenant space improvements; and overseeing construction, renovation, and relocations.

- Responsibly stewarding the City of New York's financial resources by negotiating lease terms with private landlords and obtaining approvals from the Office of Management and Budget (OMB) for all costs related to rent, operating expenses, real estate taxes, and tenant improvements.
- And ensuring that City tenancies support citywide and neighborhood planning goals, including supporting client agencies.

This work is accomplished by in-house staff and by contracted tenant representative brokers guided by our advisement and oversight.

Leasing Process

The leasing process is a multi-disciplinary effort that involves multiple steps and review. For DCAS, the process begins when OMB approves a new need for space. With that approval, we assess City-owned properties to determine if there is an existing property that meets the need. When there is no pre-existing City property that best meets the need identified by OMB, we work with our tenant representatives—or brokers—to assist us in putting out a solicitation to potential landlords for space that may be a good fit for the best price possible. At the same time, we work with the client agency and our tenant representative to determine what equipment, design, and square footage may be needed to best meet agency needs. That notification to the commercial market sent out by our tenant representatives may be referred to as a Request for Proposal, or “RFP.”

To be clear, this RFP is not a solicitation for a City procurement. In other words, it is not an RFP as defined by the Procurement Policy Board (PPB), and it is not subject to the PPB rules of competition. Given the legal framework that governs the City's real property transactions, the goal of this notification is to cast a wide net and drive competition in the commercial market, such that the City gets the best offer possible.

Once we receive responses, DCAS reviews the proposals received to narrow in on the best possible options before beginning negotiations with potential landlords in concert with our tenant representatives. We exchange term sheets, compile site reports that assess building conditions, develop scopes of work that outline the required design and construction plans, take measurements, and develop cost estimate for each project.

Once we have decided on the terms of a lease with a selected vendor, DCAS attorneys draft the lease and it goes through OMB and Law Department review and approval. In addition to those internal reviews, every City lease goes through a public review process, as required by the NYC Charter. The City Planning Commission reviews the City's identified need for space, the location proposed to meet that need, and the square footage allocated. A public hearing is then conducted, and the City Council is given the opportunity to review the City Planning Commission's decision. It is only after those public approvals are received that the transaction can be finalized for Mayoral approval, and finally, lease execution by DCAS.

The City cannot enter into a lease without first going through this public review process.

Looking Forward

Real Estate Services has been consistently working towards improving the internal workflow of the leasing process and the tracking of space utilization in an effort to improve internal operations and save taxpayer dollars. To that end, we built a database (Archibus) documenting all non-court office spaces in our portfolio to track mayoral agency tenants, square footage, and seating capacity at each location. Since the database was established, we've had the tools to comprehensively and strategically manage the City's office portfolio in collaboration with OMB and City Hall. This initiative to right-size our office portfolio, better known as the Space Savings Program, began in November 2023 with the collection of space utilization data from 46 mayoral agencies and it is now starting to pay off as we're able to make informed decisions regarding consolidations to optimize the use of space and relinquish surplus space without affecting agency operations.

In parallel to improving the active management of the office portfolio, Real Estate Services has been working to streamline the leasing process internally and reduce the amount of time it takes to go from site search to an executed lease while increasing oversight of space needs and complying with all mandated regulatory requirements from sister agencies. This is in part being done by increasing communication with OMB early on with regards to project parameters and providing high level estimates of the projected costs on projects so that decisions can be made at the onset of the project rather than after significant time and resources have been spent on projects that have to be reworked. In addition, we are working with our tenant representatives and other internal City partners to cast a wider net when combing the market for suitable properties for our needs by reaching out to landlords who might not have done prior business with the City and conducting searches for space in neighborhoods where the City has historically not had a strong presence. We hope these adjustments to our internal process help to facilitate client agency operations by providing them the space they need to serve the public within a more reasonable timeline while also reducing the City's expenses through a more strategic use of internal resources.

Conclusion:

Through all these efforts, we remain committed to deliver the best and most cost-effective outcomes on behalf of all New Yorkers.

Thank you for your time and attention. I am happy to answer any questions you may have.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Louis Molina

Address: Commissioner

I represent: NYC DCAS

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Shameka Overton

Address: Executive Deputy Commissioner for Asset and
Property Management

I represent: _____

Address: NYC DCAS

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 10/29/2024

(PLEASE PRINT)

Name: Sharon Brown Jeter

Address: 130-10 140 Street Suite 1

I represent: Rose of Sharon Enterprises

Address: _____

Brooklyn N.Y. 11238
Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: 10/29/2024

(PLEASE PRINT)

Name: Brian Bunn

Address: _____

I represent: Homeless

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Christopher Sean Johnson

Address: _____

I represent: Self

Address: _____

Please complete this card and return to the Sergeant-at-Arms