State of California • Arnold Schwarzenegger, Governor
State and Consumer Services Agency
DGS
DEPARTMENT OF GENERAL SERVICES
Executive Office
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October 15, 2009

Dear Colleagues,

Will Bush has retired and, as all of you know, he was an exemplary leader for the Department of General Services. He initiated many improvements at DGS during his tenure.

I am pleased to be able to tell you that one of Will's most significant accomplishments has been implemented this month. Effective October 1, 2009 DGS has reduced rates in several key areas, while holding the majority of remaining rates at previous-year levels.

In recent months Will led an effort throughout DGS to reduce rates for business services. The department took a comprehensive look at more than 200 different rates that it charges to state agencies. As a result of cost savings, efficiencies, realignments, and reductions in overhead and operating expenses, the department has been able to make significant rate reductions for the rest of Fiscal Year 2009-10.

- **16 Percent Reduction in Rental Rates for State-Owned Buildings** - The monthly per square foot rental rate for most state-owned office space has been reduced by the Real Estate Services Division. In some instances, a few bond-financed buildings may not see this much of a reduction.

- **22 Percent Reduction in the Real Estate Surcharges** - The monthly surcharges have been reduced for state agency clients by managing leases and handling landlord relations, as well as property portfolio planning. These tasks are being handled by the Professional Services and Asset Management Branches of the Real Estate Services Division.

- **7.9 Percent Reduction in the Procurement Acquisition Surcharge** - The surcharge that the Procurement Division applies to state goods purchases, and some services and consulting contracts has been reduced (this does not apply to Public Works contracts). When combined with a reduction in January 2009, the surcharge has been reduced by 17.7 percent.

DGS has also: renegotiated a number of leases with private sector landlords generating at least $30 million in savings; reduced contract costs for ammunition, patrol car radio consoles, statistical software, fingerprinting services, and hundreds of other contracts. These actions have produced further savings of at least $100 million; and reduced the rates charged for long-term vehicle rentals to save more than $1.6 million annually. Through these rate reductions and renegotiations, DGS was able to reduce its budget by $83 million dollars; almost $60 million of which resulted in rate cuts charged to state departments—savings your departments can now steer toward other programs.

Please call if you have any questions. I look forward to working with each of you.

Sincerely,

Ronald L. Diedrich
Acting Director