



STATE OF MICHIGAN

JENNIFER M. GRANHOLM
GOVERNOR

DEPARTMENT OF MANAGEMENT & BUDGET
LANSING

LISA WEBB SHARPE
DIRECTOR

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Contact: Edward Woods III
Director of Communications
(517) 241-8619

DMB receives national honor for public/private real estate partnership

LANSING – The Department of Management and Budget’s innovative partnership with an international real estate advisory firm has saved millions of dollars for the state and taken the top honor in a national competition.

The National Association of State Facility Administrators (NASFA) has chosen Michigan’s public/private real estate services contract with The Staubach Co. to receive its 2006 Innovations Award. The award recognizes outstanding achievement by a state organization in establishing or improving programs.

“This honor recognizes a unique effort that allows the state to capitalize on the resources and expertise of a global real estate advisory firm at no cost to Michigan taxpayers,” said Lisa Webb Sharpe, DMB director. “This partnership implements Gov. Jennifer Granholm’s directive to operate government efficiently and save money for taxpayers.”

Through its partnership with Staubach, DMB’s Real Estate Division has saved approximately \$30.5 million through lease cancellations and renegotiations, generated revenue of \$35 million through the disposal of surplus property, and complete a statewide strategic real estate plan that forecasts Michigan’s long-term real estate needs. The contract uses a “no-cost” model in which Staubach performs a broad scope of real-estate related services on behalf of the state. The services are funded by commissions that landlords pay the broker upon successful completion of lease negotiations.

As part of this process, state agencies across Michigan were encouraged to review their office space needs and co-locate with other agencies where possible. Landlords of properties that house state offices were asked to renegotiate lease terms. The effort enabled DMB to reduce the lease portfolio of state facilities from 662 leases at the end of Fiscal Year 2003 to 594 at the end of Fiscal Year 2005.

The partnership with Staubach also included development of Michigan’s first statewide real estate strategic plan; site location, market analysis, and lease procurement services; and tenant representation, including landlord negotiations through the life of the leases.

The Innovations Award will be presented at a joint conference of NASFA and the National Association of State Chief Administrators. The event will be held in June in Miami.

Information about DMB’s surplus property sales and leasing opportunities is available on the department’s Web site: www.michigan.gov/dmb.

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