

**S C R**

**52**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SCR 52

SPONSOR Rodey

BILL TITLE Leasing of space by the state.

DATE REFERRED 2.12.90

HEARING SCHEDULED 3.28.90

FISCAL NOTE PREPARED

SPONSOR CONTACTED - Katy - 3793

INTERESTED PARTIES CONTACTED

SEE

HCR 52...

OTHER

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Relating to the leasing of space ...  
and establishing the State Lease Task Force.  
Sponsor: Representative Ulmer  
Requestor: House Finance

Affected Agency: Legislative Affairs Agency  
BRU: Legislative Operating Budget  
Components Legislative Operating Budget

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY91	FY92	FY93	FY94	FY95	FY96
Personal Services	0	0	0	0	0	0
Travel	6.6	0	0	0	0	0
Contractual	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Equipment	0	0	0	0	0	0
Land & Structures	0	0	0	0	0	0
Grants, Claims	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>6.6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (THOUSANDS OF DOLLARS)

General Fund	6.6	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>6.6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

Full-Time	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

CSHCR 52 (Finance) establishes the State Lease Task Force comprised of 13 members. Administrative and legal services of the Legislative Affairs Agency shall be made available to the Task Force. The following is requested to adequately support the Task Force:

Prepared By: Pamela Stoops, Director  
Division: Administrative Services

*Pamela Stoops*

Phone: 465-3850  
Date: 3/19/90

Approved By: Warren Endicott, Executive Director  
Agency: Legislative Affairs Agency

*Warren Endicott*

Date: 3/19/90

DISTRIBUTION (BY PREPARER)  
LEGISLATIVE FINANCE  
LEGISLATIVE SPONSOR

REQUESTOR  
OFFICE OF MANAGEMENT & BUDGET  
AGENCY (IES)

CONTINUATION OF FISCAL NOTE: CSHCR 52

Travel:

It is anticipated there will be 2 meetings of the Task Force. It is assumed that travel expenses of the 4 Legislators will be absorbed within the existing Legislative Budget and the 2 Representatives from the Executive Branch and 1 Representative from the University will be absorbed within their respective budgets.

2 meetings x 6 public members at 2 days each

airfare - 2 meetings x 6 members = 12 airfares

12 airfares x \$390 = \$4,680

per diem - 2 meetings x 6 members = 12

12 x 2 days per diem = 24

24 x \$80 =

\$1,920

\$6,600

Advertising of public notices, printing of the report, supplies, equipment, etc. will be absorbed within the existing Legislative Operating Budget.



ALASKA CHAPTER  
THE AMERICAN INSTITUTE OF ARCHITECTS  
P.O. BOX 10-3563 • ANCHORAGE, ALASKA 99510

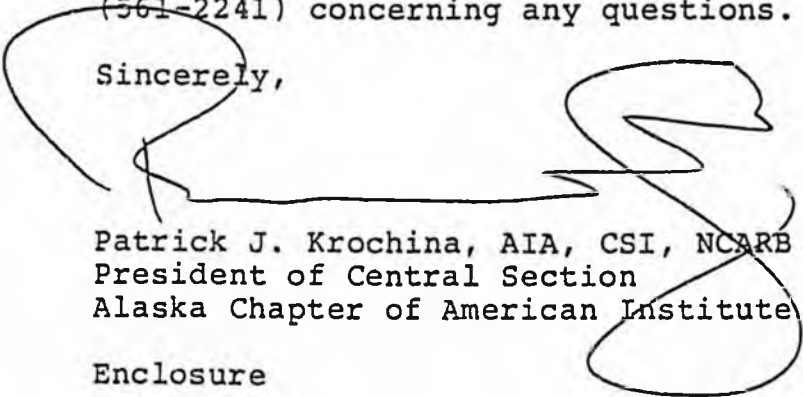
DATE: February 8, 1990  
TO: State of Alaska Legislature  
FROM: American Institute of Architects  
Alaska Chapter

Representing Alaska Architects practicing throughout the state we have a major concern over the current procurement policies evolving with various state agencies forced to expand or replace their physical plants; namely the Capital Lease Process. We recognize that there are certain immediate financial advantages with this process, however, history has shown there are serious disadvantages that each State Dept. should be aware of.

Attached are a few documents pointing at these issues both in Juneau and Anchorage as well as a preliminary draft. Also attached is a report compiled by A/E, Contractors & Owners about the Design/Build/Bid Process which relates to the Capital Lease Process.

Please review and call any of our Board of Directors or myself (561-2241) concerning any questions.

Sincerely,



Patrick J. Krochina, AIA, CSI, NCARB  
President of Central Section  
Alaska Chapter of American Institute of Architects

Enclosure

2/13/90 FILE TO LEGIS. RE REGISTRATION  
ON PROCUREMENT OF CERTAIN STATE LEASES

DRAFT

January 8, 1990

TO: All Interested Parties

FROM:

RE: Proposed Legislation Concerning the Procurement of Certain State Leases

### Background

Because of difficulties and delays encountered in the capital budget process, many state agencies have turned to the capital lease process as a means of acquiring badly needed new facilities. These facilities are designed, constructed, financed, and often operated and maintained by the successful bidder. The building is essentially purchased by the state on the "installment plan" utilizing funds from the agency's operating budget. At the conclusion of the term of the lease, which may be 20 years or more, ownership of the facility usually reverts to the state, often after payment of a final lump sum amount to the bidder.

The capital lease process is made possible because many agencies have accommodated space needs over the years through rental of increasing amounts of office space which is frequently scattered throughout a community. Consolidation of rental space and agency functions increase the buying power and the efficiency of the agency, and when a large block of space can replace many scattered leases for little or no operating cost penalty the agency proceeds with construction of a new building through a capital lease agreement.

### The Problems

The capital lease process, which involves commissioning the design and construction of new state facilities, operates with virtually none of the controls normally placed on development of new public facilities. Contract documents are routinely prepared by staff lacking professional expertise. The contracts are treated as simple lease agreements, which are not suitable documents for contracts resulting in construction of new buildings that ultimately become state property.

Capital lease agreements currently in use do not protect the state from making bad investments in poor quality buildings. The leases are normally awarded only on the basis of lowest rental cost. There are no mechanisms in the process to ensure that the facilities acquired are functionally responsive to the needs of

the agency, are economical to operate and maintain, or are productive and humane environments for the individuals who work there. In short, there is no means to ensure that agency funds are invested in a responsible manner.

#### The Proposed Legislative Solution

Buildings which are functionally unsuccessful or unreliable will not solve an agency's space problems. Buildings which are poorly designed and constructed are expensive to operate and maintain and can have such a short useful life span that they are of little value at the conclusion of the term of lease when ownership is transferred to the state. Legislation is needed to ensure that new facilities commissioned by the state through the capital lease process result in good investments for the state and for the communities in which the facilities are constructed.

The state procurement code already has in effect provisions which regulate the use of competitive sealed proposals for procurement of the design and construction of new facilities under AS 36.30.200(c). Under this existing legislation a bidder's proposals can be evaluated on the basis of many criteria, including price. This provides the means for evaluating a capital lease proposal with regard to functionality, aesthetics, long term maintenance costs, etc.

The objectives of the attached proposed legislation are to: require that AS 36.30.200 be applied to capital lease projects; set out the minimum criteria to be considered when evaluating competitive sealed proposals for capital lease projects.

This proposed legislation can be expected to have the added benefit of minimizing the controversy which often surrounds poorly designed facilities commissioned by the state, such as the "Plywood Palace" and the recent Department of Environmental Conservation office building, both located in Juneau. The concept behind this legislation has been endorsed by the Alaska Professional Design Council, the Alaska Chapter of the American Institute of Architects, the Juneau Planning Commission, (others who sign on as supporters)..

There are related issues such as the application of the Little Miller Act which mandates payment of minimum wage rates on all public construction projects. This particular issue is anticipated to be covered in a separate piece of legislation. Other issues such as Alaska Bidders Preference and Alaska Product Preference may surface during the session. While these are all serious concerns that will likely need to be addressed, the core of this proposed legislation is related to ensuring that state funds are responsibly invested.

end



ALASKA CHAPTER  
THE AMERICAN INSTITUTE OF ARCHITECTS  
P.O. BOX 10-3563 • ANCHORAGE, ALASKA 99510

February 7, 1990

Mayor Tom Fink  
Municipality of Anchorage  
632 W. 6th Avenue  
Anchorage, AK 99501

Anchorage Assembly  
P.O. Box 196650  
Anchorage, AK 99519-6650

Re: MOA New Office Building Procurement

As President of the Central Section of the American Institute of Architects, it has come to my attention that the Municipality of Anchorage is planning on procuring a new office building to replace their expiring lease at the current location in the downtown "Hill Building". With the potential asbestos concerns of the "Hill Building", the city is investigating procurement criteria for a new physical plant.

As architects we welcome this bold move to inject into this economy a focal point of Anchorage government. However, we understand the sole criteria for the selection process will be cost. If this is accurate then the administration is embarking down a trail that has been proven in the long run to be least beneficial to the public's interest.

One can look around Anchorage and the rest of the state and give examples where city and state government were "penny wise and pound foolish". Getting the "lowest dollar" in design and construction doesn't necessarily equate to the best deal for the public interest. A building that in five years will require major capital improvements and upgrades; a building that has not factored in life cost cycling, efficient energy systems both mechanical and electrical, etc; would both end up costing the tax payers more money in the long run.

Buildings which are poorly designed and constructed are expensive to operate and maintain and usually have a short useful lifespan that becomes capital intensive, requiring expensive remodeling efforts to extend the lifespan.

Besides the economic issues, the aspect of aesthetics is a critical element. The old argument of "how much is aesthetics worth," comes into focus. Can one put a value on whether a building is well designed? Surely if the facility became an incentive for positive city growth, or an encouragement for the overall psychological benefit of working in an attractive and efficient structure, would have a positive effect on the user. These issues all have merit in the economic realm. This, of course, presumes that good design costs more than bad design. As part of the design profession, we feel this is a myth and is propagated under the illusion of "getting the most for your dollar," means little regard for good design. On the contrary, good design can make the facility function a lot more efficiently. Good design will be cost effective by taking advantage of more efficient energy and saving systems that in the long haul will enable the owner to have a less costly amortization of his costs.

2/11/90 LTR TO MAYOR FINK RE  
NEW OFFICE BUILDING PROCUREMENT

The other age-old argument is Civic Pride. This is the center of our civic government. In a downturn economy as exists today, these issues are usually overshadowed by the ever present pressure of an austere budget. If anything, a good design must prevail in a well designed, energy efficient public building. The city can be proud of this facility, rather than a low cost badly detailed and expensive to maintain building.

In the important aspects of the procurement process, we as the profession really encourage the city administration to consider professional assistance in preparing procurement documents. Whether this process is Design/Build/Bid; Capital Lease Process, which involves commissioning design and construction through the lowest monthly or yearly lease rate, or any other combinations thereof; it is critical that those individuals responsible for facility acquisition and management ensure that the building acquired is a good investment for the city. Buildings which are functionally unreliable or unsuccessful are frustrating to the personnel and users and the overall maintenance of the facility.

Members of the Architecture Community, being experienced in the Design/Build/Bid and Capital Lease Process, and having submitted on numerous proposals know these processes can be very expensive and high risk to any of the A/E, Contractor, Developer teams that submit on them. It is therefore prudent that the city consult professionals who are experienced and willing to assist the city in preparing the RFP process which includes a program, performance specifications, evaluation format. In evaluation of the proposals, this process involves both, objective judgments, such as awarding points for exceeding minimum energy performance standards, and subjective judgments, such as awarding quality points for quality of architectural design, site planning and functionality.

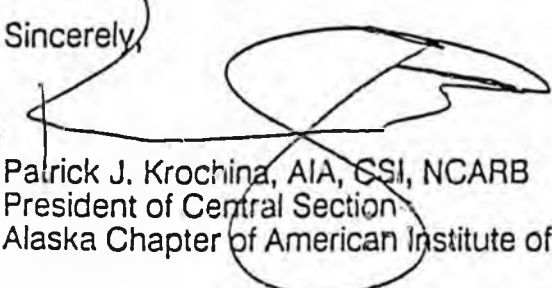
The project cost can either be a variable in this Proposal evaluation format; or a bottom line cost can be established and the Proposal teams will be allowed to give the best facility to meet the city's needs within this established budget.

Attached is a copy of "Design/Build/Bid, Considerations for Participants," that many of our Design Community, General Contractors and Public Owners participated in and developed. This paper addresses many of the concerns and pitfalls in both the Design/Build/Bid and Capital Lease Process. We believe it is essential that a Public Entity understand this process before they embrace it.

In summary, we strongly encourage the city administration to consider a process where design and quality is considered in the evaluation of any procurement proposal. We would be happy as a body to assist in developing criteria for various procurement methods to achieve the best and most attractive facility this city could obtain in these particularly hard economic times.

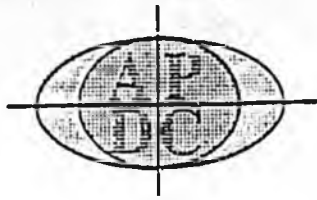
I would gladly be available for any questions. Please contact me at 561-2241.

Sincerely,



Patrick J. Krochina, AIA, CSI, NCARB  
President of Central Section  
Alaska Chapter of American Institute of Architects

PJK:jal  
cc: AIA Board of Directors



# Alaska Designs

Volume 12, No. 11, December 1989

The Official Newsletter of the Alaska Professional Design Council

## Acquisition of State Facilities Via Capital Lease

by Jack Wolever, AIA

Given current political and economic environments, most state agencies find it almost impossible to obtain funding for needed facilities through capital appropriations. The conventional process of constructing new state buildings -- an appropriation from the legislature, selection of architects and engineers, programming and design, competitive bids, and construction -- is simply no longer accessible to most state agencies because of economic or political constraints.

Several state agencies have turned to the capital lease process as a means of acquiring new facilities. These facilities are designed, constructed, financed, and often operated and maintained by the successful bidder. The building is essentially purchased by the agency on the "installment plan" utilizing funds from the agency operating budget. At the conclusion of the term of the lease, the facility ownership usually reverts to the state, often after payment of a final lump sum amount to the bidder. The capital lease process is made possible because many agencies have accommodated space needs over the years through rental of increasing amounts of office space which is frequently scattered throughout a community. Consolidation of rental space and agency functions increase the buying power and the efficiency of the agency -- powerful arguments for capital lease facility acquisition.

It is critical, however, that those individuals responsible for facility acquisition and management ensure that buildings acquired via capital lease are good investments for the state. Buildings which are functionally unreliable or unsuccessful are frustrating to the personnel who utilize them. Buildings which are poorly designed and constructed are expensive to operate and maintain and can have such a short useful life span that they are of little value at the conclusion of the term of lease when ownership is transferred to the state. It is the responsibility of an agency's facilities management group to ensure that such problems do not compromise the acquisition of a new building.

A publication entitled Design/Build/Bid Considerations for Participants was prepared in 1986 by an ad-hoc committee of Alaskan architects, engineers, contractors, and facility planning experts to inform public sector building owners about the process of acquiring facilities through design/build/bid. The process described differs from the capital lease process currently utilized by the state in several very important areas.

Critical to the success of a design/build/bid project is preparation of a detailed facility program describing the functional needs of the agency, and performance specifications describing a minimum level of quality for building components and systems. Equally important is preparation of a format for evaluating bidder's proposals in order to obtain from each bidder a design for the best possible building that can be provided within the limits defined by the performance specifications and the project budget.

Having participated in numerous design/build/bid public works projects in Alaska and California, it has been my experience that a consultant with experience in preparing D/B/B RFPs is needed to prepare the program, performance specifications, and evaluation format. With regard to evaluation of proposals, this typically involves both objective judgements, such as awarding points for exceeding minimum energy performance standards, and subjective judgements, such as awarding points for quality of architectural design and site planning functionality. Project cost can be dealt with by either establishing a price to be paid and allowing the bidders to provide the best facility achievable within that constraint, or by allowing the cost to be another variable in the evaluation format.

State agencies that are normally in the business of leasing facilities lack the professional expertise required to prepare a D/B/B RFP, and lack that same expertise required to evaluate a D/B/B proposal with regard to both technical criteria and design criteria. The State Department of Administration is the entity that has been responsible for capital lease building acquisitions for other state agencies. The DOA track record has been dismal, producing buildings which are largely unsuccessful because of failings in the RFP utilized by DOA. The community of Juneau has seen protests sent directly from the planning commission to the Governor about conspicuous failures of capital lease building projects initiated by the DOA's Division of General Services and Supplies which is unable to differentiate between a D/B/B project and an ordinary lease for office space. Therefore, it is necessary for the Alaskan consulting community to acquire the expertise to provide state agencies with the services needed to organize and execute a successful D/B/B project.

In summary, the capital lease process is currently the only practical means available to most state agencies for obtaining new facilities. In order to ensure that agency funds are invested in a responsible manner, it is imperative that state agencies utilize a process structured to produce buildings that are functionally responsive to the needs of the occupants, are economical to operate and maintain, and are humane and productive environments for the individuals who work there. In

addition, those building projects must complement and enhance the community in which they are placed -- the buildings must be good neighbors rather than centers of controversy over planning and design issues. It is incumbent on the Alaskan design community to recognize the need for D/B/B services and to be able to provide those services to state agencies. It is incumbent on the state to recognize the failings of its' process and its' products, and to obtain the necessary expertise required to develop successful capital lease building projects.

July 24, 1989

MAYOR BRUCE BOTELHO  
SENATOR JIM DUNCAN  
REPRESENTATIVE FRAN ULMER  
REPRESENTATIVE BILL HUDSON

Dear Friends,

I am concerned about the apparent lack of coordination between the state and the community with regard to planning and construction of new state facilities. It is my assumption that all state agencies submit annually a capital development plan which indicates current space utilization, projected growth, and proposed remodeling and new construction for a five to ten year period. However, it is not clear to me where or even if that information is being collected, nor is it clear what plans those agencies located in Juneau have to implement the development of new facilities.

A single agency within the state should be responsible for coordinating with the CBJ Planning Department and for planning for the accommodation of state facilities. Land use planning to ensure that state facilities are developed in a logical and orderly manner, integrated into the physical fabric of our community, should be among the highest priorities of both state and community planners. The state, in concert with the CBJ, should be preparing a master plan for development in the capital city, and the state should be budgeting funds annually for land acquisition in a manner consistent with that plan.

The pattern established with regard to capital leases in lieu of constructing permanent facilities works against the community both in the near term and the long term. I realize that it is the path of least resistance in terms of making available badly needed space for state agencies. There is, however, no coherence in siting the facilities with regard to a master plan for public facilities, no logic in relationships to other public facilities, no controls on the planning or design, and the end result is another Plywood Palace. These leased facilities, even though they may ultimately be owned by the state, do not make a contribution to the physical presence of state government in Juneau. These types of facilities can only be considered temporary, and the issue of where to build permanent institutional quality facilities - Juneau or Anchorage - will still eventually have to be addressed. They work against efforts to establish the air of permanence of the state government presence in Juneau.


The capital lease process is also a poor investment for the agency itself. These facilities are typically not of institutional quality, are more expensive to operate and maintain, and have a relatively short life span. They offer few of the amenities that an institutional facility is expected to provide. The only arguments in favor of capital lease facilities are that they avoid getting mired in political arguments over location, which would surely occur if the facilities were in the high profile capital budget, and they are good investments for those few developers in Juneau who can cash in on the leases.

I believe that a joint CBJ/State task force should be formed of our city planners and state planners who can speak to and coordinate the planning for all state agencies in Juneau. The charge to that task force would be defining the near and long term facility and land needs of the state, and integrating permanent facilities into the community within the framework of a Master Plan for State Capital Facilities. An oversight organization, perhaps the local planning commission, would be responsible for ensuring that the plan is implemented by developing appropriate controls.

Treading lightly around these issues will not make them go away. Juneau must begin aggressively promoting, and planning to accommodate, permanent state facilities. An enormous amount of money was expended planning for a fictional capital city in Wasilla. Since the capital move vote, the only effort toward masterplanning - a state building at the Juneau Motors site - was scuttled. Should the state acquire the old Capital School site? How can we consolidate space leases spread throughout the community when they begin to run out? Who in state government is addressing these issues?

Until a comprehensive state/city planning process is implemented, this community will continue to be victimized by make-shift solutions to critical agency space shortages. If Juneau does not take steps to physically accommodate state government, and does not actively promote permanent facilities for state agencies, we will eventually become the capital in name only, if that.

Sincerely,

  
Jack Wolever  
9589 Whitewater Court  
Juneau 99801

# TURN

## The municipal Design Review Board

JL VOELCKERS

several years, the economic and general confidence in Juneau is improving. With this momentum will come new construction possibilities for new mining construction, and State facilities.

potential for significant new construction suggests that as a community we review the design and regulations currently in effect to insure they will satisfy our expectations for how this occurs.

recent debate by the municipal Design Review Board concerning the state Department of Environmental Conservation administration on Willoughby Avenue raised the profile of the Board, and provides a good opportunity to reflect on its role and effectiveness.

The Design Review Board was established in 1984, principally in reaction to the state's Department of Environmental Conservation building along Egan Drive, which was dubbed the "Plywood Palace" by offended residents. By ordinance, the Design Review

Board represents the community at large, revising or improving building projects which are unattractive, oppressive, or generally not in the public interest. This task, however, has proven difficult to perform, as the subsequent "Plywood Palace Two" and other less-than-satisfactory buildings added in the last few years show.

This lack of effectiveness has been due to three general conditions:

1. Aesthetics are hard to quantify and legislate. Though regulations are promulgated setting out the Board's objectives in general terms (i.e., prevent large monolithic boxes, etc.), specific and easily enforceable criteria were not possible. Instead, an overall aesthetic judgment remained necessary. Developers have argued that many people may find a particular project attractive, even though the Board does not.

2. Juneau, with the rest of the State, has been in an economic downturn. In such a period, the very difficult trade-off between aesthetics and the cost of construction is altered. Many projects which normally would not be tolerated by the community are seen as unfortunate but necessary for economic self-interest.

3. Large state projects have been developed by an indirect process called a design-build lease-back procedure which conspicuously ignores planning and design issues. Both Plywood Palaces, the DEC Lab Building underway in the Valley, and the currently proposed DEC Administrative Building along Willoughby Avenue are obvious examples. Low price is the only criteria for State selection of proposals, virtually guaranteeing banal design, cheap construction, and awkward, crowded sites. The resulting inferior buildings are then presented to the community as the State's prerogative or choice.

Until recently, the practical effect of these difficulties reduced the effectiveness of the fledgling Design Review Board. Many major buildings brought to the Board for review were large boxes based on two principles only - the raw efficiency of people-packing in a given space, and the cheapest construction methods available. The Design Review Board then chose the depressing (and fundamentally flawed) role of making minor detailing changes to obviously bad buildings.

However, the Willoughby Avenue

project suggests that an internal re-appraisal of the Design Review Board's role and authority may be happening. A fresh reading of the Board's by-laws makes clear that it was created for one purpose: to insure the public receives aesthetically desirable, humane buildings in Juneau.

Though judgments about design quality are difficult, nonetheless they can and must be made. The Board, in fact, has been selected for its ability to do so. Though developers would like the aesthetic requirement reduced to specific regulations, the visual and artistic attributes of a good building will always remain an overall subjective determination. The board must have the courage (and public support) to insist that its judgment is both meaningful and binding.

Significantly, the Board is now debating whether an entire building design, including its proposed site, can be rejected due to general failings which cannot be corrected by minor surface changes. This willingness to potentially reject an entire project is a necessary step. A Plywood Palace with a green canopy instead of red will remain a bad building. If a build-

ing is a failure in general, it should be rejected as a whole, and a more responsive design demanded.

The Design Review Board cannot operate without a general community consensus about its role. Recent support by the Empire, the CBJ Community Development Department, the CBJ Engineering Department, Planning Commission members, and the general public all indicate that a strong sentiment to require better building exists in this community.

The people of Juneau can and should demand design quality as a fundamental right. Otherwise, the fabric of Juneau will need to absorb inferior buildings for decades, long after developer's profits have been realized and forgotten. Hopefully, the new strength of the Design Review Board will indicate to the State and developer that quality design must be an initial goal, rather than a painful consequence of rejected projects.

\*\*\*\*\*

Paul Voelckers is vice president of the Alaska Chapter of the American Institute of Architects and a local architect.

Original sponsor(s): REP. ULMER

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 52 (Finance)

3 - IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Relating to the leasing of space by the  
6 state and establishing the State Lease  
7 Task Force.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 WHEREAS the state leases office space in over 60 communities through-  
10 out the state, and the purpose of these offices is to provide services to  
11 the public; and

12 WHEREAS the state's presence in these offices affects the business  
13 environment in the communities, and the design of these offices affects  
14 employee efficiency and morale as well as the cost of the leases; and

15 WHEREAS the state should be a responsible citizen in the communities  
16 and not cause the construction of buildings that are below the prevailing  
17 standard for commercial structures in the communities; and

18 WHEREAS the competitive sealed proposal process makes it possible to  
19 consider several appropriate attributes in addition to the cost of a lease,  
20 including the total life-cycle costs for maintenance and operations,  
21 functionality, public convenience, design, appearance, and location of the  
22 leased building; and

23 WHEREAS a comprehensive review is needed of the issues raised in this  
24 resolution relating to the leasing of space by the state in order to deter-  
25 mine how the state may achieve the goals proposed by resolves one through  
26 four of this resolution;

27 BE IT RESOLVED that the Alaska State Legislature respectfully requests  
28 the governor to direct the Department of Administration to seek lease space  
29 that not only accommodates the state's mission but is also compatible with

1 the communities' concerns, including planning, zoning, and design regula-  
2 tions where they exist; and be it

3 FURTHER RESOLVED that the Alaska State Legislature encourages state  
4 agencies to avoid leasing practices that would cause the construction of  
5 substandard commercial structures or structures that will be substandard in  
6 appearance and features when compared to prevailing building practices and  
7 design, but nothing in this resolution shall be construed as encouraging  
8 new construction or favoring new construction over the leasing of existing  
9 space; and be it

10 FURTHER RESOLVED that the Alaska State Legislature encourages state  
11 agencies to utilize the competitive sealed proposal process for the acqui-  
12 sition of leased space when the lease exceeds 10,000 square feet or a term  
13 of five years; and be it

14 FURTHER RESOLVED that the competitive sealed proposal process used to  
15 lease office space for the state should consider the total life-cycle cost  
16 to the state of the building to be leased as calculated over the term of  
17 the lease using a discounted present value analysis, and including mainte-  
18 nance and operations, functionality, public convenience, design, and ap-  
19 pearance; and be it

20 FURTHER RESOLVED that a State Lease Task Force is established to study  
21 the issues raised by the goals set out in the previous resolves in order to  
22 determine the best methods for achieving these goals; and be it

23 FURTHER RESOLVED that the task force shall consist of nine persons  
24 appointed by the governor, two representatives appointed by the speaker of  
25 the state house of representatives, and two senators appointed by the  
26 president of the state senate; and be it

27 FURTHER RESOLVED that the members of the task force appointed by the  
28 governor shall include two engineers licensed under AS 08.48, two archi-  
29 tects licensed under AS 08.48, two representatives of local government, one

representative from the Department of Transportation and Public Facilities  
one representative from the Department of Administration, and one representa-  
tive from the University of Alaska; and be it

FURTHER RESOLVED that the terms of the task force members shall begin  
July 1, 1990, and that the task force shall terminate January 22, 1991; and  
be it

FURTHER RESOLVED that the task force shall submit a report of its  
findings and recommendations to the governor and the legislature by  
January 21, 1991; and be it

FURTHER RESOLVED that the administrative and legal services of the  
Legislative Affairs Agency shall be made available to the task force.

COPIES of this resolution shall be sent to the Honorable Frank Baxter,  
commissioner of administration; the Honorable Mark S. Hickey, commissioner  
of transportation and public facilities; to the Honorable Donald O'Dowd,  
President of the University of Alaska; and to Ray Price, Executive Director  
of the Alaska State Housing Authority.

Patrick M. Rodey  
Senator

# Alaska State Legislature



Senate

3111 C. St., Suite 510  
Anchorage, Alaska 99503  
(907) 561-7618

During Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3793

DATE: March 21, 1990

TO : Senator Pat Pourchot, Chair  
Senate State Affairs Committee

FROM: Senator Patrick Rodey

RE : SCR 52- relating to the leasing of space by the state

I respectfully request that the above-referenced bill be scheduled for consideration by the State Affairs Committee as soon as possible.

Attached is a copy of the Committee Substitute which recently passed out of the House Finance Committee relating to the companion - House Concurrent Resolution 52.

I would appreciate the Committee's consideration of revising SCR 52 so it is identical to the current version of CS HCR 52 (Finance).