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I. Call to Order

II. Pledge of Allegiance

III. Roll Call

IV. Approval of Minutes

V. Comments by the Chair

VI. Presentation: State of Florida Real Estate Overview
   Tom Berger, Director of Real Estate Management and Development, DMS

VII. Presentation: CBRE Workplace Strategies
    Lee Ann Korst, Southeast Regional Manager, CBRE
    Katherine Mooney, Manager, CBRE Workplace

VIII. Presentation: State of Florida Fleet Management Overview
    Ray Spaulding, Director of Specialized Services, DMS

IX. Presentation: Best Practices in Fleet Management
    Don Raymond, Wheels

X. Group Discussion

XI. Other Business & Public Testimony

XII. Adjournment
GOVERNMENT EFFICIENCY TASK FORCE MEETING
Friday, January 24, 2020, 10:00am – 12:00pm
110 Senate Office Building
404 South Monroe Street Tallahassee, FL 32399-1300

Speaker Biographies

Tom Berger
Director of Real Estate Management and Development
Florida Department of Management Services

Tom began his career with the Department of Management Services in August 2007 as the Deputy Division Director of Real Estate Development and Management and now serves as the Director since July 2011, where he oversees Leasing and Operations of twelve million square feet of state facilities. Since his arrival, Tom has managed the permitting, design and construction of more than two million square feet of commercial space, which are energy efficient and sustainable.

Prior to joining the department, Tom spent six years with the St. Joe Company. There he developed strategies for asset management, development, and sales. In addition to market transactions, Tom also directed the sale of properties for conservation including the permanent protection of 15 miles of the upper St. Marks River. Tom worked for Killearn Properties where he managed development and sales of golf course communities in Florida and Georgia. He was the Business Manager for E.C. Driver and Associates, a consulting engineering firm specializing in roadway and bridge design. Tom also has previous government experience as a budget analyst and the Inspector General for the Florida Department of Revenue.
Lee Ann Korst serves as First Vice President within the Public Institutions Group and is responsible for the Southeast region government practice. She currently manages contracts for the States of Florida, Tennessee and South Carolina, and Cities of Pensacola, Miami, Orlando and Mobile.

Ms. Korst has managed the State of Florida account since 2011 by providing strategic advisory services, along with representing the State as both tenant and occupier. Lee Ann led the CBRE team responsible for publishing the State’s Real Estate Optimization Plan that identified between $70-100M in annual savings. Most recently, Lee Ann managed the disposition of a variety of State-owned property, achieving 30.4% above the minimum bid price for the properties as well as more than 1 million square feet of tenant representation assignments. Ms. Korst has also co-led several Public Private Partnerships, including high profile marina redevelopments, relocation of City administrative headquarters and re-negotiating long term ground leases for development purposes.

Ms. Korst has extensive government experience serving in high level positions at two Departments with the State of Florida. She served as the Director of Real Estate and Deputy Secretary at the Department of Management Services which included oversight and management of 7.9 MSF in the Florida Facilities Pool as well as 10 MSF of private sector leasing. Ms. Korst then served as the Deputy Executive Director, Department of Highway Safety and Motor Vehicles, with responsibility for direct management and oversight of the Division of Driver Licensing, Division of Motor Vehicles, Customer Service Center and Cabinet Affairs. She also served the Department of Highway Safety and Motor Vehicles as the Chief of Staff, a role that included overseeing administrative functions of that 4,500-employee state agency and $280M budget.

Prior to her public service, Ms. Korst worked for Equity Office Properties for more than 10 years, leasing and managing a variety of property types and ultimately serving as General Manager for One Ninety One Peachtree Tower in Atlanta, Georgia, where her responsibilities include the successful financial and operational performance of this 1.2 MSF Class A space.
Katherine Mooney is a manager in CBRE’s Workplace practice based in Washington, D.C. With several years of experience in creating and implementing workplace strategies, Katherine brings to the table a keen eye for identifying client needs and opportunities. She seeks to help clients balance between collaboration and focus, efficiency and engagement in the workplace.

Prior to joining Workplace, Katherine was a strategist at Gensler, working on a wide array of projects from workplace strategies for Fortune 500 global corporations and their headquarters to complicated redesign, consolidation, and move strategies for federal government agencies. In addition to experience in across a wide array of markets and industries, she also specialized in Nonprofit strategy, conducting research into the future of the Nonprofit workplace. Katherine specializes in working with designers to successfully communicate and implement strategies.
Ray Spaulding
Director of Specialized Services
Florida Department of Management Services

Ray Spaulding serves as the Director of Specialized Services for the Department of Management Services. In this capacity he leads the bureaus of Fleet Management and Federal Property Assistance and Private Prison Monitoring. Ray is charged with managing the approval of the state's fleet of motor vehicles, watercraft and aircraft purchases, tracking inventory and utilization management within the Fleet Information Management System (FIMS), and administering the disposal by auction or scrapping. He also manages two Federal Property Assistance programs that acquire and distribute U.S. Department of Defense, and federally owned tangible personal property declared excess/surplus by the military and federal government. This property is allocated to the State of Florida for the benefit of state and local law enforcement, public agencies, and private/nonprofit eligible organizations through the Law Enforcement Support Office (LESO) 1033 Program and the State Agency for Surplus Property Program. Ray is also responsible for the oversight and contractual compliance for the private prison system within the State of Florida.

Ray is a retired Marine Corps infantry officer with a variety of experiences in uniform and in state government. He most recently served as the Chief of Environmental Services for the Florida Division of States Lands. Prior to that, Ray was the Director of Military and Veterans Affairs at Florida A & M University; the Chief of Fleet Management and Federal Property Assistance at DMS; and a Senior Analyst on the Florida Senate’s Committee on Military and Veterans Affairs and Space. As an active-duty Marine, Ray commanded Marines through two combat deployments to Iraq (2004-2006) and has served in several command and staff billets.
Don Raymond currently services as the Director of Strategic Account Sales for Wheels, Inc. He has served in this role since January of 2018.

Prior to joining Wheels, Mr. Raymond worked at GE Healthcare in a variety of roles for over twelve years. These included positions such as the Cardiology Business Manager, Strategic Sales Specialist, and finally Strategic Director. Mr. Raymond graduated from Louisiana State University with a bachelors degree in accounting.
December 9, 2019– 2nd Meeting

10:02 Time Start

Chair Jonathan Satter called the meeting to order.

Roll Call: Quorum is present

Call-in attendees: Senator Keith Perry, Patricia Levesque, Pat Neal, Representative Jason Fischer.

Present in person: Vice Chair Jeff Brandes, Representative Rommel, Tarren Bragdon, Ed Moore, Keith Wold, Sal Nuzzo.

Today’s meeting was advertised in the Florida Administrative Register on December 2, 2019.

Pledge of allegiance led by Sal Nuzzo.

Approval of minutes from Organizational Meeting – Motion made by Keith Wold, seconded by Sal Nuzzo.

Refer audience to the video recording for audio and clarity.

Chair Satter: Discusses update of task force priorities.

Today’s focus is the two Subcommittees:

The topics to be covered: Data governance; inoperability; and how to leverage data to more efficiently run government.

Several Speakers

Chair Satter: Data is granular- for example at present there is no data on vehicle usage, maintenance and overall information regarding the vehicles. DMS is researching to start a pilot.

The next meeting will be held January (120 days) to focus on government operations. The chair requests presentations on Fleet Operations and Real Estate practices.

Vice Chair Brandes: No major comments. Looking forward to focus on fleet data management.

Sub-Committee Updates:
Government Operations Sub-Committee Chair Ed Moore: Telephonic meeting on November 15, 2019 held. Discussed: Fleet operations; state managed real estate, both rented and owned; Procurement for IT services; Data driven decisions, General Managed Services. Desire briefing from other executive task forces on Block Chain Cyber-Security, Talent Development, Blue-green Algae.

Technology Innovations Sub-Committee Chair Tarron Bragdon:

November 15, 2019 held telephonic meeting.

Discussed three topics:

1. Data sharing, management, and security. Avoid duplication in other task forces.
2. New technology in customer engagement – goal to learn from public and private sector federal and what are some disruptive policies.
3. Engage citizens by giving them the right information when it is most relevant. Florida goal to continue leading in transparency through data sharing and communication.

Speaker 1:

Rick Howard: Research Vice President, Gartner

Analyst Government Transformation

Government Transformation Begins with Better Data REF 12329384

Data at state level cumbersome 20 years ago—purpose major trends

How public servants use this data to best advantage.

TRUST, AGILITY, SUSTAINABILITY:

1. Survey data – in 5 years Public Sector will be more conversational with constituents; Location – Aware; more anything as a Service
2. Intelligent- more machinery, automation, how do we quantify
3. Top trends of Govt – Digitally Empowered Workforce; macro trends – Social Instability
4. Perpetual austerity
5. Population Aging
6. Rising Populism Sustainable Systems
7. Technology to support policies
8. Technology Trends: Trusted, agile and sustainable
9. Sector Transformation is built on Trust and Convenience
   a. Goal – provide access to government Services- reliable seamless and easy
   b. How – adaptive security continuous evaluation
   c. Multichannel citizen engagement – personalization
10. Adopt Agile-first practices to speed the pace of the Public Sector
11. People, analytics & machines make the Public Sector Sustainable
12. Augmented Intelligence- bring in best machines.
13. Ability to transform – reliably Proactive:
    Detection * Automation * Anticipation
14. Enhance detection and prevention to save Resources / makes government work faster
15. Key issues- digital leadership; strategic approach; skills
16. Policy, practicing, Technology is the means , Data Sharing is the goal
17. Policy framework to improve data quality and manage risk; keeping the information accurate.
18. Platform approach facilitates data sharing-to bring all services together.
    Link the value of data sharing to business outcomes. Accuracy and performance integrated and support the sharing as a digital service.

Time end: 11:02 a.m.

CHAIR Satter: Allows time for member questions

Question:

- **Tarren Bragdon**: RE: Priorities, opportunities, and evolution of Florida and other states?

  **Mr. Howard** responds. RE: Sustaining, timeliness, understandability.

- **Ed Moore**: RE: build sustainability dealing with constant change; and how to attract and retain qualified personnel.

  **Mr. Howard** answers: Discusses emulation, vision, time, and window of opportunity; skills, organization and data – amidst rapid changes.

Speaker 2-3: (Time start 11:25)
Terrence Samuel, Project Director, FLHSMV: Motorist Modernization Initiative;

Chad Hutchinson, Chief Technology Officer, FLHSMV

1. Priority: Modernization of Motorization doing business with industry and public.
2. 2013 – Driver related issuance an vehicle enhancements
   a. Paperless, audit saving feature improvements, customer service efficiency
   b. My DMV Portal: Redesigning the driver license database and processes; expanding deliverables software; enhance employee tools- improve accuracy; no download- Mobile and tablet friendly
   c. Customer services enhanced- international registration

Questions:

• Chair Satter: Re: Mobile Driver license?

Chad Hutchinson responds. Mobile digital representation with function.

• Comment on Mobile Driver License: RE: Identity is stored on the phone but only selective data will come through.

Technical Efficiencies:

2. Standardization – never current, proprietary issues.
3. New Standards platforms- strategic communication –the ability to talk to each other, availability to agencies. Integration, security, and interoperability.
4. FLHSMV Technical Design Strategy
   a. Design for integration, interoperability and security - proactive view
   b. Modern development stack- digital based friendly
   c. High available cloud computing – portable workload
   d. –Example- the 1904 Baltimore fire where the couplings of the fire hoses would not integrate-the fire was a historical disaster, demonstrating the need for a common standard service level. Apply technology to enable database exchange.
5. Toolsets: Web API Management; NoSQL Databases; Test Data Management

Time end: 11:39 a.m.

Questions:
- Sal Nuzzo: RE- the three tools’ application to other agencies.
  Mr. Hutchinson responds.
  Web API Management very applicable.
  NoSQL- gives agility from a data perspective. Improves time and speed of development
  Test Data Management- everyone needs test data to compare and for individual production.

No further questions.
Chair Satter – Tarren Bragdon makes motion to extend meeting to 12:15 p.m. to allow for the final presentation. No objections. All in favor. Motion adopted.

Speaker 3:
Spence Purnell - Reason Foundation

“State Government Data Interoperability: A Perspective”

1. Data Interoperability and Enterprise IT: Evidence based, effective, efficient- reflect that state agencies are talking to each other and need access to data for improved customer services.
3. Open Data Act passed this year- how it affects agencies, and the funding.
   Requires agencies to open up non-sensitive or confidential information to a read/access mode. Taxation and data autonomy.
4. Data Cataloging: XBRL –non-profit collective of financial data publication
5. Enterprise IT – standardized state and agency. Security made easier by Solo Towers vs. coordinated network with home base
6. Change is constant; suggest tiered system to ensure privacy and security.
Questions:

- **Mr. Nuzzo**: Re: Challenges of data security, and recommended data privacy.

**Mr. Purnell** responds: Differences in private data and government data. Related to government – recommend addressing and creating upfront boundaries with an explicit list of exempted information to the data privacy.

No public appearances.

Question to Mr. Purnell:

- **Patricia Levesque** – concurs importance of a common uniform standard web platform where the individual agency can exchange data.

Comment to the Chair:

Re: Standards platform- agency communication and procurement obstacle to state agency is the process that currently can block and hinder progress. Suggest- evaluation of procurement.

**Chair Satter**: Defers answers to next agenda and to add item of a conversation to streamline procurement.

Question to the Gardner Company: Re: Role of chief privacy officer. Question & answer will be deferred.

No further questions from members.

Time 12:11 p.m.

**Motion** made by Mr. Moore to adjourn. Motion seconded. Meeting adjourned.
GOVERNMENT EFFICIENCY TASK FORCE
REAL ESTATE OPPORTUNITIES

JANUARY 24TH, 2020
Florida operates a decentralized real estate/facilities management model

- Multiple agency staffing for:
  - Maintenance
  - Leasing
  - Construction
  - Procurement
  - Vendor Accountability

- Duplicative leasing staff across agencies
  Inconsistent procurements and space standards

- Aging Assets in the Path of Progress
  - Sale of facilities does not create opportunities for new facilities
Decentralized Facilities Management

- Florida operates on a decentralized facilities management model
  - Multiple agencies own and operate facilities

- There are cascading levels of decentralization among agencies
  - Many agencies have autonomous regional facilities operations

- DMS manages fewer than 1% of the overall state agency managed facilities
  - 112 of 13,000 facilities

- Inconsistent Operations and Maintenance staffing, contracts and procedures lead to inefficiencies and duplication
  - We are missing the economies of skill and scale

- Capital planning is inconsistent and there is no overall prioritization of capital needs across the portfolio
  - Which roofs, elevators, chillers, electrical systems are most critical
### Facility Operational Efficiencies

**Gross Sq Ft by Agency Name and Predominant Space Type**

<table>
<thead>
<tr>
<th>Predominant Space Type</th>
<th>Office</th>
<th>Agency Name</th>
<th>Count of Facilities</th>
<th>Gross Sq Ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>8M</td>
<td></td>
<td>Department of Agriculture And Consumer Services</td>
<td>3</td>
<td>222,899</td>
</tr>
<tr>
<td>6M</td>
<td></td>
<td>Department of Children and Families</td>
<td>2</td>
<td>224,493</td>
</tr>
<tr>
<td>6M</td>
<td></td>
<td>Department of Economic Opportunity</td>
<td>3</td>
<td>295,580</td>
</tr>
<tr>
<td>6M</td>
<td></td>
<td>Department of Health</td>
<td>3</td>
<td>204,231</td>
</tr>
<tr>
<td>4M</td>
<td></td>
<td>Department of Highway Safety and Motor Vehicles</td>
<td>1</td>
<td>380,836</td>
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<tr>
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<td>1</td>
<td>111,610</td>
</tr>
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<td></td>
<td>Department of Management Services</td>
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</tr>
<tr>
<td>4M</td>
<td></td>
<td>Department of Transportation</td>
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<td>1,028,435</td>
</tr>
<tr>
<td>2M</td>
<td></td>
<td>Fish And Wildlife Conservation Commission</td>
<td>1</td>
<td>88,500</td>
</tr>
<tr>
<td>2M</td>
<td></td>
<td>State Courts System</td>
<td>1</td>
<td>177,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>73</strong></td>
<td><strong>10,680,022</strong></td>
</tr>
</tbody>
</table>

*Note: The table above represents the gross square footage by agency name for different space types. The data shows the distribution and total square footage across various departments.*
Decentralized Model
Decentralized Model
• Agencies currently occupy 763 private sector lease

• $138 million in annual spend

• Leasing staff at every agency

• No standardized housing plans; every lease is different; every procurement is different
**Standardize Facility Management and Leasing**

- **Benefits to the State:**
  - **Facilities:**
    - Enable agencies to focus on their core mission
    - Standardize Portfolio Oversight and Operations
    - Measure facility performance
    - Standardize energy management and sustainability practices
    - Implement shared service model for economies of **skill** and **scale**
    - Maximize use of emerging technologies
    - Leverage Procurements for Operations and Maintenance
    - Consolidate Capital Planning, Legislative Budget Requests and Legislative reporting across the portfolio

- **Leasing**
  - Implement forward-thinking strategies to improve efficiencies resulting in space reduction and cost avoidance
  - Stop competing for space in the same markets
  - Leverage Procurements for Leasing
  - Create standardized housing plans with space allocation standards and construction standards for office, call-centers, training-centers and public facing spaces
Development Opportunities

Rohde Building
Downtown Miami

Legend

DMS Managed Building

Updated: January 22, 2020
K:OS-BB8908:GI:ArcGIS Explorer Layers and Maps\REO Map 2020\Rohde_Building_2020
Development Opportunities

Legend

DMS Managed Building

Rohde Building
Downtown Miami

Updated: January 22, 2020
K:\05-BBIS\GIS\ArcGIS Explorer Layers and Maps\RED Map 2020\Rohde_Building_2020
Recommendations

• Transfer operations of office buildings over 50,000 sq ft to DMS

• Consolidate Leasing Operations within DMS

• Monetize current assets to benefit the portfolio
Thank you.
REAL ESTATE PORTFOLIO STRATEGIES AND BEST PRACTICES

IMPROVING OPERATIONAL EFFICIENCY THROUGH REAL ESTATE

State of Florida’s Government Efficiency Task Force
YOUR TEAM

LEE ANN KORST
SOUTHEAST REGIONAL MANAGER
CBRE PUBLIC INSTITUTIONS & EDUCATION SOLUTIONS
ACCOUNT LEAD - STATE OF FLORIDA

KATHERINE MOONEY
MANAGER
CBRE WORKPLACE
OVERVIEW OF CBRE

The INDUSTRY LEADER

CBRE, Inc. (NYSE: CBRE), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world’s largest commercial real estate services and investment firm (in terms of 2018 revenue). The company offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting.

#146 in 2019

#1 in real estate in 2019.

Seven consecutive years on the list

A top company for diversity, women and new graduates

#1 brand for 18 consecutive years

Named one of the World’s Most Ethical Companies six years in a row

Global Real Estate Advisor of the Year six of past seven years

#90,000+ Employees

5.5B SF

Of Property and Corporate Facilities Managed

$105.5B

Of Real Estate Investment Assets Under Management

$6.8B

Of Development Projects in Process

480+

Offices in 100+ Countries

500+

Integrated Accounts

OVERVIEW OF CBRE
CBRE is Florida’s leading commercial real estate services firm. Since establishing a presence in the state more than 35 years ago, our firm has been recognized for advising clients across Florida and helping them leverage market opportunities to achieve their business objectives. With approximately 1,249 employees, including 165 real estate brokerage professionals in 8 offices across the state, CBRE offers a full range of commercial real estate services to fit our clients’ specific needs.
PUBLIC SECTOR EXPERTS

Understanding your unique perspective

We are a national team that works exclusively with state, county, city and educational institutions to develop and implement cutting-edge real estate strategies.

25 States
50 Cities & Counties
100+ MSF
20+ Team Members
20+ Years of Experience
USING REAL ESTATE ASSETS TO SOLVE OPERATIONAL CHALLENGES

A public agency partnering with a private sector firm that will assist in the development or re-development of agency-owned real property

KEY ADVANTAGES

+ Transfers risk from the agency to a private sector partner
+ Reduces public sector capital burden; generates revenue
+ Allows agency access to the best practices (construction management, private sector procurement) and market knowledge (feasibility, competitive pool) of the private sector
+ Allows for redevelopment / re-purposing of under- or non-performing assets
+ Produces incremental cash flow, increased amenities and synergistic development
+ Increases the chance for success and speed of project delivery
+ Revenue can be directed to fund other critical priorities
+ Ongoing maintenance by private partner can deter future capital expenditures and deferred maintenance
+ Positive revenue impact to balance sheet capacity opens up growth potential for mission focused growth areas
CURRENT AND RECENT DEVELOPMENT ADVISORY PROJECTS NATIONWIDE

ACCESSING PRIVATE SECTOR CAPITAL FOR PUBLIC SECTOR PROJECTS

- CITY OF INDIANAPOLIS
- CITY OF KENTON COUNTY
- CITY OF NORTH COUNTY TRANSIT DISTRICT
- CITY OF INDIANAPOLIS
- CITY OF MIAMI - MIAMI RIVERSIDE CENTER
- CITY OF MIAMI - JAMES L KNIGHT/HYATT HOTEL
- CITY OF MIAMI-ALLAPATAH 20TH STREET
- CITY OF HOLLYWOOD (3)
- CITY OF BONITA SPRINGS (3)
- CITY OF FT MYERS
- CITY OF CAPE CORAL
- CITY OF JACKSONVILLE DOWNTOWN INVESTMENT AUTHORITY
- CITY OF JACKSONVILLE TRANSIT AUTHORITY
- BROWARD COLLEGE (3)
- CITY OF MIAMI - VIRGINIA KEY MARINA
- JEA
- CITY OF FORT LAUDERDALE - LAS OLAS MARINA

- REDUCE RISK
- ACCELERATE TIMELINE
- LOWER COSTS

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- REDUCE RISK
- ACCELERATE TIMELINE
- LOWER COSTS
**Primary Goals**

Secure the most competitive, beneficial, and least risky proposals from reputable developers committed to the project and the State’s goals.
HEADQUARTERS SOLUTION FOR CITY OF MIAMI

THE CHALLENGE
• Existing facility is too small, outdated, and inefficient
• Current site is not highest and best use
• Parking is inadequate, citizen access is challenging

THE SOLUTION
• Marketed the opportunity to over 5,000 targeted brokers, investors, and developers
• Performed financial analysis tasks to evaluate the various cash flow and net present value terms in developer bids, present all options to the City comparable terms, and facilitate the selection of the most advantageous offer to the City

RESULTS
• Redevelopment calls for three to four towers on the former City site
• Mix of residential, office, retail, and hotel uses, large and accessible public Riverwalk component.
• Developer pays $3.6m in annual escalating rent plus 2% of proceeds from condo sales on the site, + 10% workforce housing
• New headquarters will be state-of-the-art 375,000 SF building and parking garage
THE CHALLENGE

- CBRE represents the Downtown Investment Authority (DIA) in the redevelopment of several owned and underutilized parcels
- Site is a former courthouse and City Hall annex, and a submerged parcel
- Uniquely positioned along the St. Johns River with high visibility from multiple vantage points.
- Unique opportunity for place-making on acreage that will forever be a part of the downtown skyline of the City.

THE SOLUTION

- CBRE has undertaken significant consultation and due diligence with the DIA
- Developed dynamic and unique branding of the site
- Incorporated several key considerations into the RFP including design, build, finance project delivery method, and required use types including multifamily and retail elements with optional office, marina, and hospitality.

RESULTS

- The RFP was issued in late October 2019 with a selection anticipated in February 2020
- Documents have attracted significant developer interest and we anticipate strong offers.

CBRE has worked with the City to understand its desires for the sites, incorporate the history of the area, and create a sense of place in the area.
WORK IS AN EXPERIENCE, 
not just a place.
LARGEST GLOBAL PRESENCE

Founded in 2008, we’ve worked with 400+ organizations across 25+ industries.

Our cultural and technical diversity helps us to see problems from different angles and allows us to advise on both a global and local level.

Our team of over 40 professionals in the U.S. have diverse backgrounds and varying ranges in skill and expertise.

Meet a few of us:
Organizations care about:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space Efficiency</td>
<td>79%</td>
<td>Global respondents indicated that space efficiency initiatives are their top strategy.</td>
</tr>
<tr>
<td>Increased Agility</td>
<td>10%</td>
<td>Year facility life cycle incompatible with demand to upgrade technology every 2-3 years.</td>
</tr>
<tr>
<td>Effective Collaboration</td>
<td>55%</td>
<td>Global respondents desire better collaboration – a main driver of their workplace strategies.</td>
</tr>
<tr>
<td>Connection to Mission</td>
<td>28%</td>
<td>Of employees know what their organization stands for and what makes them different from competitors.</td>
</tr>
</tbody>
</table>

Source: CBRE Global Occupier Survey 2015/16
Source: CBRE Designing the Workplace Experience,
Source: CBRE Global Occupier Survey 2015/16
Source: Gallup Business Journal, 2015
EMPLOYEES CARE ABOUT:

**CULTURE**
47% of employees rate company culture as very or extremely important when selecting an employer.

**FLEXIBILITY**
38% of employees are more engaged when organizations provide work-life support.

**WELLBEING**
47% of companies report an improvement in engagement, as a result of health and wellness initiatives.

**EASE**
44% of employees said their company uses the latest technology to enable them to effectively do their job.

Sources:
- CBRE Research
- Quantum Workplace & Limeade
- CoreNet Global
- Oracle, Global Engagement Study, 2016
- Millennials: Myths & Realities, 2016
WORKPLACE360

is examining how we work at CBRE from all aspects – work environment, supporting technology, branding, personal productivity, space efficiency, sustainability, mobility, flexibility and more – applying this research to transform our future workplace.

IMPROVING THE WAY WE WORK

We will enhance our effectiveness, by creating a more productive work environment with the right high quality space, technology, and services to enable our people to work anywhere, anytime, and with anyone.

GENERATING BUSINESS

Our offices will showcase our leadership position and promote increased communication and collaboration to enable all of us to better leverage our platform of knowledge, research and resources.

OPTIMIZING OUR ASSETS

We will reduce the costs associated with underutilized space and re-invest in the things that matter the most: higher quality space, technology, and services.
AMERICAS LOCATIONS

EXISTING OFFICES - 40

Atlanta
Austin
Baltimore
Beverly Hills Suite
Carlsbad
Chicago Suburbs
Cincinnati
Cleveland
Columbus
Denver
Denver Tech Center
Detroit
Downtown Chicago
Downtown LA
Downtown San Diego
East Brunswick
Ft. Lauderdale
Honolulu
Houston
Indianapolis
Kansas City
LA North
Memphis
Mexico City
Miami
Minneapolis
Nashville
Oakland
Ontario
Orlando
Palo Alto
Philadelphia DT
Philadelphia Suburbs
Phoenix
Sacramento
San Diego UTC
San Francisco
San Jose
Ventura
Woodland Hills

UNDERWAY - 9

Boston
Greenville
Newport Beach
Philadelphia
Suburbs Phase 2
Portland
Richmond
Sao Paulo
Tulsa
Washington D.C.
PROGRAM IMPACT

70+ Offices Transformed Globally

19k+ Employees Impacted Globally

10% Increase in CapEx Spend

25% Decrease in Leased Space (Including Avoidance)

CoreNet Global Innovator’s Award Recipient

First WELL Certified Commercial Office Interior

15th on Forbes’ 2016 Americas Best Employers, lauded with the move from 71st on the list

10% average utilization increase compared to pre-move
CHANGE TAKES TIME

Move Announcement
- Create Steering Committee

Launch Project Website
- Form Employee Committees

Begin Research Process
- Employee Town Hall Event

Test-Fit Final Options
- Employee Open Forums

Sign the Lease
- Begin Construction

Office “Purge Parties”
- Document Digitization

Tech Training
- MOVE!
• 34” ultra wide curved monitors
• Laptops for all, Box.com, OneDrive, Office365
• Barco Clickshare, Crestron reservations
• Zoom
• Media Wall, Oblong, Liquid Galaxy, and more

• 72% average purge rate, 9,000+ employees
• 40,000sf+ in storage space impacted
• Reduction from 4+ file drawers to 1 drawer

• Height adjustable workstations and focus room desks
• Healthy snacks, natural light, hydration stations
• Circadian lighting, Wellness room, plant life, and more

• Employee committees, local artists
• Recycled materials, rotating artists
• Local brand, global context
OUR IMPACT

How are we engaging in the Americas?

- 26k Survey Respondents
- 175 Visioning Session Participants
- 325 Interviewees
- 190 Focus Group Participants
- 49% Average Utilization
- 450k+ Utilization Data Points
- 19k+ Employees Engaged (of ~47k total)
- 50% of our global portfolio: 2.5M+ SF impacted

- 40k+ SF Reduction in File Drawers
- 1 Drawer / Person
- $8.7M Storage Savings (based on SF)
- 72% Average Purge Rate
WP360 OFFICE RENOVATION

PROJECT LOCATION:
Chicago, Illinois

SIZE:
61,000 SF

DATE:
2014

SERVICES:
Workplace Strategy, Project Management, Brokerage, Change Management, Move Management

PROJECT HIGHLIGHTS:
• 100% free address environment
• 2X new meeting places
• 85% purge rate + $1.4M storage savings over 10 yrs
• 22% rent + CapEx savings
• 250+ tours to the space and 600+ visitors (open for 1 month)
• Story of the new office picked up in Crains Article, Chicago Tribune Article
• Hosted Chicago Ideas Week
LESSONS LEARNED

CONNECT THE VISION TO THE BUSINESS NEEDS

DEFINE A VISION AND STICK TO IT

SWEAT THE SMALL STUFF

ENGAGE THE RESISTORS AND BE TRANSPARENT

REINVEST VS. EXPENSE REDUCTION

ALL ABOUT PAPER
## OUR RESULTS

<table>
<thead>
<tr>
<th>93%</th>
<th>79%</th>
<th>95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>said they would not go back to the old way of working</td>
<td>of the workforce felt more productive compared to the previous office space</td>
<td>felt that the company made a significant reinvestment in its people</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>94%</th>
<th>83%</th>
<th>86%</th>
</tr>
</thead>
<tbody>
<tr>
<td>agree or strongly agree that they are able to more easily collaborate</td>
<td>agree or strongly agree that they are able to find spaces for private and focused work</td>
<td>believed there was a strong improvement in employee health and wellness</td>
</tr>
</tbody>
</table>
CBRE WORKPLACE360

Our own experience.

REDUCTION IN OCCUPANCY COST

20%

EMPLOYEES IMPACTED GLOBALLY

19,000

EMPLOYEES FEEL WORKPLACE360 REPRESENTS A REINVESTMENT IN PEOPLE, PROCESS, AND TECHNOLOGY

92%
Best Practices: Space Planning Impact

Show-Up Rates
What will determine if your employees come into the office:
- Commute times
- Office services and technology
- Access to colleagues
- “Meetings that matter” – educating managers and employees to prevent wasted time

Seat Sharing Ratios
Adjust sharing ratios based on:
- Utilization data and show-up rates
- 1.25 to 1.4 people to 1 seat is an average, accepted ratio
- Established policy for frequency of working from home

Work Space Choices
When workers need to come to the office, be sure to:
- Provide a variety of spaces to work
- Enable greater collaboration
- Provide ample meeting spaces for various size meetings
- Consider offices and workstation ratios

Community & Culture
Enhance the office to make sure people come in when it most impactful:
- Centralized gathering spaces for events/socialization
- Formal and informal spaces to interact with clients and colleagues
- Amenities that align with organizational culture
REAL ESTATE PORTFOLIO CONSIDERATIONS AND BEST PRACTICE RECOMMENDATIONS

REAL ESTATE GOVERNANCE MODEL
• Centralized control and organization
• Real Estate skills and leadership
• Proactive and strategic decision making

MAXIMIZE VALUE OF THE STATE’S REAL ESTATE HOLDINGS
• Streamline disposition of non-conservation and non-mission critical surplus property
• Stimulate economic development and job creation at the local level
• Leverage land value to help fund replacement facilities or other budgetary needs

ALLOW AGENCIES TO FOCUS ON THE MISSION CRITICAL FUNCTIONS
• Incentivize agencies for identifying and releasing underutilized property
• Maximize occupancy in non-DMS managed facilities

MODERN WORKPLACE STANDARDS
• Space efficiency = cost avoidance
• Recruitment & retention
• Flexibility
• Technology
• Change management
Lee Ann Korst serves as First Vice President within the Public Institutions Group and is responsible for the Southeast region government practice. She currently manages contracts for the States of Florida, Tennessee and South Carolina, and Cities of Pensacola, Miami, Orlando and Mobile.

Ms. Korst has managed the State of Florida account since 2011 by providing strategic advisory services, along with representing the State as both tenant and occupier. Lee Ann led the CBRE team responsible for publishing the State’s Real Estate Optimization Plan that identified between $70-100M in annual savings. Most recently, Lee Ann managed the disposition of a variety of State-owned property, achieving 30.4% above the minimum bid price for the properties as well as more than 1 million square feet of tenant representation assignments. Ms. Korst has also co-led several Public Private Partnerships, including high profile marina redevelopments, relocation of City administrative headquarters and re-negotiating long term ground leases for development purposes.

Ms. Korst has extensive government experience serving in high level positions at two Departments with the State of Florida. She served as the Director of Real Estate and Deputy Secretary at the Department of Management Services which included oversight and management of 7.9 MSF in the Florida Facilities Pool as well as 10 MSF of private sector leasing. Ms. Korst then served as the Deputy Executive Director, Department of Highway Safety and Motor Vehicles, with responsibility for direct management and oversight of the Division of Driver Licensing, Division of Motor Vehicles, Customer Service Center and Cabinet Affairs. She also served the Department of Highway Safety and Motor Vehicles as the Chief of Staff, a role that included overseeing administrative functions of that 4,500-employee state agency and $280M budget.

Prior to her public service, Ms. Korst worked for Equity Office Properties for more than 10 years leasing and managing a variety of property types and ultimately serving as General Manager of One Ninety One Peachtree Tower in Atlanta, Georgia, where her responsibilities include the successful financial and operational performance of 1.2 MSF Class A space.

CREDENTIALS
- Florida Governor Mansion Commission
- Tallahassee Chamber of Commerce Action 2010 Committee
- 2002 TOBY Winner (over 1,000,000 SF category)
- 2001 TOBY Judge (250,000- 499,000 SF category)
- 2000 TOBY Winner (250,000 – 499,000 SF category)
- 1999 Equity Office Properties Building of the Year
- 1999 TOBY (The Office Building of the Year) Winner (100,000 – 249,000 SF)
- 1997 International Tenant Handbook of the Year Award
- Speaker at Florida P3 Conference
- American Association of Port Authorities

EDUCATION
- Master of Business Administration, Oglethorpe University
- Bachelor of Science in Management and Quantitative Methods, Illinois State University
- Harvard University - Strategic Negotiations: Deal Making for the Long Term

PARTIAL CLIENT LIST
- State of South Carolina
- State of Tennessee
- State of Florida
  - AHCA
  - APD
  - CPIC
  - DCF
  - DEP
  - DJJ
  - DMS
  - DOACS
  - DOAH
  - DOC
  - DOE
  - DOEA
  - DOR
  - DOS
  - DOT
- City of Fort Meyers
- City of Cape Coral
- Commonwealth of Puerto Rico
- City of Orlando
- City of Miami
- City of Winter Park
- Port Tampa Bay
- Port of Pensacola
- Broward College
- Martin County, FL
- City of Mobile, AL
- City of Hollywood, FL
Katherine Mooney is a manager in CBRE’s Workplace practice based in Washington, D.C. With several years of experience in creating and implementing workplace strategies, Katherine brings to the table a keen eye for identifying client needs and opportunities. She seeks to help clients balance between collaboration and focus, efficiency and engagement in the workplace.

PRIOR EXPERIENCE

Prior to joining Workplace, Katherine was a strategist at Gensler, working on a wide array of projects from workplace strategies for Fortune 500 global corporations and their headquarters to complicated redesign, consolidation, and move strategies for federal government agencies. In addition to experience in across a wide array of markets and industries, she also specialized in Nonprofit strategy, conducting research into the future of the Nonprofit workplace. Katherine specializes in working with designers to successfully communicate and implement strategies.

CREDENTIALS

• Cornell University, Masters of Art in Design and Environmental Analysis
• Cornell University, Bachelor of Science in Interior Design
• LEED AP ID+C, member IIDA
THANK YOU!

IMPROVING OPERATIONAL EFFICIENCY THROUGH REAL ESTATE

State of Florida’s Government Efficiency Task Force

CBRE PUBLIC INSTITUTIONS & EDUCATION SOLUTIONS
State of Florida Fleet Management Overview

Ray Spaulding, Director

Division of Specialized Services
Fleet Management and Federal Property Assistance

The Bureau of Fleet Management & Federal Property Assistance provides for the purchase and management of quality, cost-effective, energy-efficient and safe motor vehicles, watercraft, heavy equipment, and aircraft for our customers (state agencies) for the lifetime of the vehicle’s use.
Bureau of Fleet Management and Federal Property Assistance Organization

- Bureau Chief
- Fleet Management has 5 full-time employees based in Tallahassee
- Federal Property Assistance (not part of Fleet operations but resident in the bureau)
  - State Agency for Surplus Property (SASP) Program has 4 full-time employees based in Starke, Florida
  - Law Enforcement Support Office (LESO) Program has 1 full-time employee based in Tallahassee
# Fleet Management Functions

<table>
<thead>
<tr>
<th>Acquisition</th>
<th>FIMS System</th>
<th>Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review agency vehicle procurement requests for best fit and compliance with the applicable state-term contracts and general procurement processes.</td>
<td>Web-based application tracking 26,000 assets over 31 agencies. Inventory, utilization, fuel and maintenance costs, assignment, and generate reports</td>
<td>Manage the disposal of used/replaced vehicles and mobile equipment. Approximately 1,600 items disposed of annually at live and online auctions</td>
</tr>
</tbody>
</table>
Acquisitions

FY 2018-19

• Processed 3,200 vehicle acquisitions
• Acquisition Value: $70+ million
• Acquisitions included motor vehicles, heavy equipment, and heavy equipment leasing (e.g., lifts, roller choppers, and other items agencies use for silviculture and construction purposes)

The Fleet Acquisitions Compliance Administrator processes all applications
Fleet Information Management System (FIMS)

• The Florida Equipment Electronic Tracking (FLEET) System was an in-house web-based application launched in January 2012. It had severe limitations.

• Fleet Information Management System (FIMS) was launched June 10, 2019.

• The FIMS provides the management and cost information required to effectively and efficiently manage the State’s fleet. FIMS also provides accountability of equipment use and expenditures.
FLEET Reports

FLEET only had five standard reports:

• Inventory
• Missing Logs
• Cost & Utilization
• Delinquent Preventive Maintenance
• Scheduled Preventive Maintenance
FIMS has ad hoc reporting capabilities on all information in the system. FIMS offers the same FLEET reports plus the following standard reports:

- Fuel Transactions
- Historical Work Orders
- Maintenance Patterns
- Mechanic Utilization
- Work Order Summary
- Cost per Vehicle per Vendor
- Fleet Profile Report
- Historical Meter Logs
Fleet Information Management System (FIMS)

25,448 Assets in FIMS

Current Fleet Assets

- All Other Agencies: 4844 Vehicles, 216 Other Assets
- DEP: 1264 Vehicles, 196 Other Assets
- FWC: 1924 Vehicles, 1097 Other Assets
- HSMV: 2934 Vehicles, 271 Other Assets
- FDC: 3023 Vehicles, 77 Other Assets
- DOT: 3156 Vehicles, 1513 Other Assets
- ACS: 2873 Vehicles, 2060 Other Assets

Vehicles Other Assets

0 1000 2000 3000 4000 5000 6000
Current Percentage of Passenger Vehicles

- Cars: 41%
- SUVs: 13%
- Light Duty Trucks: 8%
- Medium Duty Trucks: 6%
- Heavy Duty Trucks: 2%
- Pickup Trucks: 30%
Vehicle and Equipment Disposal

The number of vehicles and equipment surplused every month varies based on the needs of state agencies.

FY 2018-19

• Surplused 1,212 vehicles, an average of 110 vehicles per month
• Scrapped 197 vehicles, an average of 19 per month

The Bureau works coordination with state agencies to choose the surplus method that best suits their needs.
Replacement Criteria

Cars and light trucks (up to and including 1 ton pickups trucks) replacement eligibility is determined by using the Replacement Eligibility Factor (REF).

• Standard vehicle (up to 1/2 ton pickup): 12 years or 120,000 miles
• Pursuit vehicle: 8 years or 80,000 miles
• Medium (3/4 & 1 ton pickup): 150,000 miles
Vehicle and Equipment Disposal

**Percentage of Proceeds Returned to State Agencies of Surplus Items Sold by the Bureau of Fleet Management & Federal Property Assistance for FY 2018-19**

<table>
<thead>
<tr>
<th></th>
<th>*Items Sold Sales</th>
<th>Gross Proceeds</th>
<th>Various Fees and Expenses</th>
<th>DMS Fees 3%</th>
<th>Towing Expenses</th>
<th><strong>Total Net Proceeds</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Live Auction</td>
<td>904</td>
<td>$2,509,350.00</td>
<td>7.84%</td>
<td>3.00%</td>
<td>3.16%</td>
<td>86.00%</td>
</tr>
<tr>
<td>On-line Auction</td>
<td>308</td>
<td>$518,950.44</td>
<td>6.39%</td>
<td>3.00%</td>
<td>1.00%</td>
<td>89.62%</td>
</tr>
</tbody>
</table>

*Only cars can be sold by the on-line auction process. Equipment must be sold at the live auction.

**Although the net proceeds are greater for the on-line auction, it is more labor-intensive for the state agencies than the live auction.*
Rental Vehicles

FY 2018-19

• Rental Car Contract (Enterprise)
  • Business: 147,141 rentals by state agencies, state universities, and other eligible users under the contract.
  • This represents 505,161 rental days at a cost of $19,464,614.
  • Leisure: 63,089 rentals at a cost of $10,524,453.
Fleet Telematics

Fleet telematics is a technology used to monitor a wide range of information relating to an individual vehicle or an entire fleet. Telematics systems gather data including vehicle location, driver behavior, engine diagnostics and vehicle activity, and visualize this data on software platforms that help fleet operators manage their resources.
Fleet Telematics RFI

• The RFI was posted to the Vendor Bid System on October 31 and closed on December 13.

• The Department was seeking to obtain industry information regarding plug and play or hardwired Vehicle Telematics and Data Solutions for its current and future fleet needs.

• There were 21 respondents. Respondents that gave prices ranged from $9 - $180/per asset, per month but included information for the possibility of additional charges.

• Telematics could benefit the State by several factors, to include:
  • Accident Cost Reduction
  • Reduce fuel consumption and Green House Emissions
  • Driver behavior correction with speeding alerts and reporting
  • Enhance asset management with utilization reporting, GPS tracking, and active/inactive vehicles.
  • Engine diagnostics
Vehicle Preventative Maintenance and Repair Services RFI

• The RFI was posted to the Vendor Bid System on January 15 and closes on January 27.

• Fiscal year 2018-2019, the State of Florida spent approximately $17 million in maintenance and repair services.

• The Department is seeking information from experienced vendors for vehicle preventative maintenance and repair services for Florida’s fleet of approximately 18,000 sedans, light and medium duty trucks throughout the State of Florida.

• Division is exploring ways to improve service and reduce costs for our customers.
Questions
Fleet 101

An overview of the fleet leasing industry

January 24, 2020
Introductions
State of Florida: Current State / Future State
What is Fleet Management?
  • Fleet Terminology
Fleet Management Services
  • Services
How are vehicles ordered?
  • Fleet Leasing Definition
  • Closed versus Open End Lease
  • Order Planning
Outsourcing vs In-House
Industry Trends
Q & A
State of Florida

Where are you today?

What does your future look like?
The transactional aspect of fleet management is the practice of overseeing, organizing, and recording all facets of a company’s fleet. These managerial duties might include all services required to keep vehicles properly maintained and compliant but also managing driver behavior to ensure safety. There should also be a strategic component for long & short term goals to optimize fleets.
Fleet Terminology
Fleet Terminology

- **FMC** – Fleet management company
- **OEM** – Original equipment manufacturer (Ford/GM/FCA/Nissan/etc)
- **MSRP** – Manufacturers suggested retail price
- **Invoice** – What the dealer pays for the vehicle from the manufacturer
- **Incentive or CAP Agreement** – Individually negotiated discount based on yearly volume commitment
- **Cap or Stip Cost** – Cost of the vehicle when purchased from the manufacturer. Includes manufacturers incentive and any other discounts offered by the FMC.
- **Residual Value** – Remarketing or vehicle sale proceeds collected once the vehicle is sold at the end of the lease term
- **TCO** – Total cost of ownership. Includes all costs associated with owning the vehicles over time – CAP cost, incentives, taxes, registration and renewals, insurance, fuel, maintenance, residual, etc
- **Selector** – Online tool used to spec and build a vehicle prior to ordering.
- **Reconditioning** – Preparing a vehicle for sale or auction that usually includes visual inspection of the vehicle, repairing any damage including minor defects, and repairs to ensure vehicle safety is optimal
Fleet Terminology Continued

- **Upfitter** – 3rd party provider who installs service bodies, shelving, toolboxes, light bars, or any other equipment/accessories to meet customer specs
- **Truck Consultant** – Individual with domain expertise in the upfitting and vehicle spec’ing process
- **Cab Chassis** – Typically a truck body with a cab only mounted to the frame in order to allow the addition of a service body or other unique configuration
- **Maintenance Network** – Network of maintenance or collision shops that have agreements in place with an FMC
- **National Accounts** – Network of maintenance or collision shops that agree to provide rebates based on volume of business funneled thru their shops
- **Subrogation** – Your FMC or accident management provider acts on your behalf to recover damages related to physical damage to your vehicle and/or lost time and productivity
- **Bent Metal** – Collision that causes physical damage to your vehicle
- **Compliance** – Operating within the laws, rules, or guidelines as set forth for vehicle operation
- **Vehicle Utilization** – Measure of how much the vehicle is being utilized. Typically the vehicles current monthly average mileage/historical monthly average over the lifetime of the vehicle
- **KPI/SLA** – Key Performance Indicators/Service Level Agreements. Metrics used to measure performance of suppliers and programs.
Fleet Terminology Continued

> **MVR** – Motor Vehicle Record. State maintained record of driver accidents and violations

> **Telematics** – Vehicle mounted device that monitors driving behavior and other vehicle data including harsh acceleration/deceleration, harsh cornering, idle time, seat belt usage, engine hours, GPS location, odometer, etc

> **Skimming/Cloning** – Devices installed on fuel pump card readers that record information contained on the card magnetic strip

> **PU** – Personal use of the fleet vehicle by drivers. Typically drivers are charged a set personal use fee to cover some of the expense of providing a company vehicle.
Fleet Management Services
Fleet Management Services
End-to-End Management of the Vehicle Lifecycle and Your Employees in the Field

<table>
<thead>
<tr>
<th>FLEET STRATEGY</th>
<th>VEHICLE OPTIMIZATION</th>
<th>REGULATORY + COMPLIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting</td>
<td>Right Vehicle</td>
<td>Registration</td>
</tr>
<tr>
<td>Planning</td>
<td>Acquisition</td>
<td>Tolling</td>
</tr>
<tr>
<td>Reporting + Control</td>
<td>Fulfillment</td>
<td>Violations</td>
</tr>
<tr>
<td>Fleet Administration</td>
<td>Inventory Management</td>
<td>Personal Use</td>
</tr>
<tr>
<td>Mobility Solutions</td>
<td>Remarketing</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ON THE ROAD ESSENTIALS</th>
<th>SAFETY PROGRAM</th>
<th>TRUCKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>Policy</td>
<td>Upfitting</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Vehicle Choice</td>
<td>CMV Compliance</td>
</tr>
<tr>
<td>Roadside Assistance</td>
<td>MVR Monitoring</td>
<td>Telematics</td>
</tr>
<tr>
<td>Accident Management</td>
<td>Telematics</td>
<td>Maintenance + Repair</td>
</tr>
<tr>
<td>Driver Support</td>
<td>Driver Risk</td>
<td>Remarketing</td>
</tr>
</tbody>
</table>


Fleet Management Services

What are your costs?

- Fuel: 38%
- Depreciation: 41%
- Maintenance, Tires & Rental: 11%
- Collision & Safety: 2%
- Registration & Tax: 5%
- Other: 1%
- Funding & Mgmt Fees: 2%
Fleet Management Fees
The details matter!

- Each FMC is different
- Want full transparency and no hidden fees
- Vary from per vehicle per month, per incident, % of recovery, % of Stip, % of costs, and fixed
- May include volume rebates to offset overall costs
How are vehicles ordered?

Acquisition: Leasing vs Purchase
Fleet Leasing Definition

> **Vehicle leasing** is the leasing (or the use) of a motor vehicle for a fixed period of time at an agreed amount of money for the lease. It is commonly offered by dealers as an alternative to vehicle purchase but is widely used by businesses as a method of acquiring (or having the use of) vehicles for business, without a significant cash outlay. The key difference in a lease is that after the primary term (usually 2, 3 or 4 years) the vehicle has to either be returned to the leasing company or purchased for the residual value.

> **Two types of leases:**

1. **Open end lease** – vehicle is sold or remarketed at the end of the lease term and the proceeds or residual value are returned to the lessee.
2. **Closed end lease** – vehicle is sold or remarketed at the end of the lease term and the proceeds are kept by the lessor thereby incurring the risk of residual value at the beginning of the lease.
# Closed versus Open End Lease

<table>
<thead>
<tr>
<th>Costs</th>
<th>Open-End Lease</th>
<th>Closed-End Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mileage</td>
<td>No mileage limitations.</td>
<td>The lessee is charged for all miles beyond the predetermined monthly limit.</td>
</tr>
<tr>
<td>Early Termination</td>
<td>No penalties for termination after 12-month minimum term.</td>
<td>The lessee is charged a fee for turning in a vehicle prior to the end of the predetermined fixed term.</td>
</tr>
<tr>
<td>Excess Wear and Tear</td>
<td>No penalties for excess wear and tear.</td>
<td>The lessee is charged for any excess wear and tear (e.g. mechanical repairs or paint scratches).</td>
</tr>
<tr>
<td>Resale Proceeds</td>
<td>The lessee receives either a credit or debit based on the difference between the net sale proceeds and remaining book value.</td>
<td>The lessor keeps resale proceeds.</td>
</tr>
<tr>
<td>Lifecycle Cost</td>
<td>Total lifecycle cost is minimized because the lessee pays for the vehicle only for as long as it is needed.</td>
<td>The lessee pays for the vehicle, interest and fees for the entire lease term, whether or not the vehicle is needed all that time. The lessee may also be assessed additional penalties such as excessive mileage or wear and tear, and gets no benefit from the resale proceeds.</td>
</tr>
</tbody>
</table>
Order Planning
Determine the right vehicles and upfitting for your complex requirements

**TRUCK OPERATIONS**
> Understand needs and secure requirements
> Analyses and site visits
> Design, spec, quote and order: truck chassis, bodies, aftermarket equipment
> Vendor selection and management
> Support order process

**VEHICLE DESIGN & SELECTION**
> Determine the right vehicle for the job
  - Safety
  - Eco and alternative fuels
  - Load requirements
  - Value add features
  - Driver experience
  - Regulatory compliance
  - Resale
> Facilitate design and selection
Outsourcing vs In-House

(and all variations in between…)

Outsourcing

There are many reasons why an entity may choose to outsource to a fleet management company:

**NETWORK**
Easy access to and management of commercial vendor network with contracted pricing

**SERVICES**
Investment in operational services to support all aspects of fleet management

**COST AND PAYMENT MANAGEMENT**
Sophisticated transaction management processes and technology

**TECHNOLOGY TOOLS**
Online tools for transaction management, data administration, reporting and analysis

**DRIVER SUPPORT**
After-hours driver service

**ACCOUNT MANAGEMENT**
Strategic consulting support
Outsourcing

- A number of states purchase fleet management services
  - Maintenance
  - Accident repairs
  - Fuel
- Results in younger fleet, lower maintenance expense, less downtime, fewer spare vehicles
- Data centrally located resulting in easier identification of underutilized vehicles
- Many other states contact FMCs about leasing but legislative challenges is a long process
Example of State Fleet Management Outsourcing

➢ One State’s leased /outsourced services fleet program delivers economic and practical advantages including newer, better performing vehicles

**Reasons:**

➢ Safety
  • Results in a newer and safer fleet

➢ Budget
  • Budgeting an annualized amount instead of a capital / acquisition cost

➢ Cost
  • Enables cost efficient vehicle replacement cycles
  • Trade lease payment for lease payment
  • Cash management strategy
  • Full reimbursement of vehicle costs for federally funded programs

**Why Financing through FMC:**

➢ Third party financing
  ➢ Liquidity to the state

➢ Contract and asset management

➢ Administrative efficiencies
  ➢ Shared services with other fleets
Outsourcing

Partnering with FMC resulted in annual cost savings and avoidance totaling over $12M

<table>
<thead>
<tr>
<th>Direct Savings</th>
<th>12 MONTH SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer incentives</td>
<td>$7,421,909</td>
</tr>
<tr>
<td>Discounts</td>
<td>$1,430,478</td>
</tr>
<tr>
<td>Maintenance program</td>
<td>$1,180,821</td>
</tr>
<tr>
<td>Maintenance program - Post warranty recovery</td>
<td>$99,841</td>
</tr>
<tr>
<td>Subrogation recovery</td>
<td>$272,693</td>
</tr>
<tr>
<td>Collision program</td>
<td>$414,296</td>
</tr>
<tr>
<td>Collision program</td>
<td>$78,994</td>
</tr>
<tr>
<td>Glass rebate</td>
<td>$155,501</td>
</tr>
<tr>
<td>Fuel rebate</td>
<td>$95,922</td>
</tr>
<tr>
<td></td>
<td><strong>$11,150,455</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Productivity Savings</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Program – Purchase Orders Processed</td>
<td>$1,530,500</td>
</tr>
<tr>
<td>30,610 purchase orders @ 30 minutes x $100 / hour</td>
<td></td>
</tr>
<tr>
<td>Collision Management – Claims Processed</td>
<td>$169,500</td>
</tr>
<tr>
<td>1,695 claims @ 1 hour x $100 / hour</td>
<td><strong>$1,700,000</strong></td>
</tr>
</tbody>
</table>
Fleet Industry Trends
Fleet Industry Trends

> Electric Vehicles, Alternative Power Trains, Autonomous Vehicles

> Mobility: MAAS and Apps

> Telematics

> Reimbursement
Conclusion
Fleet success is about continuous improvement

Thank you

Fleet Strategy
Build a comprehensive action plan, using analytics and subject matter experts, that focuses on what is most important to you and your state.

Vehicle Optimization
Put your well developed strategy into action by choosing the right manufacturers, vehicles, upfitting, financial tools, and remarketing methods to achieve your goals.

Regulatory and Compliance
The right vehicle for the right job is in place so keep it legal by managing the T&R, tolls, violations, personal use, and DOT requirements.

On the Road Essentials
Keep drivers safe while controlling cost and eliminating downtime with strong safety, fuel, maintenance, and driver support programs.