

MEMORANDUM



JOINT BUDGET COMMITTEE

TO JBC Members
FROM JBC Staff
DATE April 14, 2020
SUBJECT Comeback Packet 6

Included in this packet are staff comeback memos for the following items:

Human Services (Tom Dermody):

- Fiscal Year Correction for Multiple Line Items (*Technical Correction*)
- Create Child Care Services and Substance Use Disorder Treatment Pilot Program Line Item (*Technical Correction*)

State (Andrea Uhl):

- Executed Lease True-Up (*Technical Correction*)
- 2020 Primary Elections Public Outreach (*Technical Correction*)

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Tom Dermody, JBC Staff (303-866-4963)
DATE March 17, 2020
SUBJECT Technical Comeback – Multiple Line Item Fiscal Year Correction

During staff's figure setting presentation for the Department of Human Services on March 9, 2020, staff's narrative recommendation incorrectly identified the fiscal year for the recommended appropriation. The following six line items were impacted.

- (2) Office of Information Technology Services, (A) Information Technology, Child Care Automated Tracking System
- (2) Office of Information Technology Services, (A) Information Technology, DYC Education Support
- (2) Office of Information Technology Services, (A) Information Technology, Regional Centers Electronic Health Record System
- (7) Office of Self Sufficiency, (B) Colorado Works Program, County Block Grants
- (10) Adult Assistance Programs, (D) Community Services for the Elderly, State Ombudsman Program
- (10) Adult Assistance Programs, (D) Community Services for the Elderly, State Funding for Senior Services

Staff is requesting permission to adjust each of the line item details to reflect that staff's recommendations were for FY 2020-21.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Tom Dermody, JBC Staff (303-866-4963)
DATE March 17, 2020
SUBJECT Technical Comeback – Create Child Care Services and Substance Use Disorder Treatment Pilot Program line item

During staff's figure setting presentation for the Department of Human Services on March 9, 2020, staff's narrative recommendation did not include the creation of a new line item. The new line item is for the Child Care Services and Substance Use Disorder Treatment Pilot Program created by H.B. 19-1193. The bill provides \$500,000 General Fund in FY 2019-20 and directs the General Assembly to appropriate the same amount in FY 2020-21 and FY 2021-22. This appropriation was included in staff's recommendation for the total FY 2020-21 appropriation for the Office of Early Childhood, as shown on page 47 of staff's figure setting document. However, staff neglected to create a new line item in the Line Item Detail section for the Office of Early Childhood.

Staff requests permission to create a new line item in the Office of Early Childhood for the Child Care Services and Substance Use Disorder Treatment Pilot Program. This request does not change the overall appropriation for the Office of Early Childhood or the Department of Human Services.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Andrea Uhl, JBC Staff (303-866-4956)
DATE April 14, 2020
SUBJECT Technical Comeback – Department of State executed lease true-up

Staff recommends a reduction of \$18,166 to the Department of State's FY 2020-21 Leased Space appropriation, for a total of \$1,035,433. The Department requested an increase of \$275,000 from the Department of State Cash Fund for a new lease to remain in the 1700 Broadway building, which houses all divisions and employees. Lease negotiations were ongoing at the time of figure setting on February 6, 2020; the Department provided a \$275,000 increase (\$1,053,599 total) as their best estimate at that time.

The Department of State currently leases 36,557 square feet of rentable floor area (RSF) on the second and third floors of the 1700 Broadway building at a cost of \$778,599. The current lease expires on June 30, 2020. The Department worked for over a year with the Office of the State Architect and representatives from Jones Lang LaSalle (JLL), the State's contracted real estate broker in the Denver Metro Area, on the new lease. As a result of rising real estate costs and growing space needs, the Department will occupy 45,778 RSF under the current draft of the new lease, a 25.2 percent increase in space, at an additional cost of \$256,834, a 33.0 percent increase over the Department's existing Leased Space appropriation.

The new lease will enable the Department to operate more efficiently and effectively by expanding and securing areas for the testing of voting and information technology systems. Under the new lease, the Department will vacate the second floor, which includes a public hallway, and enhance the security of the third floor. The Department will then occupy the third, fourth, and part of the fifth floors. The new lease is effective through May 31, 2031.

DEPARTMENT RESPONSES TO COMMITTEE QUESTIONS

The Department provided the following responses (compiled prior to final lease execution) to questions asked during figure setting.

Is 11 years a long-time for a lease? Why is the Department signing such a long lease? What is the average length of other departments' leases?

The Department of State is working with the Office of the State Architect (State Architect) on its lease renewal and consulted with the State Architect on this response. The Department's lease is currently under negotiations. The Department has provided information below based upon the current draft of the lease and is subject to change based upon final negotiations with building ownership (landlord). Eleven-years is not a long-time for a lease, especially in the Central Business District (CBD) of Denver. The State Architect reports that the State of Colorado has several agencies with ten-year leases. In return for agreeing to a ten-year term, the landlord is offering the Department eleven-months of free rent and \$65 per rentable square foot (RSF) as a tenant improvement allowance. This tenant improvement allowance is required to make needed security

upgrades as well as to build out the space in a manner that accommodates the Department's expanded space needs. In addition, because of its role with respect to elections, the Department has very specific security requirements. It also operates a critical data center that houses the state voter registration database and the business registration database, which requires both security and backup electricity. As a result, the Department's lease is more complex and is more efficient to negotiate on a long-term basis.

The State Architect does not have data on the average lease length. The Office of the State Architect notes that each agency is funded differently and has different needs with respect to real estate, so what suits one agency may not be appropriate for another agency

Why does the Department need a 24 percent increase in RSF when staff only grew by 8 percent since 2014? Are you expecting more growth in FTE?

In State Fiscal Year (FY) 2013-14, the Department reported 119.0 FTE on the annual FTE report (commonly referred to as the Burn Report). Based upon current employees and posted positions, the Department expects to have 147 positions filled in FY 2020-21. This represents a 23.5 percent increase in staff. Furthermore, the Department requires additional space for contractor workstations, secure space for testing voting equipment and systems, and secure IT systems testing space. Absent the tenant improvement dollars offered by the landlord and discussed in the previous response, the Department would require even more space. The tenant improvements will enable efficient workstation and office design in the Department's space.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Andrea Uhl, JBC Staff (303-866-4956)
DATE April 14, 2020
SUBJECT Technical Comeback – Department of State 2020 primary elections public outreach

Staff recommends that the Committee approve the addition of a footnote to the Department of State's FY 2019-20 appropriation to clarify the intent of a \$900,000 appropriation for primary election outreach. The Department requested this cash fund spending authority through a budget amendment; the corresponding narrative described that the funds would be used for a communications campaign designed to educate voters on the new March 3, 2020 presidential primary and the expanded June 30, 2020 state primary. Staff's FY 2019-20 figure setting document and the FY 2019-20 Appropriations Report described the request only as relating to the presidential primary. The Department is concerned about the legal ramifications of expending funds for the June primary without clarification from the Committee and therefore requests the following language be added through a footnote to the FY 2019-20 (1) Administration Division, Operating Expenses line item appropriation: *"Of this amount, \$900,000 is for a public awareness campaign for the March 3, 2020 presidential primary election and the June 30, 2020 state primary election."* If approved, this adjustment will be included as a separate section attached to the FY 2020-21 Long Bill.