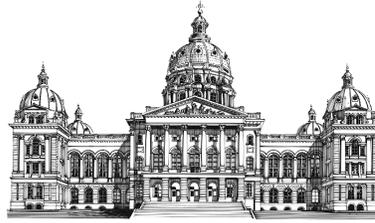

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State Capitol
Des Moines, IA 50319
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Office Space Needs for State Agencies in the Des Moines Area

ISSUE

Providing adequate office space for State agency offices located in the Des Moines area which is both efficient and economical.

AFFECTED AGENCIES

All State agencies

CODE AUTHORITY

Sections 2.43, 18.8 and 18.12 (9) (11), Code of Iowa

BACKGROUND

According to Section 18.8, Code of Iowa, the Director of the Department of General Services (DGS) is authorized to assign office space on the Capitol Complex and other State-owned buildings in the City of Des Moines, for all Executive and Judicial Branch State agencies. Assignments may be changed at any time at the discretion of the Director.

The Director of the DGS is in the process of organizing an evaluation of space usage. The review will compare a current table of organization for each agency applied to the assignment standards (Attachment A) with the current space assignment. A walk through evaluation of space utilization by the Director will also be made which would determine any vacant cubicle space or space which is used for storage which could more effectively be utilized for office space. This assessment is scheduled to be completed by June 1994.

CURRENT SITUATION

In the Des Moines area there is currently a total of 2,431,678 square feet occupied by State offices. Of that, 260,775 (9.3%) square feet are leased at an annual cost of \$2,396,806. This represents an average annual cost of \$9.19 per square foot. (Attachment B).

There is a total gross square footage of 1,902,925 of space currently available on the Capitol Complex and 1,278,499 total net square footage. Definition of net square footage is the total square footage less space for elevators, atriums, reception areas, rest rooms, corridors, hallways and other common areas. The DGS has estimated the FY 1994 operating costs for office space on the Capitol complex will be \$9.05 per square foot. Operating costs include

utilities; security; the DGS Administration charges; the DGS Printing, Mail, and Records Division charges; and charges for the DGS Property Management Division and the DGS Materials Management Division. Some of the services included in these charges are not provided to agencies located in leased spaces.

As of January 1993, there were 6,488 vacant usable square feet situated in 8 locations. The size of these areas varies from 3,020 square feet in the Executive Hills Office Building to 64 square feet. The DGS stated that the space in Executive Hills is used as a temporary staging area rather than an assigned permanent space. According to the DGS, most of the spaces are too small to be usable. There are also 19,300 vacant square feet in the Old Historical Building. The State Fire Marshall will not allow occupancy of that space unless proper exiting and fire detection systems are completed. Including the space in the Old

Historical Building, there are 25,788 vacant square feet on the Capitol Complex.

Within the next two years, the DGS has noted that approximately 15,000 square feet of office space will be required by the Department of Corrections (DOC) in the Des Moines area. The Capitol Annex Building, the DOC's current location, must be vacated due to structural deterioration.

ALTERNATIVES

- Retain the current square footage for all agencies and lease space for the DOC within the next 2 years.
- Determine a more effective use of space by current Capitol Complex occupants. After the space utilization evaluation is completed by the DGS Director, and if vacant space is found and a more efficient reassignment of space can be made, more space may be available for "off-campus" agencies to move onto the Capitol Complex reducing the cost to lease.
- Renovate space in the Old Historical Building. The gross square footage available in the building is 90,959, of that 59,110 is being used, 19,300 is vacant and the remainder includes elevators, stairways, restrooms, hallways, and other common areas.
- Change the system for space utilization accountability. Currently, the DGS is accountable for space assigned to the various agencies. In turn, those agencies must demonstrate need of space to the DGS using their employee count and applying it to the current standards. In the Deferred Maintenance Issue Review dated August 1993, it was noted that several states are charging each agency an annual fee for the square footage they occupy. The charge would include moneys for maintenance, janitorial services, equipment repairs, etc. This accountability by each agency in their budget for allocated space has decreased the space required for operations in several states.
- Build new office space on the Capitol Complex for those agencies currently occupying leased space.

BUDGET IMPACT

- If the current leases are retained and additional space is leased for the DOC the FY 1996 total lease cost in the Des Moines area for office space for State agencies will be \$2.6 million. This assumes the cost of the current leased space will remain constant and that the cost for the area required by the DOC will be leased at the current average cost per square foot.

- The DGS has estimated the cost to renovate the Old Historical Building at \$7,950,000. A possible financing mechanism for renovation would be to issue bonds. Assuming an issue amount of \$9,120,000 (estimated construction cost of \$8.0 million, plus costs of issuance, net capitalized interest through 7/1/95, reserve fund for largest annual debt service and net construction fund earnings), a 12-month construction period, a term of 20 years, and an estimated interest cost of 5.2%, the average annual payment would be \$744,433.
- Changing the system for space utilization accountability, This would be done by appropriating each agency funds to pay their rental charge to the DGS. Although this would rearrange the appropriations for space maintenance from the DGS to the various departments occupying space on the Capitol Complex, the amount allocated should not change.
- To build office space on the Capitol Complex for agencies currently located elsewhere in the Des Moines area would cost approximately \$22.1 million. This assumes a requirement of 275,775 square feet at \$80.00 per square foot and that the State already possesses the property on which the office space would be built. If this was bonded, the approximate annual cost would be \$1.67 million assuming a 30-year General Obligation Bond. If the Iowa Finance Authority was to act as bonding agent, the legislature would have to grant them authority to issue bonds for that purpose.

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**Standards Used by the Director of the Department of General Services for
Assigning Space**

Category	Space Allocation (Square Ft.)	Number of Employees Supervised
A. Director of Large Agency, elected official, commissioner	200	
B. Department Director, Deputy Commissioner	150 - 120	100 +
C. Division Director	120 - 150	under 100
D. Supervisor	80 - 100	5 - 15
E. Professional, technical	64 - 100	N/A
F. Support	48 - 64	N/A
G. Field Office	88 - 96	N/A

Note: Allocation includes space for work surface, chairs, tables, files, and normal office furniture. Additional allocation will be considered for special needs within work sections.

Department of General Services

Des Moines Area Leases

<u>Location and Agency</u>	<u>Expiration Date</u>	<u>Base Cost</u>	<u>Full Service</u>	<u>Square Footage</u>	<u>Annual Cost</u>	<u>Monthly Cost</u>
Jewett Building						
Elder Affairs	4/30/96	\$7.50	\$8.49	5,662	\$48,070	\$4,006
College Aid	4/30/96	7.50	8.26	8,290	68,475	5,706
Airport-Page Avjet						
Department of Public Safety/ State Patr	1/31/93	1.94	0.00	5,480	10,631	886
Graphics Building						
Civil Rights	4/30/98		11.00	8,507	93,577	7,798
DHS Foster Care and Child Support	4/30/98		11.00	9,270	101,970	8,498
Credit Union Building						
Public Safety	9/30/93	4.50	0.00	3,872	17,424	1,452
Colony Building						
PER Board	12/31/93	8.00	8.34	3,735	31,150	2,596
Campaign Office	12/31/93	8.00	8.59	2,372	20,375	1,698
Capitol Center						
IPERS	12/31/93	12.00	0.00	15,100	181,200	15,100
1710 E. Guthrie						
DNR/EPC/Weatherization	3/31/94	4.14	0.00	4,062	16,817	1,401
25th University						
Polk County Medicaid/Case Mgmt	9/30/94	8.06	0.00	8,860	71,412	5,951
711 High Street						
DHS/Expert	10/31/94	0.00	12.00	2,660	31,920	2,660

ATTACHMENT B

Department of General Services

Des Moines Area Leases

<u>Location and Agency</u>	<u>Expiration Date</u>	<u>Base Cost</u>	<u>Full Service</u>	<u>Square Footage</u>	<u>Annual Cost</u>	<u>Monthly Cost</u>
Insurance Exchange						
Juvenile Public Defender	1/30/95	0.00	12.00	1,976	23,712	1,976
Adult Public Defender	1/30/95	0.00	12.00	4,430	53,160	4,430
Green Building						
Lottery	6/30/95	10.92	0.00	30,000	327,600	27,300
5554 N.E. 14th						
Public Safety/Vehicle Theft	7/31/95	3.72	0.00	9,040	33,629	2,802
Cityview						
DHS	7/31/96	7.42	0.00	18,314	135,890	11,324
CSRU	7/31/96	7.42	0.00	7,500	55,650	4,638
Refugee Cent.	7/31/96	7.42	0.00	6,356	47,162	3,930
East Grand Office Park						
DED	9/30/96	9.80	0.00	20,311	199,048	16,587
IFA	9/30/96	9.80	0.00	17,137	167,943	13,995
IFA	12/31/97	9.80	0.00	8,777	86,015	7,168
Banking	12/31/97	9.80	0.00	7,307	71,609	5,967
Credit Union	12/31/97	9.80	0.00	2,267	22,217	1,851
Park Fair						
DOT (Motor Vehicle)	6/30/99	9.70	0.00	29,370	284,889	23,741
DOT (Motor Vehicle)	6/30/99	9.49	0.00	16,546	157,022	13,085
DOT (Air Transit)	6/30/99	10.70	0.00	3,574	38,242	3,187
TOTAL				<u>260,775</u>	<u>\$2,396,806</u>	<u>\$199,734</u>