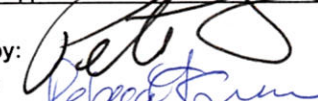



**Schedule 13**  
**Change Request for FY 2011-12 Budget Request Cycle**

Decision Item FY 2011-12  Base Reduction Item FY 2011-12  Supplemental FY 2010-11  Budget Amendment FY 2011-12

Request Title: Lease Space  
 Department: Agriculture  
 Priority Number: DI-2  
 Dept. Approval by:   
 OSPB Approval:   
 Date: 10-25-10  
 Date: 10-25-2010

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
<b>Total of All Line Items</b>	<b>Total</b>	102,514	119,810	0	119,810	79,760	30,991	110,751	0	110,751	30,991
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	48,275	48,142	0	48,142	48,142	(5,116)	43,026	0	43,026	(5,116)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	54,239	71,668	0	71,668	31,618	36,107	67,725	0	67,725	36,107
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
<b>(1) Commissioner's Office and Administrative Services, Lease Space</b>	<b>Total</b>	102,514	119,810	0	119,810	79,760	30,991	110,751	0	110,751	30,991
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	48,275	48,142	0	48,142	48,142	(5,116)	43,026	0	43,026	(5,116)
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	54,239	71,668	0	71,668	31,618	36,107	67,725	0	67,725	36,107
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: N/A  
 Letternote Revised Text for FY 2010-11: N/A  
 Letternote Text Requested for FY 2011-12: "These Funds will be from various Cash Funds within the Department."  
 Cash or Federal Fund Name and COFRS Fund Number: Various Cash Funds  
 Reappropriated Funds Source, by Department and Line Item Name: N/A  
 Approval by OIT? Yes:  No:  N/A:   
 Schedule 13s from Affected Departments: None

### CHANGE REQUEST for FY 2011-12 BUDGET REQUEST CYCLE

Department:	Agriculture
Priority Number:	DI-2
Change Request Title:	Lease Space

**SELECT ONE (click on box):**

- Decision Item FY 2011-12
- Base Reduction Item FY 2011-12
- Supplemental Request FY 2010-11
- Budget Request Amendment FY 2011-112

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This request is for **\$30,991 total funds (\$5,116 is General Fund savings and \$36,107 is additional cash funds needed)** to address changes in operating expenses and property tax offsets, existing lease escalators at 710 Kipling and a lease renewal for 4701 Marion Street for FY 2011-12. As the Department will have five of its seven leases up for renewal beginning July 1, 2012, FY 2012-13 budgetary adjustments will be requested at a future date, once additional information is made available for all leased property.

General Description of Request:

The Department of Agriculture has presence throughout Colorado with offices located in eight counties. The majority of the administrative functions for the Department occur in metropolitan Denver; however, multiple field offices and the State Insectary are located in outlying Colorado counties.

Based on changing square footage prices, resulting from previously approved lease escalators and annual property tax offsets, and due to the expiration of an existing lease

agreement for one office location, the Department is seeking \$30,991 to align its FY 2011-12 leased space spending authority with anticipated lease costs.

The following table provides a breakdown of the various locations, occupants, use, ownership, and area summary of each:

<b>Occupant/Division</b>	<b>Address</b>	<b>Use</b>	<b>Square Feet</b>	<b>Leased/Owned</b>
Commissioner's Office, Markets, Plants, Conservation	700 Kipling #4000, Lakewood, CO	Offices	13,131	State Owned
Inspection and Consumer Services, Animal Lab	2331 W. 31 <sup>st</sup> St., Denver, CO	Offices, Lab	16,500	State Owned
Inspection and Consumer Services	3125 Wyandot, Denver, CO	Offices, Lab	3,996	State Owned
Animal Industry, Plants	5041 Lafayette, Denver, CO	Warehouse, Storage	6,935	State Owned
State Insectary	Palisade, CO	Offices, Lab	13,383	State Owned
State Fair Authority	Pueblo, CO	Fairgrounds	700,000	State Owned
Animal Industry	710 Kipling, Lakewood, CO	Offices	2,856	Leased
Brand Board	4701 Marion St., Denver, CO	Offices	3,386	Leased
Fruit and Vegetable	Washington and 2 <sup>nd</sup> Ave., Monte Vista, CO	Offices	913	Leased
Fruit and Vegetable	528 7 <sup>th</sup> Street, Greeley, CO	Offices	700	Leased
Brand Board	30450 E. Hwy 50, La Junta, CO	Offices	442	Leased
Brand Board	28601 US Hwy 34, Brush, CO	Offices	330	Leased
Brand Board	711 O Street, Greeley, CO	Offices	574	Leased

***4701 Marion Street – Brand Board***

Because there is no space currently within the Department's footprint within Capitol Complex, the Department traditionally leases space for the Brand Board. The current five year lease for the 4701 Marion property which houses the Brand Board expires at the end of FY 2010-11. As such, the Department needs to secure office space for FY 2011-12 and is currently renegotiating for the present space. The Brand Board is paying \$3,419.31 per month (before the property tax offset) during FY 2010-11 for this space, which

equates to \$12.12/square foot, not including the square footage use loss due to fire. Since the lease expires on June 30, 2011, the Department's base budget does not reflect continuation funding for this location.

***710 Kipling – Animal Industry***

The current lease for the 710 Kipling, which houses the State Veterinarian's Office and 2.0 FTE associated with the Pet Animal Care Facility Program has an escalator in the lease in FY 2011-2012. This escalator results in the price per square foot increasing from \$19.25 to \$19.75, a \$1,428 increase for the entire leased space from FY 2010-11 obligation levels.

***Property Tax Offset and Operating Expenses***

Based on the passage of HB 08-1395 during the 2008 legislative session, a property tax exemption must be applied to any real property that is leased or rented by State government for at least a one-year term. As such, annual changes in property tax values cause some small amount of variation in annual lease obligations. These minor adjustments will apply to all Department leases except for space at Monte Vista, CO and at 528 7<sup>th</sup> Street in Greeley, CO which are agreements between the Department and federal government entities and do not have property taxes included in the leases.

The Department also will experience small variances for operating expenses that are included in the lease agreements, predominately for utility costs. 710 Kipling and La Junta, CO leases include operating expenses both include an operating expenses component.

**Consequences if Not Funded:**

If this proposal is not approved, the Department's base budget, which excludes any continuation funding for 4701 Marion Street (Brand Board), will not support expected leased space costs for FY 2011-12.

STATE OF COLORADO FY 2011-12 BUDGET REQUEST CYCLE: Agriculture

Calculations for Request:

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total Request	\$30,991	(\$5,116)	\$36,107	\$0	\$0
(1) Commissioner's Office, Leased Space	\$30,991	(\$5,116)	\$36,107	\$0	\$0

Summary of Request FY 2012-13	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total Request	\$30,991	(\$5,116)	\$36,107	\$0	\$0
(1) Commissioner's Office, Leased Space	\$30,991	(\$5,116)	\$36,107	\$0	\$0

FY 2011-12	Rentable Square Feet	Annual Price per Square Foot	Monthly Cost Before Property Tax Adjustment	Monthly Property Tax Adjustment	Monthly Cost After Property Tax Adjustment	Annual Cost After Property Tax Adjustment	Operating Costs Not Included in Leases	Annual Lease Space Need Total Funds	General Fund	Cash Funds
Monte Vista, CO - Rooms 204, 205, 206	913	\$6.90	\$525.00	N/A	\$525.00	\$6,300.00	\$0.00	\$6,300	\$0	\$6,300
La Junta, CO - 30450 E. Hwy 50	442	\$4.07	\$150.00	(\$2.07)	\$147.93	\$1,775.16	\$750.00	\$2,525	\$0	\$2,525
Greeley, CO - 711 O Street	574	\$5.75	\$275.00	(\$55.62)	\$219.38	\$2,632.56	\$0.00	\$2,633	\$0	\$2,633
Greeley, CO - 528 7th Street	700	\$4.29	\$250.00	N/A	\$250.00	\$3,000.00	\$0.00	\$3,000	\$0	\$3,000
Brush, CO - 28601 US Hwy 34	330	\$8.00	\$220.00	(\$15.03)	\$204.97	\$2,459.64	\$0.00	\$2,460	\$0	\$2,460
Lakewood, CO - 710 Kipling Street	2,856	\$19.75	\$4,700.50	(\$418.58)	\$4,281.92	\$51,383.04	\$2,400.00	\$53,783	\$43,026	\$10,757
Denver, CO - 4701 Marion Street	3,386	\$12.12	\$3,419.31	(\$81.84)	\$3,337.47	\$40,049.64	\$0.00	\$40,050	\$0	\$40,050
							<b>Projected Need:</b>	<b>\$110,751</b>	<b>\$43,026</b>	<b>\$67,725</b>
							Spending Authority FY 2010-11:	\$119,810	\$48,142	\$71,668
							Annualize Out Funding for 4701 Marion :	(\$40,050)	\$0	(\$40,050)
							Base Budget FY 2011-12:	\$79,760	\$48,142	\$31,618
							<b>Excess/(Shortfall):</b>	<b>(\$30,991)</b>	<b>\$5,116</b>	<b>(\$36,107)</b>

Assumptions for Calculations:

The Department assumes that it will be able to enter into a new lease agreement for 4701 Marion Street at a rate no greater than the current cost per square foot, due to the significant commercial leased space vacancy rate being experienced from the economic recession. This assumption was validated by Mike Karbach at the State Buildings Office. If the final lease agreement reached between the Department and the landlord for this

property is substantially different than what is assumed, the Department would submit a future budget action to true up the leased space line item.

The Department is also requesting the documented lease increase (from \$19.25 to \$19.75 per square foot) contained in the existing lease agreement for 710 Kipling, as specified in the last contract extension amendment that was exercised beginning July 1, 2007 (lasting through June 30, 2012).

Operating costs for utilities are estimated based on previous monthly expenses billed to the Department by the landlords at La Junta and 710 Kipling. Property tax offsets are estimated based on the last known year's property tax offset for each leased location, as applied to FY 2010-11 lease obligations.

Cash Fund Projections:

Cash Fund Name	Cash Fund Number	FY 2009-10 Expenditures	FY 2009-10 End of Year Cash Balance	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate	FY 2012-13 End of Year Cash Balance Estimate
Brand Inspection	108	\$3,962,948	\$1,907,801	\$1,932,894	\$1,227,976	\$1,058,542

Cost Benefit Analysis:

Cost:	Benefit:
\$30,991 TF	Maintain office space for all non Capital Complex lease locations for the Department. If a lease agreement at the current location cannot be reached, future cost increases could result, associated with one-time build out and moving expenses.

Implementation Schedule:

<b>Task</b>	<b>Month/Year</b>
Secure new contract for space at 4701 Marion	January 2011 through June 2011

Statutory and Federal Authority:

35-41-et al C.R.S., 35-50-et al C.R.S., and 35-80-et al C.R.S.

Performance Measures:

All agency performance measures are supported by having sufficient leased space available to house department staff and equipment, allowing the Department to further its mission of: (1) strengthening and advancing Colorado's agriculture industry, (2) ensuring a safe, high quality, and sustainable food supply, and (3) protecting consumers, the environment, and natural resources.