

SPACE ACTION REQUESTS (STD. 9)

(Revised 2/98)

Departments use the Space Action Request form, STD. 9, to request:

New or additional space (including swing space), lease extensions, or renewals desired by an agency in **noninstitutional** buildings—whether state-owned or state-leased, Relocatable buildings, and Trailers.

Instructions for STD. 9 are provided in SAM Section 1405; additional information on preparation is available from DGS, Professional Services Branch of the Real Estate Services Division.

DOF's Review Requirements. Space action requests are submitted to DGS. The DGS forwards a copy of the request to DOF Capital Outlay Unit for approval if any one of the following conditions exists:

1. Rental costs (excluding one-time costs) as determined by DGS are estimated to exceed \$300,000 in any year of the firm term of a lease. Lease **renewals** are exempt from this requirement unless:
 - a. A ten percent or greater increase in space is requested; or
 - b. The department will propose a budget augmentation to meet rent increases.
2. The department will require a budget augmentation for any year within the firm term of the proposed lease. In this respect, one-time costs, including moving, equipment, furniture, telephones, and data processing related costs, etc. must be considered.
3. The department (or DGS) proposes:
 - a. A lease with a purchase option over \$2 million pursuant to Government Code Section 14669 (b);
 - b. A lease-purchase (installment purchase) arrangement; note that a lease with a "bargain" purchase option is defined, for the purpose of this section, as a lease-purchase;
 - c. A lease which in any other fashion meets the definition of a capitalized lease per the Capital Outlay Section in SAM.
 - d. A lease which must be noticed to the Legislature pursuant to Government Code Section 13332.10.
4. The DOF re-reviews any STD. 9 for which costs significantly exceed the level originally indicated by DGS and concurred with by DOF. Thresholds for re-review are established by memorandum of understanding between DGS and DOF.

(Continued)

(Continued)

SPACE ACTION REQUESTS (STD. 9)**6453 (Cont.1)**

(Revised 2/98)

Whenever STD. 9 is submitted to DOF, it must be accompanied with a Estimate of Occupancy Costs form, STD. 10, prepared by DGS and reflecting DGS' recommended space strategy. The STD. 10 provides a clear synopsis of the reasons for the recommended move or other action; how the action is consistent with approved asset management plans; a schedule of estimated costs for each year of the expected term of the lease and a detailed breakdown of the estimated one-time costs and/or savings associated with the action; and any rent overlaps expected. In addition, an OREDS 4083 must be submitted which provides information on employee classifications for the tenant department, type of space, and specifics on specialized space needs.

For certain requests, DGS also prepares a separate economic analysis for DOF verifying that the selected method of procuring space (lease, lease-purchase, lease with purchase option) is the most cost effective, including a comparison with state construction. The conditions of this analysis (i.e., for which projects, and the content) are set by memorandum of understanding between DGS and DOF.

The DOF's review of space action requests consists of two parts:

1. The Capital Outlay analyst reviews DGS' analysis justifying the method of procuring space and the consistency with approved asset management plans.
2. The appropriate DOF support analyst determines whether the program assumptions for the space request are valid, including any possible future growth requirements.

The DOF Capital Outlay unit coordinates this review. The normal time frame for DOF review is 30 days. Questions on the status of any space action request which has been forwarded to DOF should be directed to this unit.

The DOF's approval of STD. 9 does not constitute approval of additional funding for any future rental increase or other costs related to the Form 9. Department may wish to coordinate the timing of space action requests with the budget process to avoid making commitments to new space prior to budgetary approval. Requests for a budget adjustment must be submitted as part of the normal budget preparation process. Requirements are reviewed below.

Coordination of STD. 9s with Support Budget Change Proposals (BCPs). The BCPs are required for any request to increase support budget funding for new or additional space, rent increases on an existing lease, furniture (such as modular), or costs associated with moving. The BCP must be submitted with a copy of the space request package previously approved by DOF. If a final version of this package is not available because the leasing transaction is still under development, DOF will base its review of the BCP on the department's initial estimate on **draft** version of the package. However, the department is still required to complete the space action request approval process by having DGS submit a final set of forms STD. 9 and 10 and OREDS 4083, with complete data, for approval to DOF. As appropriate, DOF may adjust any prior budget decisions to conform with the final space action.

It is not necessary to coordinate the BCP process with the STD. 9 process if the BCP is requesting facility funding as a per-position complement. For example, the department may requests 5 new positions for a program, with a per-position facility component. However, such complements are usually adequate only for marginal adjustments of staff. Therefore, departments are cautioned against using per-position complements if large numbers of staff are being added or specialized space is required. Additional facility funding may not be provided later to correct budget shortfalls.

Coordination of STD. 9s with Capital Outlay Budget Change Proposals (COBCPs). Informational COBCPs are required for proposals to enter in the budget year into a lease-purchase agreement, lease with purchase option, or any other lease which meets the definition of a capital lease, as described in the "Capitalized Assets" Chapter (Capital Outlay Section) of SAM. The opportunity to enter into such a lease may arise, on an unplanned basis, off-cycle with the budget process. The DOF may waive the formal COBCP requirement in this situation, but the client department and DGS must nonetheless provide the same information as well as the economic analysis referred to above as part of STD. 9 approval package.