



## DEPARTMENT OF REVENUE

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### *FY 2013-14 Leased Space Fund Mix Adjustment Fact Sheet*

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund	Cash Funds
Leased Space Fund Mix Adjustment	\$0	\$127,738	(\$127,738)

- The Department requests an adjustment to the fund mix of the Leased Space line item resulting in no net change in total spending authority. This request will increase General Fund by \$127,738 and decrease Cash Funds by an equivalent amount to relocate 20-25 Colorado Integrated Tax Architecture (CITA) post production staff to the Medical Marijuana Enforcement Division (MMED) leased space facility.
- The Taxation Business Group must relocate 20-25 CITA post production staff from their current location, where the contract for the leased space and supporting funds will expire with the completion of the CITA project beginning in January, 2013. The Capitol Annex, where this staff would be relocated, does not have sufficient bandwidth to support the users of the GenTax system. Currently, the building has CAT3 cable on many floors, which carries up to 10 megabytes per second. CAT3 cable does not have enough bandwidth to meet the data needs of the users, thereby resulting in noticeable degradation of system performance and negatively impacting staff productivity and customer service.
- Replacing the CAT3 cable throughout the Annex would require significant capital investments. This would include installing new conduit and CAT5 cabling, replacing ancillary equipment, and conducting asbestos abatement throughout the building. Staff would have to be temporarily relocated during construction to maintain continuity of business operations.
- The Medical Marijuana Enforcement Division leases 14,853 square feet at 455 Sherman Street. There is adequate space to accommodate an additional 20-25 CITA post production staff as well as a conference room, training lab, and CAT5 cabling to meet their business requirements.
- In FY 2011-12, the Medical Marijuana License Cash Fund experienced insufficient cash flow due to highly unpredictable and unstable revenue. This was caused in large part to the slower than projected licensing of medical marijuana dispensaries by local authorities. To prevent insolvency, MMED initiated a layoff plan and downsized from 37.0 FTE to 15.0 FTE. The division also terminated leases in the outlying areas and substantially reduced operating expenses. Finally, an emergency supplemental was submitted and approved to reallocate MMED's indirect costs in FY 2012-13, further relieving the fund of this financial burden while contributing to the stabilization of the fund. Under the current staffing level, the MMED occupies approximately one-half of the leased space at 455 Sherman Street.

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- There is sufficient General Fund spending authority in the Leased Space line item in FY 2012-13 to accommodate moving 20-25 CITA post production staff beginning January 2013. However, there is not sufficient General Fund spending authority in FY 2013-14 and, thereafter, to accommodate this move on a permanent basis. This request adjusts the funding mix of the Leased Space line item by increasing the General Fund by \$127,738 and decreasing the Cash Funds by a corresponding amount with no net change in total spending authority. In addition, the Medical Marijuana License Cash Fund would be relieved of paying half of its lease obligations, further contributing to the stabilization of the fund.
- The lease at 455 Sherman Street costs \$248,045 in FY 2012-13 for 14,853 square feet. The lease has annual adjustments of \$7,431 per year. The Taxation Business Group would occupy 7,400 square feet and, therefore, assume half of the annual lease cost.