

Lease decision looks suspect

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The numbers just don't seem to add up when it comes to finding new digs for Mississippi's Department of Revenue.

The state can buy and refurbish a building in downtown Jackson for an estimated \$22 million, plus have an extra 150,000 to 200,000 square feet for other state offices, too.

Instead, it is headed toward spending \$41 million for a 20-year lease.

That appears to be the outcome of a Department of Finance and Administration's choice of a Clinton location, backed by House Speaker Philip Gunn, over the downtown Jackson Landmark Center.

The recommendation by DFA is a reversal of its earlier conclusions. Two years ago, the agency responsible for evaluating property options for state government offices said the Landmark Center was the best deal, whether it was purchased or leased, and that was before its owners cut their asking price by \$6.4 million. Then again earlier this year, when DFA did its preliminary analysis on lease-only options, it ranked the Landmark location first, followed by the South Pointe complex in Clinton, where WorldCom was headquartered before the telecommunications firm went bankrupt, and another location in Ridgeland.

What caused DFA to change its mind is unknown, because the agency has declined to release the records showing what each of the three finalists put in their final offer. Those records, according to a state judge's previous ruling, are exempt from the state's Public Records Act.

The public is left to trust DFA's analysis. How can it, given the political arm-twisting that has gone on?

Gunn has made it clear he wants the Department of Revenue and its 500 employees to be in Clinton, his home district.

Last year, the House bowed to the speaker's wishes and killed a Senate proposal to buy the Landmark Center. It is expected to kill a similar measure this week.

Even if politics and power were not part of the equation, the whole request-for-proposal process that DFA used is flawed.

Since only the Legislature can buy a building, DFA merely looked at lease options in its final analysis. Ken Upchurch, the agency's director, claims that leasing is cheaper than buying, but it's hard to see how that can be true in this case, even when you add in the anticipated cost of maintenance. The state, after it refurbished the Landmark building, would still have to spend about \$1 million a year on maintenance to make Upchurch's contention true.

Also, it doesn't appear that DFA took into account how much could be saved in rent by utilizing the additional space at Landmark for other state offices. An earlier Millsaps College study put the overall estimated savings on the downtown Jackson location at \$30 million over 20 years.

Lastly, DFA apparently gave no consideration to the intangible benefits of keeping state agencies in close proximity and keeping the state capital city vital.

Sen. David Blount, a Jackson Democrat and Landmark proponent, has made all of these points, as have several Mississippi business titans, such as Jim Barksdale and Leland Speed. They make the most sense, but sense, unfortunately, does not always prevail in government.