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**STATE OF ILLINOIS**

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**OFFICE OF THE AUDITOR GENERAL**

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**MANAGEMENT AUDIT**

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES'  
ADMINISTRATION OF THE STATE'S  
SPACE UTILIZATION PROGRAM**

**FEBRUARY 2004**

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**WILLIAM G. HOLLAND**

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**AUDITOR GENERAL**

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

*To the Legislative Audit Commission, the  
Speaker and Minority Leader of the House  
of Representatives, the President and  
Minority Leader of the Senate, the members  
of the General Assembly, and  
the Governor:*

This is our report of the Management Audit of the Department of Central Management Services' Administration of the State's Space Utilization Program.

The audit was conducted pursuant to Legislative Audit Commission Resolution Number 126, which was adopted December 11, 2002. This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.

A handwritten signature in blue ink, appearing to read "William G. Holland". The signature is stylized and includes a large, sweeping flourish that extends upwards and to the right.

WILLIAM G. HOLLAND  
Auditor General

Springfield, Illinois  
February 2004

## REPORT DIGEST

### MANAGEMENT AUDIT OF THE

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### DEPARTMENT OF CENTRAL MANAGEMENT SERVICES' ADMINISTRATION OF THE STATE'S SPACE UTILIZATION PROGRAM

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Released: February 2004



State of Illinois  
Office of the Auditor General

**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

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## SYNOPSIS

The State lacks an overall system to effectively manage real property. A real property management system should treat land and buildings as strategic assets to be managed proactively. The Department of Central Management Services (CMS) is designated as the State agency responsible for the State's space utilization program.

CMS does not maintain an accurate and complete inventory of real property owned by the State:

- In response to our survey, agencies reported to us that there were 201 properties that were owned by the agencies but which were not included in the CMS master record or were assigned to the incorrect agency. State-owned properties such as Lincoln's New Salem State Park, the Vandalia State House, and Lincoln's Tomb were not in the CMS master record. There were also 100 properties that needed some form of correction on the master record.
- The 102 county assessors we surveyed identified 27,783 parcels of land owned by the State. We sampled 150 parcels and found that 28% (42 of 150) should have been included in the CMS master record but were not.
- An automated system developed by CMS to report on real property owned by the State contained inaccurate information and its use was discontinued in August 2003.

CMS has no formal policies and procedures for ensuring that excess and surplus real property is reasonably considered when filling State agencies' space requests. In 69% of the lease files sampled (33 of 48), CMS did not check for availability of space in State-owned facilities until **after** CMS set up, and the lessor signed, the lease.

In our testing, we identified a significant amount of excess space in both State-owned and State-leased properties:

- 17 State agencies surveyed listed excess space in 270 leases, representing approximately 413,000 square feet of excess leased space.
- Our testing identified that 90 of 574 buildings at DHS facilities were unoccupied; 18% of the total square footage at DHS facilities was not being used. Several DHS facilities also reported excess land at their facilities.
- DHS leased excess space at its facilities to other entities; the 25 leases generated an average of \$0.15 per square foot in annual lease revenue; many of the leases charged minimal or no rent.

Since 1998, CMS has sold or conveyed seven State properties declared surplus by the controlling State agency.

- CMS did not meet timeframes established in administrative rules for notifying State agencies of the availability of surplus property.
- As of August 2003, CMS had only six properties listed as surplus.

The audit contains nine recommendations to the Department of Central Management Services to improve its space utilization program.



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## REPORT CONCLUSIONS

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The State lacks an overall system to effectively manage real property. A real property management system should treat land and buildings as strategic assets to be managed proactively. The Civil Administrative Code (20 ILCS 405/405 *et seq.*) and the State Property Control Act (30 ILCS 605/1 *et seq.*) assign responsibility for certain State properties, acquisitions, and services to the Department of Central Management Services (CMS). CMS is designated as the State agency responsible for the State’s space utilization program (44 Ill. Adm. Code 5000).

A complete and accurate real property inventory is an essential element of an effective Statewide space utilization system. The master record of State-owned property maintained by CMS, and reported to the General Assembly, is neither complete nor accurate. In response to a survey we sent State agencies asking them to review the accuracy of properties on the CMS master record, the agencies identified:

- 201 properties that were currently owned by the agencies but which were not included in the CMS master record or were assigned to the incorrect agency, and
- 100 additional properties that needed some form of correction on the CMS master record. For example, the property was no longer owned by the agency, the property had been transferred to another agency, the property was a duplicate entry, or buildings had been demolished at the site.

Our review of county assessor records also identified shortcomings with the CMS master record. We contacted the 102 county assessors’ offices in the State, all of which provided timely information on property owned by the State of Illinois in their counties. The assessors identified 27,783 parcels of land as owned by the State. The CMS master record lists 3,091 State-owned properties (such as land and buildings). There are valid reasons for some of the differences between the assessor and CMS records – for example, the CMS master record reports by property name (e.g., the Elgin Mental Health Center) which may comprise multiple parcels, and parcels related to highway rights-of-way may be included in the assessor records but are exempted from the CMS master record.

However, there were properties on assessor records that should have been included in the CMS master record but were not. Our review of 150 parcels from assessor records found that 42 of the parcels (28 percent) were not specifically exempted by law and should have been included in the CMS master record but were not.

Furthermore, inconsistencies in the information presented in the master record significantly limit its usefulness to the State. For example, for some agencies, individual buildings as well as land were listed (such as 927 entries for Southern Illinois University), whereas for others, only one entry was listed for all land and buildings owned by the agency (such as one entry for Chicago State University).

Improvements in the State agencies’ reporting of real property to CMS are needed. Some agencies do not report in the format prescribed by CMS. Also, more detailed information on individual buildings, as well as any leases with external entities to use State-owned space, would provide useful information to CMS.

During the past two years, CMS attempted to automate the master record of State-owned real property. We found that the information contained in the system is neither complete nor reliable. Testing found that:

- 57 percent of the changes we sampled from the State-Owned and Surplus Real Property report, which is submitted annually to the General Assembly, were not reflected in the automated system.
- Data maintained in CMS’ automated system, that was input from previous submissions from State agencies, was extremely incomplete. For example, only 25 percent of the records contained a tax identification number and only 10 percent contained information on the acreage of the property.

For these data accuracy reasons, the system was taken offline in August 2003 and is no longer available to State agencies for submitting real property information. The master record continues to be maintained as a word processing file with no ability to provide management reports.

CMS’ Bureau of Property Management has not been successful in implementing goals and objectives from the 2002 CMS Strategic Plan. Of the eight goals and objectives identified as being applicable to the space utilization program, three were partially completed and five were not completed. Failure to complete the goals and corresponding objectives increases the likelihood that the space utilization program is not efficiently managed.

CMS and other large land holding agencies have reported to us that they do not perform long-term planning for space use. A coordinated approach to real property planning could help the agencies make better use of the lands and buildings they own and allow for more cost efficiencies in State government.

CMS lacks a formal policy or procedure to identify open space in State-owned buildings that the Department controls. We found that the process for analyzing open space is informal and not documented nor communicated to CMS’ Real Property Division. Additionally, CMS relies on State agencies to report excess space at agency-owned facilities and does not verify those agency assertions. State agencies do not always report excess space in their facilities to CMS. Failure to analyze and report on open space in State-owned buildings can result in the State leasing space for State agencies and wasting State resources.

CMS has no formal policies and procedures for ensuring that excess and surplus real property is reasonably considered when filling State agencies’ space requests. Additionally, since CMS is not adequately tracking and identifying excess and surplus real property, we would conclude that excess and surplus property is not being considered in filling space needs.

CMS does not proactively monitor space in State-leased properties. Failure to monitor and identify any excess space results in the State leasing space when there may be other opportunities for dollar savings. CMS’ Real Estate Leasing Division doesn’t always check with CMS’ Real Property Division for the existence of excess space in State-owned facilities prior to leasing space with third parties. When this check is made, it generally is after the lease has already been signed by the lessor and not at the beginning of the process, when an Agency Space Request Form is received, as dictated by CMS procedure. Specifically, we found in our testing of lease files:

- 33 of 48 (69 percent) lease files showed the check for availability of space in State-owned buildings occurred **after** CMS set up, and the lessor signed, the lease to fill the agency request.

However, in our testing, State agencies identified a significant amount of excess space in both State-owned and State-leased properties. This excess space should be considered by CMS prior to CMS leasing space for State agencies from third parties. In response to our survey of 54 State agencies that lease space through CMS:

- 17 agencies listed excess space in 270 leases and we calculated that there would be almost 413,000 square feet of excess leased space based on these survey results.

A significant amount of excess space also exists at State-owned facilities. In our survey, nine State agencies reported having excess space in 18

properties. Based on our testing at the Department of Human Services (DHS) we found that 90 of the 574 buildings at the DHS facilities were unoccupied with an additional 10 buildings partially occupied. A total of 1,653,714 square feet (or 18%) of the total square feet was not being used. While some of this space may be unusable due to the physical condition of the buildings, other vacant space was in good condition and could be utilized. Also, based on the location of vacant buildings, it appears that the potential for selling pieces of the facility property exists at five facilities. None of the available space was reported as excess or surplus in CMS’s annual report to the General Assembly.

DHS entered into agreements to lease space at DHS facilities to other organizations without, according to CMS, cost benefit analyses to determine whether the arrangement is the most advantageous to the State as a whole. DHS had 25 leases at its facilities generating approximately \$75,000 annually. However, the annual lease revenue per square foot averaged only \$0.15. The low lease amounts are attributable to the many lease agreements that charge minimal or no rent. For 13 of the leases, no rent was charged. According to DHS policy, real estate to be rented must have been reported to CMS as excess on the Annual Real Property Utilization Report.

State agencies, including DHS, lease office space in some of the same cities, at substantially higher rates per square foot, where the DHS facilities are located and lease to agencies outside of State government. Moving some of these State agencies into space at DHS, State-owned facilities, could save the State dollars currently spent to lease space from outside parties.

Since 1998, CMS has sold or conveyed seven State properties that were declared surplus by the controlling State agency. Four of the seven were sold to cities or private buyers for \$3.2 million while the other three were conveyed or transferred to a community college, a not-for-profit organization and the Illinois State Supreme Court. Additionally, CMS granted easements for three other properties for various purposes and fees totaling over \$143,000.

While CMS met some of the guidelines established in statute and administrative code for the disposal of surplus real property, improvements are needed:

- CMS was not timely in notifying State agencies within the required 60 days of the availability of surplus property. The length of time between declaration of surplus to CMS and CMS notification to State agencies ranged from 13 days to more than 7 years (2,687 days). The median time to notify agencies was 214 days.



- The disposal of surplus property was also not timely. For the seven parcels where we could measure the elapsed time from the date declared surplus to the date of final disposition, the time ranged from 349 days to 7,521 days. The median time to dispose of surplus property was 963 days.
- The State Property Control Act requires that the sale price of auctioned property be no less than the fair market value. Of the three properties that were sold at public auction, two were sold for less than the appraised fair market value of the property.

As of August 2003, CMS had six State properties listed as surplus in its records. Testing indicated that the steps for disposal were not always followed. According to CMS files, two properties have never been declared surplus. Several of the properties have never been offered at a public auction. For other properties, it was unclear why CMS listed them as surplus (such as Memorial Park at Chicago-Read Mental Health Center and Rice Cemetery in Galesburg). The Illinois Commerce Commission uses another property listed as surplus, in Des Plaines, but control of the property has not been transferred over to the Commerce Commission.

The State lacks a single centralized system to dispose of surplus real property. CMS is not the only State agency that disposes of surplus property. We found that other State agencies dispose of real property owned by the agency without the assistance of CMS or the property ever being declared as surplus by the agency. These disposals are made pursuant to statutory authority or special legislation enacted by the General Assembly. The Illinois Department of Transportation has statutory authority to dispose of unused highways lands based on provisions of the Highway Code. Additionally, the Department of Natural Resources transfers or sells lands based on legislation enacted by the General Assembly.

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## **BACKGROUND**

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On December 11, 2002, the Legislative Audit Commission adopted Resolution Number 126 directing the Office of the Auditor General to conduct a management audit of the Department of Central Management Services’ administration of the State’s space utilization program. (See Appendix A for a copy of the Resolution.) The Resolution directed the Auditor General to determine:

- Whether procedures are in place to adequately identify excess and surplus real property;

- Whether such procedures ensure that excess and surplus real property is reasonably considered in fulfilling State agencies’ space needs; and
- Whether the process for disposing of surplus real property is adequate and timely. (pages 4-5)

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## SPACE UTILIZATION PROGRAM

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The Civil Administrative Code (20 ILCS 405/405 *et seq.*) assigns responsibility for certain State properties, acquisitions and services to CMS. Additionally, CMS is responsible for requiring proper utilization of State property and administering the provisions of the State Property Control Act. Further, CMS has the authority to lease unused or unproductive lands that in the judgment of the Director are in the best interests of the State.

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**CMS is the agency designated to manage the State’s space utilization program.**

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The State Property Control Act also requires the CMS Director to submit an annual report on or before February 1 to the Governor and the General Assembly containing a detailed statement of surplus real property either transferred or conveyed (30 ILCS 605/7.1 (e)).

The Illinois Administrative Code (44 Ill. Adm. Code 5000) outlines the basis of the space utilization program for the acquisition, management and disposal of real property. CMS is designated as the agency to manage the space utilization program.

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**State agencies need to assist and cooperate with CMS in the assignment and utilization of space.**

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It is also the responsibility of agencies to assist and cooperate with CMS in the assignment and utilization of space, including the furnishing of data relative to the use of space occupied and personnel housed or to be housed. It is further the responsibility of the agencies to continuously study and survey space occupied by them to ensure efficient and economical space utilization. Agencies are also to report to CMS any excess space that might be assigned to other agencies (44 Ill. Adm. Code 5000.510).

The space utilization program is designed to effect maximum efficient utilization of State-owned and controlled space. Space for which there is no current or foreseeable need by the occupying agency will be considered available for reassignment or other appropriate action. Underutilized leased space will not be renewed or extended under normal circumstances (44 Ill. Adm. Code 5000.520).

The space utilization program is administered within the Bureau of Property Management at CMS. The three divisions in the Bureau that deal with real

property are the Real Estate Leasing Division, Real Property Division, and the Facilities Management Division. (pages 5-9)

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## **INVENTORY OF STATE-OWNED REAL PROPERTY**

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Before CMS can identify excess and surplus real property, CMS needs to be able to identify what property is owned by the State. A real property inventory must be accurate and complete. We found that the inventory of State-owned real property maintained by CMS, and reported to the General Assembly, is neither accurate nor complete.

### **Current Method for Reporting Real Property to CMS**

CMS relies on State agencies to report information on the real property owned by the agencies on the Annual Real Property Utilization Report. This report is commonly known as a “Form A.” The Form A contains information such as the tax index number, present use of the property, acreage and/or square footage of the land/building, and the appraised value of the property. CMS compiles the information from all the Form A’s into a master record.

### **Improvements to State Agency Reporting**

Improvements are needed in agencies’ reporting of properties to CMS. CMS allows agencies to report information in differing formats or provide incomplete information without follow up. According to CMS staff, certain agencies have not provided all the information required on the Form A report. Additionally, CMS officials have questioned the accuracy of the information submitted by State agencies on the Form A reports. However, no attempt has been made by CMS to obtain corrected information.

There is no consistency in how property is presented on the master record. For some agencies, such as Southern Illinois University with 927 entries, entries consist of both individual buildings and land the agency owns. For other agencies, such as Chicago State University, a single entry exists for the entire campus with no details on the number of buildings.

More consistent and detailed reporting of property would provide needed information to effectively utilize State-owned property. For example:

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**The inventory of State-owned real property reported to the General Assembly is neither accurate nor complete.**

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**CMS allows agencies to report information in differing formats or provide incomplete information without follow-up.**

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**The Form A does not require agencies to identify portions of a property that may be considered excess or surplus.**

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**Agencies do not have to report space leased to third parties in State-owned buildings as part of the Form A.**

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- CMS allows agencies to report on a property location as a whole and does not require detailed information on each building. CMS officials indicated a preferable reporting mechanism would be for the agency to provide information on each building at a location.
- The Form A does not require agencies to identify *portions* of a property that could be considered excess or surplus. In our survey of State agencies discussed below, DHS reported to us that the Choate Mental Health and Developmental Center has no excess space but they “do have excess land.” Officials listed four tracts of land totaling 43.7 acres that they would consider surplus. Additionally, officials from the Alton Mental Health Center reported that the Center “includes 213 acres, some of which are certainly excess.” On the Form A submitted for these facilities, DHS did not identify any land considered excess.
- The Form A does not require agencies to report occupancy levels for the buildings owned by the State agencies.
- Absent from the Form A is information on space in State-owned property that the State agency may lease to third parties. This information would be helpful to CMS in ensuring that State-owned property is being effectively used. (pages 14-17)

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## **DEFICIENCIES IN THE MASTER RECORD OF STATE OWNED PROPERTY**

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To determine the accuracy of the master record maintained by CMS we: 1) surveyed State agencies – providing them their respective portion of the February 2003 master record and asking them to determine whether the properties were still owned by the agency; 2) contacted county assessors in all 102 Illinois counties and requested lists of State-owned real property in their counties; and, 3) selected a sample of parcels from the assessor reports and tested files at the corresponding agency to see if the parcels were in agency records.

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**Pyramid State Park was not on the CMS master record yet DNR purchased over 19,000 acres for the park between 1971 and 2002.**

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### **Survey of State Agencies**

State agencies we surveyed reported owning 201 properties that were not on CMS records or were on the record but not assigned to the correct agency. Many of the 201 properties were purchased a number of years ago – going back to 1865 (Historic Preservation’s Douglas Tomb). Thirty-eight properties were obtained by the State prior to 1960. Pyramid State Park in Perry County was not listed on the master record maintained at CMS, yet DNR has purchased over 19,000 acres for the park during the time period 1971 through 2002.

Sixteen State agencies also reported to us that 100 of the properties on the CMS master record (as of February 2003) contained errors that needed to be corrected. Corrections included: properties that were no longer owned by the agency; properties that had been transferred to other State agencies yet still appear as being owned by the previous State agency; properties that have had buildings demolished; properties that were duplicate entries; or the agency couldn’t identify the property in its records because of a lack of information contained on the master record. (pages 19-22)

### County Assessor Information

County assessors maintain records on individual parcels of real property within their counties. These parcels are tied to some type of identification number, normally a tax identification number. We contacted all 102 county assessors’ offices around the State and requested the assessors provide us information on all State-owned property located in their counties. All 102 assessors responded to our request and provided reports in a very timely manner. While not all assessors were able to provide all the information requested, we were able to determine that there were at least 27,783 parcels of State-owned land within the counties.

There are several reasons for the differences in State-owned property figures between the master record (3,091 listing entries) and information maintained by county assessors (27,783 parcels of property). These include: the CMS master record reports by property name and not by parcel number; water and highway right-of-ways are exempt from reporting to CMS; and some property was owned by the State yet not reported to CMS by State agencies. (pages 23-24)

### Results of Sample of Assessor Records

To determine whether all State property was included in State agency records, we selected a sample of 150 parcels of State-owned lands, as reported by county assessors. We then reviewed documentation for these parcels – which encompassed 13 State agencies and 35 counties around the State – to ascertain if any of the parcels were not listed on CMS records.

#### EXAMPLES OF STATE-OWNED PROPERTY NOT ON CMS MASTER RECORD

- ❑ Lincoln’s New Salem State Park in Menard County
- ❑ Fort Kaskaskia in Randolph County
- ❑ Ulysses S. Grant Home in Jo Daviess County
- ❑ Vandalia State House in Fayette County
- ❑ Lincoln Tomb in Sangamon County
- ❑ Chain O’Lakes State Park in Lake and McHenry Counties
- ❑ Des Plaines Conservation Area in Will County
- ❑ Kerr and Cutler Farms in McDonough County
- ❑ State Police Communications Bureau Office in Sangamon County

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**County assessors reported 27,783 parcels of land owned by the State.**

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**42 of the 150 parcels we reviewed were not reported on the CMS master record and were not specifically exempted by law from that reporting requirement.**

Seventy-one percent (107 of 150) of our sample cases were reported by assessors as owned by the State but were **not reported** on the CMS master record. Of these 107 cases not reported, 42 of the parcels (39 percent) were not specifically exempted by law and should have been reported on CMS’ master record. These 42 parcels included 26 parcels acquired for flood and wetland mitigation projects. The parcels exempted by law from being reported to CMS included rights-of-way for highways and waterways. Digest Exhibit 1 summarizes the parcels as either reported or not reported on CMS records for the parcels sampled. (pages 24-25)

<b>Digest Exhibit 1</b>				
<b>REVIEW OF 150 PARCELS SAMPLED FROM ASSESSOR RECORDS</b>				
<b>Agency</b>	<b>Reported in CMS Master Record</b>	<b>Parcels Not Reported in CMS Master Record</b>		<b>Total</b>
		<b>Exempt from Reporting<sup>1</sup></b>	<b>Should Have Been Reported<sup>2</sup></b>	
Transportation	1	62	2	65
Natural Resources	21	0	27	48
Historic Preservation	1	0	9	10
Corrections	3	0	2	5
Southern Illinois University	3	0	1	4
Military Affairs	3	0	0	3
Central Management Services	2	0	1	3
Eastern Illinois University	2	0	0	2
Housing Development Authority	0	2	0	2
Illinois Courts	1	0	0	1
State Police	1	0	0	1
Tollway	0	1	0	1
Veterans' Affairs	1	0	0	1
<b>Total:</b>	39	65	42	146 <sup>3</sup>
<b>Notes:</b>				
<sup>1</sup> – Includes parcels exempt from reporting by law and properties acquired during 2003.				
<sup>2</sup> – Includes 26 flood and wetland mitigation parcels which are not specifically exempted by law from being reported to CMS.				
<sup>3</sup> – 3 of the 150 parcels in our sample were subsequently conveyed to other entities. For one parcel, it was unclear who owns the property and if it was reported on CMS master record.				
Source: OAG Summary of Agency and Assessor Records.				

## **ATTEMPT AT COMPUTERIZING THE MASTER RECORD**

During the past two years CMS attempted to automate the master record of State-owned real property. We found that the information contained in the system was neither complete nor reliable. Testing found that:

- 57 percent of the changes we sampled from the “State-Owned and Surplus Real Property” report, which is submitted annually to the General Assembly, were not reflected in the automated system.
- Data maintained in CMS’ automated system, that was input from previous submissions from State agencies, was extremely incomplete. For example, only 25 percent of the records contained a tax identification number and only 10 percent contained information on the acreage of the property.

The System was taken offline in August 2003 and was being scrapped. Documentation from CMS showed that 600 hours were spent on developing and cleaning up the Real Property System, which was 325 hours over the 275 that were estimated. (pages 29-31)

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## VERIFICATION OF SPACE PRIOR TO LEASING

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CMS rules dictate that leased space shall be acquired only when satisfactory State-owned or controlled space is not available. (44 Ill. Adm. Code 5000.200) CMS has no formal policies and procedures for ensuring that excess and surplus real property is reasonably considered when filling State agencies’ space requests. Additionally, since CMS is not adequately tracking and identifying excess and surplus real property, we would conclude that excess and surplus property is not being considered in filling space needs.

During Fiscal Year 2003, State agencies expended over \$162.5 million to lease real property for their operations. This figure includes all lease payments that are processed by the Comptroller and was taken from Comptroller records – not just those lease payments for agencies that go through CMS to acquire leased space. This figure would not include lease payments made from locally held funds and not processed through the Comptroller.

When State agencies are in need of additional space, they submit an Agency Space Request Form to the Real Estate Leasing Division at CMS. According to documentation and officials at CMS, the Real Estate Leasing Division should initially check with the Real Property Division to ascertain whether space is available in any State-owned or controlled facilities in the city where the requesting agency is seeking space.

Our testing indicated that CMS’ Real Estate Leasing Division is not timely in checking whether space exists in State-owned buildings before initiating the steps in the leasing process. CMS averaged 301 days from the time a space request was received from a State agency requesting space until the Department

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**The CMS automated system contained data that was neither complete nor reliable.**

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**CMS should verify no excess space exists in State-owned buildings prior to leasing space for State agencies.**

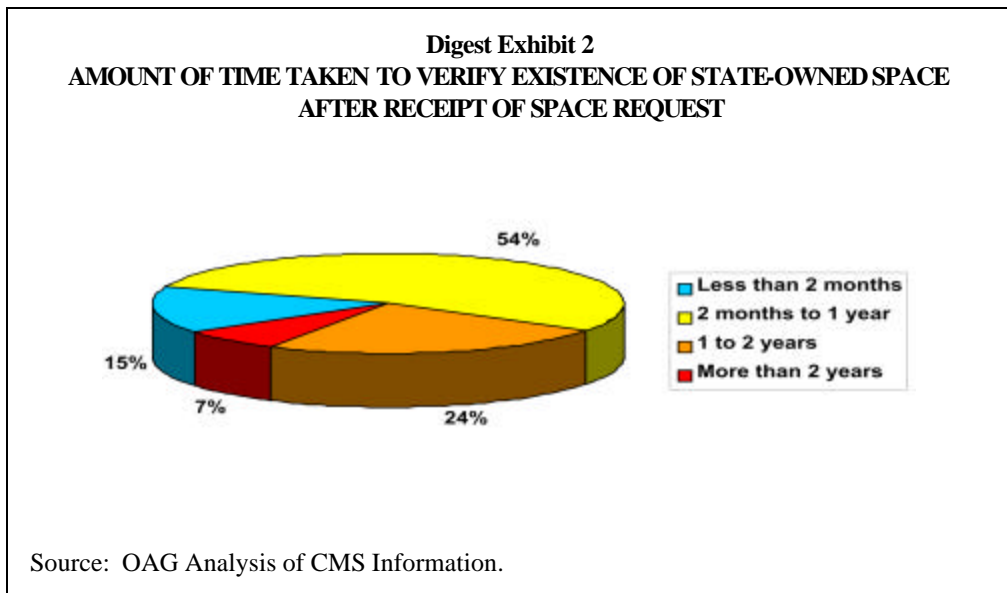
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**CMS averaged 301 days from the time they received a space request until they verified if any space was available in State-owned buildings.**

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performed the verification check on whether space was available in State-owned facilities. Digest Exhibit 2 summarizes the time taken to check for State-owned space. The range of days was between 8 days and 989 days.



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**In 33 of 48 leases sampled, CMS did not check to see if space existed in State-owned buildings until *after* the lessor signed the lease.**

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We also found that while CMS documentation shows the verification process should be completed at the beginning of the leasing process, that was not always followed. In 69 percent (33 of 48) of the lease files sampled where information was available (two files did not contain documentation to show a verification was made), CMS did not check to see if State-owned space was available to fill the space request until **after** CMS expended resources to find a lessor, develop the lease and have the lessor sign the lease. (pages 38-41)

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## MONITORING OF SPACE BY CMS

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**CMS places too much reliance on State agencies in the self-reporting of excess space.**

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CMS does not proactively monitor space in both State-owned and State-leased properties. CMS has no formal process in place to monitor space availability in State-owned buildings or space leased from third-party lessors. Additionally, CMS places too much reliance on State agencies in the self-reporting of excess space – both in State-owned and leased facilities. Failure to monitor excess space can result in State dollars being expended for leased space when there would be excess space in State-owned or controlled facilities or leases that may be able to be combined to achieve savings.

### CMS Owned Buildings

Officials at CMS stated that CMS facility managers are in charge of property owned and controlled by the Department. These managers are



responsible for knowing when space is available at the buildings they manage. However, building managers do not prepare a formal analysis of space needs or open space available in buildings they manage.

Before CMS leases space for agencies with space needs, the Real Estate Leasing Division checks with the Real Property Division for the existence of space in State-owned buildings. We found that any reporting from the building managers at the individual facilities is not provided to the Real Property Division. Thus leasing decisions are made without the benefit of actually knowing if space exists in State-owned buildings.

Of the four CMS building managers we contacted, the only formal analysis performed was at the Thompson Center. In June 2003, the CMS building manager did space inspections at the Thompson Center as a special project based on agency work force reductions due to the early retirement initiative. A summary was completed and provided to the manager of the Bureau of Property Management, which identified some unused space. This summary was not provided to the Real Property Division within the same Bureau. In our survey sent to CMS during August/September 2003, the Department reported no excess space at the Thompson Center. (pages 42-43)

### **State Agency Owned Property**

Excess real property is State-owned or controlled real property that has no present program need by the holding agency. The Illinois Administrative Code requires that excess and surplus property shall be reported to CMS annually, and monthly as property becomes available (44 Ill. Adm. Code 5000). CMS relies on State agencies to report on this type of space.

CMS officials stated they send out a letter once a year soliciting information on excess space, but no agency ever indicates it has excess space. The Real Property Division also does not inspect any State-owned property.

In response to our survey sent in August 2003, most agencies reported no excess space at State-owned property. However, 9 agencies did report excess space at 18 of the properties. The number of properties with excess space by agency is shown in Digest Exhibit 3.

The three properties at CMS had been declared surplus as of February 2003. Of the remaining 15 properties, plans for future use of excess space at six properties had been made by the controlling agencies as of September 15, 2003. These plans included declaring the property surplus, selling the property, or converting the unused space into office space to consolidate staff.

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**In June 2003, CMS determined there was some excess space at the Thompson Center. This summary was not provided to the Real Property Division. The Real Property Division is supposed to monitor excess space.**

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**Nine State agencies reported to us that excess space existed in 18 properties.**

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**Nine properties that had reported excess space did not have an indicated planned future use.**

Five agencies with excess space at the remaining nine properties did not indicate a planned future use of the excess space in their survey responses. The Department of Corrections indicated that 18.2281 acres of unimproved property in Chicago was not being utilized and did not indicate a future use for the property. The Department of Human Services gave no indication of its plans for most of its excess space.

<b>Digest Exhibit 3 STATE-OWNED PROPERTIES REPORTED AS HAVING EXCESS SPACE BY STATE AGENCIES September 15, 2003</b>	
<b>Agency</b>	<b># of Properties with Excess Space</b>
Human Services	6
Central Management Services	3
Corrections	3
Children & Family Services	1
Military Affairs	1
Natural Resources	1
Public Health	1
Transportation	1
Southern Illinois University	1
Total:	18
Source: OAG Summary of Agency Information.	

DHS officials from the Alton Mental Health Center reported that “Two buildings on campus, the Administration building and Willow, are both empty and are excellent candidates for other agencies to occupy.” The Department of Public Health indicated no plans for 5 acres of land adjacent to the Regional Office Building in Springfield. (pages 45-46)

### **Department of Human Services**

**1.65 million square feet of space at DHS facilities was not being utilized.**

We conducted a detailed review of property at Department of Human Services (DHS) facilities. Analysis of information obtained by auditors showed that 90 of the 574 buildings at the DHS facilities were unoccupied with an additional 10 buildings partially occupied. A total of 1,653,714 square feet (or 18%) of the total square feet at DHS facilities was not being used. While some of this space may be unusable due to the physical condition of the buildings, other vacant space was reported as being in good condition and could be utilized. Also, based on the location of vacant buildings, it appears that the potential for selling pieces of the facility property exists at five facilities. None of the available space was reported as excess or surplus in CMS’s annual report to the General Assembly. (page 47)

### **Leasing of Unused Space by DHS**

DHS leases unoccupied space at some of its facilities to outside parties. CMS officials stated that DHS will come to CMS with a lessor already lined up to take the space. CMS assists in setting up the leases. No cost benefit analysis is conducted to determine whether the State would be better off to move current State agencies, which expend monies on their current leased space, into this unoccupied space to save taxpayer funds. Also, CMS does not conduct cost benefit analyses to determine whether lease rates charged by State agencies to outside parties are fair and reasonable for the space leased in State-owned buildings.

DHS had 25 leases at its facilities generating approximately \$75,000 annually. However, the annual lease revenue per square foot averaged only \$0.15. Excluding parking spaces leased by Madden Mental Health Center, the total square footage leased is 492,876. The relatively low lease amounts are attributable to the many lease agreements that charge minimal or no rent. Under DHS policy this is permissible under certain conditions. According to the policy, real estate to be rented must have been reported to CMS as excess on the Annual Real Property Utilization Report. This arrangement may not be the most economically beneficial to the State overall. Digest Exhibit 4 identifies leases reported at DHS facilities. (pages 49-51)

### **Using the Unoccupied Space for State Agencies**

CMS rules dictate that leased space shall be acquired only when satisfactory State-owned or controlled space is not available (44 Ill. Adm. Code 5000.200). The potential exists for the State to save monies expended for agency lease payments if space in DHS facilities was used for other State agencies. The audit examined excess space at four DHS facilities, two of which are illustrated below. These facilities either reported excess space as part of our fieldwork or leased excess space to other entities. While there may be valid programmatic or logistic reasons why using this space at DHS facilities to house certain State agency operations would not be feasible, these are options that an effective space utilization program should consider, to ensure efficient use of State funds and property.

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**DHS leased 492,876 square feet of excess space at its facilities to other entities at an average annual lease rate of 15 cents per square foot.**

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**Potential savings to the State exist if excess space at DHS facilities would be used, if feasible, for other State agencies that currently lease space.**

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MANAGEMENT AUDIT – CMS’ ADMINISTRATION OF THE STATE’S SPACE  
UTILIZATION PROGRAM

<b>Digest Exhibit 4 LEASED SPACE BY DHS FACILITIES</b>					
<b>DHS Facility</b>	<b>Lessee</b>	<b>Purpose</b>	<b>Square Feet Leased</b>	<b>Annual Lease Amount</b>	<b>Annual Lease Revenue per Square Foot</b>
<b>Choate MHC &amp; DC</b>	Shawnee Community College	Junior College.	27,687	\$15,046	\$0.54
	Sunrise Pre-School	Preschool/daycare.	7,416	\$6,081	\$0.82
	Southern Seven Health Dept.	Headstart program.	7,087	\$3,482	\$0.49
	Regional Superintendent of Schools	Adult education program and safe school.	3,846	\$3,153	\$0.82
	Tri-County Education District	Special education classes for residents.	15,556	\$9,000	\$0.58
	Shawnee Development Council	Office space/food pantry.	834	\$918	\$1.10
	Employee Credit Union	Office space.	630	\$0	\$0.00
	The Homeless Inc.	Non-profit program to clothe the homeless.	3,121	\$0	\$0.00
<b>Elgin MHC</b>	City of Elgin	Sublease to the Larkin Center which provides school facilities for emotionally disturbed children; Elgin Boys & Girls Club; Recreational programming.	45,566	\$2.26	\$0.00005
<b>Illinois School for the Deaf</b>	The Nursery School	Nursery school.	2,830	\$3,540	\$1.25
<b>Jacksonville DC</b>	Pathway Services Unlimited	Developmental training program.	26,494	\$0	\$0.00
	Jacksonville Theater Guild	Theater productions.	15,385	\$1,200	\$0.08
<b>Madden MHC</b>	Loyola University-Foster G. McGaw Hospital	200 parking spaces.	N/A	\$32,365	N/A
<b>Murray DC</b>	Kaskaskia Special Education District #801	Audiology services.	14,250	\$0	\$0.00
<b>Shapiro DC</b>	Shapiro Credit Union	Credit Union.	2,120	\$0	\$0.00
	Daycare Center	Daycare.	3,726	\$0	\$0.00
<b>Tinley Park MHC</b>	Alliance for the Mentally Ill-South Suburbs of Chicago	Office space.	N/A	\$0	N/A
	University of Chicago Hospitals	University of Chicago Center for Psychiatric Rehabilitation.	5,000	\$0	\$0.00
	University of Chicago Hospitals	Office space.	13,560	\$0	\$0.00
	Cook County Nutrition Services	Day programming and nutrition services for senior citizens.	4,000	\$0	\$0.00
	Cook County Court Services	Mental health court.	20,000	\$0	\$0.00
	Easter Seals of Metropolitan Chicago	Therapeutic day school.	18,000	\$1	\$0.00006
	Trinity Services	Psychosocial rehabilitation program.	800	\$0	\$0.00
	Department of Conservation	Office space.	2,345	\$0	\$0.00
<b>Zeller MHC</b>	Illinois Central College	ICC North Campus.	252,623	\$1	\$0.000004
<b>Totals</b>			<b>492,876</b>	<b>\$74,789</b>	<b>Avg. \$0.15</b>

Source: OAG Summary of Information Provided by DHS.

**Alton Mental Health Center**

From information obtained from DHS during the audit, there were 13 unoccupied buildings at the Alton Mental Health Center. Four of the thirteen buildings had what DHS officials described as useable space totaling 119,536 square feet. Officials also stated there was no planned future use for the four buildings.

A CMS monthly lease report dated April 3, 2003, lists five State agencies that have office space leases in the City of Alton. Three of the five reported to us excess lease space in these offices during our survey period (August 15 through September 15, 2003). The total square footage **leased** by the five agencies is less than the total square footage available in one of the unoccupied buildings at the Alton Mental Health Center. As shown in Digest Exhibit 5, the State agencies paid, on average, \$9.80 per square foot in rent for the office space when there is space in a State-owned facility that is unused in the same city. Given that the State spends \$292,000 to lease space in Alton, CMS should consider the feasibility of moving those agencies into the unoccupied space at the DHS facility.

<b>Digest Exhibit 5</b>			
<b>AGENCY OFFICE LEASES IN ALTON</b>			
<b>Agency</b>	<b>Square Footage Leased</b>	<b>Annual Lease Rate</b>	<b>Annual Cost</b>
Employment Security	15,000	\$8.48	\$127,200
Natural Resources	8,000	\$11.61	\$92,880
Children & Family Services	6,000	\$10.66	\$63,960
Veterans’ Affairs	600	\$9.55	\$5,730
Public Aid	150	\$12.73	\$1,910
<b>Total Space Leased in Alton:</b>	<b>29,750</b>	<b>\$9.80</b>	<b>\$291,680</b>
<b>Reported Useable Space at Alton MHC:</b>	<b>119,536</b>		

Source: OAG Summary of CMS and DHS Information.

---

**The Alton Mental Health Center had 119,536 square feet of reported useable excess space while the State paid \$292,000 to lease 29,750 square feet of office space in Alton.**

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**Zeller Mental Health Center**

The Zeller Mental Health Center in Peoria is comprised of 10 buildings encompassing 252,623 square feet of space. All 10 buildings are connected by an environmentally controlled walkway system – which essentially makes the facility one large building with different pods. The entire facility is leased to Illinois Central College for \$1 a year. Within the lease agreement, Illinois Central College must provide space to the Department of Human Services (DHS) and the Guardianship and Advocacy Commission for no rent. Each of those State agencies utilizes approximately 4,895 square feet in the facility. Additionally, according to a DHS official, other entities also utilize the facility including:

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**252,623 square feet of space at the Zeller Mental Health Center in Peoria is leased to Illinois Central College for \$1 a year.**

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- University of Illinois School of Medicine (5,806 square feet),
- Illinois Review Board (1,874 square feet),
- Mental Health Association of Illinois Valley (1,188 square feet),
- Donated Dental Services (108 square feet), and
- Alliance for the Mentally Ill (108 square feet).

The DHS official stated that the advantage for the State in leasing the facility was the high cost to keep the facility operating. With the lease, the State is no longer responsible for those costs.

An official of Illinois Central College stated that while the University of Illinois School of Medicine does not pay rent, as of November 2003, the college is working on a lease agreement where the University of Illinois will be required to pay rent. All subleases at Zeller by Illinois Central College would go through CMS’ Real Property Division. The official went on to explain that historically the cost to operate the facility has been \$6.80 per square foot and the anticipated subleases will be for \$7.00 per square foot. These subleases will help Illinois Central College cover its costs to run the facility.

Eleven State agencies have a total of 16 leases for office space in Peoria. As shown on Digest Exhibit 6, the State agencies lease 176,498 square feet around Peoria. Annual lease rates range from \$8.50 to \$17.61 per square foot

**11 State agencies pay \$2.4 million to lease 176,498 square feet of office space in Peoria.**

<b>Digest Exhibit 6</b>			
<b>AGENCY OFFICE LEASES IN PEORIA</b>			
<b>Agency</b>	<b>Square Footage Leased</b>	<b>Annual Lease Rate</b>	<b>Annual Cost</b>
Transportation	58,600	\$17.61	\$1,031,946
Human Services	30,300	\$11.90	\$360,570
Children & Family Services	22,000	\$10.50	\$231,000
Employment Security	17,000	\$12.24	\$208,080
Public Aid	8,500	\$10.16	\$86,360
Human Services	7,500	\$8.50	\$63,750
Public Aid	6,325	\$10.67	\$67,488
Employment Security	5,504	\$12.24	\$67,369
Human Services	4,600	\$8.75	\$40,250
Environmental Protection	4,400	\$11.80	\$51,920
Industrial Commission	3,036	\$15.69	\$47,635
State Police	2,984	\$11.58	\$34,555
Corrections	2,400	\$11.58	\$27,792
Children & Family Services	1,641	\$10.34	\$16,968
Banks & Real Estate	1,300	\$11.64	\$15,132
Veterans' Affairs	408	\$10.90	\$4,447
<b>Total Space Leased in Peoria:</b>	<b>176,498</b>	<b>\$13.34</b>	<b>\$2,355,262</b>
<b>Total Space at Zeller MHC:</b>	<b>252,623</b>		
Source: OAG Summary of CMS and DHS Information.			

for the agencies.

The total square footage **leased** by the eleven agencies is less than the total square footage in the Zeller Mental Health Center. Annual lease payments for these agencies total \$2.4 million dollars. The State receives \$1 in annual revenue for the current lease arrangement at the Zeller site.

While CMS executed the current lease with Illinois Central College and assists in setting up subleases for space in the Zeller facility for the college, CMS did not declare the property surplus or excess. Additionally, no analysis was conducted to determine whether State agencies that lease office space in Peoria could be placed in the Zeller facility to save money. (pages 52-57)

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**CMS never  
declared the Zeller  
facility surplus or  
excess State space.**

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### **Monitoring by the Real Estate Leasing Division**

CMS does not sufficiently monitor leased space to determine whether excess space exists. While CMS officials indicated that there is no excess space in leased facilities because agencies use their own funds to pay for the space, we found that was not always the case.

State agencies are not utilizing all of the leased space for which the taxpayers are funding for their rentals. We calculated that almost 413,000 square feet of space was considered excess by the 17 agencies that reported excess leased space in our survey. There were a total of 270 leases that agencies reported having some degree of excess space. Failure to monitor this excess space results in the inability of CMS to effectively manage the use of real property, such as examining opportunities to consolidate leases for either the same State agency or multiple agencies located within the same city, thus saving the State rental cost for unneeded space. Digest Exhibit 7 reports on the analysis of our survey results for the 17 agencies. (pages 58-59)

<b>Digest Exhibit 7 AGENCIES REPORTING EXCESS LEASED SPACE September 15, 2003</b>			
<b>Agency</b>	<b># Leases with Excess Space</b>	<b>Calculated Excess in Sq. Ft.</b>	<b>% of Total Leased Space Not Utilized</b>
Human Services	144	287,205	9.89%
Children & Family Services	62	70,767	6.09%
Public Aid	15	12,969	1.54%
Corrections	13	7,866	1.14%
Commerce Commission	1	7,720	8.75%
Transportation	4	7,077	3.17%
Banks & Real Estate	3	6,193	7.99%
Professional Regulation	1	3,383	6.00%
Lottery	4	2,309	2.77%
Insurance	1	1,820	2.83%
Labor Relations Board	1	1,496	25.00%
Educ. Labor Relations Board	1	1,121	25.00%
Central Management Services	4	1,078	1.30%
Veterans’ Affairs	13	815	1.98%
Financial Institutions	1	524	3.00%
Planning Council-DD	1	289	3.00%
Employment Security	1	165	0.01%
Totals:	270	412,797	5.32%
Source: OAG Summary and Analysis of Survey Information.			

## ASSET MANAGEMENT CONTRACT

On September 16, 2003, CMS issued a request for proposals (RFP) to obtain professional asset management services. Proposals were due to CMS by October 14, 2003. CMS announced the vendor selected for the award of the project on December 29, 2003, six days after CMS received our draft audit report. As of the date of our exit conference with CMS, January 15, 2004, a contract had not been executed with the vendor.

The General Statement of Work section of the RFP outlines the services to be performed for the asset management project. The section states that the “services shall include, but are not limited to, an assessment of the current status of the state’s properties and activities, development of a proposed statewide management structure for both asset and facilities management, review of all contracts and leases to determine their economic viability, an assessment of all budgeted dollars and current staffing levels, proposal development for consolidation of existing and future contract services, review of all existing state agencies space utilization and its rationalization and the development of a master plan for all future space needs and facilities. The consultant/firm will also be



responsible for the development of an economic plan whereby it will recommend to the State opportunities to reduce current budget levels, produce economies through proposed consolidation activity, as well as propose business practices to maximize the value of the real estate assets of the State of Illinois and minimize capital and operating costs. The State has the discretion to add or subtract facilities, as it deems appropriate.” (page 9)

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## SURPLUS REAL PROPERTY

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Since 1998, CMS has sold or conveyed seven State properties that were declared surplus by the controlling State agency. Four of the seven were sold to cities or private buyers for \$3.2 million while the other three were conveyed or transferred to other entities. Additionally, CMS granted easements for utility work or road widening for three other properties.

Responsibility for disposal of surplus real property rests with the Real Property Division within the Bureau of Property Management at CMS. According to staff from the Division, there are no formal policies and procedures in place to dispose of surplus real property. Further, they added that because the process is so dynamic it would be difficult to develop formal policies and procedures. They reported that guidance for this process is maintained in the administrative code.

---

**CMS staff reported there are no formal policies and procedures for disposing of surplus real property.**

---

We reviewed the files of surplus property which had been conveyed by interagency transfer, intergovernmental sale or public auction since 1998. Digest Exhibit 8 summarizes the results of our review. CMS was not timely in disposing of surplus real property. For sales where complete documentation existed, the time between surplus declaration and sale ranged from 349 days to 7,521 days.

### Timeliness

CMS was not timely in notifying State agencies of the availability of surplus property. Administrative rules require that “State agencies will generally be notified by DCMS of available surplus real property within 60 days of declaration....” For instances where notification to State agencies of the surplus property would have been appropriate, CMS met the 60-day standard only once. The length of time between declaration of surplus to CMS and CMS notification to State agencies ranged from 13 days to more than 7 years (2,687 days).

The disposal of surplus property was also not timely. For the parcels where we could measure the elapsed time from the date declared surplus to the date of final disposition, the time ranged from 349 days to 7,521 days. The average time to dispose of surplus property was 2,144 days. This does not include property that is still surplus, one of which has been surplus since 1969.

MANAGEMENT AUDIT – CMS’ ADMINISTRATION OF THE STATE’S SPACE  
UTILIZATION PROGRAM

<b>Digest Exhibit 8</b>					
<b>TIMELINESS OF DISPOSITION OF SURPLUS PROPERTY</b>					
<b>Property Sold or Conveyed by CMS Since 1998</b>					
Property Description	Date Declared Surplus	Notification to Other Agencies	Elapsed Days from Surplus Date	Date of Final Disposition	Elapsed Days from Surplus Date
SIU Parking Lot, Worden Avenue, Alton	1/08/96	4/01/97	449	8/28/98	963
SIU-Edwardsville Wagner Factory, Edwardsville	3/26/98	Not found in File	Unknown	3/10/99	349
Waterways Building, 201 W. Monroe, Springfield	4/27/79	Not found in File	Unknown	11/29/99	7,521
Northeastern Illinois University President’s Residence, Northfield	7/7/98	9/15/98	70	1/27/00	569
Village of Thomson, right-of-way dedication	Right-of-Way Dedication – Not Applicable				
Vandalia Correctional Center, easement to install telephone facilities	Easement – Not Applicable				
NW corner of 183 <sup>rd</sup> Street and Harlem Avenue, Tinley Park	Transferred as a formality to DHS per Public Act – Not Applicable				
Howe Developmental Center, easement to construct Metra station and parking lot	Easement – Not Applicable				
Burnham Hospital, 407 S. 4 <sup>th</sup> St., Champaign	7/24/98	7/8/99	349	8/2/02	1,470
Vacant lot, Shapiro Mental Health Center, Kankakee – FIRST TRANSFER	6/24/80	11/2/87	2,687	6/1/89	3,264
Vacant lot, Shapiro Mental Health Center, Kankakee – SECOND TRANSFER	3/13/01	3/26/01	13	7/30/03	869
Surplus Real Property as of August 2003					
Property Description	Date Declared Surplus	Notification to Other Agencies	Elapsed Days from Surplus Date	Date of Final Disposition	Elapsed Days from Surplus Date
Vacant Lot, 245 Buck Street, LaSalle	3/18/69	Not found in File	Unknown	Still Surplus	
Parking Lot, 119 E. Cook St., Springfield	Not found in File	Not found in File	Unknown	Still Surplus	
Blue Waters Ditch Tracts, Cahokia	2/22/89	9/1/89	191	Still Surplus	
Memorial Park, Chicago-Read Mental Health Center, Chicago	Not found in File	Not found in File	Unknown	Still Surplus	
Rice Cemetery, near Galesburg	3/14/89	10/27/89	227	Still Surplus	
Former Illinois State Police District 20 Headquarters, Des Plaines	4/6/94	10/24/94	201	Still Surplus	
<b>Average</b>			<b>523</b>		<b>2,144</b>
<b>Median</b>			<b>214</b>		<b>963</b>
Source: OAG Review and Analysis of Conveyed and Surplus Property Files; CMS Real Property.					

### Acceptable Sale Price

If no local government bodies request the property, the property is to be offered at a public auction. The State Property Control Act requires that the sale price be no less than the fair market value of the property as determined by averaging the three appraisals and adding the cost of the appraisals. Of the three properties that were sold at public auction, two were sold for less than the fair market value of the property: the fair market value for the NEIU President’s Residence was determined to be \$545,000 and it was sold for \$500,000; the fair market value of Burnham Hospital in Champaign was determined to be \$2,542,800 and it was sold for \$2,527,100.

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**Two surplus properties were sold by CMS at auction for \$60,700 less than the fair market value of the property.**

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### Current Surplus Real Property

As of August 2003, CMS had six State properties listed as surplus in its records. Testing indicated that the steps for disposal were not always followed. For instance, according to CMS files, two properties have never been declared surplus. Several of the properties have never been offered at a public auction. For other properties, it was unclear why CMS listed them as surplus (such as Memorial Park at Chicago-Read Mental Health Center and Rice Cemetery in Galesburg). The Illinois Commerce Commission uses another property listed as surplus, in Des Plaines, but control of the property has not been transferred over to the Commerce Commission.

---

**CMS currently lists only six properties as surplus. CMS files failed to show that two of the properties had ever been declared surplus.**

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CMS currently leases two of the six properties for a total of \$350 per month to private organizations. Documentation reviewed in files failed to show that these properties were ever offered to other State agencies for use. Additionally, the Department has not performed any cost benefit analyses to determine whether this arrangement is the most beneficial to the State. (pages 66-74)

The State lacks a single centralized system to dispose of surplus real property. CMS is not the only State agency that disposes of surplus property. We found that other State agencies dispose of real property owned by the agency without the assistance of CMS or the property ever being declared as surplus by the agency. These disposals are made pursuant to statutory authority or special legislation enacted by the General Assembly. The Illinois Department of Transportation has statutory authority to dispose of unused highways lands based on provisions of the Highway Code. Additionally, the Department of Natural Resources transfers or sells lands based on legislation enacted by the General Assembly. (pages 75-77)

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## STRATEGIC PLANNING

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CMS’ Bureau of Property Management has not been successful in implementing goals and objectives from the 2002 CMS Strategic Plan. Of the eight goals and objectives identified as being applicable to the space utilization program, three were partially completed and five were not completed. Failure to complete the goals and corresponding objectives increases the likelihood that the space utilization program is not efficiently managed.

CMS and other large land holding agencies have reported to us that they do not perform long-term planning for space use. A coordinated approach to real property planning could help the agencies make better use of the lands and buildings they own and allow for more cost efficiencies in State government. (pages 31-34)

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## AUDIT RECOMMENDATIONS

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The Audit contains nine recommendations. The Department of Central Management Services generally agreed with the recommendations. Appendix F to the audit report contains the agency responses.



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WILLIAM G. HOLLAND  
Auditor General

WGH\MJM  
February 2004

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**GLOSSARY OF TERMS**

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<b>Acre</b>	<b>A common unit of measure for land (43,560 square feet).</b>
<b>Agency Program Requirements (APR)</b>	<b>Prepared by CMS Leasing Division architect and assesses agency space needs based on Agency Space Request and office space standards. Serves as the Request for Proposals to vendors.</b>
<b>Agency Space Request</b>	<b>Form completed by the using agency requesting new space, renewal of an existing lease, an amendment to an existing lease, or tenant improvements to leased property.</b>
<b>Entry</b>	<b>As used in this report is each individual property listed in the master record under a “Commonly Known As” field. Does not account for multiple parcels within one property. The most recent master record contained 3,091 entries.</b>
<b>Excess Property</b>	<b>State-owned or controlled real property which has no present program need by the holding agency. Excess property may consist of unused or underutilized office or storage space, buffer zones or greenbelts around State buildings, or farm or other lands needed for possible future expansion.</b>
<b>Form A</b>	<b>Also known as a Real Property Utilization Report. Submitted annually by State agencies. Used to compile/update the Master Record of real property. See Exhibit 2-1 for information required on the Form A.</b>
<b>IPATS (Illinois Property Asset Tracking System)</b>	<b>Web-based system intended to allow agencies to report information online pertaining to their State-owned property. Currently offline and not available to State agencies for submitting information.</b>
<b>Master Record</b>	<b>CMS’ record of all State-owned real property which is submitted as a report to the General Assembly annually. The last report issued in February 2003 was titled “Report To Ninety-Third General Assembly State Owned and Surplus Property.”</b>
<b>Parcel</b>	<b>As used in this report is each individual property listed in the county assessors’ records and is identified through a property identification number (PIN). The property is usually defined by a legal description. Multiple parcels make up one Entry in the Master Record.</b>
<b>Property Identification Number (PIN)</b>	<b>Also known as a Tax Index Number. A number unique to a parcel of property.</b>
<b>Surplus Property</b>	<b>Real property to which the State holds fee simple title or lessor interest, and 1) that has not been used by the State for at least the past 3 years and for which there is no foreseeable use in the next 3 years, 2) that has not been used by the State for at least the past 6 years, or 3) that is reported or transferred to the Director of the Department of Central Management Services as unused property and for which there is no foreseeable use by that agency.</b>

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## ACRONYMS

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<b>CMS</b>	<b>Department of Central Management Services</b>
<b>CSU</b>	<b>Chicago State University</b>
<b>DCFS</b>	<b>Department of Children and Family Services</b>
<b>DHS</b>	<b>Department of Human Services</b>
<b>DMA</b>	<b>Department of Military Affairs</b>
<b>DNR</b>	<b>Department of Natural Resources</b>
<b>DNS</b>	<b>Department of Nuclear Safety</b>
<b>DOC</b>	<b>Department of Corrections</b>
<b>IDES</b>	<b>Department of Employment Security</b>
<b>IDOT</b>	<b>Department of Transportation</b>
<b>DPA</b>	<b>Department of Public Aid</b>
<b>DVA</b>	<b>Department of Veterans' Affairs</b>
<b>HPA</b>	<b>Historic Preservation Agency</b>
<b>IHDA</b>	<b>Illinois Housing Development Authority</b>
<b>ISP</b>	<b>Illinois State Police</b>
<b>ISU</b>	<b>Illinois State University</b>
<b>NEIU</b>	<b>Northeastern Illinois University</b>
<b>NIU</b>	<b>Northern Illinois University</b>
<b>SIU</b>	<b>Southern Illinois University</b>
<b>SURS</b>	<b>State Universities Retirement System</b>
<b>Tollway</b>	<b>Illinois State Toll Highway Authority</b>
<b>U of I</b>	<b>University of Illinois</b>
<b>WIU</b>	<b>Western Illinois University</b>

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## Chapter One

# BACKGROUND

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## REPORT CONCLUSIONS

The State lacks an overall system to effectively manage real property. A real property management system should treat land and buildings as strategic assets to be managed proactively. The Civil Administrative Code (20 ILCS 405/405 *et seq.*) and the State Property Control Act (30 ILCS 605/1 *et seq.*) assign responsibility for certain State properties, acquisitions, and services to the Department of Central Management Services (CMS). CMS is designated as the State agency responsible for the State's space utilization program (44 Ill. Adm. Code 5000).

A complete and accurate real property inventory is an essential element of an effective Statewide space utilization system. The master record of State-owned property maintained by CMS, and reported to the General Assembly, is neither complete nor accurate. In response to a survey we sent State agencies asking them to review the accuracy of properties on the CMS master record, the agencies identified:

- 201 properties that were currently owned by the agencies but which were **not included** in the CMS master record or were assigned to the incorrect agency, and
- 100 additional properties that needed some form of **correction** on the CMS master record. For example, the property was no longer owned by the agency, the property had been transferred to another agency, the property was a duplicate entry, or buildings had been demolished at the site.

Our review of county assessor records also identified shortcomings with the CMS master record. We contacted the 102 county assessors' offices in the State, all of which provided timely information on property owned by the State of Illinois in their counties. The assessors identified 27,783 parcels of land as owned by the State. The CMS master record lists 3,091 State-owned properties (such as land and buildings). There are valid reasons for some of the differences between the assessor and CMS records – for example, the CMS master record reports by property name (e.g., the Elgin Mental Health Center) which may comprise multiple parcels, and parcels related to highway rights-of-way may be included in the assessor records but are exempted from the CMS master record. However, there were properties on assessor records that should have been included in the CMS master record but were not. Our review of 150 parcels from assessor records found that 42 of the parcels (28 percent) were not specifically exempted by law and should have been included in the CMS master record but were not.

Furthermore, inconsistencies in the information presented in the master record significantly limit its usefulness to the State. For example, for some agencies, individual buildings as well as land were listed (such as 927 entries for Southern Illinois University), whereas for others, only one entry was listed for all land and buildings owned by the agency (such as one entry for Chicago State University).

Improvements in the State agencies’ reporting of real property to CMS are needed. Some agencies do not report in the format prescribed by CMS. Also, more detailed information on individual buildings, as well as any leases with external entities to use State-owned space, would provide useful information to CMS.

During the past two years, CMS attempted to automate the master record of State-owned real property. We found that the information contained in the system is neither complete nor reliable. Testing found that:

- 57 percent of the changes we sampled from the State-Owned and Surplus Real Property Report, which is submitted annually to the General Assembly, were not reflected in the automated system.
- Data maintained in CMS’ automated system, that was input from previous submissions from State agencies, was extremely incomplete. For example, only 25 percent of the records contained a tax identification number and only 10 percent contained information on the acreage of the property.

For these data accuracy reasons, the system was taken offline in August 2003 and is no longer available to State agencies for submitting real property information. The master record continues to be maintained as a word processing file with no ability to provide management reports.

CMS’ Bureau of Property Management has not been successful in implementing goals and objectives from the 2002 CMS Strategic Plan. Of the eight goals and objectives identified as being applicable to the space utilization program, three were partially completed and five were not completed. Failure to complete the goals and corresponding objectives increases the likelihood that the space utilization program is not efficiently managed.

CMS and other large land-holding agencies have reported to us that they do not perform long-term planning for space use. A coordinated approach to real property planning could help the agencies make better use of the lands and buildings they own and allow for more cost efficiencies in State government.

CMS lacks a formal policy or procedure to identify open space in State-owned buildings that the Department controls. We found that the process for analyzing open space is informal and not documented nor communicated to CMS’ Real Property Division. Additionally, CMS relies on State agencies to report excess space at agency-owned facilities and does not verify those agency assertions. State agencies do not always report excess space in their facilities to CMS. Failure to analyze and report on open space in State-owned buildings can result in the State leasing space for State agencies and wasting State resources.

CMS has no formal policies and procedures for ensuring that excess and surplus real property is reasonably considered when filling State agencies’ space requests. Additionally, since CMS is not adequately tracking and identifying excess and surplus real property, we would conclude that excess and surplus property is not being considered in filling space needs.

CMS does not proactively monitor space in State-leased properties. Failure to monitor and identify any excess space results in the State leasing space when there may be other opportunities for dollar savings. CMS' Real Estate Leasing Division doesn't always check with CMS' Real Property Division for the existence of excess space in State-owned facilities prior to leasing space with third parties. When this check is made, it generally is **after** the lease has already been signed by the lessor and not at the beginning of the process, when an Agency Space Request Form is received, as dictated by CMS procedure. Specifically, we found in our testing of lease files:

- 33 of 48 (69 percent) lease files showed the check for availability of space in State-owned buildings occurred **after** CMS set up, and the lessor signed, the lease to fill the agency request.

However, in our testing, State agencies identified a significant amount of excess space in both State-owned and State-leased properties. This excess space should be considered by CMS **prior** to CMS leasing space for State agencies from third parties. In response to our survey of 54 State agencies that lease space through CMS:

- 17 agencies listed excess space in 270 leases and we calculated that there would be almost 413,000 square feet of excess leased space based on these survey results.

A significant amount of excess space also exists at State-owned facilities. In our survey, nine State agencies reported having excess space in 18 properties. Based on our testing at the Department of Human Services (DHS) we found that 90 of the 574 buildings at the DHS facilities were unoccupied with an additional 10 buildings partially occupied. A total of 1,653,714 square feet (or 18%) of the total square feet was not being used. While some of this space may be unusable due to the physical condition of the buildings, other vacant space was in good condition and could be utilized. Also, based on the location of vacant buildings, it appears that the potential for selling pieces of the facility property exists at five facilities. None of the available space was reported as excess or surplus in CMS's annual report to the General Assembly.

DHS entered into agreements to lease space at DHS facilities to other organizations without, according to CMS, cost benefit analyses to determine whether the arrangement is the most advantageous to the State as a whole. DHS had 25 leases at its facilities generating approximately \$75,000 annually. However, the annual lease revenue per square foot averaged only \$0.15. The low lease amounts are attributable to the many lease agreements that charge minimal or no rent. For 13 of the leases, no rent was charged. According to DHS policy, real estate to be rented must have been reported to CMS as excess on the Annual Real Property Utilization Report.

State agencies, including DHS, lease office space in some of the same cities, at substantially higher rates per square foot, where the DHS facilities are located and lease to agencies outside of State government. Moving some of these State agencies into space at DHS, State-owned facilities, could save the State dollars currently spent to lease space from outside parties.

Since 1998, CMS has sold or conveyed seven State properties that were declared surplus by the controlling State agency. Four of the seven were sold to cities or private buyers for \$3.2 million while the other three were conveyed or transferred to a community college, a not-for-profit

organization and the Illinois State Supreme Court. Additionally, CMS granted easements for three other properties for various purposes and fees totaling over \$143,000.

While CMS met some of the guidelines established in statute and administrative code for the disposal of surplus real property, improvements are needed:

- CMS was not timely in notifying State agencies within the required 60 days of the availability of surplus property. The length of time between declaration of surplus to CMS and CMS notification to State agencies ranged from 13 days to more than 7 years (2,687 days). The median time to notify agencies was 214 days.
- The disposal of surplus property was also not timely. For the seven parcels where we could measure the elapsed time from the date declared surplus to the date of final disposition, the time ranged from 349 days to 7,521 days. The median time to dispose of surplus property was 963 days.
- The State Property Control Act requires that the sale price of auctioned property be no less than the fair market value. Of the three properties that were sold at public auction, two were sold for less than the appraised fair market value of the property.

As of August 2003, CMS had six State properties listed as surplus in its records. Testing indicated that the steps for disposal were not always followed. According to CMS files, two properties have never been declared surplus. Several of the properties have never been offered at a public auction. For other properties, it was unclear why CMS listed them as surplus (such as Memorial Park at Chicago-Read Mental Health Center and Rice Cemetery in Galesburg). The Illinois Commerce Commission uses another property listed as surplus, in Des Plaines, but control of the property has not been transferred over to the Commerce Commission.

The State lacks a single centralized system to dispose of surplus real property. CMS is not the only State agency that disposes of surplus property. We found that other State agencies dispose of real property owned by the agency without the assistance of CMS or the property ever being declared as surplus by the agency. These disposals are made pursuant to statutory authority or special legislation enacted by the General Assembly. The Illinois Department of Transportation has statutory authority to dispose of unused highways lands based on provisions of the Highway Code. Additionally, the Department of Natural Resources transfers or sells lands based on legislation enacted by the General Assembly.

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## INTRODUCTION

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On December 11, 2002, the Legislative Audit Commission adopted Resolution Number 126 directing the Office of the Auditor General to conduct a management audit of the Department of Central Management Services’ administration of the State’s space utilization program. (See Appendix A for a copy of the Resolution.) The Resolution directed the Auditor General to determine:

- Whether procedures are in place to adequately identify excess and surplus real property;
- Whether such procedures ensure that excess and surplus real property is reasonably considered in fulfilling State agencies' space needs; and
- Whether the process for disposing of surplus real property is adequate and timely.

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## SPACE UTILIZATION PROGRAM

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The Civil Administrative Code (20 ILCS 405/405 *et seq.*) assigns responsibility for certain State properties, acquisitions and services to CMS. Additionally, CMS is responsible for requiring proper utilization of State property and administering the provisions of the State Property Control Act. Further, CMS has the authority to lease unused or unproductive lands that in the judgment of the Director are in the best interests of the State.

The State Property Control Act also requires the CMS Director to submit an annual report on or before February 1 to the Governor and the General Assembly containing a detailed statement of surplus real property either transferred or conveyed (30 ILCS 605/7.1 (e)).

The Illinois Administrative Code (44 Ill. Adm. Code 5000) outlines the basis of the space utilization program for the acquisition, management and disposal of real property. CMS is designated as the agency to manage the space utilization program. As part of the space utilization program, CMS will:

- lease space in privately owned buildings when space needs cannot be met in State-owned space;
- establish standards and criteria for leased space and space assignment;
- manage certain public buildings for the benefit of the State and assign space therein;
- lease State-owned lands when not necessary for immediate State use;
- acquire real property by voluntary conveyance from the public or other governmental bodies or, when necessary, by condemnation; and,
- dispose of real property no longer needed for State purposes.

Administrative rules also provide CMS the authority to manage the space utilization program. CMS' specific five powers in managing real property include:

1. For purposes of leasing office and other space, CMS shall conduct all leasing activities as described by rule for all State agencies, authorities, boards, commissions, departments, institutions, bodies politic and all other administrative units of outgrowths of the executive branch of State government except the Constitutional officers, the State Board of Education and the State colleges and universities and their governing bodies.
2. For purposes of space assignment in CMS managed buildings, all agencies must abide by the rules developed by CMS.



3. For purposes of leasing State land, CMS has primary authority over land controlled by the departments. No department may lease State land without the approval of CMS except that the Departments of Natural Resources, Transportation and Agriculture may lease land under their jurisdiction to comply with program functions.
4. Only CMS may dispose of surplus State land.
5. Any State agency, board, commission, etc., not required by statute or rule to use CMS real estate services, may elect to do so (44 Ill. Adm. Code 5000.120).

It is also the responsibility of agencies to assist and cooperate with CMS in the assignment and utilization of space, including the furnishing of data relative to the use of space occupied and personnel housed or to be housed. It is further the responsibility of the agencies to continuously study and survey space occupied by them to ensure efficient and economical space utilization. Agencies are also to report to CMS any excess space that might be assigned to other agencies (44 Ill. Adm. Code 5000.510).

CMS may conduct space inspections as part of the space utilization program. The inspections can be at periodic intervals on a community, building, or agency basis as appropriate of State-owned and leased space. Inspections would be made in an orderly manner, on the basis of a floor-by-floor and room-by-room check of all assigned space. CMS would provide the agency with a written summary of significant findings and recommendations, together with data concerning improvements that can be effected by the agency, and those planned by CMS. A survey questionnaire filled out by the agency may substitute for a physical inspection. However, the validity of questionnaire information may be verified by periodic physical inspection of a representative sample by CMS (44 Ill. Adm. Code 5000.500).

The space utilization program is designed to effect maximum efficient utilization of State-owned and controlled space. Space for which there is no current or foreseeable need by the occupying agency will be considered available for reassignment or other appropriate action. Underutilized leased space will not be renewed or extended under normal circumstances (44 Ill. Adm. Code 5000.520).

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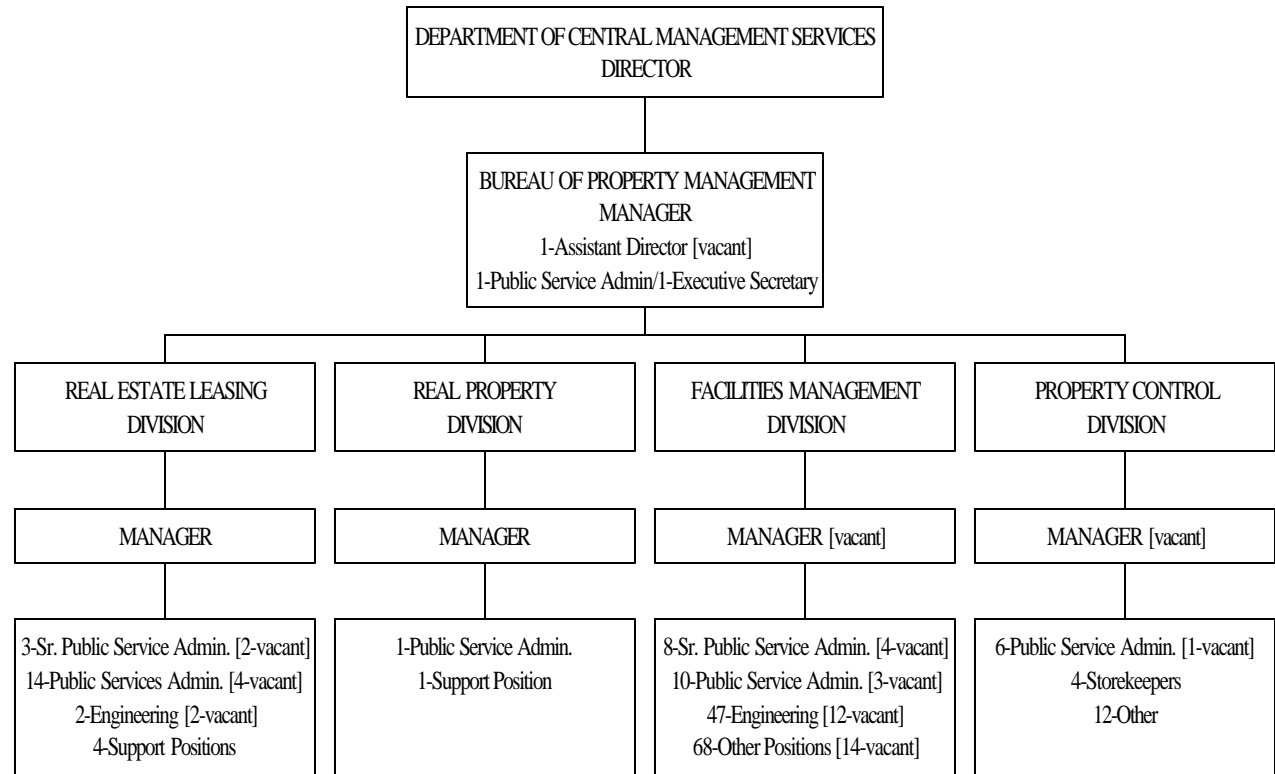
## **DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**

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The Department of Central Management Services is charged with the administration of the State’s space utilization program. CMS’ mission is to provide quality cost-efficient services to support Illinois government operations through responsive and professional leadership. CMS operates five main programs in support of its mission: Vehicle Services, Risk Management, Employee Benefits, Communications and Computer Services, and ***Property Management***.

The space utilization program is administered within the Bureau of Property Management at CMS. The three divisions in the Bureau that deal with real property are the Real Estate Leasing Division, Real Property Division, and the Facilities Management Division. Exhibit 1-1 presents the CMS organizational chart for divisions within the Bureau of Property Management as of June 30, 2003.

**Exhibit 1-1  
BUREAU OF PROPERTY MANAGEMENT ORGANIZATIONAL CHART  
June 30, 2003**



Source: OAG Summary of CMS Information.

**Real Estate Leasing Division**

Under provisions of the Procurement Code, the Real Estate Leasing Division has the responsibility to lease space in privately owned buildings when space needs cannot be met in State-owned space or in other government space.

As of June 30, 2003, the Division consisted of 24 positions – 16 active employees and 8 vacant positions. The Division receives space requests from State agencies seeking additional space and is supposed to verify the existence of any excess space in State-owned or controlled facilities before leasing space from private parties.

**Real Property Division**

The Division’s main activity, from the standpoint of the audit directed by LAC Resolution Number 126, is the transfer of surplus real property from State agencies to other State agencies or the disposition/sale of the real property to local governments or the general public at auction. Real

Property handles the process of appraisals for the real property, hiring of the auctioneer, and all phases of the sale of surplus property.

During the course of the audit, Bureau of Property Management personnel also stated that the compilation of the master record of all State-owned real property is the responsibility of the Real Property Division.

The Real Property Division is also responsible for obtaining janitorial, electrical, elevator, HVAC, security, lawn mowing, and snow removal services at CMS managed office space throughout the State. Additionally, this Division is responsible for the purchase of electricity and energy from alternative utility providers for CMS and other executive agencies.

As of June 30, 2003, the Division consisted of three total staff – a division manager, a public service administrator, and an executive secretary.

### **Facilities Management Division**

The Facilities Management Division is responsible for the buildings that CMS owns and operates. Those buildings include:

- Peoria Regional Office Building;
- Springfield Regional Office Building;
- Champaign Regional Office Building;
- Marion Regional Office Building;
- Kenneth Hall Regional Office Building in East St. Louis;
- Rockford Regional Office Building;
- Elgin Regional Office Building;
- Central Computer Facility in Springfield;
- Giorgi Center in Rockford;
- Warehouse Facility in Springfield;
- Telecommunications Building in Springfield;
- Effingham Regional Office Building;
- Chicago Medical Center;
- Suburban North Regional Office Building;
- James R. Thompson Center; and
- Michael A. Bilandic Building.

The Division employs building managers or engineers that are responsible for the daily operation of the buildings including mechanical repairs, janitorial services, security and other services to support the agencies in the respective facilities. Each facility manager or engineer reports to the Division Manager of the Facilities Management Division.

The building manager or engineer is also responsible for monitoring the space utilization of the facility. While not specifically CMS procedure, Department staff have indicated that the managers perform walk-throughs of the facilities to ascertain whether any excess space exists.

As of June 30, 2003, the Division consisted of 134 total positions with 34 of those positions reported as being vacant – including the Division Manager position and the building manager positions at the Effingham, Marion and Kenneth Hall Regional Office Buildings.

### **Property Control Division**

The main function of the Property Control Division is to obtain useable excess State and federal surplus property and dispose of the equipment by either direct transfer or public sale. As of June 30, 2003 the Division had 23 total positions with 2 of those vacant.

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## **ASSET MANAGEMENT PROFESSIONAL SERVICES CONTRACT**

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On September 16, 2003, CMS issued a request for proposals (RFP) to obtain professional asset management services. Proposals were due to CMS by October 14, 2003. CMS announced the vendor selected for the award of the project on December 29, 2003, six days after CMS received our draft audit report. As of the date of our exit conference with CMS, January 15, 2004, a contract had not been executed with the vendor.

The General Statement of Work section of the RFP outlines the services to be performed for the asset management project. The section states that the “services shall include, but are not limited to, an assessment of the current status of the state’s properties and activities, development of a proposed statewide management structure for both asset and facilities management, review of all contracts and leases to determine their economic viability, an assessment of all budgeted dollars and current staffing levels, proposal development for consolidation of existing and future contract services, review of all existing state agencies space utilization and its rationalization and the development of a master plan for all future space needs and facilities. The consultant/firm will also be responsible for the development of an economic plan whereby it will recommend to the State opportunities to reduce current budget levels, produce economies through proposed consolidation activity, as well as propose business practices to maximize the value of the real estate assets of the State of Illinois and minimize capital and operating costs. The State has the discretion to add or subtract facilities, as it deems appropriate.”

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## **AUDIT SCOPE AND METHODOLOGY**

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This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit objectives for this management audit were those as delineated in Legislative Audit Commission Resolution Number 126. The audit objectives are listed in the Introduction section of Chapter One.

We conducted interviews of CMS staff, including those from the Real Property, Real Estate Leasing and Facilities Management Divisions within the Bureau of Property Management to

the extent necessary to answer the specific determinations in Resolution Number 126. Further, we interviewed staff from the Legislative Space Needs Commission and the Capital Development Board to determine their roles in the space utilization program. Additionally, we interviewed Department of Natural Resources staff from the Division of Realty, Office of Water Resources, Offices of Mines and Minerals and Land Management on properties owned by the Department. Finally, we interviewed staff from Southern Illinois University and the Departments of Transportation and Human Services as large landholding agencies in the State.

We contacted all 102 county assessor offices in Illinois to request information on State-owned real property located in each of the counties. All 102 assessors provided information to us in a very timely manner. We analyzed the data and selected a sample of 150 parcels of State-owned property that were reported by assessors as being owned by the State agencies. We contacted 35 different county recorder of deeds’ offices to obtain deed information on the sample of parcels. We reviewed documentation and records from the Departments of Central Management Services, Corrections, Military Affairs, Natural Resources, Transportation, State Police, and Veterans’ Affairs to determine whether the parcels were listed on agency records. Additionally, we reviewed records from the Capital Development Board, Illinois Courts, Historic Preservation Agency, Housing Development Authority, Eastern Illinois University, and Southern Illinois University.

We collected and analyzed information from the 23 Department of Human Services mental health or developmental disabilities facilities to determine what the current uses were for all the buildings at the facilities and whether any excess space was available at the various facilities.

We surveyed the 54 agencies that appeared on the March 25, 2003 CMS monthly lease report. The agencies were provided a listing of all leases to ascertain what percentage of leased space, if any, was not being utilized at the different sites leased by the agencies.

We selected and tested 50 lease files from the April 3, 2003 monthly lease report to see if CMS considered any excess space in State-owned or controlled facilities before leasing space from third parties.

We surveyed the 36 State agencies that were reported to have State-owned property under their control from the CMS State-Owned and Surplus Real Property Report that was submitted to the General Assembly in February 2003. The agencies were provided the same information that legislators received from the report. Agencies reported to us whether they still owned the properties, whether there was any excess space at any of their owned properties, and whether there were any properties they owned that were not included on the CMS report. For 18 of the 36 State agencies, we also requested information on an additional sample of 50 properties from the report that were selected because the State’s use or need was unclear. We requested agencies provide an explanation as to how the properties were utilized by the agency.

We reviewed and analyzed the State-Owned and Surplus Real Property reports from 1998 through 2003. In our analysis of the total number of entries on the February 2003 report, we included entries in all counties where the property was reported. Additionally, our total includes a tract of land owned by the University of Illinois in the state of Texas. We requested a download of all the data CMS maintained in the Real Property System as of August 2003 – when the system

was taken offline. The data was analyzed to determine the number of missing records, by field type, that are required to be reported as part of the Annual Real Property Utilization reporting process.

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## REPORT ORGANIZATION

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The remainder of this report is organized into the following chapters:

- **Chapter Two** examines whether procedures are in place to adequately identify excess and surplus real property by reviewing the accuracy and completeness of the record of State-owned real property that is maintained by CMS;
- **Chapter Three** examines whether CMS ensures that excess and surplus real property is reasonably considered in fulfilling State agencies' space needs by reviewing the leasing process at CMS; and
- **Chapter Four** examines whether the process of disposing of surplus real property is adequate and timely by CMS.



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## Chapter Two

# STATE-OWNED REAL PROPERTY

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## CHAPTER CONCLUSIONS

The State lacks an overall system to effectively manage real property. A real property management system should treat land and buildings as strategic assets to be managed proactively. The Civil Administrative Code (20 ILCS 405/405 *et seq.*) and the State Property Control Act (30 ILCS 605/1 *et seq.*) assign responsibility for certain State properties, acquisitions, and services to the Department of Central Management Services (CMS). CMS is designated as the State agency responsible for the State's space utilization program (44 Ill. Adm. Code 5000).

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For these data accuracy reasons, the system was taken offline in August 2003 and is no longer available to State agencies for submitting real property information. The master record continues to be maintained as a word processing file with no ability to provide management reports.

CMS’ Bureau of Property Management has not been successful in implementing goals and objectives from the 2002 CMS Strategic Plan. Of the eight goals and objectives identified as being applicable to the space utilization program, three were partially completed, and five were not completed. Failure to complete the goals and corresponding objectives increases the likelihood that the space utilization program is not efficiently managed.

CMS and other large land-holding agencies have reported to us that they do not perform long-term planning for space use. A coordinated approach to real property planning could help the agencies make better use of the lands and buildings they own and allow for more cost efficiencies in State government.

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## **INVENTORY OF STATE-OWNED REAL PROPERTY**

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Legislative Audit Commission Resolution Number 126 asked whether procedures are in place to adequately identify excess and surplus real property. Before CMS can identify excess and surplus real property, CMS needs to be able to identify what property is owned by the State. A real property inventory must be accurate and complete. We found that the inventory of State-owned real property maintained by CMS, and reported to the General Assembly, is neither accurate nor complete.

### **Authority**

The Civil Administrative Code (20 ILCS 405/405 *et seq.*) and the State Property Control Act (30 ILCS 605/1 *et seq.*) assign responsibility for certain State properties, acquisitions, and services to the Department of Central Management Services (CMS). CMS is designated as the State agency responsible for the State's space utilization program (44 Ill. Adm. Code 5000).

The State Property Control Act (Act) requires the Director of CMS to maintain a master record of all items of real property, including a description of buildings and improvements. Each responsible officer shall each month report to the CMS Director all changes, additions, deletions and other transactions affecting the master record of real property maintained by CMS (30 ILCS 605/6.01). Responsible Officer is defined by the Act to include: all elective State officers; directors of the executive code departments; presidents of universities and colleges; chairmen of executive boards, bureaus and commissions; and all other officers in charge of the property of the State of Illinois (30 ILCS 605/1.01).

Property is defined by the State Property Control Act to mean State-owned property and includes all real estate, with the exception of rights-of-way for State water resources and highway improvements (30 ILCS 605/1.02). The Act further gives the CMS Director the full responsibility and authority for the administration of the Act and holds every responsible officer of State government accountable to the Director for supervision, control and inventory of all property under his or her control.

The Act also requires agencies to submit an Annual Real Property Utilization Report to CMS, or an annual update on forms required by the Director by October 30 of each year. These reports shall include the following information:

- legal description of all real property owned by the State under the control of the agency;
- description of the use of the real property;
- list of improvements made during the previous year;
- dates on which the property was first acquired, purchase price, and source of funds used to make the purchase;
- any future plans for currently unused real property; and,
- a declaration of any surplus real property controlled by the agency.

CMS then compiles the information from the Annual Real Property Utilization Reports into a master record and provides the report to the General Assembly every February to fulfill provisions set forth in the Act. This report serves as the master record of State-owned and surplus property. The CMS Director shall dispose of surplus real property unless otherwise provided by law. Surplus real property means any real property to which the State holds fee simple title and is vacant, unoccupied or unused and which has no foreseeable use by the owning agency.

### Current Method for Reporting Real Property to CMS

CMS relies on State agencies to report information on the real property owned by the agencies on the Annual Real Property Utilization Report. This report is commonly known as a “Form A” and, with the exception of a failed attempt to computerize its State inventory of real property, has been the reporting method authorized by CMS. These reports have traditionally been submitted to the Bureau of Property Management, then forwarded to the Real Property Division. Exhibit 2-1 provides a listing of the required information from the Form A report. Once this information has been submitted, CMS is supposed to update any changes to the report.

<b>Exhibit 2-1 REQUIRED INFORMATION ON REAL PROPERTY UTILIZATION REPORT “FORM A”</b>	
<input type="checkbox"/> City/Town	<input type="checkbox"/> Agency Holding Title
<input type="checkbox"/> Street Address	<input type="checkbox"/> Property Acquired From
<input type="checkbox"/> Commonly Known As	<input type="checkbox"/> How Acquired
<input type="checkbox"/> County	<input type="checkbox"/> Acquisition Cost
<input type="checkbox"/> Township	<input type="checkbox"/> Funds Used for Acquisition
<input type="checkbox"/> Location Code	<input type="checkbox"/> Present Use: Surplus/Excess/Utilized for Agency Function
<input type="checkbox"/> Inventory #	<input type="checkbox"/> Contemplated Future Use
<input type="checkbox"/> Object Code	<input type="checkbox"/> Acreage and/or Square Footage of Land and/or Building
<input type="checkbox"/> Tax Index #	<input type="checkbox"/> Improvements
<input type="checkbox"/> Location of Abstract	<input type="checkbox"/> Appraised Value
<input type="checkbox"/> Location of Deed	<input type="checkbox"/> Legal Description
Source: OAG Summary of CMS Information.	

The Real Property Division, with a staffing level of three during the audit, is responsible for developing/maintaining the master record of State-owned real property from these Form A’s. The master record continues to be maintained as a word processing file with no ability to provide management reports.

### Improvements to State Agency Reporting

Improvements are needed in agencies’ reporting of properties to CMS. CMS allows agencies to report information in differing formats or provide incomplete information without follow up. According to CMS staff, certain agencies have not provided all the information required on the Form A report. For example, the Department of Natural Resources (DNR) only sends in a list of properties without all the additional supporting documentation shown in Exhibit 2-1 above. Additionally, CMS officials have questioned the accuracy of the information submitted by State agencies on the Form A reports. However, no attempt has been made by CMS to obtain corrected information. Failure to provide sufficient information on State-owned real property impairs CMS’ ability to maintain an accurate master record.

More consistent and detailed reporting of property would provide needed information to effectively utilize State-owned property. CMS allows agencies to report on a property location as a whole and does not require detailed information on each building. CMS officials indicated a preferable reporting mechanism would be for the agency to provide information on each building

at a location. The Department of Human Services (DHS) lists all the buildings at a specific mental health center on the Form A and states that all are currently “utilized for agency function.” However, some of the buildings on these properties are abandoned or being utilized, or leased, by other entities (i.e., not-for-profits).

The Form A also does not require agencies to identify portions of a property that could be considered excess or surplus. For example, in our survey of State agencies discussed below, DHS reported to us that the Choate Mental Health and Developmental Center has no excess space but it does “have excess land.” Officials listed four tracts of land totaling 43.7 acres that they would consider surplus. Additionally, officials from the Alton Mental Health Center reported that the Center “includes 213 acres, some of which are certainly excess.” On the Form A submitted for these facilities, DHS did not identify any land considered excess.

Agencies generally do not report an individual parcel of real property purchased, which would assist CMS in monitoring how large a site has become. Some State agencies reported to us that additional land is purchased around some State-owned property. The Historic Preservation Agency reported that it purchases land around historic sites to act as a buffer to the sites themselves. The additional land may be used for a parking lot or may be leased to an individual to farm. An official at the Department of Military Affairs (DMA) explained that when new property is acquired, it is not reported separately if it is located adjacent to currently owned property. It is reported as one piece so that each site only has one number, which reduces paperwork. In sample testing at the Department of Military Affairs, some lands were purchased to expand National Guard Armories in East St. Louis, Elgin and Cairo. While some of the lands were currently vacant, there are plans to build parking and a maintenance facility. If these plans never materialize, CMS would not know of the excess lands based on the current reporting methods. The official was not sure if this was the correct way to report, but it was how the agency was currently reporting.

The Form A also allows agencies to check one category for present use – whether that is surplus, excess, or utilized for agency function. For a location that is partially occupied and partially unused, the Form does not allow for separation. The Form A also does not require agencies to report occupancy levels for the buildings owned by the State agencies. Given that the space utilization program is designed to affect maximum efficient utilization of State space, occupancy information would assist CMS in managing the program more effectively.

Finally, absent from the Form A is information on space in State-owned property that the State agency may lease to third parties. This information would be helpful to CMS in ensuring that State-owned property is being effectively used.

### **Timing Discrepancy for Annual Real Property Utilization Report**

State law and CMS’ administrative rules differ regarding the date by which agencies must submit the Annual Real Property Utilization Report. The State Property Control Act (30 ILCS 605/7.1) requires all responsible officers to submit the Annual Real Property Utilization Report to CMS by October 30 each year. CMS requires the report to be submitted by October 31. However, the provisions outlining reporting of surplus real property to CMS in the administrative code (44

Ill. Adm. Code 5000.720) state that the Annual Real Property Utilization Report is due by July 30 each year.

<b>AGENCY REPORTING OF REAL PROPERTY TO CMS</b>	
<p><b>RECOMMENDATION NUMBER</b></p> <p><b>1</b></p>	<p><i>The Department of Central Management Services should take steps to require agencies to submit the required information on State-owned real property on the Annual Real Property Utilization Reports. Additionally, the Department should consider revising the Form A to include additional information requirements to assist the Department in identifying excess and surplus real property. These revisions may include requiring:</i></p> <ul style="list-style-type: none"> <li>• <i>agencies to submit a Form A for each building or property owned for individual determinations of excess, surplus or utilized for agency function;</i></li> <li>• <i>agencies to list the occupancy level percentage (if applicable) for each building owned;</i></li> <li>• <i>agencies to list any leases of their real property to other entities;</i></li> <li>• <i>agency head to certify future use for any portion of property that is unused and how that use would be cost effective for the State; and,</i></li> <li>• <i>agencies to make a distinction as to whether the property contains any buildings or not.</i></li> </ul> <p><i>The Department should also determine the appropriate reporting date for submitting the Annual Real Property Utilization Report and request the necessary change to either State law or the Administrative Code.</i></p>
<p><b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b></p>	<p>CMS concurs with Recommendation #1. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:</p> <ul style="list-style-type: none"> <li>• Analyze and organize the State of Illinois Real Estate portfolio;</li> <li>• Assign a unique identification number to each owned and leased building or property;</li> <li>• Conduct detailed property assessments;</li> <li>• Expand information currently required on “Form A” in new property survey and/or assessment documents will address deficiencies noted in audit and to provide additional information needed to provide for appropriate asset management functions and long term planning;</li> <li>• Develop the appropriate reporting frequency for updating all real property data for each agency as part of the ongoing asset management function;</li> </ul>

	<ul style="list-style-type: none"> <li>• Create assessment and asset management databases that will provide CMS the capability to reliably report on the State’s real estate assets;</li> <li>• Develop space utilization standards per Agency to assist in asset utilization decisions;</li> <li>• Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State’s asset management functions.</li> </ul>
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## DEFICIENCIES IN THE MASTER RECORD OF STATE-OWNED PROPERTY

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The master record of State-owned property maintained by CMS, and reported to the General Assembly, is neither complete nor accurate. Furthermore, inconsistencies in the information presented in the master record significantly limit its usefulness to the State.

CMS reports State-owned property on the master record, which is submitted to the General Assembly, by a *commonly known name*, such as the Illinois River FWA (Fish and Wildlife Area) or the Madden Mental Health Center. The February 2003 report of State-owned real property lists 3,091 separate entries for buildings and land reported by 36 State agencies, including 9 State universities. Every county, with the exception of Mercer County, has State-owned real property reported on the CMS master record. Appendix B contains a listing showing the counties where the properties are located.

There is no consistency in how property is presented on the master record. For some agencies, such as Southern Illinois University with 927 entries, entries consist of both individual buildings and land the agency owns. For other agencies, such as Chicago State University, a single entry exists for the entire campus with no details on the number of buildings.

Furthermore, the master record is not accurate. It does not list all the property owned by the State. It also lists property that the State no longer owns, or property that the State still owns, but it is owned by a different agency than the one listed in the master record. Some well-known State properties were not reported on the master record – like the Dana Thomas House in Springfield and Lincoln’s New Salem State Park in Petersburg.

To determine the accuracy of the master record maintained by CMS we: surveyed State agencies – providing them their respective portion of the February 2003 master record and asking them to determine whether the properties were still owned by the agency; contacted county assessors in all 102 Illinois counties and requested lists of State-owned real property in their counties; and selected a sample of parcels from the assessor reports and tested files at the corresponding agency to see if the parcels were in agency records.

## Survey of State Agencies

To determine the accuracy of the master record as of February 2003, we provided agencies the actual portion of the master record applicable to them and requested they report whether the property was still currently owned by the agency.

State agencies reported owning 201 properties that were not on CMS records or were on the record but not assigned to the correct agency. Additionally, agencies reported 100 properties that contained errors on the CMS record. Exhibit 2-2 shows the agencies that reported owning additional properties that weren’t on the CMS records. A complete listing of these properties and year acquired is included in Appendix C.

State agencies responding to our survey provided acreage figures for 73 percent (147 of 201) of the properties that were not listed on CMS records or were assigned to the incorrect agency. These 147 properties contained 45,752 total acres.

Only 7 of the 201 properties owned by State agencies that do not appear on CMS records were acquired during 2003, as reported by the agencies. Many of the remaining 194 properties were purchased a number of years ago – going back to 1865 (Historic Preservation’s Douglas Tomb). Thirty-eight properties were obtained by the State prior to 1960. Pyramid State Park in Perry County was not listed on the master record maintained at CMS, yet DNR has purchased over 19,000 acres for the park during the time period 1971 through 2002.

Sixteen State agencies also reported to us that 100 of the properties on the CMS master record (as of February 2003) contained errors that needed to be corrected. Corrections included: properties that were no longer owned by the agency; properties that had been transferred to other State agencies yet still appear as being owned by the previous State agency; properties that have had buildings demolished; the property was a duplicate entry; or the agency couldn’t identify the property in its records because of a lack of information contained on the master record. These agencies are identified in Exhibit 2-2. Additionally, specifics on properties, as reported by the State agencies, are also provided in Appendix C.

### **EXAMPLES OF STATE-OWNED PROPERTY NOT ON CMS MASTER RECORD**

- ❑ Lincoln’s New Salem State Park in Menard County
- ❑ Fort Kaskaskia in Randolph County
- ❑ Ulysses S. Grant Home in Jo Daviess County
- ❑ Vandalia State House in Fayette County
- ❑ Lincoln Tomb in Sangamon County
- ❑ Chain O’Lakes State Park in Lake and McHenry Counties
- ❑ Des Plaines Conservation Area in Will County
- ❑ Kerr and Cutler Farms in McDonough County
- ❑ State Police Communications Bureau Office in Sangamon County

### **CORRECTIONS TO THE MASTER RECORD**

- ❑ CMS records show the Lincoln Library and Museum Parking Lot to be owned by the Department of Corrections. Corrections reports not owning the facility.
- ❑ CMS records show the site for a new Mine Rescue Station in Springfield as being owned by the Department of Natural Resources (DNR). DNR reported that the building was planned – but was never built nor did the former Department of Public Works transfer the land to DNR.

Some properties included on the CMS record were disposed of by the controlling agency a number of years ago. According to State agency survey responses:

- ❑ Kincaid Mounds in Massac County was transferred by Natural Resources to the Historic Preservation Agency in 1989 yet still appears on the CMS master record as being owned by Natural Resources.
- ❑ The SURS Building in Champaign was actually sold to the University of Illinois in 1992 by the State University Retirement System yet still appears on the CMS master record as being owned by the Retirement System.
- ❑ The Dixon Property in Lee County was transferred to various State agencies and units of local government with the last transfer occurring in 1993 yet still appears on the CMS master record as being owned by Natural Resources.
- ❑ Three tracts of land listed on CMS records as being owned by Southern Illinois University have been exchanged in transactions with the Baptist Student Center.

Southern Illinois University (SIU) was unable to identify four tracts of land in Jackson County that according to CMS records are owned by the University. Our process for surveying State agencies included sending the agency the verbatim information from the CMS record that went to the General Assembly in February 2003. The SIU properties on the CMS master record lack addresses for the vast majority of entries. Exhibit 2-2 provides a summary analysis of the CMS master record – with agency reported additions and corrections needed to the master record.



<b>Exhibit 2-2</b>			
<b>SUMMARY OF AGENCY REVIEW OF THE ACCURACY OF THE CMS MASTER RECORD</b>			
<b>Agency</b>	<b>Number of Entries on CMS Master Record <sup>1</sup></b>	<b>Agency Reported Additions to the CMS Master Record <sup>2</sup></b>	<b>Agency Reported Corrections Needed to CMS Master Record <sup>3</sup></b>
Southern Illinois University	927	37	24
University of Illinois	853	0	13
Natural Resources	402	88	38
Transportation	214	0	3
Military Affairs	178	8	2
Northern Illinois University	74	1	5
Eastern Illinois University	70	0	0
Central Management Services	62	0	1
Corrections	52	0	4
State Police	43	1	1
Illinois State University	41	0	1
Secretary of State	25	0	0
Human Services	25	0	1
Historic Preservation	21	42	0
Western Illinois University	20	9	0
Toll Highway Authority	19	2	2
Governors State University	16	0	0
Agriculture	7	0	0
Illinois Courts	6	0	0
Northeastern Illinois University	6	0	2
Commerce & Economic Opportunity	5	0	0
Veterans' Affairs	4	0	0
Children & Family Services	3	0	0
Nuclear Safety	2	1	1
Public Health	2	0	0
Housing Development Authority	2	0	1
Emergency Management	2	0	0
Universities Retirement System	2	0	1
Attorney General	1	0	0
Governor	1	0	0
Environmental Protection	1	0	0
Medical District Commission	1	0	0
Student Assistance Commission	1	0	0
State Board of Education	1	0	0
State Retirement System	1	0	0
Chicago State University	1	12	0
<b>Total:</b>	3,091	201	100
<b>Notes:</b>			
<sup>1</sup> – In our analysis, we counted as an individual entry each county where the property was located. There were 3,051 entries on the CMS master record, 29 of which were located in 2 or more counties.			
<sup>2</sup> – Properties not on the CMS master record, as reported by agencies in their responses to OAG's August 2003 survey, include land and buildings. One property was on the record but was assigned to the incorrect agency.			
<sup>3</sup> – Corrections needed in the CMS master record, as reported by agencies in their responses to the OAG's August 2003 survey, include: duplicate entries, buildings which were demolished, property no longer owned by the agency, and the property owned by another State agency.			
Source: OAG Summary of CMS Master Record and Agency Survey Responses.			

### County Assessor Information

County assessors maintain records on individual parcels of real property within their counties. These parcels are tied to some type of identification number, normally a tax identification number. We contacted all 102 county assessors’ offices around the State and requested the assessors provide us information on all State-owned property located in their counties. All 102 assessors responded to our request and provided reports in a very timely manner. While not all assessors were able to provide all the information requested, we were able to determine that there were at least 27,783 parcels of State-owned land within the counties.

Assessors work with differing recording systems to monitor these parcels. Some assessors were only able to identify parcels by a common identifier, “State of Illinois,” while the majority were able to break the ownership down to a specific agency. Additionally, while some assessors maintain information on State roadways owned by the Department of Transportation, others do not include those parcels in their record-keeping. Exhibit 2-3 provides a breakdown of the 27,783 parcels by agency. Additionally, Appendix B presents the information by county.

<b>Exhibit 2-3</b> <b>STATE-OWNED REAL PROPERTY</b> <b>REPORTED BY COUNTY ASSESSORS</b> <b>Summer 2003</b>			
<b>Agency</b>	<b>Parcels</b>	<b>Agency</b>	<b>Parcels</b>
Transportation	12,451	Eastern Illinois University	41
Natural Resources	5,871	Agriculture	30
State of Illinois	5,108	Western Illinois University	25
Toll Highway Authority	1,757	Veterans’ Affairs	21
University of Illinois	1,048	Governors State University	20
Southern Illinois University	370	Capital Development Board	16
Northeastern Illinois University	194	Housing Development Authority	11
Illinois State University	176	Chicago State University	9
Corrections	117	Teachers Retirement System	8
Historic Preservation	103	Illinois Courts	3
Human Services	77	Student Assistance Commission	1
Central Management Services	77	Children & Family Services	1
Military Affairs	76	Commerce & Economic Opportunity	1
Northern Illinois University	64	Governor	1
Secretary of State	55	Legislative Space Needs	1
State Police	50		
<b>Total:</b>			<b>27,783</b>
Source: OAG Summary of County Assessor Information.			

There are several reasons for the differences in State-owned property figures between the master record (3,091 listing entries) and information maintained by county assessors (27,783 parcels of property). These include: the CMS master record reports by property name and not by parcel number; water and highway right-of-ways are exempt from reporting to CMS; and some property was owned by the State yet not reported to CMS by State agencies.

CMS reports State-owned real property by location, or site. The site may be comprised of multiple parcels of real property – which **is** tracked by county assessors. For example, while the Elgin Mental Health Center is listed as a single entry on the CMS master record, it is listed by the property PIN (Property Identification Number) number for each of the six parcels of land that make up the site by the county assessor. While tax identification number is one of the required pieces of information on the CMS Form A, that information is not always provided by the agencies.

A second reason that the CMS master record and assessor information differs is because the State Property Control Act exempts rights-of-way for highways and waterways from being reported to CMS as real property owned by the State. For example, the Department of Transportation (IDOT) does not report these infrastructure properties to CMS. However, some assessors, like the assessor in St. Clair County, track roadway projects by parcel and maintain these parcels in their systems. Other assessors, once the road projects are completed and tax-exempt status is granted to the parcels, remove the parcels from their records.

A third reason the CMS master record figures do not correspond with assessor information is that State agencies do not report all State-owned real property to CMS.

### **Results of Sample of Assessor Records**

To determine whether all State property was included in State agency records, we selected a sample of 150 parcels of State-owned lands, as reported by county assessors. We then reviewed documentation for these parcels – which encompassed 13 State agencies and 35 counties around the State – to ascertain if any of the parcels were not listed on CMS records. Our review of the 150 parcels from assessor records found that 42 of the parcels (28 percent) were not specifically exempted by law and should have been included in the CMS master record but were not.

Seventy-one percent (107 of 150) of our sample cases were reported by assessors as owned by the State but were **not reported** on the CMS master record. Of these 107 cases not reported, 42 of the parcels (39 percent) were not specifically exempted by law and should have been reported on the master record. These 42 parcels include 26 parcels acquired for flood and wetland mitigation projects. Exhibit 2-4 summarizes the parcels as either reported or not reported on CMS records for the parcels sampled. Additionally, exceptions noted during testing are summarized below by agency.

<b>Exhibit 2-4 REVIEW OF 150 PARCELS SAMPLED FROM ASSESSOR RECORDS</b>				
<b>Agency</b>	<b>Reported in CMS Master Record</b>	<b>Parcels Not Reported in CMS Master Record</b>		<b>Total</b>
		<b>Exempt from Reporting <sup>1</sup></b>	<b>Should Have Been Reported <sup>2</sup></b>	
Transportation	1	62	2	65
Natural Resources	21	0	27	48
Historic Preservation	1	0	9	10
Corrections	3	0	2	5
Southern Illinois University	3	0	1	4
Military Affairs	3	0	0	3
Central Management Services	2	0	1	3
Eastern Illinois University	2	0	0	2
Housing Development Authority	0	2	0	2
Illinois Courts	1	0	0	1
State Police	1	0	0	1
Tollway	0	1	0	1
Veterans' Affairs	1	0	0	1
<b>Total:</b>	<b>39</b>	<b>65</b>	<b>42</b>	<b>146<sup>3</sup></b>
<b>Notes:</b>				
<sup>1</sup> – Includes parcels exempt from reporting by law and properties acquired during 2003.				
<sup>2</sup> – Includes 26 flood and wetland mitigation parcels which are not specifically exempted by law from being reported to CMS.				
<sup>3</sup> – 3 of the 150 parcels in our sample were subsequently conveyed to other entities. For one parcel, it was unclear who owns the property and if it was reported on the CMS master record.				
<b>Source: OAG Summary of Agency and Assessor Records.</b>				

### **Department of Transportation (IDOT)**

The State Property Control Act excludes rights-of-way for State water resources and highway improvements, traffic signs and traffic signals from the definition of real property (30 ILCS 605/1.02). This exemption would preclude IDOT from having to report roadway related real property to CMS for inclusion to the master record.

IDOT was cited in its most recent Auditor General compliance audit (for the years ended June 30, 2002 and 2001) for not having adequate procedures regarding the use and disposition of excess land. While IDOT has acquired numerous properties for potential future highway use, there are some that are not being used. IDOT reported it had no comprehensive inventory of excess land and that excess lands generally are sold when an inquiry comes to the Department from an external party.

Ninety-seven percent (62 of 64) of the parcels from IDOT that were not reported on CMS records were acquired for roadway right-of-way projects. The two remaining parcels consisted of IDOT's Peoria Operations Yard and a large parcel acquired for wetland mitigation.

During this audit we found there to be IDOT-owned property that was purchased many years ago that has not been used for roadway projects. Failure to use the lands can result in lost opportunity cost from potential sales and lost tax revenues for local governments.

In nine of our sample properties owned by IDOT, land was purchased as far back as 1965, yet no highway project had been initiated on the property. IDOT officials reported that some road projects are done in stage construction and built as funding becomes available.

IDOT paid over \$1.6 million for the nine properties related to roadway projects that had not been initiated as of our fieldwork testing. These properties totaled 341 acres and were purchased between 1965 and 2002. Additionally, a \$4.9 million land purchase in 2000 for wetland mitigation has not been reported to CMS as State-owned real property.

We reviewed an IDOT land purchase made in 1990 (for a parcel valued at \$39,000) of former railroad right-of-way. Documentation showed that the property was mostly undeveloped but a site visit by auditors found that the property had entryways for private businesses on the property. IDOT officials acknowledged that the entryways were on the property we sampled as owned by IDOT. Further, IDOT officials reported there was some question as to the clear title for the land purchased for that section.

### Department of Natural Resources (DNR)

Most of the parcels that were not reported (25 of 27) were acquired for flood mitigation projects. The two remaining parcels were spoil sites for ditch dredging projects. It is unclear whether flood mitigation properties should be reported to CMS as State-owned property.

Flood mitigation purchases are

#### IDOT LAND PURCHASES

- ❑ **Brown County:** Paid \$4.9 million in September 2000 for 1,645 acres for wetland mitigation bank project (in July 2000 the property appraised at \$2.9 million). IDOT has not reported the land to CMS as State-owned real property. IDOT’s interpretation is that it was required to purchase the land because of an obligation to restore wetland areas disrupted by road projects.
- ❑ **Peoria County:** Paid \$700,000 in 1980 for 158 acres. Presently studying property for use as a Peoria to Chicago route.
- ❑ **McHenry County:** Paid \$82,000 for ½acre of residential area in 1973 and \$44,000 for two-quarter acre properties in 1980 for proposed Illinois Route 53 extension. IDOT reported the properties are currently vacant land in a residential area.
- ❑ **Christian County:** Paid \$238,000 for residence and six-unit motel complex in 2002 that now sits abandoned. Funding has not been approved for this section of roadway expansion.
- ❑ **Christian County:** Paid \$5,130 for 0.14 acres in 1965. Approached by potential buyer in 2003 for excess land. IDOT decided not to sell, explaining there will “probably be intersection realignment” in the future.

#### EXCESS DNR LAND

DNR paid \$393,000 in the early 1990’s for two parcels, totaling 276 acres, selected in our sample in Douglas, Moultrie and Coles Counties for a State trail. According to DNR, the trail was never developed and it is in the process of surplusizing the lands. However, DNR did not report this as surplus to CMS, nor has it been listed as surplus on the State-Owned and Surplus Real Property Report.

made by DNR, the property is cleared, and then deeded over to a local government. The property is to be used for recreational purposes or as open space by the local government. If not used for those purposes the property is to revert back to the State. However, once the properties have been transferred, DNR does not inspect the mitigation properties to ensure they are only used for recreation or open space. A site visit to one such property in Menard County by auditors found that the property was being used for gravel storage and parking and not recreational or open space as dictated in the mitigation agreement. A DNR official indicated that the property should not be utilized for such purposes. DNR purchased the property in May 1999 for \$195,000.

### **Historic Preservation**

Nine of the ten parcels in our sample from Historic Preservation were not reported on CMS records. One was reported under DNR even though it was conveyed to Historic Preservation in 1989. Historic Preservation failed to report this property to CMS after the transfer. The properties in our sample included parts of New Salem State Park, parts of the Dana Thomas House property, and parcels acquired for the new Abraham Lincoln Presidential Library.

#### **EXCESS HISTORIC PRESERVATION LANDS**

Historic Preservation owns approximately 20 acres of wooded area across an Illinois state highway from the Lincoln Trail Memorial in Lawrence County. The Memorial and adjacent land is not reported on the CMS master record. The land, originally purchased by the State for \$2,000 in 1936, was transferred by IDOT to DNR in 1966 and then to Historic Preservation in 1985. The land is adjacent to private farmland.

### **Department of Corrections**

The two properties not reported by Corrections were for the correctional facility in Rushville that has been constructed but is unopened and the correctional facility in Grayville that is under construction. A Corrections official speculated that the properties were probably not reported because the Capital Development Board maintains ownership until the project is completed. The project in Grayville is not complete and the project in Rushville was completed so it will be reported next year. However, deeds for the properties are conveyed to the Department of Corrections and not the Capital Development Board. Furthermore, the CMS master record does not show any State-owned property reported by the Capital Development Board.

### **Southern Illinois University**

The one parcel from Southern Illinois University that was not reported on the master record was a storage facility acquired in 2000. University officials provided the Form A that was sent to CMS after the property was acquired. However, CMS did not include the property on the master record.

### **Central Management Services**

In July 1997, Macon County deeded 18.58 acres around the Decatur Correctional Facility to CMS. CMS has not included this property under its agency on the master record from 1998 through 2003. CMS reported it had deeded the property to Corrections in January 2003.

However, neither Corrections nor CMS was able to provide a recorded deed to show this had been executed.

**Housing Development Authority**

The two parcels in our sample were conveyed to the Housing Development Authority following foreclosure. The Authority subsequently sold one of the two properties and the other property is for sale.

**Toll Highway Authority**

The one parcel owned by the Toll Highway Authority was acquired for a road right-of-way project and is exempted from being reported to CMS by the State Property Control Act.

**Unknown and Not Applicable Parcels**

For one parcel in our sample, it was unclear what agency owned the parcel and whether the property was reported on the master record.

- A parcel in Montgomery County was reported by the county assessor as owned by what is now DNR’s Office of Mines and Minerals. DNR did not have records on the property and thought it may have been conveyed to a local community back in the 1970’s. We visited the site in December 2003 after obtaining documentation from the county assessor. Currently, the site is overgrown with brush but had previously been used as a mine slag storage site. According to a local official, while the property was transferred to the local government, it is not known if the property was officially deeded to the local government. Assessor records still show the property as being owned by the State.

Three parcels in our sample that were listed on assessor records as being State-owned were subsequently conveyed to other entities and therefore would not be listed on the master record.

<b>ACCURACY OF THE MASTER RECORD</b>	
<p><b>RECOMMENDATION NUMBER</b></p> <p><b>2</b></p>	<p><i>The Department of Central Management Services should conduct a statewide inventory of real property to develop an accurate accounting of land and buildings owned by the State. To accomplish this task, the Department should consider sending the agencies all the information contained in the master record for properties owned by the agencies so that applicable additions and deletions can be reported. Additionally, the Department should clarify whether wetland and flood mitigation land holdings should be reported per the provisions of the State Property Control Act and if so, provide sufficient guidance to applicable agencies holding those types of property.</i></p>

<p><b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b></p>	<p>CMS concurs with Recommendation #2. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:</p> <ul style="list-style-type: none"> <li>• Analyze and organize the State of Illinois Real Estate portfolio;</li> <li>• Conduct detailed property assessments;</li> <li>• Use the newly-created real property database to compare the State’s master property record, agency reports and assessor information to identify and reconcile any differences in the data sets. The end result of this effort will be a complete, consolidated and accurate living real property database for the State;</li> <li>• Establish processes and systems for updating and maintaining the property database on an ongoing basis that ensures data accuracy and integrity;</li> <li>• Establish new reporting procedures for wetlands and flood mitigation properties as part of the asset management function;</li> <li>• Collect agency staffing information and develop space utilization reports that will be compared to industry benchmarks and established space utilization standards.</li> </ul>
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**ATTEMPT AT COMPUTERIZING THE MASTER RECORD**

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During the past two years CMS attempted to automate the master record of State-owned real property. We found that the information contained in the system was neither complete nor reliable.

A CMS official indicated that the Department had developed a web-based system called IPATS (Illinois Property Asset Tracking System) that agencies could use to report information on State-owned property. The system was meant to be a substitute for agencies as opposed to submitting information via the Form A’s. CMS informed us that information from the automated system was used to prepare the report issued in February 2003.

The system is no longer active. While we were attempting to obtain access to the IPATS system during the audit, officials in the Bureau of Communication and Computer Services (BCCS) indicated that IPATS was still in development. The real property information had been entered into the system called the Real Property System, which was intended to be a temporary system that would be modified into IPATS. BCCS officials indicated that the Real Property System was not being used and had not been updated since it was first implemented prior to November 2002. A review by BCCS of the data that was input into the Real Property System revealed that the data had incomplete information. BCCS officials realized that data integrity was in question and the data was useless if not corrected. The System was taken offline in August 2003 and was being



scrapped. Documentation from CMS showed that 600 hours were spent on developing and cleaning up the Real Property System, which was 325 hours over the 275 that were estimated.

Since the Real Property System was not operational, officials in the Real Property Division were uncertain how agencies would report information on real property for the report to the General Assembly in February 2004. Also, the annual report issued in February 2003 did not reflect changes the agencies made on-line because CMS had no way of knowing what changes were made. As a result, CMS was unsure of the accuracy of the 2003 report.

To determine if changes to the annual report to the General Assembly were reflected in the Real Property System, we examined the annual reports for 2001, 2002, and 2003. We compared the reports and identified any changes from year to year (such as properties added and deleted). We then checked a sample of these changes for a variety of agencies against the Real Property System. Of the 51 changes sampled,

22 (43 percent) were reflected in the database. Of the 29 (57 percent) changes that were not reflected in the Real Property System, 23 were additions to the

<b>Exhibit 2-5</b>			
<b>SUMMARY OF SAMPLE OF CHANGES IN ANNUAL REPORT TO THE GENERAL ASSEMBLY COMPARED TO THE REAL PROPERTY SYSTEM</b>			
<b>Change to Annual Report</b>	<b>Change Reflected in Database</b>	<b>Change not Reflected in Database</b>	<b>Total</b>
Property Added	22	23	45
Property Deleted	0	6	6
Total	22	29	51
Source: OAG analysis of Real Property System Database.			

report to the General Assembly that were not added to the database and 6 were deletions from the report to the General Assembly that were not deleted from the database. Exhibit 2-5 summarizes our testing results.

Data maintained in CMS’ automated system, that was input from previous submissions from State agencies on the Form A’s, was extremely incomplete. For example, only 25 percent of the records included a tax identification number for the property and only 10 percent of the records contained information on the acreage of the property. Our review of the data in the system when CMS shut down access to the system showed only:

- 6 percent of the records had a land cost provided;
- 10 percent of the records provided an acreage for the property;
- 24 percent of the records provided a building cost;
- 25 percent of the records included a tax identification number;
- 33 percent of the records provided the square footage of the property;
- 35 percent of the records provided a future use for the property;
- 41 percent of the records provided a current use for the property;
- 49 percent of the records provided an address for the property; and,
- 71 percent of the records provided a city location for the property.

Any attempt to effectively manage and report on State-owned property must start with a complete set of data on all property. Without complete data, CMS would be unable to determine whether excess or surplus space exists in State-owned facilities.

<b>AUTOMATION OF THE MASTER RECORD</b>	
<b>RECOMMENDATION NUMBER  3</b>	<i>The Department of Central Management Services should once again look into the possibility of automating the master record of State-owned property with a system that is capable of producing management reports to allow the State to effectively manage land and building assets.</i>
<b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b>	<p>CMS concurs with Recommendation #3. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will include:</p> <ul style="list-style-type: none"> <li>• Service delivery programs to equip the State with appropriate tools for real property database use and maintenance, facility assessment, capital planning, asset management and lease management and the related processes and procedures;</li> <li>• Assessment and asset management databases to provide CMS the capability to reliably report on the State’s real estate assets as a typical database report;</li> <li>• New property survey and/or assessment documents that will expand information currently required on “Form A” to address deficiencies noted in the audit and to provide additional information needed to provide for appropriate asset management functions and long term planning.</li> </ul>

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## **GOAL ACCOMPLISHMENT AND STRATEGIC PLANNING**

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CMS’ Bureau of Property Management has not been successful in implementing goals and objectives from the 2002 CMS Strategic Plan. Of the eight goals and objectives identified as being applicable to the space utilization program three, were partially completed and five were not completed. Failure to complete the goals and corresponding objectives increases the likelihood that the space utilization program is not being efficiently and effectively managed.

The State lacks an overall system to manage real property as an asset from a Statewide perspective. A real property management system should treat land and buildings as strategic assets to be managed proactively. CMS and other large land holding agencies have reported to us that they do not strategically plan for space use. A coordinated approach to real property planning could help the agencies make better use of the lands and buildings they own and allow for more cost efficiencies in State government.

### Space Utilization Program Goals at CMS

CMS set the following goals, objectives, and subobjectives in the 2002 CMS Strategic Plan. These were identified by CMS officials as being applicable to the Bureau of Property Management and the space utilization program. All of the objectives relate to CMS Goal 2, which is to *improve timeliness, responsiveness, and customer satisfaction levels by simplifying regulations and streamlining procedures*. The Department’s progress towards completion is also provided.

- **Objective C** – Manage resources and services efficiently to minimize costs.
- **Subobjective 1** – Ensure the State receives fair market value as determined by appraisals for the following properties that CMS will seek buyers for in fiscal year 2003 as it has been determined no other government agency has interest in these properties: Burnham Hospital; Shapiro Mental Health Center; 119 E. Cook Street, Springfield, IL; and 245 Buck Street, LaSalle, IL.

*Status: Partially Completed. Sales were completed for two of the properties (Burnham Hospital and Shapiro Mental Health Center). However, as of August 2003, the remaining two properties have not been sold.*

- **Subobjective 5** – Maintain the real property database that was set up in fiscal year 2002 and provide training to other state agencies on the updating and verification of initial information. Training of state agencies completed August 2002. Maintenance of the database will be verified at end of each fiscal year.

*Status: Partially Completed. Training was held in August 2002 for representatives from various State agencies. However, the IPATS system is currently not operational.*

- **Subobjective 6** – Take pictures of CMS facilities for addition to the real property database by June 30, 2003.

*Status: Not Completed. Officials reported pictures were taken but they were not incorporated into the real property database.*

- **Subobjective 7** – Set up meeting with universities to present the real property database and the training to use and update their information by November 2002.

*Status: Partially Completed. According to CMS officials these meetings were included with the meetings in subobjective 5. However, the sign-in sheets for the meetings included only two universities: Southern Illinois and Western Illinois. CMS was unable to provide further documentation to show if all universities received training. One official noted that the employees who worked on the project are no longer with CMS so there is no way of verifying if the tasks were completed.*

- **Subobjective 8** – Integrate Capital Development Board (CDB) information into the CMS real property database by August 2003.

*Status: Not Completed.* According to CDB, the integration of information between CDB and CMS had begun but was put on hold by the new administration.

- **Subobjective 11** – Process 70 percent of tenant improvements for leased space within 60 days during fiscal years 2003 and 2004.

*Status: Not Completed.* According to a CMS official, the objective has not been successfully met due to the change in administration and the decision to review every transaction in progress.

- **Subobjective 12** – Reduce number of Lease Holdovers on file in July by 50 percent at the end of the fiscal year.

*Status: Not Completed.* CMS hopes with a new Bureau Chief in place, the number of lease holdovers will begin to be reduced.

- **Subobjective 13** – Implement the State’s IPATS system (Illinois Property Asset Tracking System) into the Leasing Division by: holding preliminary meetings with BCCS (Bureau of Communications and Computer Services) on workflow, forms development, procedures and statutory requirements in September 2002; scheduling demonstration for leasing staff on conceptual design and use in August 2002; scanning all leases and related documentation into IPATS database from September 2002 through January 2003; holding meetings with BCCS and leasing staff to refine design, usage, screen development, and expansion then proceed to test system within leasing division from September 2002 through January 2003; adapting forms for access on computer for leasing staff. Develop electronic “tickler” file for date sensitive information including lease expirations by June 30, 2003; providing training for leasing staff on system use from January 2003 through June 2003; developing ability for using agencies to access space request form via CMS Intranet web page in April 2003; and providing training to agency liaisons on use of electronic submission of forms in May 2003.

*Status: Not Completed.* Preliminary activities were in progress but were put on hold due to the retirement of the project manager and the change in administration.

### **Strategic Planning for Space Utilization**

State agencies and CMS have not been proactive on planning for the utilization of space. We interviewed officials from CMS and other agencies (Departments of Human Services, Transportation, Natural Resources and the Capital Development Board) that have large interests in State-owned real property to determine whether any medium or long range planning of space utilization was conducted.

The Department of Human Services (DHS) reported that strategic planning is something it is currently working on. While DHS was currently working on staffing for this project, an official noted that this was the first time DHS had worked on a strategic plan for this area.

The Department of Natural Resources (DNR) reported it does have a strategic plan that is updated frequently. However, it does not specifically address space utilization. Instead, it focuses on programmatic issues. Space utilization could be included in a strategic plan if it becomes an issue, such as the addition of another district office. Space needs have been a secondary consideration.

The Capital Development Board (CDB) indicated it only has strategic planning in terms of when there are several buildings in one city. In this case officials will sit down and discuss the possibility of consolidating several offices into fewer buildings. There are general discussions like this but not an overall long-term strategic plan for the State. The officials indicated that it is difficult to get beyond a two-year time horizon. As an example an official cited the proposed State Police Building that would be built across from the Capitol. The building has been designed but has been in and out of the budget since 1990.

Officials from the Department of Transportation and CMS indicated that they do not have a long range or strategic plan regarding the utilization of their agencies’ spaces. The CMS official characterized their responses to space needs as reactionary.

<b>STRATEGIC PLANNING</b>	
<b>RECOMMENDATION NUMBER  4</b>	<i>The Department of Central Management Services should take steps to complete the objectives set forth to accomplish the space utilization program. Additionally, the Department should develop a comprehensive space utilization strategic plan.</i>
<b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b>	<p>CMS believes that the 2002 Strategic Plan is not the appropriate strategy for creating the comprehensive space utilization and asset management plan that the State needs. While some of the points in the 2002 Strategic Plan may be appropriate to include in such a comprehensive plan, that plan is not sufficient, by itself, to create a comprehensive asset management plan. To address the issues raised in the audit, CMS will, as part of that comprehensive asset management plan:</p> <ul style="list-style-type: none"> <li>• Recommend and implement process improvements and best practices for space disposition and acquisition;</li> <li>• Create assessment and asset management databases to provide CMS with the capability to reliably report on State real estate assets in a typical database report;</li> <li>• Provide staff training for CMS, OMB, CDB and other agencies as required;</li> <li>• Require facility assessors to digitally photograph each building</li> </ul>

	<p>assessed and link to building assessment records;</p> <ul style="list-style-type: none"><li>• Use the CDB facility database as one of several input points in addition to actual visits to each building by assessment teams of facility management teams performing assessments;</li><li>• Recommend procedures to streamline approval processes for tenant Improvements;</li><li>• Review holdover leases, recommend improvements to approval processes and implement a plan to virtually eliminate holdover leases in the first twelve months;</li><li>• Create a lease management database that will provide CMS with a comprehensive real property database and tracking system.</li><li>• Survey the existing space usage within the State’s property;</li><li>• Develop appropriate space use standards for future planning across the entire State portfolio;</li><li>• Develop a comprehensive strategic master plan and process for space utilization and space management across the State.</li></ul>
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## Chapter Three

# CMS MONITORING OF REAL PROPERTY

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## CHAPTER CONCLUSIONS

CMS lacks a formal policy or procedure to identify open space in State-owned buildings that the Department controls. We found that the process for analyzing open space is informal and not documented nor communicated to CMS' Real Property Division. Additionally, CMS relies on State agencies to report excess space at agency-owned facilities and does not verify those agency assertions. State agencies do not always report excess space in their facilities to CMS. Failure to analyze and report on open space in State-owned buildings can result in the State leasing space for State agencies and wasting State resources.

CMS has no formal policies and procedures for ensuring that excess and surplus real property is reasonably considered when filling State agencies' space requests. Additionally, since CMS is not adequately tracking and identifying excess and surplus real property, we would conclude that excess and surplus property is not being considered in filling space needs.

CMS does not proactively monitor space in State-leased properties. Failure to monitor and identify any excess space results in the State leasing space when there may be other opportunities for dollar savings. CMS' Real Estate Leasing Division doesn't always check with CMS' Real Property Division for the existence of excess space in State-owned facilities prior to leasing space with third parties. When this check is made, it generally is **after** the lease has already been signed by the lessor and not at the beginning of the process, when an Agency Space Request Form is received, as dictated by CMS procedure. Specifically, we found in our testing of lease files:

- 33 of 48 (69 percent) lease files showed the check for availability of space in State-owned buildings occurred **after** CMS set up, and the lessor signed, the lease to fill the agency request.

However, in our testing, State agencies identified a significant amount of excess space in both State-owned and State-leased properties. This excess space should be considered by CMS **prior** to CMS leasing space for State agencies from third parties. In response to our survey of 54 State agencies that lease space through CMS:

- 17 agencies listed excess space in 270 leases and we calculated that there would be almost 413,000 square feet of excess leased space based on these survey results.

A significant amount of excess space also exists at State-owned facilities. In our survey, nine State agencies reported having excess space in 18 properties. Based on our testing at the Department of Human Services (DHS) we found that 90 of the 574 buildings at the DHS facilities were unoccupied with an additional 10 buildings partially occupied. A total of 1,653,714 square



feet (or 18%) of the total square feet was not being used. While some of this space may be unusable due to the physical condition of the buildings, other vacant space was in good condition and could be utilized. Also, based on the location of vacant buildings, it appears that the potential for selling pieces of the facility property exists at five facilities. None of the available space was reported as excess or surplus in CMS’s annual report to the General Assembly.

DHS entered into agreements to lease space at DHS facilities to other organizations without, according to CMS, cost benefit analyses to determine whether the arrangement is the most advantageous to the State as a whole. DHS had 25 leases at its facilities generating approximately \$75,000 annually. However, the annual lease revenue per square foot averaged only \$0.15. The low lease amounts are attributable to the many lease agreements that charge minimal or no rent. For 13 of the leases, no rent was charged. According to DHS policy, real estate to be rented must have been reported to CMS as excess on the Annual Real Property Utilization Report.

State agencies, including DHS, lease office space in some of the same cities, at substantially higher rates per square foot, where the DHS facilities are located and lease to agencies outside of State government. Moving some of these State agencies into space at DHS, State-owned facilities, could save the State dollars currently spent to lease space from outside parties.

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## **BACKGROUND**

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Legislative Audit Commission Resolution Number 126 asked whether procedures developed by CMS ensure that excess and surplus real property is reasonably considered in fulfilling State agencies’ space needs. Generally, when State agencies request space from CMS, it takes the form of leased space from third party lessors. This chapter will examine the leasing process at CMS, including our testing of the procedure for verifying that no State-owned space exists prior to the execution of the leased space. Additionally, the chapter discusses CMS’ monitoring of agencies for excess space. Further, the chapter reports on our survey of State lease holding agencies and whether there is excess space in any of those leases. Lastly, information will be delineated showing that State agencies lease out portions of facilities that are no longer used instead of declaring the space excess or surplus and reporting the space to CMS.

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## **VERIFICATION OF SPACE PRIOR TO LEASING**

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The space utilization program is designed to effect maximum efficient utilization of State-owned and controlled space. Space for which there is no foreseeable need by the occupying agency will be considered for reassignment or other appropriate action (44 Ill. Adm. Code 5000.520). When space cannot be found in existing State-owned or controlled properties, CMS has the authority to procure leased space for requesting agencies (44 Ill. Adm. Code 5000.110).

For purposes of leasing office and other space, CMS shall conduct all leasing activities for all State agencies, authorities, boards, commissions, departments, institutions, bodies politic and all other administrative outgrowths of the executive branch of State government. Constitutional

officers, the State Board of Education and the State colleges and universities and their governing bodies are exempt from CMS leasing activities (44 Ill. Adm. Code 5000.120 (a)).

CMS rules dictate that when CMS requires space for requesting State agencies, maximum use shall be made of existing State-owned permanent buildings which are adequate or economically adaptable to the space needs of the agencies. Additionally, leased space shall be acquired only when satisfactory State-owned or controlled space is not available (44 Ill. Adm. Code 5000.200).

CMS has no formal policies and procedures for ensuring that excess and surplus real property is reasonably considered when filling State agencies’ space requests. Additionally, since CMS is not adequately tracking and identifying excess and surplus real property, we would conclude that excess and surplus property is not being considered in filling space needs.

### State Lease Expenditures

During Fiscal Year 2003, State agencies expended over \$162.5 million to lease real property for their operations. This figure includes all lease payments that are processed by the Comptroller and was taken from Comptroller records – not just those lease payments for agencies that go through CMS to acquire leased space. This figure would not include lease payments made from locally held funds and not processed through the Comptroller. Appendix D illustrates expenditures by agency for leases of real property during Fiscal Year 2003.

CMS’ property management program, through the Real Estate Leasing Division in the Bureau of Property Management, administers leased-space procurement for State agencies subject to their authority. As of the March 25, 2003 monthly lease report, CMS reported 758 leases administered by the Department. These leases totaled over 9.7 million square feet of space and 1,053 parking spaces. Exhibit 3-1 breaks down the leases by type.

<b>Exhibit 3-1 STATE AGENCY LEASES as of March 25, 2003</b>			
<b>Lease Type</b>	<b># of Leases</b>	<b>Square Footage</b>	<b># of Spaces</b>
Office	611	8,370,281	
Parking	67		1,053
Storage	36	337,329	
Other	17	129,029	
Warehouse	13	486,086	
Work Release	8	251,653	
Laboratory	6	138,000	
Totals:	758	9,712,378	1,053

Source: OAG Summary of CMS Monthly Lease Report.

### Leasing Process at CMS

When State agencies are in need of additional space, they submit an Agency Space Request Form to the Real Estate Leasing Division at CMS. According to documentation and officials at CMS, the Real Estate Leasing Division should initially check with the Real Property Division to ascertain whether space is available in any State-owned or controlled facilities in the city where the requesting agency is seeking space. The verification takes the form of correspondence between the Divisions, via email, asking whether a certain number of square feet are available in a given location. CMS officials reported there is never any space available. The step appears to be a

formality for staff between the two divisions. However, as reported later in this chapter, staff from the Real Property Division are not always informed of available space by even others within CMS. A CMS architect reviews the agency request and makes any adjustments necessary to the request. The result is a document called the APR (Agency Program Requirements).

### Testing Results

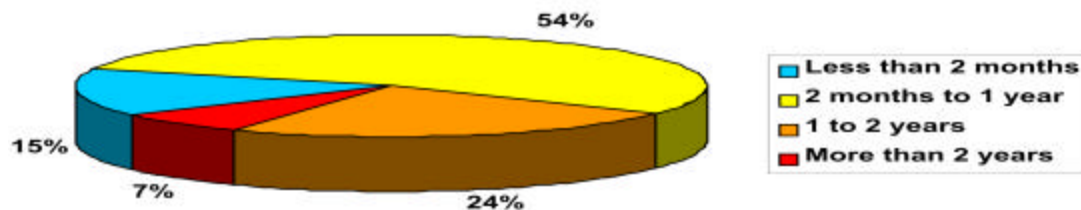
Our testing indicated that CMS’ Real Estate Leasing Division is not timely in checking whether space exists in State-owned buildings before initiating the steps in the leasing process. When this check is made, it is generally after the lease has already been signed by the lessor and not at the beginning of the process, when an Agency Space Request Form is received, as indicated by CMS staff.

To determine whether CMS was checking to see if State-owned property contained available space prior to leasing space to fill agency needs, we sampled 50 lease files and examined documentation maintained by the Department. We found that CMS generally was not timely in checking for usable State-owned space.

CMS averaged 301 days from the time a space request was received from a State agency requesting space until the Department performed the email verification check on whether space was available in State-owned facilities. Exhibit 3-2 summarizes the time taken to check for State-owned space. The range of days was between 8 days and 989 days. For our sample of 50 lease files, only 46 files contained a dated Agency Space Request Form from a State agency. In the 46 cases sampled, CMS performed the verification email check for:

- 7 of 46 (15 percent) cases less than 2 months after receiving the space request;
- 25 of 46 (54 percent) cases between 2 months and 1 year after receiving the space request;
- 11 of 46 (24 percent) cases between 1 and 2 years after receiving the space request; and,
- 3 of 46 (7 percent) cases more than 2 years after receiving the space request.

**Exhibit 3-2**  
**AMOUNT OF TIME TAKEN TO VERIFY EXISTENCE OF STATE-OWNED SPACE**  
**AFTER RECEIPT OF SPACE REQUEST**



Source: OAG Analysis of CMS Information.

We also found that while CMS documentation shows the verification process should be completed at the beginning of the leasing process, that was not always followed. In 69 percent (33 of 48) of the lease files sampled where information was available (two files did not contain documentation to show a verification was made), CMS did not check to see if State-owned space was available to fill the space request until **after** CMS expended resources to find a lessor, develop the lease and have the lessor sign the lease. These 33 cases break down further as follows:

- in 16 of 33 leases (48 percent) CMS checked for State space in 30 days or less after the lessor signed the lease;
- in 10 of 33 leases (30 percent) CMS checked for State space between 31 and 60 days after the lessor signed the lease;
- in 4 of 33 leases (12 percent) CMS checked for State space between 61 and 90 days after the lessor signed the lease; and,
- in 3 of 33 leases (9 percent) CMS checked for State space more than 90 days after the lessor signed the lease.

Officials in the Real Estate Leasing Division explained that the leasing representatives sometimes get started on other parts of the leasing process and don't make the check right away.

<b>STATE-OWNED SPACE VERIFICATION</b>	
<b>RECOMMENDATION NUMBER  5</b>	<i>The Department of Central Management Services should maintain documentation to show the Department verified whether State-owned space existed prior to leasing space from third parties. Additionally, the Department should follow its documented process and perform the verification check at the beginning of the leasing process and be more timely in relation to when the space request is received from the agency. Lastly, the verification should be accomplished prior to expending leasing division resources.</i>
<b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b>	<p>CMS concurs with Recommendation #5. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:</p> <ul style="list-style-type: none"> <li>• Re-engineer the existing State real estate management function to include a defined process for new space requests and fulfillment. This process will include the appropriate verification of existing space resources and documentation of the same prior to expending resources investigating third party alternatives;</li> <li>• Align space use with agreed upon standards;</li> <li>• Identify all excess space and utilize all space efficiently, under a master plan for all State space;</li> <li>• Develop and implement the appropriate asset management organizational structure, systems and processes for the</li> </ul>

	<p>effective, proactive and strategic management of the State’s real estate portfolio;</p> <ul style="list-style-type: none"> <li>• Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State’s asset management functions.</li> </ul>
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## MONITORING OF SPACE BY CMS

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CMS does not proactively monitor space in both State-owned and State-leased properties. CMS has no formal process in place to monitor space availability in State-owned buildings or space leased from third-party lessors. Additionally, CMS places too much reliance on State agencies in the self-reporting of excess space – both in State-owned and leased facilities. Failure to monitor excess space can result in State dollars being expended for leased space when there would be excess space in State-owned or controlled facilities or leases that may be able to be combined to achieve savings.

### Monitoring Activity by CMS

The Illinois Administrative Code provides CMS the discretion of conducting space inspections at periodic intervals as appropriate of State-owned and leased space (44 Ill. Adm. Code 5000.500). We found that CMS does not routinely exercise this authority.

CMS lacks a formal policy or procedure to monitor open space in State-owned buildings that the Department controls. We found that the process for analyzing open space is informal and not documented nor communicated to the Real Property Division. Additionally, CMS relies on State agencies to report excess space at agency-owned facilities and does not verify those agency assertions. State agencies do not always report excess space in their facilities to CMS. Failure to analyze and report on open space in State-owned buildings may result in the State leasing space for State agencies when space exists in State-owned buildings.

### CMS Owned Buildings

Officials at CMS stated that CMS facility managers are in charge of property owned and controlled by the Department. These managers are responsible for knowing when space is available at the buildings they manage. However, building managers do not prepare a formal analysis of space needs or open space available in buildings they manage.

We contacted building managers at four CMS-owned buildings – the Thompson Center in Chicago, and the Regional Office Buildings in East St. Louis, Champaign, and Rockford. Additionally, we contacted the Legislative Space Needs Commission which controls the Stratton Office Building in Springfield. At CMS, walkthrough inspections by building managers are not required, building managers have not been given any standard guidance on measuring excess space, and there is no formal reporting method to notify CMS of excess space.

Building managers indicate that they follow different steps if excess space is identified. Space in the Stratton building is controlled by the Legislative Space Needs Commission which stated it does not file any type of written report regarding excess space. Other building managers indicated that they usually discuss excess space with the occupying agency's office manager. A CMS Facilities Management official stated agencies would usually fill any excess space in their respective assigned spaces with additional employees. Building managers are required to prepare an annual Executive Summary. We obtained copies of Executive Summaries and found that they contain the total square footage for the building and the space allocated to occupying agencies but no reference is made in these Summaries to excess space. A CMS official said space requests go to the manager of the Bureau of Property Management who has the final decision about vacancies or the allocation of space to requesting agencies.

Before CMS leases space for agencies with space needs, the Real Estate Leasing Division checks with the Real Property Division for the existence of space in State-owned buildings. Officials from both those divisions reported that there is never any space available in State-owned buildings. However, we found that any reporting from the building managers at the individual facilities is not provided to the Real Property Division. Thus leasing decisions are made without the benefit of actually knowing if space exists in State-owned buildings.

Of the building managers we contacted, the only formal analysis performed was at the Thompson Center. In June 2003, the CMS building manager did space inspections at the Thompson Center as a special project based on agency work force reductions due to the early retirement initiative. A summary was completed and provided to the manager of the Bureau of Property Management. This summary was not provided to the Real Property Division within the same Bureau. Exhibit 3-3 provides the summary of open space found during the June inspections. In our survey sent to CMS during August/September 2003, the Department reported no excess space at the Thompson Center.

**Exhibit 3-3**  
**SUMMARY OF UNUSED AGENCY SPACE UTILIZATION**  
**JAMES R. THOMPSON CENTER**  
**June 25, 2003**

<b>Agency</b>	<b>Floor-Suite</b>	<b>Unused Office Area/Rooms</b>	<b>Description</b>
Student Assistance Commission	3-100	(2) Staff offices vacant.	One office is in interior corridor and one office faces the atrium.
CMS Personnel	3-300	(2) 187 sq. ft. offices are assigned to staff that warrant smaller spaces. (1) Large workstation vacant.	Staff assignments of space should be reviewed given staff position titles.
Corrections	4-200	(1) 187 sq. ft. Office. (2) 125 sq. ft. Offices. (1) Vacant workstation.	(Nothing Provided)
DCFS Human Resources	4-625	Underutilized space - front small conference room, photo ID area and front reception counter and area behind the counter.	Office manager indicates new Deputy Director is officing on 4th floor and filling vacant offices with new staff.
Veteran's Affairs	4-650	(3) 125 sq. ft. Offices. Vacant reception area & front counter.	Staff offices may be filled, but uncertain at this time.
Environmental Protection Agency	4-900	650 total sq. ft. (4) Large workstations unused. Only 2 staff using other cubicles. Area east of EPA also vacant.	Unit is almost vacant except for 2 staff workstations. Unit is also "field" in type, and could be relocated to EPA offices on 11th floor.
DHS/OASA	5-600	(1) Conference room. (2) 125 sq. ft. Offices. (6) Workstations. (1) Open desk.	All identified area is positioned together and is the largest chunk of "single" space identified during this process.
DHS Legal and Office of Developmental Disabilities	6-400	(4) 125 sq. ft. Offices. (1) Open desk. (2) Workstations border IVPA. (3) Workstations inner ringwall.	Agency intends to fill 2 of 4 offices, a 3rd was used by GSU. Staff near inner ringwall cubicles could be moved so that the cubicles could be reassigned.
DHS Rehabilitation Services	8-100	(3) Vacant Workstations.	Workstations are located along the Randolph windows line and are narrow.
Department of Agriculture	10-700	(1) 125 sq. ft. office is vacant. (1) Workstation 100 sq. ft. (2) Open desks-Clark St.	Office vacant due to staff retirement. Six person staff currently. Workstation borders built-in files.
State Board of Education	14-300	(6) 125 sq. ft. Offices-Lake St. (14) Cubicles/workstations.	Agency is willing to move its legal department to Lake St. offices to return space to CMS.
CMS IL Information Services	15-400	960 sq. ft. total. (1) Dark Room. (2) 125 sq. ft. Offices.	Former office of Governor's Photographer. Staff uses periodically when in Chicago, but essentially vacant.
Source: OAG Summary of CMS Report.			

<b>MONITORING OF SPACE IN STATE-OWNED BUILDINGS</b>	
<p><b>RECOMMENDATION NUMBER</b></p> <p style="font-size: 2em;"><b>6</b></p>	<p><i>The Department of Central Management Services should:</i></p> <ul style="list-style-type: none"> <li>• <i>develop formal policies and procedures for systematically reviewing space in buildings owned or controlled by the Department which would include reporting excess space to divisions responsible for leasing space for State agencies;</i></li> <li>• <i>take steps to follow up with agencies to declare unused space as excess or surplus so that it can be utilized by State agencies that currently lease space, thus saving State resources; and,</i></li> <li>• <i>develop formal policies and procedures to ensure that excess and surplus real property is considered when filling State agencies' space requests.</i></li> </ul>
<p><b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b></p>	<p>CMS concurs with Recommendation #6. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:</p> <ul style="list-style-type: none"> <li>• Reorganize the State's asset management functions to include formal policies, procedure and process for systematically reviewing utilization across the State's portfolio and maximizing consolidation opportunities;</li> <li>• Re-engineer the existing State real estate management function to include a defined process for new space requests and fulfillment;</li> <li>• Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State's asset management functions;</li> <li>• Align space use with established standard;</li> <li>• Identify all excess space and utilize all space efficiently, under a master plan for all State space;</li> <li>• Develop a comprehensive strategic master plan and process for space utilization and space management across the State;</li> <li>• Develop and implement the appropriate asset management organizational structure, systems and processes for the effective, proactive and strategic management of the State's real estate portfolio.</li> </ul>

### **State Agency Owned Property**

Excess real property is State-owned or controlled real property that has no present program need by the holding agency. The Illinois Administrative Code requires that excess and surplus property shall be reported to CMS annually, and monthly as property becomes available (44 Ill. Adm. Code 5000). CMS relies on State agencies to report on this type of space.



CMS officials stated they send out a letter once a year soliciting information on excess space, but no agency ever indicates it has excess space. The letter requests that State agencies provide information on excess square footage in buildings owned by the agencies or any acreage (improved or unimproved) which is not being utilized by the agency.

The Real Property Division also does not inspect any State-owned property. Officials stated that State agencies own and have jurisdiction over their properties, so CMS does not inspect the properties unless the agency claims it is surplus. Once agencies report surplus, CMS officials indicated they compile all pertinent information relating to the property and a site inspection is conducted.

In response to our survey sent in August 2003, most agencies reported no excess space at State-owned property. However, 9 agencies did report excess space at 18 of the properties. The number of properties with excess space by agency is shown in Exhibit 3-4.

As shown on Exhibit 3-5, the three properties at CMS had been declared surplus as of February 2003. Of the remaining 15 properties, plans for future use of excess space at six properties had been made by the controlling agencies as of September 15, 2003. These plans included declaring the property surplus, selling the property, or converting the unused space into office space to consolidate staff.

Five agencies with excess space at the remaining nine properties did not indicate a planned future use of the excess space in their survey responses. The Department of Corrections indicated that 18.2281 acres of unimproved property in Chicago was not being utilized and did not indicate a future use for the property. The Department of Human Services gave no indication of its plans for most of its excess space. DHS officials from the Alton Mental Health Center reported that “Two buildings on campus, the Administration building and Willow, are both empty and are excellent candidates for other agencies to occupy.” The Department of Public Health indicated no plans for 5 acres of land adjacent to the Regional Office Building in Springfield.

<b>Exhibit 3-4</b>	
<b>STATE-OWNED PROPERTIES REPORTED AS HAVING EXCESS SPACE BY STATE AGENCIES</b>	
<b>September 15, 2003</b>	
<b>Agency</b>	<b># of Properties with Excess Space</b>
Human Services	6
Central Management Services	3
Corrections	3
Children & Family Services	1
Military Affairs	1
Natural Resources	1
Public Health	1
Transportation	1
Southern Illinois University	1
Total:	18
Source: OAG Summary of Agency Information.	

<b>Exhibit 3-5</b>			
<b>AGENCY SURVEY RESPONSES ON PLANNED USE</b>			
<b>OF EXCESS STATE-OWNED SPACE</b>			
<b>September 15, 2003</b>			
<b>Agency</b>	<b>Common Name</b>	<b>City</b>	<b>Planned Use</b>
CMS	Buck Street Property	LaSalle	Surplus at February 2003
CMS	Vinegar Hill Parking Lot	Springfield	Surplus at February 2003
CMS	Blue Waters Ditch	Cahokia	Surplus at February 2003
DCFS	Evelyn Edwards Center	Chicago	Convert to office space
DOC	18.2281 acres Unimproved	Chicago	No plans
DOC	IYC- Valley View	St. Charles	Plans to lease/sell
DOC	Collins St. Prison	Joliet	Office space
DHS	Clinton Building	Chicago	Office consolidation
DHS	Tinley Park MHC	Tinley Park	No plans
DHS	Elgin MHC	Elgin	No plans
DHS	Alton MHC	Alton	No plans
DHS	Zeller MHC	Peoria	No plans
DHS	Choate MHC	Anna	No plans
DMA	Danville Armory	Danville	Plan to sell
DNR	Penn Central Trail		Plan to surplus
DPH	Adjacent Land to Regional Off.	Springfield	No plans
IDOT	District 1	Schaumburg	No plans
SIU	East St. Louis Center	East St. Louis	No plans <sup>1</sup>
Note:			
<sup>1</sup> – In January 2004, SIU responded that the plans for this property changed since its September 2003 response. The planned use is now “Legislative Transfer to the City of East St. Louis.”			
Source: OAG Summary of Agency Information.			

### **Department of Human Services**

We conducted a detailed review of property at Department of Human Services (DHS) facilities. Analysis of information obtained by auditors showed that 90 of the 574 buildings at the DHS facilities were unoccupied with an additional 10 buildings partially occupied. A total of 1,653,714 square feet (or 18%) of the total square feet at DHS facilities was not being used. While some of this space may be unusable due to the physical condition of the buildings, other vacant space was reported as being in good condition and could be utilized. Also, based on the location of vacant buildings, it appears that the potential for selling pieces of the facility property exists at five facilities. None of the available space was reported as excess or surplus in CMS’s annual report to the General Assembly.

In CMS’s annual report to the General Assembly on State owned property, each DHS facility was listed as one facility. The individual buildings within each facility were not listed. However, the Annual Real Property Utilization Reports (Form A’s) submitted by DHS did list each building, the square feet of each building, and the year built. When examining the Form A’s, we noted that some of the individual buildings were listed as abandoned. CMS does not follow up with DHS to ascertain why the space is not reported as excess or surplus; consequently, we requested information from each facility to determine how much space was being used and whether there was excess space at the facilities. Exhibit 3-6 shows that 90 of the 574 buildings at

the DHS facilities tested were unoccupied with an additional 10 buildings partially occupied. A total of 1,653,714 square feet (or 18%) of the total square feet was not being used.

According to the responses from the DHS facilities, many of these vacant buildings were not usable because of the physical condition of the buildings; others were undergoing renovations. However, other vacant buildings were reported as usable and were vacated for reasons such as staffing reductions and reduced admissions. Appendix E contains details on the vacant buildings at each facility, whether the vacant space is usable and what are the planned future uses of the buildings.

Portions of DHS facilities have been sectioned off and sold in the past (i.e., Shapiro and Tinley Park). We also examined maps of the facilities and the locations of vacant buildings to determine if selling a section of the facility would be possible. Based on the location of vacant buildings, it appears that the potential for selling pieces of the facility property exists at the following five facilities:

- Alton Mental Health Center,
- Choate Mental Health and Developmental Center,
- Elgin Mental Health Center,
- Illinois School for the Visually Impaired (one unused mobile home), and
- Jacksonville Developmental Center.

Documentation obtained from DHS during the audit shows that a portion of the Elgin Mental Health Center, which included buildings, could be sold. Additionally, in response to our survey, a DHS official at Choate Mental Health and Developmental Center stated that while there was no excess space in buildings at the Center, there certainly was excess land that could be considered surplus.

<b>Exhibit 3-6 OVERVIEW OF SPACE AT DHS FACILITIES</b>						
<b>Facility</b>	<b># of Buildings</b>	<b>Total Square Feet</b>	<b>Unoccupied Buildings</b>	<b>Partially Unoccupied Buildings</b>	<b>Total Square Feet Unoccupied</b>	<b>% of Square Feet Unoccupied</b>
Alton	26	530,506	10	3	266,631	50%
Chester	24	205,895	3	0	21,372	10%
Chicago-Read	11	325,080	1	1	38,600	12%
Choate	42	715,941	2	0	36,174	5%
Elgin	44	1,184,557	14	3	486,762	41%
Fox	9	123,209	0	0	0	0%
Howe	58	192,000	3	0	8,400	4%
ICRE-Roosevelt	3	103,174	0	0	0	0%
ICRE-Wood	1	61,800	0	0	0	0%
ISD	16	987,930	0	0	0	0%
ISVI	13	227,222	1	0	1,100	0.5%
Lincoln	28	602,400	28	0	602,400	100%
Jacksonville	21	511,226	2	0	24,450	5%
Kiley	55	212,597	11	0	28,854	14%
Ludeman	66	219,529	3	0	8,810	4%
Mabley	25	38,391	0	0	0	0%
Madden	14	201,000	4	0	40,000	20%
McFarland	9	178,318	1	0	11,259	6%
Murray	18	346,295	0	1	14,250	4%
Shapiro	48	937,066	6	2	46,978	5%
Singer	12	193,082	0	0	0	0%
Tinley Park	21	821,429	1	0	17,674	2%
Zeller *	10	252,623	0	0	0	0%
<b>Totals:</b>	<b>574</b>	<b>9,171,270</b>	<b>90</b>	<b>10</b>	<b>1,653,714</b>	<b>18%</b>
NOTE: * The entire Zeller facility is leased to Illinois Central College.						
Source: OAG Summary of Information Provided by DHS.						

### Leasing of Unused Space by DHS

DHS leases unoccupied space at some of its facilities to outside parties. CMS officials stated that DHS will come to CMS with a lessor already lined up to take the space. CMS assists in setting up the leases. No cost benefit analysis is conducted to determine whether the State would be better off to move current State agencies, which expend monies on their current leased space, into this unoccupied space to save taxpayer funds. Also, CMS does not conduct cost benefit analyses to determine whether lease rates charged by State agencies to outside parties are fair and reasonable for the space leased in State-owned buildings.

As shown in Exhibit 3-7, DHS had 25 leases at its facilities generating approximately \$75,000 annually. However, the annual lease revenue per square foot averaged only \$0.15. Excluding parking spaces leased by Madden Mental Health Center, the total square footage leased is 492,876. The Exhibit provides a breakdown of these lease agreements by DHS facility. The relatively low lease amounts are attributable to the many lease agreements that charge minimal or no rent. Under DHS policy this is permissible under certain conditions. According to the policy, real estate to be rented must have been reported to CMS as excess on the Annual Real Property

Utilization Report. This arrangement may not be the most economically beneficial to the State overall.

In addition to leased space, some DHS facilities have interagency agreements for the use of space with other State agencies or organizations. Information reported to us shows a total of ten interagency agreements for a total of 44,820 square feet.

During the audit we received information on some of these interagency agreements from DHS. The agreements include:

- *Alton Mental Health Center* – 3,600 sq. ft. utilized by the Illinois Guardianship and Advocacy Commission. The Commission also occupies space at *Choate Mental Health Center* (3,391 sq. ft.), *Madden Mental Health Center* (10,000 sq. ft.), and *Chicago-Read Mental Health Center* (sq. ft. not provided).
- *Tinley Park Mental Health Center* – interagency agreement with the Department of Children and Family Services (sq. ft. not provided).

<b>Exhibit 3-7 LEASED SPACE BY DHS FACILITIES</b>					
<b>DHS Facility</b>	<b>Lessee</b>	<b>Purpose</b>	<b>Square Feet Leased</b>	<b>Annual Lease Amount</b>	<b>Annual Lease Revenue per Square Foot</b>
<b>Choate MHC &amp; DC</b>	Shawnee Community College	Junior College.	27,687	\$15,046	\$0.54
	Sunrise Pre -School	Preschool/daycare.	7,416	\$6,081	\$0.82
	Southern Seven Health Dept.	Headstart program.	7,087	\$3,482	\$0.49
	Regional Superintendent of Schools	Adult education program and safe school.	3,846	\$3,153	\$0.82
	Tri-County Education District	Special education classes for residents.	15,556	\$9,000	\$0.58
	Shawnee Development Council	Office space/food pantry.	834	\$918	\$1.10
	Employee Credit Union	Office space.	630	\$0	\$0.00
	The Homeless Inc.	Non-profit program to clothe the homeless.	3,121	\$0	\$0.00
<b>Elgin MHC</b>	City of Elgin	Sublease to the Larkin Center which provides school facilities for emotionally disturbed children; Elgin Boys & Girls Club; Recreational programming.	45,566	\$2.26	\$0.00005
<b>Illinois School for the Deaf</b>	The Nursery School	Nursery school.	2,830	\$3,540	\$1.25
<b>Jacksonville DC</b>	Pathway Services Unlimited	Developmental training program.	26,494	\$0	\$0.00
	Jacksonville Theater Guild	Theater productions.	15,385	\$1,200	\$0.08
<b>Madden MHC</b>	Loyola University-Foster G. McGaw Hospital	200 parking spaces.	N/A	\$32,365	N/A
<b>Murray DC</b>	Kaskaskia Special Education District #801	Audiology services.	14,250	\$0	\$0.00
<b>Shapiro DC</b>	Shapiro Credit Union	Credit Union.	2,120	\$0	\$0.00
	Daycare Center	Daycare.	3,726	\$0	\$0.00
<b>Tinley Park MHC</b>	Alliance for the Mentally Ill-South Suburbs of Chicago	Office space.	N/A	\$0	N/A
	University of Chicago Hospitals	University of Chicago Center for Psychiatric Rehabilitation.	5,000	\$0	\$0.00
	University of Chicago Hospitals	Office space.	13,560	\$0	\$0.00
	Cook County Nutrition Services	Day programming and nutrition services for senior citizens.	4,000	\$0	\$0.00
	Cook County Court Services	Mental health court.	20,000	\$0	\$0.00
	Easter Seals of Metropolitan Chicago	Therapeutic day school.	18,000	\$1	\$0.00006
	Trinity Services	Psychosocial rehabilitation program.	800	\$0	\$0.00
	Department of Conservation	Office space.	2,345	\$0	\$0.00
<b>Zeller MHC</b>	Illinois Central College	ICC North Campus.	252,623	\$1	\$0.000004
<b>Totals</b>			492,876	\$74,789	<b>Avg.</b> \$0.15

Source: OAG Summary of Information Provided by DHS.

### Using the Unoccupied Space for State Agencies

CMS rules dictate that leased space shall be acquired only when satisfactory State-owned or controlled space is not available (44 Ill. Adm. Code 5000.200). The potential exists for the State to save monies expended for agency lease payments if space in DHS facilities was used for other State agencies. Four examples from the Alton Mental Health Center, Elgin Mental Health Center, Tinley Park Mental Health Center, and Zeller Mental Health Center help illustrate this point. These facilities either reported excess space as part of our fieldwork or leased excess space to other entities. While there may be valid programmatic or logistic reasons why using this space at DHS facilities to house certain State agency operations would not be feasible, these are options that an effective space utilization program should consider, to ensure efficient use of State funds and property.

#### Alton Mental Health Center

From information obtained from DHS during the audit, there were 13 unoccupied buildings at the Alton Mental Health Center. Four of the thirteen buildings had what DHS officials described as useable space totaling 119,536 square feet. Officials also stated there was no planned future use for the four buildings.

A CMS monthly lease report dated April 3, 2003, lists five State agencies that have office space leases in the City of Alton. Three of the five reported to us excess lease space in these offices during our survey period (August 15 through September 15, 2003). The total square footage leased by the five agencies is less than the total square footage available in one of the unoccupied buildings at the Alton Mental Health Center. The State agencies paid, on average, \$9.80 per square foot in rent for the office space when there is space in a State-owned facility that is unused in the same city. Given that the State spends \$292,000 to lease space in Alton, CMS should consider the feasibility of moving those agencies into the unoccupied space at the DHS facility. Exhibit 3-8 provides an analysis of the space leased and annual lease cost based on figures on the April 3, 2003 monthly lease report. Exhibit 3-9 shows the locations of the State leased space in Alton from the analysis above in relation to the location of the Alton Mental Health Center.

<b>Exhibit 3-8 AGENCY OFFICE LEASES IN ALTON</b>			
<b>Agency</b>	<b>Square Footage Leased</b>	<b>Annual Lease Rate</b>	<b>Annual Cost</b>
Employment Security	15,000	\$8.48	\$127,200
Natural Resources	8,000	\$11.61	\$92,880
Children & Family Services	6,000	\$10.66	\$63,960
Veterans’ Affairs	600	\$9.55	\$5,730
Public Aid	150	\$12.73	\$1,910
<b>Total Space Leased in Alton:</b>	<b>29,750</b>	<b>\$9.80</b>	<b>\$291,680</b>
<b>Reported Useable Space at Alton MHC:</b>	<b>119,536</b>		
Source: OAG Summary of CMS and DHS Information.			

**Exhibit 3-9  
LOCATIONS OF STATE LEASED SPACE IN ALTON**



Distances from Alton Mental Health Center	
Natural Resources	0.7 miles
Veterans' Affairs/Public Aid	1.5 miles
Children & Family Services	3.1 miles
Employment Security	3.4 miles

Source: OAG Summary Map of CMS and DHS Information.

**Elgin Mental Health Center**

The Elgin Mental Health Center leases 45,566 excess square feet on its grounds to the City of Elgin. The lease calls for a total payment of \$10 for a lease duration of 53 months. This breaks down to 19 cents in revenue per month.

Five State agencies, as shown in Exhibit 3-10, lease office space in Elgin – according to a CMS monthly lease report. All five reported to us that

**Exhibit 3-10  
AGENCY OFFICE LEASES IN ELGIN**

Agency	Square Footage Leased	Annual Lease Rate	Annual Cost
Employment Security	13,350	\$7.70	\$102,795
Appellate Defender	6,822	\$16.22	\$110,653
Human Services	4,781	\$17.24	\$82,424
Appellate Prosecutor	4,000	\$15.28	\$61,120
Corrections	252	\$0.00	\$0
<b>Total Space Leased in Elgin:</b>	<b>29,205</b>	\$12.22	\$356,992
<b>Reported Useable Space at Elgin MHC:</b>	<b>177,222</b>		

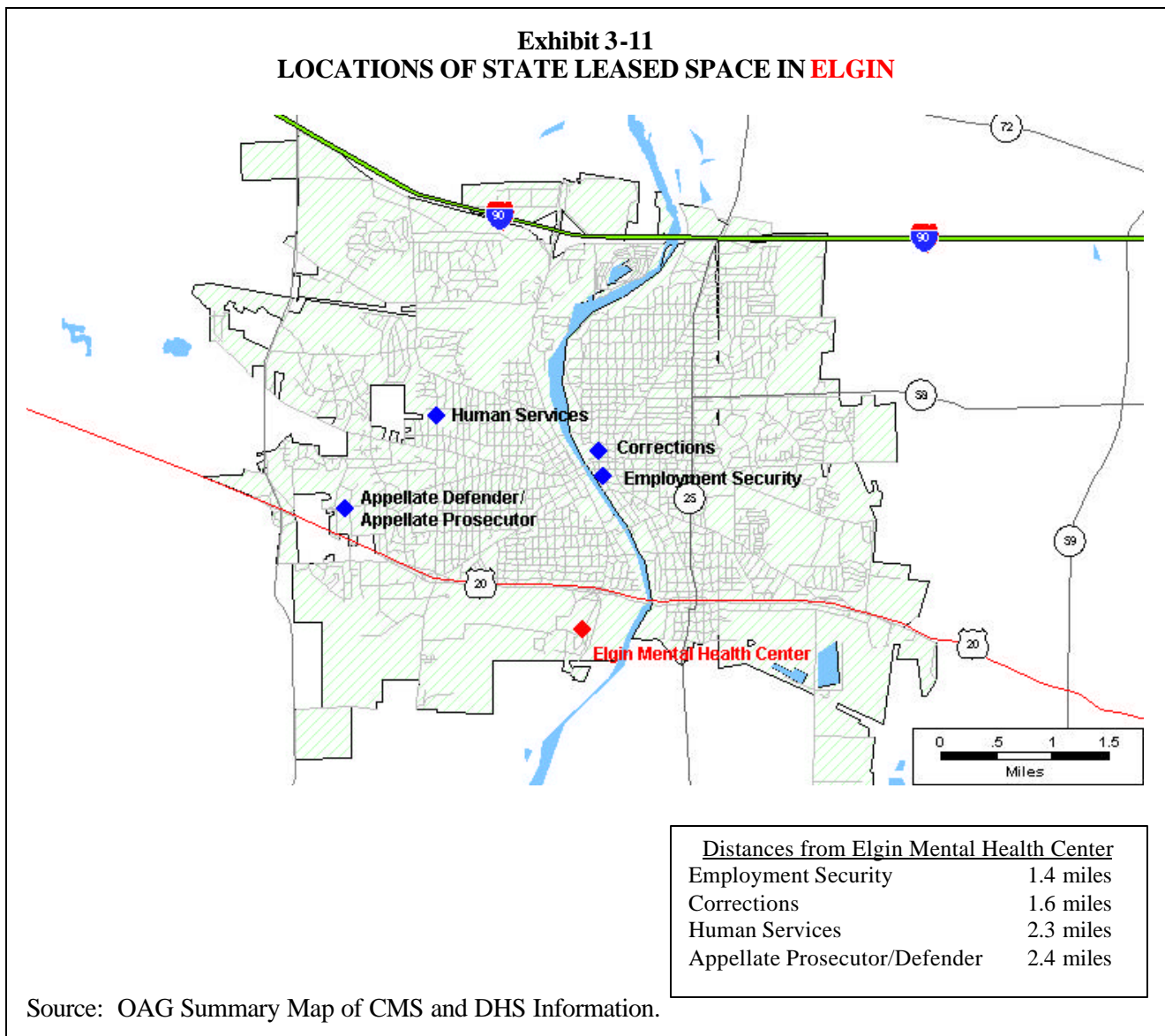
Source: OAG Summary of CMS and DHS Information.



the leases were still in effect during August 2003. One agency, DHS, reported that 6-10 percent of the space in its lease was excess.

Leased space in Elgin for State agencies runs between \$7.70 and \$17.24 per square foot (Corrections leases 252 sq. ft. but is not charged by the lessor). That compares to the annual revenue obtained per square foot of \$0.00005 per square foot for the lease at Elgin. If the State could move the five agencies identified in Exhibit 3-10 into this State-owned space, the State could save the \$357,000 annually expended for the current leased facilities. Exhibit 3-11 shows the locations of the State leased space in Elgin from the analysis above in relation to the location of the Elgin Mental Health Center.

**Exhibit 3-11**  
**LOCATIONS OF STATE LEASED SPACE IN ELGIN**



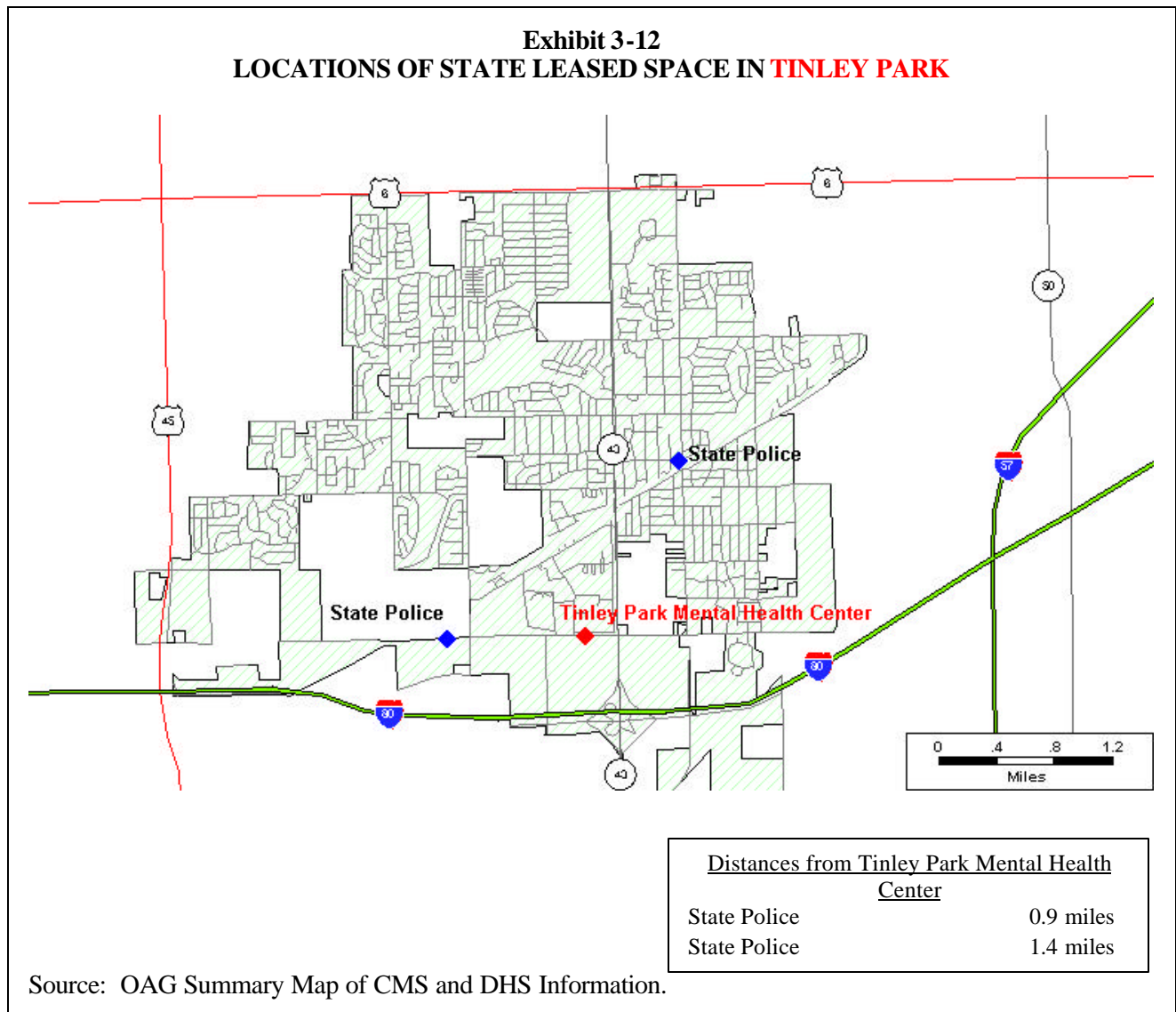
Source: OAG Summary Map of CMS and DHS Information.

### Tinley Park Mental Health Center

DHS leases 63,705 square feet of space to various groups that is not being used at the Tinley Park Mental Health Center. The space is leased under eight agreements. Seven of the eight leases provide for no revenue to be generated from the lease. The eighth lease charges the lessee \$1 annually.

Only one State agency, the Illinois State Police, is listed on the monthly lease report as leasing space in Tinley Park. State Police has two leases for office space in Tinley Park. Total square footage in the two leases total 19,428 square feet. Annually, State Police expends \$344,925 for the leases based on the square footage rental rate in the CMS report.

CMS should analyze the applicable space at Tinley Park Mental Health Center that could provide the State with opportunities to save the current rental costs for the State Police. Exhibit 3-12 shows the locations of the State leased space in Tinley Park in relation to the location of the Tinley Park Mental Health Center.



### Zeller Mental Health Center

The Zeller Mental Health Center in Peoria is comprised of 10 buildings encompassing 252,623 square feet of space. All 10 buildings are connected by an environmentally controlled walkway system – which essentially makes the facility one large building with different pods. The entire facility is leased to Illinois Central College for \$1 a year. Within the lease agreement, Illinois Central College must provide space to the Department of Human Services (DHS) and the Guardianship and Advocacy Commission for no rent. Each of those State agencies utilizes approximately 4,895 square feet in the facility. Additionally, according to a DHS official, other entities also utilize the facility including:

- University of Illinois School of Medicine (5,806 square feet),
- Illinois Review Board (1,874 square feet),
- Mental Health Association of Illinois Valley (1,188 square feet),
- Donated Dental Services (108 square feet), and
- Alliance for the Mentally Ill (108 square feet).

The DHS official stated that the advantage for the State in leasing the facility was the high cost to keep the facility operating. With the lease, the State is no longer responsible for those costs.

An official of Illinois Central College stated that while the University of Illinois School of Medicine does not pay rent, as of November 2003, the college is working on a lease agreement where the University of Illinois will be required to pay rent. All subleases at Zeller by Illinois Central College would go through CMS’ Real Property Division. The official went on to explain that historically the cost to operate the facility has been \$6.80 per square foot and the anticipated subleases will be for \$7.00 per square foot. These subleases will help Illinois Central College cover its costs to run the facility.

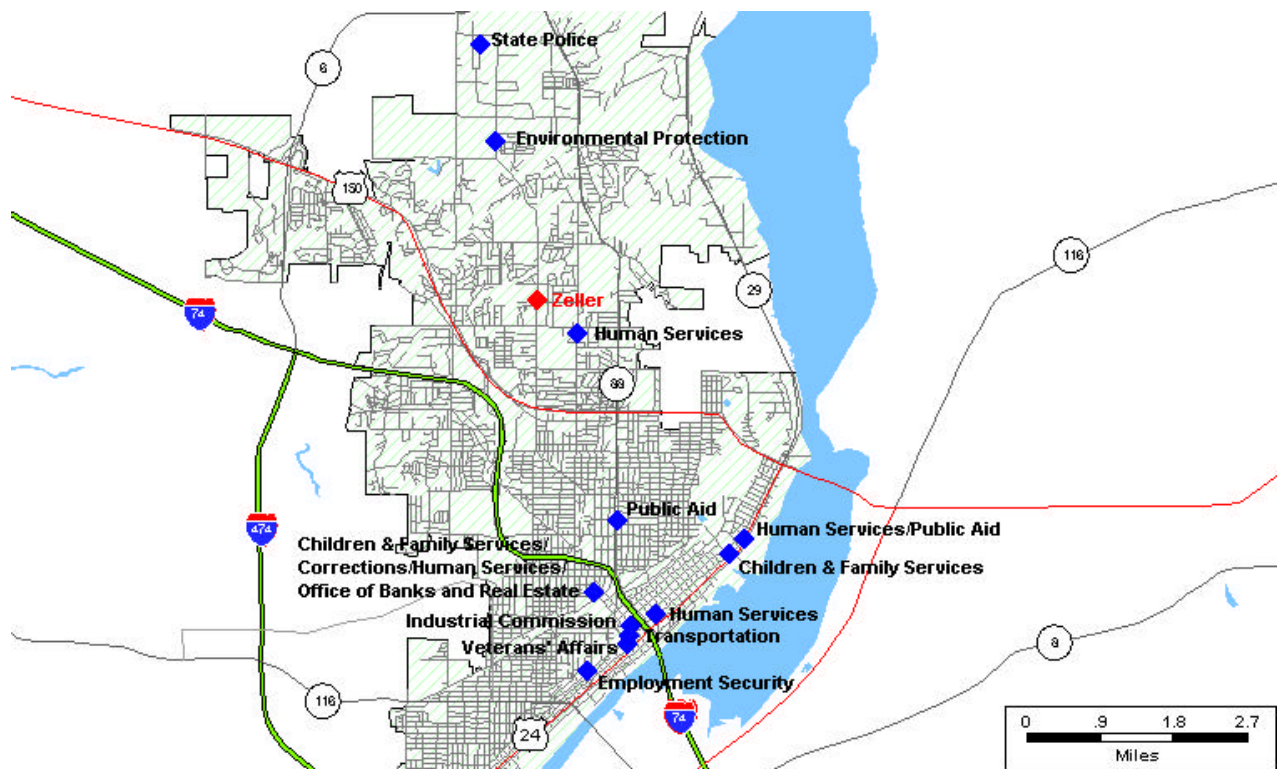
Eleven State agencies have a total of 16 leases for office space in Peoria. As shown on Exhibit 3-13, the State agencies lease 176,498 square feet around Peoria. Annual lease rates range from \$8.50 to \$17.61 per square foot for the agencies.

<b>Exhibit 3-13 AGENCY OFFICE LEASES IN PEORIA</b>			
<b>Agency</b>	<b>Square Footage Leased</b>	<b>Annual Lease Rate</b>	<b>Annual Cost</b>
Transportation	58,600	\$17.61	\$1,031,946
Human Services	30,300	\$11.90	\$360,570
Children & Family Services	22,000	\$10.50	\$231,000
Employment Security	17,000	\$12.24	\$208,080
Public Aid	8,500	\$10.16	\$86,360
Human Services	7,500	\$8.50	\$63,750
Public Aid	6,325	\$10.67	\$67,488
Employment Security	5,504	\$12.24	\$67,369
Human Services	4,600	\$8.75	\$40,250
Environmental Protection	4,400	\$11.80	\$51,920
Industrial Commission	3,036	\$15.69	\$47,635
State Police	2,984	\$11.58	\$34,555
Corrections	2,400	\$11.58	\$27,792
Children & Family Services	1,641	\$10.34	\$16,968
Banks & Real Estate	1,300	\$11.64	\$15,132
Veterans' Affairs	408	\$10.90	\$4,447
<b>Total Space Leased in Peoria:</b>	<b>176,498</b>	\$13.34	\$2,355,262
<b>Total Space at Zeller MHC:</b>	<b>252,623</b>		
Source: OAG Summary of CMS and DHS Information.			

The total square footage **leased** by the eleven agencies is less than the total square footage in the Zeller Mental Health Center. Annual lease payments for these agencies total \$2.4 million dollars. The State receives \$1 in annual revenue for the current lease arrangement at the Zeller site.

While CMS executed the current lease with Illinois Central College and assists in setting up subleases for space in the Zeller facility for the college, CMS did not declare the property surplus or excess. Additionally, no analysis was conducted to determine whether State agencies that lease office space in Peoria could be placed in the Zeller facility to save money. Exhibit 3-14 shows the locations of the State leased space in Peoria from the analysis above in relation to the location of the Zeller Mental Health Center.

**Exhibit 3-14**  
**LOCATIONS OF STATE LEASED SPACE IN PEORIA**



<u>Distances from Zeller Mental Health Center</u>			
Human Services	0.7 miles	Human Services/Public Aid/ Children & Family Services	3.9 miles
Environmental Protection	2.0 miles	Industrial Commission/Human Services	4.1 miles
Public Aid	2.8 miles	Transportation	4.2 miles
State Police	3.2 miles	Veterans' Affairs	4.3 miles
Human Services/Children & Family Services/Corrections/ Banks & Real Estate	3.6 miles	Employment Security	4.6 miles

Source: OAG Summary Map of CMS and DHS Information.

<b>USE OF UNOCCUPIED SPACE IN STATE-OWNED FACILITIES</b>	
<p><b>RECOMMENDATION NUMBER</b></p> <p style="font-size: 2em;"><b>7</b></p>	<p><i>The Department of Central Management Services should conduct a detailed examination of all real property owned or controlled by the State and determine what property is excess. For property identified as excess, the Department should ensure it is efficiently utilized or take the steps necessary to declare the space as surplus and follow laws and regulations established regarding the disposal of surplus property.</i></p> <p><i>Additionally, the Department should:</i></p> <ul style="list-style-type: none"> <li>• <i>Study the unoccupied space at all State-owned facilities, including Department of Human Services (DHS) facilities, and determine whether it is cost beneficial to move State agencies that lease office space in the same areas into this unoccupied space; and</i></li> <li>• <i>Ensure that the State should receive adequate revenue for the space rented at these DHS facilities.</i></li> </ul>
<p><b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b></p>	<p>CMS concurs with Recommendation #7. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:</p> <ul style="list-style-type: none"> <li>• Develop an excess property list for the State portfolio and analyze the best use for the surplus property re-allocation or disposition;</li> <li>• Survey the existing space usage within the State’s property;</li> <li>• Align space use with established standard;</li> <li>• Identify all excess space and utilize all space efficiently, under a master plan for all State space;</li> <li>• Develop a comprehensive strategic master plan and process for space utilization and space management across the State;</li> <li>• Develop and implement the appropriate asset management organizational structure, systems and processes for the effective, proactive and strategic management of the State’s real estate portfolio;</li> <li>• Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State’s facilities.</li> </ul>

**Monitoring by the Real Estate Leasing Division**

Staff from the Real Estate Leasing Division report that a site visit is conducted for every lease to evaluate the site for ADA compliance, space needs and any improvements made to satisfy the leasing agency. The Division does not, however, monitor the leased space to ascertain whether

excess space is present. Failure to monitor this leased space could result in inefficiencies in State agencies leasing more facilities than they need in the same city. Agencies may have duplication of office equipment, telephones, or receptionists, which may be saved by combining leases, when available, for both economic and management efficiencies.

The Real Estate Leasing Division does not track, log, or inquire of State agencies whether they have any excess space in each current lease. We inquired as to whether the CMS leasing representatives visit buildings agencies currently lease to determine if the space is being used efficiently. Officials responded that they rarely get space requests that aren't warranted because agencies are spending their own money. During our review of lease files, we examined the Real Estate Site Evaluation Form. A CMS leasing representative completes the Form in order to evaluate the physical characteristics of the space and accessibility for ADA compliance. The Form has provisions to list the net rentable space of the building. There is no provision for noting whether all leased space is being used efficiently or if excess space is being leased. However, the Administrative Code states that "Underutilized leased space will not be renewed or extended under normal circumstances" (44 Ill. Adm. Code 5000.520).

### Testing/Survey Results

CMS does not sufficiently monitor leased space to determine whether excess space exists. While CMS officials indicated that there is no excess space in leased facilities because agencies use their own funds to pay for the space, we found that was not always the case.

State agencies are not utilizing all of the leased space which the taxpayers are funding for their rentals. We calculated that almost 413,000 square feet of space was considered excess by the 17 agencies that reported excess leased space. There were a total of 270 leases where agencies reported having some degree of excess space. Failure to monitor this excess space results in the inability of CMS to effectively manage the use of real property, such as examining opportunities to consolidate leases for either the same State agency or multiple agencies located within the same city, thus saving the State rental cost for unneeded space. Exhibit 3-15 reports on the analysis of our survey results for the 17 agencies.

<b>Exhibit 3-15 AGENCIES REPORTING EXCESS LEASED SPACE September 15, 2003</b>			
<b>Agency</b>	<b># Leases with Excess Space</b>	<b>Calculated Excess in Sq. Ft.</b>	<b>% of Total Leased Space Not Utilized</b>
Human Services	144	287,205	9.89%
Children & Family Services	62	70,767	6.09%
Public Aid	15	12,969	1.54%
Corrections	13	7,866	1.14%
Commerce Commission	1	7,720	8.75%
Transportation	4	7,077	3.17%
Banks & Real Estate	3	6,193	7.99%
Professional Regulation	1	3,383	6.00%
Lottery	4	2,309	2.77%
Insurance	1	1,820	2.83%
Labor Relations Board	1	1,496	25.00%
Educ. Labor Relations Board	1	1,121	25.00%
Central Management Services	4	1,078	1.30%
Veterans' Affairs	13	815	1.98%
Financial Institutions	1	524	3.00%
Planning Council-DD	1	289	3.00%
Employment Security	1	165	0.01%
Totals:	270	412,797	5.32%
Source: OAG Summary and Analysis of Survey Information.			

To determine whether State agencies had any excess leased space, during the period August 15 through September 15, 2003 we surveyed the 54 agencies that had leases reported on the March 25, 2003 monthly lease report obtained from CMS. We provided the agencies the information (lease number, address, city, county, lease type and total square footage leased) on the report for their leases. We requested that the agencies report to us the percentage of space not being utilized for each lease. All 54 agencies responded to our survey.

As shown in Exhibit 3-15, DHS reported 144 of its leases contained some percentage of excess space. Our calculations estimate that, based on the percentages reported excess and the square footage in each lease, DHS had 287,205 excess square feet of leased space. This figure would represent 9.89 percent of all space leased by DHS. While it may not always be possible to combine excess leased space for use by the same or other State agencies, CMS should monitor leased space at appropriate intervals to determine whether excess space exists and whether savings could be achieved by moving staff into the excess space. Staff taking normal retirements, early retirees or budgetary problems necessitating a reduction in staffing levels are all examples of how space could become available. CMS should proactively monitor this leased space to efficiently maximize the use of State space.

Twenty-eight of 583 (5 percent) office leases had more than 20 percent of the leased space reported as excess by the State agencies. Exhibit 3-16 presents a listing of the top ten agency leases (by square footage leased), all of which were DHS leases, where more than 20 percent of the space was reported as excess.

<b>Exhibit 3-16 CURRENT OFFICE LEASES WITH EXCESS SPACE (MORE THAN 20 PERCENT EXCESS) Reported September 2003</b>			
<b>Agency</b>	<b>Address</b>	<b>Sq. Ft. Leased</b>	<b>% Reported Excess</b>
DHS	2014-36 S. Michigan, Chicago	138,251	>25%
DHS	8020 N. St. Louis Ave., Skokie	46,500	21-25%
DHS	2701 W. Lake St., Melrose Park	44,643	>25%
DHS	610 Root St., Chicago	39,162	21-25%
DHS	3235 W. Belvidere Rd., Park City	36,000	21-25%
DHS	300 W. Pershing, Chicago	32,408	>25%
DHS	146 W. Roosevelt Rd., Villa Park	32,000	>25%
DHS	3910-28 Ogden Ave., Chicago	31,149	21-25%
DHS	1200 Centerville Ave., Belleville	30,775	>25%
DHS	831 W. 119th St., Chicago	27,507	>25%

Source: OAG Summary of CMS and Survey Information.

### **Combining Leases to Achieve Savings**

In some cities around the State, the same State agency has multiple leases of space with third parties. Additionally, multiple State agencies often lease space in the same cities. CMS, as illustrated in management reports from the Real Estate Leasing Division, looks for rental scenarios that combine services from different State agencies into “one-stop” facilities.

There appears to be additional opportunities to combine leases from the same State agencies in the same cities or to combine State agencies into leased space that has excess. Combining leases may allow agencies to achieve savings not only in rent payments to lessors but

in management efficiencies – possible reductions in the duplication of office equipment, telephones, or receptionists.

Exhibit 3-17 presents some comparisons we made based on reported excess space from our survey of State agencies. The first five examples show agencies that have leased space, within the same city, which could possibly be combined to result in savings to the agency. The second five examples illustrate that there exists excess leased space, as reported again by State agencies, which could be combined with **different** State agencies that lease space in the **same** cities where the State is already paying for space in **other** leases. While the comparisons listed in Exhibit 3-17 are based on reports of excess space, we have not concluded that these consolidations are workable or warranted. There may be programmatic or logistical reasons why the arrangements may not be feasible. However, an effective space utilization program should allow for CMS to monitor and examine all ways to maximize space paid for with State dollars, including combination of leases for efficient operations.



<b>Exhibit 3-17</b> <b>EXCESS LEASED SPACE SCENARIOS</b> <b>COMBINING LEASES FOR POTENTIAL SAVINGS</b> <b>Survey Results September 2003</b>						
City	Leasing Agency	Lease Address	Space Leased (s.f.) that may be Combined into	Excess Space (s.f.) Calculated from Survey	Lease Rate per s.f.	Annual Potential Savings
Springfield	DHS	100 N. 1st St.	1,000		\$15.32	\$15,320.00
	DHS	319 E. Madison St.		3,334	\$12.95	
Springfield	DHS	100 N. 1st St.	3,076		\$15.32	\$47,124.32
	DHS	2nd & S. Grand Ave.		3,387	\$15.58	
Springfield	DPA	508 S. 11th St.	6,150		\$14.50	\$89,175.00
	DPA	400-404 N. 5th St.		6,264	\$14.64	
Chicago	DHS	3490 W. Grand Ave.	7,200		\$16.73	\$120,456.00
	DHS	6200 N. Hiawatha	7,230		\$17.86	\$129,127.80
	DHS	10 W. 35th St.	7,350		\$15.40	\$113,190.00
	DHS	188 W. Randolph St.	9,800		\$15.61	\$152,978.00
			Subtotal:	31,580		
	DHS	2014-36 S. Michigan		34,563	\$13.27	
Pekin	DHS	2970 Court St.	3,531		\$8.67	\$30,613.77
	DHS	200 S. 2nd St.		4,125	\$14.08	
Decatur	DPA	3133 N. Woodford	750 <sup>1</sup>		\$14.00	\$14,000.00
	DHS	707 E. Wood St.		802	\$12.36	
Kankakee	DVA	187 S. Indiana Ave.	680		\$11.00	\$7,480.00
	DHS	285 N. Schuyler Ave.		1,151	\$7.96	
Peoria	DVA	1200 River Valley	408		\$10.90	\$4,447.20
	DCFS	2001 N.E. Jefferson		2,200	\$10.50	
Rock Island	Revenue	4711 44th St.	1,636		\$11.17	\$18,274.12
	DCFS	500 41st St.		1,804	\$10.50	
Rockford	DVA	5301 E. State St.	1,016		\$14.00	\$14,224.00
	DHS	615 Longwood		1,542	\$11.55	
					Total:	\$756,410.21
Note: <sup>1</sup> – DPA reported utilizing 750 of the 1,000 total sq. ft. leased. We calculated savings based on the entire 1,000 sq. ft.						
Source: OAG Analysis of Agency Survey Results and Monthly Lease Report Information.						

The Exhibit shows that combining the agencies’ leases into leases where excess space exists could result in savings of \$756,000 for the ten examples cited in reduced leased payments. In some instances, the agencies would be moving into space that leases for less per square foot than the current arrangement.

### Effect of Early Retirement on Leased Office Space

CMS failed to perform any analysis of the impact on leased space that may have resulted from the Early Retirement Initiative (ERI). Analyzing the leases for agencies that were impacted by ERI could provide efficiencies that would result in savings to the State.

During late 2002, the State offered its employees the opportunity to take early retirement. According to information from the State Employees Retirement System, 13 percent (11,039 employees of 83,011 total) of the workforce exercised the option to retire early. While agency headcount dropped, some agencies nevertheless did not have any additional space open up – according to agencies responding to our survey.

CMS officials have stated that agencies have the tendency to hold on to their space and not report any excess space. Based on our survey results, we found this to be true to some degree. However, as reported earlier, CMS does not monitor leased space to determine whether efficiencies could be achieved by combining leases.

Twenty-six agencies surveyed that had leases for office space reported to us that there was no excess leased space applicable to their agency. These 26 agencies lost, on average, 13.43 percent of their full time employees to early retirement. Exhibit 3-18 presents information on the 26 agencies that had early retirement losses yet no corresponding excess space in leased space. The losses included:

<b>Exhibit 3-18</b>		
<b>AGENCIES REPORTING NO EXCESS LEASED SPACE THAT HAD EMPLOYEES TAKE EARLY RETIREMENT</b>		
<b>September 2003</b>		
<b>Agency</b>	<b>Total ERI Participants</b>	<b>% of Total Full Time Employees at June 2002</b>
Emergency Management Agency	22	31.43%
State Fire Marshal	39	25.16%
Board of Investments	3	25.00%
Civil Service Commission	1	20.00%
Department of Military Affairs	51	18.48%
Department of Revenue	440	18.37%
Board of Elections	11	18.33%
State Police Merit Board	1	16.67%
Department of Public Health	205	16.07%
Prisoner Review Board	4	16.00%
Dept. of Comm. & Econ. Opportunity	79	15.40%
Capital Development Board	25	13.37%
Appellate Prosecutor	9	12.86%
Department of Labor	13	12.62%
Department of Natural Resources	270	11.87%
Guardianship & Advocacy Commission	13	9.77%
Department of Human Rights	14	9.21%
Student Assistance Commission	53	9.14%
State Police	337	8.50%
Environmental Protection Agency	102	8.10%
Pollution Control Board	3	7.89%
Department of Nuclear Safety	16	7.48%
Industrial Commission	11	6.88%
Law Enforce. Train. & Stds. Board	1	4.55%
IL Crim. Justice Information Authority	3	3.49%
Appellate Defender	6	2.53%
	<b>Total 1,732</b>	<b>Avg. 13.43%</b>

Source: OAG Summary of ERI Information and Survey Results.

- 4 agencies that each lost 20 percent or more of their full time staff when compared to the headcount in June 2002; and,

- 5 agencies that each lost over 100 full time employees when compared to the headcount in June 2002.

While agencies did not report whether the leased space was excess due to early retirement, the fact remains that headcount did decrease. Whether the staff taking early retirement were in leased space or in agency space in State-owned buildings, the reduction could open up space available for State agencies. Sound business practice would dictate that CMS actively monitor space utilization at both State-owned and leased properties, especially in times of workforce reduction, such as early retirement initiatives.

<b>MONITORING OF LEASED SPACE</b>	
<b>RECOMMENDATION NUMBER  8</b>	<i>The Department of Central Management Services should take proactive steps in monitoring leased space and seek to identify any efficiencies (i.e., combining leases to eliminate some costs) that would result in savings to the State.</i>
<b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b>	<p>CMS concurs with Recommendation #8. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:</p> <ul style="list-style-type: none"> <li>• Audit all existing lease commitments and compare to stated needs and develop approaches to achieve savings;</li> <li>• Survey the existing space usage within the State’s property;</li> <li>• Develop a comprehensive strategic master plan and process for space utilization and space management across the State;</li> <li>• Develop and implement the appropriate asset management organizational structure, systems and processes for the effective, proactive and strategic management of the State’s real estate portfolio;</li> <li>• Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State’s facilities;</li> <li>• Develop and implement a lease-tracking database and management procedure to audit leased space (financially and physically) for efficiencies, consolidation opportunities and for excess space.</li> </ul>

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## Chapter Four

# SURPLUS REAL PROPERTY DISPOSAL

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## CHAPTER CONCLUSIONS

Since 1998, CMS has sold or conveyed seven State properties that were declared surplus by the controlling State agency. Four of the seven were sold to cities or private buyers for \$3.2 million while the other three were conveyed or transferred to a community college, a not-for-profit organization and the Illinois State Supreme Court. Additionally, CMS granted easements for three other properties for various purposes and fees totaling over \$143,000.

While CMS met some of the guidelines established in statute and administrative code for the disposal of surplus real property, improvements are needed:

- CMS was not timely in notifying State agencies within the required 60 days of the availability of surplus property. The length of time between declaration of surplus to CMS and CMS notification to State agencies ranged from 13 days to more than 7 years (2,687 days). The median time to notify agencies was 214 days.
- The disposal of surplus property was also not timely. For the seven parcels where we could measure the elapsed time from the date declared surplus to the date of final disposition, the time ranged from 349 days to 7,521 days. The median time to dispose of surplus property was 963 days.
- The State Property Control Act requires that the sale price of auctioned property be no less than the fair market value. Of the three properties that were sold at public auction, two were sold for less than the appraised fair market value of the property.

As of August 2003, CMS had six State properties listed as surplus in its records. Testing indicated that the steps for disposal were not always followed. According to CMS files, two properties have never been declared surplus. Several of the properties have never been offered at a public auction. For other properties, it was unclear why CMS listed them as surplus (such as Memorial Park at Chicago-Read Mental Health Center and Rice Cemetery in Galesburg). The Illinois Commerce Commission uses another property listed as surplus, in Des Plaines, but control of the property has not been transferred over to the Commerce Commission.

The State lacks a single centralized system to dispose of surplus real property. CMS is not the only State agency that disposes of surplus property. We found that other State agencies dispose of real property owned by the agency without the assistance of CMS or the property ever being declared as surplus by the agency. These disposals are made pursuant to statutory authority or special legislation enacted by the General Assembly. The Illinois Department of Transportation has statutory authority to dispose of unused highways lands based on provisions of the Highway

Code. Additionally, the Department of Natural Resources will transfer or sell lands based on special legislation enacted by the General Assembly.

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## BACKGROUND

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Legislative Audit Commission Resolution Number 126 directed us, in part, to determine whether the process for disposing of surplus real property is adequate and timely. We reviewed statutes and administrative rules pertaining to the procedure for disposal and timing requirements. We also performed testing of State properties sold or conveyed since 1998. Additionally, we examined CMS files, in August 2003, for real property designated as surplus as reported to the General Assembly in February 2003 by CMS.

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## SURPLUS REAL PROPERTY

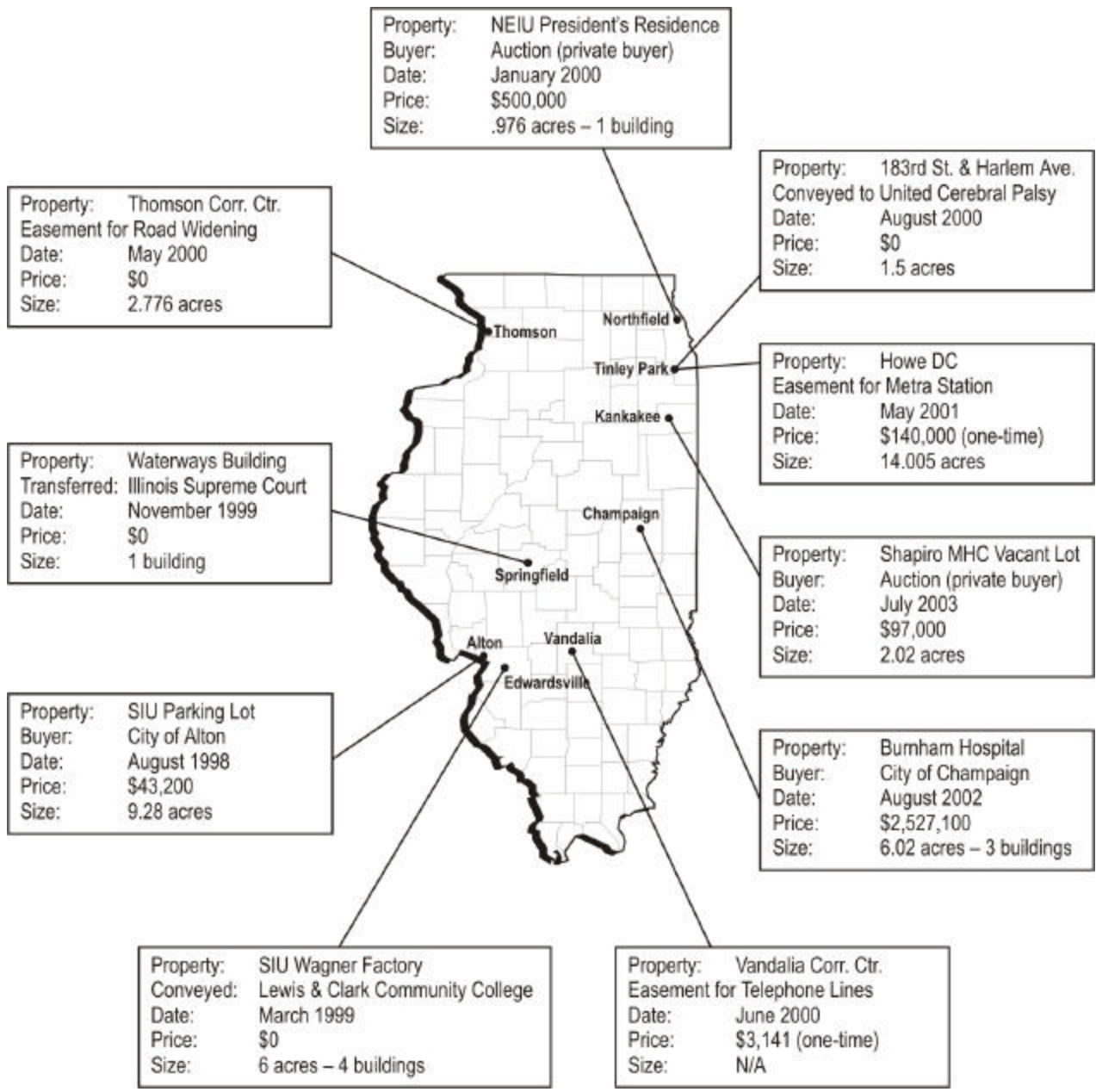
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Since 1998, CMS has sold or conveyed seven State properties that were declared surplus by the controlling State agency. Four of the seven were sold to cities or private buyers for \$3.2 million while the other three were conveyed or transferred to other entities. Additionally, CMS granted easements for utility work or road widening for three other properties. Exhibit 4-1 summarizes the ten transactions.

Responsibility for disposal of surplus real property rests with the Real Property Division within the Bureau of Property Management at CMS. During the audit, a manager, one staff employee and an executive secretary staffed this Division. According to staff from the Division, there are no formal policies and procedures in place to dispose of surplus real property. Further, they added that because the process is so dynamic it would be difficult to develop formal policies and procedures. They reported that guidance for this process is maintained in the administrative code.

**Surplus real property** means any real property to which the State holds fee simple title or lessor interest, and (1) has not been used by the State for at least the past three years and for which there is no foreseeable use in the next three years, or (2) has not been used by the State for at least the past six years, or (3) that is reported or transferred to the Director of the Department of Central Management Services as unused property with no foreseeable use by the reporting agency (44 Ill. Adm. Code 5000.700).

**Exhibit 4-1  
SURPLUS REAL PROPERTY SOLD OR CONVEYED BY CMS  
1998-2003**



Source: OAG Summary of CMS Information.

### Disposal Process at CMS

CMS is required by State law and the Department’s administrative rules to follow certain steps to dispose of real property declared surplus and reported to CMS. If real property held by a State agency is deemed to be surplus, the property is to be disposed of by CMS. This disposal process is outlined by the State Property Control Act (30 ILCS 605/7.1) and by administrative rule. CMS is first required to make other State agencies aware that property is available. The Illinois Administrative Code requires notification be given within 60 days but in no circumstances later than August 30 for property declared surplus in the prior fiscal year (44 Ill. Adm. Code 5000.730). Exhibit 4-2 summarizes the steps in the disposal of surplus real property that CMS must follow.

A State agency has 60 days to submit a written request to take control of any surplus property. If no agency makes a request for the property, CMS must then obtain three appraisals of the property if its estimated value is more than \$5,000. The average of the three appraisals plus the costs of the appraisals become the fair market value of the property. CMS then offers the property at its fair market value to local governments within the county in which the property is located. Local governments have 60 days to request the property. If local governments don’t make a request, then a public auction is scheduled. This auction is to be publicized 3 separate days at least 15 days and no more than 30 days prior to the scheduled date of the auction. Bids must be as high as the fair market value to be acceptable. If no bids are acceptable at the auction, then the property can be re-appraised and another auction scheduled.

<b>Exhibit 4-2 STEPS TO DISPOSE OF SURPLUS REAL PROPERTY</b>
<ol style="list-style-type: none"> <li>1. Agency notifies CMS of surplus property.</li> <li>2. Within 60 days of notification, CMS notifies other State agencies of available surplus property. Agencies then have 60 days to request the property be transferred to their agency.</li> <li>3. If no State agency requests the property, three appraisals of the property are obtained.</li> <li>4. CMS offers the property to local governmental bodies who have 60 days to exercise their option to buy the property for the fair market value (FMV).</li> <li>5. If no local governments request the property, CMS will hold a public auction to sell the property.</li> <li>6. If no acceptable bids are received (i.e., all offers are less than FMV), CMS may obtain new appraisals and again offer the property for sale at a public auction.</li> </ol>
<p>Source: OAG Summary of Statute and Administrative Rules.</p>

### Testing Results

During the audit we reviewed the files of surplus property which had been conveyed by interagency transfer, intergovernmental sale or public auction since 1998. According to CMS records, ten properties have been sold or conveyed from 1998 through August 2003. We tested the files to see if State agencies were notified of the availability of the property within established time frames; whether three appraisals were acquired if no State agency requested the property; whether the property had been offered to local governments prior to public auction; and whether the sale price was acceptable based on the fair market value of the property.

**Timeliness**

CMS was not timely in notifying State agencies of the availability of surplus property. Administrative rules require that “State agencies will generally be notified by DCMS of available

<b>Exhibit 4-3</b>					
<b>TIMELINESS OF DISPOSITION OF SURPLUS PROPERTY</b>					
<b>Property Sold or Conveyed by CMS Since 1998</b>					
Property Description	Date Declared Surplus	Notification to Other Agencies	Elapsed Days from Surplus Date	Date of Final Disposition	Elapsed Days from Surplus Date
SIU Parking Lot, Worden Avenue, Alton	1/08/96	4/01/97	449	8/28/98	963
SIU-Edwardsville Wagner Factory, Edwardsville	3/26/98	Not found in File	Unknown	3/10/99	349
Waterways Building, 201 W. Monroe, Springfield	4/27/79	Not found in File	Unknown	11/29/99	7,521
Northeastern Illinois University President’s Residence, Northfield	7/7/98	9/15/98	70	1/27/00	569
Village of Thomson, right-of-way dedication	Right-of-Way Dedication – Not Applicable				
Vandalia Correctional Center, easement to install telephone facilities	Easement – Not Applicable				
NW corner of 183 <sup>rd</sup> Street and Harlem Avenue, Tinley Park	Transferred as a formality to DHS per Public Act – Not Applicable				
Howe Developmental Center, easement to construct Metra station and parking lot	Easement – Not Applicable				
Burnham Hospital, 407 S. 4 <sup>th</sup> St., Champaign	7/24/98	7/8/99	349	8/2/02	1,470
Vacant lot, Shapiro Mental Health Center, Kankakee – FIRST TRANSFER	6/24/80	11/2/87	2,687	6/1/89	3,264
Vacant lot, Shapiro Mental Health Center, Kankakee – SECOND TRANSFER	3/13/01	3/26/01	13	7/30/03	869
<b>Surplus Real Property as of August 2003</b>					
Property Description	Date Declared Surplus	Notification to Other Agencies	Elapsed Days from Surplus Date	Date of Final Disposition	Elapsed Days from Surplus Date
Vacant Lot, 245 Buck Street, LaSalle	3/18/69	Not found in File	Unknown	Still Surplus	
Parking Lot, 119 E. Cook St., Springfield	Not found in File	Not found in File	Unknown	Still Surplus	
Blue Waters Ditch Tracts, Cahokia	2/22/89	9/1/89	191	Still Surplus	
Memorial Park, Chicago-Read Mental Health Center, Chicago	Not found in File	Not found in File	Unknown	Still Surplus	
Rice Cemetery, near Galesburg	3/14/89	10/27/89	227	Still Surplus	
Former Illinois State Police District 20 Headquarters, Des Plaines	4/6/94	10/24/94	201	Still Surplus	
<b>Average</b>			<b>523</b>		<b>2,144</b>
<b>Median</b>			<b>214</b>		<b>963</b>
Source: OAG Review and Analysis of Conveyed and Surplus Property Files; CMS Real Property.					



surplus real property within 60 days of declaration....” For instances where notification to State agencies of the surplus property would have been appropriate, CMS met the 60-day standard only once. The length of time between declaration of surplus to CMS and CMS notification to State agencies ranged from 13 days to more than 7 years (2,687 days). As shown on Exhibit 4-3, the average time to notify agencies was 523 days. In some cases, we could not find evidence in the files that State agencies were ever contacted about the surplus property. One example is the parking lot at 119 E. Cook St. in Springfield. This property is discussed in more detail later.

The disposal of surplus property was also not timely. For the parcels where we could measure the elapsed time from the date declared surplus to the date of final disposition, the time ranged from 349 days to 7,521 days. The average time to dispose of surplus property was 2,144 days. This does not include property that is still surplus, one of which has been surplus since 1969.

### Appraisals

If no State agency requests available surplus property, the State Property Control Act requires that three appraisals be obtained. In all but one case, when a property was not requested by another State agency, CMS obtained three appraisals as required. The exception to this is the parking lot at 119 E. Cook St., Springfield, where only two appraisals were obtained.

### Notification to Local Governments

Once appraisals are obtained, the State Property Control Act requires that the property be offered to local government bodies at its fair market value. In most cases, local governments were offered the property prior to auction. The exceptions were the parking lot at 119 E. Cook St., Springfield and the vacant lot at 245 Buck Street, LaSalle. There was no evidence in the file to indicate these properties were offered to local governments as required.

### Acceptable Sale Price

If no local government bodies request the property, the property is to be offered at a public auction. The State Property Control Act requires that the sale price be no less than the fair market value of the property as determined by averaging the three appraisals and adding the cost of the appraisals. As shown on Exhibit 4-4, of the three properties that were sold at public auction, two were sold for less than the fair market value of the property.

<b>Exhibit 4-4</b>			
<b>SALE PRICES FOR PROPERTIES SOLD THROUGH PUBLIC AUCTION</b>			
<b>Property Description</b>	<b>Fair Market Value</b>	<b>Sale Price</b>	<b>Difference</b>
NEIU President’s Residence, Northfield	\$545,000	\$500,000	(\$45,000)
Burnham Hospital, 407 S. 4 <sup>th</sup> St., Champaign	\$2,542,800	\$2,527,100	(\$15,700)
Vacant lot, Shapiro Mental Health Center, Kankakee	\$70,500	\$97,000	\$26,500
Source: Conveyed and Surplus Property Files; CMS Real Property.			

**Easements**

An easement gives right or privilege to a person in another’s land. Our testing of properties conveyed or transferred included two properties where an easement had been granted. Additionally, a right-of-way was dedicated in May 2000 to the Village of Thomson to widen the roadway to a correctional center. The State Property Control Act gives CMS authority to grant easements to any public utilities (30 ILCS 605/7.2). The definition of public utilities by the Act includes persons who engage in:

- the transportation of persons or property;
- transmission of telephone or telegraph messages;
- production, storage, transmission, delivery or furnishing of heat, cold, light, power, electricity or water;
- disposal of sewerage; or
- the conveyance of oil or gas by pipeline.

The grant of easement does not require consideration be given the State but does require CMS to obtain the permission of the agency with jurisdiction over the property. An easement must provide for termination upon any one of the following three conditions:

1. A failure to comply with any term or condition of the grant; or
2. A nonuse of the easement for a consecutive 2 year period for the purpose granted; or
3. An abandonment of the easement.

The two properties where easements were granted are listed in Exhibit 4-5 along with the purpose of the easement and any consideration received by the State of Illinois.

<b>Exhibit 4-5 EASEMENTS GRANTED BY THE STATE</b>			
<b>Agency Conveying Easement</b>	<b>Organization Receiving Easement</b>	<b>Purpose of Easement</b>	<b>Consideration Received by the State</b>
Human Services, Howe Developmental Center	METRA	Construct METRA Station/Parking Lot	\$140,000 – one time payment *
Corrections, Vandalia Correctional Center	GTE North	Telephone Equipment	\$3,141 – one time payment
Note: * This land was conveyed to the Village of Tinley Park by PA 91-0459 passed August 6, 1999.			
Source: Easement files; CMS Real Property Division.			

**Current Surplus Real Property**

As of August 2003, CMS had six State properties listed as surplus in its records. Testing indicated that the steps for disposal were not always followed. For instance, according to CMS files, two properties have never been declared surplus. Several of the properties have never been offered at a public auction. For other properties, it was unclear why CMS listed them as surplus (such as Memorial Park at Chicago-Read Mental Health Center and Rice Cemetery in Galesburg). The Illinois Commerce Commission uses another property listed as surplus, in Des Plaines, but control of the property has not been transferred over to the Commerce Commission.

CMS currently leases two of the six properties for a total of \$350 per month to private organizations. Documentation reviewed in files failed to show that these properties were ever offered to other State agencies for use. Additionally, the Department has not performed any cost benefit analyses to determine whether this arrangement is the most beneficial to the State.

We examined the files of the six properties that have been listed as surplus for multiple years. All of these properties have been listed as surplus by CMS since 1998. Information on the properties and findings of our examinations is summarized by property below.

- **Vacant Lot, 245 Buck Street, LaSalle**—This property was transferred in March 1969 from the Office of Mines and Minerals as surplus property. According to the files, this property has been leased to an adjacent landholder since 1944. There had been a Mine Rescue Station on the property that had been allowed to deteriorate by the State and was torn down in the 1970s at the request of the City of LaSalle. Assessment of the property by CMS revealed that the land is in a heavy industrial area of LaSalle and is in a very rough condition. It was also noted that the land has five above-ground fuel storage tanks located on it. Appraisals conducted in 1988 resulted in a fair market value of \$6,758. These appraisals had been prompted by an offer from the lessee to purchase the land from the State for \$3,500 in 1986. After the appraisals were conducted, there was no other documentation in the file to indicate that an attempt was made to offer the property to any local government bodies or that a public auction was held. No other effort has been made to sell the property. The property is currently being leased for \$150 per month.

- **Parking Lot, 119 East Cook St., Springfield**—A portion of this parking lot also serves as a driveway to Vinegar Hill Mall. Documentation indicates that due to this, the property is unable to be used to its maximum extent. Legislation was introduced in 1989 and 1992 to allow the property to be traded for something similar but the legislation did not pass. CMS officials felt that because of the location and access issues with the parking lot, a swap would be the best solution. Appraisals done in 1995 indicated an appraised value of \$32,500 and \$36,500. Another appraisal done in 1977 indicated the value to be \$39,500. There was no documentation in the file that the property was offered to other agencies or that a public auction was held. No attempt has been made to dispose of the property since the appraisals in 1995. The property is currently being leased to Realty Restoration for \$200 per month.

- **Blue Waters Ditch Tracts, Cahokia**—This land was transferred in 1989 from Illinois Department of Transportation’s Division of Water Resources (now part of the Department of Natural Resources (DNR)). At the time three parcels of land were transferred as surplus. CMS tried to sell all three parcels at auction in 1991 but the sale failed to provide an acceptable bid. CMS had the properties re-appraised in 1992. The appraisals were adjusted downward due to length of time since the last appraisal without a sale and economic problems in the Metro East area. In 1997 DNR requested that two of the three parcels be transferred back to its control, as they were needed for the disposal of spoil from a dredging operation. This left one landlocked piece of land approximately 11 acres in size. This land is bordered by a highway right-of-way on the east, a property owner to the north and a sanitary district to the south and west that would prevent access to the land.

- **Memorial Park, Chicago-Read Mental Health Center, Chicago**—The surplus property noted in the Master Record is for a Memorial Park. In 1989, while excavation work was being done to install steam lines at Read Mental Health Center, human skeletal remains were discovered. According to research done by the Capital Development Board, the area had been a Cook County cemetery from the late 1800's to 1912. The State took title to the area at approximately that time and the cemetery was used for the burial of deceased mental health patients until 1923. A developer also discovered human remains at another site in the same area. According to the developer the City of Chicago issued a “stop order” on the project resulting in losses to him. The developer in turn threatened a lawsuit against the State because the developer had acquired the land from the State through the Village of Norridge and the remains appeared to be a part of the same cemetery unearthed at Read. Arrangements were made to move all remains to State-owned property and memorialize the land as Memorial Park. Considering the issues involved with this property and the presence of a Memorial Park, it is unclear why this would be considered surplus property by CMS and listed as such on the State's master record.

- **Rice Cemetery, Galesburg**—This property was discovered by the Knox County Supervisor of Assessments during a review of files. The Assessor noted that when the State of Illinois deeded the former Galesburg Mental Health Center to the City of Galesburg, it did not deed the Rice Cemetery. The cemetery, which was deeded to the State in 1856, is located north of Galesburg and was not affiliated with the Mental Health Center. Historic Preservation was notified of the property in 1989 but declined to take control of the property. Historic Preservation noted in its response to CMS that it had no cemeteries under its jurisdiction. No other action was documented in the files for this property since Historic Preservation's response in early 1990.

- **Former Illinois State Police District 20 Headquarters, Des Plaines**—State Police declared this property as surplus in 1994. The Illinois Commerce Commission (ICC) requested use of the space in 1994 and entered into an interagency agreement with CMS to occupy the building. In 1999, while seeking to renew the agreement, ICC requested that CMS pay for a new roof. CMS declined to put a new roof on the building since its intention was to sell the property. The Illinois Commerce Commission's lease was set to expire December 31, 1999. In June of 1999, CMS advised the Illinois Commerce Commission that it should seek space in the Suburban North Facility in Des Plaines. It was unclear from the file what occurred after that point. An appraisal was obtained in February 2000 that indicated an appraised value of \$335,000 for the property. The appraisal was the latest documentation in the file. According to CMS, the Illinois Commerce Commission is currently occupying the building.

CMS administrative rules (44 Ill. Adm. Code 5000.840) allow for surplus real property to be used by non-State entities for the period between the declaration of surplus and when the property is sold or transferred. The property may be used or leased by the entity but the lease or permit of use shall be for monetary consideration equal to the fair market value of the property.

If attempts to sell the surplus property fail, CMS may lease or permit the use of the property for a time period not to exceed one year. Any such use shall be appropriate to the property and not diminish the value of the property. The lease or permit shall be for monetary consideration equal to fair market value.

Our review of the surplus property files for the two properties that are currently leased (the vacant lot in LaSalle and the parking lot in Springfield) did not show that CMS had performed any analysis to show the lease rates are fair market value. For the vacant lot in LaSalle, a memo from August 1984 states that the lease payment being received (\$125 per month) was a good rent. The rental rate has only increased \$25 in nearly 20 years. For the parking lot in Springfield, a memo in September 1983 placed the rental rate for the parking lot in Springfield at \$200 per month – which is also the current lease rate for the property.

<b>DISPOSAL OF SURPLUS REAL PROPERTY</b>	
<p><b>RECOMMENDATION NUMBER</b></p> <p><b>9</b></p>	<p><i>The Department of Central Management Services should:</i></p> <ul style="list-style-type: none"> <li>• <i>take steps to ensure that it is more timely in completing the process of disposing of surplus real property;</i></li> <li>• <i>follow the procedures set out in State statute when attempting to dispose of the real property;</i></li> <li>• <i>review what properties are currently listed as surplus, perform cost benefit analyses to ascertain whether leasing the properties is the most economical alternative for the State, and take action to transfer any properties to other government entities where sale may be inhibited or the property may not truly be surplus; and,</i></li> <li>• <i>maintain documentation to show that leases for currently classified surplus real property are at fair market value.</i></li> </ul>
<p><b>DEPARTMENT OF CENTRAL MANAGEMENT SERVICES RESPONSE</b></p>	<p>CMS concurs with Recommendation #9. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:</p> <ul style="list-style-type: none"> <li>• Create a strategic real estate team to review all current surplus property and establish appropriate disposition or re-allocation actions;</li> <li>• Insure that all real estate decisions will be made by analyzing the various alternatives associated with the decision (financial and otherwise) and develop a business case for the most favorable action for the State;</li> <li>• Re-design the organization of the asset management function to establish appropriate operating procedures and quality assurance measures for maximizing the value at property disposal and ensuring an efficient and timely process;</li> <li>• Develop the processes and procedures for disposing State property incorporating the requirements of the State statute</li> </ul>

	<p>regarding this process;</p> <ul style="list-style-type: none"> <li>• Develop and maintain reliable real estate asset databases that enable tracking of space use, capital cost needs, deferred maintenance, space inventory, operations and maintenance.</li> </ul>
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## DISPOSAL OF REAL PROPERTY BY OTHER STATE AGENCIES

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Other State agencies also dispose of real property owned by the agency without the assistance of CMS or the property ever being declared as surplus by the agency. These disposals are made pursuant to statutory authority or special legislation enacted by the General Assembly. The Illinois Department of Transportation has statutory authority to dispose of unused highway lands based on provisions of the Highway Code. Additionally, the Department of Natural Resources can transfer or sell lands based on special legislation enacted by the General Assembly.

### Illinois Department of Transportation

There are five provisions under the Illinois Highway Code (605 ILCS 5/*et seq.*), which grant the Illinois Department of Transportation (IDOT) the authority to dispose of property.

- **Public Sale.** Subject to the written approval of the Governor, IDOT may dispose of, by public sale, at auction or sealed bids, any land, rights or other properties, real or personal, acquired for but no longer needed for highway purposes. The sale may not be made for less than the fair appraised value of such land, rights or property (605 ILCS 5/4-508 (a)).
- **Exchanges.** Subject to the written approval of the Governor, IDOT may exchange any land, rights or property no longer needed for highway purposes, or remnants for equivalent land, rights or property needed for highway purposes. Where such interests are not of equivalent value, cash may be paid or received for the difference in value (605 ILCS 5/4-508 (b)).
- **Sales to Former Owners.** When a property is declared no longer needed for highway purposes and the person from whom such property was acquired still owns and has continuously owned land abutting such property, IDOT must first offer that property in writing to that person. This property is offered at the current appraised value of the property. If the offer is accepted in writing within 60 days of the date of the written offer, IDOT, subject to the written approval of the Governor, is authorized to dispose of the property. If the offer is not accepted in writing within 60 days, all rights under this paragraph shall terminate (605 ILCS 5/4-508 (c)).
- **Transfers.** If IDOT enters into or currently has a written contract with another highway authority for the transfer of jurisdiction of any highway or portion thereof, IDOT is authorized to convey without compensation, any land, dedications, easements, access rights, or any interest in the real estate that it holds to the highway authority that is accepting or has accepted jurisdiction. However, no part of the transferred property

can be vacated or disposed of without the approval of IDOT, which may require compensation for non-public use (605 ILCS 5/4-508 (d)).

- **Other.** IDOT, subject to the written approval of the Governor and concurrence of the grantee, is authorized to convey the title or interest in land, right or other property to another governmental agency or not for profit organization if IDOT must comply with specific sections of one of the following five Acts:
  1. The US Land and Water Conservation Fund Act of 1965;
  2. The US Historic Bridge Program;
  3. The US National Historic Preservation Act;
  4. The Illinois Interagency Wetland Policy Act of 1989; or,
  5. The Illinois State Agency Historic Resources Preservation Act (605 ILCS 5/4-508 (e)).

IDOT officials indicated that for those properties that don’t fall under the categories outlined above, authorization is required from the General Assembly in order for IDOT to dispose of lands no longer needed through direct authorized sales.

### **Property Sales by IDOT**

IDOT officials indicated they are not proactive in seeking out buyers for lands no longer needed for roadway purposes. Normally, an individual comes to IDOT requesting to purchase some lands. IDOT then starts the process of evaluating the land (i.e., determining the fair market value of the property). Once the value of the land is ascertained, IDOT officials have indicated the potential buyer often times does not want to pay that amount and the process stops.

IDOT does not currently report any properties owned by the Department to CMS that are related to roadway projects. The State Property Control Act grants an exemption in the definition of “Property” for real estate that is used for “rights-of-way for State water resource and highway improvements, traffic signs and traffic signals (30 ILCS 605/1.02).” After IDOT completes a road project, any remnant of land not used or not planned to be used for future road use is also not reported to CMS as surplus real property.

During the period Fiscal Year 1998 through Fiscal Year 2002, IDOT disposed of 135 parcels of unused land for \$3.65 million. Exhibit 4-6 shows the number of parcels disposed of by IDOT and the sale price under each category outlined under the Highway Code.

IDOT was cited in its most recent Auditor General compliance audit (for the years ended June 30, 2002 and 2001) for not having adequate procedures regarding the use and disposition of excess land. While IDOT has acquired numerous properties for potential future highway use, there are some that are not being used.

<b>Exhibit 4-6 LAND DISPOSALS BY IDOT FY98 – FY02</b>										
<b>Type of Disposal</b>	<b>Fiscal Year</b>									
	<b>1998</b>		<b>1999</b>		<b>2000</b>		<b>2001</b>		<b>2002</b>	
	<b>Parcels</b>	<b>\$</b>	<b>Parcels</b>	<b>\$</b>	<b>Parcels</b>	<b>\$</b>	<b>Parcels</b>	<b>\$</b>	<b>Parcels</b>	<b>\$</b>
Public Sale	16	\$193,300	18	\$191,620	18	\$578,275	14	\$917,075	13	\$386,443
Exchanges	3	\$66,005	5	\$198,627	8	\$171,870	4	\$88,000	1	\$14,900
Sales to Former Owners	3	\$26,600	2	\$5,900	2	\$6,675	1	\$50,700	1	\$1,500
Authorized Direct Sales *	4	\$177,160	6	\$44,200	2	\$160,400	5	\$155,750	7	\$214,760
Transfers	0	N/A	0	N/A	0	N/A	2	N/A	0	N/A
Other	None									
<b>TOTAL SALES &amp; EXCHANGES</b>	26	\$463,065	31	\$440,347	30	\$917,220	26	\$1,211,525	22	\$617,603
Note: * Subject to approval by the General Assembly.										
Source: Illinois Department of Transportation-Bureau of Land Acquisition.										

### Department of Natural Resources

The Department of Natural Resources (DNR) also disposes of lands owned but not needed by the agency. According to staff from the Realty Division, lands can be transferred to local governments or private individuals by special legislation. The legislation is either in the form of a land trade or an outright sale to a purchasing entity. The purchaser will pay the amount named in the legislation and normally ranges from \$1 to the fair market value of the land.





# APPENDICES



**APPENDIX A**

**LEGISLATIVE AUDIT COMMISSION  
RESOLUTION NUMBER 126**



## Legislative Audit Commission

RESOLUTION NO. 126

Presented by Senator Demuzio

WHEREAS, the purpose of the State's space utilization program is to effect maximum efficient utilization of State-owned and controlled space;

WHEREAS, one mechanism for facilitating efficient utilization of State-owned and controlled space is the submission of Annual Real Property Utilization Reports by State agencies to the Department of Central Management Services (CMS);

WHEREAS, State agencies are required to identify excess and surplus real property under their control in such reports;

WHEREAS, the Annual Real Property Utilization Reports are to be screened by CMS to identify real property that might be used by other State agencies and agency space requests are to be compared with excess real property reports;

WHEREAS, pursuant to CMS rules, if one agency's excess real property can reasonably fulfill another agency's space request, then that excess real property is to be made available to the agency needing space in preference to obtaining leased space;

WHEREAS, also pursuant to CMS rules, real property inventories are to be maintained at the minimum necessary to ensure economic and efficient operations and property that is not needed for future agency purposes is to be declared surplus;

WHEREAS, according to Comptroller records, the State has spent over \$146 million for real property rental to date in FY02; therefore

RESOLVED, BY THE LEGISLATIVE AUDIT COMMISSION, that the Auditor General is directed to conduct a management audit of the Department of Central Management Services' administration of the State's space utilization program; and be it further

RESOLVED, that the audit include, but not be limited to, the following determinations:

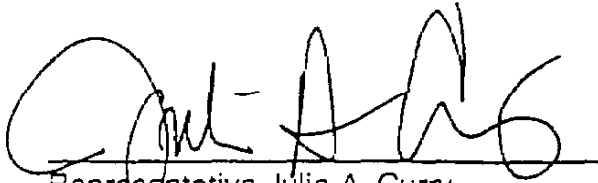
- Whether procedures are in place to adequately identify excess and surplus real property;

- Whether such procedures ensure that excess and surplus real property is reasonably considered in fulfilling State agencies' space needs; and
- Whether the process for disposing of surplus real property is adequate and timely; and be it further

RESOLVED, that the Department of Central Management Services and any other entity that may have relevant information pertaining to this audit cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it further

RESOLVED that the Auditor General commence this audit as soon as possible and report his findings and recommendations upon completion in accordance with the provisions of Section 3-14 of the Illinois State Auditing Act.

Adopted this 11th day of December, 2002.

A handwritten signature in black ink, appearing to read "Julie A. Curry", written over a horizontal line.

Representative Julie A. Curry  
Cochairman

**APPENDIX B**

**REAL PROPERTY COMPARISON  
CMS MASTER RECORD ENTRIES  
VERSUS  
PARCELS REPORTED BY COUNTY  
ASSESSORS**

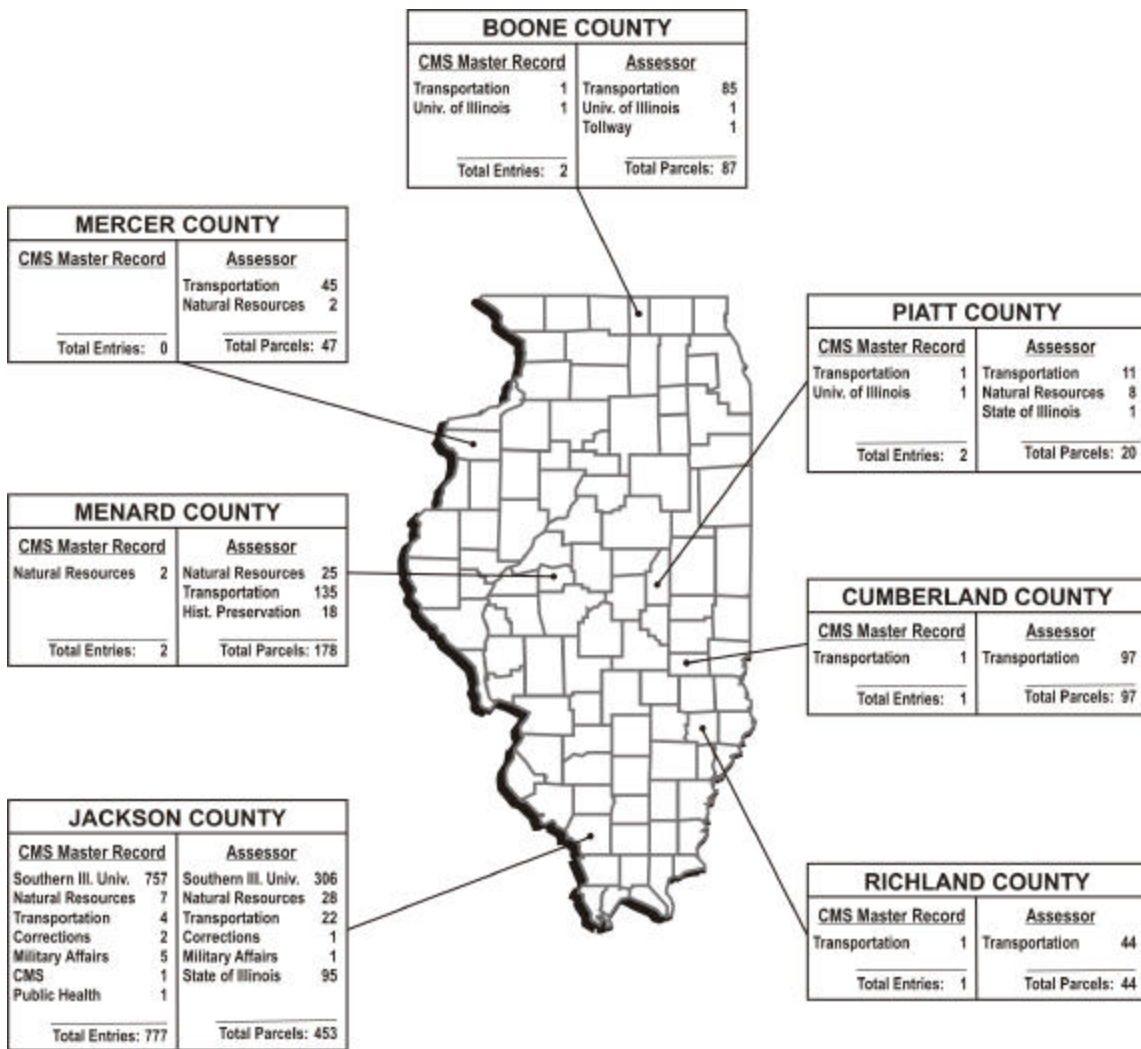




**Appendix B**  
**REAL PROPERTY COMPARISON**  
**CMS MASTER RECORD ENTRIES AND COUNTY ASSESSOR PARCELS**

COUNTY	MASTER RECORD ENTRIES	ASSESSOR PARCELS	COUNTY	MASTER RECORD ENTRIES	ASSESSOR PARCELS
Adams	14	21	Lee	19	66
Alexander	4	223	Livingston	9	20
Bond	1	67	Logan	8	394
Boone	2	87	Macon	12	90
Brown	6	36	Macoupin	9	19
Bureau	7	534	Madison	172	488
Calhoun	11	49	Marion	7	238
Carroll	7	49	Marshall	5	50
Cass	8	271	Mason	17	193
Champaign	634	439	Massac	6	219
Christian	4	52	McDonough	28	86
Clark	3	7	McHenry	9	192
Clay	1	172	McLean	55	202
Clinton	8	121	Menard	2	178
Coles	82	89	Mercer	0	47
Cook	229	4,648	Monroe	6	55
Crawford	3	144	Montgomery	5	175
Cumberland	1	97	Morgan	6	17
DeKalb	70	104	Moultrie	5	94
DeWitt	3	8	Ogle	16	201
Douglas	4	152	Peoria	19	199
DuPage	14	1,312	Perry	4	178
Edgar	9	9	Piatt	2	20
Edwards	1	14	Pike	7	148
Effingham	12	35	Pope	10	54
Fayette	7	57	Pulaski	3	176
Ford	2	8	Putnam	6	27
Franklin	14	94	Randolph	11	237
Fulton	9	137	Richland	1	44
Gallatin	3	17	Rock Island	10	660
Greene	2	32	St. Clair	27	671
Grundy	10	216	Saline	4	303
Hamilton	3	56	Sangamon	223	1,887
Hancock	11	333	Schuyler	3	27
Hardin	7	10	Scott	2	116
Henderson	6	17	Shelby	7	67
Henry	16	189	Stark	3	92
Iroquois	8	199	Stephenson	5	255
Jackson	777	453	Tazewell	10	558
Jasper	5	91	Union	13	92
Jefferson	10	276	Vermilion	12	965
Jersey	9	197	Wabash	2	70
Jo Daviess	10	224	Warren	6	166
Johnson	17	116	Washington	4	358
Kane	19	323	Wayne	6	282
Kankakee	19	238	White	5	166
Kendall	6	30	Whiteside	15	497
Knox	10	26	Will	60	233
La Salle	45	138	Williamson	7	116
Lake	13	3,676	Winnebago	21	122
Lawrence	6	72	Woodford	4	8

## Appendix B SELECTED COUNTY COMPARISONS OF CMS MASTER RECORD ENTRIES AND PARCELS LISTED ON ASSESSOR RECORDS



**Note:** There are several reasons why the number of properties reported by assessors’ offices and the number on the CMS master record may differ. Many county assessor records include parcels of land associated with highways and waterways owned by the State; the CMS master record does not include such property. Assessors report individual parcels of land, whereas the CMS master record typically reports property by its common name (such as Elgin Mental Health Center or Sam Parr State Park), which may be comprised of multiple parcels of land. The CMS master record contains individual entries for some buildings owned by the State, whereas the county assessors’ records only include land. Finally, assessor records contain property owned by the State that should be included, but is not included, on the CMS master record.

Source: OAG Summary Map and Analysis of CMS Master Record and Assessor Listings.

**APPENDIX C**

**AGENCY REPORTED STATE-OWNED REAL  
PROPERTY THAT IS NOT ON THE CMS  
MASTER RECORD  
AND  
AGENCY REPORTED CORRECTIONS  
NEEDED TO THE CMS MASTER RECORD**



## Appendix C

<b>AGENCY REPORTED STATE-OWNED REAL PROPERTY THAT IS NOT ON THE CMS MASTER RECORD</b>					
<b>Agency</b>	<b>Name of Property</b>	<b>City</b>	<b>County</b>	<b>Acreage (if known)</b>	<b>Year Acquired</b>
HPA	Bishop Hill	Bishop Hill	Henry	8.00	1945
HPA	Black Hawk State Historic Site	Rock Island	Rock Island	208.00	1927
HPA	Bryant Cottage	Bement	Piatt	0.50	1947
HPA	Cahokia Courthouse	Cahokia	St. Clair	1.50	1936
HPA	Campbell's Island Memorial	East Moline	Rock Island	4.20	1906
HPA	Dana Thomas House	Springfield	Sangamon	0.60	1981
HPA	David Davis Mansion	Bloomington	McLean	4.10	1959
HPA	Douglas Tomb	Chicago	Cook	2.20	1865
HPA	Emerald Mound	Lebanon	St. Clair	3.48	1968
HPA	Fort De Chartres	Prairie du Rocher	Randolph	1,104.00	1913
HPA	Fort Kaskaskia	Ellis Grove	Randolph	275.00	1891
HPA	Governor Bond Memorial	Chester	Randolph	0.46	1946
HPA	Governor Coles Memorial	Edwardsville	Madison	0.25	1927
HPA	Governor Horner Memorial	Chicago	Cook	0.00	1948
HPA	Grand Village of the Illinois	North Utica	LaSalle	132.00	1992
HPA	Halfway Tavern	Iuka	Marion	4.00	1971
HPA	Hofmann Tower	Lyons	Cook	0.00	1983
HPA	Illinois Vietnam Veterans Memorial	Springfield	Sangamon	1.96	1988
HPA	Jarrot Mansion	Cahokia	St. Clair	1.00	1980
HPA	Jubilee College	Brimfield	Peoria	93.00	1934
HPA	Kaskaskia Bell Memorial	Kaskaskia Island	Randolph	0.40	1946
HPA	Kincaid Mounds	Avery Lake	Massac	114.00	1976
HPA	Korean War Memorial	Springfield	Sangamon	1.93	1998
HPA	Lincoln-Herndon Law Offices	Springfield	Sangamon	0.30	1985
HPA	Lincoln Log Cabin	Charleston	Coles	86.00	1929
HPA	Lincoln Monument	Dixon	Lee	0.70	1921
HPA	Lincoln Tomb	Springfield	Sangamon	12.40	1895
HPA	Lincoln Trail Memorial	Lawrenceville	Lawrence	25.00	1936
HPA	Lincoln's New Salem	Petersburg	Menard	684.00	1919
HPA	Lovejoy Memorial	Alton	Madison	0.20	1923
HPA	Metamora Courthouse	Metamora	Woodford	0.40	1921
HPA	Moore Home	Charleston	Coles	2.30	1935
HPA	Mount Pulaski Courthouse	Mt. Pulaski	Logan	1.30	1935
HPA	Norwegian Settler's Memorial	Norway	LaSalle	0.10	1934
HPA	Old Market House	Galena	Jo Daviess	0.80	1947
HPA	Pierre Menard Home	Ellis Grove	Randolph	1.50	1929
HPA	Postville Courthouse	Lincoln	Logan	1.75	1953
HPA	Shawneetown Bank	Old Shawneetown	Gallatin	10.00	1940
HPA	Ulysses S. Grant Home	Galena	Jo Daviess	8.60	1931
HPA	Vandalia State House	Vandalia	Fayette	2.30	1918

<b>AGENCY REPORTED STATE-OWNED REAL PROPERTY THAT IS NOT ON THE CMS MASTER RECORD</b>					
<b>Agency</b>	<b>Name of Property</b>	<b>City</b>	<b>County</b>	<b>Acreage (if known)</b>	<b>Year Acquired</b>
HPA	Washburne House	Galena	Jo Daviess	0.50	1968
HPA	Wild Bill Hickok Memorial	Troy Grove	LaSalle	2.00	1929
DMA	Weapons Cleaning Facility	Marseilles	LaSalle	*	2002
DMA	Barracks Building A	Marseilles	LaSalle	*	2002
DMA	Barracks Building B	Marseilles	LaSalle	*	2002
DMA	Barracks Building C	Marseilles	LaSalle	*	2002
DMA	Barracks Building D	Marseilles	LaSalle	*	2002
DMA	Barracks Building E	Marseilles	LaSalle	*	2002
DMA	Barracks Building F	Marseilles	LaSalle	*	2002
DMA	New Danville Armory	Danville	Vermilion	*	2003
DNR	Allerton Park	*	Piatt	640.27	2002
DNR	Aroma Park	*	Kankakee	20.66	2003
DNR	Bull Valley	*	McHenry	126.85	2002
DNR	Campgrounds I-80	*	Bureau	95.54	1970
DNR	Campgrounds I-80	*	Bureau	66.28	1970
DNR	Campgrounds I-80	*	Bureau	167.00	1970
DNR	Campgrounds I-80	*	Bureau	33.90	1970
DNR	Cecil White Prairie	*	Hancock	33.00	1998
DNR	Chain O'Lakes SFWA	*	Lake	3,230.87	1965
DNR	Chain O'Lakes State Park	*	Lake	750.00	1953
DNR	Chain O'Lakes State Park	*	Lake	66.00	1956
DNR	Chain O'Lakes State Park	*	Lake	114.00	1956
DNR	Chain O'Lakes State Park	*	Lake	15.00	1957
DNR	Chain O'Lakes State Park	*	Lake	15.00	1965
DNR	Chain O'Lakes State Park	*	Lake	0.14	1969
DNR	Chain O'Lakes State Park	*	Lake	0.14	1969
DNR	Chain O'Lakes State Park	*	Lake	180.00	1970
DNR	Chain O'Lakes State Park	*	Lake	120.00	1973
DNR	Chain O'Lakes State Park	*	Lake	5.00	1975
DNR	Chain O'Lakes State Park	*	Lake	5.00	1975
DNR	Chain O'Lakes State Park	*	Lake	5.00	1975
DNR	Chain O'Lakes State Park	*	McHenry	57.30	1975
DNR	Chain O'Lakes State Park	*	Lake	160.78	1975
DNR	Chain O'Lakes State Park	*	Lake	267.50	1975
DNR	Chain O'Lakes State Park	*	McHenry	40.00	1976
DNR	Chain O'Lakes State Park	*	Lake	40.17	1976
DNR	Chain O'Lakes State Park	*	Lake	71.00	1976
DNR	Chain O'Lakes State Park	*	Lake	36.20	1976
DNR	Chain O'Lakes State Park	*	Lake	101.44	1977
DNR	Chain O'Lakes State Park	*	Lake	49.92	1977
DNR	Chain O'Lakes State Park	*	Lake	127.80	1977
DNR	Chain O'Lakes State Park	*	Lake	39.00	1978
DNR	Chain O'Lakes State Park	*	Lake	20.50	1979
DNR	Chain O'Lakes State Park	*	Lake	4.69	1979
DNR	Chain O'Lakes State Park	*	Lake	0.86	1980

<b>AGENCY REPORTED STATE-OWNED REAL PROPERTY THAT IS NOT ON THE CMS MASTER RECORD</b>					
<b>Agency</b>	<b>Name of Property</b>	<b>City</b>	<b>County</b>	<b>Acreage (if known)</b>	<b>Year Acquired</b>
DNR	Chain O'Lakes State Park	*	Lake	40.00	1981
DNR	Chain O'Lakes State Park	*	Lake	361.50	1981
DNR	Chain O'Lakes State Park	*	McHenry	17.76	1982
DNR	Chain O'Lakes State Park	*	Lake	13.80	1983
DNR	Chain O'Lakes State Park	*	Lake	6.60	1991
DNR	Channahon Parkway	*	Will	2.03	1965
DNR	Clifton PHA	*	Iroquois	80.00	2001
DNR	Coon Creek Watershed	*	Boone	109.64	2002
DNR	DeKalb County	*	DeKalb	570.34	2002
DNR	Des Plaines CA	*	Will	2,330.81	1965
DNR	Des Plaines CA	*	Will	1,922.00	1979
DNR	Des Plaines CA	*	Will	78.00	1995
DNR	Des Plaines CA	*	Will	0.00	1997
DNR	Devil's Island	*	Alexander	2,740.96	2003
DNR	Dillin Property	*	Tazewell	80.00	2001
DNR	Double "T" SFWA	*	Fulton	1,957.16	2001
DNR	French Bluff Natural Area	*	Carroll	344.56	2001
DNR	Ginther Property	*	Menard	136.94	2002
DNR	Greater Kankakee River CA	*	Kankakee	77.37	2000
DNR	Greater Kankakee River CA	*	Kankakee	34.30	2000
DNR	Greater Kankakee River CA	*	Kankakee	35.40	2001
DNR	Greater Kankakee River CA	*	Kankakee	24.50	2001
DNR	Hallsville HA	*	DeWitt	82.90	1994
DNR	Hanging Rock Sandstone Cliff NA	*	Clay	93.50	1999
DNR	Herschel Workman Pheasant HA	*	Vermilion	48.16	1996
DNR	Hindsboro PHA	*	Douglas	80.00	1998
DNR	Hindsboro PHA	*	Douglas	5.52	1999
DNR	Inahgeh Wetlands	*	Alexander	1,368.68	2002
DNR	Lake Como	*	Whiteside	135.88	2001
DNR	Manito PHA	*	Tazewell	78.00	1998
DNR	Maytown PHA	*	Lee	158.92	1999
DNR	Millhurst Fen	*	Kendall	7.00	2000
DNR	Millroad Marsh	*	Clark	39.80	1998
DNR	Nachusaw Sawyer Property	*	Ogle	72.00	2002
DNR	Peoria Salvation Army Property	*	Peoria	42.90	2003
DNR	Pine Rock NP	*	Ogle	10.91	2002
DNR	Pyramid State Park	*	Perry	924.00	1971
DNR	Pyramid State Park	*	Perry	3.69	1976
DNR	Pyramid State Park	*	Perry	1,600.00	1979
DNR	Pyramid State Park	*	Perry	654.40	1996
DNR	Pyramid State Park	*	Perry	9.74	1998
DNR	Pyramid State Park	*	Perry	2,823.91	2000
DNR	Pyramid State Park	*	Perry	4,385.65	2000
DNR	Pyramid State Park	*	Perry	9,079.45	2001
DNR	Pyramid State Park	*	Perry	55.00	2002



<b>AGENCY REPORTED STATE-OWNED REAL PROPERTY THAT IS NOT ON THE CMS MASTER RECORD</b>					
<b>Agency</b>	<b>Name of Property</b>	<b>City</b>	<b>County</b>	<b>Acreage (if known)</b>	<b>Year Acquired</b>
DNR	Rock Island Trail	*	Peoria/Stark	388.08	1969
DNR	Rock Island Trail	*	Peoria	3.85	1975
DNR	Rock Island Trail	*	Peoria	6.20	1986
DNR	Rock Island Trail	*	Peoria	1.34	1990
DNR	Scripps Farm	*	Lawrence	736.80	2002
DNR	Sibley State Habitat Area	*	Ford	635.23	2002
DNR	Spunky Bottoms	*	Brown	833.57	2002
DNR	Steward PHA	*	Lee	80.00	1994
DNS	Sheffield	Princeton	Bureau	20.40	1966
SIU	Parking Lot	Springfield	Sangamon	*	2001
SIU	Parking Lot	Springfield	Sangamon	*	2001
SIU	Parking Lot	Springfield	Sangamon	*	1999
SIU	Vacant House	Springfield	Sangamon	*	2003
SIU	Vacant House	Springfield	Sangamon	*	2003
SIU <sup>1</sup>	Classroom Building	E. St. Louis	St. Clair	*	*
SIU <sup>1</sup>	Administration Building	E. St. Louis	St. Clair	*	*
SIU <sup>1</sup>	Library	E. St. Louis	St. Clair	*	*
SIU <sup>1</sup>	Vocational Tech Building	E. St. Louis	St. Clair	*	*
SIU <sup>1</sup>	SIU-E Building	E. St. Louis	St. Clair	*	*
SIU <sup>1</sup>	IDES Building	E. St. Louis	St. Clair	*	*
SIU	Vacant Lot	Springfield	Sangamon	*	2001
SIU	Building	Carbondale	Jackson	*	1968
SIU	Building	Carbondale	Jackson	*	1980
SIU	Building	Carbondale	Jackson	*	1995
SIU	Building	Carbondale	Jackson	*	1995
SIU	Building	Carbondale	Jackson	*	1996
SIU	Building	Carbondale	Jackson	*	1996
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	1997
SIU	Building	Carbondale	Jackson	*	1997
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	1999
SIU	Building	Carbondale	Jackson	*	1999
SIU	Building	Carbondale	Jackson	*	1999
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	2000
SIU	Building	Carbondale	Jackson	*	2000
SIU	Land	Carbondale	Jackson	1.58	1940
SIU	Land	Carbondale	Jackson	6.93	1994
SIU	Land	Carbondale	Jackson	2.65	2000
SIU	Land	Carbondale	Jackson	160.00	1957
SIU	Land	Carbondale	Jackson	3.06	1995

<b>AGENCY REPORTED STATE-OWNED REAL PROPERTY THAT IS NOT ON THE CMS MASTER RECORD</b>					
<b>Agency</b>	<b>Name of Property</b>	<b>City</b>	<b>County</b>	<b>Acreage (if known)</b>	<b>Year Acquired</b>
SIU	Land	Carbondale	Jackson	5.21	1997
CSU	Education Classroom Building	Chicago	Cook	*	1973
CSU	Building H Washing Hall	Chicago	Cook	*	1971
CSU	Building--Williams Science	Chicago	Cook	*	1973
CSU	Library Building E	Chicago	Cook	*	1972
CSU	Building--Cook Admin	Chicago	Cook	*	1970
CSU	Building--Phys Education	Chicago	Cook	*	1970
CSU	Building—Robinson Center	Chicago	Cook	*	1973
CSU	President’s Residence	Chicago	Cook	*	1973
CSU	Building—Physical Plant	Chicago	Cook	*	1972
CSU	Bus Shelter	Chicago	Cook	*	1970
CSU	Bus & Health Science Building	Chicago	Cook	*	1979
CSU	Gwendolyn Brooks Library	Chicago	Cook	*	2001
WIU	Kerr Farm	Macomb	McDonough	218.70	1999
WIU	Kline Property	Macomb	McDonough	*	2000
WIU	University Services Building	Macomb	McDonough	7.13	2000
WIU	Physical Plant East	Macomb	McDonough	1.86	2000
WIU	Cutler Farm	Colchester	McDonough	160.65	2000
WIU	Lovekamp Property	Bluffs	Scott	122.50	1976
WIU	Cinema/Godfather's Prop.	Macomb	McDonough	2.75	2002
WIU	Hvarven Property	Macomb	McDonough	5.94	1971
WIU	Ferster Woods Property	Dallas City	Hancock	103.50	2002
NIU	Barsema Hall	DeKalb	DeKalb	*	2003
Tollway	I-88 W of Pump Factory Road	Dixon	Lee	7.94	*
Tollway	I-88 W of Hinckley Road	Cortland	DeKalb	5.20	*
ISP	Communications Bureau Office	Springfield	Sangamon	*	1937
				Total:	45,752.29

**Appendix C**

<b>AGENCY REPORTED CORRECTIONS NEEDED TO THE CMS MASTER RECORD</b>			
<b>Agency</b>	<b>Property Name</b>	<b>County</b>	<b>Agency Comments</b>
CMS	Shapiro Mental Health Center Surplus	Kankakee	*
DOC	Juvenile Detention Center	Henry	Duplicate entry.
DOC	Lincoln Correctional Center	Logan	Duplicate entry.
DOC	Joliet Correctional Center	Will	Duplicate entry.
DOC	Lincoln Library & Museum Parking	Sangamon	Department does not own.
DHS	Shapiro Mental Health Center Land	Kankakee	*
DMA	Camp Lincoln Gas Chamber Bldg. #61	Sangamon	Demolished.
DMA	Camp Lincoln Latrine Bldg #70	Sangamon	Demolished.
DNR	Fuller Lake	Calhoun	DNR manages for federal government.
DNR	Godar-Diamond	Calhoun	DNR manages for federal government.
DNR	Hadley Landing	Calhoun	DNR manages for federal government.

<b>AGENCY REPORTED CORRECTIONS NEEDED TO THE CMS MASTER RECORD</b>			
<b>Agency</b>	<b>Property Name</b>	<b>County</b>	<b>Agency Comments</b>
DNR	Michael's Landing	Calhoun	DNR manages for federal government.
DNR	Pohlman Lake	Calhoun	DNR manages for federal government.
DNR	Royal Landing	Calhoun	*
DNR	Miller's Hollow	Carroll	DNR manages for federal government.
DNR	Salt Fork River (inc. Homer Lake)	Champaign	Transferred-Champaign County Forest Preserve District.
DNR	Region III Office Champaign	Champaign	Leased space.
DNR	Patoka	Clinton	Management transferred-CORPS of Engineers.
DNR	Tamalco	Clinton	Management transferred-CORPS of Engineers.
DNR	Sun Spot	Fulton	*
DNR	Putney's Landing	Henderson	Managed under agreement with CORPS of Engineers.
DNR	Newton Lake	Jasper	Managed under agreement with CIPS.
DNR	Piasa Creek	Jersey	Managed under agreement with CORPS of Engineers.
DNR	Dabbs Road	Jersey	Managed under agreement with CORPS of Engineers.
DNR	Deep Lake	Jersey	Managed under agreement with CORPS of Engineers.
DNR	Stump Lake	Jersey	Managed under agreement with CORPS of Engineers.
DNR	Glen D. Palmer	Kendall	Transferred-various units of local government.
DNR	Dixon	Lee	Property transferred-various State agencies and units of local government. Last transfer in 1993.
DNR	Alton Regional Headquarters	Madison	Transferred-IDOT in 1990.
DNR	Kincaid Mounds	Massac	Transferred-HPA in 1989.
DNR	Rockhouse Creek	Monroe	Transferred in 1992.
DNR	Dixon	Lee	*
DNR	Site: new Springfield Mine Rescue Station	Sangamon	Plan for a new Mine Rescue Station-building not built nor was land transferred by Dept. of Public Works.
DNR	Heidecke State FWA	Grundy/Kankakee	DNR manages under agreement with ComEd.
DNR	Siloam Springs	Brown	Duplicate Entry.
DNR	Mautino (Sheffield Ranch)	Brown	Duplicate Entry.
DNR	Wolf Road Prairie	Cook	Duplicate Entry.
DNR	Wayne Fitzgerald	Franklin	Duplicate Entry.
DNR	Rosedale Field Headquarters	Jersey	Duplicate Entry.
DNR	Bay Property	Marion	Same as Miller Shrub Swamp.
DNR	Prairie Chicken	Marion	Duplicate Entry.
DNR	Prairie Ridge	Marion	Duplicate Entry.

<b>AGENCY REPORTED CORRECTIONS NEEDED TO THE CMS MASTER RECORD</b>			
<b>Agency</b>	<b>Property Name</b>	<b>County</b>	<b>Agency Comments</b>
DNR	Sparland (Marshall Co.)	Marshall	Part of Marshall County CA.
DNR	Frye Prairie	Mason	AKA-Long Branch Sand Prairie.
DNR	Randolph County (McLaughlin)	Randolph	Same as Randolph County CA.
DNR	Oak Valley Eagle Refuge	Rock Island	AKA-Elton Fawks Eagle Refuge.
DNS	Fox River Frontage	LaSalle	Owned by another agency (DNR).
IDOT	Rock Island Trail	Peoria/Stark	Bike trail railway right-of-way.
IDOT	Leroy Team Section	McLean	Rental facility.
IDOT	Scott Storage Facility	St. Clair	Unknown.
IHDA	Camelot Apartments	Will	Sold Nov. 16, 1999.
ISP	Office Facility	Pike	Duplicate Entry.
ISU	Brick Storage Building	McLean	*
NEIU	NEIU Residential School Area	Cook	Duplicate Entry.
NEIU	NEIU Residential School Area	Cook	Duplicate Entry.
NIU	Knetsch House	DeKalb	Disposed of 6/98.
NIU	Sycamore Campus	DeKalb	Disposed of 6/00.
NIU	Engineering Annex	DeKalb	Disposed of 6/00.
NIU	Boat House	DeKalb	Disposed of 9/03.
NIU	Psychology-Mathematics Building	DeKalb	Duplicate Entry.
SIU	Elizabeth 811 South	*	Building Demolished.
SIU	Elizabeth 903 South	*	Building Demolished.
SIU	Elizabeth 903 South Garage	*	Building Demolished.
SIU	Elizabeth 904 South	*	Building Demolished.
SIU	Elizabeth 908 South	*	Building Demolished.
SIU	Forest 807 South	*	Building Demolished.
SIU	Forest 809 South	*	Building Demolished.
SIU	Mill 1005 West	*	Building Demolished.
SIU	Pearl 102 East	*	Building Demolished.
SIU	Pearl 203A East	*	Building Demolished.
SIU	Residence	*	Building Demolished.
SIU	Trailer, Double Job Corps	*	Building Demolished.
SIU	Barn, Metal	*	Building Demolished.
SIU	Garage	*	Building Demolished.
SIU	Barn	*	Building Demolished.
SIU	Boiler No. A-1-5	*	Building Demolished.
SIU	Auburn Medical Center Facility	Sangamon	*
SIU	Haroldson Tract	Jackson	Exchanged in Baptist Student Center transaction.
SIU	Kerley Tract	Jackson	Exchanged in Baptist Student Center transaction.
SIU	Stein Tract	Jackson	Exchanged in Baptist Student Center transaction.
SIU	Baker Tract	Jackson	Unidentified-Property could not be identified based on information provided.

<b>AGENCY REPORTED CORRECTIONS NEEDED TO THE CMS MASTER RECORD</b>			
<b>Agency</b>	<b>Property Name</b>	<b>County</b>	<b>Agency Comments</b>
SIU	Benz Tract	Jackson	Unidentified-Property could not be identified based on information provided.
SIU	O'Dell Tract	Jackson	Unidentified-Property could not be identified based on information provided.
SIU	Shook Tract	Jackson	Unidentified-Property could not be identified based on information provided.
SURS	SURS Bldg.	Champaign	Sold to U of I 9/1/92.
Tollway	Garbage dump driveway	DeKalb	*
Tollway	Vacant land	DuPage	Purchased for construction of South extension of I-355. All structures have been demolished.
U of I	Ornamental Horticulture Bldg.	*	Delete - building razed.
U of I	Aeronautical Lab B	*	Delete - building razed.
U of I	Nurses Cabin	*	Delete - building razed.
U of I	53 E. Armory	*	Delete - building razed.
U of I	Assembly Hall Storage	*	Delete - building razed.
U of I	Storage Bldg Band	*	Delete - building razed.
U of I	301 S. Wright	*	Delete - building razed.
U of I	Willard-Jet Test Cell (AMT)	*	Delete - building razed.
U of I	203 S. Gregory Street	*	Delete - building razed.
U of I	Veterinary Res. Farm-Hog Barn	*	Delete - building razed.
U of I	Illini Union Warehouse	*	Delete - building razed.
U of I	Perry House Garage	*	Delete - building razed.
U of I	Shepard House	*	Building to be razed.

Notes:  
 In January 2004, SIU responded that in August 2002 it had purchased a small house and property at 419 West Calhoun in Springfield, which also was not included in the CMS master record.

\* - Information not provided by agency as part of survey response.

<sup>1</sup> – See additional information provided by SIU in its response to the audit report in Appendix F.

DNR Acronyms:  
 CA – Conservation Area                      PHA – Pheasant Habitat Area  
 NA – Natural Area                                SFWA – State Fish and Wildlife Area  
 HA – Habitat Area

Source: OAG Summary of State Agency Survey Responses.

**APPENDIX D**

**REAL PROPERTY LEASE PAYMENTS  
BY AGENCY PROCESSED THROUGH THE  
ILLINOIS COMPTROLLER  
FISCAL YEAR 2003**



<b>Appendix D</b> <b>REAL PROPERTY LEASE PAYMENTS BY AGENCY</b> <b>PROCESSED THROUGH THE ILLINOIS COMPTROLLER</b> <b>Fiscal Year 2003</b>		
<b>Agency #</b>	<b>Agency Name</b>	<b>Expenditures</b>
444	Department of Human Services	\$36,526,774.08
418	Department of Children & Family Services	\$17,544,955.23
478	Department of Public Aid	\$14,473,829.44
426	Department of Corrections	\$14,253,426.97
427	Department of Employment Security	\$14,012,963.08
494	Department of Transportation	\$9,471,335.42
350	Office of the Secretary of State	\$9,025,608.13
493	Illinois State Police	\$5,395,705.64
532	Environmental Protection Agency	\$4,945,793.95
482	Department of Public Health	\$3,788,051.81
201	Illinois Supreme Court	\$3,066,128.80
586	State Board of Education	\$2,636,543.40
420	Department of Commerce & Community Affairs	\$2,504,783.49
290	Office of the State Appellate Defender	\$1,709,789.76
691	Illinois Student Assistance Commission	\$1,516,469.19
101	General Assembly	\$1,459,609.71
505	Office of Banks & Real Estate	\$1,345,245.41
458	Department of the Lottery	\$1,266,098.53
416	Department of Central Management Services	\$1,147,378.65
360	Illinois Office of the Comptroller	\$1,100,292.04
473	Department of Nuclear Safety	\$1,080,313.77
422	Department of Natural Resources	\$1,020,831.79
340	Office of the Attorney General	\$1,019,521.72
524	Illinois Commerce Commission	\$930,708.37
644	Northern Illinois University	\$882,147.70
446	Department of Insurance	\$855,864.44
475	Department of Professional Regulation	\$821,582.52
664	Southern Illinois University	\$800,695.83
370	Office of the Treasurer	\$767,850.14
546	Illinois Criminal Justice Information Authority	\$763,199.82
492	Department of Revenue	\$476,589.07
497	Department of Veterans' Affairs	\$472,902.76
592	Office of the State Fire Marshal	\$465,900.00
103	Office of the Auditor General	\$350,955.96
295	State's Attorney's Appellate Prosecutor	\$332,948.43
466	Department of Military Affairs	\$301,492.30
601	Illinois Board of Higher Education	\$296,488.38
684	Illinois Community College Board	\$287,245.29
608	Chicago State University	\$272,000.00
438	Department of Financial Institutions	\$264,548.90



**Appendix D  
REAL PROPERTY LEASE PAYMENTS BY AGENCY  
PROCESSED THROUGH THE ILLINOIS COMPTROLLER  
Fiscal Year 2003**

<b>Agency #</b>	<b>Agency Name</b>	<b>Expenditures</b>
579	Illinois Racing Board	\$257,808.24
676	University of Illinois	\$216,301.04
587	Illinois State Board of Elections	\$179,523.45
569	Illinois Law Enforcement Training & Standards Board	\$167,197.21
452	Department of Labor	\$156,940.44
563	Illinois Industrial Commission	\$156,473.48
588	Illinois Emergency Management Agency	\$154,162.26
555	Illinois State Board of Investments	\$143,217.43
695	State Universities Civil Service Merit Board	\$137,872.18
577	Illinois Pollution Control Board	\$129,501.40
310	Office of the Governor	\$123,858.89
578	Illinois Prisoner Review Board	\$123,502.03
406	Department of Agriculture	\$100,959.20
559	Illinois Violence Prevention Board	\$99,755.32
558	Illinois Planning Council on Developmental Disabilities	\$89,921.20
590	Illinois Labor Relations Board	\$89,918.72
537	Illinois Guardianship & Advocacy Commission	\$73,996.54
548	Illinois Educational Labor Relations Board	\$70,125.50
593	Teachers' Retirement System	\$64,527.48
591	State Police Merit Board	\$62,838.01
275	Judges' Retirement System	\$38,800.00
526	Illinois Deaf & Hard of Hearing Commission	\$37,765.92
442	Department of Human Rights	\$30,371.32
511	Capital Development Board	\$28,219.09
517	Illinois Civil Service Commission	\$25,602.72
402	Department on Aging	\$17,133.20
131	General Assembly Retirement System	\$15,520.00
110	Illinois Legislative Printing Unit	\$12,581.75
589	State Employees' Retirement System	\$11,724.75
567	Illinois Liquor Control Commission	\$9,300.00
557	Illinois State Toll Highway Authority	\$9,118.59
330	Office of the Lieutenant Governor	\$4,771.44
285	Judicial Inquiry Board	\$4,200.00
628	Western Illinois University	\$2,450.00
575	Prairie State 2000 Authority	\$1,760.00
580	Illinois Property Tax Appeal Board	\$1,070.00
541	Historic Preservation Agency	\$800.00
108	Legislative Information System	\$401.50
	<b>TOTAL:</b>	<b>\$162,504,560.22</b>

Source: OAG Summary of Comptroller FY03 Data.

**APPENDIX E**

**DEPARTMENT OF HUMAN SERVICES  
FACILITIES  
UNOCCUPIED SPACE ANALYSIS**



**Appendix E  
DEPARTMENT OF HUMAN SERVICES FACILITIES  
UNOCCUPIED SPACE ANALYSIS**

<b>ALTON MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	26	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	10 + 3 partial	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	530,506	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	266,631	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	50%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Administration	25,125	2002	Yes	None
Diagnostic	23,190	2000	No	None
Evergreen	17,516	1995	No	None
Redwood	17,831	1996	No	None
Maple	5,933	1994	No	None
Elm	11,285	1993	No	None
Linden	18,297	1981	No	None
Power House	19,221	1998	No	None
Willow	68,511	2001	Yes	None
Security	10,940	2000	Yes	None
Holly	14,960	Partially occupied	Yes	None
Environmental Services	32,846	Partially occupied	No	None
Bus Garage	976	Partially occupied	No	None
<i>Reason(s) unoccupied:</i> Not habitable; downsized.				

<b>CHESTER MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	24	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	3	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	205,895	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	21,372	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	10%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
A-2	7,652	2002	Yes	Residential
B-1	6,860	2002	Yes	Residential
H	6,860	2002	Yes	Residential & Offices
<i>Reason(s) unoccupied:</i> Renovation.				

**Appendix E  
DEPARTMENT OF HUMAN SERVICES FACILITIES  
UNOCCUPIED SPACE ANALYSIS**

<b>CHICAGO-READ MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	11	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	1 + 1 partial	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	325,080	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	38,600	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	12%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
J Building	26,700	2002	Yes	Treatment units
B Building	11,900	Partially occupied	Yes	Swing unit
<i>Reason(s) unoccupied:</i> Renovation; reduced head count.				

<b>CHOATE MENTAL HEALTH AND DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	42	<i># of Leases</i>	8	
<i># of Buildings Unoccupied</i>	2	<i>Total Sq. Ft. Leased</i>	66,177	
<i>Total Square Footage</i>	715,941	<i>% of Space Leased</i>	9.2%	
<i>Unoccupied Square Footage</i>	36,174	<i>Annual Lease Revenue</i>	\$37,680	
<i>% Unoccupied</i>	5%	<i>Lease Revenue /Sq. Ft.</i>	\$0.57	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Athons Cottage	18,077	1980	No	None
Lence Cottage	18,097	1985	No	None
<i>Reason(s) unoccupied:</i> Structurally unsound. Buildings are currently used for storage.				

**Appendix E**  
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<b>ELGIN MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	44	<i># of Leases</i>	1	
<i># of Buildings Unoccupied</i>	14 + 3 partial	<i>Total Sq. Ft. Leased</i>	45,566	
<i>Total Square Footage</i>	1,184,557	<i>% of Space Leased</i>	3.8%	
<i>Unoccupied Square Footage</i>	486,762	<i>Annual Lease Revenue</i>	\$2.26	
<i>% Unoccupied</i>	41%	<i>Lease Revenue /Sq. Ft.</i>	\$0.00005	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Burr	18,024	N/A	No	None
Old Laundry Building	14,394	1969	No	None
Woods Cottage	9,247	1972	No	None
Ricketts & Carriel	68,180	1972	No	None
Nurses Home	8,299	1969	No	None
Staff House	15,680	1973	No	None
Jenks	14,879	1998	No	None
Hawley	16,729	1996	No	None
Souster	16,205	1996	No	None
Hirsch	16,205	1986	No	None
Holden	16,205	1985	No	None
Laundry Building	34,714	2000	No	None
Nurses Home Garage	400	2000	No	None
Charles F. Read	46,704	2002	No	None
FTP Main (Old)	83,486	partially occupied	Yes	None
Mendel	13,675	partially occupied	No	Convey to DHS
Medical Building	93,736	partially occupied	Yes	None
<p><i>Reason(s) unoccupied:</i> Unusable; outdated; downsized; asbestos. Some buildings were characterized as structurally sound, but require extensive renovation to make them usable. The space in the partially occupied buildings was characterized as habitable but needed some work done.</p>				

**Appendix E  
DEPARTMENT OF HUMAN SERVICES FACILITIES  
UNOCCUPIED SPACE ANALYSIS**

<b>FOX DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	9	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	0	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	123,209	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	N/A	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	N/A	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
N/A				
<i>Reason Unoccupied: N/A</i>				

<b>HOWE DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	58	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	3	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	192,000	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	8,400	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	4%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
House 201	2,800	2002	Yes	Residential
House 202	2,800	2002	Yes	Residential
House 204	2,800	2002	Yes	Residential
<i>Reason(s) unoccupied: Awaiting renovation.</i>				

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<b>ILLINOIS CENTER FOR REHABILITATION AND EDUCATION-ROOSEVELT</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	3	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	0	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	103,174	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	N/A	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	N/A	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
N/A				
<i>Reason Unoccupied: N/A</i>				

<b>ILLINOIS CENTER FOR REHABILITATION AND EDUCATION-WOOD</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	1	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	0	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	61,800	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	N/A	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	N/A	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
N/A				
<i>Reason Unoccupied: N/A</i>				



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<b>ILLINOIS SCHOOL FOR THE DEAF</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	16	<i># of Leases</i>	1	
<i># of Buildings Unoccupied</i>	0	<i>Total Sq. Ft. Leased</i>	2,830	
<i>Total Square Footage</i>	987,930	<i>% of Space Leased</i>	0.3%	
<i>Unoccupied Square Footage</i>	N/A	<i>Annual Lease Revenue</i>	\$3,540	
<i>% Unoccupied</i>	N/A	<i>Lease Revenue /Sq. Ft.</i>	\$1.25	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
N/A				
<i>Reason Unoccupied: N/A</i>				

<b>ILLINOIS SCHOOL FOR THE VISUALLY IMPAIRED</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	13	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	1	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	227,222	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	1,100	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	0.5%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Mobile Home	1,100	2000	Yes	None
<i>Reason(s) unoccupied: No longer needed after construction of a new dormitory.</i>				

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<b>JACKSONVILLE DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	21	<i># of Leases</i>	2	
<i># of Buildings Unoccupied</i>	2	<i>Total Sq. Ft. Leased</i>	41,879	
<i>Total Square Footage</i>	511,226	<i>% of Space Leased</i>	8%	
<i>Unoccupied Square Footage</i>	24,450	<i>Annual Lease Revenue</i>	\$1,200	
<i>% Unoccupied</i>	5%	<i>Lease Revenue /Sq. Ft.</i>	\$0.03	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Veterans 4	7,543	2001	Yes	None
Veterans Occupational Therapy	16,907	2003	Yes	None
<i>Reason Unoccupied:</i> Consolidated to other buildings.				

<b>KILEY DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	55	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	11	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	212,597	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	28,854	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	14%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
D Building Residential Home	2,633	2002	No	Residential
C Building	2,524	2002	Yes	Administration
<i>Reason(s) unoccupied:</i> Poor condition. Buildings are currently being renovated.				

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<b>LINCOLN DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	28	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	28	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	602,400	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	602,400	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	100%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Commissary	4,692	2002	Yes	Unknown
Fire House	11,775	2002	Yes	Unknown
Barn	3,603	2002	Yes	Unknown
Property Control	8,284	2002	Yes	Unknown
Mechanical Shop/Garage	18,796	2002	Yes	Unknown
Power Plant	25,728	2002	Yes	Unknown
Cold Storage Plant	4,420	2002	Yes	Unknown
Logan Cottage	5,476	2002	Yes	Unknown
Drake Cottage	21,170	2002	Yes	Unknown
Fox Cottage	11,034	2002	Yes	Unknown
Waters Cottage	23,489	2002	Yes	Unknown
Bowen Cottage	17,698	2002	Yes	Unknown
Elmhurst Cottage	16,448	2002	Yes	Unknown
Fuller Cottage	16,947	2002	Yes	Unknown
Fish Cottage	62,972	2002	Yes	Unknown
Wheeler Cottage	17,601	2002	Yes	Unknown
Caldwell Cottage	17,601	2002	Yes	Unknown
Graham Cottage	18,198	2002	Yes	Unknown
Smith Cottage	14,775	2002	Yes	Unknown
Honor Home	10,984	2002	Yes	Unknown
Gymnasium	8,955	2002	Yes	Unknown
Kickapoo Street Apts.	28,478	2002	Yes	Unknown
Logan/Mason Home	3,387	2002	Yes	Unknown
Wilbur Cottage	53,520	2002	Yes	Unknown
General Stores Bldg.	45,600	2002	Yes	Unknown
Activities Bldg.	69,399	2002	Yes	Unknown
Coty Medical Center	60,720	2002	Yes	Unknown
A/C Equipment Bldg.	650	2002	Yes	Unknown
<i>Reason Unoccupied:</i> Facility closed.				

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<b>LUDEMAN DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	66	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	3	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	219,529	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	8,810	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	4%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
House 7	2,970	2002	Yes	Backup
House 34	2,920	2002	No	Residential
House 46	2,920	2002	No	Residential
<i>Reason Unoccupied:</i> Two buildings (34 and 46) are scheduled for renovation, the third is an emergency backup.				

<b>MABLEY DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	25	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	0	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	38,391	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	N/A	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	N/A	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
N/A				
<i>Reason Unoccupied:</i> N/A				

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<b>MADDEN MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	14	<i># of Leases</i>	1	
<i># of Buildings Unoccupied</i>	4	<i>Total Sq. Ft. Leased</i>	N/A	parking spaces
<i>Total Square Footage</i>	201,000	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	40,000	<i>Annual Lease Revenue</i>	\$32,365	
<i>% Unoccupied</i>	20%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Building 1	10,000	2001	Yes	Intake Department
Building 2	10,000	2001	Yes	Backup
Building 5	10,000	2003	Yes	None
Building 11	10,000	2001	Yes	None
<i>Reason(s) unoccupied:</i> Reductions in admissions.				

<b>MCFARLAND MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	9	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	1	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	178,318	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	11,259	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	6%	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Douglas Hall	11,259	2002	Yes	Reoccupy when more staff is hired
<i>Reason Unoccupied:</i> Reduction in staff due to Early Retirement Initiative.				

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<b>MURRAY DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	18	<i># of Leases</i>	1	
<i># of Buildings Unoccupied</i>	1 partial	<i>Total Sq. Ft. Leased</i>	14,250	
<i>Total Square Footage</i>	346,295	<i>% of Space Leased</i>	41%	
<i>Unoccupied Square Footage</i>	14,250	<i>Annual Lease Revenue</i>	\$0	
<i>% Unoccupied</i>	4%	<i>Lease Revenue /Sq. Ft.</i>	\$0	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Building 3, Cherry	14,250	Partially occupied	Yes	Residential
<i>Reason Unoccupied:</i> Needs renovation.				

<b>SHAPIRO DEVELOPMENTAL CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	48	<i># of Leases</i>	2	
<i># of Buildings Unoccupied</i>	6 + 2 partial	<i>Total Sq. Ft. Leased</i>	5,846	
<i>Total Square Footage</i>	937,066	<i>% of Space Leased</i>	0.6%	
<i>Unoccupied Square Footage</i>	46,978	<i>Annual Lease Revenue</i>	\$0.00	
<i>% Unoccupied</i>	5%	<i>Lease Revenue /Sq. Ft.</i>	\$0.00	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Kiley Day Care Center	6,282	2002	Yes	Reoccupy when more staff is hired
Cottage 1	2,424	2002	Yes	Backup
Cottage 2	2,424	2002	Yes	Backup
Cottage 3	2,424	2002	Yes	Backup
Paint Shed	120	2002	Yes	None
Pest Control	969	2002	Yes	None
A North	17,271	Partially occupied	No	Renovate
A South	15,064	Partially occupied	No	Renovate
<i>Reason(s) unoccupied:</i> Safety code requirements, staff shortages.				

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<b>SINGER MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	12	<i># of Leases</i>	0	
<i># of Buildings Unoccupied</i>	0	<i>Total Sq. Ft. Leased</i>	N/A	
<i>Total Square Footage</i>	193,082	<i>% of Space Leased</i>	N/A	
<i>Unoccupied Square Footage</i>	N/A	<i>Annual Lease Revenue</i>	N/A	
<i>% Unoccupied</i>	N/A	<i>Lease Revenue /Sq. Ft.</i>	N/A	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
N/A				
<i>Reason Unoccupied:</i> N/A				

<b>TINLEY PARK MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	21	<i># of Leases</i>	8	
<i># of Buildings Unoccupied</i>	1	<i>Total Sq. Ft. Leased</i>	63,705	
<i>Total Square Footage</i>	821,429	<i>% of Space Leased</i>	7.8%	
<i>Unoccupied Square Footage</i>	17,674	<i>Annual Lease Revenue</i>	\$1.00	
<i>% Unoccupied</i>	2%	<i>Lease Revenue /Sq. Ft.</i>	\$0.00002	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
Sycamore Hall	17,674	1993	No	None
<i>Reason(s) unoccupied:</i> Needs renovation - cost is prohibitive.				

**Appendix E**  
**DEPARTMENT OF HUMAN SERVICES FACILITIES**  
**UNOCCUPIED SPACE ANALYSIS**

<b>ZELLER MENTAL HEALTH CENTER</b>				
<b>General Information</b>		<b>Lease Information</b>		
<i># of Buildings</i>	10	<i># of Leases</i>	1	
<i># of Buildings Unoccupied</i>	0	<i>Total Sq. Ft. Leased</i>	252,623	
<i>Total Square Footage</i>	252,623	<i>% of Space Leased</i>	100%	
<i>Unoccupied Square Footage</i>	N/A	<i>Annual Lease Revenue</i>	\$1.00	
<i>% Unoccupied</i>	N/A	<i>Lease Revenue /Sq. Ft.</i>	\$0.000004	
<b>Unoccupied Building Details</b>				
<b>Building Name</b>	<b>Square Footage</b>	<b>Year Vacated</b>	<b>Useable Space?</b>	<b>Planned Future Use?</b>
N/A				
<i>Reason Unoccupied: N/A</i>				

Source: OAG Summary of DHS Information.





**APPENDIX F**  
**AGENCY RESPONSES**





January 22, 2004

Honorable William G. Holland  
Illinois Auditor General  
Iles Park Plaza  
740 East Ash Street  
Springfield, IL 62703

Dear General Holland:

Thank you for your efforts on the management audit of the Illinois Department of Central Management Services' administration of the State's "Space Utilization Program". We appreciate the thoroughness of the audit and the significant amount of time and resources your staff have dedicated to this effort.

Overall, we agree with the general message of the audit, which is, the space utilization program has not been effectively administered in the past and that significant changes are needed to make it a valuable tool for the State.

To that end, and because the new management team at CMS also recognized that significant changes needed to be made to the way the state manages its real property assets, CMS had already launched one of the most ambitious and comprehensive asset management programs ever attempted by a government entity. Starting almost immediately after my appointment in January 2003, we began working with the Governor and key agency personnel to define an approach that brings the best of the private and public sectors to create an efficient management model and produce enormous cost savings for the State of Illinois. We are now working with a world-class group of asset managers who are beginning the process of both creating an accurate, robust property inventory, a facility condition assessment of all the States properties under Executive Order 10, review of staffing needs and an overhaul of the current space utilization / rationalization procedures. This, plus other objectives will lead to a whole new approach to how the State manages its properties and leases for 50+ agencies. In fact, CMS' asset management program will far exceed the proposed recommendations and create a strong, credible and manageable space utilization program.

It is my belief, that the State's space utilization and asset manager's program will be a model for the country and a program other states will look to mimic.

Again, I thank you for the time, consideration and valuable input you and your staff have provided during this process.

Sincerely,

Michael M. Rumman  
Director

## DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

### Audit Responses

#### **Recommendation #1:**

*The Department of Central Management Services should take steps to require agencies to submit the required information on State-owned real property on the Annual Real Property Utilization Reports. Additionally, the Department should consider revising the Form A to include additional information requirements assist the Department in identifying excess and surplus real property. These revisions may include requiring:*

- *Agencies to submit a Form A for each building or property owned for individual determinations of excess, surplus or utilized for agency function;*
- *Agencies to list the occupancy level percentage (if applicable) for each building owned;*
- *Agencies to list any leases of their real property to other entities;*
- *Agency head to certify future use for any portion of property that is unused and how that use would be cost effective for the State; and,*
- *Agencies to make a distinction as to whether the property contains any buildings or not.*

*The Department should also determine the appropriate reporting date for submitting the Annual Real Property Utilization Report and request the necessary change to either State law or the Administrative Code.*

#### **Response:**

CMS concurs with Recommendation #1. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:

- Analyze and organize the State of Illinois Real Estate portfolio;
- Assign a unique identification number to each owned and leased building or property;
- Conduct detailed property assessments;
- Expand information currently required on "Form A" in new property survey and/or assessment documents will address deficiencies noted in audit and to provide additional information needed to provide for appropriate asset management functions and long term planning;
- Develop the appropriate reporting frequency for updating all real property data for each agency as part of the ongoing asset management function;
- Create assessment and asset management databases that will provide CMS the capability to reliably report on the State's real estate assets;
- Develop space utilization standards per Agency to assist in asset utilization decisions;
- Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State's asset management functions.

**Recommendation #2:**

*The Department of Central Management Services should conduct a statewide inventory of real property to develop an accurate accounting of land and buildings owned by the State. To accomplish this task, the Department should consider sending the agencies all the information contained in the master record for the properties owned by the agencies so that applicable additions and deletions can be reported. Additionally, the Department should clarify whether wetland and flood mitigation land holdings should be reported per the provisions of the State Property Control Act and if so, provide sufficient guidance to applicable agencies holding those types of property.*

**Response:**

CMS concurs with Recommendation #2. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:

- Analyze and organize the State of Illinois Real Estate portfolio;
- Conduct detailed property assessments;
- Use the newly-created real property database to compare the State's master property record, agency reports and assessor information to identify and reconcile any differences in the data sets. The end result of this effort will be a complete, consolidated and accurate living real property database for the State;
- Establish processes and systems for updating and maintaining the property database on an ongoing basis that ensures data accuracy and integrity;
- Establish new reporting procedures for wetlands and flood mitigation properties as part of the asset management function;
- Collect agency staffing information and develop space utilization reports that will be compared to industry benchmarks and established space utilization standards.

**Recommendation #3:**

*The Department of Central Management Services should once again look into the possibility of automating the master record of State-owned property with a system that is capable of producing management reports to allow the State to effectively manage land and building assets.*

**Response:**

CMS concurs with Recommendation #3. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will include:

- Service delivery programs to equip the State with appropriate tools for real property database use and maintenance, facility assessment, capital planning, asset management and lease management and the related processes and procedures;
- Assessment and asset management databases to provide CMS the capability to reliably report on the State's real estate assets as a typical database report;
- New property survey and/or assessment documents that will expand information currently required on "Form A" to address deficiencies noted in the audit and to provide additional information needed to provide for appropriate asset management functions and long term planning.

**Recommendation #4:**

*The Department of Central Management Services should take steps to complete the objectives set forth to accomplish the space utilization program. Additionally, the Department should develop a comprehensive space utilization plan.*

**Response:**

CMS believes that the 2002 Strategic Plan is not the appropriate strategy for creating the comprehensive space utilization and asset management plan that the State needs. While some of the points in the 2002 Strategic Plan may be appropriate to include in such a comprehensive plan, that plan is not sufficient, by itself, to create a comprehensive asset management plan. To address the issues raised in the audit, CMS will, as part of that comprehensive asset management plan:

- Recommend and implement process improvements and best practices for space disposition and acquisition;
- Create assessment and asset management databases to provide CMS with the capability to reliably report on State real estate assets in a typical database report;
- Provide staff training for CMS, OMB, CDB and other agencies as required;
- Require facility assessors to digitally photograph each building assessed and link to building assessment records;
- Use the CDB facility database as one of several input points in addition to actual visits to each building by assessment teams of facility management teams performing assessments;
- Recommend procedures to streamline approval processes for tenant improvements;
- Review holdover leases, recommend improvements to approval processes and implement a plan to virtually eliminate holdover leases in the first twelve months;
- Create a lease management database that will provide CMS with a comprehensive real property database and tracking system.
- Survey the existing space usage within the State's property;
- Develop appropriate space use standards for future planning across the entire State portfolio;
- Develop a comprehensive strategic master plan and process for space utilization and space management across the State.

**Recommendation #5:**

*The Department of Central Management Services should maintain documents to show the Department verified whether State-owned space exist prior to leasing space from third parties. Additionally, the Department should follow their documented process and perform the verification check at the beginning of the leasing process and be more timely in relation to when the space request is received from the agency. Lastly, the verification should be accomplished prior to expending leasing division resources.*

**Response:**

CMS concurs with Recommendation #5. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:

- Re-engineer the existing State real estate management function to include a defined process for new space requests and fulfillment. This process will include the appropriate verification of

existing space resources and documentation of the same prior to expending resources investigating third party alternatives;

- Align space use with agreed upon standards;
- Identify all excess space and utilize all space efficiently, under a master plan for all State space;
- Develop and implement the appropriate asset management organizational structure, systems and processes for the effective, proactive and strategic management of the State's real estate portfolio;
- Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State's asset management functions.

#### **Recommendation #6:**

*The Department of Central Management Services should:*

- *Develop formal policies and procedures for systematically reviewing space in buildings owned or controlled by the Department which would include reporting excess space to divisions responsible for leasing space for the State agencies;*
- *Take steps to follow up with agencies to declare unused space as excess or surplus so that it can be utilized by State agencies that currently lease space, thus saving State resources; and,*
- *Develop formal policies and procedures to ensure that excess and surplus real property is considered when filling State agencies' space requests.*

#### **Response:**

CMS concurs with Recommendation #6. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:

- Reorganize the State's asset management functions to include formal policies, procedure and process for systematically reviewing utilization across the State's portfolio and maximizing consolidation opportunities;
- Re-engineer the existing State real estate management function to include a defined process for new space requests and fulfillment;
- Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State's asset management functions;
- Align space use with established standard;
- Identify all excess space and utilize all space efficiently, under a master plan for all State space;
- Develop a comprehensive strategic master plan and process for space utilization and space management across the State;
- Develop and implement the appropriate asset management organizational structure, systems and processes for the effective, proactive and strategic management of the State's real estate portfolio;

#### **Recommendation #7:**

*The Department of Central Management Services should conduct a detailed examination of all real property owned or controlled by the State and determine what property is excess. For property identified as excess, the Department should ensure it is efficiently utilized or take the steps necessary*



*to declare the space as surplus and follow laws and regulations established regarding the disposal of surplus property.*

*Additionally, the Department should:*

- *Study the unoccupied space at all State-owned facilities, including Department of Human Services (DHS) facilities, and determine whether it is cost beneficial to move State agencies that lease office space in the same areas into this unoccupied space; and*
- *Ensure that the State should receive adequate revenue for the space rented at these DHS facilities.*

**Response:**

CMS concurs with Recommendation #7. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:

- Develop an excess property list for the State portfolio and analyze the best use for the surplus property re-allocation or disposition;
- Survey the existing space usage within the State's property;
- Align space use with established standard;
- Identify all excess space and utilize all space efficiently, under a master plan for all State space;
- Develop a comprehensive strategic master plan and process for space utilization and space management across the State;
- Develop and implement the appropriate asset management organizational structure, systems and processes for the effective, proactive and strategic management of the State's real estate portfolio;
- Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State's facilities.

**Recommendation #8:**

*The Department of Central Management Services should take proactive steps in monitoring leased space and seek to identify any efficiencies (i.e., combining leases to eliminate some costs) that would result in savings to the State.*

**Response:**

CMS concurs with Recommendation #8. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will:

- Audit all existing lease commitments and compare to stated needs and develop approaches to achieve savings;
- Survey the existing space usage within the State's property;
- Develop a comprehensive strategic master plan and process for space utilization and space management across the State;
- Develop and implement the appropriate asset management organizational structure, systems and processes for the effective, proactive and strategic management of the State's real estate portfolio;
- Develop an infrastructure to communicate information between CMS Divisions to increase effectiveness of State's facilities.;

- Develop and implement a lease-tracking database and management procedure to audit leased space (financially and physically) for efficiencies, consolidation opportunities and for excess space.

**Recommendation #9:**

*The Department of Central Management Services should:*

- *Take steps to ensure that they are more timely in completing the process of disposing of surplus real property;*
- *Follow the procedures set out in statute when attempting to dispose of real property;*
- *Review what properties are currently listed as surplus, perform cost benefit analyses to ascertain whether leasing the properties is the most economical alternative for the State, and take action to transfer any properties to other government entities where sale may be inhibited or the property may not truly be surplus; and,*
- *Maintain documentation to show that leases for currently classified surplus real property are at fair market value.*

**Response:**

CMS concurs with Recommendation #9. To address the issues raised in this recommendation, we have put in place an Asset Management Program that will

- Create a strategic real estate team to review all current surplus property and establish appropriate disposition or re-allocation actions;
- Insure that all real estate decisions will be made by analyzing the various alternatives associated with the decision (financial and otherwise) and develop a business case for the most favorable action for the State;
- Re-design the organization of the asset management function to establish appropriate operating procedures and quality assurance measures for maximizing the value at property disposal and ensuring an efficient and timely process;
- Develop the processes and procedures for disposing State property incorporating the requirements of the State statute regarding this process;
- Develop and maintain reliable real estate asset databases that enable tracking of space use, capital cost needs, deferred maintenance, space inventory, operations and maintenance.



SOUTHERN ILLINOIS UNIVERSITY

January 8, 2004

Mike Maziarz
Audit Manager
Office of the Auditor General
lles Park Plaza
740 East Ash
Springfield, IL 62703-3154

RECEIVED
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Dear Mr. Maziarz:

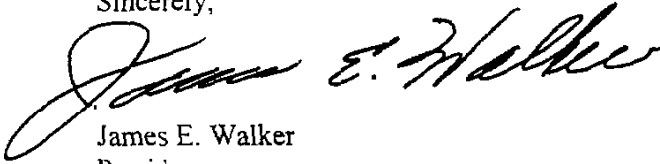
Thank you for providing Southern Illinois University with a draft of our portion of the management audit of the Department of Central Management Services' administration of the State's space utilization program which was conducted pursuant to Legislative Audit Commission Resolution Number 126. While we are not requesting an exit conference, the following remarks are provided:

- 1. Exhibit 3-5: Agency Survey Responses on Planned Use of Excess State-Owned Space
The planned use for the East St. Louis Center is listed as "no plans." The plans for this property have changed since the September survey was completed. It would be more accurate to list the planned use as "Legislative Transfer to the City of East St. Louis."
2. Appendix C: Agency Reported Additions and Corrections Needed in the CMS Master Record
• In August of 2002, SIUE purchased a small house and property at 419 West Calhoun, Springfield, IL (Sangamon County) for \$67,000. This property is not included in the CMS Master Record and should be added to Appendix C of the report.
• The status of the six properties listed in East St. Louis needs to be clarified. The first four properties (Classroom Building, Administration Building, Library, and Vocational Tech Building) are currently owned by CMS. CMS is in the process of transferring the property to SIUE. It is anticipated that this transfer will take place in 2004. The IDES building is new construction and is now complete. We have received a certificate of acceptance from CDB. The SIUE building is also new construction but is not yet completed. Final construction and a certificate of acceptance from CDB are anticipated in 2004.

Mike Maziarz  
Page 2  
January 8, 2004

Please contact Duane Stucky (618-536-3475) or Ron Cremeens (618-536-3461) if further information is desired. Thank you.

Sincerely,

A handwritten signature in black ink that reads "James E. Walker". The signature is written in a cursive style with a large, looping initial "J".

James E. Walker  
President

JEW/lap

cc: Duane Stucky  
Ron Cremeens  
Walter Wendler  
David Werner



## Illinois Department of Natural Resources

One Natural Resources Way • Springfield, Illinois 62702-1271  
<http://dnr.state.il.us>

Rod R. Blagojevich, Governor

Joel Brunsvold, Director

January 20, 2004

Mr. Mike Maziarz  
Audit Manager  
Office of the Auditor General  
Iles Park Plaza  
740 East Ash  
Springfield, Illinois 62703-3154

Dear Mr. Maziarz:

Thank you for giving the Department of Natural Resources (IDNR) an opportunity to review relevant sections of the draft report for your audit of the Department of Central Management Service's administration of the State's space utilization program. I also thank you and your staff for your assistance in providing us with information from your audit files to aid IDNR in our review of your draft report.

While IDNR was not the focus of your audit nor is the Department specifically mentioned in any of your audit recommendations, the Department is providing the attached "Agency Responses" to clarify several items and to identify the corrective actions the Department will initiate to address issues discussed in the sections of your draft report which were sent to IDNR. If you have any questions regarding the enclosed "Agency Responses", please call me at 782-2456.

Sincerely,

Bradley W. Hammond  
Division Manager

Enclosure

cc: Director Joel Brunsvold

Illinois Department of Natural Resources  
Agency Responses  
OAG Draft Report on the Audit of the Department of Central Management Service's  
Administration of the State's Space Utilization Program

Report Heading:        Deficiencies in the Master Record of State Owned Property (Report Chapter 2, pages 19-21)

IDNR Response

The Department of Natural Resources will work with the Department of Central Management Services to ensure that CMS's master record of State owned property correctly reflects the information currently contained in IDNR's realty records.

Report Heading:        Department of Natural Resources (Report Chapter 2, pages 25-26)

IDNR Response

The Department of Natural Resources will work with the Department of Central Management Services to clarify whether flood mitigation lands temporarily held by IDNR prior to their pre-arranged transfer to local units of government should be reported to CMS as State owned property and then deleted from CMS's master property records upon their transfer to local governments.

The Department of Natural Resources will establish a process in FY2004 to periodically monitor the use of flood mitigation properties deeded over to local units of government to ensure that such properties continue to be used for recreational purposes or as open space as required by the Department's intergovernmental agreements with the involved local governments.

Report Heading:        Excess DNR Land (Chapter 2, pages 25-26, Box Insert)

IDNR Response

The Department of Natural Resources currently is working with local officials in Douglas, Moultrie and Coles Counties to determine the disposition of lands originally acquired by IDNR from the Penn Central Railroad for the development of a State trail. After we have determined which portions of this land will be transferred to local units of government, IDNR will report the remaining land as surplus to CMS and will work with CMS to dispose of this property.

Report Heading:        Unknown and Not Applicable Parcels (Report Chapter 2, page 27)

IDNR Response

The Department of Natural Resources will obtain the deed for the land parcel in Montgomery County to determine if it was conveyed to a local unit of government by the former Department of Mines and Minerals in the 1970's. If the parcel has not been officially deeded to the local government, IDNR will immediately initiate the appropriate action to either deed the property in question to the community or add the parcel to the Department's land records until it is determined if this land will be used by IDNR or surplus through CMS.

Report Heading:      Strategic Planning for Space Utilization (Chapter 2, page 32)

IDNR Response

While it is true that office space utilization is not specifically addressed in IDNR's strategic plan, space needs are reviewed by the Department on an on-going basis. The acquisition of open space for State parks and conservation areas is addressed in the Department's strategic plan.

Report Heading:      Effect of Early Retirement on Leased Office Space (Report Chapter 3, pages 59-60)

IDNR Response

While more than 200 employees of the Department of Natural Resources retired as part of the Early Retirement Program, these employees worked at numerous Department sites located throughout the State. As a result, large amounts of excess space were not created at individual leased facilities. In addition, the Department is seeking to fill some of the vacancies created through early retirements. For these reasons, IDNR did not report excess leased space in our survey response.