

## SAM - BUDGETING

### SPACE ACTION REQUESTS CRUISE (Form 9)

6453

(Revised 6/2014)

DGS's Real Estate Leasing and Planning Section uses the Space Action Request (CRUISE Form 9), as part of the Form 10 package when required to obtain [Department of Finance \(DOF\)](#) approval.

NOTE: Departments initially request RESD services via Global CRUISE, which is RESD's online project initiation system. The Global CRUISE system should be used to request services such as:

New or additional space (including swing space), lease extensions, or renewals desired by an agency in **non-institutional** buildings—whether state-owned or state-leased, relocatable buildings, and trailers.

If DOF approval is needed prior to proceeding with a new project, the requesting department with the assistance of the Real Estate Officer, prepares the CRUISE Form 9 and supporting documents for the Form 10 package based on the data contained in the Global CRUISE summary.

DOF's Review Requirements. A request is submitted to RESD via the Global CRUISE system. DGS forwards a copy of the CRUISE Form 9 as part of the Form 10 package to the 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 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 [8363](#).
  - d. A lease which must be noticed to the Legislature pursuant to Government Code Section [13332.10](#).

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4. The DOF re-reviews any CRUISE Form 9 or 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.

Whenever a CRUISE Form 9 is submitted to DOF, it must be accompanied with an 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 Space Planning Data Form 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 CRUISE Form 9s 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 less than 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 the CRUISE Form 9 does not constitute approval of additional funding for any future rental increase or other costs related to the CRUISE Form 9.** The 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.

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### **SPACE ACTION REQUESTS CRUISE (Form 9)**

**6453 (Cont. 2)**

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Coordination of CRUISE Form 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 Form 10 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 Form 10 package approval process by having DGS submit a final set of forms: CRUISE Form 9 and Estimate of Occupancy Cost Form 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 CRUISE Form 9.

It is not necessary to coordinate the BCP process with the CRUISE Form 9 process if the BCP is requesting facility funding as a per - position complement. For example, the department may request five 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 CRUISE Form 9 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 Form 10 approval package.