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# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

May 4, 1985

The Honorable Don Clocksin  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

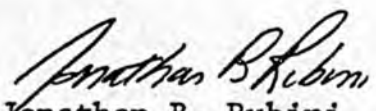
Dear Representative Clocksin:

You have asked for our preliminary view as to the effect of adoption of HB 392, as amended, on those projects for which money has been previously appropriated. Where the state has already entered into a lease-financing agreements prior to the effective date of the legislation, as in the case of the Alaska Vocational and Technical Education Center, the bill would not, in our view, have any application. In contrast, where the state has not entered into a lease-financing agreement, the bill would condition the authority to do so upon specific review and approval by the legislature. With specific reference to the proposed Seward prison facility, the state has not as yet entered into a lease-financing agreement, and HB 392, as amended on the floor, would therefore require specific legislative approval.

We attach a draft letter of intent which clarifies the question of retroactive application of HB 392.

Sincerely yours,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:   
Jonathan B. Rubini  
Assistant Attorney General

JBR:bap

Attachment

cc: The Honorable Mike Szymanski  
Representative

Ray Gillespie  
Legislative Liaison  
Office of the Governor

DRAFT LETTER OF INTENT

It is the intent of the Legislature that the requirement of specific legislative approval of lease-financing agreements apply to only those projects or office facilities for which the state has not previously entered into a lease-financing agreement. Projects for which the state has entered into lease-financing agreement are not affected by this legislation.

LETTER OF INTENT

House Bill 392

It is the intent of the Legislature that the requirement of specific legislative approval of lease-financing agreements apply to only those projects or office facilities for which the state has not previously entered into a lease-financing agreement. Projects for which the state has entered into lease-financing agreements are not affected by this legislation.

Further, It is the intent of the Legislature that the Department of Administration examine the opportunities for centralizing of government office space in Alaska communities which express an interest in consolidating office space. The Department should work closely with these communities to define options for office space consolidation. A report on the possibilities of office space centralization, including an evaluation of costs, should be submitted to the Legislature by January 15th, 1986.

The purpose of this analysis is to identify opportunities for cost savings to the state through more efficient use of office space. A related benefit would be to make government offices more accessible to constituents by centralizing many different offices which may be scattered throughout a community. Where appropriate, consideration should be given to inclusion of federal and/or local government office space in central facility.

*D. Cochran*

*Approved*  
*37-3*

## BILL HISTORY

213 392HOUSE CALENDAR: MAY 4, 1985 - SATURDAY

BILL HB0392  
 PAGE 01001  
 DATE 04/19/85  
 CHAMBER HOUSE  
 TEXT HOUSE BILL NO. 392 by the Rules Committee by request of the Governor, entitled:

"An Act relating to the acquisition and development of state office and prison facilities; and providing for an effective date."

was read the first time and referred to the Finance Committee.

A zero fiscal note with an analysis was attached and appears in House Journal Supplement No. 52.

The Governor's transmittal letter, dated April 19, 1985, appears below:

"Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that relates to financing for the acquisition and development of public facilities.

During my recent address to the joint session of the legislature, I stated that the Anchorage Office Complex would not proceed unless the project is approved by the legislature. As you know, the money for developing the Anchorage Office Complex is intended to be provided through the sale of certificates of participation in rental payments, i.e., lease-financing agreements. My commitment to seek legislative approval was offered in recognition of the substantial legislative interest in a project as substantial and as costly as the proposed Anchorage Office Complex.

It is important for the Legislature to understand the long-term implications of this legislation. I believe it is good public policy to find creative ways to finance buildings when such financing saves us money in the future. We have an obligation to our citizens to take advantage of these savings whenever we can.

The desirability of legislative review of the Anchorage Office Complex raises the more general question of how to assure adequate legislative involvement when the state seeks to enter into lease-financing agreements. As we enter an era of declining state revenues, I believe that it is all the more critical to explore all available opportunities to provide needed public facilities in the most cost-efficient method. In some instances, lease-financing transactions offer an extremely attractive vehicle to finance the development of public buildings. While I believe that the authority to enter into long-term leases under AS 37.05.280 provides a statutory basis for lease-financing, I am equally cognizant of the need to assure that the legislature is accorded an opportunity to review these projects before their actual development. Section 1 of

this bill amends AS 37.05.280 to provide that legislative approval must be obtained before the Department of Administration may enter into a lease-financing agreement. I must observe that the proposed amendment to AS 37.05.280 poses difficult separation-of-powers considerations. Traditionally, a requirement of specific project approval is not a proper exercise of legislative powers. Yet where lease-financing arrangements are at issue, the practical fact is that the decision to enter into such an agreement may, as a practical matter, place a far-reaching economic burden on the state. In these circumstances, I recognize that providing legislative review only through the annual appropriation process is somewhat limited. In short, because I believe lease-financing transactions do have a substantial impact on the state's fiscal affairs over a period of fiscal years, I welcome the legislature's participation in the process of project review.

I believe that this bill offers the legislature a strong role in review and approval of proposed lease-financings. I urge your prompt review and passage of this legislation.

Sincerely,

/s/

Bill Sheffield  
Governor"

HB0392  
01232  
05/02/85  
HOUSE

The Finance Committee has considered HOUSE BILL NO. 392 (acquisition and development of state office and prison facilities; effective date) and reports it back as follows: Adams (Chairman), Ringstad, Szymanski, Cotten, Uehling and Larson recommend do pass. Duncan, Rieger, Pourchot and Frank have no recommendation.

HB 392 was referred to the Rules Committee for placement on the calendar.

State Offices & Prison Facilities - HOUSE BILL NO.-392, by the Rules Committee by Request of the Governor. Relates to acquisition and development of state office and prison facilities (see SB 293, page 645, identical, also Governor's letter). (below)

Introduced April 19 and referred to Finance.

\* SENATE BILL NO.-293, by the Rules Committee by request of the Governor. Authorizes the state to enter into lease-financing agreements, including lease-purchase arrangements for the financing of state office and prison facilities. Effective immediately. Identical to HB 392.

Introduced April 19 and referred to State Affairs, Judiciary and Finance.

In his message transmitting the bill to the Senate for consideration, Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that relates to financing for the acquisition and development of public facilities.

During my recent address to the joint session of the legislature, I stated that the Anchorage Office Complex would not proceed unless the project is approved by the legislature. As you know, the money for developing the Anchorage Office Complex is intended to be provided through the sale of certificates of participation in rental payments, i.e., lease-financing agreements. My commitment to seek legislative approval was offered in recognition of the substantial legislative interest in a project as substantial and as costly as the proposed Anchorage Office Complex.

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I must observe that the proposed amendment to AS 37.05.280 poses difficult separation-of-powers considerations. Traditionally, a requirement of specific project approval is not a proper exercise of legislative powers. Yet where lease-financing arrangements are at issue, the practical fact is that the decision to enter into such an agreement may, as a practical matter, place a far-reaching economic burden on the state. In these circumstances, I recognize that providing legislative review only through the annual appropriation process is somewhat limited. In short, because I believe lease-financing transactions do have a substantial impact on the state's fiscal affairs over a period of fiscal years, I welcome the legislature's participation in the process of project review.

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Official Business

# Alaska State Legislature

Senate

Committee on Labor & Commerce

Fouch V  
State Capitol  
Juneau, Alaska 99811

HB 392am

Department may enter into lease financing agreements which provide:

- a) lease financing agreement must provide that payments are subject to annual appropriation
- b) notice to the legislature; this notice must include annual anticipated lease obligations, and total anticipated construction or acquisition costs.
- c) Office or project must be specifically approved by the legislature thru law, other than appropriation.

Current Law: Contract or lease must be approved by the legislature thru concurrent resolution

House letter of Intent pertains to consolidation of office space

# Alaska State Legislature



REPRESENTATIVE  
ADELHEID HERRMANN

P. O. BOX 83  
NAKNEK, ALASKA 99833  
(907) 246- .95

While in Juneau  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4842, 465-4943

CO-CHAIRMAN  
RESOURCES COMMITTEE

MEMBER  
TRANSPORTATION  
COMMITTEE

## House of Representatives

### DISTRICT 26

ADAK  
AKUTAN  
ALEKNAGIK  
ATKA  
BELKOFSKI  
CLARK'S POINT  
COLD BAY  
DILLINGHAM  
DUTCH HARBOR  
EGEGIK  
EKUK  
EKWOK  
FALSE PASS  
IGIUGIG  
IL'AMNA  
KING COVE  
KING SALMON  
KOKHANOK  
KOLIGANEK  
LEVELOCK  
MANOKOTAK  
NAKNEK  
NELSON LAGOON  
NEWHALEN  
NEW STUYAHOK  
NIKOLSKI  
NONDALTON  
PEDRO BAY  
PILOT POINT  
PORT ALSWORTH  
PORT HEIDEN  
PORT MOLLER  
PORTAGE CREEK  
SAND POINT  
SOUTH NAKNEK  
SQUAW HARBOR  
ST. GEORGE  
ST. PAUL  
TOGIAK  
TWIN HILLS  
UGASHIK  
UNALASKA

TO: Senator Fred Zharoff  
FROM: Representative Adelheid Herrmann  
DATE: June 10, 1985  
SUBJECT: Legislative Intent of House Bill 392

As you are no doubt aware, House Bill 392 passed the House and is currently in the Senate Labor and Commerce Committee awaiting action next session.

Please find attached a copy of the letter of intent which was adopted with this bill which has particular relevance for District 26. More specifically, the City of Dillingham is interested in the possibility of consolidating State and/or federal office space in a single complex. At this point, the idea is only tentative but some preliminary information is available. I have also enclosed a copy of a House Research Agency Report which identifies the current State and federal office space requirements.

I wanted to draw your attention to this bill in the hope that the provisions contained in the letter of intent regarding office space consolidation are given favorable consideration and possibly made stronger by inclusion in the bill itself.

NAYS: 0  
EXCUSED: 0  
ABSENT: 0

AND SO, HB 392AM PASSED THE HOUSE ON RECONSIDERATION.  
REPRESENTATIVE CLOCKSIN MOVED THAT THE ROLL CALL ON THE  
PASSAGE OF THE BILL BE CONSIDERED THE ROLL CALL ON THE  
EFFECTIVE DATE CLAUSE. THERE BEING NO OBJECTION, IT WAS SO  
ORDERED.

REPRESENTATIVE CLOCKSIN MOVED THAT THE HOUSE ADOPT THE  
FOLLOWING LETTER OF INTENT.

REPRESENTATIVE MARTIN OBJECTED.

"LETTER OF INTENT

~~FOR~~  
HOUSE BILL NO. 392 AMENDED

IT IS THE INTENT OF THE LEGISLATURE THAT THE REQUIREMENT OF  
SPECIFIC LEGISLATIVE APPROVAL OF LEASE-FINANCING AGREEMENTS  
APPLY TO ONLY THOSE PROJECTS OR OFFICE FACILITIES FOR WHICH  
THE STATE HAS NOT PREVIOUSLY ENTERED INTO A LEASE-FINANCING  
AGREEMENT. PROJECTS FOR WHICH THE STATE HAS ENTERED INTO

LEASE-FINANCING AGREEMENTS ARE NOT AFFECTED BY THIS  
LEGISLATION.

FURTHER, IT IS THE INTENT OF THE LEGISLATURE THAT THE  
DEPARTMENT OF ADMINISTRATION EXAMINE THE OPPORTUNITIES FOR  
CENTRALIZING OF GOVERNMENT OFFICE SPACE IN ALASKA  
COMMUNITIES WHICH EXPRESS AN INTEREST IN CONSOLIDATING  
OFFICE SPACE. THE DEPARTMENT SHOULD WORK CLOSELY WITH  
THESE COMMUNITIES TO DEFINE OPTIONS FOR OFFICE SPACE  
CONSOLIDATION. A REPORT ON THE POSSIBILITIES OF OFFICE  
SPACE CENTRALIZATION, INCLUDING AN EVALUATION OF COSTS,  
SHOULD BE SUBMITTED TO THE LEGISLATURE BY JANUARY 15, 1986.

END OF DOCUMENT



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3591

April 19, 1985

MEMORANDUM

TO: Representative Adelheid Herrmann

ATTN: Eric Myers

FROM: Eric Laschever  
Legislative Analyst

RE: Dillingham Government Employees and Office Costs  
Research Request 85-301

At your request, I have prepared the following information regarding the number of State and federal employees based in Dillingham and the costs of leasing space for these individuals.

I was able to identify a total of 64 to 71 employees, 31,268 square feet of space and \$17,938.49 per month in lease expenses.

State Employees and Office Costs

Table 1 summarizes the number of State employees, the amount of office space and office space costs by agency. The table is based on information provided by the Department of Administration, the Division of Legislative Finance and the Dillingham phone book. According to these sources, there are 40 State employees located in Dillingham, not including summer seasonal staff for the Department of Fish and Game. State workers occupy approximately 17,573 square feet of office and shop space. The Departments of Administration, Fish and Game, Health and Social Services, Public Safety and Transportation occupy State-owned facilities. The State is still making ASHA payments on the facility occupied by the Departments of Health and Social Services and Labor. These payments were \$10,733.41 in FY 84, the most recent year for which I could find data. Five departments lease space, paying \$16,186.49 per month or \$194,237 per year. The University of Alaska has nine employees in Dillingham. They occupy 4,370 square feet of space. The University owns the facility which is located on land for which it has a \$1.00 100-year lease from the city.

Table 1

State Employees and Office Space

<u>Department</u>	<u>Number of Employees</u>	<u>Square Feet</u>	<u>Monthly Costs</u>
Administration, Division of Communication	1	256	State-Owned
Commerce	1	238	\$ 449.82
Community and Regional Affairs	3	1,030	1,957.00
Environmental Conservation	1	331	662.40
Fish & Game	10 <sup>a</sup>	4,000	State-Owned
Health and Social Services	3 - 5	331	State-Owned
Labor	2	600	State-Owned
Law	3	1,154	2,480.09
Legislative Affairs	2	800	1,600.00
Public Safety	2	2,000	State-Owned
Transportation	7	3,200	State-Owned
District Court System	3.5	3,633	\$ 8,937.18
Universtiy of Alaska	9	4,370	State-Owned
TOTAL	47.5 - 49.5	21,943	\$16,186.49

<sup>a</sup>Includes Department of Natural Resources Park Ranger.

Source: Personal Communications with State Agencies.

Prepared by the House Research Agency, April 1985.

\* \* \* \*

Federal Employees and Office Costs

I was able to identify five federal agencies which have offices in Dillingham. Table 2 lists the number of employees, amount of space and lease costs for these agencies. The people whom I interviewed at the hospital and air field said that it was unlikely that they would be able to relocate away from their current locations. The Corps of Engineers occupies a federally owned building. The remaining two agencies occupy 2,963 square feet of leased space.

Table 2  
Federal Employees and Office Space

<u>Program</u>	<u>Number of Employees</u>	<u>Square Feet</u>	<u>Monthly Costs</u>
Corps of Engineers	2-7	3,500	Federal Govt. owns building
Togiak National Wildlife Refuge	5	975	\$1,852
Post Office	6	4,850	NA
Public Health	NA	Stationed at Hospital	
Federal Aviation Administration	4	Stationed at Airfield	
TOTAL	17-22	9,325	\$1,852

Source: Dillingham Phone Book, Personal communication with staff.

Prepared by the House Research Agency, April 1985.

\* \* \* \*

I hope this information is useful. If you need additional information, please do not hesitate to contact our agency.

EL

LETTER OF INTENT

House Bill 392

It is the intent of the Legislature that the requirement of specific legislative approval of lease-financing agreements apply to only those projects or office facilities for which the state has not previously entered into a lease-financing agreement. Projects for which the state has entered into lease-financing agreements are not affected by this legislation.

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BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 19, 1985

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Representative Grussendorf:

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cognizant of the need to assure that the legislature is accorded an opportunity to review these projects before their actual development. Section 1 of this bill amends AS 37.05.280 to provide that legislative approval must be obtained before the Department of Administration may enter into a lease-financing agreement.

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I believe that this bill offers the legislature a strong role in review and approval of proposed lease-financings. I urge your prompt review and passage of this legislation.

Sincerely,



Bill Sheffield  
Governor

*ce*  
*sup 52*

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

Page 1 of 1

REQUEST  
Bill/Resolution No.: HB 392  
Title: Relating to various state facilities  
Sponsor: Rules/Governor  
Requestor: \_\_\_\_\_  
Date of Request: 4-18-85

FISCAL DETAIL  
Agency Affected: Administration  
Program Category Affected: General Government  
BRU, Program or Subprogram(s) Affected: Leasing & Facilities

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill provides for prior project notification to the legislature if the department intends to use lease-purchase agreements. At that time, the agency must provide details as to anticipated annual lease costs, total project or acquisition costs. A separate law must be passed to approve the project. At that time a separate fiscal note would indicate the full fiscal impact for that particular project.

Prepared By: Anselm Staack *A. Staack* Phone: 465-2200  
Division: Deputy Comm./Administrative Mgmt. Date: 4-18-85

Approved by Commissioner: Lisa Rudd *LJR* Date: 4/18/85  
Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

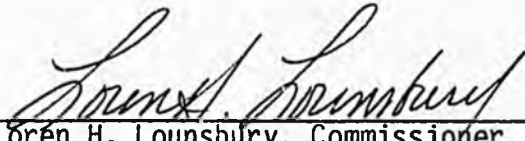
SB 392: "An Act relating to periodic payments for future damages in certain civil actions; amending Alaska Rules of Civil Procedure 49 and 58; and providing for an effective date."

This bill is focused on a tort reform concerning periodic payments for future damages in certain civil actions. The position of the department on these issues is neutral.

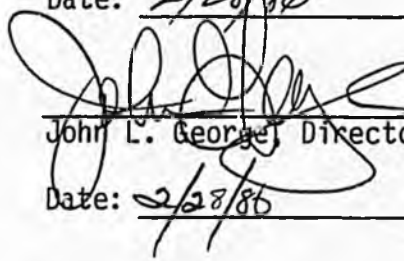
This bill has an impact on the Division of Insurance. The division would be required to adopt regulations under this legislation to determine which insurers, self insurers, plans, or arrangements are financially qualified to provide security under the section dealing with security for payment of annuity and to designate those entities as qualified insurers. This requires a fiscal impact and places the division in the position of making regulatory judgments concerning entities that it does not regulate. The entire expense can be avoided as well as the conflict by using a slightly different approach to Sec. 09.30.480, which changes the fiscal impact to \$0.

On Page 6, replace lines 13 - 18 with the following:

Sec. 09.30.480. ELIGIBLE SECURITIES FOR PAYMENT OF ANNUITY. A governmental entity with taxing authority, or an insurer authorized under AS 21.09 by the Director of Insurance to sell annuities, is qualified to provide the security required under AS 09.30.430.

  
Loren H. Lounsbury, Commissioner  
Department of Commerce & Economic  
Development

Date: 2/28/86

  
John L. George, Director of Insurance  
Date: 2/28/86