

**ADMINISTRATIVE PROCEDURE #14**  
**LEASE GUIDELINES**  
**June 15, 1987**

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Section 14.1 Introduction

This Administrative Procedure is directed to all Department staff involved in the leasing process. It provides information on the leasing process at all levels of the Department. It covers both the acquisition of new space and renovation of existing space. The procedures explain the entire leasing cycle including:

- o Procedures for Requesting Space
- o Lease Negotiations
- o Lease Approval Process
- o Process for Managing Renovation and Construction
- o Responsibilities of the Office of Administrative Support and the Department of Central Management Services

Section 14.2 Summary of the Lease Cycle

The lease cycle begins with the planning of space needs. After needs are developed) a space request is prepared and then approved by the Director of the Department and forwarded to the Department of Central Management Services' Leasing Division. A space search for various sites then takes place. Negotiation of a lease and a subsequent move into the lease space follows. The obligation document is prepared and when approved) the Department can take action to process rental payments to a lessor.

Section 14.3 Lease Activity -Internal Guidelines

- a) The Office of Administrative Support is the unit within the Department charged with the responsibility of coordinating the space needs of the Department on a statewide basis.
- b) When Department staff identifies a need, a space request form, IL401-0006, must be filed in triplicate with the Office of Administrative Support. A justification letter must accompany the space request. (See [Section 14.4](#))

- c) Staff shall not, under any circumstances, tell a present lease owner that we are terminating a lease, or contemplating any changes in the leasing arrangement. In addition, staff shall not make any verbal commitments to property owners or real estate agents nor should local or unit staff persons contact any realtor or property owner. Staff may submit locations for possible use by the Department to the Office of Administrative Support through their Administrators of Management Services.
- d) Lease negotiations will be handled by the Department of Central Management Services' leasing staff and in most cases the Department representative will attend the negotiating sessions.
- e) All documents showing changes, amendments, etc. must be approved and signed by the Director of the Department.
- f) All leases for real property regardless of the dollar amount must be filed with the Comptroller's Office. The Real Estate Division of Central Management Services complies with this filing requirement for our Department.

#### Section 14.4 Request and Acquisition of Space

##### a) Space Request

The letter of justification that must accompany the space request should mention the following:

1. The existing lease location if there is one and the lease number.
2. The reason for opening a new office, adding space to an existing office, reducing space, or requesting renovations to existing space.
3. A budget affordability statement taking into consideration moving cost, telecommunications cost, increases or decreases in rent on an annual basis from the contractual line.
4. Show the date of the expected change, move, or renovation starts, subject to any termination clause. Allow eight working days for processing the space request to Central Management Services. Your copy of the space request will be returned to you along with a copy of the letter of transmittal to the Department of Central Management Services.

##### b) Space Acquisition

Search for space may be accomplished in the following ways:

1. The unit requesting the space may know of a prospective location or locations. The addresses should be forwarded to the leasing liaison through your Administrator of Management Services or unit chief. Do not make verbal commitments to property owners or real estate agents.

2. The search will be done by the Department of Central Management Services based upon the request submitted by DCFS.
3. The Office of Administrative Support will participate in the search for space within the boundaries given in the space request in cooperation with Central Management Services Leasing Representatives.
4. After possible sites are located, the Office of Administrative Support will evaluate and eliminate sites which are not satisfactory.
5. The requesting unit will be asked to visit each site with the Office of Administrative Support and state their preference.
6. Do not at any time tell the present lessor that we are terminating a lease. The lessor will be officially notified by Central Management Services.

The length of time needed for the search for space will vary from area to area. The average time will be 30 working days.

c) Lease Negotiations

As previously noted lease negotiations will be handled by the Department of Central Management Services' leasing staff and the Department Office of Administrative Support will attend most negotiations.

If renovations, remodeling or any construction work is necessary, these may be included in the original lease document. Construction plans complete with DCFS specifications must be developed prior to the lease being signed. If renovations or remodeling are to be done during the lease term, specifications must be developed and then added to the lease as an amendment prior to any work starting.

The time required for negotiations varies depending on the size of the space and how the renovations, if any, are processed. The average time will be 21 working days.

Section 14.5 Lease Signature Process

The lease requires the signature of three parties to complete the lease document. They are the lessor, the Director of Children and Family Services and the Director of Central Management Services.

a) Lessor

The lessor will sign the lease in one of the following manners:

1. If a private individual owns the property, there will be a single signature.
2. If the lessor and his spouse own the property, the lessor and his spouse must sign the lease.

3. If a partnership, all partners must sign the lease.
  4. If a trust, an officer of the trust must sign the lease. In addition to the signature, a full disclosure of all beneficiaries of the trust must be made prior to a lease being signed according to State law.
- b) Department of Children and Family Services Signature
- Only the Director of the Department of Children and Family Services or his authorized designee may sign the Director's name for the Department.
- c) Department of Central Management Services Signature
- Only the Director of the Department of Central Management Services or his authorized designee may sign for the Department of Central Management Services.
- The required time for affixing signatures varies.

#### Section 14.6 Lease Distribution

- a) The Department of Central Management Services distributes the signed lease copies as mandated by state statutes as follows:
1. A copy to the lessor.
  2. A copy to the Comptroller.
  3. A copy to the Secretary of State.
  4. A copy to the agency.
  5. A copy to the Department of Central Management Services' lease file.
- b) In addition to the above distribution, the Office of Administrative Support submits copies to the unit occupying the space. The Office of Administrative Support maintains copies of all office leases.

#### Section 14.7 Construction or Renovation

- a) Absolutely no construction work will be authorized to begin prior to all signatures being affixed to the lease document and full distribution of the lease is accomplished. A lease amendment should be written if the work is to an existing property. A rider should be placed with the lease if it is a new lease.
- b) The State is not responsible for any work begun prior to a legal document being completed. Do not under any circumstances tell the lessor, contractor, or agent to commence work prior to lease or amendment execution and distribution.
- c) Floor plans showing partitioning, electrical outlets, lighting fixtures, doors, air conditioning, heating, etc. must be drawn and presented to the lessor along with specifications for the work prior to the work beginning.

Section 14.8 Lease Activity -External Proceduresa) External Procedures

The Department of Central Management Services is charged with the responsibility of leasing all space for all state agencies under the jurisdiction of the Governor. To fulfill that task, they have two real estate offices. One is located in Chicago and handles the northern one-third of the state. The other office is located in Springfield and handles the southern two-thirds of the state.

1. The Department of Central Management Services has requested that each Department name one person as a liaison to coordinate all leasing activities of the Department.
2. The Department of Central Management Services will not act on oral requests and will not discuss prospective leases or existing leases except with the Department's designated liaison.
3. The Department of Central Management Services requests that Department staff, as mentioned previously, do not in any way make any verbal commitments or enter into any preliminary negotiations with property owners, especially real estate agents, and do not under any circumstances tell a present lease holder that we are terminating the lease without first checking with the Department's Office of Administrative Support. Official notice will be mailed by the Department of Central Management Services.
4. Lease negotiations will be handled by the Department of Central Management Services' leasing staff, and, as stated earlier, in most cases the Department of Children and Family Services will attend the negotiating sessions.

b) Document Flow

The Department of Central Management Services writes the lease and controls the flow of the document.

1. Central Management Services forwards the proposed lease to the Department's Office of Administrative Support for review. The Office of Administrative Support recommends approval or disapproval to the Director.
2. Central Management Services forwards the lease to the lessor for signature. The lessor returns the lease to Central Management Services.
3. The Director of Central Management Services signs the lease and distribution is made.
4. The Department liaison provides a copy to the using unit's Fiscal Unit for C.O.D. preparation.

**Section 14.9 DCFS/Lessor Application of Lease Terms**

- a) This section is intended to serve as a guide for staff designated to handle administrative functions within Department leased space for resolving and interpreting lease information.
- b) A copy of the lease, which is the final interpretation of lessor/lessee responsibilities, is provided to the Regional Administrator of Management Services. In Central Office, all leases are maintained in the Office of Administrative Support. The Administrator of Management Services should make the unit designee at the leased space site familiar with the general lease terms, i.e., who provides janitorial services, lamp/ballast replacement, maintenance of building equipment, etc. The unit designee is then knowledgeable and can approach the lessor or his agent on the day-to-day operation of the leased space.
- c) The following are some guidelines for resolving problems:
  - 1. If any situation arises that is deemed an emergency, the local designee should use the fastest means of notification to the Regional Administrator of Management Services or the Regional Administrator. The Regional Administrator of Management Services or Regional Administrator should immediately notify the Office of Administrative Support.
  - 2. If misunderstandings develop between the lessor and the local staff at the lease site, the unit designee should try to resolve the matter locally within a reasonable length of time but in no event longer than one week. At this time the designee should notify the Regional Administrator of Management Services in writing, giving all known facts and attaching any supporting correspondence.
  - 3. The Regional Administrator of Management Services evaluates the situation and if necessary, should notify the lessor in writing of the situation and state a definite time frame for correcting the deficiency or misunderstanding. A telephone call to the lessor is acceptable provided the conversation is confirmed in writing to the lessor with a copy to the Office of Administrative Support along with supporting correspondence.
  - 4. If the situation is corrected in a timely and satisfactory manner, the Administrator of Management Services should write a letter to the Office of Administrative Support stating same for the lease file. You may copy the lessor at your discretion.
  - 5. If the lessor is non-responsive or does not show that he has corrected the situation, a second letter clearly marked "second request" should be sent. Send a copy to the Office of Administrative Support. At this point, the Chief of the Office of Administrative Support will contact the lessor and attempt to solve the situation. The Regional Administrator of Management Services will be advised of the steps taken to resolve the situation.

6. If the Office of Administrative Support is unable to resolve the situation, then the Leasing Division of Central Management Services will be brought in to advise what appropriate action against the lessor may be exercised.
- c) The DCFS local designee must not discuss directly with the lessor or his agent lease changes such as additions, changes or any other items that will change the lease terms or lease costs. These items must be submitted to the Division or Regional Administrator of Management Services. If any item is approved that reflects a change, that item is submitted under the lease guideline procedures to the Office of Administrative Support.

At anytime there is a question concerning these procedures or an interpretation of the lease is required, call the Office of Administrative Support at 217/785-9475.

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