

**Schedule 13  
Change Request for FY 2010-11 Budget Request Cycle**

Decision Item FY 2010-11  Base Reduction Item FY 2010-11  Supplemental FY 2009-10  Budget Amendment FY 2010-11

Request Title: Leased Space Adjustments  
 Department: Natural Resources Dept. Approval by: *Will H. Levine* Date: 10/13/2009  
 Priority Number: DI-1 OSPB Approval: *John M. Z...* Date: 10-14-09

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2008-09	Appropriation FY 2009-10	Supplemental Request FY 2009-10	Total Revised Request FY 2009-10	Base Request FY 2010-11	Decision/Base Reduction FY 2010-11	November 1 Request FY 2010-11	Budget Amendment FY 2010-11	Total Revised Request FY 2010-11	Change from Base (Column 5) FY 2011-12
<b>Total of All Line Items</b>	<b>Total</b>	3,667,116	3,821,243	0	3,821,243	3,820,434	30,483	3,850,917	0	3,850,917	72,378
	FTE	17.2	17.2	0.0	17.2	17.2	0.0	17.2	0.0	17.2	0.0
	GF	509,640	543,969	0	543,969	543,969	(19,573)	524,396	0	524,396	311
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	2,077,949	2,194,610	0	2,194,610	2,193,801	48,694	2,242,495	0	2,242,495	70,135
	CFE/RF	456,429	456,429	0	456,429	456,429	(1,557)	454,872	0	454,872	(1,545)
	FF	623,098	626,235	0	626,235	626,235	2,919	629,154	0	629,154	3,477
<b>(1) Executive Director's Office, Leased Space</b>	<b>Total</b>	1,252,418	1,277,044	0	1,277,044	1,277,044	32,040	1,309,084	0	1,309,084	73,923
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	509,640	543,969	0	543,969	543,969	(19,573)	524,396	0	524,396	311
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	719,490	709,620	0	709,620	709,620	48,694	758,314	0	758,314	70,135
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	23,288	23,455	0	23,455	23,455	2,919	26,374	0	26,374	3,477
<b>(3) Geological Survey, Environmental Geology and Geologic Hazards Program</b>	<b>Total</b>	2,414,698	2,544,199	0	2,544,199	2,543,390	(1,557)	2,541,833	0	2,541,833	(1,545)
	FTE	17.2	17.2	0.0	17.2	17.2	0.0	17.2	0.0	17.2	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	1,358,459	1,484,990	0	1,484,990	1,484,181	0	1,484,181	0	1,484,181	0
	CFE/RF	456,429	456,429	0	456,429	456,429	(1,557)	454,872	0	454,872	(1,545)
	FF	599,810	602,780	0	602,780	602,780	0	602,780	0	602,780	0

Non-Line Item Request: None  
 Letternote Revised Text: None  
 Cash or Federal Fund Name and COFRS Fund Number: Geological Survey Cash Fund (#171), Water Data Bank (#163), Wildlife Cash Fund (#410), Water Conservation Board Construction Fund (#424)  
 Reappropriated Funds Source, by Department and Line Item: Indirect cost recoveries  
 Approval by OIT? Yes:  No:  N/A:   
 Schedule 13s from Affected Departments:

## CHANGE REQUEST for FY 2010-11 BUDGET REQUEST CYCLE

Department:	Natural Resources
Priority Number:	DI-1
Change Request Title:	Leased Space Adjustments

### Change Request Type:

- Decision Item FY 2010-11
- Base Reduction Item FY 2010-11
- Supplemental Request FY 2009-10
- Budget Request Amendment FY 2010-11

### 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 FY 2010-11 request is to renew ten existing leases, to reflect two current leases fully in the Long Bill, and to annualize the effects of HB 08-1395 (property tax exemption for government leases.) The total cost of this decision item is \$30,483 Total Funds, including (\$19,573) General Fund, \$48,694 Cash Funds, (\$1,557) Reappropriated Funds, and \$2,919 Federal Funds. This change request represents a net reduction in General Fund and Reappropriated Funds; and a net increase in Cash and Federal Funds.

### Background and Appropriation History:

The Leased Space line in the Executive Director's Office is a centrally appropriated pot of money designated to pay for all commercial office space and storage leases within the Department.

### General Description of Request:

This request addresses a number of important Departmental leased space needs. The Department of Natural Resources (Department) anticipates signing ten leases that are expiring in FY 2009-10 and will be renewed for FY 2010-11 at a different rate. Additionally, the Department has two leases which are not fully reflected in the Long Bill. In the interests of transparency, the Department wishes to reflect these two leases in

the Long Bill under the Leased Space line item. Lastly, nearly every lease is affected by HB 08-1395 which created a property tax exemption for real property being leased to the state. In order to meet these new requirements, the Department is requesting an increase of \$30,483 Total Funds.

The Department has approximately 48 leases across the state totaling approximately 105,000 square feet. Additionally, the Department Leases 43 parking spaces. Of these, 9 office leases and the lease of 8 parking spaces will be expiring during FY 2009-10 and the Department is requesting their renewal for FY 2010-11. These ten leases, detailed below, are held by the Division of Wildlife, the Division of Water Resources, and the Division of Reclamation, Mining, and Safety. Though nearly all of these leases will be renewing at a lower rate than was appropriated in FY 2009-10, they will have escalators in the out years which will increase the cost. The one apparent exception is the Division of Wildlife's parking spaces in Denver. In FY 2009-10 the Department presented a table showing changes to the Division of Wildlife's leases. As there were no changes to the Division of Wildlife's parking space lease, it was not included in the table and was inadvertently not funded in the final appropriation. As this is a lease that the Department has held for many years, the Department may seek a FY 2009-10 supplemental to include this lease in its appropriation and this decision item includes funding for this lease. The location of each lease, change from FY 2009-10 appropriation, FY 2010-11 request, and anticipated escalators are presented in the table below.

<u>Division</u>	<u>Location of Lease</u>	<u>SqFt</u>	<u>Parking Spaces</u>	<u>Change from FY 2009-10</u>	<u>FY 2010-11 Lease Amount</u>	<u>Anticipated Escalator</u>
DOW	122 E Edison, Brush	5,400		(\$2,679)	\$17,469	3.0%
DOW	1315 Dream Island Plaza, Steamboat Springs	530		(\$519)	\$5,859	3.0%
DOW	50633 US Highway 6&24, Glenwood Springs	3,024		(\$2,552)	\$57,712	4.0%
DOW	5070 E County Road 3 S. Monte Vista	528		(\$478)	\$4,680	10.0%
DOW	1221 Sherman, Denver		8	10,032	\$10,032	10.0%
DWR	Antonito	180		\$90	\$1,890	5.0%
DWR	Cedaredge	1,096		(\$1,227)	\$7,773	6.1%
DWR	Glenwood Springs	3,418		(\$5,941)	\$66,000	4.5%
DWR	Saguache	238		(\$299)	\$2,341	5.9%
DRMS	101 South 3rd, Suite 360, Grand Junction	1,506		(\$689)	\$21,231	3.0%
<b>TOTAL</b>		15,920	8	(4,263)	194,986	5.45%

The Leased Space Long Bill line item is appropriated to pay for the Department's commercial leased space costs. However, the Department holds two leases which are only partially reflected in the Long Bill. Of these two leases, one is held by the Colorado Geologic Survey for storage space and one is held by the Colorado Water Conservation Board for office space.

The State Archives had previously informed the Colorado Geological Survey that they will no longer accept records from them. Therefore, the Survey rents cold storage space to store records and some equipment. Approximately 70% of the cost for this space is paid in the Leased Space line and 30% is paid from operating funds. In order to more accurately and appropriately reflect expenditures, the Department is requesting a net-zero transfer of \$1,557 from the Environmental Geology and Geological Hazards line to the Leased Space line. Currently the Survey pays for this expense with reappropriated funds (divisional indirect cost recoveries.) In transferring this spending authority, the Department requests that it be funded according to the same methodology as the rest of the Survey's potted items. Specifically 100% cash (50% Severance Tax and 50% fees for geologic services.) The estimated cost for FY 2011-12 is slightly less than FY 2010-11. This is because the Survey anticipates moving its storage to a slightly larger yet cheaper space. The difference in cost between these two spaces is -\$12.

The Colorado Water Conservation Board (CWCB) has approximately 48 employees split between two office locations in Denver. At its Logan Street office location, the CWCB has office space for employees from the Interbasin Compact/Intrastate Water Management and Development, Water Information, Flood Protection, the Water Supply Planning and Finance Sections, and the Water Resource Information Center (WRIC). For funding purposes, the office space can be grouped into three categories: 1) general operations employees, 2) Water Supply Planning and Finance employees, and the WRIC. Currently, this space is being funded approximately 50% from the Leased Space line (Construction Fund) and 50% from non-appropriated sources and is expected to total \$128,820 in FY2010-11. In order to increase transparency, the Department requests that its Leased Space appropriation be increased by \$63,599 Cash Funds for FY 2010-11 to reflect the amount of the lease being paid by non-appropriated sources.

Each of the three subgroups listed above has its own funding stream. Specifically, the general operations employees are funded by the Construction Fund, finance employees are funded by a fee on loans established in CRS 37-60-119 (2), and the WRIC has its own funding established in statute pursuant to H.B. 93-1273 (6). After reviewing this lease, it appears that non-appropriated sources are currently subsidizing the Construction

Fund. In order to align the funding of the space with the usage by subgroups, the Department intends to pay for this lease with \$79,732 from the Construction Fund, \$29,088 from the 1% origination fee on loans, and \$18,000 from the WRIC; all of these sources are Cash Funds. The Department believes that if the increase described above is approved, it will have sufficient authority to pay for this lease from the three Cash Funds as described here and as such, no additional change is requested.

Lastly, House Bill 08-1395 created a property tax exemption for certain property leased by governmental entities that use the property for governmental purposes. This exemption reduced the Department's payments on nearly all of its leases. For FY 2010-11 this results in a savings of \$28,853 when compared to FY 2009-10 appropriations, in addition to the savings already priced into the items above. As such, the Department is requesting a reduction to its leased space appropriation of (\$28,853).

In total the Department is requesting a \$30,483 increase to its leased space appropriation [(\$4,263) for lease renewals, \$63,599 to fully reflect the Department's lease space costs, and (\$28,853) to account for the effects of HB 08-1395.] This is comprised of (\$19,573) General Fund, \$48,694 Cash Funds, (\$1,557) Reappropriated Funds, and \$2,919 Federal Funds.

Consequences if Not Funded:

This request is to adjust the funding for the Department's leases and increase transparency in its budget. If these changes are not approved, the Department's expenditures on Leased Space will be less transparent. If the funding for the Division of Wildlife's parking spaces is not approved, it would be necessary to either fund this lease out of a different line or cancel the lease. This will significantly increase travel time to and from the Division of Wildlife and the rest of the Department of Natural Resources.

Calculations for Request:

<b>Summary of Request FY 2010-11</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Total Request	\$30,483	(\$19,573)	\$48,694	(\$1,557)	\$2,919	0.0
Lease renewals for FY 2010-11	(\$4,263)	(\$7,111)	\$2,848	\$0	\$0	0.0
Colorado Water Conservation Board, Reflect full lease	\$63,599	\$0	\$63,599	\$0	\$0	0.0
Geological Survey, Transfer from Operating to Leased Space	\$0	\$0	\$1,557	(\$1,557)	\$0	0.0
Net effect of HB 08-1395 and previously approved lease increases	(\$28,853)	(\$12,462)	(\$19,310)	\$0	\$2,919	0.0

<b>Summary of Request FY 2011-12</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Total Request	\$72,378	\$311	\$70,135	(\$1,545)	\$3,477	0.0
Lease renewals for FY 2010-11	\$4,558	(\$3,540)	\$8,098	\$0	\$0	0.0
Colorado Water Conservation Board, Reflect full lease	\$75,595	\$0	\$75,595	\$0	\$0	0.0
Geological Survey, Transfer from Operating to Leased Space	\$0	\$0	\$1,545	(\$1,545)	\$0	0.0
Net effect of HB 08-1395 and previously approved lease increases	(\$7,775)	\$3,851	(\$15,103)	\$0	\$3,477	0.0

Cash Funds Projections:

Cash Fund Name	Cash Fund Number	FY 2008-09 Expenditures	FY 2008-09 End of Year Cash Balance	FY 2009-10 End of Year Cash Balance Estimate	FY 2010-11 End of Year Cash Balance Estimate	FY 2011-12 End of Year Cash Balance Estimate
Geological Survey Cash Fund	#171	\$4,399,354	\$606,245	\$606,245	\$606,245	\$606,245
Water Data Bank	#163	\$74,091	\$47,022	\$12,385	\$6,248	\$111
Wildlife Cash Fund	#410	\$113,998,751	\$39,884,751	\$27,256,166	\$26,197,680	\$26,819,792
Water Conservation Board Construction Fund	#424	\$29,027,231	\$19,305,372	\$4,345,545	\$633,006	\$23,872

Assumptions for Calculations:

Lease amounts are based on existing or expected lease contracts. Out-year costs are based on actual or projected escalators, depending on the lease terms.

Impact on Other Government Agencies:

No impact on other government agencies is anticipated.

Cost Benefit Analysis:

N\A. These adjustments are technical in nature.

Implementation Schedule:

Task	Month/Year
Begin new or continue old leases	July 2010

Statutory and Federal Authority:

24-75-112 (1), C.R.S. (2009)



(b) "Centralized Appropriation" means the appropriation of funds to an Executive Director of a department or a central administrative program intended for subsequent allocation and expenditure at and among a department's divisions, programs, agencies, or Long Bill groups in order to reflect the amount of such resources actually used in each program or division. Such centralized appropriations may include... Leased Space...  
(g) "Leased Space" means the use and acquisition of office facilities and office and parking space pursuant to a rental agreement.

37-60-119, C.R.S. (2009)

(2) ... Any such contracts may provide for such charges to the using entity as, in the opinion of the board, are necessary and reasonable to recover the board's... operational... charges...

Act of 1993 Concerning the Colorado Water Conservation Board Construction fund,  
1993 Colorado Session Laws ch. 254 p.1334

Section 6 Consolidated water resources information center. The Colorado water conservation board is hereby authorized to assemble and make available to water users in Colorado a consolidated water resources information center.

Performance Measures:

This administrative request represents a continuation of current services and affects the ability of the Department to fulfill its mission. Maintaining these offices will help the Divisions' efforts related to a number of the Department of Natural Resources Strategic Plan performance measures. However, the impact on any given performance measure is not quantifiable.