

Schedule 13
Funding Request for the 2013-14 Budget Cycle

Department: Natural Resources
 Request Title: Adjustments to Leased Space
 Priority Number: R-11

Dept. Approval by: Will H. Lewis 10/15/2012
 Date
 OSPB Approval by: [Signature] 6/23/12
 Date

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

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	6
	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
Total of All Line Items	Total	1,345,882	-	1,345,882	58,844	58,844
	FTE	-	-	-	-	-
	GF	531,230	-	531,230	985	985
	GFE	-	-	-	-	-
	CF	784,539	-	784,539	54,286	54,286
	RF	-	-	-	-	-
	FF	30,113	-	30,113	3,573	3,573
(1) Executive Director's Office, Leased Space	Total	1,345,882	-	1,345,882	58,844	58,844
	FTE	-	-	-	-	-
	GF	531,230	-	531,230	985	985
	GFE	-	-	-	-	-
	CF	784,539	-	784,539	54,286	54,286
	RF	-	-	-	-	-
	FF	30,113	-	30,113	3,573	3,573

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

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

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: Not Required:

Schedule 13s from Affected Departments:

Other Information:



DEPARTMENT OF NATURAL RESOURCES

John W. Hickenlooper
Governor

*FY 2013-14 Funding Request
November 1, 2012*

Mike King
Executive Director

11-1-2012

Signature

Date

**Department Priority: R-11
Adjustments to Leased Space**

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
Executive Director's Office – Leased Space	\$58,844	\$985	\$54,286	\$3,573	0.0

Request Summary:

The Executive Director's Office of the Department of Natural Resources (DNR) is requesting an increase to its Leased Space line item for fiscal year 2013-14 totaling \$58,844.

During FY 2013-14 the divisions of the Department will manage 48 separate leases for office space, associated storage space, or parking. Of this total, 47 leases will be in effect during FY 2012-13 and will continue through at least FY 2013-14.

DNR anticipates only one new lease for FY 2013-14: the rental of storage space in Denver by the Division of Reclamation, Mining and Safety, effective July 1, 2013, with an annual cost of \$3,636. DRMS requires this new storage space for field equipment and publications that have exceeded the storage capacity of the division's current office space. The proposed space provides drive-in access for ease of loading heavier equipment directly to division vehicles.

With the exception of the DRMS lease, the requested increase of \$58,844 is comprised

entirely of contractual cost escalators built into existing leases that were built into the Department's FY 2012-13 leased space appropriation.

There are three additional leases that merit further discussion, in the name of transparency. The Division of Water Resources (DWR) is statutorily required to maintain regional offices in water districts throughout Colorado. Leases for existing offices in Grand Junction and Montrose expired at the end of fiscal year 2011-12, and as such DWR entered into leases for new office space effective July 1, 2012 (i.e. FY 2012-13). In both cases, the cost of the new lease is lower than the cost of the previous leased space. Thus these could be considered "new" leases for FY 2012-13 in the most technical sense. In both cases, the "new" office space allows DWR to continue fulfilling its statutory obligations in a more cost-effective manner. DWR will also enter into a new lease mid-way through FY 2012-13 to provide office space for an employee who had previously been provided with free space in a federal building in the Denver area; beginning in FY

2012-13 this space will no longer be available. DWR anticipates signing a new lease in approximately January 2013. Costs for this lease for FY 2012-13 can be absorbed within the department's existing Leased Space appropriations for FY 2012-13; annualized costs in FY 2013-14 comprise part of the increase requested in this Funding Request.

Anticipated Outcomes:

If approved, this Decision Item will allow the Department to "true up" its Leased Space expenditures and ensure that all departmental leases for office space and parking are funded out of the Leased Space line.

Assumptions for Calculations:

Costs are determined by the terms of the specific leases, although there may be some variance. Division of Water Resources leases can be impacted by certain tax credit scenarios, for example, which can adjust lease costs up or down slightly throughout the course of the year.

Consequences if not Funded:

Without the requested increase, the Department could be forced to reduce the amount of leased

space available for programmatic operations. This could be problematic, given that some divisions (Water Resources and the State Land Board, for example) are required by statute to maintain offices in certain geographic regions of the state. Mandates like this could limit the Department's ability to make the most strategic choices for eliminating office space.

In some cases, closing Department offices would result in decreased service to the public. The closure of a given office in a remote location could result in significant increases in travel time for members of the public seeking out Department services – to purchase a hunting/fishing license or Parks pass, for example.

Other potential impacts include increased travel time and associated travel costs for division staff and financial penalties for early termination of leases.