

State of Alaska FY2014 Governor's Operating Budget

Department of Labor and Workforce Development Leasing Component Budget Summary

Component: Leasing**Contribution to Department's Mission**

The Leasing component contributes to the department's mission by streamlining and accounting for the payment of the department's leased office space.

Core Services

- Pay and account for departmental space lease costs.

Major Component Accomplishments in 2012

No major component accomplishments in FY2012.

Key Component Challenges

The key challenges facing the Leasing component include:

- Reduced ability to offset component leased office space costs. This is due to significant cost increases related to lease cost improvements many of which are required to ensure the safety and health of the department's employees. There are also unanticipated expenses to move to newly solicited leased office space and within existing leased space to allow for renovations.
- Additional costs inherent to the leasing component continue to evolve, such as those associated with air quality testing necessary to ensure health and safety of the department's workers during renovations or when circumstances arise to warrant those precautions.

Significant Changes in Results to be Delivered in FY2014

The Leasing component will be unable to maintain offsets to leasing costs at current levels without significantly impacting program service delivery. The department is experiencing significant cost increases due to lease improvements many of which are required to ensure the safety and health of the department's employees as well as newly solicited leased office space.

Statutory and Regulatory Authority

Federal Authority:

OMB Circular A-087

Cost Principals for State Government

Contact Information

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**Leasing
Component Financial Summary**

All dollars shown in thousands

	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	3,335.5	3,335.5	4,320.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,335.5	3,335.5	4,320.0
Funding Sources:			
1004 General Fund Receipts	3,335.5	3,335.5	4,320.0
Funding Totals	3,335.5	3,335.5	4,320.0

**Summary of Component Budget Changes
From FY2013 Management Plan to FY2014 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2013 Management Plan	3,335.5	0.0	0.0	0.0	3,335.5
Proposed budget increases:					
-Department-wide Unavoidable Lease Cost Increases	984.5	0.0	0.0	0.0	984.5
FY2014 Governor	4,320.0	0.0	0.0	0.0	4,320.0

Component Detail All Funds
Department of Labor and Workforce Development

Component: Leasing (AR28160) (2742)
RDU: Administrative Services (109)

	FY2012 Actuals	FY2013 Conference Committee	FY2013 Authorized	FY2013 Management Plan	FY2014 Governor	FY2013 Management Plan vs FY2014 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	3,335.5	3,335.5	3,335.5	3,335.5	4,320.0	984.5	29.5%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	3,335.5	3,335.5	3,335.5	3,335.5	4,320.0	984.5	29.5%
Fund Sources:							
1004 Gen Fund (UGF)	3,335.5	3,335.5	3,335.5	3,335.5	4,320.0	984.5	29.5%
Unrestricted General (UGF)	3,335.5	3,335.5	3,335.5	3,335.5	4,320.0	984.5	29.5%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Labor and Workforce Development

Component: Leasing (2742)
RDU: Administrative Services (109)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2013 Conference Committee To FY2013 Authorized *****												
FY2013 Conference Committee												
ConfCom		3,335.5	0.0	0.0	3,335.5	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		3,335.5										
Subtotal		3,335.5	0.0	0.0	3,335.5	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2013 Authorized To FY2013 Management Plan *****												
Subtotal		3,335.5	0.0	0.0	3,335.5	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2013 Management Plan To FY2014 Governor *****												
Department-wide Unavoidable Lease Cost Increases												
Inc		984.5	0.0	0.0	984.5	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund		984.5										
Totals		4,320.0	0.0	0.0	4,320.0	0.0	0.0	0.0	0.0	0	0	0

The majority of the department has been historically housed in the Eagle Street facility in Anchorage and the 8th Street facility in Juneau. The leases for both facilities was renegotiated during the past year.

The 8th Street lease in Juneau expired June 30, 2012. The expired lease cost a total of \$1,950,276.72 per year. The bid for proposals resulted in two new lease agreements that after all renovations will cost a total of \$2,657,543.52 per year, an increase of \$707,266.80 per year. The department entered into a new lease for the Eagle Street facility in Anchorage on April 1, 2012. Under the old lease, the cost per year was \$933,888. Under the new lease agreement after all renovations, the cost per year is \$1,211,136, an increase of \$277,248 per year.

The department currently has \$3,335,500 in unrestricted general funds to help support lease expenses. This funding has not increased since FY2008 even though lease costs have increased over this time. The two most sizable leases for the department came up for renewal very close to the same time frame and the cost increases were more significant than anticipated. The department cannot absorb these cost increases without significantly impacting service delivery. The department cannot manage its programs without facilities to house them in, and the department will not be able to fulfill its financial obligations without this additional funding.

Line Item Detail
Department of Labor and Workforce Development
Services

Component: Leasing (2742)
RDU: Administrative Services (109)

Line Number	Line Name			FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000	Services			3,335.5	3,335.5	4,320.0
Expenditure Account				FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
		Servicing Agency	Explanation			
73000 Services Detail Totals				3,335.5	3,335.5	4,320.0
73811	Building Leases	Admin	Building leases chargeback (I/A transfer to DOA)	3,335.5	3,335.5	4,320.0

Inter-Agency Services
Department of Labor and Workforce Development

Component: Leasing (2742)
RDU: Administrative Services (109)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor	
73811	Building Leases	Building leases chargeback (I/A transfer to DOA)	Inter-dept	Admin	3,335.5	3,335.5	4,320.0
				73811 Building Leases subtotal:	3,335.5	3,335.5	4,320.0
				Leasing total:	3,335.5	3,335.5	4,320.0
				Grand Total:	3,335.5	3,335.5	4,320.0