

**Agency:** 468 Environmental & Land Use Hearings  
**Decision Package Code/Title:** 8L Lease Rate Adjustments  
**Budget Period:** 2015-17  
**Budget Level:** M2 - Inflation and Other Rate Changes

### Recommendation Summary Text:

Ongoing funding is requested to cover a \$.60 per sq.ft increase in our office space lease totaling \$3,391.80 per year (\$6,783.60 per biennium).

### Fiscal Detail

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
<b>Operating Expenditures</b>			
001-1 General Fund - Basic Account-State	2,827	3,392	6,219
<b>Total Cost</b>	<b>2,827</b>	<b>3,392</b>	<b>6,219</b>

### Package Description:

This decision package is for an increase in our office space lease costs. Our agency entered into a Lease Renewal Charter in December, 2013 to renew our lease which would expire on August 30, 2015. At that time, we were advised there might be a decrease in our ongoing rent. On August 25, 2015, DES Real Estate Services sent us a Lease extension letter requesting we extend the current lease to November 30, 2015, to complete the lease negotiations. At that time DES advised us that the landlord had proposed an increase from our current rate of \$21.00 per sq. ft. to \$24.00 per sq. ft. This initial proposal would have increased our lease costs by \$16,959 per year. We signed the extension letter and requested that DES continue to negotiate or we would look at other alternatives. On September 3, 2015, DES informed us of the landlord's revised proposal for a \$.60 per sq.ft. total increase in lease costs. This modest increase is acceptable, however, our current budget does not have funds for this increase.

### Narrative Justification and Impact Statement

*What specific performance outcomes does the agency expect?*

### Performance Measure Detail

**Activity:**

Incremental Changes

No measures submitted for package

***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

Providing funds for this rent increase will allow existing resources to be concentrated on the core functions as described in the agency's strategic plan.

***Does this DP provide essential support to one or more of the Governor's Results Washington priorities?***

Yes. This decision package contributes to the statewide result of strengthening government's ability to achieve results efficiently and effectively.

***What are the other important connections or impacts related to this proposal?***

None noted

***What alternatives were explored by the agency, and why was this alternative chosen?***

The agency briefly explored the option of moving which would create a roughly estimated one-time cost of \$120,000.

***What are the consequences of adopting or not adopting this package?***

ELUHO will be forced to reduce adjudication services to citizens and there would be a potential delay in the processing of Board decisions.

***What is the relationship, if any, to the state's capital budget?***

None

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

None

***Expenditure and revenue calculations and assumptions***

ELUHO leases 5,653 square feet of BOMA usable office space in its current location. A lease increase of \$.60 per square foot increases the lease cost by \$3,392 per year.

$5,653 \text{ sq/ft} \times \$0.60 \text{ per sq/ft per year} = \$3,392 \text{ per year.}$

The old lease expired August 31, 2015. In fiscal year 2016 the agency needs the increased rate for 10 months.

$\$3,392 \text{ divided by } 12 \text{ month} = \$282.66 \text{ per month.}$

$\$282.66 \times 10 \text{ months} = \$2,827 \text{ needed in fiscal year } 2016.$

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

The lease costs are ongoing.

<u>Object Detail</u>		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
E	Goods\Other Services	2,827	3,392	6,219