

**ALASKA STATE LEGISLATURE
LEGISLATIVE COUNCIL
JULY 12, 2016
8:05 AM**

MEMBERS PRESENT

Senator Gary Stevens, Chair
Representative Bob Herron, Vice Chair
Senator John Coghill
Senator Lyman Hoffman
Representative Mike Chenault
Representative Craig Johnson
Representative Sam Kito
Representative Charisse Millett
Representative Mark Neuman

MEMBERS ON TELECONFERENCE

Senator Charlie Huggins
Senator Anna MacKinnon
Senator Peter Micciche

MEMBERS ABSENT

Senator Kevin Meyer
Senator Lesil McGuire, alternate
Senator Cathy Giessel, alternate
Representative Mike Hawker
Representative Steve Thompson, alternate
Representative Harriet Drummond, alternate

AGENDA

CONTRACT APPROVALS
OTHER COMMITTEE BUSINESS

SPEAKER REGISTER

Tina Strong, Procurement Officer, Legislative Affairs Agency
Pam Varni, Executive Director, Legislative Affairs Agency
Amy Skilbred, Executive Director, Juneau Community Foundation
Reed Stoops, Board Member, Juneau Community Foundation
Ken Koelsch, Mayor, City and Borough of Juneau

8:05:19 AM

I. **CHAIR GARY STEVENS** called the Legislative Council meeting to order at 8:05 a.m. in Room 208 of the Bill Ray Center. Present at the call were Senators Stevens, Coghill, Hoffman, and, alternate member; Representatives Herron, Chenault, Johnson, Kito, Millett, Neuman, and Thompson and Drummond, alternate members. Participating via teleconference were Senators Huggins, MacKinnon and Micciche (who joined the meeting during Executive Session). Senators Meyer, and Giessel and McGuire, alternate members, and Representatives Hawker, and Thompson and Drummond, alternate members, were absent.

II. **CONTRACT APPROVALS**

- a. **Office of Victims' Rights Lease Extension**
- b. **Mat Su Office Space Lease Extension**
- c. **Juneau Storage Lease Extension**
- d. **Fairbanks Office Space RFP - Executive Session**

a. **Office of Victims' Rights Lease Extension**

CHAIR STEVENS asked for a motion to approve the OVR Lease Extension. Discussion followed regarding the OVR Lease Extension.

TINA STRONG, Procurement Officer with the Legislative Affairs Agency, stated that lease renewal No. 3 for the OVR's Anchorage office space expired on June 30, 2016, and are requesting approval of lease renewal No. 4 for the period July 1, 2016, through June 30, 2017; and is a standard, routine lease renewal.

Discussion followed regarding whether OVR could move into the Wells Fargo building currently under negotiation for purchase. It was clarified that the OVR would not be a good fit for the Anchorage legislative offices and would like to remain near the Court Building downtown.

A roll call vote was taken.

YEAS: Stevens, Herron, Coghill, Hoffman, Huggins,
MacKinnon, Chenault, Johnson, Kito, Millett, Neuman

NAYS: None

The motion passed 11-0.

b. Mat Su Office Space Lease Extension

[8:08:50 AM](#)

VICE CHAIR HERRON moved that Legislative Council approve Renewal No. 5 Lease Extension with Wasilla Station, LLC, in the amount of \$185,670.36 for August 1, 2016, through July 31, 2017.

MS. STRONG said that Renewal No. 4 for Mat Su office space expires on July 31, 2016, and approval is requested for Renewal No. 5 for the period August 1, 2016, through July 31, 2017; and this is a standard, routine lease renewal.

A roll call vote was taken.

YEAS: Stevens, Herron, Coghill, Hoffman, Huggins,
MacKinnon, Chenault, Johnson, Kito, Millett, Neuman

NAYS: None

The motion passed 11-0.

c. Juneau Storage Lease Extension

[8:10:08 AM](#)

VICE CHAIR HERRON moved that Legislative Council approve Renewal No. 1 for the lease extension with Goldstein Improvement Company in the amount of \$37,619.16, for the period of July 1, 2016, through June 30, 2017.

MS. STRONG said the Agency's lease for Juneau storage at the Goldstein Building on Seward Street expired on June 30, 2016, and approval is requested for Renewal No. 1 for the period of July 1, 2016, through the period of June 30, 2017; and this is a standard, routine lease renewal.

Discussion followed regarding what is stored in the space, the need for storage to conform to record retention schedules, and that each section of the Legislature, including Legislative Audit, use that space for storage. Additional discussion regarding consolidating storage at other facilities, noting that the Goldstein space is much less expensive than other storage and more conveniently located than some of the other; as well as the fact that it is a full service lease, which includes utilities.

A roll call vote was taken.

YEAS: Stevens, Herron, Coghill, Hoffman, Huggins,
MacKinnon, Chenault, Johnson, Kito, Millett, Neuman

NAYS: None

The motion passed 11-0.

d. RFP 614 - Fairbanks Office Space (Executive Session)

CHAIR STEVENS noted that Proposals are confidential until Legislative Council awards the contract, so Council would be going into Executive Session to review the proposals and then come out of Executive Session to take any action.

8:15:00 AM

VICE CHAIR HERRON moved that Legislative Council go into Executive Session under Uniform Rule 22(B)(1), discussion of matters, the immediate knowledge of which would adversely affect the finances of a government unit and 22(B)(3), discussion of a matter that may, by law, be required to be confidential. I ask that the following individuals remain in the room: Pam Varni, Doug Gardner, Katrina Matheny, Linda Hay, Tina Strong, and any legislative staff working for Council members. We also welcome any Legislators that are not on Legislative Council to remain in the room.

There being no objection, Legislative Council went into Executive Session.

8:25:04 AM

Legislative Council came out of Executive Session.

8:26:28 AM

VICE CHAIR HERRON moved that Legislative Council award RFP 614 for the Fairbanks LIO and Fairbanks delegation office space to Alaska USA Federal Credit Union for a five year lease term with five, one-year renewals at \$16,940 per month with annual CPI increases.

A roll call vote was taken.

YEAS: Stevens, Herron, Coghill, Hoffman, Huggins,
MacKinnon, Micciche, Chenault, Johnson, Kito,
Millett, Neuman

NAYS: None

The motion passed 12-0.

III. OTHER COMMITTEE BUSINESS

a. Juneau Community Foundation Property Transfer Approval

CHAIR STEVENS said that this item regards property that has become available at 524 Main Street. He noted he did not seek out this property but rather that the Juneau Community Foundation called to let him know that they had purchased the building at 524 Main Street and were interested in transferring ownership to the Legislature.

PAM VARNI, Executive Director of the Legislative Affairs Agency, said that the property under discussion was assessed several years ago at \$820,000; the operating expenses are \$9,570 annually; and there is an apartment on the property that has rented for \$1,750 per month and would generate revenue for the Legislature. She said that the City has transferred property to the Legislature in the past and, with that transfer the Legislature had to put in quite a bit of money to renovate. With this property, there are no renovations needed as it was completely remodeled in 2006. She said some of the Juneau Community Foundation members were present to speak to this item.

AMY SKILBRED, Executive Director of the Juneau Community Foundation, said that a fund was established with the Juneau Community Foundation called Capitol Fund, which is to be used to support the Capitol Complex. This property became available, it's in line with the Capitol Fund to purchase property like this and see if it can be used by the State for the Capitol.

REED STOOPS, Board Member of the Juneau Community Foundation, said that the purpose of the acquisition is to make it available to the State. It could be made available to the Legislature or to the Administration. He said that as members may have noticed from the tour of the building they took yesterday that the building is well-suited for receptions, for meetings, for office space, for storage, etc.; he said it is just generally useful as it's convenient to the Capitol and has parking, and would provide space for official functions. He said the Juneau Community Foundation was willing to donate it to whatever branch of state government is interested in using it.

KEN KOELSCH, Mayor of Juneau, said that one of the eight goals of the City Assembly is to be a better capital city. Some of the ways we attempt to do that is to televise the legislative session through KTOO, through acquiring property that can be used by the State to make Juneau a

better capital; and this was one that was acquired through the Juneau Community Foundation and it would be a very good fit for the Legislature and he hopes that Legislative Council would consider it.

CHAIR STEVENS asked Mayor Koelsch if he had any concerns about the property being removed from the tax rolls.

MAYOR KOELSCH said that if it is removed from the tax rolls, he thought it would be a win because it was one more part that Juneau is able to serve as a capital city and that is one of their goals. Even though it is taken off the tax rolls, it fulfills the goal of being a better capital city.

REPRESENTATIVE KITO added that before the house was remodeled back into a residence in 2006, it did serve as law offices. He thought it would be pretty easy to have it work as offices again. It does have the benefit of being close to the Capitol and does have some large, open spaces that could be used for gatherings, etc., that we don't have a lot of space for at the Capitol Building.

REPRESENTATIVE NEUMAN said while he appreciated the generous offer, he said for himself and for folks in the Mat-Su, he considers this more an expansion of government and he cannot support it at this time.

Discussion followed regarding the structural integrity of the building. The Juneau Community Foundation (JCF) said they reviewed the engineering report done by R&M Engineering and that report would be made available for the Legislature. The JCF offered to take back the property at any point if the Legislature found any problems with the property in the future. There was one caveat that the Legislature would not be able to sell the building; that they would return it to the JCF at no cost to the Legislature.

CHAIR STEVENS noted that the Legislative Council needed to make a decision or allow the JCF to offer the building to the Executive Branch.

MR. STOOBS said that from the JCF's perspective, he confirmed that they would like a decision sooner rather than later as it was not their intent to hold on to this property. It has been offered to both the Executive and Legislative Branch and whoever decides first that they'd like the property will get it.

MS. SKILBRED, in response to a question by Senator MacKinnon, said the property was put in an LLC, is earning money that wasn't connected with the non-profit, so they actually would be paying property tax to the City if it remained under their ownership.

SENATOR MACKINNON put on the record that she has been a tenant in the apartment over the garage for the last 10 years. She said she had nothing to do with the transaction or the JCF and asked the Chair if she needed to make a formal request to be recused from voting on this even though she does not benefit financially.

CHAIR STEVENS said that if Senator MacKinnon chose not to vote, that was acceptable.

SENATOR MACKINNON, noting how close this property was to the campus of buildings owned by the Legislature, said she really wanted to thank Juneau, the JCF, the Mayor, and all those associated with the Foundation; however, it was just not a good time for the Legislature to take on the responsibility of another building.

CHAIR STEVENS said that some positive aspects of this property are the garages, which would allow the storage of vans that are now stored out at Lemon Creek when the Legislature is not in session. It would allow additional parking, perhaps for up to six vehicles; it would allow for receptions which are now held in the Speaker's Office, as well as Lunch-and-Learns; and also four or five offices on the second floor of the building.

SENATOR HOFFMAN noted that if the apartment was rented out on a long-term basis, it would bring in enough revenue to cover the annual operating costs, maintenance, etc., so he didn't see a downside to the acquisition at this time, especially when the options are wide open for the Legislature. At this point, the positives strongly outweigh the negatives.

MR. STOOPS, in response to a question by Representative Millett, said that the property was offered simultaneously to both the Legislature and the Executive Branch; he said Guy Bell with DOA toured the building yesterday and the Governor may or may not look at it. The JFC is indifferent to which branch takes it as long as it will be part of the Capitol Complex.

MS. VARNI, in response to a request for clarification from the Chair, said that annual operating costs were provided and totaled \$9,570. Depending on the amount of rent charged and whether it would be rented just during session or year-round, it would be a revenue generator, off-setting the operating expenses. Rents could generate at least \$10,000 annually, depending on how we rent the space.

CHAIR STEVENS asked, in response to Vice Chair Herron's concerns, that if the Legislative Council agreed to accept the property from the JFC, and then serious mechanical or other issues were discovered, would it be possible to return the property to the JFC.

MS. SKILBRED confirmed that the property could be returned to the Foundation at any time without penalty to the Legislature.

Discussion followed concerning issues with being a landlord and rental rates differing between session-only and year-round. Additional discussion regarding public perception at a time of fiscal hardship and whether the Legislature actually needs this property regardless of the convenience of the location.

[8:53:31 AM](#)

VICE CHAIR HERRON moved that Legislative Council approve the transfer of the property located at 524 Main Street to the Legislative Council.

After clarification that a yes vote was a vote to accept the property, a roll call vote was taken. Senator MacKinnon recused herself from the vote.

YEAS: Stevens, Hoffman, Micciche, Kito

NAYS: Herron, Coghill, Huggins, Chenault, Johnson, Millett, Neuman

The motion failed 4-7.

MR. STOOPS said that if the Executive Branch declined the property and the Foundation rented it out for a year, they would check back with Legislative Council to see if interest had grown.

There being no further business before the committee, the Legislative Council meeting was adjourned at 8:55 a.m.

[8:55:40 AM](#)