

SB

317

SB317



FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 27, 2006

The Honorable Ben Stevens  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the purchase by the Alaska Housing Finance Corporation of a parking garage in Anchorage, Alaska; approving the issuance of bonds for the purchase of that parking garage; and providing notice of and authorizing the commissioner of the Department of Administration to enter into a lease-purchase agreement with the Alaska Housing Finance Corporation for that parking garage.

This bill would authorize the Alaska Housing Finance Corporation (AHFC) to finance, with bond proceeds, the purchase of an up to approximately 830-space parking garage to serve the parking needs of the Atwood Building in downtown Anchorage. The bill also would authorize the Department of Administration to enter into a lease-purchase agreement with the AHFC for that parking garage.

I urge your prompt and favorable action on this measure.

Sincerely yours,

Frank H. Murkowski  
Governor

Enclosure

COMMITTEE COPY

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
**APR 28 2006**  
 SENATE FINANCE COMMITTEE

DATE: 4/27/06

FURTHER:

DATE TURNED  
 IN TO OFFICE: 4/28/06

Finance Committee considered **SENATE BILL NO. 317**

## SB 317 ANCHORAGE PARKING GARAGE

"An Act relating to the purchase by the Alaska Housing Finance Corporation of a parking garage in Anchorage, Alaska and approving the issuance of bonds for the purchase of that parking garage; providing notice of, and authorizing the commissioner of the Department of Administration to enter into, a lease-purchase agreement with the Alaska Housing Finance Corporation for that parking garage; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Inc.	Zero	FNI

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Inc.	Zero	FNI
DDA	4/27/06			✓	

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
			✓	
			✓	
COCHAIR:			✓	
COCHAIR:	✓			



# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: SB 317  
(S) Publish Date: 4/27/06

Revision Date/Time (Note if correction): 4/27/06 8:10 a.m. Dept. Affected: Administration  
Title An Act relating to the purchase by AHFC RDU State Owned Facilities  
of an Anchorage Parking Garage Component Facilities  
Sponsor Rules Committee  
Requester Governor Component No. 2429

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

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual		3,700.0	3,700.0	3,700.0	3,700.0	3,700.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>3,700.0</b>	<b>3,700.0</b>	<b>3,700.0</b>	<b>3,700.0</b>	<b>3,700.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
1002 Federal Receipts						
1003 GF Match						
1004 GF		3,700.0	3,700.0	3,700.0	3,700.0	3,700.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>3,700.0</b>	<b>3,700.0</b>	<b>3,700.0</b>	<b>3,700.0</b>	<b>3,700.0</b>

Estimate of any current year (FY2006) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

POSITIONS	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Full-time						
Part-time						
Temporary						

**ANALYSIS:** *(Attach a separate page if necessary)*  
The Alaska Housing Finance Corporation will finance, with bond proceeds, the purchase of a parking garage in Anchorage which will be leased to the state to provide parking for the Atwood Office Building. The maximum purchase price of the parking garage may not exceed \$44,000,000, including the cost of purchasing the facility and issuing the bonds for purchase. Subject to an annual appropriation, the Commissioner of Administration is authorized to enter into a lease-purchase for the parking garage. The anticipated total cost of the project is \$44,000,000 and the anticipated annual amount of the rental obligation is \$3,700,000. This fiscal note represents the amount necessary to satisfy the required annual lease payment of \$3,700,000.

Prepared by: Remond Henderson, Deputy Director Phone 465-5687  
Division: General Services Date/Time 4/27/2006 8:10 a.m.  
Approved by: Michael Tibbles, Deputy Commissioner Date 4/27/2006  
Agency: Administration

# Atwood Building Parking Center

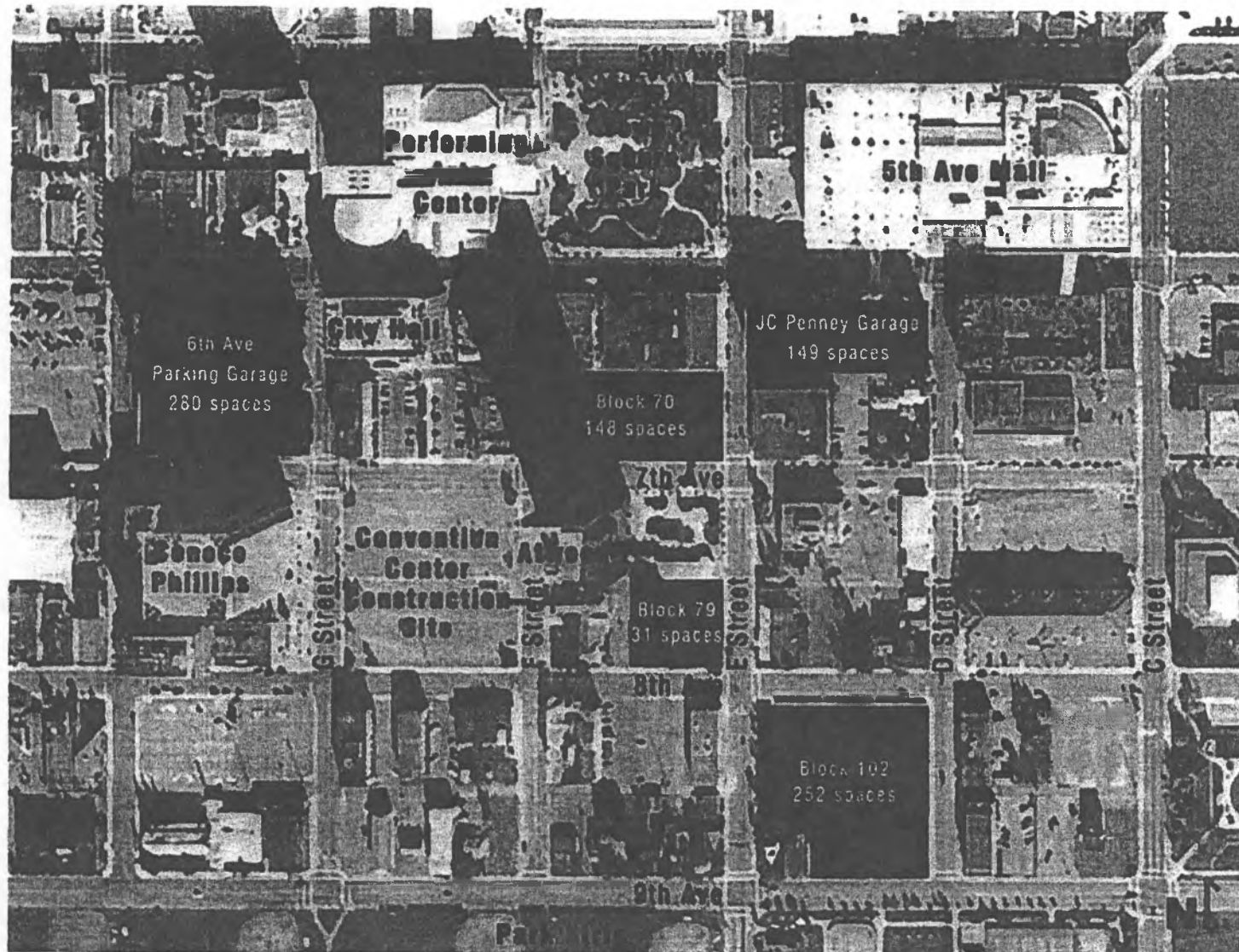


# Atwood Building Currently

- **Challenges**

9:03:57

- Block 80 deal with MOA
- Previous and current scattered site parking arrangement
- Current agreements with expiration dates (MOA, JC Penney, Block 70)
- Increased demand in 2 years from Convention Center

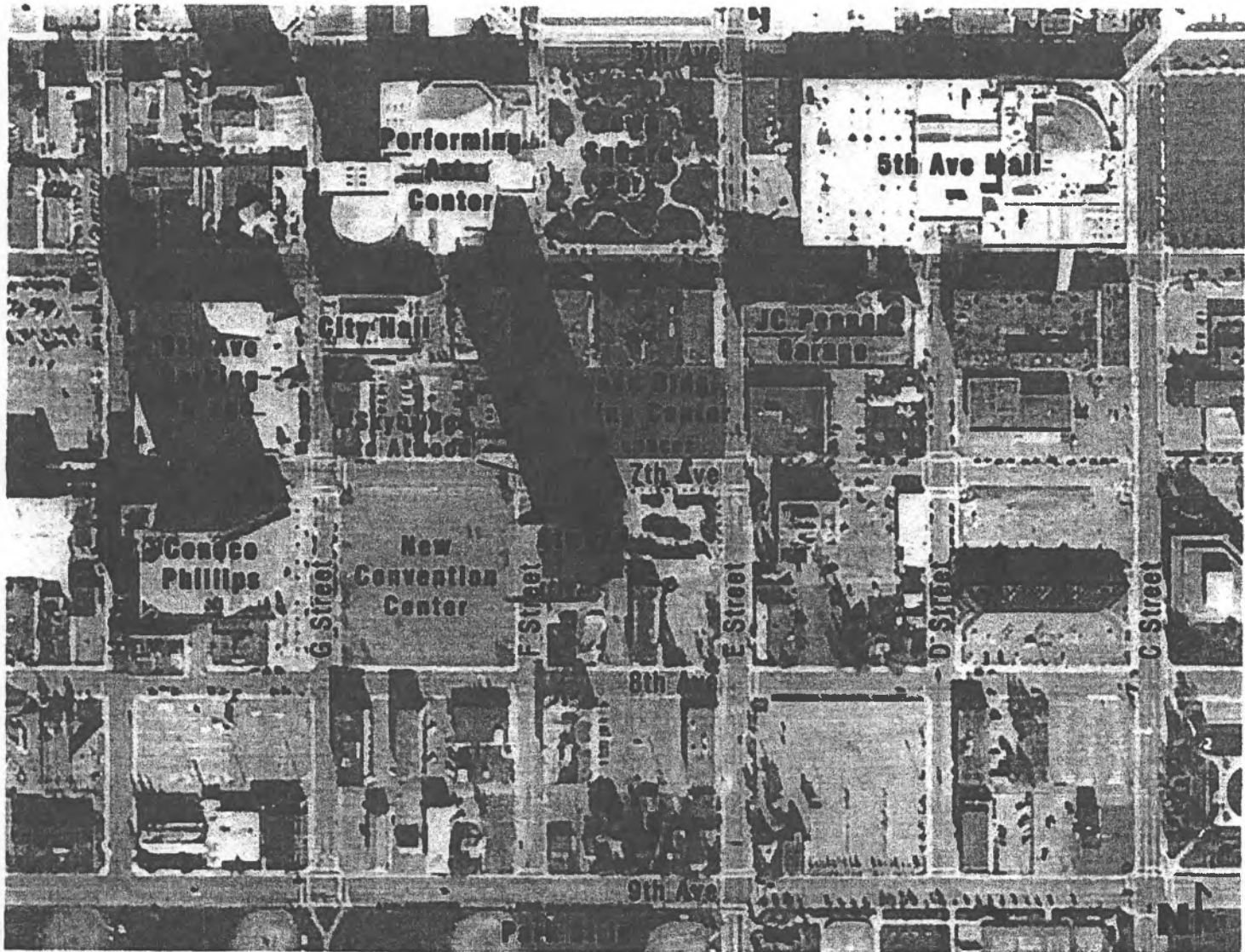


# Atwood Building Currently

- Opportunity
  - Recent acquisition of ½ block 70
  - Ability to consolidate all spaces into central facility
  - Ability to leverage other revenue sources
  - Preliminary due diligence work completed by others

# Atwood Building Parking Center

- Long Term Solution
  - Parking Facility for up to 830 cars on Block 70
  - Skybridge to Atwood Building
  - Retail facilities at Street Level



# Atwood Building Parking Center

- Requirements

- AHFC owns Atwood Building
- MOA to design and construct for fixed price
- AHFC to issue debt & purchase from MOA
- DOA to lease from AHFC; State owns at end of lease/debt payoff
- Same arrangement as Atwood Building
- DOA builds cost into lease rate charged to agencies

# Atwood Building Parking Center

- Financial Terms

- AHFC bonds up to \$44 million
- \$3,700,000 annual lease payments (21 years)
- Debt issued at beginning of construction with progress payments thereafter

# Atwood Building Parking Center

- Lease Cost Analysis

- $\$3,700,000 / 252,000 \text{ SF} / 12 = \$1.22 \text{ p/SF}$

- Existing Lease Rate  $\$1.30 \text{ per SF}$

- New Lease Rate  $\$2.52 \text{ per SF}$

- Market Rate Comparable  $\$2.75 \text{ per SF}$

- New lease rate does not reflect offsetting revenues and savings

# Atwood Building Parking Center

- Revenues & Savings
  - Existing Parking Cost (280 spaces with MOA; \$170,000 p/yr)
  - Future Parking Cost Increases (MOA)
  - Retail Lease Income (\$360,000 p/yr est.)
  - Land Sale (Block 102; \$4 million est.)
  - Convention Center Cash payment (\$2.3 million)
  - After Hours Parking Revenue (\$200,000 p/yr est.)
- Total when capitalized \$23.5 million
- Revenues & Savings estimated to reduce SF cost for Parking Center by half

# Atwood Building Parking Center

- **Summary**
  - A current demand exists
  - Future cost and demand impacts are imminent
  - A current opportunity for resolution
  - A sound financial investment
  - No general fund appropriation needed
  - Safety and convenience for visitors and 1000 state employees and other tenants

**City of Nome proposal for State Office Building in Nome:  
March 20, 2012**

In separate studies over a number of years, both the Department of Administration and the Department of Transportation and Public Facilities have repeatedly identified the pressing need for modern, functional and efficient office space for state agencies in Nome, Alaska to serve the public interest. A structural conditions report by PDC Engineers as far back as 2001, and confirmed by BBFM Engineers in 2004, identified “severe...on-going corrosion of steel columns below the 1st floor and starting to diminish structural integrity”. In March 2010, the Alaska Court System estimated deferred maintenance, code upgrades and remodeling of the existing Nome Courthouse (the former Federal Building) would cost nearly \$9M, but would not ultimately address the building’s structural failings in design, construction or location within the floodplain and its recent history of flooding.

In January 2010, the Mayor and City Council of Nome identified a new state office building as a legislative priority as part of its 2011 City of Nome presentation to the State of Alaska. On July 15 of that year, the City formally responded to the State Department of Administration RFI identifying its preferred Front Street site as lots owned by Sitnausak Native Corporation. In March of 2012 Sitnausak Native Corporation expanded the potential building site by securing additional lots which were subsequently committed to the City for this project at fair market values.

Through an open public process the City of Nome, its executives and City Council have repeatedly expressed commitment and determination that the City needs and deserves a first-class functional State office building in Nome at a location approved by City Council; a location that promotes local business, servers the public interest and enhances Nome’s historic Front Street.

Under the City’s development plan the State would own a new facility built to its specifications, at or below an independent third- party engineer’s cost estimate. The facility would be on the

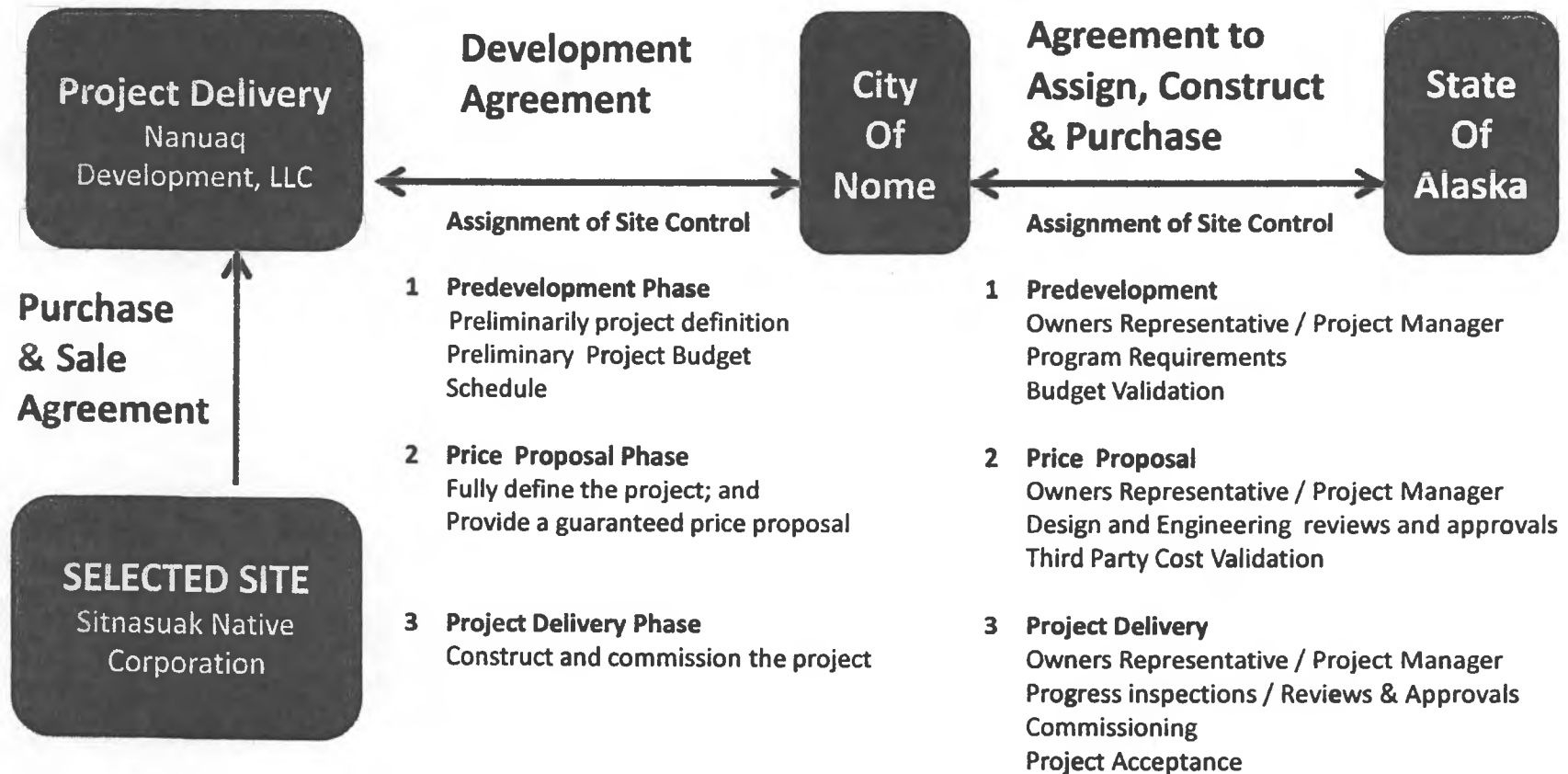
City of Nome's preferred site, which the State will own through the City's acquisition at appraised fair market value.

- **Site Location:** Optimal location on Front Street as identified by the Nome City Council; a central location with good public accessibility that revitalizes downtown Nome rather than causing/contributing to its decline or cannibalizing local vendors. (precise location is Block C, Lots 1-4; Block D, Lots "Portion of 9" and 12A & 13A)
- **Site Attributes:** Building site is beyond the identified floodplain and has the most cost-efficient utility infrastructure of any site available. In conversation with Nome Joint Utility Manager, John Handland, utility connections at the Front Street location would be significantly less expensive than other alternatives (the Stedman Street location.) Site allows for co-location with existing state agency offices next door, and allows for physical connection of the buildings, if desired. Site also requires less site preparation than other alternatives.
- **Site Ownership and Terms:**

All parcels comprising the site are now owned or fully controlled by Sitnasuak Native Corporation, which has committed the aggregated parcels to the project for development to suit by its subsidiary, Nanuaq Development. The Nanuaq team has substantial successful project financing and development experience, including multiple completed projects for State and municipal ownership on similar development models.
- **Site Size:** The aggregated parcels, plus the current right-of-way of Lane's Way, which the City would vacate for the project, comprise nearly 70,000 square feet—over an acre and a half and large enough to support the State's requirements.
- **Site Cost:** The commitment of the land is at Fair Market Value, as determined by a State-approved appraisal.
- **Building Attributes:** To be developed under contract with the City of Nome; State determined scale and State specifications.
- **Building Cost:** At or below the cost estimate of a State-approved cost estimator
- **Financing:** Best tax-exempt bond rates available to AHFC.
- **Project Cost:** Lowest cost project delivery methodology available to the state that provides state ownership and avoids long-term lease premium.
- **Timing:** Provides the shortest path to a completed project.
- **Contract Administration:**

City of Nome, and then AHFC (upon assignment from City of Nome)
- **Operator:** Department of Administration at project completion

# Project Delivery Plan



Following is an extract of findings from existing architectural and engineering reports on file for the building:

**USKH Jan 1994.** This report is separated into three volumes as follows:

- Vol A Exterior Envelope Corrosion Study
- Corrosion damage to the south wall of the structure was the primary focus of the report. The report documented damage that occurred as a result of a major storm event that occurred in November of 1974. The report identified that an inadequate repair of that damage resulted in poor protection from the elements which had resulted
- USKH recommended removal of the existing cladding system to expose the framing members such that the extent of corrosion damage could be determined and removed.
- After repair of the damaged framing, a new cladding system Exterior Insulation and Finish System (EIFS) was recommended. This system would utilize a synthetic plaster system such as Dryvit, R-Wall, Pleko, Finestone or Thorowall. These types of systems are considered to have excellent resistance to harsh and/or corrosive environments.
  
- Vol B Heating and Ventilation controls Study. Volume B focused solely on the HVAC control system
  
- Pneumatic Heating and Ventilation System controls are original and nearing the end of their useful life. Lifespan is typically 20-30yrs building was 20 yrs old in 1993
  
- USKH recommended upgrading the system to DDC
  
- Other suggested improvements were to balance all the air and hydronic systems in the facility and insulate heating system piping in the basement.
  
- None of this work was ever funded
  
- Vol C Condition Survey and Deficiencies Report  
Life Safety issues are as follows:
  - 1 hour corridor system: Current corridors now extend from floor to drop ceiling. Corridors should be replaced with floor to hard ceiling on hour fire rated walls and 20 minute fire rated metal framed doors
  - Stair Railings need to be brought up to current codes
  - Fire alarm system: Building wide addressable fire alarm system is recommended
  - Other fire separations. Additional smoke dampers in the ventilation system are required to meet current codes.
  - Inadequate ventilation for fume hood and kettle exhaust fan
  - Emergency Lighting system upgradeOther items noted include provisions for lessening the maintenance cost of the build, energy conservation and ADA compliance

**Loftus Engineering Associates 10/13/97**

- Exterior Envelope Corrosion Study Review  
This report was made as a follow up (second opinion) report to Volume A of the initial USKH report. Report confirms the initial USKH diagnosis and recommendation for

repair Report indicates that the condition of the south wall is "an unacceptable condition by any standard of performance"

Recommended repairs to the wall system include:

1. Removal of all of the existing siding on the building to expose the underlying sheet rock for inspection.
2. Removal and replacement of all the studs in the crawl space, includes the entire wall section.
3. Additional 15% of wall areas (first floor primarily) are expected to require similar removal and replacement. Areas requiring removal shall be determined by inspection after removal of cladding and areas of sheetrock.
4. All removed walls to be reconstructed. Entire building clad with half inch ply covered with building paper. EPS insulation will be fastened to the ply and then covered with an EIFS cladding system as identified in the USKH report.

Corrosion in the steel columns is first identified in this report. Report indicates the condition as "serious" and indicates that repairs should be made by stripping up to 2 feet of the concrete cladding over the existing columns and cleaning and reapplying corrosion inhibitors.

None of these repairs were undertaken

#### **PDC Inc Consulting Engineers 12/20/2001**

- Engineers Report Nome State Office Building

This report focuses primarily on corrosion to the structural elements of the building. Notes indicate corrosion has reduced the cross section of some structural elements to have reduced column cross sections by as much as 15%. Failure of the exterior cladding is identified as the source of the leakage for wind driven salt spray from the Bering Sea. Corrosion also noted in steel floor decking on the east wall. Beam to column and beam to girder bolted connections show corrosion as well.

Recommended fix is to expose all structural elements suspected to be subject to corrosion. Sandblast and recoat them with corrosion inhibitors. All connections should be sandblasted, inspected and repaired. Additional lateral supports may be required to correct structural deficiencies. Replace all metal studs along the south wall of the crawl space and the first floor of the structure. Exterior cladding should be completely removed and replaced with a new system more resistant to the corrosive elements particular to the building location.

None of the recommended repairs have been made

#### **BBFM Engineers Inc. 10/22/2004**

- Nome State Office Building Inspection

Inspection was made immediately subsequent to a storm event which caused flooding in the basement of the Nome State Office Building and caused up to three feet of gravel deposited along the south wall of the building. Report references a previous report by PDC that identifies concrete spalling and severe corrosion of structural columns on the south wall of the building. Recommends repair of this problem as indicated in the PDC Report.

**DOTPF Northern Region Safety Officer Letter Regarding Mold/Fungus 5/17/2006**

- Letter documents Northern Region M&O cleanup and testing to demonstrate that mold and fungus were not present in the building

## I. Background

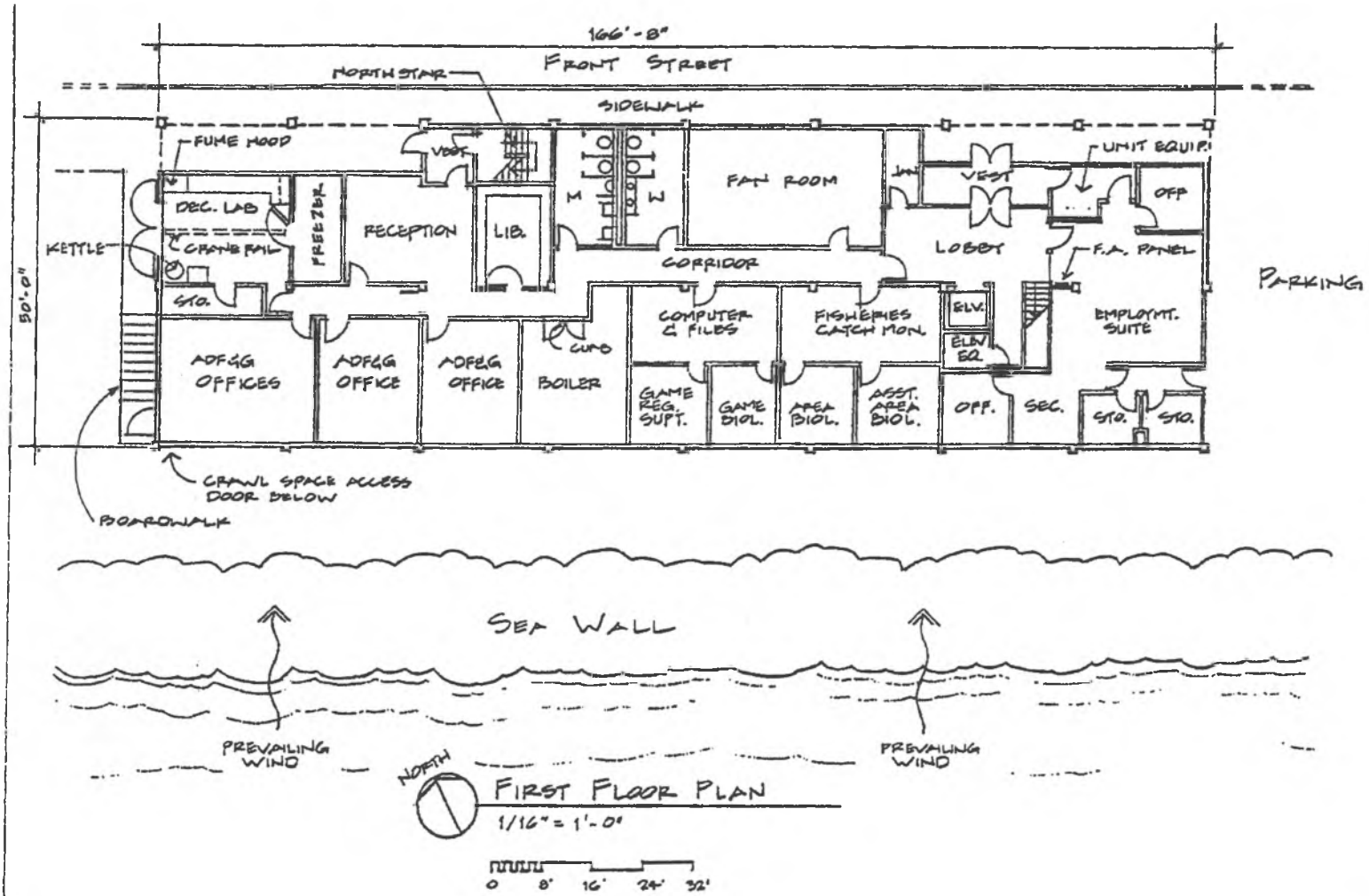
The Nome State Office Building is a 15,980 square-foot, two-story structure, located on Front Street in Nome, adjacent to the sea wall on the Norton Sound of the Bering Sea. The facility houses various state agencies, including:

- Department of Corrections
- Department of Environmental Conservation
- Department of Fish and Game
- Department of Health and Social Services
- Department of Labor
- Elections
- Attorney General
- Governor's Office
- Legislative Affairs

On November 17, 1993, at the request of DOT&PF, the facility was inspected by Scott Bell, P.E., a mechanical engineer with USKH. The purpose of the inspection was to determine the condition of the existing HVAC controls system, list deficiencies, and provide recommendations and budgetary cost estimates for correction of the identified deficiencies. The wide difference in room temperatures throughout the facility is the primary impetus for this study of the HVAC control system. As part of this investigation, Mr. Bell met with the Honeywell, Inc. representative in Anchorage and reviewed this building's control system with them.

The existing controls system is a pneumatic system consisting primarily of Honeywell components and is in average condition for a 20-year old system (control systems have a useful life of from 20 to 30 years). Several of the control sequences can be improved upon by the addition of control components. Given the remaining useful life of the control system the State should consider switching to a direct digital control (DDC) for the mechanical rooms and main controllers.

Upgrades to the building's air heating system are also discussed, but are not recommended at this time due to their high estimated construction cost.



STATE OF ALASKA  
 DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES  
 NOME STATE OFFICE BUILDING UPGRADE  
 Project No. 44040

DATE 1/12/91  
 DRAWN JEN  
 CHECKED GHP

DWG. NO.  
 1



510 L Street, Suite 200  
Anchorage, AK 99501-1949  
(907) 274-2236  
(907) 274-2520 Fax

## MEMORANDUM

Date: October 22, 2004  
To: Mike Szewc, State of Alaska  
From: Troy J. Feller, PE  
Re: Nome State Office Building

204153

The purpose and scope of site visit was to identify and assess any storm damage or distress to the Nome State Office Building on Front Street. The recommendations from this assessment are in my Site Observation Report dated October 22, 2004. Although not storm related, during my observations I did note the on-going corrosion of steel columns below 1<sup>st</sup> floor along south side of building. This corrosion is becoming severe and is starting to diminish the building's structural integrity. Most of the cracked and spalled concrete observed around perimeter of building and in the crawl space is being caused by the steel column corrosion. The outer layer of steel expands as it oxidizes which results in prying forces to the un-reinforced concrete encasement resulting in the cracking and spalling. Once the concrete encasement is loose it tends to trap moisture against steel columns which exacerbates the problem. This situation needs to be addressed as described in the December 2001 report by PDC Engineers.



P.O. Box 281 • Nome, Alaska 99762  
phone 907.443.6663 fax 907.443.5349

March 12, 2012

The Honorable Sean Parnell  
Office of the Governor  
P.O. Box 110001  
Juneau, AK 99811-0001

Sent via email

Dear Governor Parnell:

Please accept our deep appreciation for your recent visit during a busy Legislative session. We are especially grateful for your personal interest in the potential construction of a new Alaska State Office Building in Nome. We admire the high level of integrity and professionalism your administration has displayed in addressing this project.

It is our hope this much needed project can be advanced during the current Legislative session; to do so will require definitive action be taken very soon. We hope you can finish the project feasibility study and make a final determination on how to proceed this week.

If you should chose to pursue the project through a government-to-government relationship, as proposed in the City of Nome's July 2010 response to the Department of Administration's Request for Information, we urge you to designate the Alaska Housing Finance Corporation (AHFC) as the lead state agency for the project.

The advantages of this approach, which were discussed during your trip, are these:

- It would allow location of the project on Front Street, which through a series of public meetings was identified as the optimal central location preferred by the community.
- The vetted procurement methodology and legal documents used by AHFC in development of the parking garage for the Atwood Building in Anchorage could be used with very minimal modification.
- The State would receive a building custom designed to its specifications without having to bear any construction risk.
- Substantial historic data indicates a building developed in this manner would cost the State of Alaska considerably less than if the State of Alaska built the building itself.

We look forward to working with your administration on this important project.

Respectfully,  
CITY OF NOME

Denise Michels  
Mayor

cc: Senator Donny Olson  
Representative Neal Foster

# MEMORANDUM

State of Alaska  
Department of Transportation & Public Facilities  
Statewide Public Facilities

TO: File

DATE: September 26, 2007

FILE NO:

TELEPHONE NO: 907-269-0869

FAX NO: 907-269-0805

FROM: Matt Desalernos P.E.  
Project Manager



SUBJECT: Nome State Office Building  
Project Number TBD

The Nome State Office Building was constructed in 1973-74. Problems with the building began almost immediately. A major storm event in the fall of 1974 caused significant damage to the south wall of the building. The repairs made after the 1974 storm have been largely ineffective at protecting the building from the infiltration of corrosive salt water spray from the Bering Sea which sits only a few feet away. Over the years significant corrosion to steel framing members and to steel structural members has now developed into a serious problem that must be addressed soon if the building is to remain in service. An engineers report dated 2001 indicated that corrosion has reduced the cross section of some columns by as much as 15%. Undoubtedly the situation has continued to worsen in the years since that report was written.

The structural problems with the building are well documented through a series of engineer's reports dating back to Jan 1994 (see attached summary). Each subsequent report has noted additional and progressive damage to the steel framing and the structural components of the building. Another severe storm event such as the one in that occurred in 1974 could easily cave in the entire south wall of the crawl space, allowing storm waves to wreak havoc within that area of the building causing extensive damage to the building HVAC system. Such damage could easily cause the entire building to be unfit for occupancy for a significant amount of time.

The exterior cladding system on those portions of the building not damaged by the 1974 flood has been at a point of failure for some time. A significant amount of the cladding system is made of steel that has now rusted away to the point where it no longer serving as an effective moisture barrier. In addition, the original cladding system relied heavily on a number of caulked joints to maintain the integrity of the moisture barrier. Such systems are difficult or impossible to maintain, particularly in a severe environment. As a result many if not all of the original caulked joints are now at a point of failure. The end result of the rusted out steel panels and failed caulked joints is that the likelihood of additional corrosion damage to interior steel framing members in other areas of the building is very high.

Subsequent storm events in 2004 and 2005 have caused additional damage to the south wall. During these events significant flooding resulted in the crawl space. The flood water infiltrated the buildings HVAC system, creating the potential for possibly hazardous contaminants (dust and mold) to have been introduced into the buildings ventilation system. While these contaminants have been removed, the probability is high that future storm events will cause more flooding in the crawl space and the cleanup will need to be repeated. If the building is to remain in service, it would be prudent and sensible to look at reconfiguring the buildings HVAC system so that mechanical equipment is removed from this area completely or at a minimum housed or sealed in such a way as to be protected from damaging effects of the almost certain future flooding of the crawl space.

The mechanical systems in the building are all original equipment and have exceeded their useful life expectancy. New boilers and direct digital control systems are needed to replace the existing 30+ year old systems.

Other significant life safety issues need to be corrected if the building is to remain in service. Existing corridors were identified in 1994 as not meeting the current fire rating (1hour), it is doubtful that the fire marshal will allow this deficiency to remain if other major upgrades to the building are undertaken. Other life safety issues such as adding a fire alarm system, adding code required smoke dampers to the ducting system and adding code compliant emergency exit lighting should also be addressed.

The original roof was replaced in 1993, so it is now 14 years old. Some maintenance personnel have not mentioned problems with the roof. Typically roofs of this kind can be expected to last 20 yrs or more. Accordingly, a new roof is probably going to be needed in the next 5-10 years.

ROM Cost estimate (not including costs for temporary relocation of current occupants):

Structural Repair and new siding 2.5 million

- Demo old siding including haz mat for asbestos impregnated siding: \$250,000
- Demo damaged framing members exposing corroded steel structural members and joints: \$150,000
- Repair of corroded structural members: \$1,000,000
- Replacement of damaged wall framing: \$500,000
- Install new siding system: \$500,000

HVAC System Renovations: 2.0 million

Life Safety upgrades: 1.5 million



P.O. Box 281 • Nome, Alaska 99762

phone 907.443.6663 fax 907.443.5349

March 7, 2012

The Honorable Sean Pamell  
Office of the Governor  
P.O. Box 110001  
Juneau, AK 99811-0001

Sent via email

Dear Governor Pamell:

Thank you for engaging with us over the past year regarding the proposed State Office Building in Nome. Also, thank you for including an installment of funding for the project in your proposed budget. We appreciate your efforts and your support for the project.

As you know, the City has been very concerned about the possibility that the facility might be developed at a location other than on Front Street. Based on this concern, in the first half of 2010 the Nome City Council adopted formal resolutions identifying its preferred Front Street site, encouraging the State to solicit a "build-to-suit" proposal for its development.

Our interest in this regard is so great that we decided to back-up those resolutions by partnering with the State to achieve our preferred location. We proposed as much in response to a Department of Administration issued Request for Information (RFI) procurement process as far back as July of 2010.

Since that time, our partnering has included direct discussion with the site owner, including a public City Council work session last fall in which we discussed a general outline of an arrangement for acquisition and development of our preferred site. It was agreed that the Mayor should work with the State and the site owner to develop final terms and to bring the necessary agreements back to the City Council for approval.

Consistent with that direction, I have continued to work with the site owner and expect very soon to have a signed agreement for site acquisition and development to State specifications (subject to City Council approval), to form the basis for negotiation of an agreement with the State. The result would be development precisely to State requirements, with the design and construction components for completion of the project procured through an RFP process.

Under this approach, we would propose to deliver an optimally-located and efficiently acquired new Nome State Office Building, custom-built to the State's scope and specifications, at a cost that reflects the fair market value of the land, as determined by the State, and a facility cost at or below an engineer's estimate, also as determined by the State.

The Nome City Council's identification of the site on Front Street was fully consistent with the State Procurement Code under AS 36.30.850(b)(5), reflecting recognition of the unique nature of particular parcels of "real property or interest in real property." Likewise, that same provision will allow the State to acquire the site and development on a build-to-suit basis directly from the City of Nome.

*"There's no place like Nome"*

[www.nomealaska.org](http://www.nomealaska.org)

We understand that the Department of Administration is preparing to issue yet another RFI relating to the State's needs in Nome. If we must, we will respond again; however, we believe it is in the public interest, and will save the State considerable time and money, to deal directly with the City of Nome instead.


We are respectfully requesting to partner in the solution by engaging in a meaningful dialogue that accomplishes development on the City of Nome's selected site, with the State directing the scope and quality of the project, and the City having meaningful participation in the development details and, per the above procurement methodologies and approaches, we will accomplish the goal together with the greatest efficiency and cost certainty.

It is our understanding that AHFC has played a comprehensive facilitation role on the State's behalf on similar projects in the past, combining AHFC's unique project management and financing expertise to benefit the project, and that they have the staff and resources to do so efficiently. Could a partnership between AHFC, acting on the State's behalf, and the City of Nome be considered? If so we would propose a face-to-face meeting with your representative, AHFC and the City.

With the clock winding down on the current Legislative Session, we understand that time is of the essence; however, if we meet no later than March 20, 2012 we still have time to adequately define the project for Legislative approval.

We are prepared to do our part to meet both the State's goals and the City's goals and we respectfully request your consideration of this approach.

Respectfully,  
CITY OF NOME

A handwritten signature in black ink, appearing to read "DM", with a horizontal line extending to the right.

Denise Michels  
Mayor

cc: Senator Donny Olson  
Representative Neal Foster



P.O. Box 281 • Nome, Alaska 99762

phone 907.443.6663 fax 907.443.5349

SENT VIA EMAIL & CERTIFIED MAIL

July 15, 2010

Mr. Jeff Jolly, Contracting Officer III  
Department of Administration  
Division of General Services  
550 West 7<sup>th</sup> Avenue, Suite 1970  
Anchorage, AK 99501

Subject: Letter of Interest Regarding the Nome State Office Building

Dear Mr. Jolly,

The City of Nome (the City) is hereby formally responding to the State of Alaska's Request for Information / Letters of Interest in building a new Nome State Office Building. The City is very interested in entering into a binding agreement or contract on a ~~government to government~~ basis with the State of Alaska to design, bid, build and then lease with the option to purchase a new State Office Building in the City of Nome. The City feels that a government to government partnership on this project is in both the best interest of the State and the local community of Nome given the impacts such a project can have on a small community.

Given the unique nature of this public / private sector partnership, it would be the intent of the City to contract the construction and management of the building to Nanuaq, LLC (a subsidiary of Sifnasuak Native Corporation) who is also the majority land holder in the proposed project. Nanuaq, LLC would act as the Construction Manager / General Contractor on the project pulling together the long term financing, design and construction aspects of the project. In doing so, the up front capital costs of such a project will not be a burden on the State or local residents.

Included in this response and described below are three sample building options that are all located on blocks C and D of Front Street, well within the specified 3.5 mile radius of the post office. The building options all have outlines of the proposed parking spaces and building options as they relate to the flood zone area(s). All of the options listed and shown in Attachments A, B and C would additionally be constructed as Leed Certified buildings, be ADA compliant and could be ready within a 10 month period from the date that the State and City approve the completed construction documents.

### Sample Building Options

#### Option A:

This option is a 3-story 60,000 SF building with a 5,000 SF penthouse for mechanical equipment. The building has a covered drop off area as well as 75 parking spaces. This option requires occupying / vacating Lanes Way, along with occupying lots 9, 12A, and 13A, Blk D for a 45 space parking lot and lots 1-4 of Blk C for the building, covered drop off and 30 space parking lot.

#### Option B:

This option is a 3-story 49,200 SF building with a 5,000 SF penthouse for mechanical equipment. The building has a covered drop off area as well as 75 parking spaces. This option does not require occupying or vacating Lanes Way. Lots 9, 12A and 13A of Blk D will be occupied for a 45 space parking lot and lots 1-4 of Blk C for the building, covered drop off and 30 space parking lot.

#### Option C:

This option is a 3-story 59,200 SF building with a 5,000 SF penthouse for mechanical equipment. The building has a covered drop off area as well as 75 parking spaces. This option does not require occupying or vacating Lanes Way. Lots 9, 12A and 13A of Blk D will be occupied for a 45 space parking lot and lots 1-4 of Blk C for the building, covered drop off and 30 space parking lot.

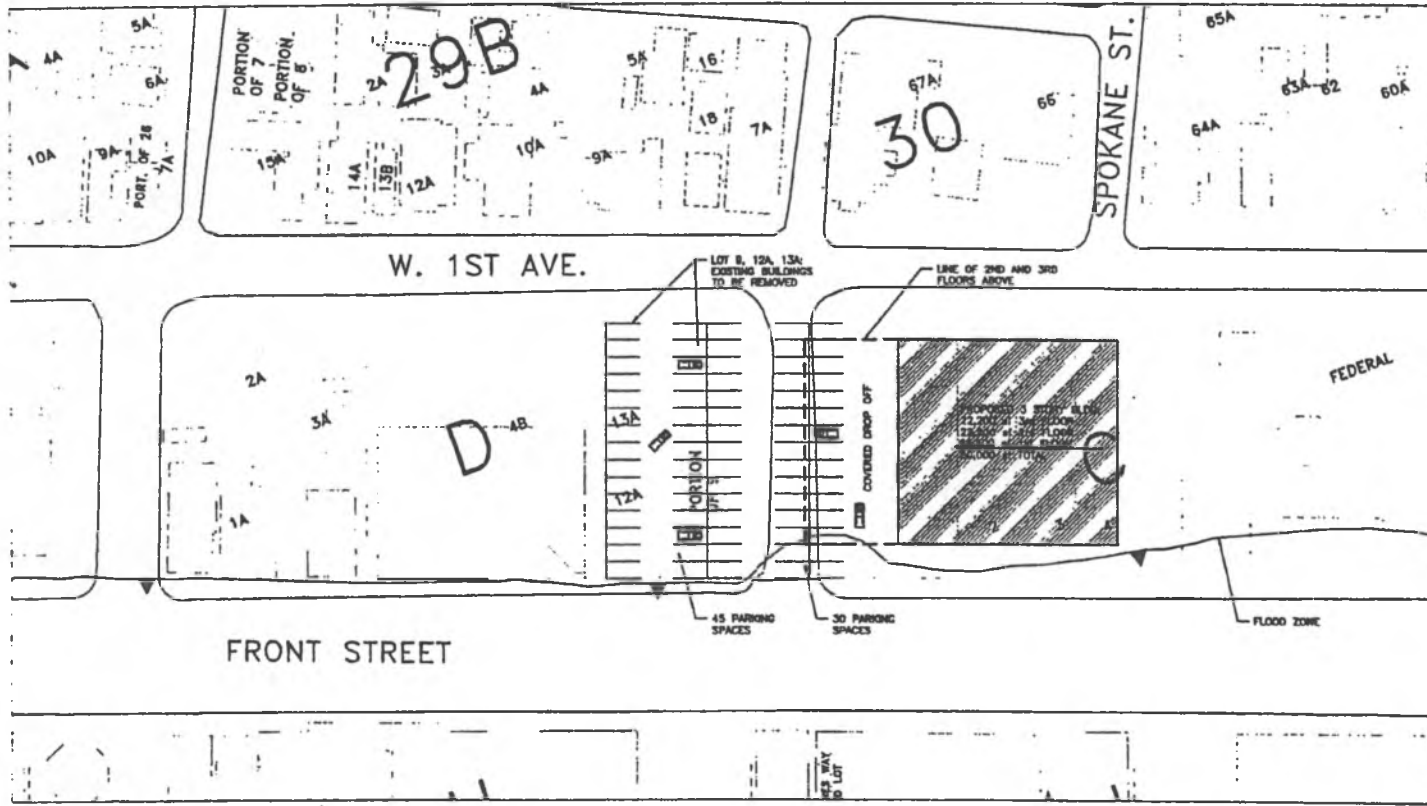
Additionally, the City has attached letters of support from the individual land owners for this project. Should you require additional information or have questions, please contact me at 907.443.6600 or [manager@ci.nome.ak.us](mailto:manager@ci.nome.ak.us).

Sincerely,  
CITY OF NOME



Josie Bahnke  
City Manager

cc: Denise Michels, Mayor  
Nome Common Council  
Trudy Soboscienski, CEO, Sitnasuak Native Corporation  
John Handeland, Utility Manager, Nome Joint Utility System  
Mitch Erickson, Director, Chamber of Commerce  
Leo von Scheben, Commissioner, DOT & PF

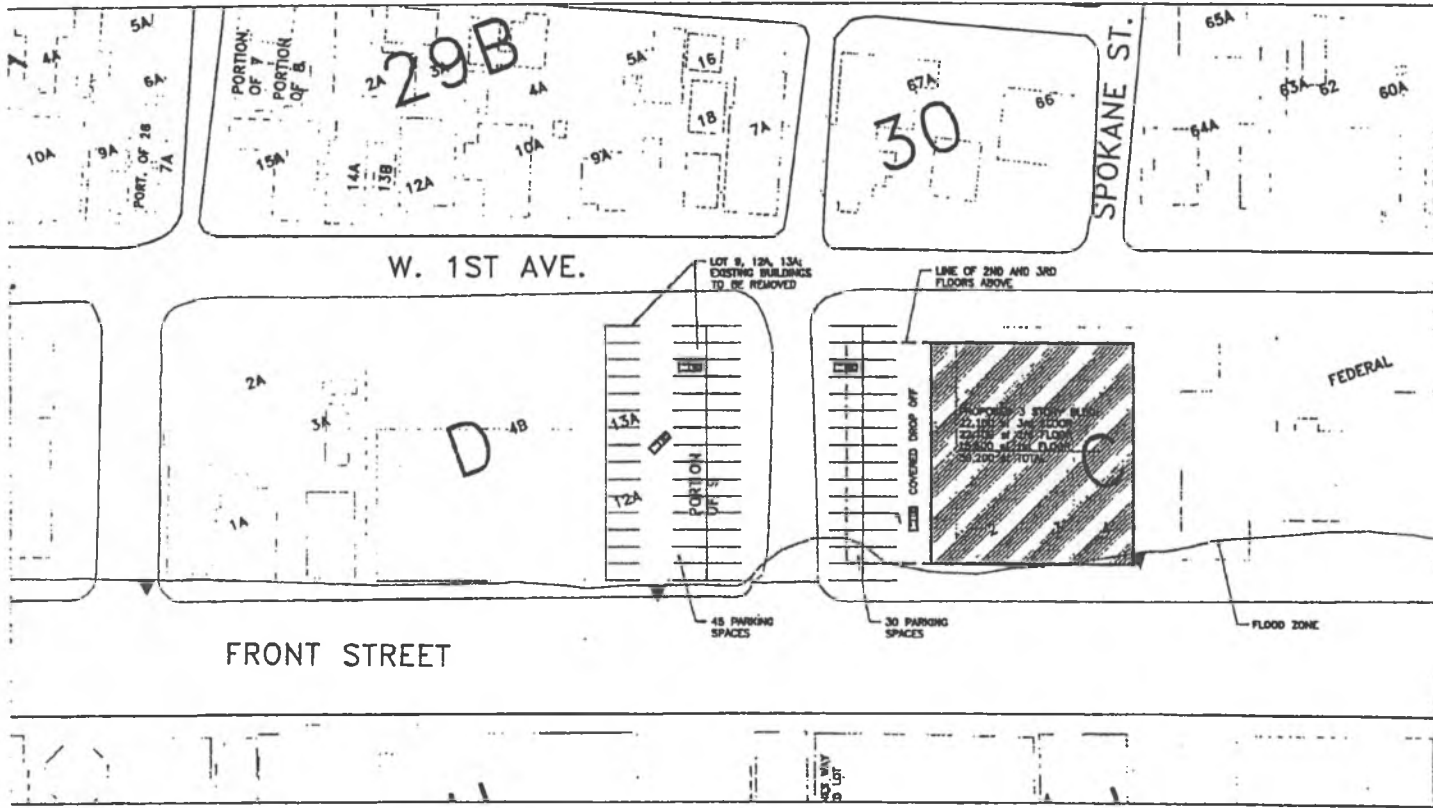


**CONCEPT A**

BUILDING SF:	60,000
MECH PENTHOUSE:	5,000
NUMBER OF FLOORS:	3
PARKING SPACES:	75

Board Title		
No.	Building/Room	Date
City of Nome Proposal		
NOME STATE OFFICE BUILDING CONCEPT A		
Date	Scale	Sheet
JULY 6, 2010	1/8" = 1'-0" (on 34.50)	A





**CONCEPT C**

BUILDING SF:	59,200
MECH PENTHOUSE:	5,000
NUMBER OF FLOORS:	3
PARKING SPACES:	75

<p>City of NOME</p>		
<p>City of NOME PROPOSAL</p>	<p>NOME STATE OFFICE BUILDING</p>	<p>CONCEPT C</p>
<p>DATE: JULY 6, 2010</p>	<p>SCALE: 1/8" = 1'-0" (See Details)</p>	<p>C</p>

# Sitnasuak Native Corporation

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Post Office Box 905 • Nome, Alaska 99762  
(907) 443-2632 • Fax: (907) 443-3063

July 15, 2010

Leo von Scheben, P.E., L.S., M.B.A.  
Commissioner, Department of Transportation  
State of Alaska  
3132 Channel Drive  
PO Box 112500  
Juneau, AK 99811-2500

RE: New Nome State Office Building

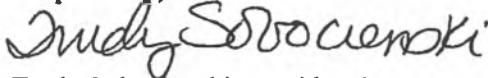
Dear Mr. Scheben,

Sitnasuak Native Corporation and its subsidiary, Nanuaq, Inc. are committed to working with the City of Nome in the development of a new State office building on Front Street in Nome, Alaska. The current Front Street property, owned by Sitnasuak Native Corporation, combined with a vacated Lanes Way, and two additional privately owned lots would provide the greatest benefit to Nome and its local businesses. Maintaining State offices on Front Street will ensure the local economy remains in the commercial business section of Nome.

I hope that we can continue to discuss this issue to find a solution that addresses the needs of the State of Alaska and local economy of Nome. You can reach me at your convenience at [tsobocienski@snc.org](mailto:tsobocienski@snc.org) or 907-387-1215.

Thank you for your time.

Respectfully,



Trudy Sobocienski, President/CEO  
Sitnasuak Native Corporation



July 15, 2010

Department of Administration  
State of Alaska  
10<sup>th</sup> Floor State Office Building  
PO Box 110000  
Juneau, Alaska 99811

RE: Letters of Interest – Nome New State Office Building

The Nome Chamber of Commerce would like to voice its support for the public/private partnership between the City of Nome and the Sitnasuak Native Corporation in providing land along Front Street for the proposed new State office building. This win-win situation would combine the Front Street lot owned by Sitnasuak, a vacated Lanes Way and two additional lots along Front Street into one large lot. The new site was be adjacent to the Sitnasuak Office building, a building already occupied by State departments.

Front Street was designed to handle the traffic flow that the proposed new State office building would create. An historic monument outside the Bering Strait Native Corporation office building (Old Federal Building) reads "Front Street has been the business district of Nome since the gold rush". We fully support this public/private partnership.

If you have any question on this matter, feel free to call me at (907) 443 – 3879.

Sincerely,

A handwritten signature in black ink, appearing to read "Mitch Erickson", with a long, sweeping horizontal line extending to the right.

Mitch Erickson

Executive Director

**Nome Centennial Celebration ♦ 1898 - 1998**

Mark Sackett  
Soap & Suds  
PO Box 1294  
Nome Alaska 99762

July 12, 2010

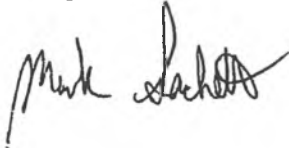
Sitnasuak Native Corporation  
PO Box 905  
Nome, Alaska 99762

To Whom It May Concern:

I support Sitnasuak Native Corporation and its subsidiary Nanuaq, LLC in the development of a new state office building on Front Street in Nome, Alaska. I believe that the current Front Street property owned by Sitnasuak Native Corporation is the location that provides the greatest benefit to the continued economic well being of Nome and its local businesses. I own neighboring property that will enhance the development of the Sitnasuak Front street site by providing additional space for building development, parking and/or other use. In support of that, I am committed to negotiate in good faith to sell my property to Sitnasuak, should they and/or the City of Nome be selected to execute this project.

Sincerely,

Mark Sackett  
Landowner/Proprietor

A handwritten signature in black ink, appearing to read "Mark Sackett", written in a cursive style.

James D. West Sr. Trust

James D West Jr. – Trustee

Box 967

Nome, Alaska 99762

Sitnasuak Native Corporation

Box 905

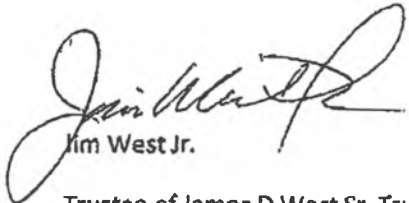
Nome, Alaska 99762

July 15, 2010

To Whom it may concern:

I support the efforts of the City of Nome and SNC in the development of a new state office building on Front Street in Nome, Alaska. Snc has the location that provides the greatest benefit to the continued economic well being of Nome and its local businesses. I own neighboring property that will enhance of the front street site location for development or parking and or other uses. I will committed to negotiate in good faith to sell my property should Snc or the City of Nome be selected to execute this project.

Sincerely,



Jim West Jr.

Trustee of James D West Sr. Trust

[Home](#)[Go Back](#)

[Public]

## Online Public Notice

State of Alaska

### Public Notices

#### Request for Information/Letters of Interest - Nome State Office Building

Submitted by: bbcampbell/02

Date Submitted: 06/25/2010 03:02 PM

Date Modified:

Submission Mode: direct

Approve Prior To Post: n/a

Approved By: n/a

Approval Date: n/a

**Attachments:**

- RFI-Letters of Interest - Nome State Office Building.pdf

### Request for Information/Letters of Interest - Nome State Office Building

**Category:** Procurement  
**Publish Date:** 06/25/2010  
**Event/Deadline Date:**

**Department:** Administration  
**Location:** Statewide  
**Coastal District:** N/A

#### Body of Notice:

The Department of Administration, Division of General Services is requesting information on available office space in Nome.

The State of Alaska (State) is seeking letters of interest from contractors, developers, or lessors, interested in providing approximately 60,000 square feet of office space located in Nome, Alaska. The State will consider a long term lease (approximately 20 years), a lease/purchase or the purchase of a new state office building.

The State is considering all alternative space where economically advantageous. The State will use the information it receives in response to this advertisement as the basis to develop a cost/benefit analysis and to determine whether to compete this office space requirement, design and construct its own office building in Nome, or take other appropriate action.

The site for the Nome State Office Building shall be located within an approximate three point five (3.5) mile radius of the Nome Post Office and shall be situated within approximately 250 feet of the existing public road and utility system.

If you are interested in providing office space to the State in Nome, Alaska, respond in writing no later than July 16, 2010. Responses must indicate compliance with the items below and include a name, contact information, and building location/address:

- Size of proposed building
- Location of building (must be within an approximate 3.5 mile radius of the Post Office)
- The space shall be ADA compliant
- Number of parking spaces available (to accommodate employees and visitors)
- Facility location in relation to flood zones
- Estimated date building could be ready for State occupancy

This RFI does not obligate the State to issue an RFP, award a contract or pay any costs incurred in the preparation of a response to this RFI. Do not submit price/costs with your response, a Notice of Award for space will not be made as a direct result of this RFI. Contact information will be kept on file for any future related Request for Proposal (RFP) solicitations under AS 36.30, Alaska State Procurement Code.

Written responses may be sent by: US Mail, fax, or email to the following address. Please note the State does not accept responsibility for failed fax or emailed response deliveries.

Department of Administration  
Division of General Services  
c/o Jeff Jolly, Contracting Officer III  
550 West 7th Avenue, Suite 1970  
Anchorage, AK 99501  
(907) 269-0301