



Alaska State Legislature Legislative Council Minutes

MARCH 22, 2012

[5:05:42 PM](#)

The Legislative Council meeting was called to order at by Senator Menard, Chair, in the Senate Finance Committee Room.

1. ROLL CALL

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

Other Legislators present: Representative Mike Hawker

Staff present: Varni, Tilton, Clothier, Finley, Ibesate, Lesh, Strong

2. APPROVAL OF AGENDA

Representative Herron moved that Legislative Council approve the agenda as presented.

The motion passed with no objections.

3. APPROVAL OF FEBRUARY 9, 2012 MINUTES

Representative Herron moved that Legislative Council approve the February 9, 2012 minutes as presented.

The motion passed with no objections.

Representative Johnson joined the meeting at this time.

4. SANCTIONING AND RATIFICATION OF CHARITABLE EVENTS

Chair Menard stated that she is requesting ratification of the sanctioning of the 2012 Legislative Skits and Girl Scouts of America Celebration and Auction. She sanctioned both these events in advance of this meeting as time was of the essence for the event and they wished to begin the sale of tickets.

Also presented in the packet is a request for sanctioning of the Outdoor Heritage Foundation Midnight Sun Charity Shoot and Banquet.

Representative Herron moved that Legislative Council ratify the sanctioning of the Girl Scouts of America Celebration & Auction and the Legislative Skits by the Legislative Council Chair and sanction the Outdoor Heritage Foundation Midnight Sun Charity Shoot & Banquet per AS 24.60.080(a)(2)(B).

The motion passed with no objections.

5. STATUTE PUBLICATION SUBCOMMITTEE

Chair Menard noted that the contract for publication of the Alaska Statutes will expire at the end of 2012. She said she is currently forming a subcommittee to work with Revisor of Statutes Pam Finley and Director of Legal Services Doug Gardner to prepare a Request for Proposals, review submittals, and make a recommendation to the Council. Senator Stevens and Representative Holmes have graciously agreed to be on the Subcommittee along with Chair Menard.

6. BETHEL OFFICE SPACE APPROVAL

Chair Menard stated that the Bethel office space lease will expire on June 30, 2012, with three one-year renewal options remaining. This lease renewal would run from July 1, 2012 – June 30, 2013. There is an additional 303 square feet of office space available that has been requested by the Legislators that are in that facility. The addition of this square footage would be considered Amendment No. 1. The cost of the Lease Renewal and Amendment No. 1 is \$55,498.80. This equals \$2.15 per square foot for the original space and \$2.75 per square foot for the additional 303 square feet.

Representative Herron moved that Legislative Council approve the renewal of the Bethel lease agreement and Amendment No. 1 for lease space for \$55,498.80.

The motion passed with no objections.

7. KOTZEBUE OFFICE SPACE APPROVAL

Chair Menard stated that the Kotzebue office space lease will expire on June 30, 2012, with one (1) one-year renewal option remaining. This lease renewal will run from September 1, 2012 – August 31, 2013. The cost of the lease renewal is \$25,702.56. The cost per square foot is \$2.74.

Representative Herron moved that Legislative Council approve the renewal of the Kotzebue lease agreement for \$25,702.56.

The motion passed with no objections.

8. ANCHORAGE OFFICE SPACE LEASE

Chair Menard stated that the Anchorage office space lease will expire on May 31, 2012, with two one-year renewal options remaining. This lease renewal would run from June 1, 2012 – May 31, 2013. The cost of the lease renewal is \$675,624.30. This is equal to \$2.47 per square foot.

Representative Herron moved that Legislative Council approve the renewal of the lease agreement for the existing Anchorage lease space for \$675,624.30.

Representative Austerman asked if there were any updates on efforts by Legislative Council to find a new building or is that effort being let go.

Chair Menard responded that they would probably have to go out for an RFP and that hasn't been done yet. She said this particular item had not been noticed for this meeting so they would take that up at another meeting. She said it will be a very deliberate effort on their part again. There is a subcommittee and they will organize the subcommittee to address this issue. She said there has only been one person at this time that has come forward and hasn't really made a formal offer. She said she wants the process to be transparent and so that everyone has the same opportunity to come forward with their suggestions. She said that, as members know, we exhausted the Chevron Building and that went to NANA.

Representative Austerman asked if the Chair was looking for an RFP from this company or is this something that may happen.

Chair Menard responded that it may happen at the next meeting.

Representative Austerman asked if we were advertising at all.

Chair Menard said we are not advertising at this time.

Representative Austerman asked if the approval of this contract for \$675,000 is a one year deal.

Chair Menard said yes, that is what we pay, per year, to our current landlord.

Senator Egan joined the meeting at this time.

Representative Herron asked Ms. Tina Strong how renewing this lease for one year impacts future tentative plans to look for other space.

Tina Strong, Procurement Officer for Legislative Affairs Agency, said at this time, renewing for one year is something she believes we have to do. To go out to bid and find new space for that many people is going to take more than one year.

The motion passed with no objections.

9. LEGISLATIVE FINANCE REMODEL APPROVAL

Chair Menard stated that many of you have asked for a spreadsheet showing the cost of the Legislative Finance Building. Such sheet was supplied in your packet. If you will refer to the spreadsheet you will notice that the project is 2,844 square feet with a cost of \$348 per square foot. At the bottom of the spreadsheet, you will note the estimated projected costs to finish the project. The good news is that the three remaining contracts have come in at a total of \$46,069, which is less than the \$75,500 that was estimated. Our Executive Director is requesting a lift of the cap and a budget amount not to exceed \$167,240 to pay existing bills and complete the project.

Senate President Stevens moved that the Legislative Council lift the cap on the Legislative Finance Building remodel and approve the solicitation, award and expenditure not to exceed \$167,240 from Legislative Capital Funds to finish the remodel and an additional \$20,000 be approved for furniture.

Senate President Stevens asked to speak to his motion. He said it seems to him that we need to lift this cap and get on with things. He said he asked Ms. Varni to answer some questions about the bills and, while she can explain this better than him, he understands we have bills from January that we have not paid and that we are accruing fees on those bills. He said it's remarkable the bids have come in at \$47,000, under the expectations of \$75,000; and he'd like to hear Don Johnston explain about that. He said we've been dragging our feet, let's get this done and finish this project and put it into use.

Discussion followed.

Representative Austerman asked if the motion lifted the cap completely.

Senate President Stevens said that, no, it was not to exceed \$167,240 and that's the figure Chair Menard had used, along with \$20,000 for furniture.

Chair Menard added that some of the furniture will be moved, so we didn't need an exorbitant amount of money for furniture but that should cover it. She asked Pam Varni if she would like to speak to Representative Austerman's question.

Pam Varni, Executive Director of Legislative Affairs Agency, said that with the additional amount of the \$167,240, that was the amount in those memos many months ago which puts it at the grand total of \$750,000. She said she doesn't believe that amount will get spent but it would be nice to not have to keep coming back to Council. She said she has a stack of bills and Don, in his 15 years working as the Capitol Building Manager, has taken pride in dealing every day with the local suppliers and to not be able to pay the bills has been difficult for him. It would be nice to pay Valley Lumber and Jensen Yorba Lott, Alaska Industrial Hardware; we can't even go and buy nails with the current cap in place.

Representative Austerman said the figure he heard was \$167,240 and on the last sheet that he is looking at, the total is \$154,848.

Ms. Varni responded that the \$154,848 is if the estimated grand total for remodeling costs is at \$737,608. Don has asked that the total be \$750,000 and we'd be happy with either amount. Don was trying to round it out and not have to come back to Council.

Representative Austerman noted that these are estimates and that there could be additional unanticipated costs.

Ms. Varni said that she believes everything is accounted for except unanticipated change orders with the mechanical and electrical contractors. A bit of a contingency was built in to the amount of \$167,240.

Chair Menard said it is the Chair's intent to have change orders brought before Council.

Representative Austerman said that the estimated grand total could go over a million if there are more change orders.

Ms. Varni said that is correct.

Chair Menard said that she toured the State Office Building space and LB&A works in poor conditions and does need a remodel.

Representative Herron asked if the cap was now \$988,813.

Chair Menard stated that was correct.

Ms. Varni noted that the grand total would be \$1,000,000 if Council approved the motion of \$167,240.

Chair Menard said that LB&A's remodel will result from Legislative Finance moving out of the SOB space and could conceivably be considered another cost of the Legislative Finance Building remodel.

Speaker Chenault joined the meeting at this time.

Speaker Chenault asked if it is a normal procedure to have LAA pay for the remodeling of Legislative Budget and Audit's space in the State Office Building.

Ms. Varni said that she was asked to meet with Representative Hawker, Chair of the LB&A Committee, and Kris Curtis, Auditor, and they told her at that meeting that they felt that capital funds should be used for the remodel costs and not LB&A operating funds. Don Johnston would not be in charge of the project; instead they would go out to bid for a general contractor. They need new office systems for approximately 30 people, new carpeting, some wall demolition and construction as well as any necessary electrical and mechanical upgrades.

Speaker Chenault asked if LAA was in charge of the facilities at the State Office Building.

Ms. Varni said no, the Agency is not. The Legislative Auditor has always gone out to bid on their own like for their space in Anchorage. They manage their own space, they pay their own bills; the Agency does not handle personnel or accounting for Legislative Audit. She said Representative Hawker is asking for Legislative Council to pay for these expenses out of capital funds so if this request is approved by Council, then yes, the Agency would be paying those bills for that project.

Speaker Chenault said he wanted it on the record that he is concerned about which entity should be paying for the LB&A remodel since the lease holder is the Department of Administration.

Senate President Stevens clarified that the LB&A remodel is not in the current motion before the Council.

Representative Herron asked for further clarification on what is the final cap amount in this motion.

Ms. Varni said it was important for members to understand that the \$250,000 purchase price of the building, which was added to the spreadsheet at the request of the Chair, is not part of the cap. There are two different options for the Council to consider as the total on the remodel: (1) \$737,608 or (2) \$750,000. She said there is a difference between the total remodel cost and the total project cost; in this particular instance, we are talking about \$750,000.

Chair Menard confirmed that the current motion made by Senate President Stevens makes the cap \$750,000. She asked if there were any objections to the motion.

Representative Austerman objected.

Representative Johnson asked for clarification about the term "lifting the cap." He said we're not lifting the cap, we're raising it.

Senator Stedman noted there was an objection to the motion on the table, so he would like to know what the ramifications are if the motion fails.

Senate President Stevens said that was his concern and why he asked Pam to come and explain to him about how we are doing on paying the bills of this remodel. While she can explain more than he can, he said it would appear that we have bills from January that we have not paid; that we are paying fees on those amounts and that was why he asked what the amount was so we can move the cap as appropriate.

Ms. Varni said if the motion fails, we would not be able to sheetrock the building because we would not be able to award that contract. We would not be able to paint. We would not be able to pay Valley Lumber and Jensen, Yorba, Lott or any of the other outstanding bills we have. The cap is currently at \$582,760 which leaves an unfinished building and Legislative Finance would stay where they are currently, making it impossible for LB&A to expand into the space they were expecting.

Senator Stedman said he thinks that we should be paying our bills. It's not the contractors' or suppliers' issue and we certainly have the funds to do so.

Chair Menard responded this meeting is an effort to do that.

Representative Herron asked if this motion that raises it to \$750,000 for remodeling costs will allow the paying of all bills to date.

Ms. Varni said yes it will. It will also allow us to pay future bills as well. We will be able to award the final three contracts and finish the project. When you look at the combined square footage of almost 5,000 square feet in the SOB and 2,844 square feet in the Legislative Finance Building, it brings down the total cost per square foot of remodeling space for 40 people.

Chair Menard called the roll.

YEAS: Menard, Davis, Egan, Olson, Stedman, Stevens, Chenault, Johnson, Herron, Holmes

NAYS: Austerman

The motion passed 10-1.

Senate President Stevens moved that Legislative Council approve the solicitation, award and expenditure of not to exceed \$500,000 from legislative capital funds for the Legislative Audit remodel in the State Office Building and that Representative Mike Hawker be the procurement officer for this project. If Representative Hawker needs additional funds after going out to bid he can come back to Legislative Council.

Representative Austerman said he needs more information about this issue given the Speaker's concerns.

Discussion followed.

Rep. Hawker joined the meeting at this time.

Speaker Chenault said he thinks we should postpone this item until we have more information.

Discussion followed.

Senate President Stevens noted that Representative Hawker has arrived and since he used his name in that motion, maybe we can ask him to come forward make any comments if he's aware of the situation or has any thoughts on it.

Chair Menard said she would defer to Representative Hawker if he would like to come forward.

Representative Mike Hawker, District 32-Anchorage, said he just received notice that there is a motion on this table that he is to be made procurement officer on something of which he has absolutely no knowledge.

Chair Menard said this motion will be postponed. There was no vote on the motion.

The meeting was adjourned at 5:45 p.m.

[5:45:14 PM](#)