

**Government of Guam
Leases**

**Analysis
October 1, 2003 through
September 30, 2004**

**OPA Report No. 05-05
October 2005**



OFFICE OF THE PUBLIC AUDITOR

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OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

Analysis of Leases of the Government of Guam
Report No. 05-05, October 2005

In FY 2004, the Government of Guam (GovGuam) spent \$6.8 million to lease 494,000 sq. ft. of commercial space (office and other). Of these amounts, the Executive branch spent \$5.7 million for 424,972 sq. ft.; the Legislative branch spent \$541,000 for 41,528 sq. ft.; and the Judicial branch spent \$545,000 for 27,201 sq. ft. In total, there were 76 leases for commercial space leased by 49 GovGuam entities. Of the 76 leases, 69 leases were for office space of which 124,000 sq. ft., or 32 percent was leased in Hagatna. The seven other commercial space leases for warehouse and storage, a parking lot, and supportive housing totaling 103,346 sq. ft. were not the main focus of our analysis and have been included for informational purposes only.

Government of Guam Entities	Total Number of Entities	Number of Leases			Approximate Sq. Ft.			Total Lease Costs		
		Office	Other	Total	Office	Other	Total	Office	Other	Total
Line agencies	26	44	3	47	250,621	41,363	291,984	\$4,483,150	\$69,324	\$4,552,474
Autonomous agencies	8	9	3	12	75,405	57,583	132,988	\$1,040,771	\$129,276	\$1,170,047
Total Executive Branch	34	53	6	59	326,026	98,946	424,972	\$5,523,921	\$198,600	\$5,722,521
Legislative Branch	12	12	0	12	41,528	0	41,528	\$541,284	\$0	\$541,284
Judicial Branch	3	4	1	5	22,801	4,400	27,201	\$515,886	\$28,800	\$544,686
Totals	49	69	7	76	390,355	103,346	493,701	\$6,581,091	\$227,400	\$6,808,491

Analysis of Lease Costs

In our Analysis of Lease Costs, we determined that of the 63 leases reviewed,¹ 31 included utilities with lease rates ranging from \$0.80 per sq. ft. to \$2.57 per sq. ft., or an overall average of \$1.50 per sq. ft. For those 32 leases that did not include utilities, lease payments ranged from \$0.33 per sq. ft. to \$1.80 per sq. ft., or an overall average of \$0.92 per sq. ft.

Inclusive of Utilities					Excluding Utilities				
Branch of Government	Number of Leases	Avg. Cost per Sq. Ft.	Approx. Sq. Ft.	Number of Entities Paying Over the Avg. Cost per Sq. Ft.	Branch of Government	Number of Leases	Avg. Cost per Sq. Ft.	Approx. Sq. Ft.	Number of Entities Paying Over the Avg. Cost per Sq. Ft.
Executive	25	\$1.43	130,488	11	Executive	22	\$0.86	134,669	6
Legislative	4	\$1.19	7,463	2	Legislative	8	\$1.06	34,065	4
Judicial	2	\$2.35	13,457	1	Judicial	2	\$1.21	9,344	1
Totals	31	\$1.50	151,408	14	Totals	32	\$0.92	178,078	11

Analysis of Lessors

The most common Lessor identified with the 69 office space leases was the Guam International Airport Authority who leased out 119,372 sq. ft. under 14 leases ranging from \$0.00 per sq. ft.² to \$3.93 per sq. ft.

¹ Of the 69 office space leases, we examined 63 leases in our *Analysis of Lease Costs* due to the elimination of three outliers and three leases that were not in effect for the full 12 months of FY 2004.

² This lease was provided for through in-kind services in lieu of rent.

We found discrepancies in lease rates charged by the same Lessor to the same GovGuam entity. For example, the Department of Public Health and Social Services was charged \$1.50 per sq. ft. with utilities and \$1.50 per sq. ft. without utilities. In another example, two Senatorial offices located in the same building were charged widely different rates; one Senator was charged \$1.25 per sq. ft. inclusive of utilities and the other was charged \$0.80 per sq. ft. inclusive of utilities.

Analysis of Spatial Needs

There was a total of 390,355 sq. ft. of office space leased by 45 GovGuam entities. The executive branch entities leased 326,026 sq. ft. of office space for 30 entities, or an average of 10,868 sq. ft. per entity. The Legislative branch leased 41,528 sq. ft. for 12 entities, or an average of 3,461 sq. ft. per entity and the Judicial branch leased 22,801 sq. ft. for three entities, or an average 7,600 sq. ft. per entity.

The spatial needs of GovGuam ranged from a low of 784 sq. ft. for the Office of the Public Guardian of the Judicial branch to a high of 57,916 sq. ft. by the Department of Customs and Quarantine of the Executive branch. Based on the median of 2,754 sq. ft. per entity, we identified 22 entities that had spatial needs above the median.³

We found much disparity in the lease rates paid by GovGuam entities, the amount of office space being leased, and the services provided by Lessors, due to the lack of uniform regulations for GovGuam entities to follow. In addition, there is no authoritative department responsible for regularly monitoring and reporting on GovGuam office space leases. As a result, we noted the practices of the state of Montana as a guide toward developing needed policies and regulations for GovGuam entities to follow.

Our suggested actions to the Director of the Department of Administration (DOA) include: (1) Assign the General Services Agency (GSA) to monitor and annually report all GovGuam leases; (2) Review and apply practicable guidelines for office space leases; and (3) Establish minimum specifications for basic rent and common area maintenance fees for GovGuam office space.

We suggest that the Legislature require autonomous entities to annually report their office space leases to GSA to include in the overall annual lease report. Furthermore, we urge the Legislature to begin evaluating whether or not it is feasible to initiate long-term planning to acquire or build facilities to house government entities for the future. The amount of money spent on leases could be used to purchase or build office space to house government entities. In our analysis of office space locations, we found that most GovGuam offices were leased in Hagatna. This may be the prime location where facilities can be acquired or built.

The Director of DOA generally concurred with the results of our analysis and suggested actions.



Doris Flores Brooks, CPA, CGFM
Public Auditor

³ The median as opposed to the average, is not influenced by the extremes of highly skewed data sets.



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Introduction

This report represents the results of our analysis of leases of office space entered into by the Government of Guam (GovGuam). The analysis was conducted in response to concerns raised in a March 2002 report issued by the U.S. Department of the Interior, Office of Inspector General (OIG).

The objectives of our analysis were to determine:

- (1) The extent to which GovGuam entities were leasing commercial space in FY 2004 and the lease costs for such space;
- (2) Which GovGuam entities had leased office space above the average of lease rates paid per government branch;
- (3) Which GovGuam entities had spatial needs above the median of square footage per entity;
- (4) The geographical areas of Guam where most office spaces were being leased; and
- (5) The most common Lessor identified with GovGuam lease agreements.

The scope, methodology, and prior audit coverage are detailed in Appendices 1 and 2.

Our analysis was inherently limited due to the nature of lease agreements, negotiations between Lessor and Lessee varied in terms and conditions among GovGuam entities. In addition, the scope of our analysis was limited to the above objectives and was not intended to be an audit of lease activities. See Limitations of Analysis at Appendix 1.

Background

In the March 2002 report, entitled *Management Challenges for Insular Area Governments*, Report No. 2002-I-0017, the OIG recommended that the Government of Guam review and, where appropriate, revise space leasing policies and procedures to ensure that commercial space is not leased unless suitable Government-owned property is not available and, in such cases, that rental rates paid are commensurate with existing market conditions.

5 G.C.A. §22704(a) states “The Governor is authorized to acquire on behalf of the Government of Guam, by lease or lease-purchase agreement, office space and other facilities for the purpose

of providing office and other space for the departments and agencies of the Judicial¹ and Executive Branches of the government of Guam ... no such lease shall exceed 50 years.”

5 G.C.A. §22704(c) further states that all leases, where the total sum of the money to be paid to the same Lessor exceeds \$10,000 or the total number of years involved exceeds five years, may be entered into only after advertising for sealed bids in a local newspaper of general circulation 14 days prior to the bid opening and then awarded to the lowest responsible bidder. The law does not designate an oversight agency.

¹ Although the law included the Judicial branch, this may violate the separation of powers between the branches of government.

Results of Analysis

Government-wide Lease Agreements for Commercial Space

In fiscal year 2004, 49 Government of Guam (GovGuam) entities entered into 76 commercial space leases (office and other) totaling approximately 493,701 square feet (sq. ft.) for a total cost of \$6.8 million. Of the 76, there were seven *other commercial space leases* that were for warehouse and storage (five leases), a parking lot (one lease), and supportive housing (one lease). These leases were not the main focus of our analysis and have been included for informational purposes only. See Appendix 6 for a listing of GovGuam leases for other commercial space. See Table 1 for a breakdown of office space and other commercial space leases by branch of government.

Of the 49 entities, 45 entities had 69 leases for *office space* in which 53 leases were under the Executive branch, 12 leases were under the Legislative branch, and four leases were under the Judicial branch. We found that within the Executive and Judicial branches were 30 and 3 entities, respectively, that had leases.² Some entities such as the Guam Police Department, Department of Public Health and Social Services, and the Superior Court of Guam had multiple leases. Office space occupied by GovGuam totaled approximately 390,355 sq. ft for a total cost of \$6.6 million. For a listing of these leases see Appendices 3 through 5.

Table 1: GovGuam Leases by Branches of Government

Government of Guam Entities	Total Number of Entities ²	Number of Leases			Approximate Sq. Ft.			Total Lease Costs		
		Office	Other	Total	Office	Other	Total	Office	Other	Total
Line agencies	26	44	3	47	250,621	41,363	291,984	\$4,483,150	\$69,324	\$4,552,474
Autonomous agencies	8	9	3	12	75,405	57,583	132,988	\$1,040,771	\$129,276	\$1,170,047
Total Executive Branch³	34	53	6	59	326,026	98,946	424,972	\$5,523,921	\$198,600	\$5,722,521
Legislative Branch ⁴	12	12	0	12	41,528	0	41,528	\$541,284	\$0	\$541,284
Judicial Branch ⁵	3	4	1	5	22,801	4,400	27,201	\$515,886	\$28,800	\$544,686
Totals	49	69	7	76	390,355	103,346	493,701	\$6,581,091	\$227,400	\$6,808,491

We performed four types of analyses, which incorporated the 69 office space leases.⁶ In our Analysis of Lease Costs for Office Space, we found that 31 leases were inclusive of utilities with

² This column is the total number of entities leasing office and other commercial space. There were 45 entities that leased office space: 30 Executive branch entities; 12 Legislative entities; and three Judicial branch entities.

³ See Appendix 3 for a listing of leases under the Executive branch.

⁴ See Appendix 4 for a listing of leases under the Legislative branch.

⁵ See Appendix 5 for a listing of leases under the Judicial branch.

lease rates ranging from a low of \$0.80 per sq. ft. to a high of \$2.57 per sq. ft. See Table 2 for a summary of the results of our analysis of lease costs inclusive of utilities.

Table 2: Summary of Analysis of Lease Costs Inclusive of Utilities

Government of Guam Entities	Number of Leases	Average Cost per Sq. Ft.	Approximate Sq. Ft.	Number of <i>Entities</i> Paying Over the Average Cost per Sq. Ft.
Executive Branch ⁷	25	\$1.43	130,488	11
Legislative Branch ⁸	4	\$1.19	7,463	2
Judicial Branch ⁹	2	\$2.35	13,457	1
Totals	31	\$1.50	151,408	14

For 32 leases, the entity was responsible for paying utilities separately. Lease payments excluding utilities ranged from a low of \$0.33 per sq. ft. to a high of \$1.80 per sq. ft. See Table 3 for a summary of the results of our analysis of lease costs excluding utilities.

Table 3: Summary of Analysis of Lease Costs Excluding Utilities

Government of Guam Entities	Number of Leases	Average Cost per Sq. Ft.	Approximate Sq. Ft.	Number of <i>Entities</i> Paying Over the Average Cost per Sq. Ft.
Executive Branch ⁷	22	\$0.86	134,669	6
Legislative Branch ⁸	8	\$1.06	34,065	4
Judicial Branch ⁹	2	\$1.21	9,344	1
Totals	32	\$0.92	178,078	11

In our Analyses of Lessors, Office Space Locations, and Spatial Needs, we identified 26 Lessors who leased office space to GovGuam entities primarily in Hagatna. We found that spatial needs of entities ranged from a low of 784 sq. ft. to a high of 57,916 sq. ft.

⁶ Six leases were excluded since they were temporary leases or outliers.

⁷ See Appendix 9 and 10 for a listing of Executive branch leases inclusive of utilities and excluding utilities, respectively.

⁸ See Appendix 11 and 12 for a listing of Legislative branch leases inclusive of utilities and excluding utilities, respectively.

⁹ See Appendix 13 and 14 for a listing of Judicial branch leases inclusive of utilities and excluding utilities, respectively.

Analysis of Lease Costs for Office Space

Our analysis was performed for each government branch and focused on the 69 GovGuam leases for office space. Within each branch, we grouped the data collected into two groups: (1) lease costs inclusive of utilities, where the Lessor is the responsible party for utilities, and (2) lease costs excluding utilities, where the Lessee is the responsible party for utilities.

Executive Branch

As of September 30, 2004, there were 53 leases within the Executive branch. See Appendix 3. However, six leases were not included in our calculations as explained below, leaving 47 that were included in our *Analysis of lease costs*.

Excluded Lease Agreements

The Office of the Governor and the Lieutenant Governor and the Government House leases were not included in this category because they had entered into temporary lease agreements that were effective for only nine months during FY 2004. The Office of the Governor and the Lieutenant Governor and the Government House relocated back to the Ricardo J. Bordallo Governor's Complex at Adelup in June 2004 and had no subsequent lease commitments. The Office of the Governor and the Lieutenant Governor's temporary lease agreement was for 24,000 sq. ft. at \$2.20 per sq. ft., inclusive of utilities, or a monthly cost of \$52,800. The Government House lease was for 1,222 sq. ft. at \$2.12 per sq. ft., inclusive of utilities, or \$2,591 monthly.

The Hagatna Redevelopment Authority (HRA) was not included in our calculations because they had entered into their lease agreement in April 2004 in which the lease was in effect for only six months during FY 2004. However, HRA currently leases the same office space of 800 sq. ft. at the Chamorro Village for a monthly cost of \$1,011 or \$1.26 per sq. ft., excluding utilities.

There were three leases not included in our calculations as we deemed them to be outliers.¹⁰ The cost per sq. ft. of these leases fell at each end of the range of the cost per sq. ft. paid by entities under the Executive branch.

- The Guam Power Authority's lease agreement for office space in Agat was made available in exchange for services provided to the community of Agat. The Guam Environmental Protection Agency was provided office space of 5,500 sq. ft. through in-kind services in lieu of rent. Therefore, the costs of these two leases were, in effect, \$0.00 per sq. ft.
- One of the Department of Customs and Quarantine's leases was not included because the entity was paying \$3.93 per sq. ft., excluding utilities, which was the highest lease rate

¹⁰ In statistics, an "outlier" is an extremely high or an extremely low data value when compared with the rest of the data values.

paid by any Government entity. Total annual cost for this lease was \$1,384,885 for 29,347 sq. ft. in the main terminal building of A.B. Won Pat Guam International Airport.

See Appendix 8 for a listing of these outliers.

Lease Costs Inclusive of Utilities

Of the 47 leases pertaining to the Executive branch, 25 lease agreements, with a total approximate sq. footage of 130,488, included utilities as part of lease payments. There were 18 *line agency leases* and seven *autonomous agency leases*. See Appendix 9 for a listing of the Executive branch leases included in this category.

We found that there is a lack of consistency in the amounts paid for leases that included utilities. For the *line agencies*, we identified 10 different rates paid for office space leases inclusive of utilities. These lease rates varied considerably from a low of \$0.85 per sq. ft. to a high of \$2.00 per sq. ft. Line agency office space leases, which included utilities, totaled 96,518 sq. ft. for a monthly cost of \$124,663 or \$1,495,959 annually. The average cost per sq. ft. was \$1.29. See Appendix 9.

For the *autonomous agencies*, there were five different rates, which ranged from a low of \$1.24 per sq. ft. to a high of \$2.57 per sq. ft. The office space leases of the autonomous agencies, which included utilities, totaled 33,970 sq. ft. for a monthly cost of \$61,731 or \$740,771 annually. The average cost per sq. ft was \$1.82. See Appendix 9.

We calculated the overall average rate paid by the *Executive branch* for leases inclusive of utilities to be \$1.43 per sq. ft. We identified those agencies that paid for office spaces in excess of the average cost per sq. ft. See Table 4.

Table 4: Utilities included – Executive branch entities paying in excess of the average rate of \$1.43 per sq. ft.

GovGuam Entity		Rate per Sq. Ft.
Executive Branch - Line Agencies		
1	Guam Passport Office	\$2.00
2	Public Utilities Commission	\$1.77
3	Guam Election Commission	\$1.73
4	Agency for Human Resources Development	\$1.70
5	Department of Labor	\$1.70
6	Guam Board of Accountancy	\$1.65
7	Department of Public Health and Social Services - Licensure Office	\$1.50
	Department of Public Health and Social Services - Division of Senior Citizens	\$1.50
	Department of Public Health and Social Services - HIV/STD Prevention Section	\$1.50

GovGuam Entity		Rate per Sq. Ft.
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Executive Branch - Line Agencies

8	Mayors' Council of Guam - Administration	\$1.45
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Executive Branch - Autonomous Agencies

9	Office of the Attorney General - Child Support Division ¹¹	\$2.57
	Office of the Attorney General - Crime Victims Response Unit ¹¹	\$2.42
10	Office of The Public Auditor ¹¹	\$2.00
11	Guam Housing and Urban Renewal Authority	\$1.65

Lease Costs Excluding Utilities

There were 22 leases totaling 134,669 sq. ft. that had lease payments excluding utilities.¹² See Appendix 10 for a listing of the leases under this category.

Nine different rates were identified for the *line agencies*, ranging from a low of \$0.33 per sq. ft. to a high of \$1.80 per sq. ft. The Guam Power Authority (GPA) was the only *autonomous entity* that had lease payments excluding utilities, which was \$0.60 per sq. ft. The average of lease rates paid by the Executive branch excluding utilities and not counting GPA was \$0.98 per sq. ft.

Overall, the Executive branch leased 134,669 sq. ft. of space at \$116,478 per month or \$1,397,724 annually for an overall average rate of \$0.86 per sq. ft. We identified six agencies with 10 leases under this category that had lease rates greater than the average cost per sq. ft., as much as 109 percent or \$0.94 per sq. ft. greater. See Table 5.

Table 5: Excluding Utilities- Executive branch entities paying in excess of the average rate of \$0.86 per sq. ft.

GovGuam Entity		Rate per Sq. Ft.
Executive Branch - Line Agencies		
1	Guam Recovery Office	\$1.80
	Guam Recovery Office	\$1.80
2	Department of Public Health and Social Services - Bureau of Social Services Administration	\$1.75
	Department of Public Health and Social Services - Division of Public Welfare/Bureau of Management Support	\$1.50
	Department of Public Health and Social Services - Division of Public Welfare/Work Programs Section	\$1.50

¹¹ The head officials of these entities are independently elected and therefore we viewed these entities as Autonomous.

¹² This includes four line agency lease agreements where the government entity was responsible for the payment of power, but not for water.

GovGuam Entity		Rate per Sq. Ft.
	Department of Public Health and Social Services - Health Education Section	\$1.05
3	Professional Engineers, Architects & Land Surveyors	\$1.40
4	Ancestral Lands Commission	\$1.29
5	Chamorro Land Trust Commission	\$1.29
6	Guam Developmental Disabilities Council	\$1.05

Legislative Branch

There were 12 office space leases for the Legislative branch totaling 41,528 sq. ft. for an average rate of \$1.09 per sq. ft., \$45,107 monthly, or over \$541,000 annually. See Appendix 4. Lease rates ranged from a low of \$0.60 per sq. ft. to a high of \$1.85 per sq. ft. of which four leases included utilities and 8 leases did not include utilities. See Appendices 11 and 12 for Legislative leases inclusive of utilities and Legislative leases excluding utilities, respectively.

Among the disparities in lease rates we noted that two Senatorial offices located in the same building were charged widely different rates. One Senator paid \$1.25 per sq. ft. while another Senator paid an average of \$0.80 per sq. ft.¹³ inclusive of utilities.

While our scope period was for FY 2004, there are Legislative leases no longer in effect. The 28th Guam Legislature took office in January 2005 and three of the senators leasing office space were not reelected.

Lease Costs Inclusive of Utilities

The four leases that included utilities amounted to 7,463 sq. ft., at an average cost per sq. ft. of \$1.19, or a monthly cost of \$8,858 or \$106,295 annually. Four different rates were paid by each of the four entities ranging from \$0.80 per sq. ft. to \$1.85 per sq. ft. See Appendix 11 for a listing of Legislative office space leases, inclusive of utilities.

Lease Costs Excluding Utilities

For the other eight Legislative leases, each senatorial office was responsible for utilities. Monthly lease payments amounted to \$36,249 or \$434,989 annually for 34,065 sq. ft. or an average of \$1.06 per sq. ft. Of the eight, there were three leases that totaled \$60,341 in which the senatorial offices were responsible for power, but not for water. Lease payments ranged from \$0.60 per sq. ft. to \$1.70 per sq. ft. See Appendix 12 for a listing of office space leases, excluding utilities, of the Legislative branch.

¹³ This amount was calculated on a weighted average per month. From October 1, 2003 to December 31, 2003 lease payments were \$1,431.67 per month (or \$0.62 per sq. ft. for three months). From January 1, 2004 to September 30, 2004 lease payments for the same office space of 2,315 sq. ft. were \$2,000 per month (or \$0.86 per sq. ft. for nine months).

Judicial Branch

There were four office space leases under the Judicial branch, which totaled \$515,886 annually for 22,801 sq. ft. of office space, or an average of \$1.89 per sq. ft. Lease rates ranged from a low of \$1.16 per sq. ft. to a high of \$2.54 per sq. ft. See Appendix 5.

Lease Costs Inclusive of Utilities

The Judicial branch had two leases that included utilities for an annual cost \$379,746 for 13,547 sq. ft., or an average rate of \$2.35 per sq. ft. The Superior Court of Guam paid \$2.10 per sq. ft. for 5,687 sq. ft. while the Public Defender Service Corporation paid \$2.54 per sq. ft. for 7,700 sq. ft. See Appendix 13 for the Judicial leases inclusive of utilities.

Lease Costs Excluding Utilities

The Judicial branch had two leases excluding utilities for an annual cost of \$136,140 for 9,344 sq. ft., or an average rate of \$1.21 per sq. ft. In one lease, the Superior Court of Guam was responsible for power, but not for water. This lease was for \$1.16 per sq. ft. for 8,560 sq. ft. The other lease was for the Office of the Public Guardian who leased 784 sq. ft. of office space at \$1.79 per sq. ft. or \$1,400 a month. The Office of the Public Guardian was responsible for both power and water. See Appendix 14 for the Judicial leases excluding utilities.

Analysis of Lessors

Based on all 69 GovGuam office space leases, we identified 26 Lessors who leased out office space to GovGuam entities consisting of five Government entities and 21 private individuals or businesses. See Appendix 15 for a listing of these Lessors.

The Guam International Airport Authority (GIAA) leased the most space to other government entities. GIAA leased 119,372 sq. ft. under 14 leases for an annual cost of \$2,260,853. GIAA also leased out office space at the highest average cost, inclusive of utilities, per Lessor at \$2.60 per sq. ft. See Table 6 for more detail on the 14 leases under GIAA.

Table 6: Leases Under Guam International Airport Authority

	Agency	Location	Total Annual Cost	Total Cost per Sq. Ft.	Approximate Sq. Ft.
Inclusive of Utilities					
1	Customs and Quarantine Agency	Tiyan - Terminal	\$ 1,384,885	\$ 3.93	29,347
2	Customs and Quarantine Agency	Tiyan	\$ 328,447	\$ 1.07	25,580
3	Customs and Quarantine Agency	Tiyan - Terminal	\$ 1,061	\$ 0.85	104
Totals - Inclusive of Utilities			\$ 1,714,393	\$ 2.60	55,031
Excluding Utilities					
4	Guam Police Department	Tiyan	\$ 172,788	\$ 0.77	18,700

	Agency	Location	Total Annual Cost	Total Cost per Sq. Ft.	Approximate Sq. Ft.
5	Guam Police Department	Tiyan	\$ 111,675	\$ 0.77	12,086
6	Guam Police Department	Tiyan	\$ 84,934	\$ 0.77	9,192
7	Guam Environmental Protection Agency	Tiyan	\$ -	\$ -	5,500
8	Guam Police Department	Tiyan	\$ 27,646	\$ 0.77	2,992
9	Guam Police Department	Tiyan	\$ 26,999	\$ 0.77	2,922
10	Guam Police Department	Tiyan	\$ 26,999	\$ 0.77	2,922
11	Guam Police Department	Tiyan	\$ 26,722	\$ 0.77	2,892
12	Customs and Quarantine Agency	Tiyan	\$ 29,427	\$ 0.85	2,885
13	Guam Police Department	Tiyan	\$ 25,447	\$ 0.77	2,754
14	Guam Police Department	Tiyan	\$ 13,823	\$ 0.77	1,496
Totals - Excluding Utilities			\$ 546,460	\$ 0.71	64,341
GIAA Totals			\$ 2,260,853	\$ 1.58	119,372

Lessor No. 10 leased out office space at the highest average rate per Lessor, without utilities included, to the Department of Public Health and Social Services (DPHSS) for \$1.75 per sq. ft.¹⁴ The Superior Court of Guam had leased out one office space to the Public Defender Service Corporation,¹⁵ for the highest overall average cost per sq. ft. per Lessor at \$2.54.

We noted one instance where the average cost per sq. ft. charged by the Lessor was the same regardless of whether utilities were included or not. As illustrated in Table 7, Lessor No. 6 leased office spaces to the DPHSS for \$1.50 per sq. ft, inclusive of utilities to three of their divisions and \$1.50 per sq. ft., excluding utilities to two other divisions.

Table 7: Leases under Lessor No. 6

	DPHSS Division	Location	Total Annual Cost	Total Cost per Sq. Ft.	Approximate Sq. Ft.
Inclusive of Utilities					
1	Licensure Office	Mangilao	\$72,000	\$1.50	4,000
2	Division of Senior Citizens	Mangilao	\$45,000	\$1.50	2,500
3	STD/HIV Prevention Section	Mangilao	\$15,300	\$1.50	850
Totals - Inclusive of Utilities			\$132,300	\$1.50	7,350
Excluding Utilities					
4	Division of Public Welfare/Bureau of Management Support	Mangilao	\$108,000	\$1.50	6,000

¹⁴ See Appendix 10.

¹⁵ See Appendix 13.

DPHSS Division	Location	Total Annual Cost	Total Cost per Sq. Ft.	Approximate Sq. Ft.
5 Division of Public Welfare/ Work Programs Section	Mangilao	\$76,500	\$1.50	4,250
Totals - Excluding Utilities		\$184,500	\$1.50	10,250
Lessor No. 6 Totals		\$316,800	\$1.50	17,600

As noted previously, there was one instance where two Senatorial offices were located in the same building; however, we found a disparity of about \$0.45 per sq. ft., or \$13,705 annually between the rates they had been charged. Lessor No. 14 charged one Senator \$1.25 per sq. ft. while another Senator was charged an average of \$0.80 per sq. ft.¹⁶ inclusive of utilities.¹⁷

Analysis of Office Space Locations

We performed an analysis to determine the location where the government of Guam was leasing the most office space. For this analysis, we did not separate the leases into those that included utilities and those that excluded utilities. We identified that most leases were for office space in Hagatna where the average cost per sq. ft. was \$1.74. Hagatna also had the most square footage of office spaces at 124,324 sq. ft. The highest average cost per sq. ft. for office space was in the Tiyan Terminal, which was \$3.92 per sq. ft. See Appendix 16 for calculations pertaining to the top three locations.

The Harmon area had only one lease to the Guam Power Authority¹⁸ for 41,435 sq. ft. at \$0.60 per sq. ft. See Table 8 for more details.

Table 8: Total sq. ft., Total number of leases, and Total average cost per sq. ft. based on Location

Location	Total Sq. Ft.	Total Number of Leases	Average Sq. Ft.	Average Cost per Sq. Ft.
1 Hagatna	124,324	30	4,144	\$1.74
2 Tiyan	89,921	12	7,493	\$0.81
Tiyan Terminal	29,451	2	14,726	\$3.92
Tiyan Total	119,372	14	13,458	\$1.58

¹⁶ This amount was calculated on a weighted average per month. From October 1, 2003 to December 31, 2003 lease payments were \$1,431.67 per month (or \$0.62 per sq. ft. for three months). From January 1, 2004 to September 30, 2004 lease payments for the same office space of 2,315 sq. ft. were \$2,000 per month (or \$0.86 per sq. ft. for nine months).

¹⁷ See Appendix 11.

¹⁸ See Appendix 3.

	Location	Total Sq. Ft.	Total Number of Leases	Average Sq. Ft.	Average Cost per Sq. Ft.
3	Tamuning	69,528	10	6,953	\$1.29
4	Harmon	41,435	1	41,435	\$0.60
5	Mangilao	19,600	7	2,800	\$1.45
6	Inarajan	5,500	1	5,500	\$0.33
7	Anigua	5,023	2	2,512	\$1.29
8	Sinajana	4,713	2	2,357	\$1.03
9	Tumon	860	1	860	\$1.40
10	Agat	Was not provided	1	Was not provided	\$0.00
Totals		390,355	69	XXXXXX	XXXXXX

Analysis of Spatial Needs

We determined that GovGuam occupied approximately 390,355 sq. ft. of office space in FY 2004 for an average of 8,675 sq. ft. per entity.¹⁹ However, the median per entity is 2,754 sq. ft. The median is determined by sorting the data set from the lowest to the highest values and taking the data point in the middle of the sequence. Using the median as opposed to the average would be a better representation of the amount of square footage typically leased per entity because it is not influenced by the extremes (outliers) of this highly skewed data set.

The spatial needs of GovGuam ranged from a low of 784 sq. ft. by the Office of the Public Guardian²⁰ to a high of 57,916 sq. ft. by the Department of Customs and Quarantine.²¹ Of the 45 entities leasing office space, the following had spatial needs of more than the median of 2,754 sq. ft. leased by the Mayor's Council of Guam – Administration:²⁰

Table 9: Entities having spatial needs above the median of 2,754 sq. ft.

	GovGuam Entity	Total Approximate Sq. Ft.	Total Number of Leases	Total Annual Cost
Executive Branch - Line Agencies				
1	Department of Customs and Quarantine	57,916	4	\$1,743,820
2	Guam Police Department	55,956	9	\$517,033
3	Department of Public Health and Social Services	26,360	7	\$492,360
4	Office of the Governor & Lieutenant Governor	24,000	1	\$475,200

¹⁹ Calculated by Total sq. ft. of office space of 390,355 sq. ft. divided by 45 entities leasing office space

²⁰ See Appendix 5.

²¹ See Appendix 3.

GovGuam Entity		Total Approximate Sq. Ft.	Total Number of Leases	Total Annual Cost
5	Department of Labor	22,755	2	\$345,402
6	Department of Integrated Services for Individuals with Disabilities	11,000	1	\$165,000
7	Department of Administration	8,000	1	\$120,000
8	Agency for Human Resources Development	6,445	1	\$131,485
9	Office of the Mayor - Inarajan	5,500	1	\$21,600
10	Guam Environmental Protection Agency	5,500	1	\$0
11	Civil Service Commission	5,000	1	\$75,000
12	Ancestral Lands Commission	3,103	1	\$48,034
13	Guam Recovery Office	3,000	2	\$64,800

Executive Branch - Autonomous Agencies

14	Guam Power Authority	41,435	2	\$300,000
15	Office of the Attorney General	13,345	3	\$391,615
16	Guam Economic Development and Commerce Authority	12,763	1	\$189,913
17	Guam Housing and Urban Renewal Authority	3,180	1	\$62,959
18	Office of the Public Auditor	2,918	1	\$70,020

Legislative Branch

19	27th Guam Legislature - Administration & Session Hall	20,534	1	\$285,554
20	27th Guam Legislature - Senatorial Office	3,784	1	\$27,245

Judicial Branch

21	Superior Court of Guam	14,247	2	\$262,652
22	Public Defender Service Corporation	7,770	1	\$236,433

Conclusions

We have concluded that there is much disparity in the lease rates paid by the Government of Guam, the amount of space being leased, and the services provided by Lessors, due to the lack of uniform regulations for GovGuam entities to follow regarding office space leases. In addition, there is no authoritative department responsible for regularly monitoring and reporting on GovGuam office space leases.

Therefore, as a guide toward developing needed regulations, we reviewed the state of Montana's leasing policies and regulations as brought forth by the Performance Audit Report: *Lease vs. Build Analysis* prepared by the Legislative Audit Division of the State of Montana. See Appendix 17. According to statute, no state agency may lease, rent, or purchase office space without prior approval from Department of Administration (DofA). Montana's DofA is responsible for determining space requirements and allocation space in all state-owned and leased space, excluding University System space. DofA has given space allocation responsibility to the General Services Division (GSD).

In addition, a Montana Operations Manual provides procedures for state agencies to follow regarding space. If an agency (1) needs additional state-owned space in the Capitol Complex, (2) wishes to alter state-owned facilities, (3) desires to lease space, or (4) must acquire a service contract for leased space, the agency must submit a written request to GSD. An agency must notify GSD of any excess state-owned space. Periodic space surveys are to be performed by the GSD to ensure use of state-owned space.

GSD obtains lease information from state agencies annually and publishes the Statewide Lease Report. This report lists each agency's leased office space by city, including square footage, lease price, contract expiration date, and services provided.

We believe that with this information available, the General Services Agency will be able to negotiate better lease rates for the Government of Guam line entities to aid in the area of expenditure control as recognized by the U.S. Department of the Interior, Office of Inspector General. See the Suggested Actions section of this report.

In FY 2004, the Government of Guam spent \$6.8 million to lease 494,000 sq. ft., which consists of \$6.6 million for office space and \$0.2 million for warehouse and other commercial space. The amount of money spent on leases could be used to purchase or build office space to house government entities. In our analysis of office space locations, we found that the Government of Guam leases 124,324 sq. ft., or 32 percent²² of the total spatial needs of GovGuam, in Hagatna. This may be the prime location where facilities can be acquired or built. See Suggested Actions to the Legislature in the following section of this report.

²² Derived by dividing 124,324 sq. ft. by 390,355 sq. ft. (total sq. ft. of office space).

Disparity in Lease Rates

In our Analysis of Lease Costs, we determined that of the 63 leases reviewed, 31 were inclusive of utilities with lease rates ranging from \$0.80 per sq. ft. to \$2.57 per sq. ft. For the other 32 leases, the entity was responsible for paying utilities separately. The lease payments ranged from \$0.33 per sq. ft. to \$1.80 per sq. ft.

We identified that eleven Executive branch entities paid above the average cost per sq. ft. of \$1.43, inclusive of utilities. For the Executive branch leases excluding utilities, we identified six entities with leases that paid above the average cost per sq. ft. of \$0.86.

The Legislative branch had 12 office space leases of which two senatorial offices, inclusive of utilities, were above the average cost per sq. ft. of \$1.19. We identified four Legislative branch offices that paid above the average cost per sq. ft. of \$1.06, excluding utilities.

As of September 30, 2004, there were four Judicial branch leases. Because there were only two leases inclusive of utilities and two leases that excluded utilities, we did not specifically identify the Judicial branch leases above the averages of \$2.35 per sq. ft. and \$1.21 per sq. ft. including and excluding utilities, respectively.

Disparity in Amount of Office Space Leased

The Executive branch leased 326,026 sq. ft. of office space for 30 of its entities. The Legislative branch leased 41,528 sq. ft. for 12 Legislative offices and the Judicial branch leased 22,801 sq. ft. for three entities. Based on the median of 2,754 sq. ft. per entity, we identified 22 entities that had spatial needs above the median.

Disparity in Services Provided by Lessors

We found much difficulty in comparing leases due to the variety or combinations of services provided by the 26 Lessors who leased office space to GovGuam. Consistent criteria could not be ascertained; therefore, we specifically focused on whether or not utilities (power and water) were included in exchange for the entity's lease payment. Additionally, the lease rates mentioned above included amounts paid for Common Areas Maintenance (CAM) due to the inconsistencies in the amenities provided for CAM fees.

We noted one instance where the average cost per sq. ft. charged by the Lessor was the same regardless of whether utilities were included or not. Furthermore, there was one instance where two Senatorial offices were located in the same building; however, they were charged disparate rates.

Suggested Actions

With so much disparity in lease rates, the amount of space being leased, and the services provided by Lessors, we suggest that the Director of the Department of Administration (DOA):

1. Assign the General Services Agency to monitor and annually report to the Governor and the Legislature all Government of Guam leases, including each entity's leased space, location, square footage, lease price, contract expiration date, services provided, and rationale for space.
2. Review and apply practicable guidelines for office space leases from the excerpt of the Performance Audit Report: *Lease vs. Build Analysis* prepared by the Legislative Audit Division of the State of Montana at Appendix 17.
3. Establish minimum specifications for basic rent and common area maintenance fees for office space of Government of Guam entities. Specifications should include: (1) who is responsible for paying utilities and other services; (2) the maximum lease term; (3) escalation clauses in Government of Guam leases are to be avoided whenever possible; and (4) GSA should have prior approval authority over all lease contracts of line entities.

Based on the management response provided by the Director of DOA, we suggest the Legislature require autonomous entities to annually report their office space leases to GSA to include in the overall annual report. Furthermore, we urge the Legislature to begin to evaluate whether or not it is feasible to initiate long-term planning to build or acquire facilities to house government entities for the future.

The legislation, creating the Office of the Public Auditor, requires agencies to submit an action plan to implement the suggested actions within six months after report issuance. Accordingly, DOA has provided our office with the target date and title of the official responsible for implementing the suggested actions. See Appendix 18.

Management Response

We provided the draft report to the Department of Administration (DOA) for review and comment.

DOA generally concurred with the results and suggested actions of the report (see Appendix 18).

Based on the management response, we have suggested to the Legislature to require autonomous entities to annually report their office space leases to GSA to aide in the compilation the overall annual report.

We appreciate the cooperation shown by the agencies, departments and autonomous entities within the Executive, Legislative, and the Judicial branches of the Government of Guam.

OFFICE OF THE PUBLIC AUDITOR



Doris Flores Brooks, CPA, CGFM
Public Auditor

The scope included a review of the applicable laws and regulations, GovGuam lease documents, and other relevant documents (i.e., purchase orders, memorandums of understanding, and survey forms) concerning leases for commercial space on Guam for FY 2004.

The scope did not include a review of procedures for surveying GovGuam space utilization. We did not determine whether commercial space being leased is actually needed or used efficiently. As a result, we presumed current space is utilized as efficiently as possible. In addition, ways to reduce costs for currently leased office space and the process of how the leases were obtained were not reviewed as part of our analysis.

We requested copies and reviewed all leases of office space, warehouse facilities, and other similar spatial facilities from the entire Government of Guam. However, for purposes of our analysis, we limited our scope to office space leases.

The methodology of the analysis included gaining an understanding of the policies, applicable laws, and regulations pertaining to GovGuam leases for office space. Because there were no compiled reports of GovGuam lease information that had been prepared by a designated agency, we surveyed 79 GovGuam entities. There were 30 entities that responded they did not have any lease commitments since they were being housed in government-owned facilities. In addition, there were three entities that had lease commitments for commercial space; however, their main office was located in a government-owned facility. The information pertaining to the office spaces of these entities was not included in our analysis. See Appendix 7 for a listing of GovGuam entities occupying government-owned facilities as of September 30, 2004.

We then determined costs per month, per year, and per sq. ft. for each entity and for GovGuam overall. We also determined the square footage of office space occupied. These entities were then categorized into their respective branch of government with the Executive branch further categorized into line and autonomous agencies. Totals and averages of lease costs were calculated for each category. Those entities having results above the calculated averages were then identified and reported on. We determined the median of leased space per entity and identified those entities having spatial need above the median. In addition, we reviewed the leases to identify the most common Lessor and the location where most office spaces were being leased.

Limitations of Analysis

Due to the nature of lease agreements, negotiations between Lessor and Lessee varied as to the terms and conditions and were not consistent among GovGuam entities. We noted that there were three conditions that render lease rates difficult to compare.

One condition was that some entities paid for separate Common Area Maintenance (CAM) fees while other entities do not. Another condition was that CAM fees varied greatly, for example

some CAM fees did not always include the cost or pro rata share of utilities of the *premises* being leased. Instead, CAM fees would cover only the utility costs for the area outside the premises (hallways, stairways, restrooms, parking areas, etc.) designated as “common areas.” Therefore, these entities were separately responsible for the utility costs of the premises being leased. In addition, sometimes the CAM fee only paid for water while others included power and water.

The third condition was that lease rates were not comparable because of the variety or combinations of services provided by the Lessor. The range of services provided included security, janitorial services, and landscaping services.

To address the concern of comparability, we combined the basic rental payment with the CAM fees paid per month by each entity for a *total monthly cost*. We then determined whether or not the total monthly lease payment covers utilities (power and water) for the *premises* being leased and categorized the data into two groups: (1) lease payments inclusive of utilities and (2) lease payments excluding utilities. These categories were analyzed within each branch of government.

In our analysis we also excluded three leases deemed as “outliers.” In statistics, an “outlier” is an extremely high or an extremely low data value when compared with the rest of the data values. Please see further detail of outliers identified during our analysis in the following section and in Appendix 8.

Our analysis does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Had we conducted an audit in accordance with GAGAS, other matters may have come to our attention that would have been reported.

Appendix 2: Prior Audit Coverage

(Page 1 of 2)

In November 2003, we issued Report No. 03-09 of the Office of the Attorney General Child Support Enforcement Program. The following are findings of the Child Support Enforcement Division (CSD) Office lease:

- Incomplete documentation of lease procurement;
- Current lease is more expensive than previous lease;
- Non-competitive procurement of services, which include renovation, janitorial, security and monitoring, and other start-up services;
- Existence of related party transactions;
- New office layout was unsatisfactory to the needs of the Child Support Enforcement Division; and
- Contract allowed free office space to Chase Global Services.

There were no recommendations related to the CSD office lease.

We also reviewed the general purpose and basic financial statements of the Government of Guam and the Single Audit Reports for FY 2001 through 2004. We determined there were no findings in the general purpose and basic financial statements relating to office leases. In 2001, the Single Audit Report of the Government of Guam found the following under the Economic, Social and Political Development of the Territories and the Freely Associated States Program (CFDA No. 15.875):

- Finding No. 2001-08: Upon receipts of the reimbursements to the Government of Guam for expenditures incurred by the General Fund from the U.S. Department of the Interior for services and support related to detention and care of Chinese migrants, the Government of Guam did not return the monies to Fund 101 for appropriation by the Guam Legislature. Instead, various Fund 201 (Federal Fund) accounts were established, and expenditures were incurred in FY 2001. Included was the Department of Law Lease for \$295,000.
- Finding No. 2001-09: Out of 38 transactions, aggregating \$5.7 million of \$17 million in total Program expenditures, 7 (or 18%) had no significant history of the procurement on file. Included in these transactions was the Department of Law Lease for \$38,018.

As of FY 2004, the questioned costs related to the Department of Law Lease (Finding No. 2001-08) were resolved. Finding No. 2001-09 remains unresolved. In the FY 2004 Single Audit Report, Finding No. 04-03 indicated that the Chief Procurement Officer determined the lease of space of the Agency for Human Resources Development from Vendor # P4676701 to be unauthorized procurement.

In March 2002, the Department of the Interior, Office of Inspector General (OIG) issued a report entitled *Management Challenges for Insular Area Governments*. The report did not mention any findings specific to Government of Guam leases. However, the OIG made several recommendations to control expenditures and provide operating agencies with the resources

necessary to carry out their operational responsibilities, which includes reviewing leasing policies and procedures. See Background section of report for more detail.

Appendix 3:

GovGuam Office Space Leases – Executive Branch

(Page 1 of 4)

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
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Executive Branch - Line Agencies:

1	Department of Customs and Quarantine	Tiyan	25,580	\$ 1.07	\$ -	\$ 1.07	\$ 27,371	\$ 328,447	Guam International Airport Authority	Lessor
2	Department of Customs and Quarantine	Barrigada	29,347	\$ 3.93	\$ -	\$ 3.93	\$ 115,407	\$ 1,384,885	Guam International Airport Authority	Lessee
3	Department of Customs and Quarantine	Tiyan	2,885	\$ 0.85	\$ -	\$ 0.85	\$ 2,452	\$ 29,427	Guam International Airport Authority	Lessee
4	Department of Customs and Quarantine	Barrigada	104	\$ 0.85	\$ -	\$ 0.85	\$ 88	\$ 1,061	Guam International Airport Authority	Lessee
Department of Customs and Quarantine Total			57,916	XXXXXX	XXXXXX	\$ 2.51	\$ 145,318	\$ 1,743,820		
5	Guam Police Department	Tiyan	18,700	\$ 0.77	\$ -	\$ 0.77	\$ 14,399	\$ 172,788	Guam International Airport Authority	Lessee
6	Guam Police Department	Tiyan	12,086	\$ 0.77	\$ -	\$ 0.77	\$ 9,306	\$ 111,675	Guam International Airport Authority	Lessee
7	Guam Police Department	Tiyan	9,192	\$ 0.77	\$ -	\$ 0.77	\$ 7,078	\$ 84,934	Guam International Airport Authority	Lessee
8	Guam Police Department	Tiyan	2,992	\$ 0.77	\$ -	\$ 0.77	\$ 2,304	\$ 27,646	Guam International Airport Authority	Lessee
9	Guam Police Department	Tiyan	2,922	\$ 0.77	\$ -	\$ 0.77	\$ 2,250	\$ 26,999	Guam International Airport Authority	Lessee
10	Guam Police Department	Tiyan	2,922	\$ 0.77	\$ -	\$ 0.77	\$ 2,250	\$ 26,999	Guam International Airport Authority	Lessee
11	Guam Police Department	Tiyan	2,892	\$ 0.77	\$ -	\$ 0.77	\$ 2,227	\$ 26,722	Guam International Airport Authority	Lessee
12	Guam Police Department	Tiyan	2,754	\$ 0.77	\$ -	\$ 0.77	\$ 2,121	\$ 25,447	Guam International Airport Authority	Lessee
13	Guam Police Department	Tiyan	1,496	\$ 0.77	\$ -	\$ 0.77	\$ 1,152	\$ 13,823	Guam International Airport Authority	Lessee

Appendix 3:
Page 2 of 4

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
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Executive Branch - Line Agencies:

Guam Police Department Total		55,956	XXXXXX	XXXXXX	\$ 0.77	\$43,087	\$517,033			
14	Department of Public Health and Social Services	Hagatna	7,760	\$ 1.75	\$ -	\$ 1.75	\$ 13,580	\$ 162,960	Lessor No. 10	Lessee
15	Department of Public Health and Social Services	Mangilao	6,000	\$ 1.50	\$ -	\$ 1.50	\$ 9,000	\$ 108,000	Lessor No. 6	Lessee
16	Department of Public Health and Social Services	Mangilao	4,250	\$ 1.50	\$ -	\$ 1.50	\$ 6,375	\$ 76,500	Lessor No. 6	Lessee
17	Department of Public Health and Social Services	Mangilao	4,000	\$ 1.50	\$ -	\$ 1.50	\$ 6,000	\$ 72,000	Lessor No. 6	Lessor
18	Department of Public Health and Social Services	Mangilao	2,500	\$ 1.50	\$ -	\$ 1.50	\$ 3,750	\$ 45,000	Lessor No. 6	Lessor
19	Department of Public Health and Social Services	Mangilao	1,000	\$ 0.80	\$ 0.25	\$ 1.05	\$ 1,050	\$ 12,600	Lessor No. 18	Lessee
20	Department of Public Health and Social Services	Mangilao	850	\$ 1.25	\$ 0.25	\$ 1.50	\$ 1,275	\$ 15,300	Lessor No. 6	Lessor
Department of Public Health and Social Services Total		26,360	XXXXXX	XXXXXX	\$ 1.56	\$ 41,030	\$ 492,360			
21	Office of the Governor & Lieutenant Governor	Hagatna	24,000	\$ 1.43	\$ 0.77	\$ 2.20	\$ 52,800	\$ 475,200	Lessor No. 3	Lessor
22	Department of Labor	Tamuning	22,000	\$ 1.25	\$ -	\$ 1.25	\$ 27,500	\$ 330,000	Lessor No. 1	Lessor
23	Department of Labor	Tamuning	755	\$ 1.70	\$ -	\$ 1.70	\$ 1,284	\$ 15,402	Lessor No. 11	Lessor
Department of Labor Total		22,755	XXXXXX	XXXXXX	\$ 1.26	\$ 28,784	\$ 345,402			
24	Department of Integrated Services for Individuals with Disabilities	Tamuning	11,000	\$ 1.25	\$ -	\$ 1.25	\$ 13,750	\$ 165,000	Lessor No. 1	Lessor
25	Department of Administration	Tamuning	8,000	\$ 1.25		\$ 1.25	\$ 10,000	\$ 120,000	Lessor No. 1	Lessor
26	Agency for Human Resources Development	Tamuning	6,445	\$ 1.70	\$ -	\$ 1.70	\$ 10,957	\$ 131,485	Lessor No. 11	Lessor
27	Office of the Mayor - Inarajan	Inarajan	5,500	\$ 0.33	\$ -	\$ 0.33	\$ 1,800	\$ 21,600	Lessor No. 12	Lessee
28	Guam Environmental Protection Agency	Tiyan	5,500	\$ -	\$ -	\$ -	\$ -	\$ -	Guam International Airport Authority	Lessee

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities	
Executive Branch - Line Agencies:										
29	Civil Service Commission	Tamuning	5,000	\$ 1.25	\$ -	\$ 1.25	\$ 6,250	\$ 75,000	Lessor No. 1	Lessor
30	Ancestral Lands Commission	Anigua	3,103	\$ 1.00	\$ 0.29	\$ 1.29	\$ 4,003	\$ 48,034	Lessor No. 13	Lessee
31	Mayors' Council of Guam Administration	Hagatna	2,754	\$ 1.45	\$ -	\$ 1.45	\$ 3,993	\$ 47,920	Lessor No. 4	Lessor
32	Guam Election Commission	Hagatna	2,252	\$ 1.73	\$ -	\$ 1.73	\$ 3,900	\$ 46,800	Lessor No. 8	Lessor
33	Guam Recovery Office	Hagatna	1,500	\$ 1.65	\$ 0.15	\$ 1.80	\$ 2,700	\$ 32,400	Lessor No. 4	Lessee
34	Guam Recovery Office	Hagatna	1,500	\$ 1.65	\$ 0.15	\$ 1.80	\$ 2,700	\$ 32,400	Lessor No. 4	Lessee
	Guam Recovery Office Total		3,000	XXXXXX	XXXXXX	\$ 1.80	\$ 5,400	\$ 64,800		
35	Chamorro Land Trust Commission	Anigua	1,920	\$ 1.00	\$ 0.29	\$ 1.29	\$ 2,477	\$ 29,722	Lessor No. 13	Lessee
36	Guam Developmental Disabilities Council	Mangilao	1,000	\$ 0.80	\$ 0.25	\$ 1.05	\$ 1,050	\$ 12,600	Lessor No. 18	Lessee
37	Guam Developmental Disabilities Council	Tamuning	800	\$ 1.25	\$ -	\$ 1.25	\$ 1,000	\$ 12,000	Lessor No. 1	Lessor
	Guam Developmental Disabilities Council Total		1,800	XXXXXX	XXXXXX	\$ 1.14	\$ 2,050	\$ 24,600		
38	Guam Passport Office	Hagatna	1,260	\$ 2.00	\$ -	\$ 2.00	\$ 2,520	\$ 30,240	Lessor No. 3	Lessor
39	Guam Board of Accountancy	Hagatna	1,250	\$ 0.80	\$ 0.85	\$ 1.65	\$ 2,063	\$ 24,760	Lessor No. 8	Lessor
40	Government House	Hagatna	1,222	\$ 2.12	\$ -	\$ 2.12	\$ 2,591	\$ 23,316	Lessor No. 3	Lessor
41	Veterans Affairs Office	Tamuning	1,000	\$ 1.25	\$ -	\$ 1.25	\$ 1,250	\$ 15,000	Lessor No. 1	Lessor
42	Public Utilities Commission	Hagatna	967	\$ 0.92	\$ 0.85	\$ 1.77	\$ 1,712	\$ 20,544	Lessor No. 8	Lessor
43	Professional Engineers, Architects & Land Surveyors	Tumon	860	\$ 1.10	\$ 0.30	\$ 1.40	\$ 1,204	\$ 14,448	Lessor No. 20	Lessee
44	Hagatna Redevelopment Authority	Hagatna	800	\$ 1.20	\$ 0.06	\$ 1.26	\$ 1,011	\$ 6,066	Chamorro Affairs dba: Chamorro Location	Lessee

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
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Executive Branch - Line Agencies:

Executive - Line Agencies Total		250,621	XXXXXX	XXXXXX	XXXXXX	\$387,950	\$4,483,150		
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Executive Branch - Autonomous Agencies:

1	Guam Power Authority	Harmon	41,435	\$ 0.60	\$ -	\$ 0.60	\$ 25,000	\$ 300,000	Lessor No. 2	Lessee
2	Guam Power Authority	Agat	Was not provided	\$ -	\$ -	\$ -	\$ -	\$ -	Department of Public Health and Agat Mayor's Office	Was not provided
	Guam Power Authority Total		41,435	XXXXXX	XXXXXX	\$ 0.60	\$ 25,000	\$ 300,000		
3	Office of the Attorney General	Hagatna	10,345	\$ 2.57	\$ -	\$ 2.57	\$ 26,561	\$ 318,735	Lessor No. 4	Lessor
4	Office of the Attorney General	Hagatna	2,000	\$ 2.42	\$ -	\$ 2.42	\$ 4,833	\$ 58,000	Lessor No. 19	Lessor
5	Office of the Attorney General	Hagatna	1,000	\$ 1.24	\$ -	\$ 1.24	\$ 1,240	\$ 14,880	Lessor No. 16	Lessor
	Office of the Attorney General Total		13,345	XXXXXX	XXXXXX	\$ 2.45	\$ 32,635	\$ 391,615		
6	Guam Economic Development and Commerce Authority	Tamuning	12,763	\$ 1.24	\$ -	\$ 1.24	\$ 15,826	\$ 189,913	Lessor No. 7	Lessor
7	Guam Housing and Urban Renewal Authority	Hagatna	3,180	\$ 0.80	\$ 0.85	\$ 1.65	\$ 5,247	\$ 62,959	Lessor No. 8	Lessor
8	Office of The Public Auditor	Hagatna	2,918	\$ 1.35	\$ 0.65	\$ 2.00	\$ 5,835	\$ 70,020	Lessor No. 3	Lessor
9	Guam Housing Corporation	Tamuning	1,765	\$ 1.24	\$ -	\$ 1.24	\$ 2,189	\$ 26,263	Guam Economic Development and Commerce Authority	Lessor
	Executive - Autonomous Agencies Total		75,405	XXXXXX	XXXXXX	XXXXXX	\$ 86,731	\$ 1,040,771		

Grand Total ¹

326,026	XXXXXX	XXXXXX	\$ 1.46	\$474,681	\$5,523,920
(A)			(= B ÷ A)	(B)	

¹ Totals may not add up due to rounding.

Appendix 4: GovGuam Office Space Leases – Legislative Branch

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
1 27th Guam Legislature Administration & Session Hall	Hagatna	20,534	\$ 1.16	\$ -	\$ 1.16	\$ 23,796	\$ 285,554	Lessor No. 5	Lessee
2 27th Guam Legislature - Senatorial Office	Hagatna	3,784	\$ 0.60	\$ -	\$ 0.60	\$ 2,270	\$ 27,245	Lessor No. 15	Lessee
3 27th Guam Legislature - Senatorial Office	Sinajana	2,398	\$ 1.25	\$ -	\$ 1.25	\$ 3,000	\$ 36,000	Lessor No. 14	Lessor
4 27th Guam Legislature - Senatorial Office	Sinajana	2,315	\$ 0.80	\$ -	\$ 0.80	\$ 1,858	\$ 22,295	Lessor No. 14	Lessor
5 27th Guam Legislature - Senatorial Office	Hagatna	2,239	\$ 0.89	\$ -	\$ 0.89	\$ 2,000	\$ 24,000	Lessor No. 17	Lessee
6 27th Guam Legislature - Senatorial Office	Hagatna	1,882	\$ 1.10	\$ -	\$ 1.10	\$ 2,070	\$ 24,842	Lessor No. 4	Lessee
7 27th Guam Legislature - Senatorial Office	Hagatna	1,882	\$ 1.10	\$ -	\$ 1.10	\$ 2,070	\$ 24,842	Lessor No. 4	Lessee
8 27th Guam Legislature - Senatorial Office	Hagatna	1,480	\$ 0.60	\$ -	\$ 0.60	\$ 888	\$ 10,656	Lessor No. 16	Lessee
9 27th Guam Legislature - Senatorial Office	Hagatna	1,465	\$ 1.70	\$ -	\$ 1.70	\$ 2,490	\$ 29,881	Lessor No. 8	Lessee
10 27th Guam Legislature - Senatorial Office	Hagatna	1,400	\$ 1.07	\$ -	\$ 1.07	\$ 1,500	\$ 18,000	Lessor No. 4	Lessor
11 27th Guam Legislature - Senatorial Office	Hagatna	1,350	\$ 1.85	\$ -	\$ 1.85	\$ 2,500	\$ 30,000	Lessor No. 4	Lessor
12 27th Guam Legislature - Senatorial Office	Hagatna	800	\$ 0.83	\$ -	\$ 0.83	\$ 664	\$ 7,968	Lessor No. 21	Lessee

Grand Total ²

41,528 XXXXXX	XXXXXX	\$ 1.09	\$ 45,107	\$ 541,284
(A)		(= B ÷ A)	(B)	

² Totals may not add up due to rounding.

Appendix 5:
GovGuam Office Space Leases – Judicial Branch

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
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Judicial Branch:

1	Superior Court of Guam	Hagatna	8,560	\$ 1.16	\$ -	\$ 1.16	\$ 9,945	\$ 119,340	Lessor No. 9	Lessee
2	Superior Court of Guam	Hagatna	5,687	\$ 1.50	\$ 0.60	\$ 2.10	\$ 11,943	\$ 143,312	Lessor No. 3	Lessor
Superior Court of Guam Total			14,247	XXXXXX	XXXXXX	\$ 1.54	\$21,888	\$262,652		
3	Public Defender Service Corporation	Hagatna	7,770	\$ 2.54	\$ -	\$ 2.54	\$ 19,703	\$ 236,433	Superior Court of Guam	Lessor
4	Office of the Public Guardian	Hagatna	784	\$ 1.79	\$ -	\$ 1.79	\$ 1,400	\$ 16,800	Lessor No. 16	Lessee

Grand Total ³

22,801	XXXXXX	XXXXXX	\$ 1.89	\$42,990	\$515,886
(A)			(= B ÷ A)	(B)	

³ Totals may not add up due to rounding.

Appendix 6: GovGuam Leases for Other Commercial Space

Entity	Type of space	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
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Executive Branch - Line Agencies:

1	Department of Land Management	Parking Lot	Anigua	32,459	\$ 0.01	\$ -	\$ 0.01	\$ 200	\$ 2,400	Lessor No. 22	N/A
2	Department of Customs and Quarantine	Warehouse/storage	Tiyan	6,154	\$ 0.50	\$ -	\$ 0.50	\$ 3,077	\$ 36,924	Guam International Airport Authority	Lessor
3	Department of Mental Health and Substance Abuse	Supportive Housing	Mangilao	2,750	\$ 0.91	\$ -	\$ 0.91	\$ 2,500	\$ 30,000	Lessor No. 23	Lessee
Executive - Line Agencies Total			41,363	XXXXXX	XXXXXX	XXXXXX	\$ 5,777	\$ 69,324			

Executive Branch - Autonomous Agencies:

1	Guam Power Authority	Warehouse/storage	Tamuning	50,567	\$ 0.05	\$ -	\$ 0.05	\$ 2,349	\$ 28,188	Guam Economic Development and Commerce Authority	Lessee
2	Guam Memorial Hospital Authority	Warehouse/storage	Harmon	5,500	\$ 1.20	\$ -	\$ 1.20	\$ 6,624	\$ 79,488	Lessor No. 24	Lessor
3	Guam Visitors Bureau	Warehouse/storage	Tumon	1,516	\$ 1.19	\$ -	\$ 1.19	\$ 1,800	\$ 21,600	Lessor No. 25	Lessor
Executive - Autonomous Agencies Total			57,583	XXXXXX	XXXXXX	XXXXXX	\$10,773	\$ 129,276			

Judicial Branch:

1	Superior Court of Guam	Warehouse/storage	Harmon	4,400	\$ 0.55	\$ -	\$ 0.55	\$ 2,400	\$ 28,800	Lessor No. 26	Lessee
Judicial Total			4,400	XXXXXX	XXXXXX	XXXXXX	\$ 2,400	\$ 28,800			

Grand Total ⁴

103,346	XXXXXX	XXXXXX	\$ 0.18	\$18,950	\$ 227,400
(A)			(= B ÷ A)	(B)	

⁴ Totals may not add up due to rounding.

Appendix 7:

GovGuam Entities Occupying Government-Owned Facilities

Agency

Executive - Line Agencies:

1	Bureau of Budget and Management Research
2	Bureau of Statistics & Plans
3	Guam Contractors' Licensing Board
4	Department of Agriculture
5	Department of Chamorro Affairs
6	Department of Corrections
7	Department of Education
8	Department of Military Affairs
9	Department of Parks and Recreation
10	Department of Public Works
11	Department of Revenue and Taxation
12	Department of Youth Affairs
13	General Service Agency
14	Guam Council on the Arts & Humanities Agency
15	Guam Energy Office
16	Guam Fire Department
17	Guam Medical Referral Office

Agency

Executive - Line Agencies, continued:

18	Guam Preservation Trust
19	Guam Public Library System
20	Guam State Clearing House
21	Office of Civil Defense
22	Office of the Chief Medical Examiner
23	Government of Guam Retirement Fund
24	Veterans Affairs Office

Executive - Autonomous agencies:

25	Guam International Airport Authority
26	Guam Waterworks Authority
27	Guam Telecommunications Corporation, KGTF
28	Guam Community College
29	Port Authority of Guam
30	Guam Memorial Hospital ⁵
31	Guam Visitors Bureau ⁵
32	University of Guam ⁵
33	Guam Telephone Authority

⁵ Although these entities have leases for commercial space, the main offices of these entities are housed in government-owned facilities.

**Appendix 8:
Executive Branch Lease Cost Analysis - Outliers**

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
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Executive Branch - Line Agencies:

1	Department of Customs and Quarantine	Tiyan Terminal	29,347	\$ 3.93	\$ -	\$ 3.93	\$ 115,407	\$ 1,384,885	Guam International Airport Authority	Lessee
2	Guam Environmental Protection Agency	Tiyan	5,500	\$ -	\$ -	\$ -	\$ -	\$ -	Guam International Airport Authority	Lessee

Executive Branch - Autonomous Agencies:

3	Guam Power Authority	Agat	Was not provided	\$ -	\$ -		\$ -	\$ -	Department of Public Health and Mayor's Office	Agat Was not provided
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Grand Total ⁶

34,847 XXXXXX XXXXXX XXXXXX \$ 115,407 \$ 1,384,885

⁶ Totals may not add up due to rounding.

Appendix 9:

Executive Branch - Office Space Leases Inclusive of Utilities

(Page 1 of 2)

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities	
<i>Executive Branch - Line Agencies:</i>										
1	Department of Customs and Quarantine	Tiyan	25,580	\$ 1.07	\$ -	\$ 1.07	\$ 27,371	\$ 328,447	Guam International Airport Authority	Lessor
2	Department of Customs and Quarantine	Barrigada	104	\$ 0.85	\$ -	\$ 0.85	\$ 88	\$ 1,061	Guam International Airport Authority	Lessor
Department of Customs and Quarantine Total			25,684	XXXXXX	XXXXXX	\$ 1.07	\$27,459	\$329,508		
3	Department of Labor	Tamuning	22,000	\$ 1.25	\$ -	\$ 1.25	\$ 27,500	\$ 330,000	Lessor No. 1	Lessor
4	Department of Labor	Tamuning	755	\$ 1.70	\$ -	\$ 1.70	\$ 1,284	\$ 15,402	Lessor No. 11	Lessor
Department of Labor Total			22,755	XXXXXX	XXXXXX	\$ 1.26	\$28,784	\$345,402		
5	Department of Integrated Services for Individuals with Disabilities	Tamuning	11,000	\$ 1.25	\$ -	\$ 1.25	\$ 13,750	\$ 165,000	Lessor No. 1	Lessor
6	Department of Administration	Tamuning	8,000	\$ 1.25		\$ 1.25	\$ 10,000	\$ 120,000	Lessor No. 1	Lessor
7	Department of Public Health and Social Services – Division of Senior Citizens	Mangilao	4,000	\$ 1.50	\$ -	\$ 1.50	\$ 6,000	\$ 72,000	Lessor No. 6	Lessor
8	Department of Public Health and Social Services – Licensure Office	Mangilao	2,500	\$ 1.50	\$ -	\$ 1.50	\$ 3,750	\$ 45,000	Lessor No. 6	Lessor
9	Department of Public Health and Social Services – STD/HIV Prevention Section	Mangilao	850	\$ 1.25	\$ 0.25	\$ 1.50	\$ 1,275	\$ 15,300	Lessor No. 6	Lessor
Department of Public Health and Social Services Total			7,350	XXXXXX	XXXXXX	\$ 1.50	\$11,025	\$132,300		
10	Agency for Human Resources Development	Tamuning	6,445	\$ 1.70	\$ -	\$ 1.70	\$ 10,957	\$ 131,485	Lessor No. 11	Lessor
11	Civil Service Commission	Tamuning	5,000	\$ 1.25	\$ -	\$ 1.25	\$ 6,250	\$ 75,000	Lessor No. 1	Lessor
12	Mayors' Council of Guam Administration	Hagatna	2,754	\$ 1.45	\$ -	\$ 1.45	\$ 3,993	\$ 47,920	Lessor No. 4	Lessor
13	Guam Election Commission	Hagatna	2,252	\$ 1.73	\$ -	\$ 1.73	\$ 3,900	\$ 46,800	Lessor No. 8	Lessor

Appendix 9:
(Page 2 of 2)

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities	
Executive Branch - Line Agencies:										
14	Guam Passport Office	Hagatna	1,260	\$ 2.00	\$ -	\$ 2.00	\$ 2,520	\$ 30,240	Lessor No. 3	Lessor
15	Guam Board of Accountancy	Hagatna	1,250	\$ 0.80	\$ 0.85	\$ 1.65	\$ 2,063	\$ 24,760	Lessor No. 8	Lessor
16	Veterans Affairs Office	Tamuning	1,000	\$ 1.25	\$ -	\$ 1.25	\$ 1,250	\$ 15,000	Lessor No. 1	Lessor
17	Public Utilities Commission	Hagatna	967	\$ 0.92	\$ 0.85	\$ 1.77	\$ 1,712	\$ 20,544	Lessor No. 8	Lessor
18	Guam Developmental Disabilities Council	Tamuning	800	\$ 1.25	\$ -	\$ 1.25	\$ 1,000	\$ 12,000	Lessor No. 1	Lessor
Executive - Line Agencies Total			96,518	XXXXXX	XXXXXX	\$ 1.29	\$124,663	\$1,495,959		
Executive Branch - Autonomous Agencies:										
19	Office of the Attorney General - Child Support Division	Hagatna	10,345	\$ 2.57	\$ -	\$ 2.57	\$ 26,561	\$ 318,735	Lessor No. 4	Lessor
20	Office of the Attorney General - Crime Victims Unit	Hagatna	2,000	\$ 2.42	\$ -	\$ 2.42	\$ 4,833	\$ 58,000	Lessor No. 19	Lessor
21	Office of the Attorney General	Hagatna	1,000	\$ 1.24	\$ -	\$ 1.24	\$ 1,240	\$ 14,880	Lessor No. 16	Lessor
Office of the Attorney General Total			13,345	XXXXXX	XXXXXX	\$ 2.45	\$32,635	\$391,615		
22	Guam Economic Development and Commerce Authority	Tamuning	12,763	\$ 1.24	\$ -	\$ 1.24	\$ 15,826	\$ 189,913	Lessor No. 7	Lessor
23	Guam Housing and Urban Renewal Authority	Hagatna	3,180	\$ 0.80	\$ 0.85	\$ 1.65	\$ 5,247	\$ 62,959	Lessor No. 8	Lessor
24	Office of The Public Auditor	Hagatna	2,918	\$ 1.35	\$ 0.65	\$ 2.00	\$ 5,835	\$ 70,020	Lessor No. 3	Lessor
25	Guam Housing Corporation	Tamuning	1,765	\$ 1.24	\$ -	\$ 1.24	\$ 2,189	\$ 26,263	Guam Economic Development and Commerce Authority	Lessor
Executive - Autonomous Agencies Total			33,970	XXXXXX	XXXXXX	\$ 1.82	61,731	740,771		
Grand Total ⁷			130,488	XXXXXX	XXXXXX	\$ 1.43	\$186,394	\$2,236,729		
			(A)			(= B ÷ A)	(B)			

⁷ Totals may not add up due to rounding.

Appendix 10:

Executive Branch - Office Space Leases Excluding Utilities

(Page 1 of 2)

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities	
<i>Executive Branch - Line Agencies:</i>										
1	Guam Police Department	Tiyan	18,700	\$ 0.77	\$ -	\$ 0.77	\$ 14,399	\$ 172,788	Guam International Airport Authority	Lessee
2	Guam Police Department	Tiyan	12,086	\$ 0.77	\$ -	\$ 0.77	\$ 9,306	\$ 111,675	Guam International Airport Authority	Lessee
3	Guam Police Department	Tiyan	9,192	\$ 0.77	\$ -	\$ 0.77	\$ 7,078	\$ 84,934	Guam International Airport Authority	Lessee
4	Guam Police Department	Tiyan	2,922	\$ 0.77	\$ -	\$ 0.77	\$ 2,250	\$ 26,999	Guam International Airport Authority	Lessee
5	Guam Police Department	Tiyan	2,992	\$ 0.77	\$ -	\$ 0.77	\$ 2,304	\$ 27,646	Guam International Airport Authority	Lessee
6	Guam Police Department	Tiyan	2,922	\$ 0.77	\$ -	\$ 0.77	\$ 2,250	\$ 26,999	Guam International Airport Authority	Lessee
7	Guam Police Department	Tiyan	2,892	\$ 0.77	\$ -	\$ 0.77	\$ 2,227	\$ 26,722	Guam International Airport Authority	Lessee
8	Guam Police Department	Tiyan	2,754	\$ 0.77	\$ -	\$ 0.77	\$ 2,121	\$ 25,447	Guam International Airport Authority	Lessee
9	Guam Police Department	Tiyan	1,496	\$ 0.77	\$ -	\$ 0.77	\$ 1,152	\$ 13,823	Guam International Airport Authority	Lessee
Guam Police Department Total			55,956	XXXXXX	XXXXXX	\$ 0.77	\$43,087	\$517,033		
10	Department of Public Health and Social Services – Bureau of Social Services Administration	Hagatna	7,760	\$ 1.75	\$ -	\$ 1.75	\$ 13,580	\$ 162,960	Lessor No. 10	Lessee
11	Department of Public Health and Social Services – Division of Public Welfare/Bureau of Management Support	Mangilao	6,000	\$ 1.50	\$ -	\$ 1.50	\$ 9,000	\$ 108,000	Lessor No. 6	Lessee
12	Department of Public Health and Social Services – Division of Public Welfare/Work Programs Section	Mangilao	4,250	\$ 1.50	\$ -	\$ 1.50	\$ 6,375	\$ 76,500	Lessor No. 6	Lessee

Appendix 10:
(Page 2 of 2)

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities	
Executive Branch - Line Agencies:										
13	Department of Public Health and Social Services ⁸ – Health Education Section	Mangilao	1,000	\$ 0.80	\$ 0.25	\$ 1.05	\$ 1,050	\$ 12,600	Lessor No. 18	Lessee
Department of Public Health and Social Services Total			19,010	XXXXXX	XXXXXX	\$ 1.58	\$30,005	\$360,060		
14	Office of the Mayor - Inarajan	Inarajan	5,500	\$ 0.33	\$ -	\$ 0.33	\$ 1,800	\$ 21,600	Lessor No. 12	Lessee
15	Ancestral Lands Commission ⁸	Anigua	3,103	\$ 1.00	\$ 0.29	\$ 1.29	\$ 4,003	\$ 48,034	Lessor No. 13	Lessee
16	Guam Recovery Office	Hagatna	1,500	\$ 1.65	\$ 0.15	\$ 1.80	\$ 2,700	\$ 32,400	Lessor No. 4	Lessee
17	Guam Recovery Office	Hagatna	1,500	\$ 1.65	\$ 0.15	\$ 1.80	\$ 2,700	\$ 32,400	Lessor No. 4	Lessee
Guam Recovery Office Total			3,000	XXXXXX	XXXXXX	\$ 1.80	\$5,400	\$64,800		
18	Department of Customs and Quarantine	Tiyan	2,885	\$ 0.85	\$ -	\$ 0.85	\$ 2,452	\$ 29,427	Guam International Airport Authority	Lessee
19	Chamorro Land Trust Commission ⁸	Anigua	1,920	\$ 1.00	\$ 0.29	\$ 1.29	\$ 2,477	\$ 29,722	Lessor No. 13	Lessee
20	Guam Development Disabilities Council ⁸	Mangilao	1,000	\$ 0.80	\$ 0.25	\$ 1.05	\$ 1,050	\$ 12,600	Lessor No. 18	Lessee
21	Professional Engineers, Architects & Land Surveyors	Tumon	860	\$ 1.10	\$ 0.30	\$ 1.40	\$ 1,204	\$ 14,448	Lessor No. 20	Lessee
Executive - Line Agencies Total			93,234	XXXXXX	XXXXXX	\$ 0.98	\$91,478	\$1,097,724		
Executive Branch - Autonomous Agencies:										
22	Guam Power Authority	Harmon	41,435	\$ 0.60	\$ -	\$ 0.60	\$ 25,000	\$ 300,000	Lessor No. 2	Lessee
Executive - Autonomous Agencies Total			41,435	XXXXXX	XXXXXX	\$ 0.60	\$ 25,000	\$ 300,000		
Grand Total⁹			134,669	XXXXXX	XXXXXX	\$ 0.86	\$116,478	\$1,397,724		
			(A)			(= B ÷ A)	(B)			

⁸ These entities were responsible for the payment of power, but not for water.

⁹ Totals may not add up due to rounding.

Appendix 11:
Legislative Branch - Office Space Leases Inclusive of Utilities

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
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Legislative Branch:

1	27th Guam Legislature - Senatorial Office	Sinajana	2,398	\$ 1.25	\$ -	\$ 1.25	\$ 3,000	\$ 36,000	Lessor No. 14	Lessor
2	27th Guam Legislature - Senatorial Office	Sinajana	2,315	\$ 0.80 ¹⁰	\$ -	\$ 0.80	\$ 1,858	\$ 22,295	Lessor No. 14	Lessor
3	27th Guam Legislature - Senatorial Office	Hagatna	1,400	\$ 1.07	\$ -	\$ 1.07	\$ 1,500	\$ 18,000	Lessor No. 4	Lessor
4	27th Guam Legislature - Senatorial Office	Hagatna	1,350	\$ 1.85	\$ -	\$ 1.85	\$ 2,500	\$ 30,000	Lessor No. 4	Lessor

Grand Total¹¹

7,463	XXXXXX	XXXXXX	\$ 1.19	\$ 8,858	\$ 106,295
(A)			(= B ÷ A)	(B)	

¹⁰ This amount was calculated on a weighted average per month. From October 1, 2003 to December 31, 2003 lease payments were \$1,431.67 per month (or \$0.62 per sq. ft. for three months). From January 1, 2004 to September 30, 2004 lease payments for the same office space of 2,315 sq. ft. were \$2,000 per month (or \$0.86 per sq. ft. for nine months).

¹¹ Totals may not add up due to rounding.

Appendix 12:

Legislative Branch - Office Space Leases Excluding Utilities

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities
1 27th Guam Legislature Administration & Session Hall	Hagatna	20,534	\$ 1.16	\$ -	\$ 1.16	\$ 23,796	\$ 285,554	Lessor No. 5	Lessee
2 27th Guam Legislature - Senatorial Office	Hagatna	3,784	\$ 0.60	\$ -	\$ 0.60	\$ 2,270	\$ 27,245	Lessor No. 15	Lessee
3 27th Guam Legislature - Senatorial Office	Hagatna	2,239	\$ 0.89	\$ -	\$ 0.89	\$ 2,000	\$ 24,000	Lessor No. 17	Lessee
4 27th Guam Legislature - Senatorial Office ¹²	Hagatna	1,882	\$ 1.10	\$ -	\$ 1.10	\$ 2,070	\$ 24,842	Lessor No. 4	Lessee
5 27th Guam Legislature - Senatorial Office ¹²	Hagatna	1,882	\$ 1.10	\$ -	\$ 1.10	\$ 2,070	\$ 24,842	Lessor No. 4	Lessee
6 27th Guam Legislature - Senatorial Office ¹²	Hagatna	1,480	\$ 0.60	\$ -	\$ 0.60	\$ 888	\$ 10,656	Lessor No. 16	Lessee
7 27th Guam Legislature - Senatorial Office	Hagatna	1,465	\$ 1.70	\$ -	\$ 1.70	\$ 2,490	\$ 29,881	Lessor No. 8	Lessee
8 27th Guam Legislature - Senatorial Office	Hagatna	800	\$ 0.83	\$ -	\$ 0.83	\$ 664	\$ 7,968	Lessor No. 21	Lessee

Grand Total¹³

34,065 XXXXXX XXXXXX	\$ 1.06	\$ 36,249	\$ 434,989
(A)	(= B ÷ A)	(B)	

¹² These entities were responsible for the payment of power, but not for water. The total cost of these leases was \$60,341.

¹³ Totals may not add up due to rounding.

Appendix 13:
Judicial Branch - Office Space Leases Inclusive of Utilities

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities	
1	Public Defender Service Corporation	Hagatna	7,770	\$ 2.54	\$ -	\$ 2.54	\$ 19,703	\$ 236,433	Superior Court of Guam	Lessor
2	Superior Court of Guam	Hagatna	5,687	\$ 1.50	\$ 0.60	\$ 2.10	\$ 11,943	\$ 143,312	Lessor No. 3	Lessor
Grand Total ¹⁴		13,457	XXXXXX	XXXXXX	\$ 2.35	\$ 31,645	\$ 379,746			
		(A)			(= B ÷ A)	(B)				

Appendix 14:
Judicial Branch – Office Space Leases Excluding Utilities

Entity	Location	Approximate sq. ft.	Rent cost per sq. ft.	CAM cost per sq. ft.	Total cost per sq. ft.	Total per month	Total annual cost	Lessor	Responsible party for utilities	
1	Superior Court of Guam ¹⁵	Hagatna	8,560	\$ 1.16	\$ -	\$ 1.16	\$ 9,945	\$ 119,340	Lessor No. 9	Lessee
2	Office of the Public Guardian	Hagatna	784	\$ 1.79	\$ -	\$ 1.79	\$ 1,400	\$ 16,800	Lessor No. 16	Lessee
Grand Total ¹⁴		9,344	XXXXXX	XXXXXX	\$ 1.21	\$ 11,345	\$ 136,140			
		(A)			(= B ÷ A)	(B)				

¹⁴ Totals may not add up due to rounding.

¹⁵ The Superior Court of Guam was responsible for paying power separately, but not water.

**Appendix 15:
Lessors of Office Space Leases**

(Page 1 of 3)

Lessor	Total Approximate Sq. Ft.	Total Number of Leases	Total Annual Cost ¹⁶	Total Average Cost per Sq. Ft. ¹⁷	Office Space Leases Inclusive of Utilities				Office Space Leases Excluding Utilities			
					Approximate Sq. Ft.	Number of Leases	Total Annual Cost ¹⁶	Average Cost per Sq. Ft. ¹⁷	Approximate Sq. Ft.	Number of Leases	Total Annual Cost ¹⁶	Average Cost per Sq. Ft. ¹⁷
Guam International Airport Authority												
	119,372	14	\$2,260,853	\$1.58	55,031	3	\$1,714,393	\$2.60	64,341	11	\$546,460	\$0.71
Lessor No. 1												
	47,800	6	\$717,000	\$1.25	47,800	6	\$717,000	\$1.25	0	0	\$0	\$0.00
Lessor No. 2												
	41,435	1	\$300,000	\$0.60	0	0	\$0	\$0.00	41,435	1	\$300,000	\$0.60
Lessor No. 3												
	35,087	5	\$742,088	\$2.16	35,087	5	\$742,088	\$2.16	0	0	\$0	\$0.00
Lessor No. 4												
	22,613	8	\$529,139	\$1.95	15,849	4	\$414,655	\$2.18	6,764	4	\$114,485	\$1.41
Lessor No. 5												
	20,534	1	\$285,554	\$1.16	0	0	\$0	\$0.00	20,534	1	\$285,554	\$1.16
Lessor No. 6												
	17,600	5	\$316,800	\$1.50	7,350	3	\$132,300	\$1.50	10,250	2	\$184,500	\$1.50
Lessor No. 7												
	12,763	1	\$189,913	\$1.24	12,763	1	\$189,913	\$1.24	0	0	\$0	\$0.00

¹⁶ Annual cost may not add up to 12 months.

¹⁷ Derived by dividing total per month by approximate sq. ft.

Appendix 15:
(Page 2 of 3)

Lessor	Total Approximate Sq. Ft.	Total Number of Leases	Total Annual Cost ¹⁶	Total Average Cost per Sq. Ft. ¹⁷	Office Space Leases Inclusive of Utilities				Office Space Leases Excluding Utilities			
					Approximate Sq. Ft.	Number of Leases	Total Annual Cost ¹⁶	Average Cost per Sq. Ft. ¹⁷	Approximate Sq. Ft.	Number of Leases	Total Annual Cost ¹⁶	Average Cost per Sq. Ft. ¹⁷
<i>Lessor No. 8</i>	9,114	5	\$184,944	\$1.69	7,649	4	\$155,063	\$1.69	1,465	1	\$29,881	\$1.70
<i>Lessor No. 9</i>	8,560	1	\$119,340	\$1.16	0	0	\$0	\$0.00	8,560	1	\$119,340	\$1.16
<i>Superior Court of Guam</i>	7,770	1	\$236,433	\$2.54	7,770	1	\$236,433	\$2.54	0	0	\$0	\$0.00
<i>Lessor No. 10</i>	7,760	1	\$162,960	\$1.75	0	0	\$0	\$0.00	7,760	1	\$162,960	\$1.75
<i>Lessor No. 11</i>	7,200	2	\$146,887	\$1.70	7,200	2	\$146,887	\$1.70	0	0	\$0	\$0.00
<i>Lessor No. 12</i>	5,500	1	\$21,600	\$0.33	0	0	\$0	\$0.00	5,500	1	\$21,600	\$0.33
<i>Lessor No. 13</i>	5,023	2	\$77,756	\$1.29	0	0	\$0	\$0.00	5,023	2	\$77,756	\$1.29
<i>Lessor No. 14</i>	4,713	2	\$58,295	\$1.03	4,713	2	\$58,295	\$1.03	0	0	\$0	\$0.00
<i>Lessor No. 15</i>	3,784	1	\$27,245	\$0.60	0	0	\$0	\$0.00	3,784	1	\$27,245	\$0.60
<i>Lessor No. 16</i>	3,264	3	\$42,336	\$1.08	1,000	1	\$14,880	\$1.24	2,264	2	\$27,456	\$1.01
<i>Lessor No. 17</i>	2,239	1	\$24,000	\$0.89	0	0	\$0	\$0.00	2,239	1	\$24,000	\$0.89

Appendix 15:
(Page 3 of 3)

Lessor	Total Approximate Sq. Ft.	Total Number of Leases	Total Annual Cost ¹⁶	Total Average Cost per Sq. Ft. ¹⁷	Office Space Leases Inclusive of Utilities				Office Space Leases Excluding Utilities				
					Approximate Sq. Ft.	Number of Leases	Total Annual Cost ¹⁶	Average Cost per Sq. Ft. ¹⁷	Approximate Sq. Ft.	Number of Leases	Total Annual Cost ¹⁶	Average Cost per Sq. Ft. ¹⁷	
<i>Lessor No. 18</i>													
	2,000	2	\$25,200	\$1.05	0	0	\$0	\$0.00	2,000	2	\$25,200	\$1.05	
<i>Lessor No. 19</i>													
	2,000	1	\$58,000	\$2.42	2,000	1	\$58,000	\$2.42	0	0	\$0	\$0.00	
<i>Guam Economic Development and Commerce Authority</i>													
	1,765	1	\$26,263	\$1.24	1,765	1	\$26,263	\$1.24	0	0	\$0	\$0.00	
<i>Lessor No. 20</i>													
	860	1	\$14,448	\$1.40	0	0	\$0	\$0.00	860	1	\$14,448	\$1.40	
<i>Chamorro Affairs dba: Chamorro Location</i>													
	800	1	\$6,066	\$1.26	0	0	\$0	\$0.00	800	1	\$6,066	\$1.26	
<i>Lessor No. 21</i>													
	800	1	\$7,968	\$0.83	0	0	\$0	\$0.00	800	1	\$7,968	\$0.83	
<i>Department of Public Health and Agat Mayor's Office</i>													
	0	1	\$0	\$0.00	0	1	\$0	\$0.00	0	0	\$0	\$0.00	

GRAND TOTAL ¹⁸

390,355	69	\$6,581,088	\$1.44 ¹⁹	205,977	35	\$4,606,170	\$1.93 ²⁰	184,378	34	\$1,974,919	\$0.90 ²¹
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¹⁸ Totals may not add up due to rounding.

¹⁹ Calculated by Total per month of \$562,777 divided by 390,355 sq. ft.

²⁰ Calculated by Total per month of \$397,695 divided by 205,977 sq. ft.

²¹ Calculated by Total per month of \$165,082 divided by 184,378 sq. ft.

Appendix 16:

Top Three Locations of Office Spaces – Hagatna, Tiyan, and Tamuning

Hagatna

Entity		Approximate sq. ft.	Total cost per month	Cost per sq. ft.
<i>Executive Branch - Line Agencies:</i>				
1	Office of the Governor & Lieutenant Governor	24,000	\$52,800	\$2.20
2	Department of Public Health and Social Services	7,760	\$13,580	\$1.75
3	Guam Recovery Office	1,500	\$2,700	\$1.80
4	Guam Recovery Office	1,500	\$2,700	\$1.80
	<i>Guam Recovery Office Total</i>	<i>3,000</i>	<i>\$5,400</i>	<i>\$1.80</i>
5	Mayors' Council of Guam - Administration	2,754	\$3,993	\$1.45
6	Guam Election Commission	2,252	\$3,900	\$1.73
7	Guam Passport Office	1,260	\$2,520	\$2.00
8	Guam Board of Accountancy	1,250	\$2,063	\$1.65
9	Government House	1,222	\$2,591	\$2.12
10	Public Utilities Commission	967	\$1,712	\$1.77
11	Hagatna Redevelopment Authority	800	\$1,011	\$1.26
Executive Branch - Line Agencies Total		45,266 ^A	\$89,570 ^B	xxxxxx
Executive Branch - Line Agencies Average		4,115	\$8,143	\$1.98

(= A ÷ 11 leases)

(= B ÷ 11 leases)

(= B ÷ A)

Executive Branch - Autonomous Agencies:

12	Office of the Attorney General	10,345	\$26,561	\$2.57
13	Office of the Attorney General	2,000	\$4,833	\$2.42
14	Office of the Attorney General	1,000	\$1,240	\$1.24

Hagatna

Entity		Approximate sq. ft.	Total cost per month	Cost per sq. ft.
<i>Office of the Attorney General Total</i>		13,345	\$32,634	\$2.45
15	Guam Housing and Urban Renewal Authority	3,180	\$5,247	\$1.65
16	Office of The Public Auditor	2,918	\$5,835	\$2.00
Executive Branch - Autonomous Agencies Total		19,442 ^A	\$43,716 ^B	xxxxxx
Executive Branch - Autonomous Agencies Average		3,888	\$8,743	\$2.25
Executive Branch Total		64,708 ^A	\$133,286 ^B	xxxxxx
Executive Branch Average		4,044	\$8,330	\$2.06

(= A ÷ 5 leases) (= B ÷ 5 leases) (= B ÷ A)
 (= A ÷ 16 leases) (= B ÷ 16 leases) (= B ÷ A)

Legislative Branch:

17	27th Guam Legislature - Administration & Session Hall	20,534	\$23,796	\$1.16
18	27th Guam Legislature - Senatorial Office	3,784	\$2,270	\$0.60
19	27th Guam Legislature - Senatorial Office	2,239	\$2,000	\$0.89
20	27th Guam Legislature - Senatorial Office	1,882	\$2,070	\$1.10
21	27th Guam Legislature - Senatorial Office	1,882	\$2,070	\$1.10
22	27th Guam Legislature - Senatorial Office	1,480	\$888	\$0.60
23	27th Guam Legislature - Senatorial Office	1,465	\$2,490	\$1.70
24	27th Guam Legislature - Senatorial Office	1,400	\$1,500	\$1.07
25	27th Guam Legislature - Senatorial Office	1,350	\$2,500	\$1.85
26	27th Guam Legislature - Senatorial Office	800	\$664	\$0.83
Legislative Branch Total		36,815 ^A	\$40,248 ^B	xxxxxx
Legislative Branch Average		3,682	\$4,025	\$1.09

(= A ÷ 10 leases) (= B ÷ 10 leases) (= B ÷ A)

Hagatna

Entity		Approximate sq. ft.	Total cost per month	Cost per sq. ft.
<i>Judicial Branch:</i>				
27	Superior Court of Guam	8,560	\$9,945	\$1.16
28	Superior Court of Guam	5,687	\$11,943	\$2.10
	<i>Superior Court of Guam Total</i>	<i>14,247</i>	<i>\$21,888</i>	<i>\$1.54</i>
29	Public Defender Service Corporation	7,770	\$19,703	\$2.54
30	Office of the Public Guardian	784	\$1,400	\$1.79
Judicial Branch Total		22,801 ^A	\$42,991 ^B	xxxxxx
Judicial Branch Average		5,700	\$10,748	\$1.89
		(= A ÷ 4 leases)	(= B ÷ 4 leases)	(= B ÷ A)
Grand Total ²²		124,324 ^A	\$216,525 ^B	xxxxxx
Grand Average		4,144	\$7,218	\$1.74
		(= A ÷ 30 leases)	(= B ÷ 30 leases)	(= B ÷ A)

Tiyan

Entity		Approximate sq. footage	Total cost per month	Cost per sq. ft.
<i>Executive Branch - Line Agencies:</i>				
1	Guam Police Department	18,700	\$14,399	\$0.77

²² Totals may not add up due to rounding.

Tiyan

Entity		Approximate sq. footage	Total cost per month	Cost per sq. ft.
<i>Executive Branch - Line Agencies:</i>				
2	Guam Police Department	12,086	\$9,306	\$0.77
3	Guam Police Department	9,192	\$7,078	\$0.77
4	Guam Police Department	2,992	\$2,304	\$0.77
5	Guam Police Department	2,922	\$2,250	\$0.77
6	Guam Police Department	2,922	\$2,250	\$0.77
7	Guam Police Department	2,892	\$2,227	\$0.77
8	Guam Police Department	2,754	\$2,121	\$0.77
9	Guam Police Department	1,496	\$1,152	\$0.77
	<i>Guam Police Department Total</i>	55,956	\$43,087	\$0.77
10	Department of Customs and Quarantine	25,580	\$27,371	\$1.07
11	Department of Customs and Quarantine	2,885	\$2,452	\$0.85
	<i>Department of Customs and Quarantine Total</i>	28,465	\$29,823	\$1.05
12	Guam Environmental Protection Agency	5,500	\$0	\$0.00
Tiyan Total		89,921 ^A	\$72,910 ^B	xxxxxx
Tiyan Average		7,493	\$6,076	\$0.81

(= A ÷ 12 leases)

(= B ÷ 12 leases)

(= B ÷ A)

Tiyan Terminal

Entity		Approximate sq. ft.	Total cost per month	Cost per sq. ft.
<i>Executive Branch - Line Agencies:</i>				
1	Department of Customs and Quarantine	29,347	\$115,407	\$3.93
2	Department of Customs and Quarantine	104	\$88	\$0.85

Tiyan

Entity	Approximate sq. footage	Total cost per month	Cost per sq. ft.
<i>Executive Branch - Line Agencies:</i>			
Department of Customs and Quarantine Total	29,451	\$115,495	\$3.92
Tiyan Terminal Total	29,451 ^A	\$115,495 ^B	xxxxxx
Tiyan Terminal Average	14,726	57,748	\$3.92
	(= A ÷ 2 leases)	(= B ÷ 2 leases)	(= B ÷ A)
Grand Total ²³	119,372	\$188,405	xxxxxx
Grand Average	8,527	13,458	\$1.58
	(= A ÷ 14 leases)	(= B ÷ 14 leases)	(= B ÷ A)

Tamuning

Entity	Approximate sq. ft.	Total cost per sq. ft.	Cost per sq. ft.
<i>Executive Branch - Line Agencies:</i>			
1 Department of Labor	22,000	\$27,500	\$1.25
2 Department of Labor	755	\$1,284	\$1.70
<i>Department of Labor Total</i>	22,755	\$28,784	\$1.26
3 Department of Integrated Services for Individuals with Disabilities	11,000	\$13,750	\$1.25

²³ Totals may not add up due to rounding.

Tamuning

Entity		Approximate sq. ft.	Total cost per sq. ft.	Cost per sq. ft.
Executive Branch - Line Agencies:				
4	Department of Administration	8,000	\$10,000	\$1.25
5	Agency for Human Resources Development	6,445	\$10,957	\$1.70
6	Civil Service Commission	5,000	\$6,250	\$1.25
7	Veterans Affairs Office	1,000	\$1,250	\$1.25
8	Guam Developmental Disabilities Council	800	\$1,000	\$1.25
Executive Branch - Line Agencies Total		55,000 ^A	\$71,991 ^B	xxxxxx
Executive Branch - Line Agencies Average		6,875	\$8,999	\$1.31

(= A ÷ 8 leases)

(= B ÷ 8 leases)

(= B ÷ A)

Executive Branch - Autonomous Agencies:

9	Guam Economic Development and Commerce Authority	12,763	\$15,826	\$1.24
10	Guam Housing Corporation	1,765	\$2,189	\$1.24
Executive Branch - Autonomous Agencies Total		14,528 ^A	\$18,015 ^B	xxxxxx
Executive Branch - Autonomous Agencies Average		7,264	\$9,008	\$1.24

(= A ÷ 2 leases)

(= B ÷ 2 leases)

(= B ÷ A)

Grand Total ²⁴

69,528 ^A **\$90,006** ^B **xxxxxx**

Grand Average

6,953 **\$9,001** **\$1.29**

(= A ÷ 10 leases)

(= B ÷ 10 leases)

(= B ÷ A)

²⁴ Totals may not add up due to rounding.

Legislative Audit Division
State of Montana

Report to the Legislature

February 1997 **Performance Audit Report**



Lease vs. Build Analysis

Helena-area State Office Space

This report contains information and findings related to an analysis of the cost effectiveness of leasing state office space compared to construction of a new building. The report includes:

- ▶ Background information.
- ▶ Life cycle cost analysis methodology.
- ▶ Projected lease and build costs.
- ▶ Analysis assumptions.
- ▶ Sensitivity analysis.
- ▶ Non-quantifiable considerations.

96P-02

Direct comments/inquiries to:
Legislative Audit Division
Room 135, State Capitol
PO Box 201705
Helena MT 59620-1705

Chapter II - Background

Department Authority

Section 2-17-101, MCA, grants the Department of Administration (DofA) jurisdiction over allocation of state agency space. DofA is responsible for determining space requirements and allocating space in all state-owned and leased space, excluding University System space. According to statute, no state agency may lease, rent, or purchase office space without prior approval from DofA. In addition, a state agency may not alter, improve, repair, or remodel a state building in the Capitol area without approval from DofA. The Capitol area is defined as "the geographic area within a 10-mile radius of the State Capitol." DofA has given space allocation responsibility to the General Services Division (GSD).

The Montana Operations Manual, management memo 1/90/4-4, provides procedures for state agencies to follow regarding space. If an agency needs additional state-owned space in the Capitol Complex, wishes to alter state-owned facilities, desires to lease space, or must acquire a service contract for leased space, the agency must submit a written request to GSD. An agency must notify GSD of any excess state-owned space. Periodic space surveys are to be performed by the GSD to ensure efficient use of state-owned space.

GSD Guidelines

GSD obtains lease information from state agencies annually and publishes the Statewide Lease Report. This report lists each agency's leased office space by city, including square footage, lease price, contract expiration date, and services provided. The report also includes lease guidelines. These guidelines include the following:

- GSD has prior approval authority over all lease contracts.
- A maximum lease term of four years is preferred.
- Leases exceeding six years require approval by the director of DofA.
- Escalation clauses in state leases are to be avoided whenever possible.

Chapter II - Background

- Leases should clearly establish who is responsible for paying utilities and services.
- Cost per square foot for lease renewals is to be less than 115 percent of the present lease rate.
- Cost per square foot for new leases is to be less than 125 percent of the average rate for other state-leased space within the city.
- Lease contracts of \$5,000 or less annually do not require prior approval from GSD.
- A maximum of 200 gross square feet per FTE is recommended.
- Rates exceeding \$8.50 per square foot, and total annual lease costs exceeding \$48,000 may only be approved by DofA's director.

Related Statutes

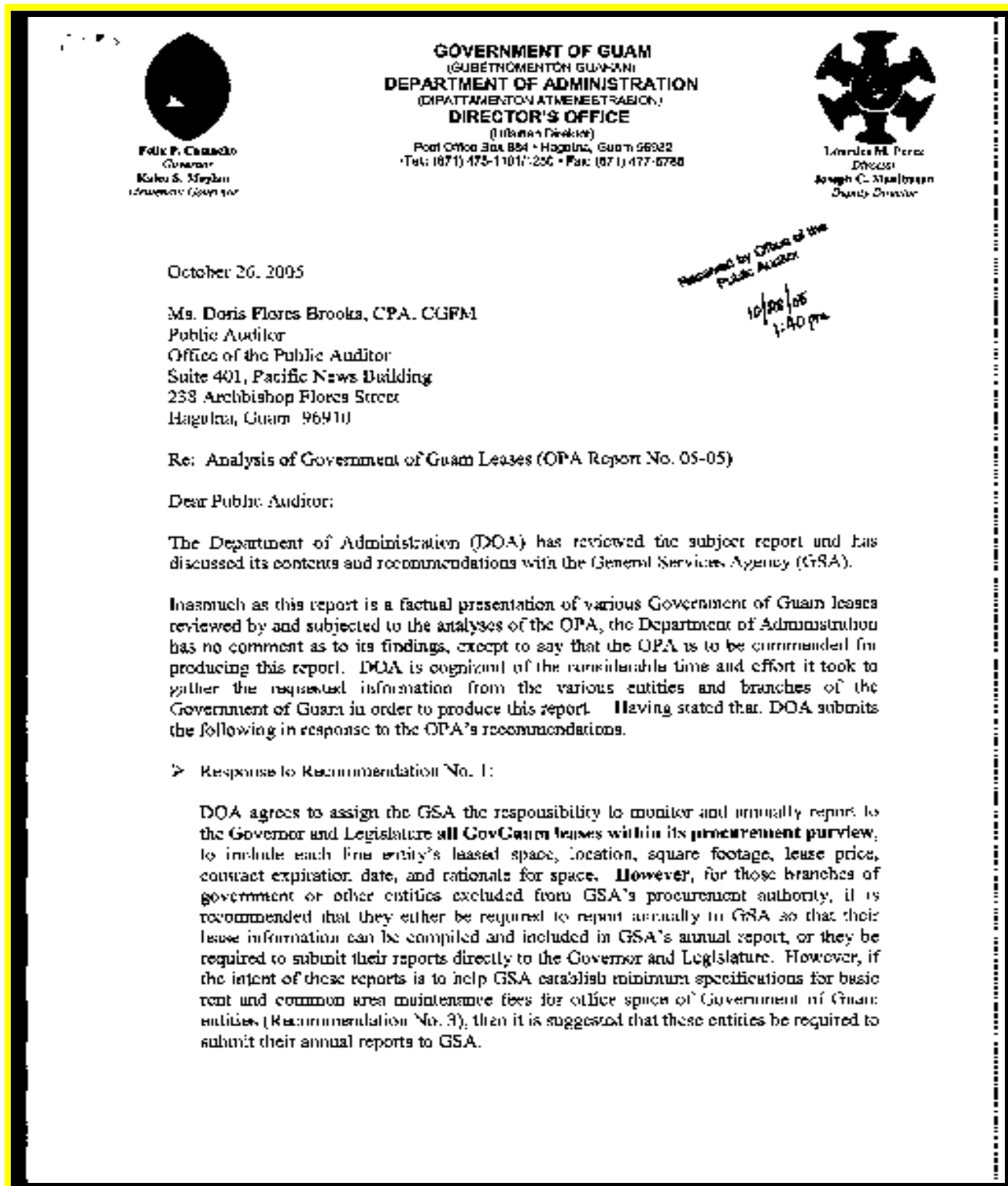
According to section 18-2-102, MCA, a building costing more than \$50,000 may not be constructed without the consent of the legislature. Under this law, DofA is granted authority to supervise construction of buildings including reviewing plans, approving bond issues, awarding contracts, and accepting completed buildings.

The Long-Range Building Program (LRBP), Title 17, chapter 7, part 2, MCA, provides funding for construction and major maintenance of state buildings. The program is funded with general obligation (GO) bonds, and portions of the cigarette tax, coal severance tax, and general funds. Section 17-5-402, MCA, grants authority to the Board of Examiners to issue LRBP bonds when authorized by a $\frac{2}{3}$ majority vote of each house of the legislature. The Governor, Secretary of State, and Attorney General constitute the Board of Examiners. The full faith, credit, and taxing powers of the state are pledged for payment of all GO bonds.

According to section 18-3-101, MCA, DofA has the authority, as part of the LRBP, to enter into a rental contract which provides for an option to purchase a building. This requires authorization by a $\frac{2}{3}$ majority vote of each house of the legislature. The contract cannot exceed 20 years. The purchase price at the end of the contract period cannot exceed \$50,000.

Appendix 18:
Management Response

(Page 1 of 2)



Agency Responsible (for agencies within GSA procurement authority): GSA
Official Responsible: Chief Procurement Officer
Target Report Date: Every January 1st for prior fiscal year, beginning Jan. 2007

➤ Response to Recommendation No. 2

DOA shall assign the Chief Procurement Officer, GSA, responsibility for implementing this recommendation. GSA shall be assigned to recommend similar practical guidelines for general adoption and circulation.

Target Date: Guidelines -- April 1, 2006.

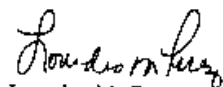
➤ Response to Recommendation No. 3

Using this OPA Report 05-05 as its source and reference, the Chief Procurement Officer, GSA shall be assigned to implement this recommendation. However, in order to have government-wide application and to generate the savings or uniformity the report suggests leases should have, DOA recommends that all GovGuam entities be mandated to follow the guidelines and specifications to be proposed and adopted.

Target Date: Specifications – April 1, 2006

Thank you for the opportunity to respond to this report.

Sincerely,



Lourdes M. Perez
Director

c.c. GSA

Do you suspect fraud, waste, or abuse in a government agency or department? Contact the Office of the Public Auditor:



- Call our HOTLINE at 47AUDIT (472-8348);
- Visit our website at www.guamopa.org;
- Call our office at 475-0390;
- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401
In Hagåtña

All information will be held in strict confidence.