EE1 Real Estate Overview – Use of Project ID Follow Up

October 6, 2015

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and SFS users. Contents subject to change.

Agenda

- Review Real Estate use of Project ID Guidelines
- Conflicts with use of Project ID
- Clarifying Account code vs. Activity code
  - How Leases should be structured
- BSC-hosted Agency Real Estate Support
- Discussion: OGS vs agency tenant leases
- Expanded use of Project IDs for Real Estate Assets
- Q&A

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Real Estate Module Impacts and Benefits

EE1 Project Director, Ed Bouryng

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Real Estate Management - Impacts

- Only OGS managed leases will be impacted; any agency managed leases will follow their current business process.
- Agencies will need to update the Real Estate Management custom page to link the purchase order to the lease.
- Real Estate Module will automatically generate vouchers
  - Automatic transactions will not be created for Bulkload agencies as Bulkload agency systems are source systems for vouchers
  - Lease terms will dictate amount of the lease payment
  - PO linked by the Agency will determine voucher Chartfields
- BSC Agencies: 61 agencies are currently served by the BSC.

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Real Estate Module Functionality

- Real Estate Management – manage cost and revenue transactions relating to a building or land asset, owned or leased, and manage portfolio of those assets

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Benefits – Real Estate Module

- Centralizing the state business process within SFS
- Greater control of consistency for Real Estate payments and billings
- Enhanced information about Real Estate assets
- Enterprise basis for future Real Estate Center of Excellence initiatives
- Integration of projects and assets to capture cost of occupancy
- Provides information about state owned and leased property

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Review Real Estate use of Project ID Guidelines

EE1 Project Director, Ed Bouryng

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Guiding Principles: Project ID

1. For transactions that relate to a real estate asset (e.g., lease) that are not currently being recorded with a Project ID, always use the OGS-issued Real Estate Project ID associated to the real estate asset.

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Guiding Principles: Project ID

2. For transactions that relate to a real estate asset (e.g., lease) and are already recorded with a Project ID, users should use the OGS issued Real Estate Project ID associated to the real estate asset (depending on the agency's current use of Project ID).

   a. ESA agencies (includes DOL at EE1 Go-Live as the lead onboarding ESA agency) will use the OGS issued real estate lease Project IDs for all real estate related transactions. This will be the State's future direction for agencies as they on-board to the ESA functionality.

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Guiding Principles: Project ID

b. Non-ESA agencies currently using Project IDs to directly charge the federal charge for federal grant projects should continue to do so. The associated State portion of the cost not billable to the federal government should be recorded with the Real Estate Project ID.

- SFS users should record real estate-related costs incorporated into the agency's federal cost allocation plan with the Real Estate Project ID. These costs are considered an indirect federal charge.

c. Other conflicts with use of Project ID - If your agency:

- Currently uses Project IDs for a capital or other project, and
- The associated transactions are real estate related
- Then an alternative means of cost capture may be necessary

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Conflicts with use of Project ID

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Conflicts with Use of Project ID

- Communication sent on 9/23 requested agencies using a Project ID and costs that are real estate related to submit the following feedback by 9/25
  - Type of Transaction and Transaction description
  - Project ID currently used
  - Current use of the Project ID as an information source (e.g., to maintain cost associated to a capital project)

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Conflicts with Use of Project ID

Discussion:

- Does your agency use the Project ID field today?
- How is your agency using the Project ID field today?
  - As recommended
  - Other
  - Workaround discussion
- Alternative means of identifying costs to the real estate asset

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Clarifying account codes vs activity codes and how leases should be structured

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Account code vs Activity code

- Account code in 9.0 and 9.2 differentiate type of lease-related costs (e.g., utilities versus cost of renting the space)
  - Agencies must break out their costs by account to reflect the correct breakdown of cost
- Activity codes are used to breakdown the activities of a project
  - For lease costs, a single Activity “OCCUPANCY_COST” is used
  - OGS uses many other Activities for their project management needs of the lease business process

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Office of General Services

Business Services Center

October 6, 2015

Overview

- The Real Estate module within SFS will automatically generate vouchers for base rent amounts
- This process will save time currently spent entering vouchers and increase the timeliness of payments to landlords
- For this process to work properly, funds must be available on a PO and that PO must be linked to the lease
- Under EE1, agencies are responsible for entering contracts in SFS and releasing the corresponding POs
- The Business Services Center (BSC) is willing to take on the responsibility of managing contract and PO records for OGS leases in SFS for BSC customer agencies

BSC Proposed Activities at EE1 Go Live

- The BSC would be responsible to update the lease contracts in SFS and release POs using tenant agency funds, including adding Project ID information
- Once the Real Estate module is live, BSC would link the POs to the lease
- Agencies provide BSC with coding
- Bulkload and non- BSC customer agencies are initially out of scope

BSC Proposed Ongoing Purchasing Role

- BSC works directly with OGS Real Estate Management group on new leases, holdovers and increases
- Agencies provide BSC with B1184 and coding
- BSC sets up new lease contracts in SFS, releases the corresponding purchase orders and links the purchase orders to the lease
- BSC updates lease contracts in SFS, as needed, and submit to OSC for approval

Payment Process

- Recurring payments will be auto generated by SFS and approved by BSC
- Variable payments follow the current process and are approved by customer agencies in FileNet, then processed for payment by the BSC
- BSC tracks leases to ensure adequate funds are available
- BSC contacts agency to identify any additional funds needed to pay invoices
- BSC processes any needed adjustments to the lease contract POs

Benefits to agencies

- Agencies do not have to do any maintenance of OGS lease contract records in SFS
- BSC ensures all coding is used consistently for all leases including Project IDs and Account Codes
- Agencies don’t need to handle isolated issues including holdover agreements
- Eliminates Customer agency need to learn new SFS lease module reducing the need for training of agency staff

BSC Support Next Steps

- Agencies provide feedback regarding any concerns they have with BSC administering their leases in SFS
- Identify any reporting impacts this change may have on agencies
- Ensure all leases impacted by this process are clearly identified
- Work with SFS on any system customizations needed
- Develop plan to transition responsibilities to BSC in conjunction with EE1

Questions and Discussion

Expanded use of Project IDs for Real Estate Assets

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Expanded use of Project IDs

- Real Estate Project IDs support the relationship of the project to the asset for Leased assets and owned assets
- Transactions other than leasing are key elements to managing asset related costs and investment decision-making
- Other types of real estate transactions that will use real estate Project IDs include renovations, maintenance, and other asset related projects

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Going Forward

- SFS will continue to communicate Real Estate guiding principles, requirements and impacts to the state business process.
  - https://www.sfs.ny.gov/index.php/enterprise-enhancement-phase-1/ee1-functional-areas/ee1-functional-areas-asset-lifecycle-management
- OGS and agency Real Estate training will be available in mid-October in SLMS

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Questions and Answers

If you have any questions after this meeting, please send them to the SFS Help Desk and include your question topic in the subject line of the email.

SFS Help Desk: HelpDesk@sfs.ny.gov; (518) 457-7737; (877) 737-4185 toll-free

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Thank you

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