

**S B**

**3 4**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/21/97

FURTHER:

DATE TURNED

IN TO OFFICE: 4/25/97

Finance Committee considered

SENATE BILL NO. 34

"An Act giving notice of and approving a lease-purchase agreement with the City of Soldotna for a maintenance facility of the Department of Transportation and Public Facilities."

and recommends:

be replaced with \_\_\_\_\_ CS SB 34 ( FIN )

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ ( \_\_\_\_\_ )

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

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

Senate Bill:

- same title
- new title
- House Bill:
- same title
- technical change
- new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Paul G. Reed</i>	<input checked="" type="checkbox"/>	<i>Sean R. Parrell</i>	<input checked="" type="checkbox"/>		
<i>John Lorenson</i>	<input checked="" type="checkbox"/>	<i>Dee Adams</i>	<input checked="" type="checkbox"/>		
		<i>Michael J. ...</i>	<input checked="" type="checkbox"/>		
Co-Chair: <i>Deane</i>	<input checked="" type="checkbox"/>	Co-Chair:			
Co-Chair: <i>Bob ...</i>	<input checked="" type="checkbox"/>	Co-Chair:			

**NEW FISCAL NOTE(S):**

Department \_\_\_\_\_ Date \_\_\_\_\_ Zero \_\_\_\_\_ Fiscal \_\_\_\_\_


**PREVIOUS FISCAL NOTE(S):\***

Department \_\_\_\_\_ Date \_\_\_\_\_ Zero \_\_\_\_\_ Fiscal \_\_\_\_\_


forthcoming CS and fiscal notes

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

REPORTED ON  
CFO 4/25/97

Revision Date: 4/24/97 Dept. Affected: Revenue  
 Title: DOT Maintenance Facility at Soldotna BRU: Revenue Operations  
 Sponsor: Senator Torgerson Component: Treasury  
 Requestor: (S) CRA COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS - LEASE PAYMENTS		869.4	870.2	869.0	865.9	870.0
	0.0	869.4	870.2	869.0	865.9	870.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	869.4	870.2	869.0	865.9	870.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	869.4	870.2	869.0	865.9	870.0

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Authorizes lease-purchase financing for up to \$4.9 million for a DOT maintenance facility in Soldotna.

Assuming current interest rates plus 75 bp (3/4% per annum) and a ten year term, estimated annual lease-purchase payments will be approximately \$670 thousand. (See attached debt service schedule, page 2.) These amounts are less than the annual and total lease payments authorized in the bill.

Prepared by: Forrest R. Browne  
 Division: Treasury  
 Approved by Commissioner: Wilson L. Condon  
 Agency: Revenue

Phone: 465-3750  
 Date: April 24, 1997  
 Date: April 24, 1997

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information call the Governor's Legislative Office

Dated: 2/1/98  
 Delivered: 2/1/98

**Sizing Debt Services Schedule**  
**DOT - SOLDOTNA MAINTENANCE FAC**  
**CURRENT RATES +75bp**

Fiscal Yr	Coupon M YY	Zer Date	Cpn Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	DebtSvcRsv Int&Prin	CntgncyFnd Int&Prin	NetSemi-AnnlDbtSvc	Net Fisc. Dbt Svc
2 99	8/1/98				144,710.00	144,710.00				144,710.00	
8 99	2/1/99	N	5.050	380,000.00	144,710.00	524,710.00				524,710.00	669,420.00
1 2 0	8/1/99				135,115.00	135,115.00				135,115.00	
8 0	2/1/00	N	5.300	400,000.00	135,115.00	535,115.00				535,115.00	670,230.00
2 2 1	8/1/00				124,515.00	124,515.00				124,515.00	
8 1	2/1/01	N	5.500	420,000.00	124,515.00	544,515.00				544,515.00	669,030.00
3 2 2	8/1/01				112,965.00	112,965.00				112,965.00	
8 2	2/1/02	N	5.800	440,000.00	112,965.00	552,965.00				552,965.00	665,930.00
4 2 3	8/1/02				100,205.00	100,205.00				100,205.00	
8 3	2/1/03	N	5.900	470,000.00	100,205.00	570,205.00				570,205.00	670,410.00
5 2 4	8/1/03				86,340.00	86,340.00				86,340.00	
8 4	2/1/04	N	6.000	495,000.00	86,340.00	581,340.00				581,340.00	667,660.00
6 2 5	8/1/04				71,490.00	71,490.00				71,490.00	
8 5	2/1/05	N	6.100	525,000.00	71,490.00	596,490.00				596,490.00	667,980.00
7 2 6	8/1/05				55,477.50	55,477.50				55,477.50	
8 6	2/1/06	N	6.200	555,000.00	55,477.50	610,477.50				610,477.50	665,965.00
8 2 7	8/1/06				38,272.50	38,272.50				38,272.50	
8 7	2/1/07	N	6.300	590,000.00	38,272.50	628,272.50				628,272.50	666,545.00
9 2 8	8/1/07				19,687.50	19,687.50				19,687.50	
8 8	2/1/08	N	6.300	625,000.00	19,687.50	644,687.50				644,687.50	664,375.00
				<b>4,900,000.00</b>	<b>1,777,555.00</b>	<b>6,677,555.00</b>				<b>6,677,555.00</b>	<b>6,677,555.00</b>

True Interest Cost (TIC).....6.2391024  
 Net Interest Cost (NIC).....6.2228253  
 Arbitrage Yield Limit (AYL).....6.0707710  
 Arbitrage Net Interest Cost (ANIC)..... 6.0885597

Prepared by: FORREST BROWNE, DOR - TREASURY  
 Prepared on: 4/24/97 08:40 8.20 Rot 14  
 Record ID: SOLDOTNA-1998-E :MUNIDB

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: DOT Maintenance Facility at Soldotna BRU: Revenue Operations  
 Component: Treasury  
 Sponsor: Senator Torgerson  
 Requestor: (S) FIN COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS - LEASE PAYMENTS		608.4	611.3	607.4	607.0	609.3
	0.0	608.4	611.3	607.4	607.0	609.3

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	608.4	611.3	607.4	607.0	609.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	608.4	611.3	607.4	607.0	609.3

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Authorizes lease-purchase financing for up to \$4.5 million for a DOT maintenance facility in Soldotna.

Assuming current interest rates plus 75 bp (3/4% per annum) and a ten year term, estimated annual lease-purchase payments will be approximately \$609 thousand. (See attached debt service schedule, page 2.)

To minimize costs of this initial financing transaction and to allow maximum flexibility for future re-financing opportunities (to reduce lease payments when interest rates decline as they do from time-to-time), the Department of Revenue recommends changes to the proposed legislation.

Prepared by: Forrest R. Browne  
 Location: Treasury  
 Approved by Commissioner: Wilson L. Condon  
 Agency: Revenue

Phone: 465-3750

Date: March 24, 1997

Date: March 24, 1997

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information call the Governor's Legislative Office

**Sizing Debt Services Schedule**

Dated: 2/1/98  
 Delivered: 2/1/98

**DOT - SOLDOTNA MAINTENANCE FAC  
 CURRENT RATES +75bp**

Fiscal Yr	Coupon MYY	Zer Date	Coupon Cpn	Coupon Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Capitalized Interest	Debt Svc Rsv Int & Prln	Cntgncy Fnd Int & Prln	Net Semi-Annl Dbt Svc	Net Fiscal Dbt Svc
2	99	8/1/98				129,217.50	129,217.50				129,217.50	
8	99	2/1/99	N	4.900	350,000.00	129,217.50	479,217.50				479,217.50	608,435.00
1	2	0				120,642.50	120,642.50				120,642.50	
8	0	2/1/00	N	5.100	370,000.00	120,642.50	490,642.50				490,642.50	611,285.00
2	2	1				111,207.50	111,207.50				111,207.50	
8	1	2/1/01	N	5.300	385,000.00	111,207.50	496,207.50				496,207.50	607,415.00
3	2	2				101,005.00	101,005.00				101,005.00	
8	2	2/1/02	N	5.600	405,000.00	101,005.00	506,005.00				506,005.00	607,010.00
4	2	3				89,665.00	89,665.00				89,665.00	
8	3	2/1/03	N	5.750	430,000.00	89,665.00	519,665.00				519,665.00	609,330.00
5	2	4				77,302.50	77,302.50				77,302.50	
8	4	2/1/04	N	5.850	455,000.00	77,302.50	532,302.50				532,302.50	609,605.00
6	2	5				63,993.75	63,993.75				63,993.75	
8	5	2/1/05	N	5.950	480,000.00	63,993.75	543,993.75				543,993.75	607,987.50
7	2	6				49,713.75	49,713.75				49,713.75	
8	6	2/1/06	N	6.050	510,000.00	49,713.75	559,713.75				559,713.75	609,427.50
8	2	7				34,286.25	34,286.25				34,286.25	
8	7	2/1/07	N	6.150	540,000.00	34,286.25	574,286.25				574,286.25	608,572.50
9	2	8				17,681.25	17,681.25				17,681.25	
8	8	2/1/08	N	6.150	575,000.00	17,681.25	592,681.25				592,681.25	610,362.50
						<b>4,500,000.00</b>	<b>1,689,430.00</b>	<b>6,089,430.00</b>			<b>6,089,430.00</b>	<b>6,089,430.00</b>

True Interest Cost (TIC).....6.0811634  
 Net Interest Cost (NIC).....5.0661691  
 Arbitrage Yield Limit (AYL).....5.9136662  
 Arbitrage Net Interest Cost (ANIC)..... 6.9318156

Prepared by: FORREST BROWNE, DOR - TREASURY  
 Prepared on: 3/12/97 17:38 8.05 Rpt 14  
 Record ID: SOLDOTNA-1998-D :MUNIDB

# FISCAL NOTE

No. 3  
 Bill Version: SB34  
 (S) Publish Date: 3/21/97

STATE OF ALASKA  
 1997 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title: "DOT Maintenance Facility at Soldotna" BRU: Commissioner's Office  
 Component: Office of the Commissioner  
 Sponsor: Senator Torgerson  
 Requester: Senate Transportation COMPONENT SERIAL NO. 530

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

POSITIONS	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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)

The Department of Transportation and Public Facilities does not anticipate any fiscal impacts as a result of this legislation. The department supports the relocation and building of the new facility and will work with the sponsor and other affected agencies to refine the financing package.

Prepared by: Sam Kito III Phone: 465-3900  
 Special Assistant  
 Division: Office of the Commissioner Date: 3/11/97  
 Approved by: *Joseph L. Dubina* Date: 3/11/97  
 Commissioner  
 Agency: Department of Transportation and Public Facilities

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
 For further distribution information, call the Governor's Legislative Office

**FISCAL NOTE**

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

No. 1  
Bill Version: SB34  
(S) Publish Date: 3/10/97

Revision Date: \_\_\_\_\_  
Title: "An Act giving notice of and approving a lease purchase agreement .....for a maintenance facility for the DOT&PF."  
Sponsor: Senator Torgerson  
Requestor: (S) CRA

Department Affected: Administration  
BRU: General Services  
Component: Leasing

COMPONENT SERIAL NO. 81

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

**FUND SOURCE:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER * CIP receipts						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 97) cost: \$ 0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The bill would authorize financing and construction of a new maintenance facility for the Department of Transportation & Public Facilities in Soldotna. Since the current DOT&PF facility is state owned, there are no current lease costs in the DOA budget. The Department of Administration's role in this project is simply to execute a lease agreement on behalf of the state.. No costs for design, construction, contract compliance, building maintenance or lease payments are anticipated from the Department of Administration budget.

Prepared by: Dugan Petty, Director *Dugan Petty*  
Division: General Services

Phone: 465-2250  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Alison M. Elgie*  
Agency: Department of Administration

Date: 2/28/97

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
For further distribution information, call the Governor's Legislative Office