

THE DEPARTMENT OF PERSONNEL AND ADMINISTRATION
STATEMENT IN SUPPORT OF HB09-1083
HOUSE STATE AFFAIRS, VETERANS AND MILITARY AFFAIRS COMMITTEE
JANUARY 29, 2009

Good morning Chairman Todd and members of the Committee. My name is Bill Taylor, Deputy Director of the Division of Central Services, Department of Personnel & Administration. Thank you for the opportunity to provide this statement in support of HB09-1083, which would authorize DPA to enter into a lease-purchase agreement for the land and building located at 2 Jetway Court, Pueblo, CO, using tax-exempt financing, as required by CRS 24-82-102 (1). DPA currently leases this property from the Pueblo Economic Development Foundation under a 20-year lease with option to purchase. The property houses DPA's southern Colorado Integrated Document Solutions group operating center for data warehouse, data entry, printing, document imaging and storage and mail processing. The property also houses the OIT LATA routers. The current annual, triple-net rent is \$266,900. The lease provides for a \$47,100 annual rent increase starting October 1, 2009 through the end of the lease.

Based on January 5, 2009 estimate from a public finance firm, if the legislature authorized DPA to lease-purchase the property at a fixed annual rental of \$266,900, at current tax-exempt interest rates for this size purchase, DPA will retire the financing in approximately 18 years and own the property valued at over \$3,000,000. The funding source for the lease-purchase payments would be the Department of Personnel Revolving Cash fund.

In summary, the benefits to DPA, its agency customer and the taxpayers, include:

- DPA would save approximately \$789,000 in scheduled base rent increases over an 18-year term.
- DPA will own a \$3,042,000 asset (current value) at the end of the term.

- The acquisition of the building would not require a capital appropriation, but would be paid by the current operating lease appropriation.

I will be happy to answer any questions you may have at this time or at your convenience.