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JUNEAU ALASKA

Alaska State Legislature

House

MEMORANDUM

TO: ALL LEGISLATORS

FROM: Bo' Bettisworth

DATE: June 9, 1981

SUBJECT: Scattered location of State Employees in Fairbanks

There are currently approximately 1000 State employees, excluding the University, working in the Fairbanks area. They are located in 15 different buildings scattered throughout the area, with several miles between them. The Department of Natural Resources has two (2) buildings, The Governor has three (3) buildings and Health and Social Services has four (4) buildings. This scattered approach not only is inefficient and costly but is also a disservice to those that the Government was formed to serve.

Reports show that consolidating Government employees into one location will greatly improve public service and provide significant long-term savings. The savings will come in the form of reductions in support personnel, transportation costs and energy expenses and increased productivity through better efficiency and the use of shared facilities. This type of consolidation will make government more accessible and therefore, more responsible.

By continuing to have our Government offices scattered around Fairbanks, we are encouraging inefficient, inaccessible and irresponsible Government. Senator Fischer has said that SB 124 could be used as a blueprint for other cities, such as Fairbanks. We should not only use SB 124 as an example for Fairbanks, but also as the vehicle to start consolidating our State offices in Fairbanks.

A report entitled "Facility Needs and Recommended Plan-Of-Action" prepared for DOT/PF, analyzes the need for State office space in communities throughout Alaska. This report states that two of the areas with the greatest need for State office facilities in the near future are Fairbanks and Anchorage. It recommends that the State build a facility in Fairbanks with 60,000 net square feet and the ability to be expanded to 160,000 square feet. The additional space should be built to support the long range expansion of departments that would benefit from combined facilities. It states, further, that construction of the additional space in Fairbanks is currently a safe investment.

Commissioner Hudson has stated that the trend in the State Government is toward regionalization. He has also said that he thinks this regionalization could better serve the major population areas of the State. If this trend continues a substantial growth in the number of State employees in the interior is inevitable. If this is to be the case and if we are going to demand a responsive and efficient Government, we need to see that there is one central location for these offices. A project in Fairbanks similar to that which has been discussed for Anchorage, would provide the location at which to consolidate the various State offices.

The information available all seems to recommend that we proceed with a new office building in Fairbanks. In an effort to get this project started, I ask your support for the amendment and for the passage of SB 124.

AMENDMENT

OFFERED IN THE HOUSE:

BY: Bettisworth

TO: CSB 124

HOUSE BILL No. _____

SENATE BILL No. _____

124

PAGE: _____

LINE: _____

- Page 1, Line 6: Delete the word "a", change "complex" to "complexes".
- Page 1, Line 7: Prior to "Anchorage" insert "Fairbanks and".
- Page 1, Line 12 & 13: After "of" delete "metropolitan Anchorage and of southcentral Alaska" and replace with "the Railbelt area".
- Page 1, Line 15: Insert "Fairbanks and" prior to "Anchorage".
- Page 1, Line 16: Delete "Metropolitan" and insert "Fairbanks and".
- Page 1, Line 21: After "complex in" insert "Fairbanks and".
- Page 1, Line 22: Change to read "those communities".
- Page 1, Line 23: Delete "Anchorage State Office Complex" and insert "Fairbanks and Anchorage State Office Complexes".
- Page 1, Line 25: After "complex in" insert "The City of Fairbanks and".
- Page 1, Line 26: Change "complex" to read "complexes".
- Page 1, Line 28: After "located in" insert "The City of Fairbanks and".
- Page 2, Line 2: Change "one" to "two".
- Page 2, Line 3: Change "complex" to "complexes" in both places.
- Page 2, Line 4: After "core area of" insert "The City of Fairbanks and".
- Page 2, Line 13: After "to the state in" insert "Fairbanks and".
- Page 3, Line 5: Change "complex" to "complexes".

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

465-2200

June 8, 1981

Honorable Mike Miller
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Mike
Dear Representative Miller:

As a follow-up to our telephone conversation Re: SB 124, Anchorage Office Complex, I am forwarding the attached information as requested.

I do support SB 124 as a means to collect regional government in Anchorage into one efficient-serviceable center with net returns to the Alaska taxpayers of millions of dollars.

The combination will have no adverse effects on either Juneau or the controversial capital move issue.

I realize that you have co-sponsored similar legislation that would address lease-purchase options for other parts of Alaska and I do support that direction.

Historically, we tend to design, construct and create our major office facilities and assume government growth on the basis of prior year performance.

The record will show that all too often our growth-capacity predictions are not well founded and the sprawl of government immediately takes place.

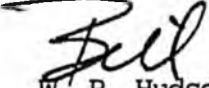
Honorable Mike Miller
Page 2

June 8, 1981

Private sector development under the lease option should be faster and overall more economical and provide growth flexibility.

Thank you for the opportunity to be heard and be assured I am ready to answer any further questions you may have.

Respectfully,


W. R. Hudson
Commissioner

WRH/mjc
cc: Honorable Jim Duncan
Speaker of the House
Jerry Reinwand
Attachment

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill No. 124
 Title State Office Complex at Anchorage
 Requested by Fischer Date June 12, 1981

II. FISCAL DETAIL

Agency Affected Department of Administration - All Agencies
 Program Category Affected General Services & Supply
 BRU, Program, or Subprogram(s) Affected Leasing & Facilities Management
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		47.7	52.5	57.7	63.5	69.9
200 TRAVEL		5.0	5.0	5.0	5.0	5.0
300 CONTRACTUAL		2,200.0	3,268.8	4,387.1	7,580.4	6,066.6
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		252.7	3,371.3	4,449.8	7,648.9	6,141.5

** 2,000.0

FUNDING (Thousands of Dollars)

GENERAL FUND		252.7	3371.3	4449.8	7648.9	6141.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
** SEE NOTE		2,000.0				

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

** \$2,000.0: These funds have already been requested in the Executive Capital Budget (Pg. 216). These funds have been requested by DOT/PF and may require an amendment to allow the Department of Administration the ability to use these funds. Both agencies should work together on this common goal. The study did indicate that in some locations it may be more advantageous to construct and own instead of lease. All options should be considered.

See attached page for detailed analysis. The exact fiscal impact of this bill is difficult to analyze at this time, but if all locations are thoroughly studied during FY 82 a detailed Budget should be provided for FY 83.

IV. DATE June 12, 1981 PREPARED BY George Elgee
 AGENCY Administration - General Services
 PHONE 465-2250

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Sen. Vic Fischer
 Office of the Governor. Keith Specking
 33-001 (Rev. 12/80)

HOUSE CS FOR CS FOR SENATE BILL NO. 124

LOCATION	ESTIMATED SQUARE FOOTAGE NEEDED	FISCAL YEAR OR FIRST YEAR SPACE WILL BE REQUIRED 1				
		FY 82	FY 83	FY 84	FY 85	FY 86
Planning & Design:		2,000.0	\$ 400.0	\$ 350.0	\$ 300.0	\$ 350.0
Anchorage	426,000 sq. ft.			1,625.4	3,250.8	3,250.8
Barrow	4,200 sq. ft.					83.2
Bethel	10,000 sq. ft.					117.6
Juneau	70,000 sq. ft.		1,176.0			
Fairbanks	60,000 sq. ft.				698.4	
Kenai/ Soldotna	20,000 sq. ft.			57.6		
Ketchikan	10,000 sq. ft.				25.2	
Kodiak	14,000 sq. ft.			15.1		
Kotzebue	4,000 sq. ft.		2.4			
Nome	10,000 sq. ft.		122.4			
Palmer	13,000 sq. ft.			60.8		
Sitka	9,000 sq. ft.			16.2		
Wasilla	10,000 sq. ft.			30.0		
SUBTOTALS	760,200 sq. ft.	\$2,200.0	\$1,700.8	\$2,155.1	\$4,274.4	\$3,801.6
MOVING COSTS			84.0	66.0	70.0	14.2
PHONES			84.0	466.0	870.0	314.2
FURNITURE			1,400.0	1,700.0	2,366.0	1,436.6
TOTAL		<u>\$2,200.0</u>	<u>\$3,268.8</u>	<u>\$4,387.1</u>	<u>\$7,580.4</u>	<u>\$6,066.6</u>

1 Leases will not expire in many locations for a number of years. New facilities will need to be acquired to coincide with lease expiration dates.

1	POSITION TITLE Leasing Officer I				RANGE/STEP 18A	BARG. UNIT. G	LOCATION Juneau	GCV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	LEG.		

3	TYPE OF EXPENDITURE	AMOUNT
	1	2
4	PERSONAL SERVICES:	
	SALARY 2,640/mo.	31,680
5	BENEFITS .1579	5,002
6	FICA .0613	1,942
7	HEALTH INS 150 x 12	1,800
8	TOTAL PERSONAL SERVICES	40.4
9	TRAVEL	1.0
10	CONTRACTUAL	4.0
11	COMMODITIES	.5
12	EQUIPMENT	1.8
13	OTHER	
14	TOTAL COST	47.7

JUSTIFICATION:

There are currently only two leasing officers for the entire state. These two leasing officers are responsible for over 324 leases statewide. In addition they are responsible for the management of 60 state owned facilities along with 90 contracts for building care, janitorial services, sewage/pumping, litter barrel service for state parks and snow removal for state owned facilities.

This position will provide the needed additional time to the leasing officers to properly plan for the maximum utilization and efficiency of state owned and leased facilities.

	CODE	FUNDING SOURCE
15		FED RCPTS.
16		GF MATCH.
17		GEN FUND
18		I. A RCPTS.
19		PGM RCPTS
20		OTHER
21	CONTINUATION	
22	ADDITION	

47.7

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Administration PROGRAM Centralized Administrative Services
 BRU General Services
 COMPONENT Purchasing

13 REQUEST FOR NEW POSITION.

FY 82

GENERAL GOVERNMENT

Statewide Space Planning

This will fund detailed programming and site selection/acquisition for office and warehouse space improvements in the following areas:

Anchorage	250.0
Juneau	250.0
Fairbanks	200.0
Bethel	300.0
Nome	300.0
Kotzebue	200.0
Statewide	500.0

PRIORITY: 82-1
 REQUEST: 2,000.0
 FUNDING: GF
 BEGIN: 7/81
 COMPLETE: 6/82
 DISTRICT: 4, 7, 17,
 20, 21, 22
 OP. COST/YR: -0-

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Pilot Station School Cost Overrun

These funds are necessary to allow the completion of the Pilot Station School, which was previously funded at an inadequate level.

PRIORITY: 82-2
 REQUEST: 1,100.0
 FUNDING: GF
 BEGIN: 7/81
 COMPLETE: 12/31
 DISTRICT: 18
 OP. COST/YR: -0-

Equipment Replacement, FY82

This funds the scheduled replacement of approximately 600 pieces of vehicular equipment during FY82.

PRIORITY: 82-1
 REQUEST: 11,278.1
 FUNDING: HWCF
 BEGIN: 7/81
 COMPLETE: 6/82
 DISTRICT:
 OP. COST/YR:

Statewide Facilities Improvements, State Equipment Fleet

The Department may allocate these funds among any of the eight specified projects requested in their detailed capital budget. These projects totaled 261.3.

PRIORITY: 82-2
 REQUEST: 200.0
 FUNDING: GF
 BEGIN: 7/31
 COMPLETE: 6/82
 DISTRICT:
 OP. COST/YR:

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

REVISED

I. REQUEST

Bill/Resolution No. Committee Substitute for Senate Bill No. 124

Title State Office Complex at Anchorage

Requested by Fischer

Date May 20, 1981

II. FISCAL DETAIL.

Agency Affected Department of Administration-All State Agencies

Program Category Affected General Services & Supply

BRU, Program, or Subprogram(s) Affected Leasing & Facilities Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURE \$ (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		200.0	200.0	2,725.4	5,250.8	5,250.8
400 COMMODITIES						
500 EQUIPMENT						
600 LANE & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		200.0	200.0	2,725.4	5,250.8	5,250.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

	FY 82	FY 83	FY 84	FY 85	FY 86
Planning & Design	200.0	200.0	100.0	-----	-----
Office Space Lease (1)			1,625.4	3,250.8	3,250.8
Telephone (2)			400.0	800.0	800.0
Systems Furniture (3)			600.0	1,200.0	1,200.0
TOTAL	\$200.0	\$200.0	\$2,725.4	\$5,250.8	\$5,250.8

IV. DATE May 20, 1981

PREPARED BY George Flgee

AGENCY Administration - General Services & Supply

PHONE 465-2250

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ANALYSIS NOTES

Office Space Lease

(1) Assuming a 430,000 gross square foot building, for over 1,000 employees, (subsequent development may provide more space) approximate cost for such a structure is estimated in excess of \$50,000,000, excluding land.

- Estimated cost per net square foot \$2.38 - less \$1.75 average cost of current leases by FY 84 = Additional cost for lease space \$.63.
- \$.63 x 430,000 net square foot x 6 months. (Assumes occupancy January 1, 1984.) = \$1,625,400.

Assume 3.5% Increase Annually

Calculated for 6 months for FY 84 and 12 months thereafter.

Telephones

(2) Lease purchase of telephone system (purchase price \$3,000.0)
(800,000 per year - 6 months = \$400,000)

Calculated for 6 months FY 84 and 12 months thereafter.

Modular Furniture

(3) Lease purchase of modular furniture (purchase price \$6,000.0)
\$1,200,000 per year - 6 months = \$600,000

Calculated for 6 months FY 84 and 12 months thereafter.

NOTE: Land Acquisition: Funds have been included in the Capital budget for the acquisition of one block of land in downtown Anchorage.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 511Title Relating to State Office FacilitiesRequested by RogersDate April 16, 1981

II. FISCAL DETAIL

Agency Affected Department of AdministrationProgram Category Affected General GovernmentBRU, Program, or Subprogram(s) Affected General Services - Administration

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		47.7	52.5	57.7	63.5	69.9
200 TRAVEL						
300 CONTRACTUAL	--	2,000.0	3,068.8	1,661.7	2,329.6	815.8
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		47.7	3,121.3	1,719.4	2,393.1	885.7
	**	2,000.0				

FUNDING (Thousands of Dollars)

GENERAL FUND		47.7	3,121.3	1,719.4	2,393.1	885.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
** See Note		2,000.0				

POSITIONS

FULL TIME	1	1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

** \$2,000.0: These funds have already been requested in the Executive Capital Budget (Pg. 216). These funds have been requested by DOT/PF and may require an amendment to allow the Department of Administration the ability to use these funds. Both Agencies should work together on this common goal. The study did indicate that in some locations it may be more advantageous to construct and own instead of lease. All options should be considered.

See attached Page for detailed analysis. The exact fiscal impact of this bill is difficult to analyze at this time, but if all locations are thoroughly studied during FY 82 a detailed Budget should be provided for FY 83.

IV. DATE May 1, 1981PREPARED BY George ElgeeAGENCY Administration - General ServicesPHONE 465-2250

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Rogers

HOUSE BILL 511

LOCATION	ESTIMATED SQUARE FOOTAGE NEEDED	FISCAL YEAR OR FIRST YEAR SPACE WILL BE REQUIRED ¹				
		FY 82	FY 83	FY 84	FY 85	FY 86
Planning & Design:		2,000.0	\$ 200.0	\$ 250.0	\$ 300.0	\$ 350.0
* Anchorage	426,000* sq. ft.			---		
Barrow	4,200 sq. ft.					83.2
Bethel	10,000 sq. ft.					117.6
Juneau	70,000 sq. ft.		1,176.0			
Fairbanks	60,000 sq. ft.				698.4	
Kenai/ Soldotna	20,000 sq. ft.			57.6		
Ketchikan	10,000 sq. ft.				25.2	
Kodiak	14,000 sq. ft.			15.1		
Kotzebue	4,000 sq. ft.		2.4			
Nome	10,000 sq. ft.		122.4			
Palmer	13,000 sq. ft.			60.8		
Sitka	9,000 sq. ft.			16.2		
Wasilla	10,000 sq. ft.			30.0		
SUBTOTALS	234,200 sq. ft.	\$2,000.0	\$1,508.8	\$ 429.7	\$1,023.6	\$ 550.8
MOVING COSTS			84.0	66.0	70.0	...
PHONES			84.0	66.0	70.0	14.2
FURNITURE			1,400.0	1,100.0	1,166.0	236.6
TOTAL		\$2,000.0	3,068.8	1,661.7	2,329.6	815.8

1 Leases will not expire in many locations for a number of years. New facilities will need to be acquired to coincide with lease expiration dates.

* See SB 124 - This location is already being studied. Building to be completed by FY 84.

1	POSITION TITLE Leasing Officer I			RANGE/STEP 18A	BARG. UNIT. G	LOCATION Juneau	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: There are currently only two leasing officers for the entire state. These two leasing officers are responsible for over 324 leases statewide. In addition they are responsible for the management of 60 state owned facilities along with 90 contracts for building care, janitorial services, sewage/pumping, litter barrel service for state parks and snow removal for state owned facilities. This position will provide the needed additional time to the leasing officers to properly plan for the maximum utilization and efficiency of state owned and leased facilities.			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	2,640/mo.	31,680						
5	BENEFITS	1,579	5,002						
6	FICA	.0613	1,942						
7	HEALTH INS.	150 x 12	1,800						
8	TOTAL PERSONAL SERVICES	01	40.4						
9	TRAVEL	02	1.0						
10	CONTRACTUAL	03	4.0						
11	COMMODITIES	04	.5						
12	EQUIPMENT	05	1.8						
13	OTHER								
14	TOTAL COST		47.7						
	CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17		GEN. FUND 1004		47.7					
18		I-A RCPTS. 1005							
19		PGM RCPTS 1008							
20		OTHER							
21	CONTINUATION								
22	ADDITION								
FOR B&M USE ONLY									
7A KEY NUMBER					COLUMN NO.				

AGENCY Administration PROGRAM Centralized Administrative Services

BRU General Services

COMPONENT Purchasing

Page _____ of _____

REVISED DATE _____

13 REQUEST FOR NEW POSITION.

FY 82

GENERAL GOVERNMENT

Statewide Space Planning

This will fund detailed programming and site selection/acquisition for office and warehouse space improvements in the following areas:

Anchorage	250.0
Juneau	250.0
Fairbanks	200.0
Bethel	300.0
Nome	300.0
Kotzebue	200.0
Statewide	500.0

PRIORITY: 82-1
REQUEST: 2,000.0
FUNDING: GF
BEGIN: 7/81
COMPLETE: 6/82
DISTRICT: 4,7,17,
20,21,22
OP. COST/YR: -0-

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Pilot Station School Cost Overrun

These funds are necessary to allow the completion of the Pilot Station School, which was previously funded at an inadequate level.

PRIORITY: 22-2
REQUEST: 1,100.0
FUNDING: GF
BEGIN: 7/81
COMPLETE: 12/81
DISTRICT: 13
OP. COST/YR: -0-

Equipment Replacement, FY82

This funds the scheduled replacement of approximately 600 pieces of vehicular equipment during FY82.

PRIORITY: 82-1
REQUEST: 11,278.1
FUNDING: HWCF
BEGIN: 7/81
COMPLETE: 6/82
DISTRICT:
OP. COST/YR:

Statewide Facilities Improvements, State Equipment Fleet

The Department may allocate these funds among any of the eight specified projects requested in their detailed capital budget. These projects totaled 261.3.

PRIORITY: 82-2
REQUEST: 200.0
FUNDING: GF
BEGIN: 7/81
COMPLETE: 6/82
DISTRICT:
OP. COST/YR:

Associated Press story dated 5/7/81 (Anchorage)

Commissioner Hudson is quoted as saying the total costs to the state will be between \$50 million and \$75 million.

-size of the building\$ will be between 426,000 and 700,000 sq feet by 1995

-"perhaps five different buildings... a multi-building complex with lots of green, open space...the tallest will be eight stories high"

-state will buy a 2 block parcel in downtown Anchorage and within six months purchase option on a 3rd block
Cost to the state for land will be \$14 million.

-the complex will have "a cafeteria, barbershop, small post office branch, fitness center, or private day care center"

-2,000 employees will be housed.

--Construction will begin in 1982 and take 27 months with completion scheduled for October 1984.

Credly - mure

MEMORANDUM

State of Alaska

TO: Honorable Jay S. Hammond
Governor

DATE: May 15, 1981

FILE NO:

TELEPHONE NO: 465-2200

FROM: Commissioner W. R. Hudson
Department of Administration

SUBJECT: Anchorage State Office
Complex

We have just concluded the final phase of a comprehensive study to determine the feasibility of developing a consolidated State Office Complex in Anchorage, Alaska.

The final draft report was delivered to our Project Advisory Committee on May 6, 1981 and culminates over one year's informal study by this Department and five months of formal study by CCC-HOC of Anchorage.

The final report is expected within two weeks and will be forwarded to your office and made available to the public upon request.

Because of the late date of the present legislative session and the critical need to secure funds for site procurement, market surveys, design specifications and other final development documents, I am hereby presenting the essence of that final report, seeking your approval and assistance in securing passage of SB 124 and appropriation of \$8,500,000 outlined in the revised fiscal note submitted for SB 124.

In summary, the consultant found the longstanding practice of securing space on the lowest cost, without consideration for agencies, public access and other viable life cycle cost analysis to be inefficient and of low public service.

Further, the report concludes that the consolidation of most Anchorage-based employees will greatly improve public service and produce significant long-term savings.

Savings can be realized in reduction of support personnel, increased productivity, reduction of official transportation costs, improved internal communications, lowered energy costs, and a myriad of shared common facilities such as mail, central duplication, word processing, hearing facilities, data processing, libraries, storage areas, etc.

Honorable Jay S. Hammond
Governor
Page 2

May 15, 1981

The study recommended the State purchase two and possibly three full city blocks, preferably from an eight block area in the Central Business District (CBD) bounded by 7th Avenue to the north, 9th Avenue to the south, C Street to the east and G Street to the west.

It recommends we seek 426,000 gross square feet of Class A office space, with 1,000 parking spaces provided below grade to be developed on State provided land by a private developer secured on a competitive basis on a lease/purchase plan.

The three blocks recommended were to be adjacent to each other and suitably for expansion of projected employee/space needs to 1995, conceivably as many as 2,800 employees and over 600,000 GSF of space.

The report recommends specific actions that must commence as soon as possible if we are to commence construction next year and obtain occupancy by late 1984.

Several significant developments have occurred since our last advisory group meeting and my most recent briefing to you and the Budget Review Committee. I met in Anchorage yesterday with our consultants, Mr. William H. Cies and Thomas J. Curnes, both direct representatives of Mr. Bunker Hunt.

Mr. Cies outlined various development plans by Hunt in Anchorage, all of which would effectively block the State's multi-block multi-building complex envisioned for the above stated downtown area.

As a result of this new awareness it was determined that we should modify our plans to call for a twin tower complex of the above 426,000 gross square foot size, to be constructed on one block, not two.

Future expansion can, therefore, be achieved by leasing space from the announced office development that would take place immediately adjacent to our structures.

The overall cost will be even more favorable to the State and the initial cost would reduce from \$14,350,000 to approximately \$8,500,000.

Significantly, the study showed the current policy of procurement of fragmented space continued to projected increases for 1985 would accelerate to approximately \$7,247,646/year compared to \$8,873,295/year under a projected lease/purchase arrangement.

If consolidation did achieve the annual operating cost reductions of a minimal \$1.5 million year as anticipated, we see annual costs nearly at break even in the first year or two. I believe we will achieve greater cost reductions, perhaps as many as 100 man/years reduction in support services.

Honorable Jay S. Hammond
Governor
Page 3

May 15, 1981

I believe consolidation will have no appreciable effect on the existing office market, will greatly improve public service, will produce long-term results (twenty years) that will deliver a significant complex, with expansion capabilities, at less long-term costs that are present practice.

Private industry development and operation via the leased arrangements will avoid growth in government and produce the needed facilities faster and believe cheaper.

The CBD location will afford public access to all levels of government, federal, local and State.

Finally, failure to proceed with consolidation will require we expand our fragmented policy and continue our inaccessible, nonservice profile in Anchorage.

I strongly urge passage of SB 124 and appropriation of the necessary \$5 million site procurement monies.

To date, my staff and I have completed with your help and support, one of the more comprehensive, time demanding studies, perhaps ever produced in one short year.

This lease/purchase concept is new and I believe a revolutionary alternative to the traditional State design - construct and operate model.

I am prepared to present our finding in detail to the Legislature or any other recommended body.

It is significant to note that we received only one negative comment in this entire highly visible process.

Attached are several pertinent charts, cost data forms and information made available to the press on May 7, 1981.

WRII/mjc
Attachments

ANCHORAGE REGIONAL OFFICE COMPLEX

W. R. Hudson, Commissioner
Department of Administration
February 10, 1981

OVERVIEW:

Few people are aware that the total State employee base for Anchorage is greater than any other city in the State including Juneau - the Capital City!

The peak employment base, which usually occurs during the summer months may reach 4,500, executive, legislative and judicial employees.

With the University of Alaska, Anchorage, you can add approximately 1,000 more employees to that number.

Juneau and Fairbanks by comparison have a base of approximately 4,000 and 1,000 respectively.

While the above 4,500 figure represents the maximum number of employees, the real, full-time work force, as reflected on the payroll would be close to 4,033 employees.

Of these 4,033 Anchorage employees, about 2,300/2,500 are classified as Executive Branch office types. The remainder are executive employees, staffing the Pioneers' Homes, API,

jails, McLaughlin Youth Center, the airport, Public Safety Troopers, highway maintenance, Data Processing, communication technicians, and those Anchorage base permanent staff for the Legislature and Judicial System.

These 2,300 employees are now occupying almost 375,000 square feet of leased office space, located in over seventy different offices all over the Greater Anchorage area.

With the exception of the Department of Labor, no other department has all its divisions or functions collected under one leased roof or even in one part of town.

Most departments, with the exception of the Department of Transportation and Public Facilities and the Department of Public Safety, both of which are in State-owned facilities, are scattered in six or more separate locations.

This fragmentation not only creates inefficiency, costly duplication and loss in productivity, it also does a disservice to the very public it is supposed to serve.

We have conferred with all known interested parties, including each of our sister department heads, the Municipality of Anchorage, Anchorage Borough Assembly, the Downtown Anchorage Association, individual legislators and many others.

CURRENT:

Approximately five months ago, we selected the firm of CCC Architects and Planners in association with Jim Steinmann & Associates to address the more specific aspects of the issue such as facility design, site details, cost variables, special facility needs, public convenience features, implementation plans, compatibility and compliment to local community plans, geophysical concerns, physical considerations, impact on the downtown community and impact on the private office industry in general.

FACTORS:

This combining of offices is aimed primarily at improving public service, making government more accessible, and therein accountable.

With the proper complex downtown, the Anchorage populace and all those rural Alaskans coming into Anchorage will find all levels of government in one location, within walking distance of each other instead of all about town at great public cost and inconvenience.

The cost for a new complex developed to the State's specification and dedicated largely to State functions will cost more in lease payments than now paid out in existing leases, but that cost will be greatly offset by cost reductions, I believe in excess of \$1,500 000 per year in greater efficiency, and avoidance of duplication.

TREND:

The trend toward regionalization is very evident and with the proper facilities will continue.

It is obvious, more regionalization could better serve the major population center of Alaska.

CAPITAL MOVE

IMPACT:

The development of our new Capital City in Willow will have an effect more on the size of the Anchorage facility than anything else.

Some studies show approximately 1,000 of the 2,300 office employees in Anchorage being transferred to Willow to join the 2,500 Juneau central employees. If this were true, and further, if the future growth of government were largely central as opposed to regional, these factors would limit the future added space needs in Anchorage.

It is important to note, however, that all projections in this study represent only 70 percent of anticipated space needs by 1985, thereby to accommodate the possible move of some Anchorage employees to Willow.

By this means we believe our space requirements represent minimal needs by 1985 regardless of the Capital move.

If the Capital remains in Juneau, I see the greatest expansion in employment on a regional as opposed to central basis and little growth in Juneau's work force while major growth takes place in Anchorage, demanding more space.

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alternative sites rated the highest. Again, the Project Advisory Committee reviewed the process and concurred with the results.

During the final phase of the site selection process, we evaluated each recommended site in terms of urban design features, access, proximity to amenities, economic features, and site acquisition considerations. There was no attempt to rank the final recommended alternative sites.

We, the Consultant, believe each of the recommended sites could house such a facility and this facility would compliment the CBD.

ANCHORAGE STATE OFFICE BUILDING
PRELIMINARY BUILDING OCCUPANCY PROFILE

<u>DEPARTMENT</u>	<u>NSF (1985)</u>
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Costs for 1985 Building * Size	426,000 GSF
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(Building Costs Include Contingency for Inflation,
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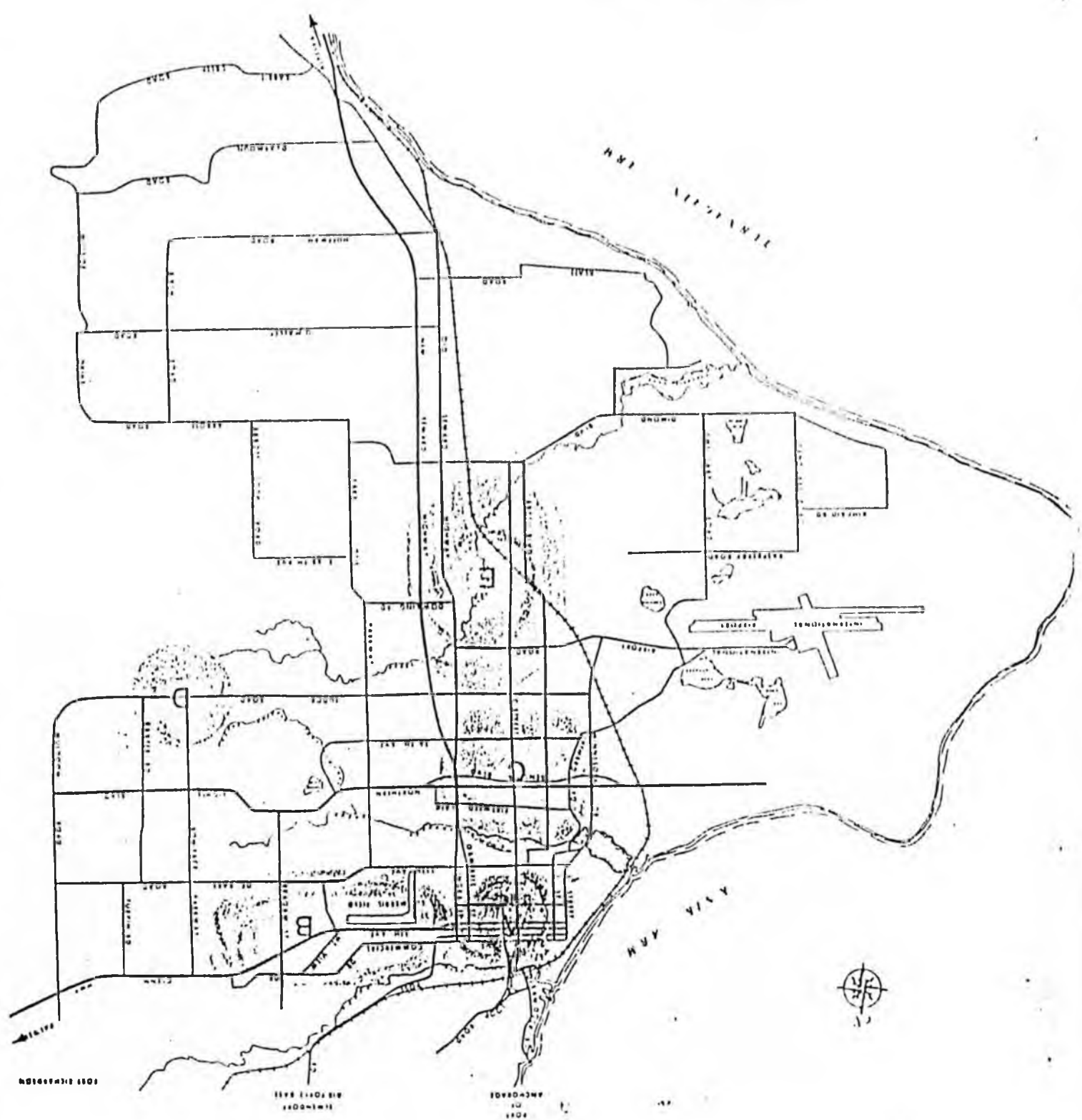
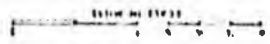
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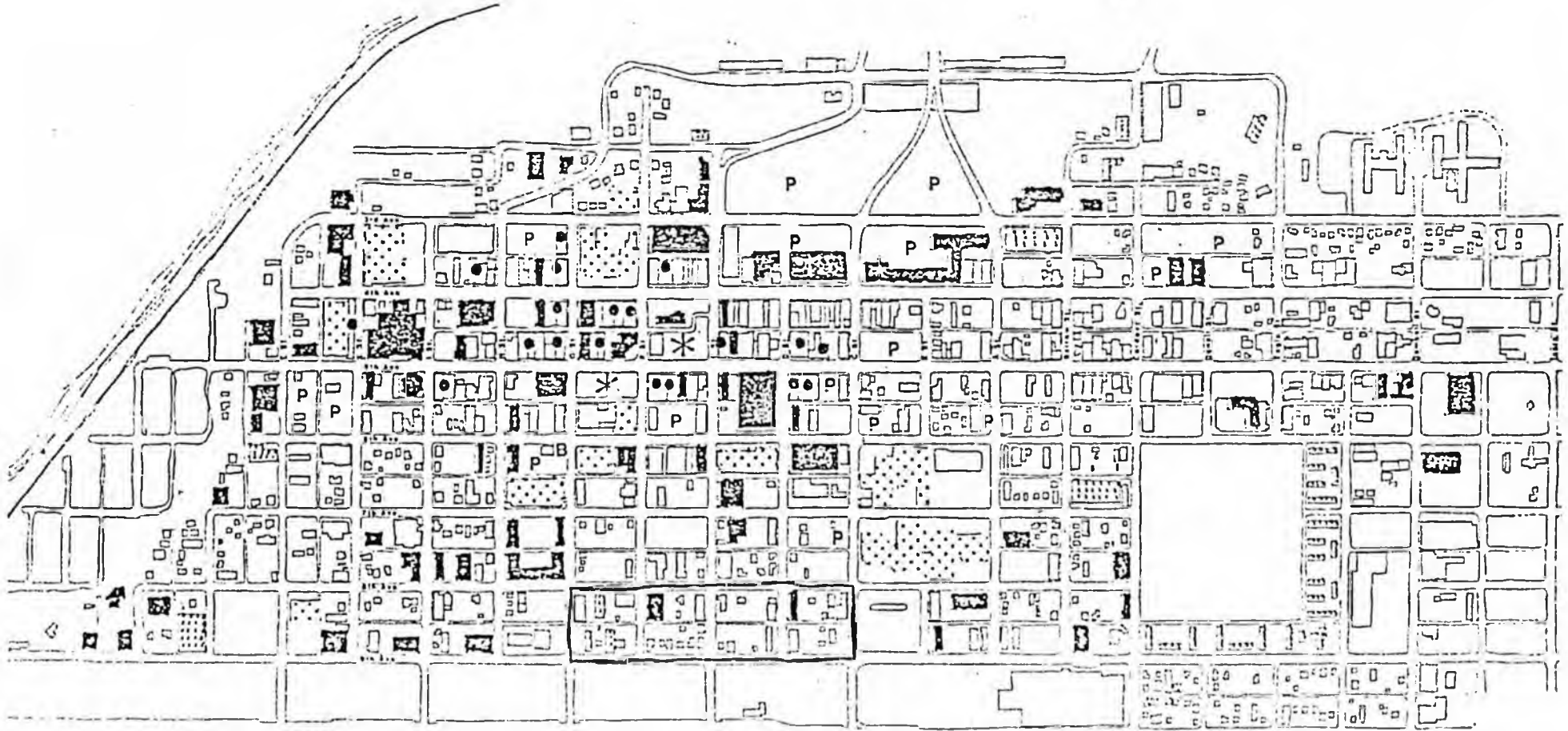
A conservative savings of 1.5 million annually is anticipated by consolidation.






EXHIBIT N
ANALYSIS AREAS

74



49



-  Governmental Office Building
-  Multi-Story Office Building
-  Multi-Family Housing
-  Hotels
-  Public Parking Garage






-  Retail / Office Above
-  Multi-Story Retail
-  Project '80's Site
-  Bus Station
-  Public Off-Street Parking Lot

EXHIBIT T
Existing Land Use



Alaska State Legislature

Senator Vic Fischer • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

M E M O R A N D U M

TO: Speaker and Members, House of Representatives
FROM: Senator Vic Fischer *Vic*
DATE: June 4, 1981
RE: SB 124, Anchorage State Office Complex

I solicit your support for enactment of SB 124 during this session.

The bill will provide the foundation for consolidating offices spread over 60 locations around Anchorage into a downtown complex that will better serve the public, greatly increase efficiency of state government operations and save the state money in the long run.

SB 124 addresses a longstanding need for state government in the greater Anchorage area. It requires the administration to develop, through the private sector, on a lease/purchase basis an office complex in Anchorage, to house, in a central location most of those office type employees assigned to serve the regional needs of Anchorage.

Land for the complex will be acquired by the state, and the state will own the entire facilities under the proposed lease/purchase arrangement. Funds for land acquisition have been included in the Senate's capital budget through allocation of discretionary funds.

The project is being closely coordinated with municipal plans and private development. SB 124 has been endorsed by the Anchorage mayor and assembly, Chamber of Commerce, and many others. The attachments indicate that the development will not negatively affect the private office rental market.

This bill has absolutely no bearing on the capital move, since it is being designed for those regional employees who will always be there to serve the needs of the Anchorage area.

The concept embodied in SB 124 may well serve as a blueprint for meeting expanded office needs in other Alaska cities, such as Fairbanks, Kenai, Nome, and Kodiak.

Thanks for your support of SB 124.

attachments

Committees: State Affairs, Chairman; Resources, Vice-Chairman; Health, Education & Social Services

MEMORANDUM

State of Alaska

TO Honorable Jay S. Hammond
Governor

DATE: May 15, 1981

FILE NO.

TELEPHONE NO. 465-2200

FROM Commissioner W. R. Hudson
Department of Administration

SUBJECT: Anchorage State Office
Complex

We have just concluded the final phase of a comprehensive study to determine the feasibility of developing a consolidated State Office Complex in Anchorage, Alaska.

The final draft report was delivered to our Project Advisory Committee on May 6, 1981 and culminates over one year's informal study by this Department and five months of formal study by CCC-HOC of Anchorage.

The final report is expected within two weeks and will be forwarded to your office and made available to the public upon request.

Because of the late date of the present legislative session and the critical need to secure funds for site procurement, market surveys, design specifications and other final development documents, I am hereby presenting the essence of that final report, seeking your approval and assistance in securing passage of SB 124 and appropriation of \$8,500,000 outlined in the revised fiscal note submitted for SB 124.

In summary, the consultant found the longstanding practice of securing space on the lowest cost, without consideration for agencies, public access and other viable life cycle cost analysis to be inefficient and of low public service.

Further, the report concludes that the consolidation of most Anchorage-based employees will greatly improve public service and produce significant long-term savings.

Savings can be realized in reduction of support personnel, increased productivity, reduction of official transportation costs, improved internal communications, lowered energy costs, and a myriad of shared common facilities such as mail, central duplication, word processing, hearing facilities, data processing, libraries, storage areas, etc.

May 15, 1981

The study recommended the State purchase two and possibly three full city blocks, preferably from an eight block area in the Central Business District (CBD) bounded by 7th Avenue to the north, 9th Avenue to the south, C Street to the east and G Street to the west.

It recommends we seek 426,000 gross square feet of Class A office space, with 1,000 parking spaces provided below grade to be developed on State provided land by a private developer secured on a competitive basis on a lease/purchase plan.

The three blocks recommended were to be adjacent to each other and suitably for expansion of projected employee/space needs to 1995, conceivably as many as 2,800 employees and over 600,000 GSF of space.

The report recommends specific actions that must commence as soon as possible if we are to commence construction next year and obtain occupancy by late 1984.

Several significant developments have occurred since our last advisory group meeting and my most recent briefing to you and the Budget Review Committee. I met in Anchorage yesterday with our consultants, Mr. William H. Cies and Thomas J. Curnes, both direct representatives of Mr. Bunker Hunt.

Mr. Cies outlined various development plans by Hunt in Anchorage, all of which would effectively block the State's multi-block multi-building complex envisioned for the above stated downtown area.

As a result of this new awareness it was determined that we should modify our plans to call for a twin tower complex of the above 426,000 gross square foot size, to be constructed on one block, not two.

Future expansion can, therefore, be achieved by leasing space from the announced office development that would take place immediately adjacent to our structures.

The overall cost will be even more favorable to the State and the initial cost would reduce from \$14,350,000 to approximately \$8,500,000

Significantly, the study showed the current policy of procurement of fragmented space continued to projected increases for 1985 would accelerate to approximately \$7,247,646/year compared to \$8,873,295/year under a projected lease/purchase arrangement.

If consolidation did achieve the annual operating cost reductions of a minimal \$1.5 million year as anticipated, we see annual costs nearly at break even in the first year or two. I believe we will achieve greater cost reductions, perhaps as many as 100 man/years reduction in support services.

Honorable Jay S. Hammond
Governor
Page 3

May 15, 1981

I believe consolidation will have no appreciable effect on the existing office market, will greatly improve public service, will produce long-term results (twenty years) that will deliver a significant complex, with expansion capabilities, at less long-term costs than are present practice.

Private industry development and operation via the leased arrangements will avoid growth in government and produce the needed facilities faster and believe cheaper.

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WRH/injc
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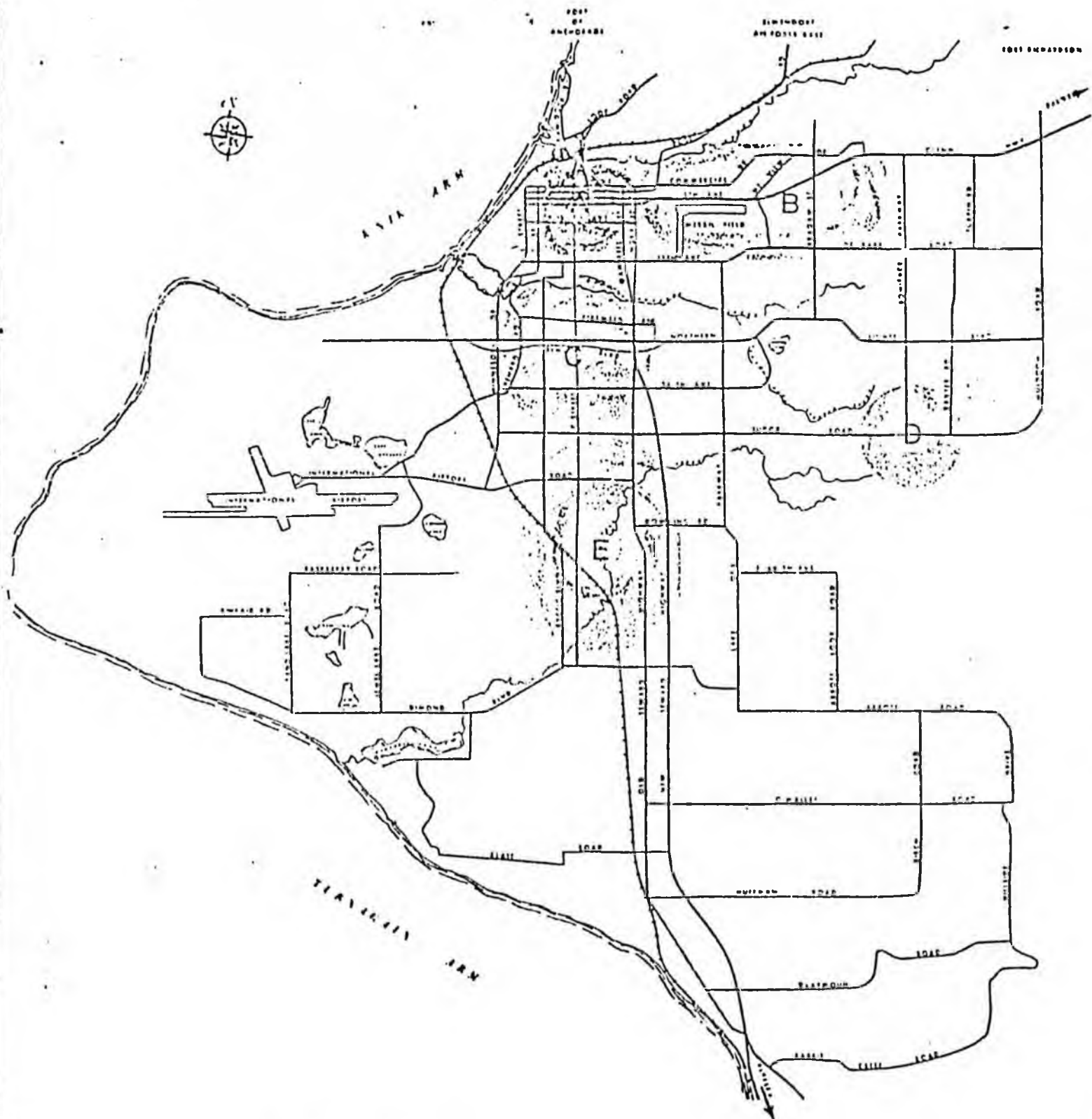
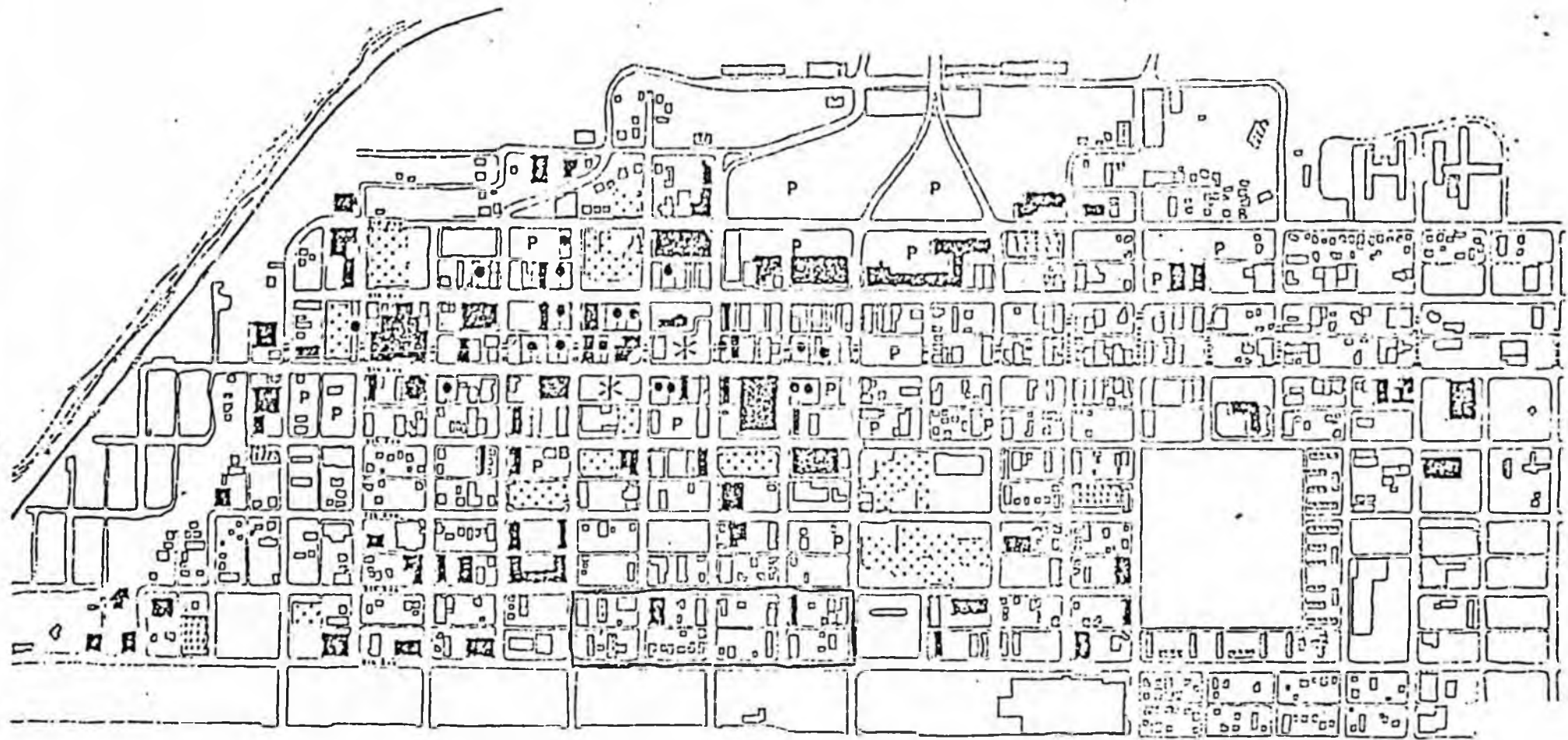


EXHIBIT N
ANALYSIS AREAS



- | | | | |
|--|------------------------------|--|-------------------------------|
| | Governmental Office Building | | Retail / Office Above |
| | Multi-Story Office Building | | Multi-Story Retail |
| | Multi-Family Housing | | Project '80's Site |
| | Hotels | | Bus Station |
| | Public Parking Garage | | Public Off-Street Parking Lot |

EXHIBIT T
Existing Land Use

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

465-2200

June 2, 1981

Honorable Vic Fischer
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Fischer:

I am strongly urging your support and passage of SB 124, which would provide for development of a viable State Government Center in the Greater Anchorage Area.

SB 124 furthers a plan put forth back in 1970 to combine in one location all levels of government for greater public convenience and serviceability.

With the already existence of those regional federal offices and the location of most municipal offices downtown, the State complex is long overdue.

The historic practice of accepting leasing space wherever available on a low cost basis only, has served good purpose over the years, but is no longer acceptable from a service to the public viewpoint or economic consideration now that government numbers in Anchorage exceed the 4,000 mark.

SB 124 compliments a plan for combination that I proposed to Governor Hammond over one year ago and is borne out economically by a just concluded formal study performed under contract by CCC-HOC of Anchorage.

That study identifies the needs by 1984 to house approximately 1,800 regional based State employees of about 426,000 gross square feet of office space.

June 2, 1981

The needs assessment purposely excluded any employee now housed in State-owned facilities, institutional facilities, or those who may be relocated to the new capital in Willow, and, therefore, will have no bearing on that important but sensitive issue.

It is my considered belief that combination of State offices in a location that compliments the plans of our largest host city will reduce the operational costs of State government by at least \$1.5 million and possibly as much as \$2.5 million each year.

It will cost more in the first five-six years as we will be developing a center for specific needs of government and greater service to Alaska's largest population base, but will over the long hand cost less than the present fragmented practice.

In the final analysis, the State will own its own facilities, can provide for expansion as it occurs and be a good neighbor in the process.

We have pursued this plan with great deliberateness and in full public view to avoid any oversight of legitimate expressions of concern.

We have considered all known plans by the host city and made them a part of our planning process to assure complete compatibility.

Private development was chosen as an alternative to State design, construct and operation, as a way to achieve competitiveness, cost-efficiencies, maintenance of the local tax base and constraint of government growth which surely will result whenever the State undertakes a multi-million dollar project.

Honorable Vic Fischer
Page 3

June 2, 1981

We intend to purchase the needed site to assure its proper interaction with other government agencies and the ability to stimulate full competitive interest from the several anticipated major developers.

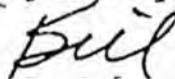
The attached letter to Governor Hammond is self-explanatory and will provide a great deal more specific information on the project.

I expect to have the final report from CCC of Anchorage very soon and will make copies available upon request.

Since all of our existing leases except the Department of Labor building, which we have excluded from our office complex, will roll over in 1984, it is imperative we attempt to break ground next construction season to avoid extending previous major leases and more important to avoid the costly effects of inflation - now estimated at approximately \$5-6 million each year for a project of this size.

If I can answer any further questions or provide any additional information, I am at your call.

Respectfully,



W. R. Hudson
Commissioner

WRH/mjc

cc: Honorable Jay S. Hammond
Honorable Jalmar Kerttula
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Keith Specking
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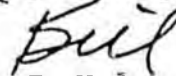
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