

SB 194- State Finance and Procurement - State Leasing of Real Property

Position: Support

Committee: Budget and Taxation

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From: John R. Woolums, Esq.

The Maryland Department of General Services (DGS) supports SB 194 to modernize the lease procurement process administered by the DGS in three key areas.

First, the bill requests that the non-competitive procurement threshold be increased from less than 2,500 sf, up to 5,000 sf of space to permit the Department to meet new space needs expeditiously. Since the Moore / Miller Administration began, several small agencies and boards have been created that require new office space, and other agencies are experiencing program growth. Most recently, DGS has been reviewing the lease portfolio related to the Government Efficiency project, seeking to terminate larger inefficient leases and procure smaller leases where appropriate. As a result of these initiatives, there has been an increased volume of new lease procurements. Previously DGS handled approximately 5 – 7 new lease procurements each year, which has increased for Fiscal Years 2024 and 2025 to over 20 new lease procurements. We anticipate a continued high volume in the years to come as DGS seeks to right-size the portfolio.

Second, the bill seeks to reduce the advertisement time period from 30 to 20 days for competitive lease procurements. This will create consistency with advertising requirements for other competitive procurements, permit DGS to use the shorter advertisement time frame for small to mid-sized office requirements, and assist with expedited lease procurements. It is important to note that the minimum 20-day advertisement period will not be used for larger projects or those where DGS determines that a longer advertisement period is needed for proposers to prepare an adequate response.

Third, the bill seeks to remove the requirement to advertise in newspapers and instead post the procurement notice electronically on eMMA and the DGS website. The current statute requires DGS to advertise competitive lease procurements in a newspaper. Commercial landlords and brokers regularly use the eMMA platform and DGS website to seek out real estate procurement opportunities with the state. This change also provides cost savings by eliminating the need/requirement for newspaper ads.

Overall, the proposed legislation will create time efficiencies by reducing the advertisement period, facilitate reaching a larger audience through electronic advertising options while reducing advertising costs, and enable DGS to expeditiously procure new space requirements. This legislation will prove beneficial as the Maryland government continues to refine and balance its approach to hybrid work, seeks cost savings through reductions in the lease portfolio, and seeks to locate small satellite offices around the State.

For the reasons detailed above, DGS requests a favorable report for SB 194.

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