

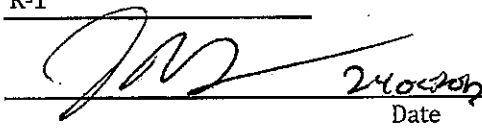
## Schedule 13

### Funding Request for the 2013-14 Budget Cycle

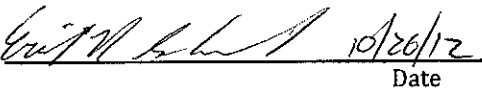
Department: Agriculture

Request Title: Indirect Cost Recovery Adjustment for Office Consolidation

Priority Number: R-1

Dept. Approval by:  2/10/2012  
Date

- Decision Item FY 2013-14
- Base Reduction Item FY 2013-14
- Supplemental FY 2012-13
- Budget Amendment FY 2013-14

OSPB Approval by:  10/26/12  
Date

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	5
		Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
	Fund					
<b>Total of All Line Items</b>	<b>Total</b>	1,130,879		1,289,998	973,448	671,408
	FTE					
	GF	207,685		207,685	(156,367)	(334,472)
	GFE					
	CF	850,264		990,595	428,318	304,413
	RF				592,526	592,526
	FF	72,930		91,718	108,941	108,941
<b>(1) Commissioner's Office and Administrative Services, Operating Expenses</b>	<b>Total</b>	122,084	-	122,084	125,348	125,348
	FTE					
	GF	116,634		116,634	(116,634)	(116,634)
	GFE					
	CF	4,500		4,500		
	RF				241,982	241,982
	FF	950		950		
<b>(1) Commissioner's Office and Administrative Services, Leased Space</b>	<b>Total</b>					(103,594)
	FTE					
	GF					(39,214)
	GFE					
	CF					(64,380)
	RF					
	FF					
<b>(1) Commissioner's Office and Administrative Services, Capitol Complex Leased Space</b>	<b>Total</b>					(198,416)
	FTE					
	GF					(138,891)
	GFE					
	CF					(59,525)
	RF					
	FF					

Department of Agriculture

Request Title: Indirect cost recovery adjustment

Funding Request for the 2014 Budget Cycle

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	5
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
<b>(1) Commissioner's Office and Administrative Services, Utilities</b>	<b>Total</b>	146,318	-	146,318	15,621	15,621
	FTE	-	-	-	-	-
	GF	91,051	-	91,051	(39,733)	(39,733)
	GFE	-	-	-	-	-
	CF	55,267	-	55,267	(55,267)	(55,267)
	RF	-	-	-	110,621	110,621
	FF	-	-	-	-	-
<b>(1) Commissioner's Office and Administrative Services, Certificate of Participation (New Line)</b>	<b>Total</b>	-	-	-	239,923	239,923
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	239,923	239,923
	FF	-	-	-	-	-
<b>(1) Commissioner's Office and Administrative Services, Indirect Cost Assessment</b>	<b>Total</b>	24,400	-	39,361	197,091	197,091
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	18,300	-	33,261	197,091	197,091
	RF	-	-	-	-	-
	FF	6,100	-	6,100	-	-
<b>(2) Agricultural Services Division, Indirect Cost Assessment</b>	<b>Total</b>	488,982	-	552,190	336,208	336,208
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	427,372	-	471,792	227,267	227,267
	RF	-	-	-	-	-
	FF	61,610	-	80,398	108,941	108,941
<b>(3) Agricultural Markets Division, (A) Agricultural Markets, Indirect Cost Assessment</b>	<b>Total</b>	13,420	-	18,987	109,239	109,239
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	9,150	-	14,717	109,239	109,239
	RF	-	-	-	-	-
	FF	4,270	-	4,270	-	-
<b>(3) Agricultural Markets Division, (B) Agricultural Products Inspection, Indirect Cost Assessment</b>	<b>Total</b>	111,000	-	121,106	(27,211)	(27,211)
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	111,000	-	121,106	(27,211)	(27,211)
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Department of Agriculture

Request Title: Indirect cost recovery adjustment

Funding Request for the 2014 Budget Cycle

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	5
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
<b>(4) Brand Board, Indirect Cost Assessment</b>	<b>Total</b>	136,838	-	158,505	(4,623)	(4,623)
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	136,838	-	158,505	(4,623)	(4,623)
	RF	-	-	-	-	-
	FF	-	-	-	-	-
<b>(5) Colorado State Fair, Indirect Cost Assessment</b>	<b>Total</b>	87,837	-	131,447	(18,178)	(18,178)
	FTE	-	-	-	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	87,837	-	131,447	(18,178)	(18,178)
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes:  No:  If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Various Cash Funds

Reappropriated Funds Source, by Department and Line Item Name: Indirect Cost Recoveries

Approval by OIT? Yes:  No:  Not Required:

Schedule 13s from Affected Departments:  N/A

Other Information:



# DEPARTMENT OF AGRICULTURE

FY 2013-14 Funding Request  
November 1, 2012

John W. Hickenlooper  
Governor

John T. Salazar  
Commissioner

  
Signature

10/26/12  
Date

**Department Priority: R-1**  
**Indirect Cost Recovery Adjustment for Office Consolidation**

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Office Consolidation and Associated Indirect Cost Recoveries	\$973,418	(\$156,367)	\$428,318	\$592,526	\$108,941	0.0

### Request Summary:

The Department of Agriculture is requesting an increase of \$973,418 total funds for various line items within the Department's operating Long Bill. This increased spending authority is needed to support the expected operating increases due to a corresponding capital construction request to consolidate department office locations into one facility.

### Problem or Opportunity:

A recent space analysis estimates the ideal square footage for the non-fair divisions of the Department at 50,000 sq. ft., of which the Department has 40,730 sq. ft. available. 20,850 sq. ft. are located at the Inspection and Consumer Services Division, where the primary use is laboratory space. The 4th floor Kipling lease is the next largest location with 13,553 sq. ft. unfortunately, the four divisions located there have outgrown the available space. Expansion of the Markets and Plant Industry divisions to meet the challenge of expanding a \$40 billion industry by promoting Colorado's agricultural products, while supporting a burgeoning organic industry, has strained remaining space resources.

Conservation Services is experiencing a moderate increase in the areas of noxious weeds and water and soil conservation. The Brand and Animal division leases account for the remaining 6,327 sq. ft. and have no additional capacity.

In addition to the current space shortage, the Department is unable to realize opportunities to streamline operations. For example, the Animal and Brand divisions are located several miles from each other, whereas being co-located will benefit these divisions in terms of training, inspection efficiency, detection of disease, and elimination in communication delays. Additionally, the Markets Division will have greater access to the other six programmatic divisions, enabling the Division to better coordinate marketing efforts.

### Brief Background:

In order to consolidate all non-fair operations, the Department will need to construct a new facility or purchase an existing building. The Department evaluated new construction and found this option to be cost prohibitive. Therefore, purchasing an existing facility and building out the necessary

office and laboratory space is a more economic means to achieve complete office consolidation. The Department is submitting a corresponding capital construction request to fund the purchase, engineering, design, and modifications of the new facility. However, the Department will require additional spending authority to cover increased operating costs, payment of the Certificate of Participation (COP), and utilities.

**Proposed Solution:**

The Department is requesting the needed spending authority increase for the office consolidation. In addition, the Department is also requesting increases to the various indirect cost recovery lines throughout the Long Bill.

**Anticipated Outcomes:**

Should the request be approved, the Department will have sufficient spending authority to cover the moderate increases in operating and utilities. Additionally, the required COP payments will be funded through indirect cost recoveries rather than straining the capital construction fund. As an added benefit, the Department will reduce its General Fund appropriation by approximately \$330,000. Lastly, space will become available at the 700 Kipling lease managed by the Capitol Complex. It is assumed the space would be made available to the Department of Public Safety, which already occupies three floors of the four-story building.

It is anticipated that all non-laboratory functions of the Department will move to the new office location in spring of 2014. Therefore, a supplemental request will be submitted in FY 2013-14 to true-up the Capitol Complex Lease and Leased Space lines to capture the resulting savings of the consolidation.

Please see tables in Appendix A for details.

**Assumptions for Calculations:**

The increased utility and operating expenses are estimates based on actual expenses for a facility of similar size and use of that which the Department is looking to consolidate to. For the indirect costs, the Department assumed continuation of the existing federal indirect currently received in addition to increases in cash fund indirect. The cash rate will be set at 11% of expenditures for most funds however, lower rates are assumed for statutory limits and off-site programs such as the State Fair and agriculture products inspection. Tables three through five in Appendix A itemize the various sources of indirect, Long Bill line items requiring indirect support, and the corresponding capital construction request cost assumptions for the COP.

**Consequences if not Funded:**

Should the request go unfunded, the Department will not have the necessary spending authority to support the corresponding capital construction request to consolidate office space. Therefore, the Department would operate as it does currently, lacking the needed facilities to operate effectively and efficiently as possible.

**Impact to Other State Government Agency:**

The 4<sup>th</sup> floor of the 700 Kipling building within the Capitol Complex will be made available, presumably for the Department of Public Safety.

**Cash Fund Projections:**

There would be impacts to many of the Department's cash funds however, these impacts are not anticipated to burden the funds or result in a fee increase. Please see the Schedule 9 for cash fund details.

**Current Statutory Authority or Needed Statutory Change:**

35-1-104 C.R.S. (2012). No statutory authority change needed.

**Appendix A  
Tables**

<b>Table 1</b>					
<b>Interim Spending Authority Change During Transition (this request)</b>					
Line Item	Total Funds	GF	CF	RF	FF
COP	\$239,923	\$0	\$0	\$239,923	\$0
Commissioner's Office Operating	\$125,348	(\$116,634)	\$0	\$241,982	\$0
Utilities	\$15,621	(\$39,733)	(\$55,267)	\$110,621	\$0
Leased Space	\$0	\$0	\$0	\$0	\$0
Capitol Complex	\$0	\$0	\$0	\$0	\$0
Indirect Lines (Throughout LB)	<b>\$592,526</b>	\$0	\$483,585	\$0	\$108,941
<b>Net Spending Authority Change</b>	<b>\$973,418</b>	<b>(\$156,367)</b>	<b>\$428,318</b>	<b>\$592,526</b>	<b>\$108,941</b>

<b>Table 2</b>					
<b>Net Spending Authority Change upon Complete Consolidation</b>					
Line Item	Total Funds	GF	CF	RF	FF
COP	\$239,923	\$0	\$0	\$239,923	\$0
Commissioner's Office Operating	\$125,348	(\$116,634)	\$0	\$241,982	\$0
Utilities	\$15,621	(\$39,733)	(\$55,267)	\$110,621	\$0
Leased Space	(\$103,594)	(\$39,214)	(\$64,380)	\$0	\$0
Capitol Complex	(\$198,416)	(\$138,891)	(\$59,525)	\$0	\$0
Indirect Lines (Throughout LB)	<b>\$592,526</b>	\$0	\$483,585	\$0	\$108,941
<b>Net Spending Authority Change</b>	<b>\$671,408</b>	<b>(\$334,472)</b>	<b>\$304,413</b>	<b>\$592,526</b>	<b>\$108,941</b>



<b>Table 3</b>							
<b>Proposed Indirect Cost Allocation Model</b>							
Fund	Division	Fund Name	Total	90% Execution	Indirect Rate	Collection	
104	Animal Industry	VET, VACCINE & SVC FUND	\$347,098	\$312,388	11%	\$34,363	
106	Animal Industry	DISEASED LIVESTOCK FUND	\$25,000	\$22,500	11%	\$2,475	
111	Animal Industry	CERVIDAE DISEASE FUND	\$26,174	\$23,557	11%	\$2,591	
228	Animal Industry	ANIMAL PROTECTION FUND	\$25,000	\$22,500	11%	\$2,475	
261	Animal Industry	COLORADO AQUACULTURE FUND	\$45,437	\$40,893	11%	\$4,498	
294	Animal Industry	PET ANIMAL CARE AND FACILITY	\$564,375	\$507,938	11%	\$55,873	
<b>Division of Animal Industry Total</b>			<b>\$1,033,084</b>	<b>\$929,776</b>		<b>\$102,275</b>	
108	Brands	BRAND INSPECTION FUND	\$4,547,938	\$4,093,144	3.6%	\$147,353	
109	Brands	ALTERNATIVE LIVESTOCK FARM	\$107,462	\$96,716	3.6%	\$3,482	
721	Brands	BRAND ESTRAY FUND	\$94,050	\$84,645	3.6%	\$3,047	
<b>Brands Division Total</b>			<b>\$4,749,450</b>	<b>\$4,274,505</b>		<b>\$153,882</b>	
22L	Commissioner	AGRICULTURE MANAGEMENT	\$2,304,260	\$2,073,834	11%	\$228,120	
24Z	Commissioner	FOOD SYS ADVISORY COUNCIL FUND	\$22,531	\$20,278	11%	\$2,231	
<b>Commissioner's Office Total</b>			<b>\$2,326,791</b>	<b>\$2,094,112</b>		<b>\$230,351</b>	
221	Conservation	NOXIOUS WEED MANAGEMENT FUND	\$17,487	\$15,738	11%	\$1,731	
<b>Conservation Services Division Total</b>			<b>\$17,487</b>	<b>\$15,738</b>		<b>\$1,731</b>	
16R	ICS	INSPECT & CONSUMER SERVIC CASH	\$2,350,000	\$2,115,000	11%	\$232,650	
<b>Inspection and Consumers Services Division Total</b>			<b>\$2,350,000</b>	<b>\$2,115,000</b>		<b>\$232,650</b>	
103	Markets	AGRICULTURAL PRODUCTS INSPECTN	\$2,086,553	\$1,877,898	5%	\$93,895	
226	Markets	WINE DEVELOPMENT FUND	\$571,635	\$514,472	5%	\$25,724	
107	Markets	SEAL OF QUALITY FUND	\$500	\$450	11%	\$50	
15C	Markets	AGRICULTURE VALUE-ADDED FUND	\$991,749	\$892,574	11%	\$98,183	
<b>Markets Division Total</b>			<b>\$3,650,437</b>	<b>\$3,285,393</b>		<b>\$217,851</b>	
23S	Plant Industry	PLNT HLTH PST CONT ENV PROT CS	\$3,658,580	\$3,292,722	11%	\$362,199	
25B	Plant Industry	SEED POTATO CASH FUND	\$2,054	\$1,849	11%	\$203	
<b>Plant Industry Division Total</b>			<b>\$3,660,634</b>	<b>\$3,294,571</b>		<b>\$362,403</b>	
510	State Fair	STATE FAIR AUTHORITY FUND	\$8,390,329	\$7,551,296	1.5%	\$113,269	
<b>State Fair Total</b>			<b>\$8,390,329</b>	<b>\$7,551,296</b>		<b>\$113,269</b>	
<b>Grand Total</b>			<b>\$26,178,212</b>	<b>\$23,560,391</b>		<b>\$1,414,413</b>	
						<i>Federal Collection</i>	\$220,000
						<b>Total Collection</b>	<b>\$1,634,413</b>

<b>Table 4</b>	
<b>Long Bill Lines Receiving Indirect Support</b>	
LB Line	Amount
Commissioner's Office Personal Services	\$1,021,596
Commissioner's Office Operating	\$241,982
COP	\$239,923
Utilities	\$110,621
<b>Total Indirect Need</b>	<b>\$1,614,122</b>
<i>Total Indirect Collection</i>	<i>\$1,634,413</i>
<b>Over/(Under) Collection</b>	<b>\$20,290</b>

<b>Table 5</b>			
<b>New Department of Agriculture Facility Base Cost Assumptions</b>			
	sf	per sf	
Purchase Price			\$3,750,000
Labs Buildout (13,000 sf @ \$200 per)	13,000	\$200	\$2,600,000
Office Buildout (39,200 sf @ \$20 per)	39,200	\$20	\$784,000
Architect & Design Fees (7% of Buildout)			\$236,880
Voice/Data	52,200	\$3	\$156,600
Furniture	39,200	\$15	\$588,000
AV/Security/Moving			\$125,000
Contingency (10%)			\$449,048
<b>Estimated Total Project Cost</b>			<b>\$8,689,528</b>
Less Equity from Highlands Properties			\$2,200,000
Less Ag Mgmt Fund contributions			\$2,037,048
<i>Net to Finance</i>			<i>\$4,452,480</i>
<b>Annual COP Payment (3.5% w/30 year amortization)</b>			<b>\$239,923</b>