

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 812** HLS 16RS 1070

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 21, 2016 9:37 AM	Author: SCHRODER
Dept./Agy.: Division of Administration (DOA)	Analyst: Alan M. Boxberger
Subject: Provides relative to maximizing available office space	

PUBLIC BLDGS/GROUNDS-ST

OR SEE FISC NOTE GF EX

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Provides relative to maximizing the use of available office space in state buildings

Present law provides that the Division of Administration (DOA) is responsible for the allocation of space in state office buildings. Proposed law requires the DOA to: maintain a list of all office space in state owned buildings by location and classification; classify the potential use of such office space based on the type of space, square footage, accessibility, climate control and other factors; identify and make available to all state agencies a list of all available or underutilized office space; and to maintain and update a list of all state agencies who have personnel, equipment, operations or storage located in buildings not owned by the state. Proposed law further requires the DOA to notify the agency head of any agency using non-state owned office space of alternative, state-owned space that the division of administration has determined is suitable for the needs of the agency. Proposed law requires the agency head to respond to the notice and if declining use of the space, notice thereof must be submitted to the Joint Legislative Committee on the Budget (JLCB).

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	SEE BELOW					
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may result in an indeterminable change in SGF and other means of finance expenditures for state agencies that may relocate into a state owned building from a private or non-state government owned building. In some cases, the rent in the state owned building may be greater or less than existing rent paid by state agencies currently occupying non-state owned buildings.

While the cost of the user agency may increase or decrease by moving into a state owned building, such transition would likely provide additional funds to the Division of Administration - Debt Service and Maintenance budget unit to be used for payments against bonded indebtedness as well as providing for operating and maintenance costs of state owned buildings maintained by the Office Facilities Corporation and the LA Office Building Corporation.

Additionally, in some cases state agencies are renting space that is not fully utilized or occupied. To the extent that another agency may occupy that space, it would decrease the costs of these agencies currently not fully utilizing rented space.

The DOA reports that proposed law would create an increase in expenditure obligations as the size and scope of under- and

EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

Proposed law may result in an indeterminable increase in IAT revenues to the Division of Administration, Debt Service and Maintenance budget unit. DOA - Debt Service and Maintenance makes payments for indebtedness and maintenance on state buildings maintained by the LA Office Building Corporation and Office Facilities Corporation. Expenditures are made from this budget unit to pay operating and maintenance costs of certain state owned buildings from revenues collected through rental costs charged to user agencies occupying certain state facilities. To the extent that agencies may relocate into state owned buildings from private or local government owned ones, SGR and IAT revenues for the DOA Debt Service and Maintenance budget unit would increase by an indeterminable amount depending upon the number of agencies that may relocate and the total square footage inhabited.

Senate Dual Referral Rules House

- | | |
|---|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux

Evan Brasseaux
Staff Director

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CONTINUED EXPLANATION from page one:

unutilized space is currently unknown. DOA reports that it may require executing professional services contracts of an indeterminable amount to conduct in-depth code analysis for each building to determine suitability of spaces based on needs. DOA reports that proposed legislation would require the creation of a reporting database resulting in IT operating expenditures of approximately \$1,000 per year. DOA reports that an additional two state vehicles may be required depending on travel requirements to areas around the state. Additionally, DOA reports that it anticipates needing to add 5 T.O. positions (Two Project Managers at a salary of \$8,695/month and Three State Leasing Analysts 2 at a salary of \$5,338/month).

Given the current expenditure reductions reflected in the executive budget recommendation (House Bill 1 - Original), which if not offset with sufficient expenditure authority and revenues to make whole the existing staff resources of the Division of Administration, the LFO believes it is likely that outside consultants would likely be required to provide the analysis required in proposed law and that DOA would likely require additional expenditure authority and possibly an increase in T.O. positions. However, the LFO feels there are likely alternative means to accomplish the majority of these expenses that could partially or mostly offset the stated expenditure increase requirement explained by DOA. DOA already performs many of the tasks specified in proposed law within its Real Estate Office in the Office of Facility Planning and Control. Specifically, rather than hire five T.O. positions to physically inspect and examine all office space statewide, the DOA could task user agencies to complete such analysis using existing resources and to report space utilization and needs back to DOA. This may still require additional T.O. positions at DOA to provide administrative oversight and coordination, but could potentially be accomplished at a much-reduced level. The DOA can utilize the state's rental car contract to offset the requirement to purchase vehicles, though significant usage may still result in a notable expenditure increase.

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13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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