

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 54(STA)
 (H) Publish Date: 3/3/2008

Identifier (file name): HB54-LEG-COU-02-29-08 Dept. Affected: Legislature
 Title: "An Act relating to construction of a legislative hall or renovation of an existing building for use as a legislative..." RDU: Legislative Council
 Sponsor: Representative Neuman, Lynn Component: Council and Subcommittees
 Requester: House State Affairs Component Number: 783

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
OPERATING EXPENDITURES							
Personal Services							
Travel				12.5*			
Contractual	200.0*		50.0*	50.0*	50.0*	50.0*	350.0*
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	200.0*		50.0*	62.5*	50.0*	50.0*	350.0*

*PLEASE SEE PAGE 3 FOR ADDITIONAL COSTS WHICH VARY BY LOCATION.

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF	200.0		62.5	50.0	50.0	50.0	350.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	200.0		62.5	50.0	50.0	50.0	350.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

CS HB54(STA) states that the Alaska Legislative Council will develop specifications for construction of a legislative hall or renovation of an existing building for use as a legislative hall and make those specifications available to Legislators and members of the public by July 15, 2009. There are several requirements in the bill intended to create a building with large chambers and committee rooms, restaurant facilities, a spacious rotunda, other amenities, and room to accommodate other branches of government. The building would have modern wiring, state of the art technology, and ample parking lots. Once the specifications are developed, the Legislative Council will solicit proposals for the legislative hall. This legislation also repeals AS 44.06.050, 44.06.055, and 44.06.060, commonly referred to as the FRANK initiative.

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ANALYSIS CONTINUATION

For purposes of this fiscal note, it is assumed that entities submitting proposals would include the City and Borough of Juneau, Fairbanks North Star Borough, Kenai Peninsula Borough, Matanuska-Susitna Borough, and the Municipality of Anchorage. The Alaska Legislative Council shall review all proposals, conduct inspections, and select a proposal or reject all proposals by December 15, 2010. Total lease payments by the Legislature to the successful offeror could not exceed \$1 a year or provide a project completion date that is later than June 30, 2014. If a proposal is selected, the Legislative Council shall submit the proposal to the Legislature for its consideration.

The Legislative Affairs Agency does not have architects on staff who could either develop a building design or provide specifications for a new or renovated legislative hall. Currently, when the Legislature enters into a remodeling project, the Legislature hires architects, mechanical engineers and other professionals to provide bid documents.

This fiscal note assumes that the Alaska Legislative Council would wish to provide general requirements and the entities responding to the request for proposals would have the opportunity to design or remodel a building, within the confines of the specifications, which would fit into the individual community. The individual offerors would be financially responsible for coming up with a specific design and bid documents which they would issue for the building of a legislative hall in their community.

This fiscal note does not address the feasibility of the entities responding to the proposal being able to prepare bid documents, acquire local approvals, or hold bonding elections within the timeframe envisioned by this legislation. It also does not address the social and economic impacts to Alaska communities if the Legislature relocated.

Under the scenario in this fiscal note, the Alaska Legislative Council would need to hire a professional architect or firm as a Design Competition Manager to oversee the Design Bid process. The architect would help the Alaska Legislative Council and the Legislative Affairs Agency develop the hall specifications and come up with objective measurables for what constitutes a desired level of (1) basic utility services, (2) airport access (3) road, air or ferry service (4) health, education, and social services facilities and housing opportunities. Opinions on these topics could vary. Interviews would need to be conducted with Legislators and other branches of government to ascertain their needs which the Council and the Legislative Affairs Agency could incorporate into the requirements. This professional would need to remain on board through the Design Bid process to ensure that bids submitted by the entities responding to the proposal could realistically meet the deadlines and building requirements of the Legislative Hall Request for Proposals. The Legislature would likely continue this contract through the building phase to ensure the project remained on track. Estimate \$200,000 in FY 09, \$50,000 in FY10, \$50,000 in FY 11, \$50,000 in FY 12, \$50,000 in FY 13, and \$50,000 in FY14.

For purposes of this fiscal note, it is assumed that Juneau, Fairbanks, Kenai, Wasilla, and Anchorage would submit proposals and the Legislative Council would conduct site visits. Travel costs for the members of the Legislative Council would be absorbed within existing budgets. Travel costs for Legislative Affairs Agency managers are included in this fiscal note as several managers would need to be present during the site visits to ensure a new legislative hall would meet the needs of the Legislature. Estimate \$12,500 in FY 11.

Assuming the Legislature did acquire a new hall or renovated building, the Legislature would need to operate, maintain, repair and manage the new building. The larger hall and parking facilities would increase the maintenance operating budget by an estimated 20%, after allowing for a reduced repair budget, as the hall would be in a new facility. Assuming occupancy in July 1, 2014, estimate \$300,000 per year starting in FY 15.

Assuming the Legislature moved into a new hall, the moving costs for relocating the office furniture and equipment (22 vans) could range between \$50,000 for a local Juneau move; \$330,000 for a move to Fairbanks or Anchorage, \$360,000 for a move to Wasilla, and \$430,000 if the legislative hall were located in Kenai. See Table on page 3.

Almost all positions in the Legislature could be transferred to another location if the winning proposal was located in a place other than Juneau. It is assumed approximately 65 full time employees and their families would elect to move to a new location if the Legislature relocated. The Legislature would pay between \$12,000 and \$13,000 per employee for the move. Costs would range from \$780,000 to \$845,000 depending on the destination. See Table on page 3.

FISCAL NOTE #3

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CSHB 54(STA)

The session per diem rate paid to Legislators in Juneau fluctuates up and down. Relocating the Legislature will change the per diem rate paid to Legislators because per diem is based on location and the rate Legislators are paid is determined by the distance from their permanent home and the Capitol. Using the per diem rates in effect at this time, and determining which Legislators would receive the 75% local per diem rate, savings and increases are noted in the Table below.

The Legislature may also save on annual Legislator relocation costs if the Legislature met in another location. These estimates are also included in the Table below.

The Legislature currently has space in six state owned buildings in Juneau. If the Legislature occupies a new or remodeled building in another location, the Capitol, Capitol Annex and the Terry Miller Legislative Office Building would likely be converted to other uses. The Terry Miller Legislative Office Building reverts to the City and Borough of Juneau if not used for Legislative office purposes. If the Capitol and Capitol Annex were used for other state offices or sold to a private party, a savings to the Legislature might be realized. If the Capitol and Capitol Annex were donated to the City of Juneau or to another organization no savings to the Legislature would be realized.

The Legislature would also incur costs to reconnect phone and computer systems in the new building or to purchase a new phone system or other equipment. Many of the desks in the current Capitol are built in's. The Legislature would need to either replace these in the new or renovated hall or acquire new furniture. A contingency fund of \$300,000 is estimated.

Some costs and savings would only become apparent if the new building and/or location became a reality. This fiscal note addresses the range of costs foreseen at this time.

***TABLE - TOTAL COSTS BY LOCATION**

Various Scenario's

	<u>Juneau</u>	<u>Fairbanks</u>	<u>Kenai</u>	<u>Wasilla</u>	<u>Anchorage</u>	<u>No Bids</u>
<u>One Time Costs</u>						
*On Site Travel	0.0	12.5	12.5	12.5	12.5	0.0
*Contingency Fund	300.0	300.0	300.0	300.0	300.0	0.0
65 Employee Moves	0.0	780.0	845.0	835.0	780.0	0.0
Office Move	50.0	330.0	430.0	360.0	330.0	0.0
*Architect	<u>400.0</u>	<u>400.0</u>	<u>400.0</u>	<u>400.0</u>	<u>400.0</u>	<u>0.0</u>
Total	750.0	1,822.5	1,987.5	1,907.5	1,822.5	0.0

<u>Cost for Each Future Year</u>						
Session Per Diem		-29.0	16.0	-66.0	28.0	0.0
Relocation Expenses		-30.0	-70.0	-125.0	-125.0	0.0
*Maintenance Costs	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>300.0</u>	<u>0.0</u>
Total	300.0	241.0	246.0	109.0	203.0	0.0

* Included on the first page financial information.