

State of Alaska FY2017 Governor's 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 2015

- Evaluated, reviewed and conducted site visits to leases being considered for lease extensions. Performed site visits to remote locations to ensure compliance to lease terms and conditions.
- In early FY15 DGS Leasing & Facilities Section relocated agencies into more efficient space and successfully negotiated .083 lease extensions.
- Real Estate Management & Finance Software System – awarded contract and began implementation.
- Lease Cost Savings – held summit meeting with Lessor to discuss lease savings opportunities.

Key Component Challenges

Space Efficiency - Identify a process acceptable by the Administration and Bargaining Unions that provides a best practice for utilizing state owned and leased space efficiently. Identify potential State agencies for relocation from private leases into Public Building Fund facilities to further reduce lease costs or to other privately leased locations which are being used inefficiently.

Lease Cost Savings – Provide options to Agency's for reduction of service contracts (i.e., janitorial) and negotiate reduced lease rates with Lessors.

Space Management - Identification and enforcement of space efficiency to ultimately reduce space needs and associated expenditures. Obtain replacement or extend current leases in accordance with AS 36.30.083 for leases expiring in FY2014, FY2015 and FY2016 (for larger leases). Obtain as needed and justified new or additional space for requesting state agencies.

Continue the ongoing task of designing, planning, constructing and relocating agencies from private leases to the significant current and pending vacancies in the: Atwood Building, Palmer State Office Building, and State Office Building.

Real Estate Management & Finance Software System – Division staff will take the necessary steps to populate data into the new Yardi system and work with the Division of Finance to provide an interface with IRIS (the state accounting system). Awarded in July 2015 the new system will replace the existing outdated and unreliable LMS/LPS and allow DGS to provide more accurate and timely information to our agency customers. The automated system will provide a process with an interface that, organizes and presents information in a user friendly manner, provides workflows, critical date notifications, and analytics, which will combine commercial property management and accounting with ownership, financials, budgets, forecasts, construction, and maintenance for a holistic view of the DGS real estate portfolio.

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)
2066 Extend	Wasilla	DOL/HSS	17,005	\$303,789.12	12/31/15	12/31/15	\$3,213,944
2403 Extend	Wasilla	HSS	19,381	\$412,541.00	12/31/15	12/31/15	\$3,663,008

Significant Changes in Results to be Delivered in FY2017

Private Leased Space - In order to achieve lease cost savings .083 lease extensions will be pursued versus acquiring new leases and the application of analyzing space efficiency. Work with departments and their lessors to negotiate a reduction in square footage if agencies no longer require all the space currently under contract and/or identify other agencies that can backfill the available space.

State Owned Space – Provide the Commissioner’s Office with recommendations for best use of current and future vacant space in current DOA facilities; specifically, the large vacancy in the Atwood and State Office Building.

Real Estate Management System – Effective July 1, 2017 implement the Yardi Real Estate Management System. The new system will provide a comprehensive set of management and accounting tools for the 6,000,000 square feet of owned and leased properties throughout Alaska under the care and custody of DGS. This system is also expandable to other agencies.

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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Component Detail All Funds
Department of Administration

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

Non-Formula Component

	FY2015 Actuals	FY2016 Conference Committee	FY2016 Authorized	FY2016 Management Plan	FY2017 Governor	FY2016 Management Plan vs FY2017 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	49,617.8	50,132.7	50,132.7	50,132.7	48,738.2	-1,394.5	-2.8%
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	49,617.8	50,132.7	50,132.7	50,132.7	48,738.2	-1,394.5	-2.8%
Fund Sources:							
10071/A Rcpts (Other)	49,617.8	50,132.7	50,132.7	50,132.7	48,738.2	-1,394.5	-2.8%
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	49,617.8	50,132.7	50,132.7	50,132.7	48,738.2	-1,394.5	-2.8%
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 FY2016 Conference Committee To FY2016 Authorized *****												
FY2016 Conference Committee												
ConfCom		50,132.7	0.0	0.0	50,132.7	0.0	0.0	0.0	0.0	0	0	0
1007 I/A Rcpts		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 FY2016 Management Plan To FY2017 Governor *****												
Reduce Interagency Receipt Authority for Leases												
Dec		-1,394.5	0.0	0.0	-1,394.5	0.0	0.0	0.0	0.0	0	0	0
1007 I/A Rcpts		-1,394.5										
Reduce excess interagency receipt authority due to agencies using space more efficiently resulting in less leased space and an overall decrease in lease costs that pass through the Division of General Services.												
Totals		48,738.2	0.0	0.0	48,738.2	0.0	0.0	0.0	0.0	0	0	0

Line Item Detail
Department of Administration
Services

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

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000	Services		49,617.8	50,132.7	48,738.2
Expenditure Account			FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
		Servicing Agency			
		Explanation			
73000 Services Detail Totals			49,617.8	50,132.7	48,738.2
73665	Rentals/Leases (Non IA-Struct/Infs/Land)		49,617.8	50,132.7	48,738.2
		Fixed rent, lease costs and space expenses for office and other types of lease space.			

Restricted Revenue Detail
Department of Administration

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

Master Account	Revenue Description				FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
51015	Interagency Receipts				49,617.8	50,132.7	48,738.2
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
59015	Office Of The Governor Interagency receipts for leased space costs	Department-wide	2560376	11100	595.5	601.0	617.3
59020	Administration Interagency receipts for leased space costs	Department-wide	2560376	11100	5,123.7	4,524.7	4,398.7
59030	Law Interagency receipts for leased space costs	Department-wide	2560376	11100	4,411.3	4,400.0	4,522.0
59040	Revenue Interagency receipts for leased space costs	Department-wide	2560376	11100	192.1	218.0	87.9
59050	Education Interagency receipts for leased space costs	Department-wide	2560376	11100	1,898.9	1,904.0	1,917.0
59060	Health & Social Svcs Interagency receipts for leased space costs	Department-wide	2560376	11100	14,502.5	15,000.0	14,808.8
59070	Labor Interagency receipts for leased space costs	Department-wide	2560376	11100	6,574.3	6,800.0	6,695.8
59080	Commrc & Econmc Dev Interagency receipts for leased space costs	Department-wide	2560376	11100	998.1	991.0	972.8
59090	Military & Vet Affrs Interagency receipts for leased space costs	Department-wide	2560376	11100	369.8	400.0	385.8
59100	Natural Resources Interagency receipts for leased space costs	Department-wide	2560376	11100	1,291.4	1,095.0	1,092.9

Restricted Revenue Detail
Department of Administration

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

Master Account	Revenue Description				FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
51015	Interagency Receipts				49,617.8	50,132.7	48,738.2
Detail Information							
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
59110	Fish & Game Interagency receipts for leased space costs	Department-wide	2560376	11100	4,382.7	4,400.0	4,551.3
59120	Public Safety Interagency receipts for leased space costs	Department-wide	2560376	11100	1,697.3	1,810.0	1,715.6
59180	Environmental Consvn Interagency receipts for leased space costs	Department-wide	2560376	11100	3,477.6	3,500.0	2,715.3
59200	Corrections Interagency receipts for leased space costs	Department-wide	2560376	11100	1,298.9	1,124.0	1,379.4
59250	Dotpf Op, Tpb,& Othr Interagency receipts for leased space costs	Department-wide	2560376	11100	2,658.9	3,200.0	2,784.4
59310	Legislative Affairs Interagency receipts for leased space costs	Administrative Services	2560376	11100	100.2	125.0	47.3
59410	Alaska Court System Interagency receipts for leased space costs	Trial Courts	2560376	11100	44.6	40.0	45.9