

# Physical Quarters

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## **Overview**

The Department of Human Services leases office space for staff throughout the state of Iowa. Department institutions are also authorized to lease out unoccupied space and rent housing to employees of that institution. This chapter provides:

- ◆ Policy, procedure, and guidance for the leasing of office space and the efficient use of that space.
- ◆ Policies relating to employee rentals at institutions and the leasing of institution property to other entities.

## **Legal Basis**

Iowa Code Chapter 8A, Subchapter III, Part 3, sets the duties of the director of the Department of Administrative Services in relation to physical resources and facility management. Specific citations relevant to this chapter include:

- ◆ Section 8A.321(6) provides that the director shall lease all buildings and office space at the seat of government and pay from the fund provided in Iowa Code section 7D.29.
- ◆ Section 8A.321(6)(c) requires the director to:
  - Coordinate the leasing of buildings and office space by state agencies throughout the state; and
  - Develop cooperative relationships with the state board of regents to promote the collocation of state agencies.
- ◆ Section 8A.321(7) provides that the director shall:
  - Coordinate the location, design, plans and specifications, construction, and ultimate use of real or personal property to be purchased by a state agency for whose benefit and use the property is being obtained.
  - Provide information to the Treasurer of State necessary to complete financing of real or personal property under Iowa Code section 12.28.
- ◆ Section 8A.321(8) allows the director to dispose of real property belonging to the state and its agencies.
- ◆ Section 8A.321(11) allows the director to call upon any state agency for assistance regarding capital projects.
- ◆ Section 8A.327 establishes the rent revolving fund and defines its purpose and use.

Iowa Code section 217.32 requires counties to provide and maintain office space, equipment, and supplies for DHS staff located in that county.

Iowa Code section 218.14 allows the director of the Department of Human Services to provide housing to the executive head of a DHS institution and allows rental of institution housing to other DHS institution employees.

Iowa Code section 225C.13 authorizes the director of the Department of Human Services to lease space at DHS institutions to state agencies, counties, or nonprofit entities to deliver either disability services or other services normally delivered by the lessee.

Iowa Code chapter 504A, the Iowa Nonprofit Corporation Act, defines a nonprofit entity.

DHS administrative rules at 441 Iowa Administrative Code Chapter 2, "Contracting Out Department of Human Services Employees and Property," provide process and requirements for contracting out DHS employees and property at DHS institutions.

### **Definitions**

"**ADA**" means the Americans with Disabilities Act.

"**Collocation**" means the locating of two or more different state agencies in the same building.

"**Contract manager**" means that person assigned to the Division of Mental Health and Disability Services who acts as the central point of contact regarding all use and leasing of state institution buildings and grounds.

"**Corridor**" means an exit where the walls on both sides are higher than 5' 9".

"**Eligible tenant**," as it appears in this chapter, means any DHS employee or employee of a contractor or lessee of the landlord performing work on the landlord's premises. In this case, the landlord is the applicable DHS institution.

"**IOSHA**" means the Iowa Occupational Safety and Health Act, Iowa Code Chapter 88.

"**Landlord**" means the entity that owns the property.

**"Lease"** means a legal contract by which a landlord rents property to a tenant for a specified period of time.

**"Lessee"** means the entity leasing the property.

**"Lease amendment"** means a legal document attached to the original lease that changes the original lease.

**"Lease assignment"** means a lease amendment which changes the parties obligated by the original lease.

**"Lease renewal"** means a legal document that extends the period of time that the original lease is in effect. A lease renewal may include minor changes to the original lease such as a change to the rental amount.

**"Memorandum of understanding"** means a legal agreement much like a sublease, but between two parties within the same agency or between two state agencies. An example of a memorandum of understanding would be between the Bureau of Case Management and a CSRU office. Memoranda of understanding are not approved by the State Executive Council or reported on GAAP.

**"Sublease"** means a lease agreement with the tenant. An example of a sublease would be between the service area office and the county, where the county holds the original lease with the landlord. Authority to sublease must be granted to the tenant in writing by the landlord either as part of the original lease, by letter, or as a co-signer of the sublease.

**"Tenant"** means the entity leasing the property.

## **Leasing of Office Space for DHS Use**

The following section pertains to the leasing of office space for DHS service area offices, child support offices, case management offices, and central office.

Roles and responsibilities for leasing of office space are as follows:

- ◆ **The Department of Administrative Services General Services Enterprise (GSE) lease manager:**
  - Negotiates and leases office space for all offices located at the seat of government.
  - Ensures ADA compliance.
  - Maintains lease data by city and makes it available to field offices upon request.
  - Negotiates statewide collocation leases.
  - For major collocation projects, coordinates the development of the request for proposals on rental space, selection of space, and agency moves.
  - Reviews leases for content and consistency.
  - Obtains lease approval from GSE legal counsel.
  - Obtains Executive Council approval.
  - Upon request, resolves conflicts with landlords.
- ◆ **DHS Division of Fiscal Management:**
  - Provides DHS locations with policy and procedures relating to leases and moves.
  - Sets minimum office space standards for DHS offices.
  - Serves as the single point of contact with GSE to ensure timely and adequate communications with appropriate staff for leases negotiated by GSE.
  - Provides assistance to field offices upon request.
  - Tracks and coordinates projects with GSE upon request of the field office.

- ◆ **DHS Division of Information Technology (DoIT)** provides a liaison with Iowa Communications Network regarding data lines and equipment installations for the Department's Enterprise Network (LAN).
- ◆ **Iowa Communications Network (ICN):**
  - Procures and installs data, telephone, video lines and equipment for field offices.
  - Provides long distance carrier service.
  - Provides audio and video conferencing services.
- ◆ **DHS service area managers, child support regional administrators, and case management supervisors:**
  - Evaluate and ensure adequate office space for DHS staff within their jurisdiction.
  - Serve as liaison with county boards regarding office space needs of local staff.
  - Serve as liaison with GSE for collocation leases within their jurisdiction.
  - Negotiate and develop individual office space leases within their jurisdiction.
  - Secure moving services for office space moves within their jurisdiction.
- ◆ **The State Executive Council** reviews and approves or denies all new leases, lease amendments, subleases, and lease renewals.
- ◆ **Counties** provide office space, equipment, and supplies to DHS employees located in local offices.

### **Office Space Standards**

Each office of the Department shall comply with all applicable federal, state, and local laws, regulations, codes and standards. Standards include, but are not limited to, the Iowa Occupational Safety and Health Act (IOSHA), Life Safety Codes, Uniform Building Code, city building codes, Americans with Disabilities Act (ADA), etc.

Offices vary in space available, equipment used, requirements of personnel, etc. An assessment of each office and its specific needs should effectively address such variations and lead to a more effective office arrangement. General Services Enterprise has established office space standards that are in use in the Capitol Complex. (See [24-C-Appendix](#)).

Form 470-3848, *Space Allocation*, has also been provided to assist in determining the amount of office space needed and in documenting specific data, electrical, and communications needs. Please note that this form assumes that you are using modular furniture, which reduces your need for office space by about 10 percent.

Some general guidelines that may assist in your planning follow. These guidelines may vary according to office furnishings and individual needs.

- ◆ Present needs: 150 square feet per employee should provide for adequate space to allow for a conference room, restrooms, reception area, filing cabinets, storage areas, and offices of reasonable size. Where common facilities are provided elsewhere, as in a courthouse, then 120 square feet per employee is a good guide that allows for corridors and offices.
- ◆ Provisions should be made for a growth factor of 10 percent to 20 percent in staffing.
- ◆ Aisle ways should be at least five feet wide in areas of high traffic and at least three to four feet wide in areas of low traffic. To meet ADA requirements, in no instance shall an aisle way be less than 36" wide or an office opening be less than 32" wide **unobstructed**.
- ◆ Corridors longer than 20 feet must have two exits.
- ◆ Conference room: 18 square feet per person for maximum occupancy of the room is ample. 15 square feet per person should be the minimum.
- ◆ Rooms containing more than 50 people must have a minimum of two exits. (See your local city building code for more information.)
- ◆ Build in an area for a receptionist to greet the public and restrict access to your space by the public. This will result in not only an improved customer services environment, but in a more secure environment as well. (See 24-F, [Violence Free Workplace](#), and [24-F-Appendix](#), for additional information relating to office space security.)
- ◆ Consider acoustics when designing your offices and take steps to keep the noise within a comfortable range. Maintaining comfortable sound levels may include use of proper construction methods, background noise as masking, use of sound absorbing materials, or other means.



- ◆ Allow at least three to four feet around all tables, desks, and other furniture for seating and movement. The use of modular office furniture generally results in a reduction of office space need of 10 percent.
- ◆ Each office area shall provide sufficient illumination for the task performed. Where overhead lighting is inadequate, consider the use of task lighting.

Office design services are often available through furniture vendors on state contract or through Iowa Prison Industries. You may also want to consider using one of the many personal computer software packages for office space design that are currently available on the market.

### **Memorandum of Understanding (MOU) Procedure**

To occupy space belonging to another state agency or another facility or division within the Department, use the following procedure:

1. Identify suitable space with the DHS facility or division.
2. Negotiate the memorandum of understanding (MOU) with the DHS facility or division for the required space and costs.
3. Prepare three originals of the MOU. This document can be obtained from the designated person in the Division of Fiscal Management.
4. Obtain signatures:
  - ◆ For MOUs with a state agency outside DHS, the DHS director will sign as the tenant.
  - ◆ For MOUs between a DHS facility and a DHS division, the superintendent of the DHS facility will sign as the landlord and the DHS division administrator will sign as the tenant.
  - ◆ For MOUs between two DHS divisions, the division administrators for each division sign as the landlord and tenant.
  - ◆ For MOUs between two bureaus within the same DHS division, the bureau chief for each bureau sign as the landlord and tenant.
5. Send a signed original MOU to the designated person in the Division of Fiscal Management for tracking purposes.

Memoranda of understanding are not approved by the State Executive Council or reported on GAAP.

### **State Lease Procedure**

Regardless of the type of lease, the process remains basically the same:

1. Identify suitable office space and the landlord.
2. Negotiate the lease with the landlord for the required space and costs.
3. Obtain ADA approval from the Department of Human Rights, Division of Persons with Disabilities.
4. Prepare four originals of form 470-3798, *State of Iowa Lease Agreement*, and obtain the landlord's signature.
5. Send all copies of form 470-3798 and ADA approval letter to the Division of Fiscal Management with a cover letter.
6. The Division of Fiscal Management will review the lease and forward it to the GSE lease manager.
7. The GSE lease manager will review the lease and obtain approval from the GSE legal counsel.
9. After legal approval, the GSE lease manager will forward the lease to the State Executive Council for approval.
10. After Executive Council approval, the GSE lease manager will forward the Executive Council's approval letter to the Division of Fiscal Management.
11. The designated person in the Division of Fiscal Management will obtain the Director's signature on the lease and distribute the copies.

### **Time Frame for Leases**

The time necessary to complete a lease varies with the individual circumstances relating to each lease. It is recommended that you begin as early as four to six months before the beginning date of the lease.

Leases should be signed by the landlord and submitted to the Division of Fiscal Management at least 75 days before the beginning date of the lease. GSE requires 60 days for its review and submission to the State Executive Council.

### **Which Office Is Responsible for Lease Negotiations**

The GSE lease manager is responsible for lease development and negotiations with the landlord when:

- ◆ The office is located within the seat of Iowa government (e.g., Des Moines), or
- ◆ The office is currently collocated with other state agencies, or
- ◆ The office is included in a new collocation plan.

The service area manager, child support regional administrator, or case management supervisor is responsible for all other leases.

### **ADA Approval**

When negotiating a lease, lease renewal, or lease amendment, form 470-3801, *State Leased/Owned Building Access Survey*, must be completed and sent to the Division of Persons with Disabilities, Department of Human Rights, 321 E. 12 Street, Des Moines, IA 50319.

After reviewing the form, the Division of Persons with Disabilities will make suggestions for any structural alterations that need to be negotiated with the prospective landlord. Some of these alterations can be made in advance of occupancy, while others may need to be included in the lease agreement and accomplished within a reasonable period of time.

Written approval from Division of Persons with Disabilities must be submitted with the lease, lease renewal, or lease amendment indicating that the proposed facility has been inspected and complies with ADA requirements of the state of Iowa.

By obtaining this approval, state agencies are able to meet the governor's directive that the leased facility be inspected and comply with the current State Building Code, Division 7, and Americans with Disabilities Act Accessibility Guidelines.

### **Lease Format and Submission**

All new leases and lease renewals shall be developed using form 470-3798, *State of Iowa Lease Agreement*, developed in conjunction with the GSE legal counsel. Four original copies of the documents should be prepared, signed by the landlord, and submitted to the Division of Fiscal Management.

The documents shall be accompanied by a cover letter providing a summary of changes in the square footage, total square footage, square footage costs, length of lease, and whether it is a new lease, lease renewal, or lease amendment, etc. If there is an increase or decrease in square footage or square footage costs, explain why, as the State Executive Council may raise questions.

### **New Leases**

The first step in negotiating a new lease is to locate acceptable office space and identify the landlord. Do not use a real estate agent to do this. The state of Iowa does not pay any real estate fees.

If the office needs to be accessed by DHS clientele, it should:

- ◆ Be located near our customers,
- ◆ Be located within a reasonable distance of a public bus route, and
- ◆ Have adequate parking for both employees and visitors.

If there is an urban renewal area designated in the community, consideration should be given to locating the office in that area.

Also consider the cost of getting ICN services to the location. Contact ICN for assistance.

If acceptable space cannot be readily identified, you may want to consider issuing a "request for proposal." (For bidding procedures, see 23-K, [Procurement](#), and 23-K-Appendix.)

Negotiate directly with the landlord. Do not use a real estate agent unless the agent is the designated representative of the landlord. Any fees for the real estate agent's services are between the landlord and the real estate agent.

Outline any tenant improvements, IOSHA improvements, or ADA improvements that are necessary and any associated costs. Note that the cost of any ADA improvements is the responsibility of the landlord and should not be included in the lease.

The lease cost should be in line with costs for similar office space in the same city. Be sure that a cap is identified for all operating cost increases and common area maintenance charges.

Use the standard *State of Iowa Lease Agreement*, form 470-3798, provided by General Services Enterprise to prepare the lease. The landlord should complete a *State Leased/Owned Building Access Survey*, form 470-3801, and return it to you.

Send the lease to the Division of Persons with Disabilities, Department of Human Rights, 321 E. 12<sup>th</sup> Street, Des Moines, IA 50319 (fax: 515-242-6119), attention John TenPas. The Department of Human Rights will review the form and may choose to visit the facility before issuing a letter of ADA compliance.

The ADA letter accompanying the lease must be dated within one year of the beginning date of the lease. Corrective actions identified in the ADA letter must be completed by the landlord within the time period specified in the letter or, if a time period is not specified, within a reasonable period of time.

Prepare four original copies of the lease and all attachments and have them signed by the landlord. The documents shall be accompanied by a cover letter that provides:

- ◆ The total square footage.
- ◆ Square footage costs.
- ◆ A summary of changes in the square footage, if any, with an explanation.
- ◆ The length of lease.
- ◆ Whether it is a new lease, lease renewal, or lease amendment, etc.

Submit the cover letter and all four copies of the signed lease agreement to the Division of Fiscal Management.

The Division of Fiscal Management will review the lease and forward it to the GSE lease manager. The GSE lease manager will review the lease and obtain approval from the GSE legal counsel before submitting it to the State Executive Council for approval. If the State Executive Council has questions about the lease that the GSE lease manager cannot answer, approval may be withheld until a DHS representative can appear to answer them.

Once State Executive Council approval is received, the GSE lease manager will forward a copy of the approval letter to the Division of Fiscal Management. The designated person in the Division of Fiscal Management will obtain the director's signature on all four original copies of the lease.

One signed original will be kept in the Division of Fiscal Management lease file, one will be sent to the GSE lease manager, and two will be sent to the affected field office. The field office is responsible for sending one copy of the executed lease to the landlord.

Once all parties have signed the lease, tenant improvements can begin.

### **Collocations**

The process for collocation is the same as for new leases except that other state agencies in the same city are invited to participate in the process. The person responsible for negotiating office space at the DHS location should contact and invite other state agencies to join in the collocation of offices.

If another state agency chooses to collocate with a Department office, notify the Division of Fiscal Management at the beginning of the lease process. The Division of Fiscal Management will notify and invite the GSE lease manager to participate. If the decision is to move, thus eliminating the collocation, the GSE lease manager should be notified immediately.

## **Lease Renewals**

When considering a lease renewal ask yourself the following questions:

- ◆ Does the current space meet your needs for next rental period (one to ten years)?
- ◆ Has the landlord been responsive to your needs?
- ◆ Is the space ADA accessible? Can it be made ADA accessible?
- ◆ Does the space meet IOSHA standards? Can it be made compliant with IOSHA?
- ◆ Can the space be remodeled or additional space be obtained at same location to meet your needs?

If the answer to any of these questions is “no,” you should consider moving.

If the decision is to renew your current lease, follow the same process as for a new lease but refer to the lease as a “lease renewal” in your cover letter to the Division of Fiscal Management.

## **Office Moves**

Moving staff from one office to another can be extremely disruptive for staff and customers as well. The project manager for the move must plan each step well in advance and track completion of each step closely to keep disruption and costs to a minimum.

Form 470-3849, *Move Checklist*, is provided to assist the project manager in this process (see [24-C-Appendix](#)). As each move is unique, changes to the *Move Checklist* should be made as necessary to make it a useful tool.

The following may be helpful in planning and executing your office move:

- ◆ If your office is currently collocated with another state agency and your move will result in an end to that collocation, contact the Division of Fiscal Management immediately so that the GSE lease manager can be notified.
- ◆ Network LAN services require at least 120 days. Contact the Division of Information Technology as soon as your new location is known.

- ◆ Communications services from the Iowa Communications Network or your local telephone company can also take up to 120 days. If your office uses the ICN for communications, contact the Division of Fiscal Management as soon as your new location is known. If you need to purchase a new telephone switch, you may want to start even sooner.
- ◆ Have your new landlord provide you with a blueprint of the leased space with all tenant improvements shown. Consider placement of PCs, laser printers, copiers, etc., when determining electrical needs, data and telephone lines. Ask your new landlord to obtain at least three bids for tenant improvements.
- ◆ Delivery of new furniture can take up to 90 days. Whenever possible, work with Iowa Prison Industries or a furniture vendor that holds a state contract for both the purchase of new furniture and for design services. You may want to consider obtaining a copy of your layout for furniture to use in posting tornado protection areas and emergency fire exit routes.
- ◆ Be sure to review your current lease and notify your current landlord in writing that you will be moving and when. After the move is complete, meet with the landlord and do a final walk-through of the old space to confirm any damages and turn over the keys.
- ◆ Be a good neighbor and notify others in your current building and your new building of your move dates. This will help avoid conflicts in the use of freight elevators and access to docks.
- ◆ Follow good purchasing practices when contracting for moving services. Be sure to get at least three bids. (See 23-K, [Procurement](#), and [23-K-Appendix](#).) Be sure to tell bidders up front if they will be required to carry insurance against breakage or if the move will occur on a weekend, holiday, or after normal working hours.

NOTE: Most copiers must be moved by the maintenance vendor to comply with the maintenance agreement.

- ◆ Communicate with your customers about moving your offices. Consider several methods of communicating with them so they know when the office will move and where the new office will be.
- ◆ Remember to notify your local law enforcement, post office, utility companies, vendors, and central office of your address change, telephone number changes, and effective dates.



### **Emergency Procedures**

Work with your landlord to identify emergency after-hour contact people and develop emergency after-hour access procedures.

### **Rental of Housing and Storage Space at DHS Institutions**

This section pertains to the lease of housing and storage space by eligible tenants at DHS institutions.

The Department may make housing at institutions available to eligible tenants, provided the eligible tenant compensates the state at a rate determined to be the fair market value of the living unit being rented.

The only exception to this policy is the housing provided to the superintendent, as authorized by the Iowa Code section 218.14.

### **Superintendent Housing**

The Department may provide housing to a superintendent on the grounds of the institution as part of the superintendent's compensation. Housing shall include the cost of utilities, the provision of major appliances (stove, refrigerator, washer, and dryer), and window and floor coverings.

All other policies governing employee housing pertain to the superintendent's housing.

### **Equal Access**

The Department may offer dwelling units to employees or prospective employees for the purpose of recruiting or retaining employees for difficult-to-fill positions or to encourage employees with emergency response duties to live on grounds.

Eligible tenants shall have equal access to rent other available dwelling units, except the Department may designate a particular dwelling unit to be used to provide housing for the executive head of an institution.

## **Rental Rates**

The Department shall determine the biweekly rental rate of each unit based on its estimated fair market rental value and the estimated value of utilities and services projected to be furnished to the tenant. Daily rental rates shall be no less than 20 percent of the biweekly rate and weekly rates shall not be less than 60 percent of the biweekly rate.

### **Fair Market Value**

The Department shall determine the fair market value of its rental properties no less frequently than once every two years. Fair market value shall be equal to the usual rental rate for a comparable rental unit in the community in which the unit is located. In no case shall the rental rate for a unit be lower than the cost of providing utilities and maintaining the unit.

In determining comparability, consideration must be given to the unit's condition, the value of furnished utilities, location, and the value of services and appliances provided with the unit.

### **Furnishings and Appliances**

Dwelling units may be offered with basic furnishings (beds, tables, chairs, couches, dressers, etc.), provided the rental rate reflects the value of the furnishings. Dwelling units shall be equipped only with used furnishings from institution inventory. Furnishings shall not be purchased specifically for use in dwelling units, with the exception that window and floor coverings may be purchased for dwelling units.

Units may be equipped with major movable or built-in appliances, provided the value of the appliances is reflected in the rental rate. Appliances furnished with a dwelling unit shall be repaired as necessary and replaced at the end of their useful lives.

### **Garage and Storage Rental**

Garages or storage units associated with dwelling units shall be rented with the units. The fair market rental value of the garage or storage unit shall be incorporated into the unit rental rate.

A garage or storage unit not associated with a rental unit may be itself rented to an employee at a rate approximating the fair-market rental value of garages or storage units available for rent in the community.

### **Rental Agreement**

Every eligible tenant renting a unit from the Department shall sign form 470-2350, *Institutional Rental Property Agreement*.

EXCEPTION: An agreement shall not be required for rental periods of less than seven consecutive days.

Each institution shall establish a written policy regarding the need for rental deposits. The Division of Mental Health and Disability Services must approve the policy.

It is recommended that a security deposit be required for all rental periods of more than 30 consecutive days in an amount proportional to the rental period. If the institution waives this requirement, then "zero" or "N/A" should be entered into the security deposit amount on the front page of the rental agreement.

### **Tenant Rules**

Tenant rules for units shall be provided to the tenant as a part of the rental agreement.

## **Leasing of Institution Space to Other Entities**

Iowa Code section 225C.13 allows the Department to lease unoccupied space located at the mental health institutes and resource centers to:

- ◆ A department or division of state government,
- ◆ A county or group of counties,
- ◆ A private nonprofit organization, or
- ◆ A mental health and disability services region.

The lease shall require that the tenant use the leased premises to deliver either disability services or other services normally delivered by the tenant.

### **Institution Lease Procedures**

An institutional superintendent may show available space to a potential tenant but has no authority to approve any leasing arrangements or to commit buildings or grounds to potential tenants.

Superintendents shall notify the contract manager in the Division of Mental Health and Disability Services if contacted by a potential tenant. If space is available or expected to be available at the institution, the superintendent shall direct all entities interested in pursuing lease arrangements to write to the contract manager in the Division of Mental Health and Disability Services.

### **Program Proposal**

The potential tenant shall submit a written program proposal to the contract manager per 441 IAC 2.5(2) that contains, at minimum, the following information:

- ◆ A brief history and description of the business operations of the potential tenant, including documentation of nonprofit status if needed.
- ◆ Details regarding the proposed usage of the leased space or grounds.
- ◆ If the proposal is to lease space for office use:
  - The type of business to be conducted in the leased space,
  - The proposed number of employees to be housed in the space,
  - The expected hours of operation, and
  - The numbers and types of persons expected to use the office for business purposes.

- ◆ If the proposal is to provide either residential or nonresidential treatment, habilitation, care or educational services in the leased space, a detailed program description specifying:
  - The age, numbers and types of persons to be served,
  - The habilitation or treatment modalities to be used, including the guidelines for admission to service, and
  - The anticipated referral sources (e.g., other institutions, courts, persons from Iowa or other states).

- ◆ If the proposal is to provide either residential or nonresidential treatment, habilitation, care or educational services, written documentation of all applicable approvals, certifications, accreditations, or licenses that authorize the potential tenant to provide the proposed service.

NOTE: Failure to obtain and maintain legally required approvals, certifications, accreditations, or licenses shall prevent the development of or cause the termination of the lease agreement. Temporary leasing arrangements may be considered if deemed necessary in order for the tenant to receive the needed documentation.

- ◆ Identification of proposed renovations that will be needed in order for the tenant to carry out its proposed activities. The tenant shall propose how and by whom the renovations would be completed.

NOTE: The tenant shall be responsible for the full cost involved in all renovations. All renovations must comply with applicable federal, state, and local requirements including but not limited to the Americans with Disabilities Act, and health, safety, and fire codes.

- ◆ A description of the service and support expectations of the Department and what arrangements the potential tenant intends to make for services such as janitorial, laundry, and food service.
- ◆ Verification of terms and conditions that allow the Department to have a cost-neutral lease (rent must cover expenses).
- ◆ Other information deemed necessary by the contract manager.

### **Review of Proposal**

When only one party is expressing interest in leasing space, the Department shall review the proposal before entering into the lease agreement and determine whether the proposal and use of the space requires the Department to publish a request for proposal in lieu of executing a lease between the parties.

If it is determined that publishing a request for proposal is needed, the proposed tenant can then respond to the request for proposal.

The contract manager, in collaboration with the respective division administrator and institutional superintendents, shall evaluate all proposals to determine if they meet the general principles identified in 441 IAC Chapter 2. The contract manager shall recommend whether to proceed with the leasing process to the director or designee.

The contract manager shall notify the potential tenant in writing of the director or designee's decision and, if applicable, identify the reasons for denial. All decisions are considered final and binding and are not subject to appeal.

### **Processing the Lease**

If the proposal is approved, the superintendent shall negotiate the lease with the tenant for the available space and costs. The time necessary to complete a lease will vary with the individual circumstances relating to each lease. Begin as early as possible in order to ensure that both the tenant and the Department sign the lease before the tenant occupies the space.

All new leases shall be developed using the *Institutional Lease Agreement*, form 470-3765. Send a copy of the proposed lease to the contract manager in the Division of Mental Health and Disability Services. The facility shall also complete and simultaneously submit a *Director's Sign-Off for Facility Leases*, form 470-5046.

The contract manager will review and forward to the Attorney General's Office for approval as to form.

Once the review by the contract manager and Attorney General's Office is complete:

- ◆ Prepare three originals of form 470-3765, *Institutional Lease Agreement*.
- ◆ Obtain the tenant's signature.
- ◆ Send all three copies of the signed lease documents to the contract manager in the Division of Mental Health and Disability Services.

The contract manager will forward the lease and the *Director's Sign-Off for Facility Leases* to the Director's Office for signature. After the Director's signature is obtained, the signed lease will be returned to the contract manager.

The contract manager will return two copies of the signed lease to the institution. One copy of the executed lease will remain with the contract manager. Give the tenant one copy of the signed lease.

### **Tenant Program Name**

Without the prior written approval of the Director of Human Services, the entity seeking to contract with the state shall not use or cause to be used a name for the program or project that is in any way similar to the name or part of the name of the institution.

### **Lease Extensions or Amendments**

Facility written policies and procedures shall assure that a tenant lease extension or amendment complies with the following requirements:

- ◆ The leased space is still not needed by the facility for program purposes.
- ◆ The tenant's use of the leased space is still as described in the written proposal submitted at the time of the original lease.
- ◆ The tenant currently meets all legally required licensing and accreditation standards.
- ◆ The tenant continues to be another governmental entity or a public or private nonprofit entity.
- ◆ The lease continues to be cost neutral for the facility.

### **Lease Extension**

Facility written policies and procedures shall assure that a lease extension without any modifications to the body of the original lease agreement and meeting the above requirements shall:

- ◆ Be submitted in writing using *Amendment to Institutional Lease Agreement*, form 470-5057.
- ◆ Be limited to a maximum extension of three years unless a longer extension is approved by the division administrator.

- ◆ Specify the length of the extension in writing using page two of the form.
- ◆ Be signed by the tenant.
- ◆ Be submitted to the division's contract manager at least one month in advance of the effective date, for signature by the Director.

### **Lease Amendments**

Facility written policies and procedures shall assure that any amendments to the terms and conditions of a signed lease shall:

- ◆ Be discussed with the division's contract manager for review before submittal.
- ◆ After approved by the division's contract manager, submitted using *Amendment to Institutional Lease Agreement*, form 470-5057.
- ◆ Specify the amendments in writing using page two of the form.
- ◆ Be signed by the tenant.
- ◆ Be submitted to the division's contract manager for signature by the Director.

### **Annual Costs and Rate Adjustment**

Facility written policies and procedures shall assure that the costs and rates charged to a tenant that are based on actual cost to the facility for the provided goods or services shall be recalculated annually based on the previous fiscal years actual costs.

Annual changes to either the rate or the method for calculating the rate should be executed by an amendment.

### **Director's Lease Sign-Off**

Facility written policies and procedures shall assure that when a facility submits an *Amendment to Institutional Lease Agreement*, form 470-5057, the facility shall also complete and simultaneously submit a *Director's Sign-Off for Facility Leases*, form 470-5046.