



Alaska State Legislature Legislative Council Minutes

APRIL 11, 2011

[5:06:04 PM](#)

The Legislative Council meeting was called to order at 5:06 p.m. by Senator Linda Menard, Chair, in the House Finance Committee Room.

ROLL CALL

Chair Menard called the roll. In attendance were Council members: Senators Davis, Egan, Olson, Hoffman, Stedman, Stevens, and Menard; Representatives Austerman, Chenault, Johnson, Herron, Holmes, and P. Wilson. Also present was Council alternate Representative Bill Thomas. Absent member: Representative Stoltze.

Other Legislators: Senator Ellis and Representative Gruenberg

Staff present: Varni, Clothier, Cotter, Gardner, Ibesate, Lesh, Strong, Tilton

Others present: Ron Pollock, Executive Director, Anchorage Community Development Authority

PRESENTATION BY RON POLLOCK

Chair Menard stated that there was no agenda for this meeting. She said today's meeting was called specifically for a presentation by the Anchorage Community Development Authority in regards to an alternative lease to the current Anchorage LIO. She said she is yielding to Leadership of both the House and the Senate to call this meeting at their request.

Chair Menard stated that the format for this meeting will be as follows: Mr. Pollock will take 12 minutes for his presentation after which questions will be limited to 10-15 minutes. She said if there are further questions, she asked that they be presented to her office; they would compile any additional questions and get them to Mr. Pollock.

Chair Menard then turned over the floor to Mr. Ron Pollock of the Anchorage Community Development Authority for his presentation.

Mr. Pollock made his proposal using a PowerPoint presentation.

Chair Menard interrupted the presentation to note that Council member Senator Stedman had joined the meeting as well as, in the audience, were Senator Johnny Ellis, Senate Rules Chair, and Representative Max Gruenberg.

Representative Austerman interrupted the presentation to ask for confirmation that the handout provided to members was not the actual slideshow they were being presented.

Mr. Pollock confirmed that was so.

Representative Austerman requested that members be given a copy of the PowerPoint presentation so they had all the relevant information.

Mr. Pollock agreed to do so and then continued his presentation.

MEMBER QUESTIONS AFTER THE PRESENTATION

Representative Herron asked if the Municipality of Anchorage would lease space in the same facility.

Mr. Pollock said that was correct. He said the MOA would probably lease two floors and, depending on the size of the footprint of the plate, whether it's a 10,000 square foot floor or 12,000 square foot floor, it would be a couple of floors, so would probably be between 20,000 and 28,000 total square feet.

Representative Austerman asked what the cost would be for the Legislature for a lease rate. He also asked if ACDA owned the lot or is it owned by a private developer that ACDA will be working with. He said he had a number of different questions because he didn't have any information in front of him.

Mr. Pollock said there were three different parcels, owned by three different entities, but ACDA has secured control for all three parcels that would be used.

Representative Austerman asked what the term "control" meant.

Mr. Pollock said "control" means that ACDA has the right to do a project on it.

Representative Austerman said so it was private property owners that ACDA has an agreement with. He then asked what was the cost for building the facility and what was the lease cost going to be. He said that ACDA was asking for the Council to make a decision today without the members having any information.

Mr. Pollock replied that one of the challenges in an RFP procurement for lease is that until the specifications are designed - how many floors, the layout, the quality of finishings and furnishings - it's pretty hard to do it. He said they have taken some rough estimates and applied them but, working together, if we move forward, he thinks there will be another opportunity to take a look at numbers. He said at this point, they need to do some work on the design specification part so that the costs are all known then the lease rate can be developed. He said that for new construction, the lease rate he is anticipating is a below-market rate.

Chair Menard asked if Mr. Pollock would share with the Council what “below-market rate” is for commercial square footage.

Mr. Pollock stated that for the downtown Anchorage area right now for new construction, it’s probably around \$3.25 - \$3.50 per square foot.

Speaker Chenault asked that when Mr. Pollock comes back with a proposal, would that include any type of leasing arrangements or will that be up to the State to determine that lease.

Mr. Pollock responded that the structure of the deal that is anticipated is for ACDA to be the sole investor/owner of the building; to lease the entire building to the State, with a sub-lease back to the MOA for a couple of floors. He said the tenant would be Municipality-driven unless the Municipality didn’t choose to go into that space.

Representative Holmes said she would like to confirm what her understanding is of what the Council is being asked to do today. She said that what we’re talking about at this point is mostly the location and the partnership with ACDA; her understanding is that what Mr. Pollock is looking for at this point is some indication from this body that Council is interested in pursuing that. She said what would happen going forward is we would then go into an RFP-type process for the actual construction of the building, so it would be hard to say how much it would cost right now because Legislative Affairs and Legislative Council would have to decide what was wanted; put the specifications - how many floors, how many square feet, how many offices, what types of finishes - into an RFP; and then we would go out to bid. She stated that her understanding is that we’re not picking who builds it today and we’re not picking what’s being built. What’s being discussed today is simply whether or not we like this location and whether or not we like this partnership with ACDA and that ACDA is looking for a green light go-ahead to proceed and go back and start moving forward. She asked Mr. Pollock if she had that correct.

Mr. Pollock stated that she had it very clear. He said what they anticipate doing is that if the direction is that the Council likes the idea and would like to pursue it, then ACDA would begin to put together an RFP for a design/build team. He said that they would like that selection done on the front end of the deal so that, as decisions are made on specifications and finishes and so forth, there can be some sort of cost analysis of what those decisions mean when it comes to the final product.

Representative Holmes followed up to clarify that Council would not be locked into a signed agreement today and that this is sort of a green light for ACDA to start putting something together with contracts to be signed later as we figure out what we want that building to look like.

Mr. Pollock stated that Representative Holmes was 100% correct in her understanding.

Chair Menard said that just for some background, the last RFP was put out in 2003 and at that time, which was 10 years ago, we settled with the current place we are in. She stated that an RFI went out in 2009 but ACDA was not one of the respondents at that time.

Representative Austerman said that, realizing this is his first year sitting on the Council, he doesn't have the ability to reach back with all the information that some have in reference to how we got to where we are today. He said that if we're doing an RFP, then we're doing an RFP across the board for other people to submit their proposals. If we've done RFPs in the past and ACDA didn't put their name in but now we're doing it just based upon them coming to us, he wondered whether the Legislature is getting the best deal. There is no comparison on which he can base a decision.

Representative Holmes said with respect to Representative Austerman's comment that although it is also her first year on the Council, she has been following over the last several years the many different iterations and this would still go to an RFP for building it. She said as for the location, of all the locations that we've thrown around over the years, this does seem like a pretty ideal one and it is government to government, so she said she thinks this is a pretty good thing to look pretty seriously at with the idea that we're not picking the builder or the design today.

Chair Menard said she would just stress that this is a conceptual approval that we're looking for.

Representative Johnson said that he wanted to clarify that Council is really not committing to anything other than to advance the concept today, if this is what they choose to do. He said if the RFP comes back that it's going to be \$4.00 a square foot or \$5.00 a square foot, Council certainly doesn't have to advance or take any of that but we'll be further down the road than we ever have been before. He said that this is the best plan that he's seen and he has been involved in the other iterations from staff. He said he's fought the battles and knows what it's like to do the RFPs and RFIs and what we have to go through. He said for his money we ought to at least see what can be on the table in terms of cost; it fits the timeframe, it is an opportunity to get us out of the building that we're in but doesn't obligate us other than to explore the options put forth by the Municipality. He said he would encourage giving the green light to at least bring back to the Council more information and perhaps set up a subcommittee of Anchorage Legislators to help with the design process.

Representative Wilson asked about parking. She asked what percentage of the parking garage is filled on a daily basis, so that we know there would be enough parking for everyone.

Mr. Pollock responded that the State garage [available for the tenants of the proposed site] is designed and built for about 830 vehicles. He said that right now there are approximately 500 spaces being used on a daily basis with an excess capacity of probably 300-350 spaces.

Representative Wilson followed up by asking that if the Legislature takes up two or three floors and other tenants take up another two floors, how many would be taken care of with that parking lot.

Mr. Pollock stated that there is actually over parking capacity depending on the square footage of the building. The MOA requires one parking space for every 300 square feet, so, for the building they are proposing, 200-250 parking spaces will be required.

Senator Olson asked that, as a representative of the Municipality, why he would want to build a place, which is not going to have tax revenue, as opposed to the State leasing commercial property where the commercial property would then pay taxes to the City.

Mr. Pollock stated that one of the concerns of the Municipality is tax base and local taxes. He said that on properties owned by ACDA they actually pay an equivalent to a property tax.

Senator Olson asked if ACDA was a private corporation.

Mr. Pollock said that it's a component part of the Municipality but exists separately and independently from the Municipality.

Senator Stedman asked if the Council was looking tonight for a motion to continue the process.

Chair Menard said that was her understanding.

Senator Stedman moved that Legislative Council advance the concept of a building on 7th and F Streets.

The motion passed with no objections.

The meeting was adjourned at 5:34 p.m.

[5:34:25 PM](#)