

**State of Alaska
FY2016 Governor Amended Operating
Budget**

**Department of Administration
Leases
Component Budget Summary**

Component: Leases

Contribution to Department's Mission

This component holds funding and interagency receipt authorization to pay State lease costs. Please refer to the Lease Administration component for a complete description of this program.

Core Services

- This component holds the funding to pay State lease costs. Please refer to the Lease Administration component for a complete description of this program.

Major Component Accomplishments in 2014

- Evaluated, reviewed and conducted site visits to leases being considered for lease extensions and made recommendations regarding Universal Space Standards implementation.
- Performed site visits to remote locations to ensure compliance to lease terms and conditions.
- General Services Leasing Section successfully relocated into Universal Space Standards, allowing for improved collaboration and team building.
- Successfully negotiated .083 lease extensions.
- Review of agency systems furniture requests to ensure compliance with Universal Space Standards.

Key Component Challenges

Universal Space Standards – Identification of Public Building Fund facilities, Non-Public Building Fund facilities, and private leases where implementation of Universal Space Standards would be fiscally responsible and identification of potential State agencies for relocation from private leases into Public Building Fund facilities to further reduce lease costs.

Space Management - Identification and enforcement of the new Universal Space Standards to ultimately reduce space needs and associated expenditures. Obtain replacement or extend the current leases through AS 36.30.083 for leases expiring in FY2014, FY2015 and FY2016 (for larger leases) as needed and justified obtaining new or additional space for state agencies. Continue the ongoing task of designing, planning, constructing and relocating agencies from private leases to the Robert B. Atwood Building, Palmer State Office Building, and other Department of Administration managed facilities.

Contract Management – Lease compliance site inspections will be performed, meet with State occupants and advise lessor(s) of cure issues as well as audit leases to ensure renovation and insurance clauses are enforced.

Lease Extension or Replacement - The following leases have expirations which require renewal or replacement during or before FY2016. When these leases are replaced the cost of a new lease may exceed the limits set in AS 36.30.080 (c), or \$500,000 per year or \$2.5 million for the life of the lease. The Current Annual Cost is defined as the current annual lease cost of the current lease. Replacement of these leases will take place throughout the next fiscal year and the actual replacement costs are not known at the time of budget preparation. A projection of the potential total cost of the replacement leases has been included under Potential Cost of Replacement Lease with all Renewal Options. The actual annual and total cost of each lease will be determined by market conditions at the time of solicitation. This list shall serve as the required notification under AS 36.30.080 (c).

Lease #	Location	Agency	Current Sq Ft	Current Annual Cost	Current Lease Expiration Date	Replacement / New Lease Expiration with all Renewal Options	Potential Cost of Lease with all Renewal Options (commencing w/ occupancy)
2669 New	Juneau	F&G/DOC	22,000	\$594,000.00	6/30/15	6/30/15	\$940,500.00

2560 Extend	Anchorage	GOV	9,044	\$157,365.60	4/30/15	4/30/25	\$2,713,200.00
2230 Extend	Ketchikan	DOL/HSS	12,310	\$283,622.40	6/30/14	7/31/24	\$2,865,768.00
2223 Extend	Juneau	DOR	12,964	\$381,354.00	12/31/14	12/31/24	\$3,430,272.00

Significant Changes in Results to be Delivered in FY2016

Private Leased Space - In order to achieve lease cost savings .083 lease extensions will be pursued versus acquiring new leases and the application of Universal Space Standards if there is a savings to the overall lease cost.

State Owned Space – Universal Space Standards are being implemented at the Atwood Building and Linny Pacillo Parking Garage. Multiple floors have already been completed, are in progress or are in the preliminary planning stage. Through coordination with the existing departments, architects and space planners, full building USS implementation will achieve two to three floors of vacant space.

The department has reviewed expiring private leases and has revealed multiple options for Agency(s) to backfill the vacant space, providing the State with significant lease cost savings. Variables to consider to identify the ideal Agency(s) include: lease termination dates, building infrastructure requirements, pcn count, fiscal analysis and mission related location requirements. Discussions and studies are underway to identify the ideal agency(s).

Statutory and Regulatory Authority

AS 36.30.080 State Procurement Code
 AS 44.21.020 (1), (5) Duties of Department

Contact Information
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**Leases
Component Financial Summary**

All dollars shown in thousands

	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	49,383.7	50,132.7	50,132.7
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	49,383.7	50,132.7	50,132.7
Funding Sources:			
1007 Interagency Receipts	49,383.7	50,132.7	50,132.7
Funding Totals	49,383.7	50,132.7	50,132.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Unrestricted Revenues				
Interagency Receipts	51015	16.8	0.0	0.0
Unrestricted Fund	68515	1.6	0.0	0.0
Unrestricted Total		18.4	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	49,383.7	50,132.7	50,132.7
Restricted Total		49,383.7	50,132.7	50,132.7
Total Estimated Revenues		49,402.1	50,132.7	50,132.7

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

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>
FY2015 Management Plan	0.0	0.0	50,132.7	0.0	50,132.7
Adjustments which continue current level of service:					
-Transfer from Facilities Component to Leases Component for Lease Costs	0.0	0.0	-1,500.0	0.0	-1,500.0
-Transfer from Facilities Component to Leases Component for Lease Costs	0.0	0.0	1,500.0	0.0	1,500.0
FY2016 Governor Amended	0.0	0.0	50,132.7	0.0	50,132.7

Component Detail All Funds
Department of Administration

Component: Leases (AR11784) (81)
RDU: General Services (17)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
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	49,383.7	50,132.7	50,132.7	50,132.7	50,132.7	0.0	0.0%
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	49,383.7	50,132.7	50,132.7	50,132.7	50,132.7	0.0	0.0%
Fund Sources:							
10071/A Rcpts (Other)	49,383.7	50,132.7	50,132.7	50,132.7	50,132.7	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	49,383.7	50,132.7	50,132.7	50,132.7	50,132.7	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 Administration

Component: Leases (81)
RDU: General Services (17)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2015 Conference Committee To FY2015 Authorized *****												
FY2015 Conference Committee												
1007 I/A Rcpts	ConfCom	50,132.7	0.0	0.0	50,132.7	0.0	0.0	0.0	0.0	0	0	0
		50,132.7										
Subtotal		50,132.7	0.0	0.0	50,132.7	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Subtotal		50,132.7	0.0	0.0	50,132.7	0.0	0.0	0.0	0.0	0	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
Transfer from Facilities Component to Leases Component for Lease Costs												
1007 I/A Rcpts	Trout	-1,500.0	0.0	0.0	-1,500.0	0.0	0.0	0.0	0.0	0	0	0
		-1,500.0										
Transfer from Facilities Component to Leases Component for Lease Costs												
1007 I/A Rcpts	IncM	1,500.0	0.0	0.0	1,500.0	0.0	0.0	0.0	0.0	0	0	0
		1,500.0										
Totals		50,132.7	0.0	0.0	50,132.7	0.0	0.0	0.0	0.0	0	0	0

Lease costs for FY2013 are projected to total more than the amount authorized for FY2012. Factors contributing to the cost increases include consumer price index (CPI) provisions of many lease contracts and expiring leases being replaced at higher cost, new lease awards and tenant demands meaning allocation of more space. This fund transfer in from the Facilities component will enable the leases program to collect the increased amounts from customer agencies occupying leased space.

Lease costs for FY2013 are projected to total more than the amount authorized for FY2012. Factors contributing to the cost increases include consumer price index (CPI) provisions of many lease contracts and expiring leases being replaced at higher cost, new lease awards and tenant demands meaning allocation of more space. This fund transfer in from the Facilities component will enable the leases program to collect the increased amounts from customer agencies occupying leased space.

Line Item Detail
Department of Administration
Services

Component: Leases (81)
RDU: General Services (17)

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services		49,383.7	50,132.7	50,132.7
Expenditure Account			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
	Servicing Agency	Explanation			
73000 Services Detail Totals			49,383.7	50,132.7	50,132.7
73650	Struc/Infstruct/Land	Fixed rent, lease costs and space expenses for office and other types of lease space.	49,383.7	50,132.7	50,132.7

Unrestricted Revenue Detail
Department of Administration

Component: Leases (81)
RDU: General Services (17)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51015	Interagency Receipts				16.8	0.0	0.0
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
59020	Administration			11100	16.8	0.0	0.0

Unrestricted Revenue Detail
Department of Administration

Component: Leases (81)
RDU: General Services (17)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
68515	Unrestricted Fund				1.6	0.0	0.0
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
66190	Py Reimburse Recvry				1.6	0.0	0.0

Restricted Revenue Detail
Department of Administration

Component: Leases (81)
RDU: General Services (17)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51015	Interagency Receipts				49,383.7	50,132.7	50,132.7
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
59015	Office Of The Governor Interagency receipts for leased space costs	Department-wide	2560376	11100	652.4	600.9	600.9
59020	Administration Interagency receipts for leased space costs	Department-wide	2560376	11100	5,088.5	4,043.8	4,043.8
59030	Law Interagency receipts for leased space costs	Department-wide	2560376	11100	4,383.2	4,456.4	4,456.4
59040	Revenue Interagency receipts for leased space costs	Department-wide	2560376	11100	220.6	227.4	227.4
59050	Education Interagency receipts for leased space costs	Department-wide	2560376	11100	1,868.7	1,992.7	1,992.7
59060	Health & Social Svcs Interagency receipts for leased space costs	Department-wide	2560376	11100	14,391.5	14,717.0	14,717.0
59070	Labor Interagency receipts for leased space costs	Department-wide	2560376	11100	6,475.6	6,858.8	6,858.8
59080	Commrc & Econmc Dev Interagency receipts for leased space costs	Department-wide	2560376	11100	993.1	1,048.4	1,048.4
59090	Military & Vet Affrs Interagency receipts for leased space costs	Department-wide	2560376	11100	310.4	375.7	375.7
59100	Natural Resources Interagency receipts for leased space costs	Department-wide	2560376	11100	1,615.4	1,574.2	1,574.2

Restricted Revenue Detail
Department of Administration

Component: Leases (81)
RDU: General Services (17)

Master Account	Revenue Description				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51015	Interagency Receipts				49,383.7	50,132.7	50,132.7
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
59110	Fish & Game Interagency receipts for leased space costs	Department-wide	2560376	11100	4,335.5	4,402.4	4,402.4
59120	Public Safety Interagency receipts for leased space costs	Department-wide	2560376	11100	1,692.1	1,943.7	1,943.7
59180	Environmental Consvn Interagency receipts for leased space costs	Department-wide	2560376	11100	3,418.8	3,548.1	3,548.1
59200	Corrections Interagency receipts for leased space costs	Department-wide	2560376	11100	1,242.8	1,377.3	1,377.3
59250	Dotpf Op, Tpb,& Othr Interagency receipts for leased space costs	Department-wide	2560376	11100	2,561.6	2,882.6	2,882.6
59310	Legislative Affairs Interagency receipts for leased space costs	Administrative Services	2560376	11100	90.9	46.4	46.4
59410	Alaska Court System Interagency receipts for leased space costs	Trial Courts	2560376	11100	42.6	36.9	36.9