

ARKANSAS BUILDING AUTHORITY

Enabling Laws

Act 1220 of 2007
A.C.A. §22-2-101 et seq.

History and Organization

MISSION STATEMENT

Arkansas Building Authority's (ABA) mission is to act as the State's agent in all state agency lease negotiations, provide direction and assistance to agencies in all aspects of capital improvement projects and property transfers needs, and actively maintain and operate ABA owned or managed buildings in an efficient and economical manner pursuant to laws and regulations.

HISTORY and MAJOR OBJECTIVES

ABA (formerly known as State Building Services) was created July 1, 1975, by Arkansas Code Annotated §22-2-101 through 121. ABA is governed by an eleven (11) member council which sets policies, guidelines, standards and procedures to be implemented by ABA. ABA has a primary client base comprised of other state agencies in regards to the leasing, sale and purchase of properties; management and operations of ABA owned or leased facilities; review and approval of building plans from the initial design review; bidding, awarding and processing of final payment for capital improvement projects. Public School Districts are an additional client base for which ABA provides Americans with Disabilities Act (ADA) accessibility reviews of construction projects. ABA and its Council, through bonds issued by Arkansas Development Finance Authority, are authorized to acquire, construct, repair, remodel, renovate lands, buildings, improvements and facilities for the benefit of state agencies. ABA is comprised of the following four (4) sections:

(1) Real Estate Services Section develops and enforces minimum leasing, sale and purchase of property standards and criteria for consideration and adoption by the Council; designs standard lease forms to be approved by the Council for use by state agencies; assists state agencies in determining and evaluating rental space needs and the allocation of space for state agencies; conducts surveys to determine available rental space; assists state agencies to ensure that rental space acquired and utilized by state agencies is essential to the efficient performance of its duties and responsibilities; administers duties and responsibilities involving the purchase or sale of property by state agencies which are under the jurisdiction of ABA to ensure that the property is sold or purchased in a manner consistent with Arkansas laws and regulations.

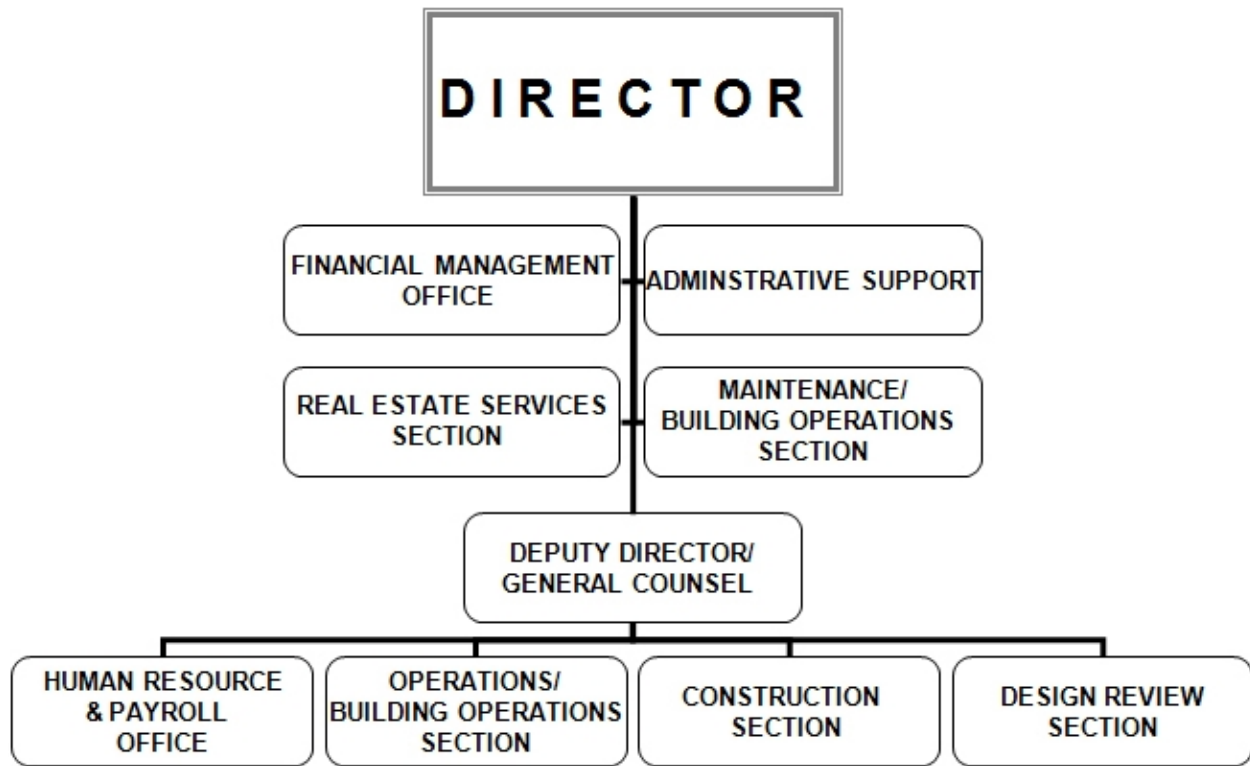
(2) Construction Section supervises the bidding and awarding of construction contracts for capital improvements for or by state agencies; establishes and maintains complete construction files on all jobs, including observation reports, plans and specifications for all capital improvements; approves all proposed contracts, change orders, and final payments requests; ensures that on-site observation of all construction projects, alterations, and repairs is accomplished on a regular basis and maintain records of those observations; meets with the design professional to determine the responsibility and performance required by the contract documents; approves final payment; ensures contractors are licensed; ensures

that the construction of all projects complies with the contract documents; and manages the bidders list.

(3) Design Review Section establishes and enforces minimum design standards and criteria for all capital improvement (public works) contracts undertaken by any state agency including but not limited to flood plain management, accessibility (ADA), and building codes. This Section reviews agency capital budget requests prior to submittal to the Legislature; reviews and approves agency requests to advertise for architectural and engineering related consultants; assist agency in drafting advertisements; reviews architectural and engineering consultant qualifications; reviews and approves construction plans and specifications for bidding; reviews, approves and issues Floodplain Development Permit Applications; reviews new property purchase requests for Floodplain Management Issues; provides technical services to agencies upon request for new capital projects or renovations, space planning, ADA accessibility surveys, roof maintenance inspections and reports, mechanical and electrical system investigations, and facility condition assessment reviews. The Section also reviews and approves public school district capital improvements for compliance with the accessibility guidelines (ADA).

(4) Building Operations Section provides for the management, maintenance, and operation of Arkansas Building Authority property as well as other public buildings. The Building Operations Section is responsible for maintenance and operation of buildings and grounds which are owned, leased, or managed by Arkansas Building Authority. Additionally, this Section is responsible for enforcement of regulations designed to standardize the level of maintenance on all Arkansas Building Authority facilities. The primary function of the Operations staff is to ensure the safety and comfort of state tenants through maintenance of life-safety devices, environmental comfort systems and other building related maintenance, and provide tenantable working conditions through internal maintenance staff and outside contractors.

In addition, the core of ABA is supported by internal services that fulfill additional programmatic functions: The Director's staff, which includes Legal, Information Technology, Human Resources and other administrative supportive services; and the Financial Management office which is responsible for the administration of the Agency's purchasing and accounting functions.



Agency Commentary

This commentary relates to five (5) primary appropriations (fund centers) for Arkansas Building Authority:

(1) Miscellaneous Agencies Fund (HUA2600/253) - for the administration of ABA's functions and activities pertaining to real estate services, capital improvement oversight, design review services, administrative support services, personnel and financial management. The revenues to support this fund are dispersed from State General Revenues.

(2) ABA Maintenance Fund (MWJ0100/254) - for the property management and operation function of ABA-owned and operated buildings. The revenues for this fund are generated through rent revenues collected from ABA tenant leases (self-funded).

(3) ABA Critical Maintenance Fund (MWJ0300/IVF) - for the purpose of funding urgent and critical maintenance projects for the ABA-owned and operated buildings. The revenues for this fund are transferred from the ABA Maintenance Fund (noted directly above) creating a "reserve account" from operations savings (self-funded).

(4) Justice Building Operations Fund (MWJ0200/809) - for the maintenance and operation of the Justice Building. The revenue to support this fund is dispersed from the State Central Services Fund.

(5) Justice Building Maintenance Fund (MJB0100/915) - for critical and major maintenance projects for the Justice Building. The revenue to support this fund is generated through fees collected by the Administrative Office of the Courts.

Operations:

Arkansas Building Authority operates and performs its duties through these five (5) distinct appropriations. The Agency is a dual-faceted agency providing two distinct client bases for which it serves: (1) building operation services, and (2) statewide client services. ABA does not collect fees for the client services it provides; nearly seventy-five percent (75%) of the funds used to operate the Agency are generated through rent revenues billed and collected through tenant leases for ABA's building portfolio of more than 1 million square feet. These funds not only support the maintenance and operation of the buildings, it also funds more than half of the agency's administrative and client-based services that do not contribute to the operational fund.

ABA has been very successful in the management of its building portfolio which has achieved a 99.9% occupancy rate. Unfortunately, this success also creates a detriment to the Agency with its dependency on the rent revenues to support its operations. With a nearly 100% occupancy rate, rent revenues have peaked, limiting ABA's opportunity to generate more rents without a rental rate increase. However, in ABA's efforts to support other state agencies in baseline budgeting, ABA has elected not to propose rental increases for its properties; and as a result, the Agency's primary funding source has become stagnant. The end result, ABA has limited opportunities to improve client services or offset building operational costs. As reflected in the MWJ0100/254 Appropriation Summary, operating expenses continue to rise. The referenced appropriation reflects a 27.7% increase in operating expenses, which is directly related to the increase in electric utilities, fuel costs, minimum wage, insurance rates, and environmental regulations. Furthermore, with pending congressional legislation proposing mandates for carbon footprint reductions, it is imperative that ABA continue to fund its Critical Maintenance Fund (MWJ0300 / IVF) at the highest possible level. In order for ABA to improve its facilities to comply with the "greening" initiatives being imposed, funds must be available to replace or upgrade critical buildings systems which are largely responsible for carbon emissions. It is known that the commercial real estate industry will bare the brunt of this legislation, creating potentially devastating costs for carbon footprints that are not substantially decreased. The Critical Maintenance Fund referenced above is 100% dependent on operational savings which is continually shrinking and will soon be eliminated.

With the scenario above, ABA has no other choice than to explore opportunities to expand its building management portfolio in its efforts to generate additional rent revenues and management fees. This Biennial Budget Requests reflects two (2) opportunities to support that goal:

(1) Management Contract for the maintenance and operation of the Arkansas Services Center in Jonesboro, AR housing multiple state services including DHS, AR Rehabilitation Services and a Behavioral Health In-Patient Services unit. The Center is a state-owned facility currently managed by ASU. ASU provided notice of its desire to terminate management services in the fall of 2009 (FY2010). The appropriation for this proposal is reflected in the MWJ0100 Operating Expenses; and

(2) Proposed Lease/Purchase Agreement for a 110,000 square foot commercial office building to house multiple state agencies. ABA is negotiating a Master Lease Agreement with a projected occupancy during the first quarter of FY2010. Upon exercising the purchase option in year 5 or 6 of the initial lease term, ABA will assume full management and operational duties. The appropriation for this proposal is reflected in the MWJ0100 Lease Purchase.

The same operational challenges expressed above are reflected in the Justice Building Operations MWJ0200/809 Appropriation Summary as well.

In addition, ABA's master lease for the facility occupied by DDSSA at 7th & Pulaski Streets, Little Rock, is subsidized by ABA. ABA's rent portion (\$104,481/yr) is funded by ABA rent revenues in MWJ0100. This particular expenditure has been moved from Lease Purchase to the Operating Expenses since the purchase option for this lease was removed years ago as a result of the Department of Labor's restriction on the use of federal funds. Aside from ABA's efforts to eliminate the rent subsidy altogether through direct lease re-negotiations, the reallocation of the expenditure within the ABA Maintenance Fund (MWJ0100 / 254) had simply not been made previously.

Lastly, a contingent rent appropriation has been included in past years in the amount of \$121,000 for ABA in the event that a situation arose that would necessitate ABA to pay rent for its offices to house the ABA staff. ABA occupies office space in an ABA building and does not charge itself rent, but in the event that the need arises that requires ABA to seek substitute facilities, a rent appropriation may be required. This appropriation in Rent of Space is reflected in the ABA Maintenance Fund (MWJ0100/254).

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS BUILDING AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	54	12	66	90 %
Black Employees	1	3	4	5 %
Other Racial Minorities	2	1	3	5 %
Total Minorities			7	10 %
Total Employees			73	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1320200	\$1,122,213	Checking	Regions

Statutory/Other Restrictions on use:

Financing of additions, extensions, improvements, and renovations of, and equipping of such additions, extensions, and improvements of the State Justice Building. Also the repayments of obligations issued by the Arkansas Development Finance Authority pursuant to the State Agencies Facilities Acquisition Act of 1991, as amended.

Statutory Provisions for Fees, Fines, Penalties:

N/A

Revenue Receipts Cycle:

Monthly

Fund Balance Utilization:

Pay the Semi-Annual Interest, Principal and Fees for the Justice Bond Payments

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
N/A	N/A	N	N	0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VF Critical Maintenance	0	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0	1,630,000	0
253 ABA - State Operations	1,938,294	38	2,324,104	38	2,358,354	38	2,453,740	38	2,453,740	38	2,453,740	38	2,496,995	38	2,496,995	38	2,496,995	38
254 Building Maintenance	8,024,349	45	8,828,254	47	10,326,947	47	8,862,342	47	12,625,884	51	12,625,884	51	8,905,948	47	12,776,274	51	12,776,274	51
488 Acquisition and Maintenance	0	0	0	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0	0	0	1,500,000	0	1,500,000	0
809 Justice Building Operations	651,254	3	696,804	3	691,312	3	702,973	3	719,076	3	719,076	3	705,734	3	754,559	3	724,127	3
915 Justice Building Maintenance	7,505	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0	504,659	0
D17 Justice Bldg Const-Cash	970,054	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0	1,290,000	0
Total	11,591,456	86	15,273,821	88	18,301,272	88	15,443,714	88	20,723,359	92	20,723,359	92	15,533,336	88	20,952,487	92	20,922,055	92

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	5,109,881	28.2	6,534,570	32.5	4,819,148	22.3	4,819,148	20.8	4,819,148	20.8	6,209,140	26.6	2,429,495	11.5	2,429,495	11.5
General Revenue	4000010	1,938,294	10.7	2,324,104	11.6	2,453,740	11.3	2,453,740	10.6	2,453,740	10.6	2,496,995	10.7	2,496,995	11.9	2,496,995	11.9
Rental Income	4000430	9,323,178	51.4	9,469,455	47.1	12,300,269	56.8	12,300,269	53.1	12,300,269	53.1	12,374,269	53.0	12,374,269	58.8	12,374,269	58.8
State Administration of Justice	4000470	1,100,360	6.1	1,073,528	5.3	1,073,528	5.0	1,073,528	4.6	1,073,528	4.6	1,073,528	4.6	1,073,528	5.1	1,073,528	5.1
Transfer from St Central Srvs	4000575	654,313	3.6	691,312	3.4	719,076	3.3	719,076	3.1	719,076	3.1	754,559	3.2	754,559	3.6	754,559	3.6
Transfers / Adjustments	4000683	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Unfunded Appropriation	4000715	0	0.0	0	0.0	287,093	1.3	1,787,093	7.7	1,787,093	7.7	421,131	1.8	1,921,131	9.1	1,921,131	9.1
Total Funds		18,126,026	100.0	20,092,969	100.0	21,652,854	100.0	23,152,854	100.0	23,152,854	100.0	23,329,622	100.0	21,049,977	100.0	21,049,977	100.0
Excess Appropriation/(Funding)		(6,534,570)		(4,819,148)		(6,209,140)		(2,429,495)		(2,429,495)		(7,796,286)		(97,490)		(127,922)	
Grand Total		11,591,456		15,273,821		15,443,714		20,723,359		20,723,359		15,533,336		20,952,487		20,922,055	

The FY09 Budget amount exceeds the authorized amount in Appropriation 809 due to salary adjustments during the 2007-2009 biennium.

Rental Income funding line for 2009-2011 reflects projections of anticipated additional revenue through a proposed new Management Contract for the maintenance and operations of the Arkansas Services Center in Jonesboro, AR and the proposed Lease/Purchase Agreement for a 110,000 sq. ft. commercial building to house multiple state agencies.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Total	Total	Filled	Unfilled			Total	Total	Filled	Unfilled	
93	79	12	91	2	15.05 %	88	77	11	88	0	12.50 %	88	73	15	88	0	17.05 %

Analysis of Budget Request

Appropriation: 1VF - Critical Maintenance

Funding Sources: MWJ - Critical Maintenance

This appropriation is used for Critical Maintenance of ABA owned or operated buildings. Funding is derived from rental income paid by state agencies housed in ABA operated buildings.

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1VF - Critical Maintenance

Funding Sources: MWJ - Critical Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance 5120032	0	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000
Total	0	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000
Funding Sources									
Fund Balance 4000005	3,181,013	4,619,013		2,989,013	2,989,013	2,989,013	1,359,013	1,359,013	1,359,013
Transfers / Adjustments 4000683	1,438,000	0		0	0	0	0	0	0
Total Funding	4,619,013	4,619,013		2,989,013	2,989,013	2,989,013	1,359,013	1,359,013	1,359,013
Excess Appropriation/(Funding)	(4,619,013)	(2,989,013)		(1,359,013)	(1,359,013)	(1,359,013)	270,987	270,987	270,987
Grand Total	0	1,630,000		1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000

Special Language provides carry forward of appropriation and funding. For FY09 the carry forward amount was \$3,707,312.

The Transfers/Adjustments Actual funding is a transfer from the Building Maintenance appropriation (254).

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Arkansas Building Authority

Program: Critical Maintenance

Act #: 1220 of 2007

Section(s) #: 9 & 14

Estimated Carry Forward Amount \$ 3,375,208.00

Appropriation

Funds

Funding Source: Other

Accounting Information:

Business Area: 0350

Funds Center: 1VF

Fund: MWJ

Functional Area: ADMN

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Special Maintenance	5120032	3,375,208.00	3,707,312.19
Total		\$ 3,375,208.00	\$ 3,707,312.19

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

The ABA Critical Maintenance Fund is a self-funded reserve which allows ABA to perform deferred maintenance, emergency repairs/replacements and capital projects throughout the year which otherwise may not be possible if relying strictly on the annual operations plan. The reserve account is funded by rent revenues generated from the ABA portfolio of owned and operated buildings. The fund receives up to ten (10) equal transfers annually from the ABA Building Maintenance Fund (MWJ0100 - 254) It is crucial that this fund be permitted to carry forward unexpended appropriation and funding so that critical projects can be made in a timely manner and ABA can conduct long term planning for its deferred maintenance program.

Actual Funding Carry Forward Amount \$ 3,707,312.19

Current status of carry forward appropriation/funding:

While it is important to remember that the purpose of this fund is to maintain a "reserve" for unexpected expenditures, there are a number of projects that are identified and funded during the fiscal year to reduce the financial burden on the Annual Operations Plan. Projects or expenditures specifically identified at this time for funding through the 1VF are: Professional Service Contracts - \$225,000; Natural Resource Complex - building systems upgrades/ replacement - \$175,000; DFA - Elevator Upgrades - \$85,000; 1515 Building - Sewer System Repairs - \$175,000; Plant Board Renovations to office space - \$50,000; MainStreet Mall - Boiler Replacement - \$10,000; MainStreet Mall - Carpet Replacement in Corridor & Tobacco Control Bd - \$8,000; One Capitol Mall - Cooling Tower Compliance - \$15,000; ABA Emergency Program Installations - \$12,000; Miscellaneous Building Critical Repairs - \$100,000; Miscellaneous Buildings - RPZ Installations - \$12,000; Total Expenditures (planned) - \$855,000.

Anne Laidlaw

Director

08-21-2008

Date

Analysis of Budget Request

Appropriation: 253 - ABA - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

This appropriation provides for the operations of Arkansas Building Authority (ABA). Functions include administration, leasing, architectural, construction, finance, engineering, and building maintenance. This appropriation is funded entirely from general revenue.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for two positions transitioning from unclassified to classified positions. Unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Request is for Base Level each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 253 - ABA - State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,425,348	1,768,683	1,768,683	1,858,312	1,858,312	1,858,312	1,894,605	1,894,605	1,894,605
#Positions		38	38	38	38	38	38	38	38	38
Personal Services Matching	5010003	448,318	490,627	524,877	540,634	540,634	540,634	547,596	547,596	547,596
Operating Expenses	5020002	48,593	48,594	48,594	48,594	48,594	48,594	48,594	48,594	48,594
Conference & Travel Expenses	5050009	6,188	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	9,847	10,000	10,000	0	0	0	0	0	0
Total		1,938,294	2,324,104	2,358,354	2,453,740	2,453,740	2,453,740	2,496,995	2,496,995	2,496,995
Funding Sources										
General Revenue	4000010	1,938,294	2,324,104		2,453,740	2,453,740	2,453,740	2,496,995	2,496,995	2,496,995
Total Funding		1,938,294	2,324,104		2,453,740	2,453,740	2,453,740	2,496,995	2,496,995	2,496,995
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		1,938,294	2,324,104		2,453,740	2,453,740	2,453,740	2,496,995	2,496,995	2,496,995

BLANK PAGE

Analysis of Budget Request

Appropriation: 254 - Building Maintenance

Funding Sources: MWJ - ABA Maintenance

The Building Maintenance appropriation is funded from rental income and reimbursements from ABA operated buildings. It supports the property management function of state-owned and ABA-operated office buildings.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$3,763,542 in FY10 and \$3,870,326 in FY11 and reflect the following:

- Regular Salaries and associated Personal Services Matching increase of \$146,399 in FY10 and \$149,295 in FY11 for 1 Maintenance Coordinator position, 2 Maintenance Technician positions, and 1 Maintenance Assistant position in order to meet the needs of a new management contract for the Arkansas Services Center in Jonesboro.
- Extra Help, Overtime, and related Personal Services Matching increase of \$106,142 per year in the event of building maintenance emergencies.
- Operating Expenses of \$1,607,352 in FY10 and \$1,936,140 in FY11 for increases in electric, natural gas, and water/sewer expenses, increases in some service contracts due to a change in the State minimum wage, and the transfer of the master lease agreement for the DDSSA facility located at 7th & Pulaski.
- Professional Fees increase of \$22,306 in each year for design fees and accounting services.
- Capital Outlay increase of \$79,100 per year for the purchase of mowers, tractors, and other building maintenance equipment.
- Debt Service appropriation of \$10,000 in FY10 and \$20,000 in FY11 for the Main Street Bond.
- Restoration of an unfunded \$250,000 biennial contingency appropriation in the event that the Agency executes one or more building contracts or maintenance agreements with state agencies, and the appropriations or funds otherwise provided for the Agency are not sufficient to address those needs.
- Lease Purchase increase of \$1,542,243 in FY10 and \$1,557,343 in FY11 for the Lease Purchase Agreement for a 110,000 square foot commercial office building to house multiple state agencies.

The Agency anticipates additional rental income for the 2009-2011 biennium through a proposed new Management Contract for the maintenance and operations of the Arkansas Services Center in Jonesboro, AR and a proposed Lease/Purchase Agreement for a 110,000 sq. ft. commercial building to house multiple state agencies.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 254 - Building Maintenance

Funding Sources: MWJ - ABA Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,421,858	1,649,771	1,709,851	1,710,190	1,816,289	1,816,289	1,746,917	1,855,455	1,855,455
#Positions		45	47	47	47	51	51	47	51	51
Extra Help	5010001	16,222	15,000	75,000	15,000	75,000	75,000	15,000	75,000	75,000
#Extra Help		6	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	487,142	509,171	573,960	561,940	613,382	613,382	568,819	620,718	620,718
Overtime	5010006	2,127	5,000	40,000	5,000	40,000	40,000	5,000	40,000	40,000
Operating Expenses	5020002	5,371,534	5,807,678	6,943,196	5,807,678	7,415,030	7,415,030	5,807,678	7,743,818	7,743,818
Conference & Travel Expenses	5050009	3,410	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Professional Fees	5060010	4,069	17,694	40,000	17,694	40,000	40,000	17,694	40,000	40,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	79,100	79,100	0	79,100	79,100	0	79,100	79,100
Debt Service	5120019	354,242	366,683	366,683	366,683	376,683	376,683	366,683	386,683	386,683
Contingency	5130018	0	0	0	0	250,000	250,000	0	0	0
Rent of Space	5900022	0	0	121,000	0	0	0	0	0	0
Lease Purchase	5900046	363,745	363,157	363,157	363,157	1,905,400	1,905,400	363,157	1,920,500	1,920,500
Total		8,024,349	8,828,254	10,326,947	8,862,342	12,625,884	12,625,884	8,905,948	12,776,274	12,776,274

Funding Sources										
Fund Balance	4000005	364,130	224,959		866,160	866,160	866,160	4,304,087	540,545	540,545
Rental Income	4000430	9,323,178	9,469,455		12,300,269	12,300,269	12,300,269	12,374,269	12,374,269	12,374,269
Transfers / Adjustments	4000683	(1,438,000)	0		0	0	0	0	0	0
Total Funding		8,249,308	9,694,414		13,166,429	13,166,429	13,166,429	16,678,356	12,914,814	12,914,814
Excess Appropriation/(Funding)		(224,959)	(866,160)		(4,304,087)	(540,545)	(540,545)	(7,772,408)	(138,540)	(138,540)
Grand Total		8,024,349	8,828,254		8,862,342	12,625,884	12,625,884	8,905,948	12,776,274	12,776,274

FY08 Actual amount in Lease Purchase Expense exceeds Authorized amount due to a higher authorized appropriation in FY08.

The Transfers/Adjustments Actual funding includes a \$1,438,000 transfer to the Critical Maintenance appropriation (1VF).

Rental Income funding line for 2009-2011 reflects projections of anticipated additional revenue through a proposed new Management Contract for the maintenance and operations of the Arkansas Services Center in Jonesboro, AR and the proposed Lease/Purchase Agreement for a 110,000 sq. ft. commercial building to house multiple state agencies.

Change Level by Appropriation

Appropriation: 254 - Building Maintenance

Funding Sources: MWJ - ABA Maintenance

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	8,862,342	47	8,862,342	100.0	8,905,948	47	8,905,948	100.0
C01	Existing Program	3,899,538	4	12,761,880	144.0	3,987,466	4	12,893,414	144.8
C03	Discontinue Program	(135,996)	0	12,625,884	142.5	(117,140)	0	12,776,274	143.5

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	8,862,342	47	8,862,342	100.0	8,905,948	47	8,905,948	100.0
C01	Existing Program	3,899,538	4	12,761,880	144.0	3,987,466	4	12,893,414	144.8
C03	Discontinue Program	(135,996)	0	12,625,884	142.5	(117,140)	0	12,776,274	143.5

Justification

C01	Due to the increases in minimum wage, utility rates and fuel costs, many of the contracts related to the maintenance and operation of the ABA buildings will increase. Furthermore, the reallocation of the master lease agreement for the DDSSA facility located at 7th & Pulaski as explained in the Agency Commentary adds another \$104,481 to this operational increase. ABA retains Contingency appropriation of \$250,000 pending the possibility of picking up an additional management services account during the fiscal year.
C03	Due to ABA's efforts to offset the increase in operating expenses noted above, ABA looked for opportunities to reduce costs wherever possible, and as a result, a few service contracts were reduced, as well as ABA's election to reduce its in-stock inventory purchases.

Analysis of Budget Request

Appropriation: 488 - Acquisition and Maintenance

Funding Sources: MRE - ABA Real Estate Fund

The purpose of this appropriation is the acquisition and operation of additional buildings for state occupancy. Funding payable from the Real Estate Fund allows the Arkansas Building Authority to acquire buildings for general government use as opportunities arise as well as provide construction and renovations as needed. Expenditures would be offset by income from the operation of properties acquired.

The Agency's Change Level request is for \$300,000 per year in Operating Expenses and \$1,200,000 per year in the Construction/Renovations line item. This would restore this appropriation back to the previously authorized level of \$1,500,000 in the event that additional buildings are needed.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 488 - Acquisition and Maintenance

Funding Sources: MRE - ABA Real Estate Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	0	300,000	0	300,000	300,000	0	300,000	300,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Construction/Renovations 5090005	0	0	1,200,000	0	1,200,000	1,200,000	0	1,200,000	1,200,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	0	0	1,500,000	0	1,500,000	1,500,000	0	1,500,000	1,500,000
Funding Sources									
Unfunded Appropriation 4000715	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
Total Funding	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000

Change Level by Appropriation

Appropriation: 488 - Acquisition and Maintenance

Funding Sources: MRE - ABA Real Estate Fund

Agency Request

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

Executive Recommendation

Change Level	2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
C01 Existing Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

Justification

C01	ABA will continue to consider opportunities to acquire properties that are in the best interests of the State for use by the ABA or that of other state agencies, boards and commissions. ABA is requesting the reappropriation of the Acquisition and Maintenance appropriation at its current Authorized level of \$1.5 million so that such property transactions may be completed if funding is made available.							
-----	---	--	--	--	--	--	--	--

Analysis of Budget Request

Appropriation: 809 - Justice Building Operations

Funding Sources: MWJ - ABA Maintenance

This appropriation provides for the operations of the Justice Building. Funding is provided under special language provisions for a transfer from the State Central Services Fund to the Arkansas Building Authority Maintenance Fund for actual expenditures up to the authorized appropriation level.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency's Change Level requests total \$16,103 in FY10 and \$48,825 in FY11 and reflect the following:

- Operating Expenses increase of \$64,741 in FY10 and \$97,463 in FY11 due to increases in electric and natural gas utility rates and increases in some service contracts impacted by the increase in the state minimum wage, and offsetting these increases with the eliminations of special improvement projects in the amount of \$48,638 each year.

The Executive Recommendation provides for the Agency Request in FY10. The Executive Recommendation provides for the Agency Request in FY11 with the exception of Operating Expenses; which is approved in the amount of \$67,031.

Appropriation Summary

Appropriation: 809 - Justice Building Operations

Funding Sources: MWJ - ABA Maintenance

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	98,148	99,052	93,104	102,015	102,015	102,015	104,342	104,342	104,342
#Positions	3	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	32,179	31,192	31,648	34,398	34,398	34,398	34,832	34,832	34,832
Operating Expenses 5020002	520,927	566,560	566,560	566,560	582,663	582,663	566,560	615,385	584,953
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	651,254	696,804	691,312	702,973	719,076	719,076	705,734	754,559	724,127
Funding Sources									
Fund Balance 4000005	10,157	13,216		7,724	7,724	7,724	23,827	7,724	7,724
Transfer from St Central Svcs 4000575	654,313	691,312		719,076	719,076	719,076	754,559	754,559	754,559
Total Funding	664,470	704,528		726,800	726,800	726,800	778,386	762,283	762,283
Excess Appropriation/(Funding)	(13,216)	(7,724)		(23,827)	(7,724)	(7,724)	(72,652)	(7,724)	(38,156)
Grand Total	651,254	696,804		702,973	719,076	719,076	705,734	754,559	724,127

The FY08 Actual and FY09 Budget amounts in Regular Salaries and Personal Services Matching exceed the authorized amount due to salary adjustments during the 2007-2009 biennium.

Change Level by Appropriation

Appropriation: 809 - Justice Building Operations

Funding Sources: MWJ - ABA Maintenance

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	702,973	3	702,973	100.0	705,734	3	705,734	100.0
C01	Existing Program	64,741	0	767,714	109.2	97,463	0	803,197	113.8
C03	Discontinue Program	(48,638)	0	719,076	102.3	(48,638)	0	754,559	106.9

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	702,973	3	702,973	100.0	705,734	3	705,734	100.0
C01	Existing Program	64,741	0	767,714	109.2	67,031	0	772,765	109.5
C03	Discontinue Program	(48,638)	0	719,076	102.3	(48,638)	0	724,127	102.6

Justification

C01	Due to an increase in minimum wage, utility rates and fuel costs, many of the service contracts related to the maintenance and operation of the Justice Building are increasing.
C03	Due to the increase in operating expenses for the building, ABA chose to eliminate any special capital improvement projects within the operations budget.

Analysis of Budget Request

Appropriation: 915 - Justice Building Maintenance

Funding Sources: MJB - Justice Building Fund

The Justice Building Maintenance appropriation provides for maintenance of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to be used exclusively for maintenance of the Justice Building (A.C.A. §19-5-1052).

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 915 - Justice Building Maintenance

Funding Sources: MJB - Justice Building Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Special Maintenance 5120032	7,505	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
Total	7,505	504,659	504,659	504,659	504,659	504,659	504,659	504,659	504,659
Funding Sources									
Fund Balance 4000005	479,146	555,169		134,038	134,038	134,038	0	0	0
State Administration of Justice 4000470	83,528	83,528		83,528	83,528	83,528	83,528	83,528	83,528
Unfunded Appropriation 4000715	0	0		287,093	287,093	287,093	421,131	421,131	421,131
Total Funding	562,674	638,697		504,659	504,659	504,659	504,659	504,659	504,659
Excess Appropriation/(Funding)	(555,169)	(134,038)		0	0	0	0	0	0
Grand Total	7,505	504,659		504,659	504,659	504,659	504,659	504,659	504,659

Analysis of Budget Request

Appropriation: D17 - Justice Bldg Const-Cash

Funding Sources: 132 - Justice Building Construction Fund

The Justice Building Construction cash appropriation provides for debt service obligations associated with construction and renovation of the Justice Building. Funding is provided by court cost receipts transferred from the State Administration of Justice Fund to the Justice Building Construction Fund. This funding is to be used exclusively for the financing of additions, extensions, and improvements to the Justice Building. This includes the repayment of debt service obligations which were incurred in order to make improvements to the Justice Building (A.C.A. §19-5-1087).

The Agency Request is for Base Level.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: D17 - Justice Bldg Const-Cash
Funding Sources: 132 - Justice Building Construction Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	0	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	22,144	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Debt Service	5120019	947,910	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Total		970,054	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000
Funding Sources										
Fund Balance	4000005	1,075,435	1,122,213		822,213	822,213	822,213	522,213	522,213	522,213
State Administration of Justice	4000470	1,016,832	990,000		990,000	990,000	990,000	990,000	990,000	990,000
Total Funding		2,092,267	2,112,213		1,812,213	1,812,213	1,812,213	1,512,213	1,512,213	1,512,213
Excess Appropriation/(Funding)		(1,122,213)	(822,213)		(522,213)	(522,213)	(522,213)	(222,213)	(222,213)	(222,213)
Grand Total		970,054	1,290,000		1,290,000	1,290,000	1,290,000	1,290,000	1,290,000	1,290,000