FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: **SB 157**
(S) Publish Date: 4/3/09

Identifier (file name): SB157-DOA-DGS-04-01-09
Dept. Affected: Administration
Title: "An Act relating to the Alaska Mental Health Trust Authority Subport
RDU: Leases
Component: Leases
Sponsor: Sens. OLSON, Davis
Requester: S(STA)
Component Number: 81

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2010**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Personal Services							
Travel							
Contractual					1,340.0	1,299.5	1,257.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**1,340.0**	**1,299.5**	**1,257.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF					1,340.0	1,299.5	1,257.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**1,340.0**	**1,299.5**	**1,257.0**

Estimate of any current year (FY2009) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

In FY 2013, state tenants leasing space in the Department of Labor Building (DOL), and occupying the Douglas Island Building (DIB) and Public Safety Building (PSB) would relocate to the newly constructed AMHTA Office Building authorized in this bill. The amounts reflected above represent the difference between what projected annual lease costs will be for tenants at the new AMHTA Office Building ($5.4 million) versus costs should the building not be constructed ($4.1 million). Included in the $4.1 million is projected cost of a new lease for tenants in the DOL building as the lease expires and it is anticipated DOL tenants will occupy newly procured leased space irrespective of SB 157. In FY 2013, the projected annual cost for 68,278 sq. ft. of DOL space is $3.3 Mil ($4.00 sq.ft) versus the current cost of $1.9 million. ($2.33 sq.ft). Current annual costs for the DOL, DIB and PSB total $2.6 million compared to $4.1 million projected for FY 2013 without SB 157. However, over a 30 year period a $13.5 million savings occurs with construction.

Prepared by: Remond Henderson — Phone 465-5687
Division: General Services — Date/Time 4/1/09 9:00 AM
Approved by: Kevin Brooks, Deputy Commissioner — Date 4/1/2009

(Revised 9/10/2008 OMB)

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ANALYSIS CONTINUATION

Projected costs with and without SB 157	**2009 Current Annual Payments**	**2013 Projected Annual Payments**	**2014 Projected Annual Payments**	**2015 Projected Annual Payments**
Labor Building Lease (new lease in 2013)	1,909,052	3,277,440	3,302,906	3,328,937
Public Safety Building (PSB) operating expenses	235,748	287,922	302,318	317,434
Douglas Island Building (DIB) operating expenses	408,517	496,330	521,146	547,204
DIB Parking Leases	19,051	23,156	24,314	25,529
Costs without the passage of SB 157	**2,572,368**	**4,084,848**	**4,150,684**	**4,219,104**
Costs with the passage of SB 157	**N/A**	**5,424,830**	**5,450,166**	**5,476,060**
Increase (Decrease) in costs	**N/A**	**1,339,982**	**1,299,482**	**1,256,956**

Although the calculations above indicate an increase in lease payments for the period shown, over a 30 year period the projected total lease payments with the construction of the new AMHTA Office Building are $13.5 million less than costs would be if the building were not constructed. The projected annual lease payments over a 30 period assuming a newly constructed office building total $160,439,082. If the new office building is not constructed, projected lease, operating and capital expenditures for the current buildings (DOL, PSB and DIB) are projected to be $173,956,264. Included in this amount is anticipated deferred maintenance in FY 2013 of $2.5 million for the PSB and $5.8 million for the DIB should the state tenants remain in these buildings. This amount does not include the likely replacement of the DIB or PSB or additional deferred maintenance for these buildings over a 30 year period.