

**SB**

**304**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/4/94

FURTHER: \_\_\_\_\_

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered **SENATE BILL NO. 304**

Issuance of bonds by the Alaska Housing Finance Corporation to pay for the costs of repair and rehabilitation; SB 304 AHFC BONDS FOR UNIVERSITY OF ALASKA USES since Finance Corporation, amending the definition of public building, relating to the Alaska debt retirement fund; efd.

*Died in SFC 1994*  
*See HB 466*

and recommends:

- replace with CS \_\_\_\_\_ (FINANCE)
- or  adopt previous CS \_\_\_\_\_ ( )
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

- adopts \_\_\_\_\_ Letter of Intent
- further referral to the \_\_\_\_\_

- do pass
- do not pass
- no recommendation
- individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

**DO PASS.**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

1. \_\_\_\_\_  
 Co-Chair: Signature/Recommendation

2. \_\_\_\_\_  
 Co-Chair: Signature/Recommendation

SENATE COMMITTEE REPORT

DATE: 2/26/94

FURTHER: Finance

DATE TURNED INTO OFFICE: \_\_\_\_\_

State Affairs Committee considered SENATE BILL NO. 304

Issuance of bonds by the Alaska Housing Finance Corporation to pay for the costs of repair and rehabilitation of student housing facilities of the University of Alaska; relating to the Alaska debt retirement fund; efd.

and recommends: and recommends it be replaced with

[X] replace with CS SB 304 (STA)
or [ ] adopt previous CS
[ ] attaches amendment(s)

[ ] same title
[ ] new title
[ ] technical title change (HB only)

and report it back as follows

[ ] adopts Letter of Intent

[ ] further referral to the

[ ] do pass

[ ] do not pass

[ ] no recommendation

[X] individual recommendations

NEW FISCAL NOTES

Table with 4 columns: Department, Date, Zero, Fiscal. Contains empty rows for recording new fiscal notes.

PREVIOUS FISCAL NOTES

Table with 4 columns: Department, Date, Zero, Fiscal. Contains entries for GOV and DOR from 2-11-94 with checkmarks in the Zero column.

[ ] Appropriation No Fiscal Note

DO PASS:

OTHER RECOMMENDATIONS:

Signature of [Name] under DO PASS

Signature of [Name] with NO Rec under OTHER RECOMMENDATIONS

Signature of Mike Miller under DO PASS

Signature of Loren J. Leman with No rec under OTHER RECOMMENDATIONS

Chair: Signature and Recommendation

**SENATE COMMITTEE REPORT**  
FIRST COMMITTEE OF REFERRAL

*John*

DATE: 2/11/94

FURTHER: State Affairs  
Finance

Date of 5-Day Notice: 4/24/94  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/20/94

HES Committee considered SB 304

Issuance and authorizing bonds by the Alaska Housing Finance Corporation to pay for the costs of repair and rehabilitation of student housing facilities of the University of Alaska; amending powers of the Alaska Housing Finance Corporation; amending the definition of "public building"; relating to Alaska debt retirement fund; efd. and recommends it and recommends:

replace with \_\_\_\_\_ CS SB 304 (HES)

same title  
 new title  
 technical title change (HB only)

attaches amendment(s) and report it back as follows

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

*OTWS*

**FISCAL NOTE INFORMATION**

Department	Date	Zero	Fiscal
<i>Dept of Revenue</i>	<i>2/11/94</i>	<input checked="" type="checkbox"/>	
<i>Alca of Mortgages</i>	<i>2/11/94</i>	<input checked="" type="checkbox"/>	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

**DO PASS:**

**OTHER RECOMMENDATIONS:**

*Mike Miller* *Miller*  
*Duncan* *Duncan*  
*Jay Ellis* *Ellis*  
*Barry Sharp* *Sharp*

*Judith E. Ballo* *(No Rec)*  
*Ronan D. Lerman* *Note*  
~~*[Signature]*~~

*Alison King* → *No Recommendation*  
Chair: Signature and Recommendation

ALASKA STATE LEGISLATURE  
SENATE BILL NO. 304

HISTORY IN THE SENATE

1994  
2/11 Read first time and referred to:  
HES, STA, FIN

4/27 huz RPT(  ) C 4 DP 3 NR \_\_\_ DNP \_\_\_ AM  
 New Title \_\_\_ Same Title \_\_\_ Previous FN  
 FN 2 OFN \_\_\_ To S 120

5/4 STA RPT(  ) C 5 DP 2 NR \_\_\_ DNP \_\_\_ AM  
 New Title \_\_\_ Same Title \_\_\_ Previous FN  
 FN 2 OFN \_\_\_ To 2

\_\_\_ RPT( \_\_\_ ) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN \_\_\_ To \_\_\_

\_\_\_ Rules Calendar( \_\_\_ ) CS \_\_\_ AM \_\_\_ Other \_\_\_  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN \_\_\_

Read second time  
 \_\_\_ CS Adopted ( \_\_\_ ) \_\_\_ New Title \_\_\_  
 \_\_\_ Amended \_\_\_ Advanced \_\_\_

Read third time

\_\_\_ Letter of Intent adopted  
 \_\_\_ Return to second for specific amendment

PASSED EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

Reconsideration  
 Reconsideration not taken up

PASSED EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

Reported correctly engrossed  
 Signed by President, to House

\_\_\_\_\_  
 Secretary of the Senate

HISTORY IN THE HOUSE

19  
Read first time and referred to:

\_\_\_ RPT CS( \_\_\_ ) \_\_\_ New Title \_\_\_  
 \_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM \_\_\_  
 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN \_\_\_

\_\_\_ RPT CS( \_\_\_ ) \_\_\_ New Title \_\_\_  
 \_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM \_\_\_  
 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN \_\_\_

\_\_\_ RPT CS( \_\_\_ ) \_\_\_ New Title \_\_\_  
 \_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM \_\_\_  
 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN \_\_\_

Read second time  
 CS( \_\_\_ ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

\_\_\_ Intent adopted

Reconsideration  
 Reconsideration not taken up

PASSED ON RECON. EFD Same \_\_\_ or  
 Yeas Yeas  
 Nays Nays  
 Excused Excused  
 Absent Absent

\_\_\_ Intent adopted

Reported co. rectly engrossed, signed by the Speaker  
 and returned to the Senate

\_\_\_\_\_  
 Chief Clerk of the House

**SENATE-HOUSE HISTORY Continued**

<b>19</b>	<p>Received from the House Version: _____</p> <p>Concur in House amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>Failed to concur in House amendment, ask House recede Y ___ N ___ E ___ A ___</p> <p>House failed to / receded from amendment Y ___ N ___ E ___ A ___</p> <p>CC appointed by Senate _____ Chair _____</p> <p>CC appointed by House _____ Chair _____</p> <p>(S) Granted Limited Powers of Free Conference</p> <p>(H) Granted Limited Powers of Free Conference</p>
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<b>19</b>	<p>(S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>To enrolling Received from enrolling Sent to Governor</p> <p>_____ By Governor</p> <p>Chapter Number _____</p> <p>Filed with Lieutenant Governor</p>
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STATE OF ALASKA  
1994 LEGISLATIVE SESSION

No. 1  
Bill Version: SB 304  
(S) Publish Date: 2-11-94

Revision Date: \_\_\_\_\_  
Title: "An Act authorizing issuance of bonds..."  
Sponsor: House Rules Committee  
Requestor: Governor

Department Affected: Office of the Governor  
BRU: Elective Operations  
Component: General & Primary

COMPONENT SERIAL NO. 0022

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	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						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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FUND SOURCE	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS

FULL-TIME	Changes in <u>CSSB 304 (STA)</u> have no fiscal impact. This fiscal note is appropriate. <u>5-2-94</u> <u>Comte Aide (initial)</u>	
PART-TIME		Changes in <u>CS 56304 (HES)</u> have no fiscal impact. This fiscal note is appropriate. <u>4/26/94</u> <u>Comte Aide (initial)</u>
TEMPORARY		

Estimate of any current year (FY94) cost: 0

ANALYSIS: (Attach a separate page if necessary.)  
Should bond sale require approval of the voters, the fiscal impact will be 2.2 or 53.4 if additional ballot required.

Prepared by: Joe Swanson, Director  
Division: Division of Elections

Phone: 465-4611  
Date: 2/10/94

Approved by Commissioner: Lt. Governor John B. Campbell  
Agency: Office of the Lt. Governor

Date: 2/10/94

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# FISCAL NOTE

No. 2

Bill Version: SB 304

(S) Publish Date: 2-11-94

## STATE OF ALASKA 1994 LEGISLATIVE SESSION

Revision Date: February 11, 1994

Dept. Affected: Department of Revenue

Title: An Act authorizing the issuance of bonds by AHFC to pay for the costs of repair and rehabilitation of student housing facilities of U of A

BRU: Alaska Housing Finance Corp  
Component: Operations

Sponsor:

Requestor:

COMPONENT SERIAL NO. 0110

### Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY85	FY86	FY87	FY88	FY89	FY90
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>REVENUE FUND SOURCE:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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### FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
1022 Corporation Receipts	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</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

Estimate of current year (FY94) impact: \$ 0

### ANALYSIS: (Attach a separate page if necessary.)

Alaska Housing Finance Corporation does not anticipate any increased cost with the proposed amendments to AS 18.55.100, AS 18.55.288 and AS 37.15.011. The fiscal note indicates no incremental costs to the AHFC. There are expected to be expenses, costs and reserve funds associated with the issuance of the bonds and servicing of debt. Reserve funds, while not a cost or expense, will reduce the loan amount available to the University of Alaska. The costs and expenses associated with the financing will be taken into consideration in determining the payment obligations of the University of Alaska.

Prepared by:

Judith DeSpain

Phone: (907) 561-1900

Division:

Alaska Housing Finance Corporation

Date: February 11, 1994

Approved by:

*[Signature]*  
REVENUE

Date: 2/11/94

Agency:

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date Comte Aide (initial)

Changes in CS SB 304 (STA) have no fiscal impact. This fiscal note is appropriate.  
5-2-94 *[Signature]*

Page 1 of 1  
 Changes in CS SB 304 (HES) have no fiscal impact. This fiscal note is appropriate.

4/26/94 *[Signature]*  
 date Comte Aide (initial)

**FISCAL NOTE**

**STATE OF ALASKA  
1994 LEGISLATIVE SESSION**

**BILL NO. CSSB304(SA)**

Revision Date: \_\_\_\_\_ Department Affected: **University of Alaska**  
 Title: Authorizing issuance of bonds by Ak. Housing BRU:  
 Finance and UA for deferred maintenance Component: all  
 Sponsor: Governor  
 Requestor: (S)Fin **COMPONENT SERIAL NO.**

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL</b>						
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<b>REVENUE FD SOURCE</b>						
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**FUNDING: (Thousands of Dollars)**

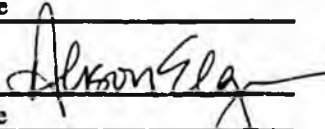
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
<b>TOTAL FUNDING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>POSITIONS:</b>						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

**ANALYSIS: (Attach a separate page if necessary.)**

The correction of deferred maintenance problems existing with University facilities is anticipated to reduce operations and maintenance costs of the facilities. The University is currently significantly underfunded for facility maintenance needs. Any realized savings will be reinvested in the maintenance of all University facilities to reduce deferred maintenance annual. (See attached)

Prepared by: Wendy Matheny, Budget Analyst Phone: 463-3086  
 Division: Statewide Budget Office Date: \_\_\_\_\_  
 Approved by: Alison Elgee, Director  Date: 5/3/94  
 Agency: Statewide Budget Office

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

## Analysis of Debt Retirement Needs

	<b>\$45 million Facilities Repair &amp; Rehabilitation</b>	<b>\$30 million Student Housing Repair &amp; Rehabilitation</b>
Construction	\$40,376,100	\$26,917,400
Issuance Expenses	\$900,000	\$600,000
Financed Acquisition Cost	\$41,276,100	\$27,517,400
Required Debt Reserve (1 year payment)	\$3,723,900	\$2,482,600
<b>Total Project Cost</b>	<b>\$45,000,000</b>	<b>\$30,000,000</b>
Term (years)	20	
Payments per year	4	
Interest rate	5.50%	
First payment due 1 year after issue		
Anticipated Annual Amount of Rental Obligation	\$3,723,900	\$2,482,600
Total Lease Payments for 20 year term	\$74,478,084	\$49,652,058

\*Bonds represent a three year construction program. Debt retirement for the second and third years of the program would be required for only those bonds issued and sold. Annual cost of debt service once all bonds have been sold will be \$6,206.5 utilizing a 5.5% interest rate assumption.

### Impact of new student housing on debt service requirements:

Assuming the same assumptions as above:

The addition of \$36 million in bonds for student housing contained in the State Affairs Committee version of SB304 will add an additional \$3,000.0 annually to the debt service requirements once all bonds are issued and sold.

Title change: approving a lease-purchase arrangement for the Department of Natural Resources

Sec. \_\_\_(a) The Department of Natural Resources is authorized to enter into an arrangement for lease-purchase of a facility that will consolidate all Division of Forestry, Fire Suppression facilities in the South Central fire area in an aggregate principal amount not to exceed \$4,823,000.

(b) regarding the project described in (a) of this section, notice is given that

- (1) the anticipated annual payment amount is.....\$447,000
- (2) the anticipated financing (total lease payments for the full-term lease) is.....\$8,940,000
- (3) the total construction, acquisition or other costs of the project are.....\$4,823,000

(c) Subsection (a) of this section grants the legislative approval of the project as required under AS 36.30.080 (c).

SENATE FINANCE  
COMMITTEE ①  
Amendment Number: \_\_\_\_\_  
Bill Number: SR 304  
Sponsor: LETTULA Date: 5/5/94  
Logged In By: [Signature]

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVENUE  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400  
FAX: (907) 465-3886

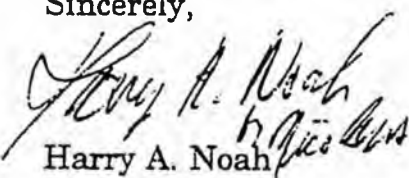
April 29, 1994

The Honorable Jay Kerttula  
Member, Finance Committee  
Alaska Senate  
Mail Stop 3100

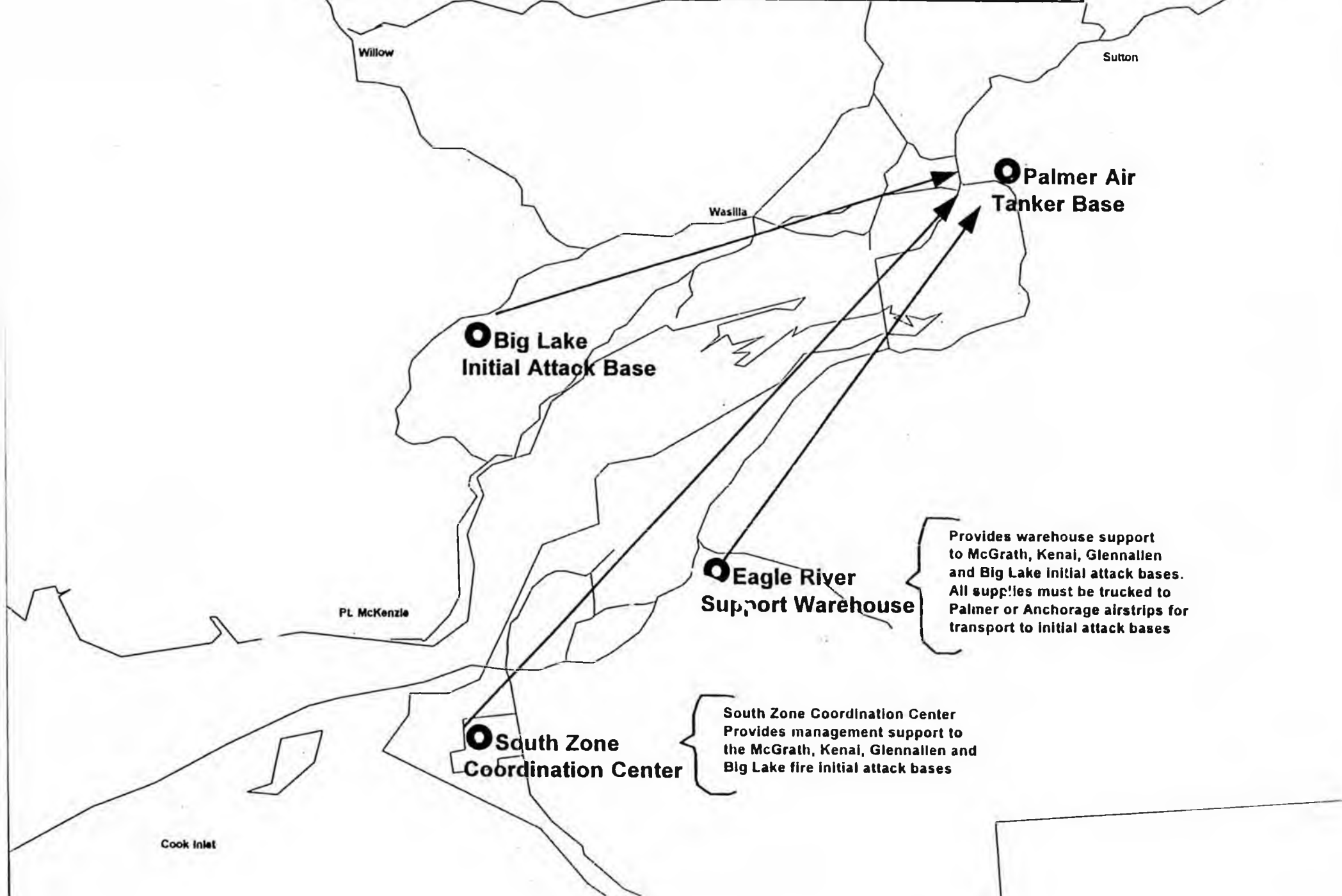
Dear Senator Kerttula:

I would like your consideration of allowing the Department of Natural Resources to enter into a lease-purchase of real estate. DNR has looked at the feasibility and cost-effectiveness of entering into a lease-purchase of a facility to be constructed at the Palmer Airport to consolidate a number of Division of Forestry operations. The planned facility has been found to be both feasible and cost-effective. The City of Palmer has agreed to be the issuer and lessor in the lease obligation. The state would own the facility at the end of the lease term. At the same time the net present value savings over the existing operations is estimated to be \$2.8 million. Thank you for your attention to this matter. An analysis of the proposal is attached.

Sincerely,

  
Harry A. Noah  
Commissioner

# South Central Facility Consolidation



**Big Lake Initial Attack Base**

**Palmer Air Tanker Base**

**Eagle River Support Warehouse**

Provides warehouse support to McGrath, Kenai, Glennallen and Big Lake initial attack bases. All supplies must be trucked to Palmer or Anchorage airstrips for transport to initial attack bases

**South Zone Coordination Center**

South Zone Coordination Center Provides management support to the McGrath, Kenai, Glennallen and Big Lake fire initial attack bases

Cook Inlet

Pt. McKenzie

Wasilla

Willow

Sutton

## FACILITY AT PALMER AIRPORT

### WHY IS PROJECT NEEDED: (Current Situation)

Forestry maintains offices and facilities in Anchorage, Eagle River, Palmer and Big Lake to provide wildland fire protection services. Response from these facilities are primarily to human caused fires in the populated urban interface areas of southcentral Alaska. Coordination between all offices and functions is exacerbated by multiple locations. Additional costs are incurred with the need to transport equipment and supplies to and from the Eagle River fire warehouse facility and an airport. Unforeseen weather pattern changes can alter needs and cause cancellation of equipment and supply orders. Logistical coordination of transport aircraft and equipment movements is burdensome and can lead to costly mistakes. Operational use of retardant aircraft is complex because of the current involvement of three offices. Helitack operations from Big Lake require duplication of fueling systems and landing facilities. The Big Lake facility is not as accessible to the general public as desired.

Consolidation will generate direct annual savings to the State, provide for operational efficiencies, and the State will own the building at the conclusion of a lease finance.

Office and facility purpose are summarized as follows:

#### Anchorage (Frontier Building)

This office provides regional program direction, policy administration, management of support facilities, and contract administration. This is the coordination point between the geographic areas of the Mat-Su Valley, Kenai Peninsula-Kodiak Island, Copper River Basin and Southwestern Alaska for the allocation of fire suppression resources. Current office space costs \$3.29 per square foot. Lease arrangements for this space will expire in December, 1994.

#### Eagle River

A fire warehouse and shop facility is maintained to support field operations. Additional equipment and supplies are routinely transported as air cargo when fire activity exceeds the limited capabilities of field office warehouses. An average of 500,000 pounds of cargo is moved from the facility each year. Because the facility is not located adjacent to a major airport, tools, supplies, food and equipment must be transported by vehicle to and from an airport. Anchorage International Airport is 18 miles from the facility. The Palmer airport is 30 miles distant and is often used as the departure point because the contract retardant aircraft can be configured to haul cargo when not needed for fire response at

a cheaper rate. Security has historically been a problem due to the location being isolated from a populated area. Current inventory value of the equipment and supplies housed at the facility is \$1.5 million.

#### Palmer

An office and aerial retardant operation is located at the Palmer Municipal Airfield. The site provides the division with the capability to provide retardant aircraft support to fires within the greater Anchorage area, the Mat-Su valley and the Kenai Peninsula in a reasonable time frame. Annually, 50,000 gallons of retardant are delivered from the site. Provisions are also made for stationing and deployment of smoke jumpers during periods when the potential of fires warrants faster response time than from the central smokejumper base in Fairbanks. Ramp space is also made available to park rental and contract aircraft.

#### Big Lake

Initial attack forces (fire engines and helitack) are managed by the division's field office located near Big Lake. Response to an annual average of 104 fires is provided from the facility. This requires a dispatch office with capability to operate 7 days per week (often 24 hours per day), helicopter landing site with fueling capability, and support facilities for fire engine operations. 1,000 burning permits are issued each year to residents throughout the Mat-Su Valley. The facility is 10 miles west of the Parks highway and 20 miles northwest of Wasilla, Alaska.

#### GOAL: (Proposal)

Consolidation of the Anchorage office, the Big Lake Initial Attack program and the Eagle River warehouse function at Palmer Municipal Airport. Substantial fiscal and operational efficiencies will result from consolidation.

It is the intent of this proposal to capitalize on current low interest rates while obtaining an adequate facility as a net gain. The facility would be owned by the state at the end of the lease term.

#### PROJECT SUPPORT/OPPOSITION:

Public and employees utilizing facilities will support consolidation. The City of Palmer is supportive as it would increase the local market to supply fire fighting commodities, provide additional job opportunities and increase use of local restaurants and motels.

Because the division provides fire protection on federal ownership on a reimbursable basis, the federal government will support the lowered cost of fire suppression support. No opposition is anticipated.

Structure fire districts and the Municipality of Anchorage will support the project. The division provides helicopter and retardant support to these organizations through agreements. Improved operations within the division translates into improved ability to support joint operations.

#### PUBLIC BENEFITS:

The public directly benefits from this consolidation since the facility would enhance response to wildland fires. Additional fiscal and operational efficiencies provide more efficient use of public funding.

#### CONSEQUENCES IF NOT FUNDED:

Continued inefficient and costly support operations. Continued transport of equipment and supplies by truck for air cargo transport to field offices which requires additional employees and equipment.

#### SPECIFIC DESCRIPTION OF WHAT WILL BE PURCHASED:

Warehouse, hangar, aircraft parking and office space adjacent to major airport through lease finance arrangements.

Acquisition of a site would provide:

Sufficient office space for consolidating the Anchorage, Palmer, Eagle River and Big Lake functions.

Sufficient parking and operating space for state owned, contracted and rented fixed and rotor winged aircraft; adequate secured space and heated storage for supplies and equipment (current inventory value of \$1.5 million); work space for maintenance of fire engine apparatus, fire suppression equipment and aircraft and heated storage for aircraft.

Alternatives for lease financing an existing facility adjacent to the Palmer Airport are limited. Construction may be necessary to provide an appropriate facility.

Tax-exempt interest rates are at a 25-year low at this time. Interest rates could but are not expected to rise for some time. The differential between taxable and tax-exempt rates is expected to widen as marginal tax rates rise for individuals who buy these securities. The credit ratings of the state and the borough are at all-time highs.

This facility would be totally public purpose and therefore qualify for tax-exempt interest rates; e.g. the interest portion of each lease payment would not be includable as personal income for computing federal tax. Issuance costs are also at historic lows, with underwriter spreads reduced as a result of competition. A 20-year lease with level lease payments for which the Mat-Su Borough was the nominal issuer and lessor and an issuance amount of \$2,575,000 would likely result in lease payments of less than \$225,000.

There would be no property tax. The state would own the facility at the end of the lease term. Most of the securities would likely be purchased by Alaskans.

Conceptual endorsement of the City of Palmer and the Alaska State Bond Committee prior to legislative approval is desired. Structural aspects of the financing, including term and method of sale, would be left to the recommendation of the committee.

Enabling language brought to the Alaska Legislature, as required under AS 36.30.80, could include a requirement that the financing not take place without obtaining a bond counsel opinion that the financing qualifies as tax-exempt. Additionally, a minimum credit rating constraint could be placed on the security i.e. the City of Palmer would not issue the obligation unless a rating of A or better was achieved from both Moody's Investors Service and Standard & Poor's Corporation.

#### ECONOMIC DEVELOPMENT:

No direct revenue to the state is anticipated. Relocation of the various offices will increase state presence in Palmer.

#### COST BENEFIT ANALYSIS:

No cost benefit analysis has been performed on increased efficiency of fire operations. Reduction in cost realized by reduction in transport of equipment and supplies to a major airport is estimated to be \$100,000 per year. Providing a hangar will extend the useful period for division aircraft by 4-5 months per year because pre-flight preparation time will be less influenced by weather conditions.

# CITY OF PALMER



231 W. EVERGREEN AVE.  
PALMER, ALASKA 99645



Phone (907) 745-3271

A HOME RULE CITY

October 19, 1993

Mr. Tom Boutin  
Director, Division of Forestry  
3601 "C" Street  
P.O. Box 107005  
Anchorage, Alaska 99510-7005

RE: Consolidation of Services

Dear ~~Mr. Boutin~~,

First, I would like to congratulate you on your new position as Director of the Division of Forestry. This surely is a dramatic career change from your previous position with the Department of Revenue.

From our conversation of the other day, I understand that the Division of Forestry is possibly considering the consolidation of the Anchorage, Eagle River and Big Lake offices into one central office in the Matanuska-Susitna valley to be closer to the source of your main summer work, fighting fires.

The City of Palmer has been one of the main bases for the leased fire fighting airplanes since 1987. This, coupled with the basing of the fire fighting crews has made Palmer ideal for this operation especially since we have a 6,000 foot paved runway and large quantities of water available for mixing with the fire retardant on site.

With the consolidation of all the services under one roof, the City of Palmer feels that the Palmer Municipal Airport would be an ideal location for this new facility.

Back in the 1980's, the Division of Forestry was planning to lease five acres at the Palmer Municipal Airport for the construction of a fire fighting operations building to consolidate the fire fighting portion of the operations. However, when the 1985 downturn in the economy arrived, the lease came to pass as well as the construction of a new facility. I had worked with Mr. Dave Cechowski of the Department of Administration General Services and Supply

Mr. Tom Boutin - October 19, 1993  
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Division on this lease.

The City of Palmer has a long history in construction management of facilities both for itself as well as the State of Alaska. Three good examples of state utilized buildings are the State Trooper Building, Pretrial Facility and the Alaska Court System Courthouse. In working with you on the courthouse financing, we achieved a very satisfactory arrangement for the State. The record also shows that we can do it on time, under budget and to the client's needs, which can include financing.

The City of Palmer has prime acreage at our airport suitable for any type of facility the Division of Forestry may envision. The site is adjacent to the south parking apron where your operations are now based and has electrical power, natural gas, telephone, T.V. cable, and sewer/water adjacent to it available for hook up without any costly extensions required other than those to the facility itself. There is also a graveled access road. This eliminates the need to make the site buildable without incurring utility extension costs which drive construction costs up even further. The City would extend to the State of Alaska our normal 20 year lease with 20 year renewal option. Since Federal Aviation Administration funds were used to purchase this property, we can only offer long term leases for airport property. The present lease rate is \$0.04 per square foot with a review of the lease rate at five year intervals. The present \$0.04 per square foot has been in effect since 1985 and our recent appraisal indicates that this is a fair and equitable rate.

The City of Palmer stands ready to assist you in your efforts in securing legislative approval for entering into a lease purchase financing arrangement of a new facility using Certificates of Participation, similar to the original financing of the Alaska Court System Courthouse.

At the same time, the facility will be designed to meet your specific needs with you and your staff being involved from the time the first line is drawn. This is exactly how the courthouse, trooper building, and pretrial facility were designed. With the City of Palmer being project manager, we can save the Division of Forestry time and money.

Mr. Tom Boutin - October 19, 1993

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In closing, I would like to reiterate our desire to work with you and your staff in seeing the project to fruition at the Palmer Municipal Airport.

Should you have any questions, please feel free to contact me.

Yours truly,

---

David L. Soulak  
City Manager  
City of Palmer

DLS/cac

cc: Mayor Carté  
PEDA  
Representative Ron Larson  
Senator Jalmar Kerttula

Palmer Consolidated Facilities

<u>Fiscal Year</u>	<u>Item</u>	<u>Savings</u>
Annual	Eliminate aircraft tie-down charges at Merrill Field	2.0
Annual	Eliminate ramp and office space at Palmer	27.0
Annual	Reduce office space costs in Frontier Building 8,116 sq.ft at \$3.27/sq/ft/month annual savings	318.5
Annual	Two expeditor (drivers) at South Zone	20.0
Annual	One EFF employee at Big Lake	10.0
Annual	Eagle River shop, whse and storage risk mgmt charges	3.6
Annual	Big Lake shop, whse and storage risk mgmt chgs	0.4
Annual	One FEPP vehicle can be eliminated at Big Lake	1.2
Annual	Reduced vehicle operating costs in South Zone	2.4
Annual	Eagle River 6 mo wages for maintenance worker	21.0
	ANNUAL TOTAL	\$406.1
1994	Big Lake Septic tank system maintenance	6.0
1994	Big Lake office & shop electrical system upgrade	4.5
1994	Eagle River Maint. fueling island behind shop	4.3
1994	Eagle River Const. whse office inside main bldg	3.0
1994	Eagle River noise abatement-pump/saw run-up area	1.0
1994	Palmer mobile home water & septic system maint	5.0
	1994 TOTAL	\$23.8
1995	Big Lake warehouse addition	7.0
1995	Big Lake office & shop roof replacement	10.0
1995	Big Lake facility savings by not installing new fuel tank and system	35.0
1995	Eagle River upgrade electrical service in grey bldg	2.0
1995	Eagle River add crushed rock (D-1) to driveway	2.0
1995	Eagle River repair footings in front of grey bldg	0.8
1995	Eagle River security fencing installation	40.0
	1995 TOTAL	\$96.8
1996	Add insulation to Eagle River shop interior walls	1.5
1996	Sewer line assessment cost for Eagle River	151.0
	1996 TOTAL	\$152.5

Year	Annual Savings	One-time Savings	Total Savings	Ownership Value	Savings + Ownership	Lease Payments	Annual Savings	Net Present Value
1	\$406		\$406		\$406	\$447	(\$41)	(\$39)
2	\$420	\$24	\$444		\$444	\$447	(\$3)	(\$3)
3	\$435	\$97	\$532		\$532	\$447	\$85	\$71
4	\$450	\$153	\$603		\$603	\$447	\$156	\$124
5	\$466		\$466		\$466	\$447	\$19	\$14
6	\$482		\$482		\$482	\$447	\$35	\$25
7	\$499		\$499		\$499	\$447	\$52	\$35
8	\$517		\$517		\$517	\$447	\$70	\$44
9	\$535		\$535		\$535	\$447	\$88	\$52
10	\$553		\$553		\$553	\$447	\$106	\$60
11	\$573		\$573		\$573	\$447	\$126	\$67
12	\$593		\$593		\$593	\$447	\$146	\$73
13	\$614		\$614		\$614	\$447	\$167	\$79
14	\$635		\$635		\$635	\$447	\$188	\$84
15	\$657		\$657		\$657	\$447	\$210	\$88
16	\$680		\$680		\$680	\$447	\$233	\$93
17	\$704		\$704		\$704	\$447	\$257	\$96
18	\$729		\$729		\$729	\$447	\$282	\$100
19	\$754		\$754		\$754	\$447	\$307	\$102
20	\$781		\$781	\$4,823	\$5,604	\$447	\$5,157	\$1,622
TOT	\$11,484	\$273	\$11,757	\$4,823	\$16,580	\$8,940	\$7,640	\$2,788

WALTER J. HICKEL  
GOVERNOR



P. O. Box 110001  
Juneau, Alaska 99811-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 11, 1994

304  
The Honorable Rick Halford  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill authorizing the issuance of Alaska Housing Finance Corporation and University of Alaska bonds for repair and rehabilitation of university facilities.

This legislation will provide funding to partially meet the university facilities' deferred maintenance needs throughout the state. The Legislature's approval of my bill last session creating the educational facilities maintenance and construction fund was a start in stepping up to our responsibilities in investing in the state's existing infrastructure. But it was only a start. We now have the responsibility to continue to meet the university's critical needs.

The bill I am proposing authorizes the Alaska Housing Finance Corporation to issue \$30 million in bonds for student housing repair and rehabilitation, and authorizes the University of Alaska to issue \$45 million in bonds for repair and rehabilitation of other university facilities. This program will allow the buildings to be repaired now, with costs of the upgrades spread over the remaining useful life of the facilities. Repayment of the debt service will be made from annual legislative appropriations from the Alaska debt retirement fund (AS 37.05.011). The historic low interest rates currently prevailing in the national capital markets, combined with reduced future maintenance and operating costs brought about by fixing the university facilities, makes this approach particularly appropriate this year.

I urge your early and favorable consideration of this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel  
Governor