

BCBSS Case Study

NAI Hanson negotiated a 15 year lease for a space which better fit the BCBSS workflow, while saving them \$1,000,000 annually.



Requirement

The Bergen County Board of Social Services (BCBSS) provides assistance to those Bergen County residents that need programs such as food stamps, family services and Medicaid. Based on the current needs of the BCBSS their office space was too large at 80,000 square feet, the cost per square foot was above current market rents and the fundamental design of the customer intake area was woefully inadequate. NAI Hanson was hired to review the current facility which included a full audit of the total occupancy cost, determining the optimal facility size and to search for a new location that would work within the guidelines of the organization's unique financial structure. The timeline for completion of a lease and tenant improvements was two and one-half years.

Approach

NAI Hanson initiated the unique concept of partnering with DMR Architects to survey the current facility and determine the optimal size of facility and consequently the design to allow the various groups to interact better with each other and their customers. This analysis determined the optimal size to be 53,000 to 58,000 square feet as well as to further reduce the square footage at a later date to comply with the upcoming Paperwork Reduction Act that the State of New Jersey has in place. NAI Hanson performed an

extensive site search that included every existing and proposed building within the targeted geographical area. After numerous inspection tours with various BCBSS real estate committee members and aboard members, the field was reduced to four choices; three existing buildings including the current facility and a conversion of an industrial building to an office building.

Results

The timeline for completing a lease with sufficient time to build out the tenant improvements or retrofit an existing space was particularly important. When the current facility was deemed untenable because BCBSS could not A) reduce their square footage to 55,000 B) reset the rents to current market conditions, C) adequately upgrade the building and systems, and D) redesign the customer intake area in a more organized fashion, the timeline of finding a new location became paramount. NAI Hanson entered into negotiations with the owners of the four finalists. The ability to meet an occupancy date which preceded the termination date of the BCBSS current lease was very important. NAI Hanson negotiated a 15 year lease for space, which better fit the BCBSS workflow while saving them over \$15,000,000 on occupancy cost over the life of the lease at 218 Route 17, Rochelle Park, New Jersey.