

3-2.03 c Lines of Credit Guidelines

The State Comptroller, in conjunction with the Departments of General Services and Planning and Budget, shall establish guidelines for agencies and institutions to utilize a line of credit to support fixed and one-time costs associated with implementation of office space consolidation, relocation and/or office space co-location strategies, where such line of credit shall be repaid by the agency or institution based on the cost savings and efficiencies realized by the agency or institution resulting from the consolidation and/or relocation. In such cases, the terms of office space consolidation or co-location strategies shall be approved by the Secretary of Administration, in consultation with the Secretary of Finance, as demonstrating cost benefit to the Commonwealth. In no case shall the advances to an agency or institution exceed \$1,000,000 nor the repayment begin more than one year following the implementation or extend beyond a repayment period of seven years.

Process

1. The Department of General Services, through its Division of Real Estates Services (DRES), will prepare a lease cost comparison summary for all proposed new leases and renewals when there is an expectation of cost savings and the agency designated to occupy space under the new or renewal lease (Agency) has expressed interest in pursuing a line of credit under Chapter 879 § 3-2.03 c. The cost comparison will include an estimate of anticipated occupancy cost savings achievable under the new lease agreement when compared to current actual Agency occupancy costs.
2. DRES will obtain the concurrence of the Agency on the one-time cost estimates and the lease cost comparison.
3. In those cases where anticipated lease cost savings are not sufficient to repay a loan pursuant to the repayment terms in Chapter 879 § 3-2.03 c or where one-time costs are greater than \$1.0 million, the Agency will assess its ability to cover the costs with existing resources. Should the existing resources be insufficient, then the Agency will work with its Cabinet Secretary and the Department of Planning and Budget (DPB) to seek supplemental resources.
4. In those cases where one-time costs are less than \$1.0 million and can be paid back from the anticipated cost savings pursuant to the repayment terms in Chapter 879 § 3-2.03 c and the Agency does not have sufficient resources to cover the one-time costs, the Agency may submit a request for a line of credit pursuant to Chapter 879 § 3-2.03 c. along with the DRES cost comparison summary to the Department of Accounts (DOA) with a copy to DPB. The Agency will acknowledge that repayment is required by the Agency even if the anticipated savings are not realized.
5. DOA will set the terms and conditions for the line of credit and its repayment.
6. Agencies will record the expenditure of the one-time items in the appropriate subobject codes and fund/fund detail. If needed, agencies will submit a FATS to DPB to transfer the general fund portion of the line of credit to a designated fund/fund detail assigned by DOA and, if required, to appropriate the nongeneral fund portion to the appropriation nongeneral fund/fund detail.
7. Agencies will make their annual repayment prior to June 30.
8. DPB will work with the Agency to identify future savings obtained through the new lease agreement. DPB will consider the merits of repaying all, or a portion, of the line of credit prior to determining appropriate disposition of the identified future savings.