

Fiscal Note

Fiscal Note Number: 3
Bill Version: CSSB 226(FIN)
(H) Publish Date: 4/30/12

State of Alaska
 2012 Legislative Session

Identifier: SB226CS(FIN)-DOA-FAC-4-2-12
 Title: PURCHASE & LEASE OF NOME OFFICE BUILDING
 Sponsor: COMMUNITY & REGIONAL AFFAIRS
 Requester: Senate Finance

Department: Department of Administration
 Appropriation: General Services
 Allocation: Facilities
 OMB Component Number: 2429

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2013 Appropriation Requested	Included in Governor's FY2013 Request	Out-Year Cost Estimates					
			FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
OPERATING EXPENDITURES								
Personal Services	101.5		101.5	101.5	101.5	101.5	101.5	101.5
Travel								
Services	3,668.6		3,535.3	3,552.4	3,570.1	3,588.3	3,607.0	
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	3,770.1	0.0	3,636.8	3,653.9	3,671.6	3,689.8	3,708.5	

Fund Source (Operating Only)

1004 Gen Fund	2,964.0		2,964.0	2,964.0	2,964.0	2,964.0	2,964.0	2,964.0
1007 I/A Rcpts	806.1		672.8	689.9	707.6	725.8	744.5	
Total	3,770.1	0.0	3,636.8	3,653.9	3,671.6	3,689.8	3,708.5	

Positions

Full-time	1.0		1.0	1.0	1.0	1.0	1.0	1.0
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2012) cost: 0.0

Estimated CAPITAL (FY2013) cost:

Reason For Change:

The revision reflects a change in calculation on amounts due to AHFC for debt services for the facility and also a line item change from Capital Outlay to Services.

Analysis:

The bill directs the Alaska Housing Finance Corporation (AHFC) to finance construction and purchase of a new office building in Nome to house state agency offices, financed by AHFC, then placed in service as an asset of the Alaska Public Building Fund (APBF) managed by the Department of Administration (DOA). The APBF would collect rents for the building to cover lease costs, maintenance and operations costs, and all other costs embedded in the APBF rates. Fund, DOA/DGS will charge tenant agencies an estimated rate beginning at \$2.42 sq ft per month in FY2013, increasing to an estimated \$2.81 sq ft per month beginning in FY2018.

FY2013 costs are \$704.6. Calculation: \$2.42 sq ft x 19,100 sq ft x 12 months = \$554.6+\$150.0 (a one-time item for the architect in year one) FY2014 through FY2018 represents the cost for tenant agencies reflecting an anticipated increases in PBF rates.

The bill anticipates construction of a building by a private developer, for a purchase price of \$38 million AHFC would finance the project with 21-year bonds; the state would require operating appropriations in order to pay the debt service to AHFC estimated to be \$2,504.0

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per year. If the funding required to service the debt is not appropriated separately, debt retirement costs would have to be embedded in the per square foot rate per month set for agencies occupying the building, thereby increasing the proposed rent per square foot rate accordingly. For the purposes of this fiscal note, facilities rents collected from tenant agencies are shown as interagency receipts, but will ultimately be recorded in the Alaska Public Building Fund once received.

This fiscal note is prepared to illustrate operating costs for the proposed building, allowing for backfilling existing space leased from the private sector in Nome.

Assumptions:

- 1) The proposed building will be constructed from bond proceeds as a justice center that measures 19,100 usf. Debt retirement will be on a 21-year timeframe.
- 2) If the existing Nome SOB will be demolished--demo costs are not in DOA's fiscal note as demolition/disposal costs will be borne by DOT/PF.
- 3) The proposed building will be financed from AHFC bond proceeds on 21-year term. Estimated debt retirement cost is \$2,504.0 annually beginning in FY2013. Tenant agencies must budget separately for the facilities rent charges they will be billed for occupying space in the proposed building.
- 4) DOA would require one additional permanent, full-time contracting officer position in Anchorage for administration of the proposed building. Salary and benefits costs for the new position comprise personal services costs shown on the fiscal note.
- 5) DOA would also require the services of a licensed architect for the first year to assist in the monitoring of the design document and construction process. An estimate of \$150.0 for year 1 is included in this fiscal note.

Proposed Occupants:

Agency	Projected Space Need in proposed building
Alaska Court System	12,000
Public Safety	3,000
Administration/Public Defender	1,500
Corrections	800
Law	1,800
Total	19,100