

State of Alaska FY2004 Governor's Operating Budget

Department of Administration Lease Administration Component Budget Summary

Component: Lease Administration

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Component Mission

Provide cost effective and efficient office space for State agencies in a timely manner.

(Mission statement for this component was not provided in CH124, SLA2002).

Component Services Provided

- Procure private leased space for use by the State Executive Branch.
- Manage and administer over 495 private leases statewide.
- Provide space-planning recommendations.
- Conduct lease rate and lease space availability market research studies.
- Consolidate state owned and/or leased space when economies can be realized.
- Review agency remodel request in leased facilities and coordinate with lessor.

Component Goals and Strategies

PROVIDE COST EFFECTIVE MANAGEMENT OF THE STATE'S LEASE PORTFOLIO

- Assure efficient use of space in state leased facilities.
- Provide suitable, economical office space that meets state agency needs.
- Replace, in a timely and efficient manner, expiring state leases where needed.
- Implement an improved tracking system to provide better state agency customer service and response time.
- Initiate a lease compliance process to ensure compliance with contractual lease obligations.
- Negotiate effectively with expiring leases to achieve maximum lease cost savings through AS 36.30.083.

Key Component Issues for FY2003 – 2004

- Revise the outdated space standards manual and implement the manual's guidelines.
- Obtain replacement space for leases expiring in FY2003 and FY2004.
- Obtain new or additional space for state agencies as required.
- Continue multi year task of designing, planning, constructing and relocating the remaining Divisions for the Department of Community and Economic Development from the Frontier Building for occupancy to the Robert B. Atwood Building.
- Deploy an automated lease tracking and projection data management system.
- Reevaluate standard city lease boundaries and judicial boundaries.
- Continue developing and providing lease procurement training classes fore state customer agencies.

The following leases have expirations which require renewal or replacement during or before FY2004. 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 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 w/ 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 Exp Date	Replacement / New Lease Expiration w/ all Renewal Options	Potential Cost of Lease w/ all Renewal Options
Replace #2392	Fairbanks	DEC	15,623	\$288,750	11/30/03	11/30/13	\$3,078,810
Replace #2227	Juneau	DEED	11,730	\$236,400	10/31/03	10/31/13	\$2,600,400
Replace #2372	Wasilla	HS&S/PHN	5,320	\$151,939	10/31/03	10/31/13	\$3,248,700
Replace #2311	Fairbanks	DNR/DGGS	11,550	\$186,816	4/30/03	04/30/23	\$8,992,500
Replace #2394	Fairbanks	HS&S/DFYS	18,874	\$32,246	11/30/03	11/30/23	\$10,191,960
New Lease	Bethel	HS&S/PHN	N/A	N/A	N/A	11/30/43	25,200,000.
Replace #2078	Anchorage	HS&S/DFYS	24,076	\$402,109	9/30/09	10/31/18	\$15,750,000
Replace #2396	Anchorage	DOC	23,546	\$554,688.00	5/31/04	5/31/14	\$7,771,500
Replace #2230	Ketchikan	HS&S/DOL	12,310	\$278,004	2/29/04	2/29/14	\$3,002,400
New Lease	Wasilla	HS&S/DFYS/SCRO	4,928	\$68,280	1/31/03	1/31/13	\$2,925,000
Replace #1673	Petersburg	DFG/HS&S/DPS	10,008	\$232,716	6/30/04	6/30/14	\$3,002,400
Renew #2139	Juneau	DEC/DFG	12,385	\$526,124	10/31/11	N/A	\$4,735,116
Renew #1444	Juneau	DFG	38,760	\$785,681	6/30/12	N/A	\$7,856,810
Renew #2476	Barrow	DOA/DOC/LAW/HS&S	5,370	\$306,090	7/31/25	N/A	\$7,040,070
Renew #2493	Anchorage	DEED	19,985	\$377,784	5/31/17	N/A	\$5,666,760
Renew #2475	Juneau	DOA/LAW	8,673	\$159,468	6/30/21	N/A	\$3,029,892
Renew #2401	Anchorage	DEC	45,050	\$1,017,645	5/31/10	N/A	\$8,141,160
Replace #1969, 1995, 1940, 2178, 2113	Barrow	LAW, DOA, HS&S, DOC	3,964	\$308,220	7/31/01	7/31/25	\$6,487,800
Renew #2482	Anchorage	DOA/PD	13,037	\$406,755	12/31/11	N/A	\$3,750,000
Renew #2483	Anchorage	DOA/OPA	10,764	\$348,754	12/31/11	N/A	\$2,900,000

Major Component Accomplishments in 2002

- Obtained replacement space for leases expiring in FY2001 and FY2002.
- Continued multi year task of designing, planning, constructing and relocating the Office of the Governor, the Department of Revenue, the Department of Community and Economic Development, and the Department of Natural Resources from the Frontier Building to the Robert B. Atwood Building.
- Negotiated additional leased parking spaces for occupants at the Robert B. Atwood Building with the Municipality of Anchorage.
- Created tracking mechanisms to improve responsiveness and timeliness for all space needs.
- Developed and administered lease procurement training classes for customer State agencies.

Statutory and Regulatory Authority

AS 44.21.020 (1), (5) Duties of the Department

Lease Administration
Component Financial Summary

All dollars in thousands

	FY2002 Actuals	FY2003 Authorized	FY2004 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	649.8	417.8	704.1
72000 Travel	19.1	5.0	5.0
73000 Contractual	67.4	8.8	1.6
74000 Supplies	35.9	4.2	4.2
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	772.2	435.8	714.9
Funding Sources:			
1004 General Fund Receipts	372.0	372.0	335.5
1007 Inter-Agency Receipts	400.2	63.8	379.4
Funding Totals	772.2	435.8	714.9

Lease Administration

Proposed Changes in Levels of Service for FY2004

In order to achieve overall lease cost savings of over \$1,000.0 a number of strategies will be implemented in FY2004. In addition to consolidating state agency leases and reducing the number of leased facilities, newly revised space standards will be used as a guideline to equitably reduce the amount of leased space needed.

Summary of Component Budget Changes

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	372.0	0.0	63.8	435.8
Adjustments which will continue current level of service:				
-Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units	0.0	0.0	0.4	0.4
- \$75 per Month Health Insurance Increase for Non-covered Staff	0.7	0.0	0.2	0.9
Proposed budget decreases:				
-Reduce space planning costs	-37.2	0.0	0.0	-37.2
Proposed budget increases:				
-Administrative Support	0.0	0.0	315.0	315.0
FY2004 Governor	335.5	0.0	379.4	714.9

Lease Administration

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2003</u> <u>Authorized</u>	<u>FY2004</u> <u>Governor</u>		
Full-time	8	9	Annual Salaries	525,586
Part-time	2	1	Premium Pay	0
Nonpermanent	1	0	Annual Benefits	188,029
			<i>Less 1.33% Vacancy Factor</i>	(9,515)
			Lump Sum Premium Pay	0
Totals	11	10	Total Personal Services	704,100

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	0	0	1	0	1
Accounting Tech II	0	0	2	0	2
Administrative Assistant	1	0	0	0	1
Contracting Officer II	1	0	0	0	1
Contracting Officer III	4	0	0	0	4
State Leasing & Facilities Mgr	1	0	0	0	1
Totals	7	0	3	0	10