

STATE OF COLORADO

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

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Governor

Stephen C. Tool
Executive Director

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October 5, 2006

The Honorable Bernie Buescher, Chairman
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative Buescher:

Beginning in the summer of 2006, the Department of Health Care Policy and Financing became aware of a unique opportunity to acquire critically needed office space to house its staff. As a result, on June 20, 2006 the Department of Health Care Policy and Financing submitted an Emergency 1331 supplemental request to fund the acquisition of this commercial leased space. The request was for funding to lease the first and second floors at 225 E. 16th Avenue, which is across the street from the Department's main offices at 1570 Grant Street. While the Joint Budget Committee did not approve this request as they felt it did not meet the criteria for an Emergency 1331 request, the Committee approved the concept that the Department would proceed using funding from other appropriations, as allowed under the results of the Headnote lawsuit, until a regular supplemental could be funded. This space is temporarily being funded through the Department's Health, Life, and Dental appropriation until the passage of a supplemental bill. If the regular supplemental is not approved the Department wants to remind the Joint Budget Committee that it will not be able to fund the employer portion of its employees' Health, Life and Dental plans.

When the Emergency 1331 Supplemental was submitted, the Department believed the amount of space on the first and second floors of 225 E. 16th Avenue would be adequate to alleviate the chronic shortage of space at 1570 Grant. At the time of the request, the Department had yet to develop specific floor-plans identifying the capacity of the space that the Department wished to acquire. The Department had previously leased space on the fifth floor of 225 E. 16th Avenue to house a small section within the organization. In order to minimize the budget impact, the Department planned to consolidate this section into the first or second floors.

After developing floor-plans for the new space and placing all newly appropriated employees, the Department realized that due to the configuration of the space, the first and second floors did not fully provide the long term capacity the Department was seeking. After reconfiguring the layout of both 225 E. 16th Avenue and 1570 Grant Street the Department was only able to obtain a surplus of 16 workstations. This provides for roughly 7% growth in staff based on the Department's current FTE appropriation. Between FY 05-06 and FY 06-07, the Department's Long Bill FTE appropriation increased 7.5% alone (222.7/207.1). Therefore, the Department

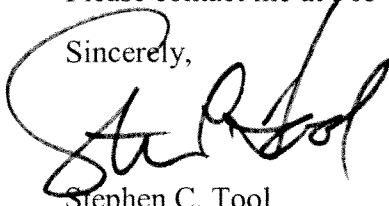
"The mission of the Department of Health Care Policy & Financing is to purchase cost effective health care for qualified, low-income Coloradans"

<http://www.chcpf.state.co.us>

intends to pursue retaining the fifth floor space, and adding it to the January 2007 Budget Request. The Department's long term goal is to stay in close proximity to the Capitol and provide adequate space to address current and future staffing needs. The Department believes if it were able to keep the previously acquired space on the fifth floor it would have the capacity it needs to accommodate the anticipated growth.

Due to the fact that the Department has proceeded to acquire the first and second floors without a separate appropriation from the Joint Budget Committee, it is uncomfortable proceeding to renegotiate the lease agreement to include the fifth floor. The Department is requesting your written guidance via a letter on whether to proceed with renegotiating the lease to include the fifth floor. This matter is considered urgent since we need to either pay the rent or inform the Lessor of their ability to show it to other parties. Thank you for your attention to this matter. Please contact me at 303-866-2868 or Peter Strecker at 303-866-6237 if you have any questions.

Sincerely,



Stephen C. Tool
Executive Director

Cc: Senator Abel Tapia, Vice-Chairman, Joint Budget Committee
Senator Moe Keller, Joint Budget Committee
Senator Dave Owen, Joint Budget Committee
Representative Jack Pommer, Joint Budget Committee
Representative Dale Hall, Joint Budget Committee
Senator Joan Fitz-Gerald, President of the Senate
Senator Ken Gordon, Senate Majority Leader
Senator Andy McElhany, Senate Minority Leader
Representative Andrew Romanoff, Speaker of the House
Representative Alice Madden, House Majority Leader
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