

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 293
 (H) Publish Date: 2/15/08

Identifier (file name): HB293-LEG-COU-1-29-08 Dept. Affected: Legislature
 Title: "An Act relating to the location of the convening of the legislature in session and to the relocation of functions..." RDU: Legislative Council
 Sponsor: "Representatives Meyer, Lynn, Neuman..." 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	FY 2014
OPERATING EXPENDITURES								
Personal Services				0.0	0.0	0.0	0.0	0.0
Travel			(137.4)	(137.4)	(137.4)	(137.4)	(137.4)	(137.4)
Contractual			5,316.8	3,706.8	3,706.8	3,706.8	3,706.8	3,706.8
Supplies			0.0	0.0	0.0	0.0	0.0	0.0
Equipment			0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	5,179.4	3,569.4	3,569.4	3,569.4	3,569.4	3,569.4

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	0.0	0.0	5,179.4	3,569.4	3,569.4	3,569.4	3,569.4	3,569.4
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	0.0	0.0	5,179.4	3,569.4	3,569.4	3,569.4	3,569.4	3,569.4

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

HB 293 changes the location of the regular sessions of the Legislature from Juneau to the Municipality of Anchorage beginning with the convening of the 2nd Session of the 26th Legislature in 2010. This fiscal note addresses the impact on the Legislative Branch of Government should this bill become law. It does not attempt to evaluate the social or economic impacts on either Juneau or the Municipality of Anchorage if the Legislature should relocate where it convenes.

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 Division: Legislative Affairs Agency Date/Time 1/29/08 4:24 PM
 Approved by: Pamela Varni, Executive Director Date 1/29/2008
Legislative Affairs Agency

FISCAL NOTE #2

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. HB 293

ANALYSIS CONTINUATION

Personal Services

There would be no increased personal services expenditures or savings. There would be a cost shifting of full time positions transferred from Juneau to the Municipality of Anchorage. Session only positions currently filled in Juneau would be transferred and filled in Anchorage.

Travel

Legislator relocation expenses

There would be a cost savings for relocating Legislators for the session because the 28 Legislators and their families who live within 50 miles of Anchorage and normally relocate to Juneau for the session would not need to do so. Currently, the only Legislators who do not relocate for the session are the 3 Juneau Legislators. Estimated annual Legislator relocation savings are \$125,000.

Session per diem expenses

The current federal per diem rate during the regular session time frame is \$163 for Juneau and \$188.00 in Anchorage. The per diem rate fluctuates based on location and time of year. Per Diem for a 90 day session in Juneau (57@full rate; 3 Juneau Legislators @75% = \$869,197.50). Per Diem for a 90 day session in Anchorage (32@full rate; 28 Anchorage area Legislators @75% = 896,760). Estimated annual session per diem increased costs = \$27,562.50.

Reduced Session Travel

It is estimated the Legislature would see a \$40,000 decrease in travel costs during the session because 28 Legislators located in the Anchorage area would not need to travel from Juneau to Anchorage to attend to legislative and constituent concerns. Legislators from other areas of the State would not need to travel as far to return home. Southeast Legislators would need to travel home occasionally. Estimated annual session travel costs savings - \$40,000

Moving the Legislature's Full Time Personnel

The Legislature does not incur an annual expense to relocate staff of Legislators to Juneau for the session. If this bill passes, and under existing legislative polices, the 53 staff of Legislators who work year round in Juneau who relocate for the 90 day session would not be reimbursed for their travel expenses.

Relocating the session to Anchorage effectively relocates the base of operations for the Legislative Affairs Agency, the Offices of the Chief Clerk and Senate Secretary, and most likely the Senate and House Records Supervisors and the Director of Legislative Finance. For the purposes of this fiscal note it is assumed that the Legislature, in the interests of efficiency and ease of operations, would decide that the benefits to the Legislature outweigh the costs of offering some, or all of the support staff a moving allowance to relocate. This would ease the transition from one location to another providing continuity and retaining institutional and historical knowledge. It is anticipated that approximately 100 Juneau-based employees could be transferred to Anchorage to provide senate secretarial, house chief clerk, data processing, printshop, maintenance, supply, legal, research, personnel and financial support services for the Legislature and would be offered assistance with the move. It is assumed 65 people and their families will elect to move at an estimated cost one time cost to the Legislature of \$780,000 (65 times \$12,000/family).

Contractual

Office Space

In Juneau, the Legislature occupies state owned space in the Capitol (74,300 sq ft) and the Terry Miller Legislative Office Building (27,720 sq ft office, 4,000 sq ft gym), Community Building (4,076 sq ft), State Office Building (4,920 sq ft), Court Plaza Building (1,628 sq ft). An additional 14,900 sq feet of space is being renovated into legislative offices in the Capitol Annex. The Legislature rents storage space in the Goldstein Building (4,608 sq ft) and space in the surplus property warehouse (2,825 sq ft). Excluding the gym in the Terry Miller Building, the Legislature has 134,977 square feet of space in Juneau. Lease expenses in Juneau equal \$76,225 annually for our leased storage space. The Legislature does not currently pay rent for the Capitol, the Terry Miller Legislative Office Building, or the Capitol Annex. The Legislature processes State Facilities Rent inter-agency transactions for the Community Building, the State Office Building and the Court Plaza Building in the amount of \$177,000.

Research reports produced by this Agency and others consistently recommend the Legislature acquire at least 140,000 square feet of office space if sessions are relocated to Anchorage. This would allow for the necessary expansion of Legislators offices, many of which are very small, the enlargement of the Senate and House Chambers, and larger committee rooms. The Legislature might wish to provide an office for visiting Executive Branch officials, enlarge the cafeteria area, or add other amenities.

If the Legislature relocated it would likely construct an appropriately sized building at some point in the future. A capital appropriation would be needed to fund construction. This fiscal note does not include a cost for construction of a new legislative building, however, according to the State Facility Leasing Manager, building costs run about \$300/square foot in Anchorage which would equate to a minimum cost of \$42,000,000 (140,000 sq ft x \$300/sq ft). This does not include the cost of land acquisition. A parking garage with 400 spaces at the current price of \$25,000 per space would add \$10,000,000. These prices do not include costs for furnishings, security camera's, or additional items.

The Legislature is currently in the process of building space (Block 39) for the Anchorage Legislative Information Office and Anchorage Legislative Offices. Under current plans, the space available to the Legislature is 41,000 square feet. This is not enough space for the entire Legislature. We would need to rent additional space of at least 100,000 square feet, assuming appropriate space located near Block 39 could be found. Class A space rents for \$3.30/square foot in downtown Anchorage. $100,000 \times 3.30 \times 12 = 3,960,000$ per year.

The Legislature rarely is able to rent turn key space and must remodel and rewire the space to configure it for our needs. One time leasehold improvements for space of these dimensions and uses could run in excess of \$500,000. Annual increased rental costs $\$3,960,000 - \$253,225 = \$3,706,775$ increased annual rental cost.

This cost would be offset somewhat if the Executive Branch agencies moved into the state owned spaced vacated by the Legislature in the Capitol, Community Building, Court Plaza Building, and the Capitol Annex. The Terry Miller Legislative Office Building may only be used for Legislative purposes and could not house Executive Branch agencies per the agreement with the City and Borough of Juneau. The Juneau LIO is already housed in the Terry Miller Legislative Office Building. The Juneau Ombudsman's Office, the Division of Legislative Audit and Juneau Legislator offices would be moved into the Terry Miller Legislative Office Building and would take up one or two floors. As this fiscal note does not address savings or costs to the Executive Branch we have not quantified costs to relocate State agencies into the vacated space or to remodel the space to meet the needs of the Executive Branch. We would still be responsible for utility and maintenance costs on the Juneau buildings until ownership is transferred.

Freight

The Legislative Affairs Agency estimates that moving furniture and equipment for the majority of Juneau based legislative offices would take 22 full sized vans. According to World Wide Movers, the cost of each van from Juneau to Anchorage, estimated at 15,000 pounds each, would be approximately \$9,000 per van or one time costs of \$330,000.

Conclusion

This fiscal note addresses the main costs to the Legislature to relocate regular sessions to Anchorage. Some unforeseen costs and savings might only become apparent if the Legislature moved. One cost not included, which the Legislature would probably fund before deciding whether or not to move the Legislature, would be a study to determine the economic and social impact to the two communities. The cost of such a study is not included in this fiscal note.