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**CIVIC CONVENTION AND
RECREATION CENTER**

**ANCHORAGE, ALASKA
MARCH, 1972**

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INTRODUCTION

ANCHORAGE AREA
CHARACTERISTICS

- 6 Background
- 6 Climate
- 6 Population Trends

MARKET ANALYSIS

- 8 Market Factors
- 8 Convention Demand
- 8 Community Demand
- 9 Use Projection

CIVIC CONVENTION AND
RECREATION CENTER

- 12 Space Recommendations
- 12 Program Summary
- 13 Performing Arts Theatre
- 14 Functional Concept of the Center
- 14 Staffing the Center

OPERATIONAL ANALYSIS

- 16 Revenues and Expenses
- 16 Operating Philosophy
- 17 Management and Promotion
- 17 Summary

SITE ANALYSIS

- 20 Site Requirements
- 20 Sites Considered for Final Selection
- 22 Circulation
- 22 Vehicular Circulation
- 25 Parking
- 25 Public Improvements

DIAGRAMMATIC STUDIES AND
COSTS

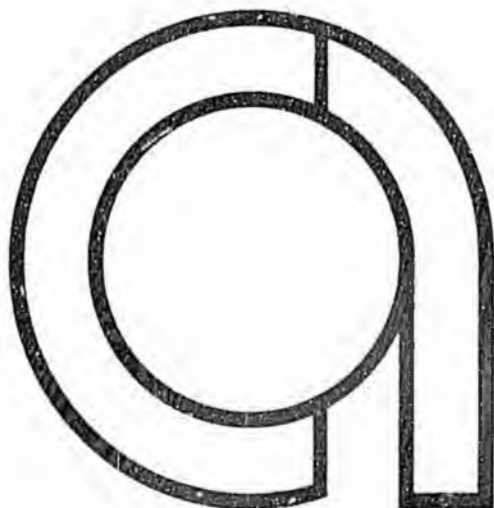
- 30 Preferred Schemes
- 33 Environmental Concept
- 34 Estimated Construction Costs

FINANCIAL ALTERNATIVES

- 36 Sources of Funding
- 36 Federal Government
- 36 State Government
- 37 Local Funding

COMMUNITY BENEFITS

RECOMMENDATION



Implement a design and construction program which locates both Project A (Civic Convention and Recreation Center) and Project B (Municipal Administrative Office Building and Headquarters Library) on Site G, that area immediately south of the Public Safety Building.

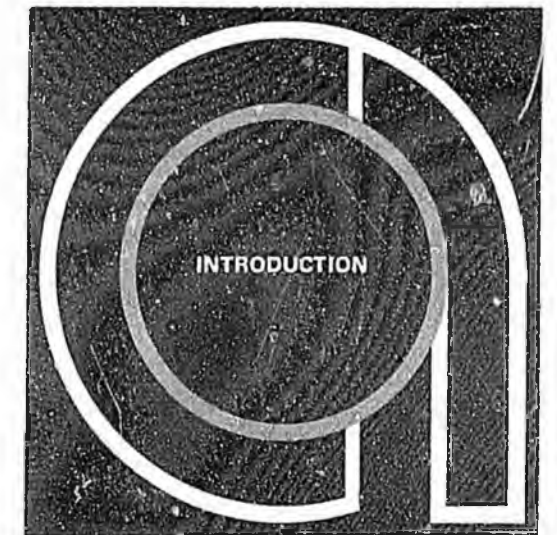


The proposed Civic Convention and Recreation Center will create economic employment impact in three areas. One could anticipate a significant impact at the time of construction of the proposed facilities involving increased labor demands and a very real economic surge in the construction industry. A second impact of a lasting and long-range nature would be that of the operational staff necessary to maintain and operate the Civic Convention and Recreation Center. A third impact would be realized in the area of community services including an increased demand for food, lodging, transportation and goods. A detailed discussion of community benefits that would be generated by a facility of this type is included in the full report.



The City Council of Anchorage, Alaska initiated a feasibility study for a Civic Convention and Recreation Center by issuing an invitation for proposals for consulting services in April, 1971. Ellerbe and McEntire/Pendergrast identified a team of consultants and submitted a proposal for services. This consortium was notified of its selection on June 23, 1971.

The study team initiated a series of interviews and a data collection effort with city personnel, government agencies, and local citizens to identify pertinent information for the study. The City of Anchorage made available numerous studies and reports to assist with the background research necessary to the report. Several of the team members went to Anchorage the first week in August to receive orientation from the City and to implement the first phase of research and data collection. The Planning Staff of the Greater Anchorage Area Borough was contacted and they furnished several reports for background data.



The City of Anchorage has authority, with approval of the voters, to issue bonds for financing the local share of the proposed Civic and Convention Center.

Final determination of the amount of funding, which is possible by means of local bonding, will be made by city voters.

HOTEL OR MOTEL TAX. Many civic and convention centers are financed in part by revenues from a hotel or motel tax. The normal tax is based on rental revenues.

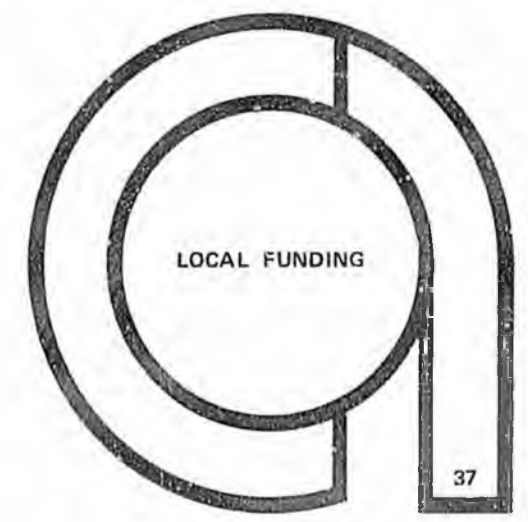
AMUSEMENT TAX. Another possible method of raising revenue for

convention centers is an amusement or restaurant and beverage tax.

GENERAL OBLIGATION BONDS. At the present time, the City of Anchorage would pay 5¼ percent to 6½ percent interest rate on twenty-year bonds. The City of Anchorage has normally issued bonds with maturities within twenty years, although a thirty-year bond could be used.

Based on current rates on twenty-year bonds, about \$900,000 annual revenues would be required to repay \$10 million. To the extent that Center revenues will not cover bond repayment, special taxes or property levies will be required.

OTHER SOURCES OF FUNDS. A number of private sources of funds were investigated including private contributions by local businesses or foundations or national foundations. These inquiries were all negative in regard to any potential assistance.

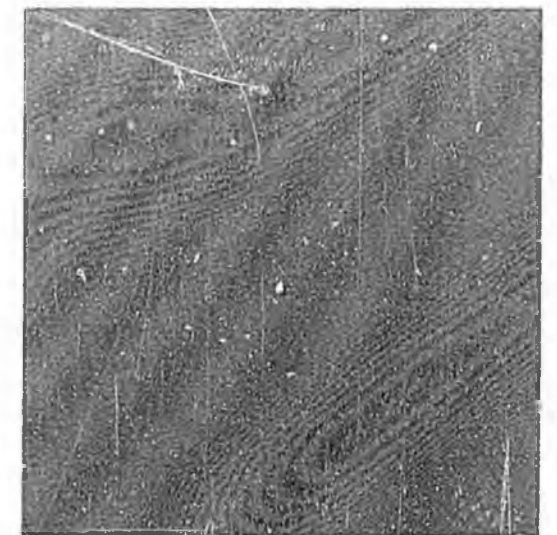
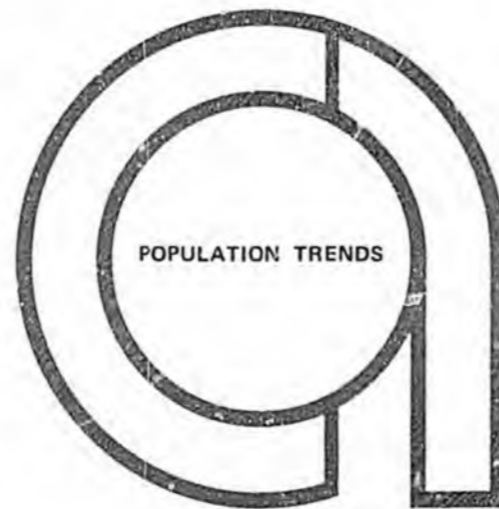
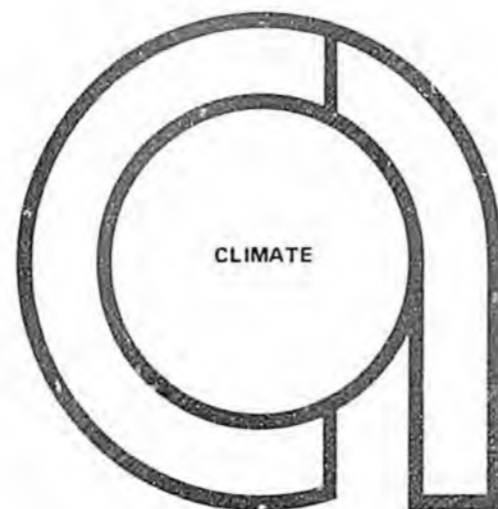
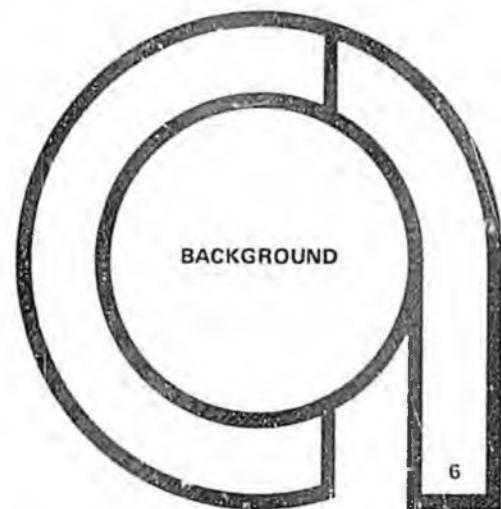


The City of Anchorage was incorporated in November of 1920, having been founded in 1915 as a supply point for construction of the Alaska Railroad. The city experienced a slow rate of growth during the 1920's and 1930's, reaching 4,300 persons by 1940. However, the military and related services activity of World War II and the succeeding cold war years produced a substantial period of growth.

The Chugach Range of mountains to the southwest acts as a barrier to the easterly winds bearing heavy precipitation during the summer months, while the Alaska Range diverts the cold, dry, interior winds during the winter months. These factors, together with the relatively warm waters of the Cook Inlet, exert a moderating influence on the climate of Anchorage with daily high temperatures during the winter averaging about 22 degrees above zero.

The Greater Anchorage Area, experienced an average annual growth rate of 4.3 percent, from 82,800 in 1960 to 126,300 by 1970. As a result of a higher growth rate in the Greater Anchorage Area, its percentage of a total state population increased from 36.3 percent in 1960 to 41.8 percent by 1970.

The rate of population growth in the Greater Anchorage Area was not uniform through the decade of the 1960's. During the time of increased oil activity which reached a peak during the 1968 - 1970 period, the rate of population growth increased to 5.9 percent annually.



There are four basic sources of possible funding for the proposed project. These include:

Financial assistance from the federal government.

Financial assistance from the State of Alaska.

Issuance of City of Anchorage bonds, scheduling repayment from a combination of Community Center revenues, special taxes or real estate taxes.

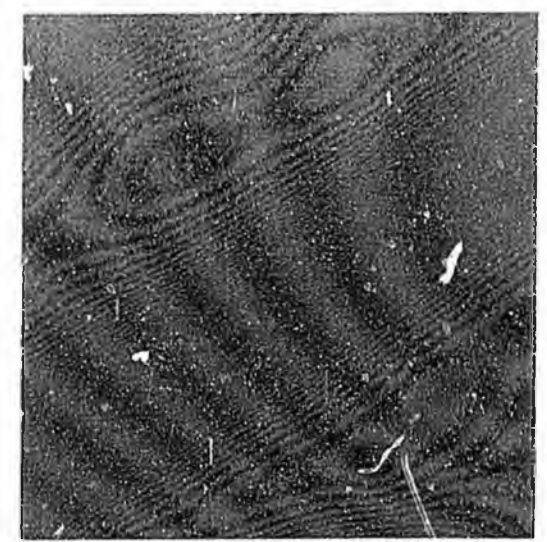
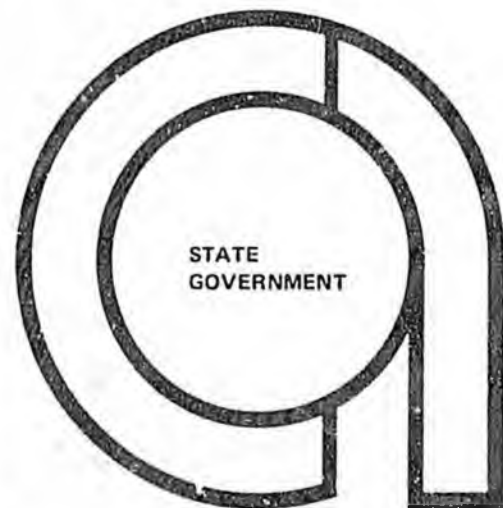
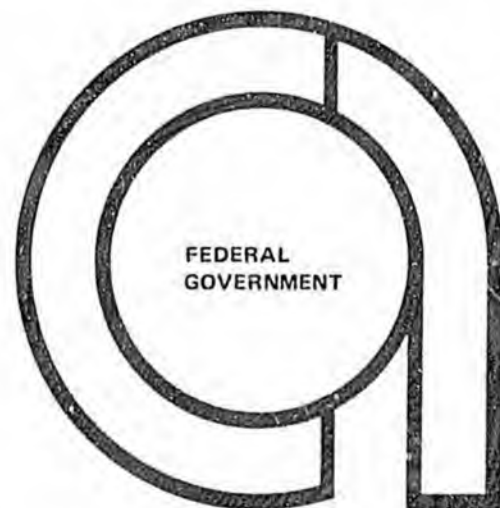
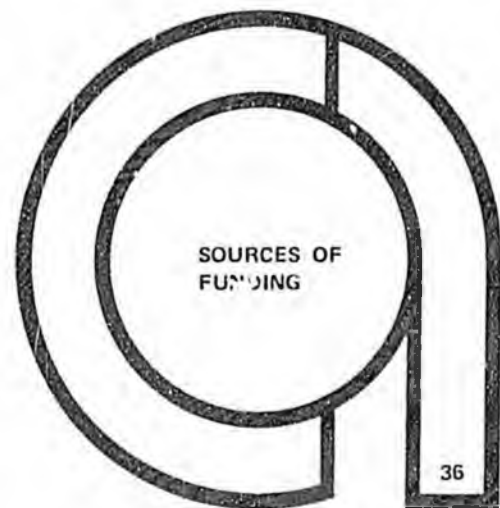
Contribution by foundations, corporations or the general public.

It appears at the present time that only limited federal financial assistance, if any, will be available for the proposed center. The primary funding for the proposed project, will, therefore, depend upon revenues from state and local sources.

This feasibility study for a Civic and Convention Center is being funded in part by a community facilities grant pursuant to Alaska Statute 43.18 (Article 3).

Under this act, the State of Alaska may make 50 percent matching grants for costs of land acquisition, planning, and construction of municipal, civic, convention and community centers. Each city is eligible for only one study and one project, and every city or borough in Alaska is eligible.

If the necessary appropriations are passed by the legislature, funding would be available under this act for 50 percent of the cost of the Civic and Convention Center.



The determination of the level of market support indicated for a Civic Convention and Recreation Center in Anchorage is based on a study of many factors. The historical and anticipated Anchorage economic environment including population, income, employment, tourism, hotel construction, and cost of living were evaluated. These data, together with the physical and operational characteristics of existing meeting facilities and an analysis of current and projected event activities served to define potential market support for the proposed center in terms of use-days and attendance. The support was analyzed and projected by type of event for either community or convention groups.

Community organizational convention group surveys further defined the type, size and other requirements of the facility. Revenue projections based on the usage and general operating experience of similar facilities were used as the final basis for physical space requirements.

The convention groups survey indicated 10.5% of the 133 groups returning questionnaires would consider Anchorage as a convention site, while 38.3% were undecided about Anchorage as a site. The weighted average size of those groups indicating positive or undecided answers was 390 delegates.

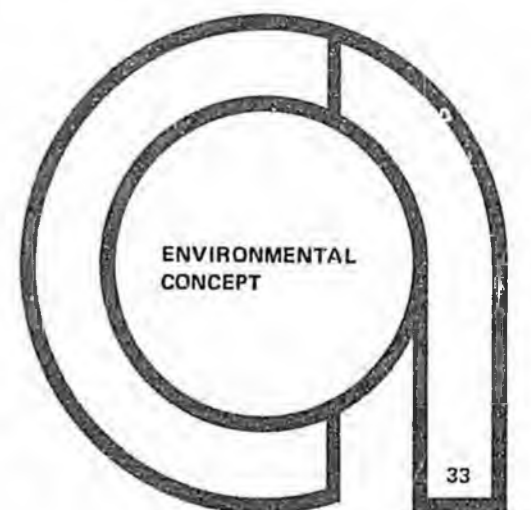
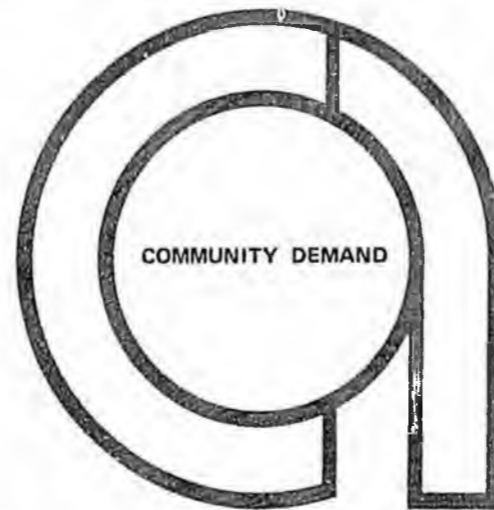
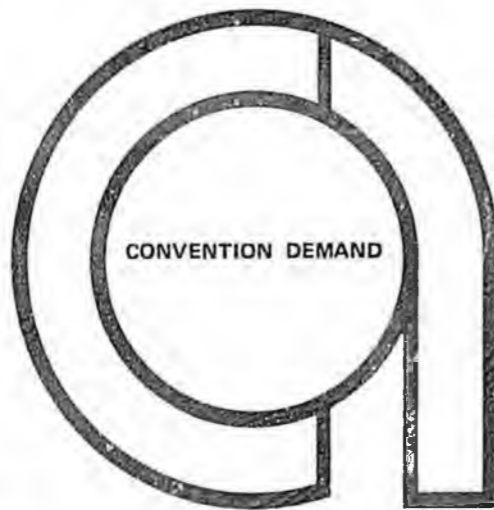
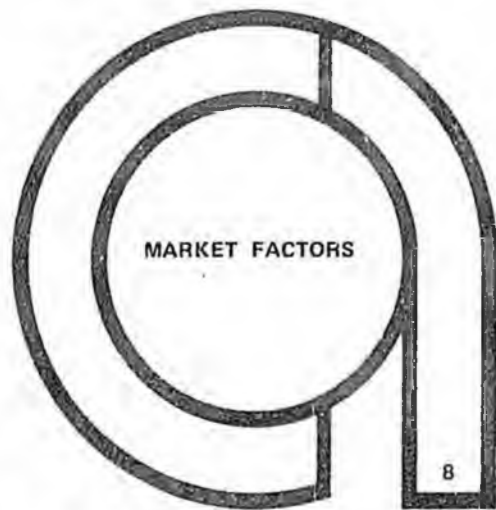
The community organization questionnaire, while indicating limited demand for regular meeting facilities, indicated substantial demand for facilities to accommodate special events. Special events include conferences, banquets, dances, exhibits and entertainment in order of demand level. Estimated weighted attendance at these functions is 460 persons, with slightly less than 60% having less than 250 persons.

The scale of the proposed project, and the character of the surrounding environment created by the project, will have a significant influence on the amount and direction of growth in downtown Anchorage. Thus, the overall recommendation has not been limited to a single building or site, but to the overall creation of an environment in the downtown area.

The major recommendation is to develop an intensive integrated Civic Center, urban in character, with maximum building coverage. The Center, located in a four-block area south of the existing Public Safety and Fine Arts Museum, is bounded by Seventh Avenue on the north, Ninth Avenue on the south, "A" Street on the east, and "C" Street on the west.

As illustrated in the following drawings, Seventh and Eighth Avenues between "A" and "C" Streets are closed to form a super-block; thus allowing for the integration of the existing Public Safety Building and Fine Arts Museum, with the proposed complex to form the Civic Center.

The proposed complex consists of the Municipal Administration Office Building, Headquarters Library, Civic Convention/Recreation Center and the future Theatre located around a 500-car parking structure and plaza.



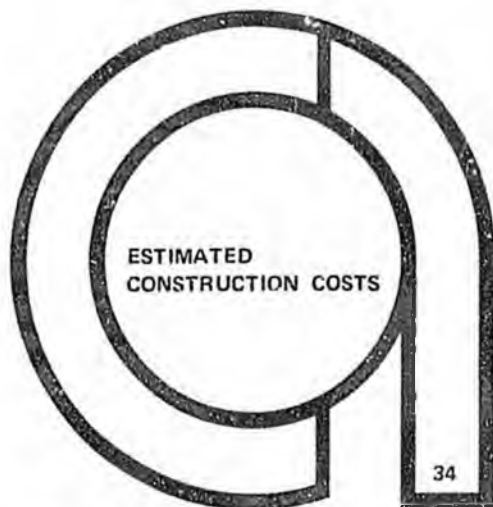
Separate Structure, Civic Center

Basic Construction ¹	\$14,093,220
8% Contingency Costs	1,127,458
Equipment	750,000
Site Work	250,000
Land Acquisition (3.5 blocks) ²	4,336,500
Parking Garage (460 cars) ³	2,300,000
	\$22,857,178

¹ Basic construction can be slightly reduced if the projects are grouped.

² If construction as a separate project, about 3.5 blocks are adequate.

³ Based on Site "G" -- parking requirements are different depending on the site selected.



Combined Projects

Basic Construction

Civic Center	\$12,441,000
Office Building	4,807,000
Library	2,381,000
Central Heating/Cooling	1,835,000
Parking Garage (500 cars)	2,500,000
8% Contingency/Fee	1,917,000
Equipment Allowance	1,050,000
Site Work Allowance	400,000
Land Acquisition	4,956,000

\$32,287,000

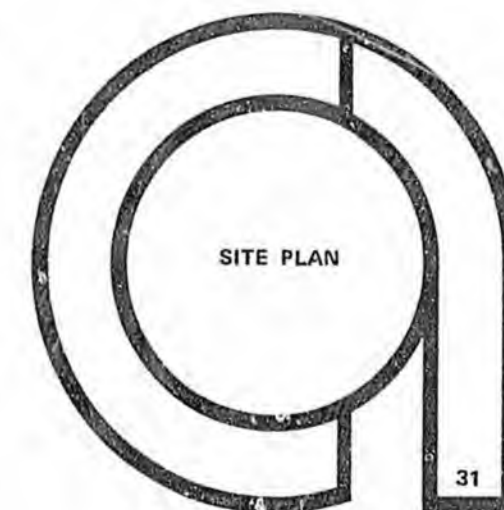
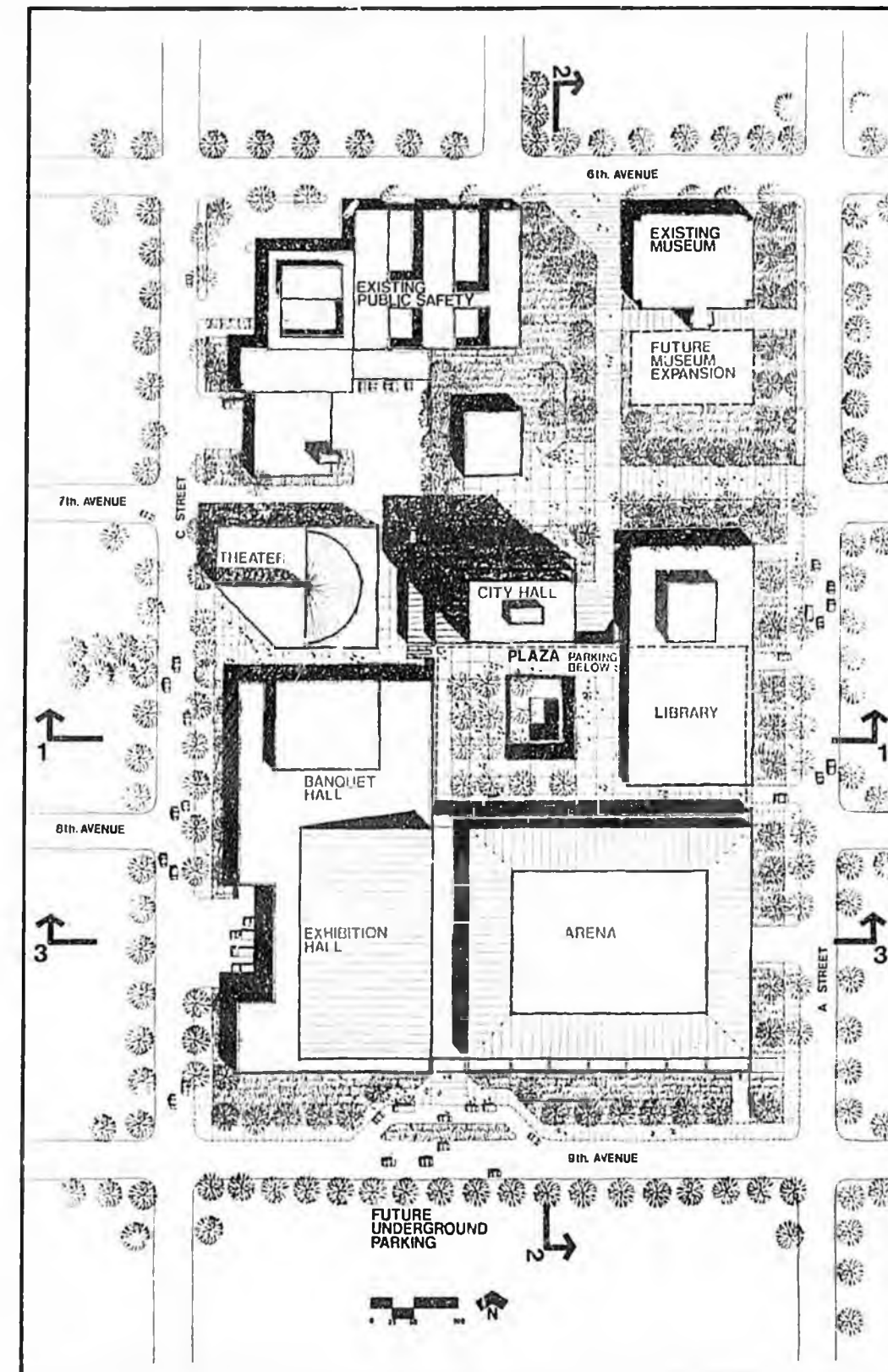
Performing Arts Theatre

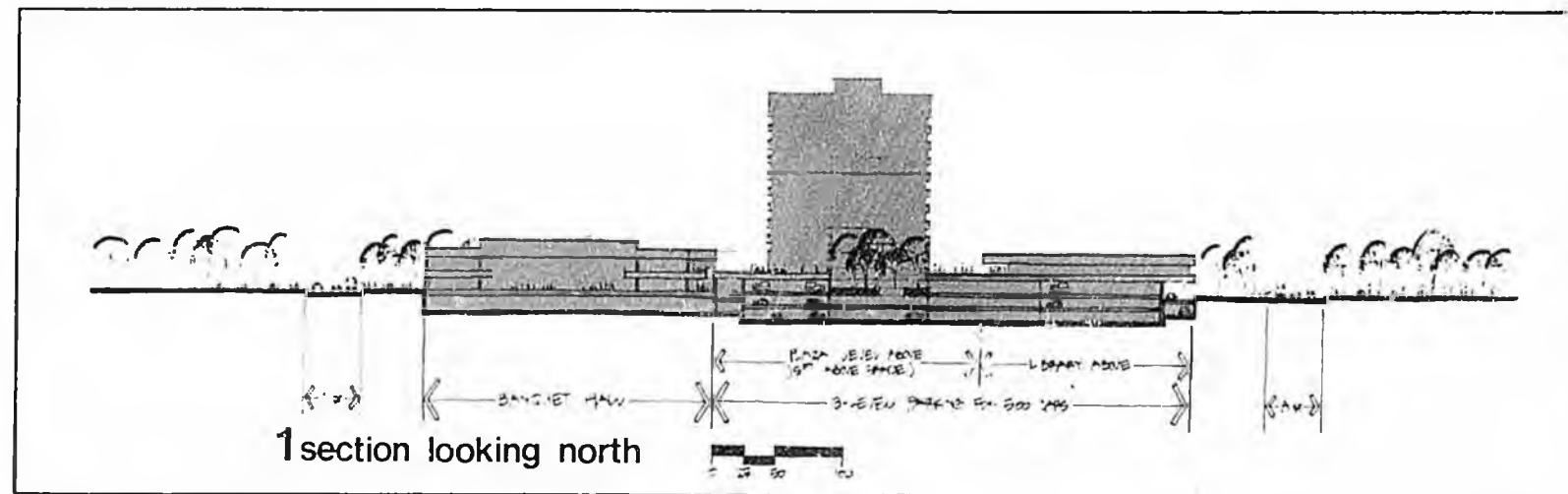
Future theatre with 2,000 seats, and adequate support facilities

Space required	30,000 sq.ft.
Unit Cost	\$60.00

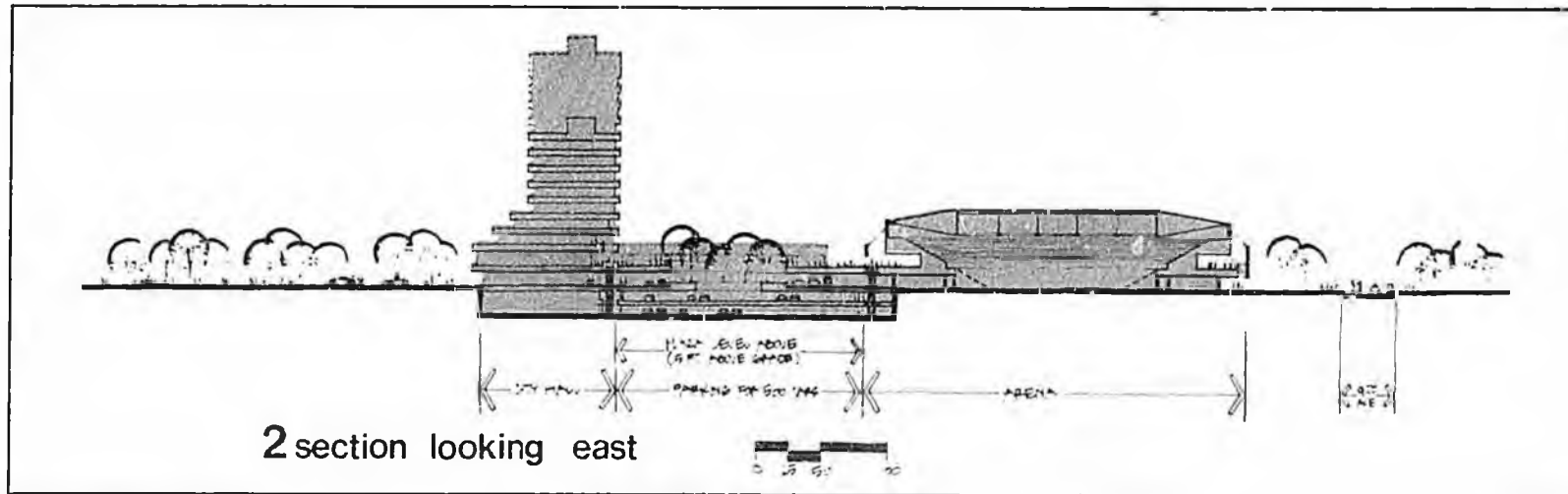
Estimated Cost **\$1,800,000**



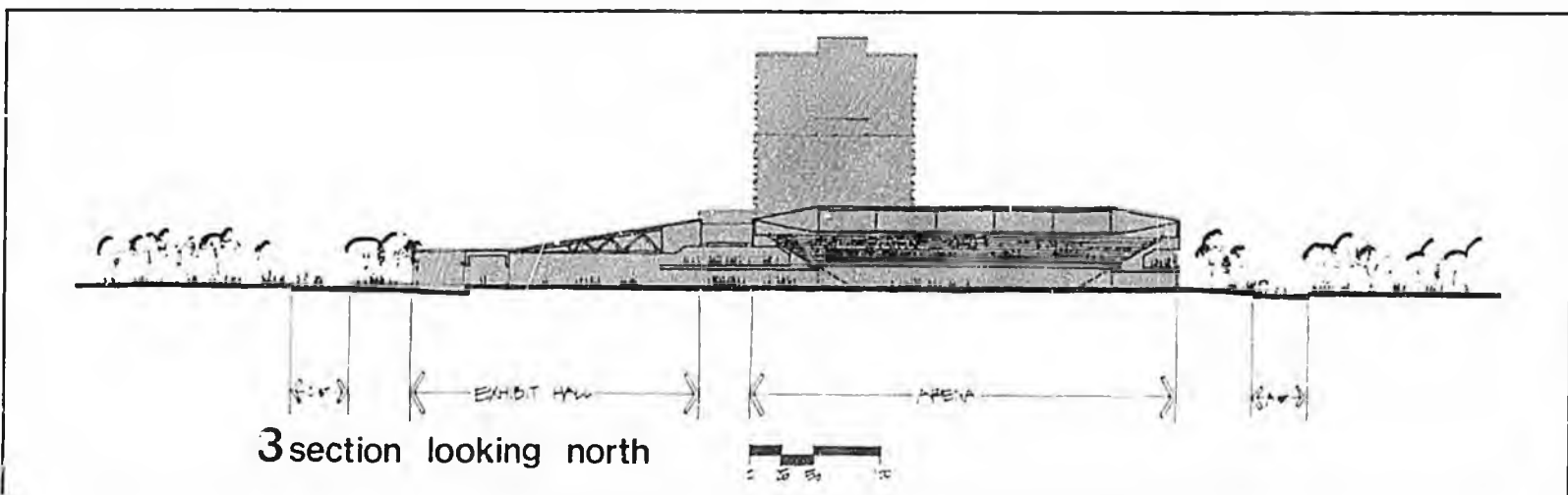




1 section looking north



2 section looking east



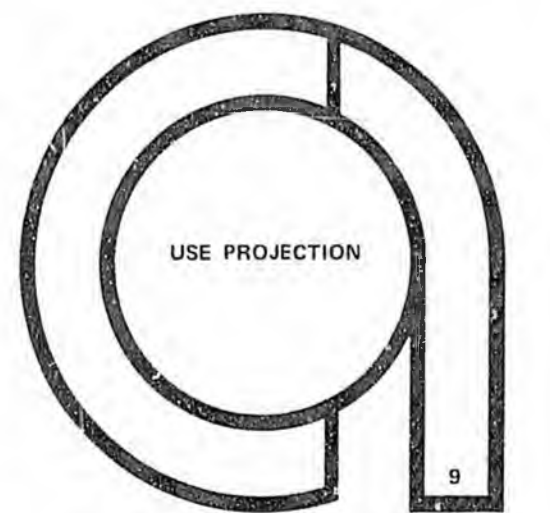
3 section looking north

Based on the market support analysis, the projected use of the proposed Center is summarized as follows:

1st Normal Yr. ¹	Use Days	Atten.
Community Use	232	418,700
Convention Use	130	47,900
Total	362	466,600

The substantial level of community support generated for the Center is evidenced by the projections of 232 use days, equivalent to 64% of the total 362 use days projected for the first normal year of operation.

¹Assumed to be four to six years after it is put in operation.



Five alternate schemes were considered and presented in the full report, including the costs and relative merits of each. Cost tabulation must be considered preliminary, pending an in-depth analysis with consideration given to local conditions, and at a time closer to actual construction.

Parking of 500 cars is indicated as necessary for Project B (Office Building and Library) for employee, visitor and official parking. This parking can be used jointly by Project A (Convention and Recreation Center) since some off-street parking is essential for this project. Depending on the site, supplementary parking needs vary from 160 to 460 cars in order to achieve total parking of 2,000 cars within six blocks of the proposed Project A.

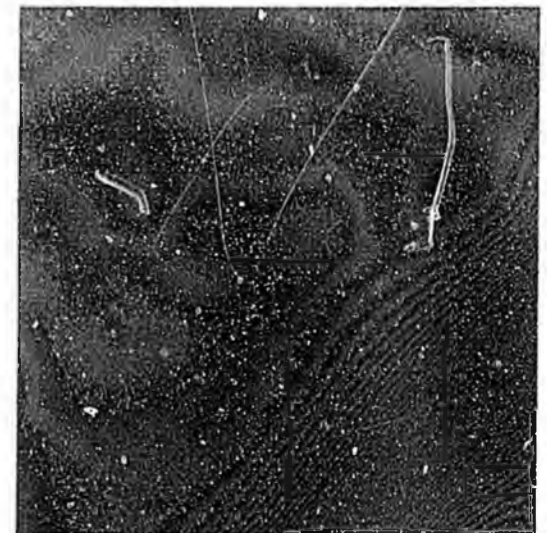
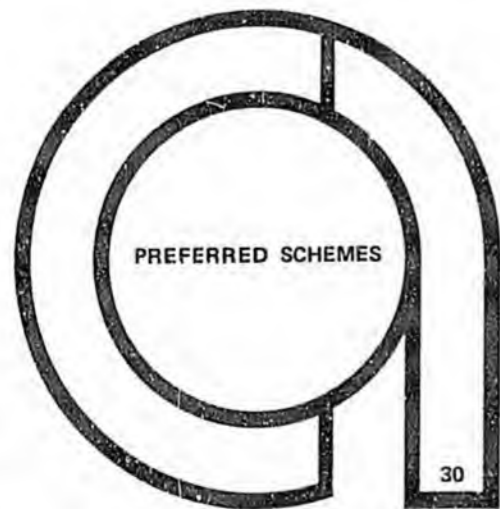
Both Projects A and B located on Site G (a four-block site immediately south of the Public Safety Building) is the recommendation of the study

team. There are many options open to the City of Anchorage for these projects, however the Ellerbe team strongly supports the grouping of the buildings for the following reasons:

The creation of a major vital Public/Government Center (Super-Block) to stimulate the central business district.

The joint use of parking facilities.

The savings realized by a central heating/cooling system.



Based on the market analysis for the proposed Civic Convention and Recreation Center, the space requirements are as follows:

Event	Requirement
Sporting Events Popular	up to 7,000 seats
Entertainment	up to 9,000 seats
Performing Arts	up to 2,000 seats
Trade and Consumer Shows	up to 60,000 sq.ft.
Popular Exhibits	up to 60,000 sq.ft.
Conventions and Conferences	up to 1,000 persons
Future Theatre	about 2,000 seats plus support facilities.

As population of the Greater Anchorage Area increases, the space requirements will also increase. In certain instances the increases can be accommodated by additional performances or event days. For events such as sporting events, which could attract substantially more people on an infrequent basis, additional seating must be balanced with revenue.

The Civic Convention and Recreation Center is programmed as a multi-use structure, capable of accommodating a great variety of functions, some of these simultaneously. Market analysis indicates that financial success of the project requires provisions for sporting events, popular entertainment, trade and consumer shows, meetings, banquets, dances, conventions and exhibits. these functions are planned to take place in the following major portions of the building each of which could form a phase for construction:

Arena/Auditorium	200,000 sq.ft.
Sports arena with 4,500 permanent seats, 2,500 chair platform seats, and 2,000 portable chair seats on the main floor. Main floor sized for hockey and arranged to provide 30,000 square feet of supplementary area for exhibits. Locker rooms, pressbox and other support facilities are included.	

Exhibit/Convention Hall 40,000

Divisible open space of 30,000 square feet, with 10,000 square feet additional for service and support areas.

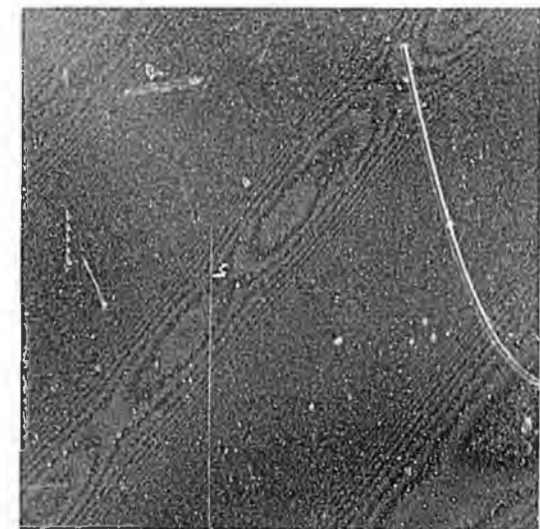
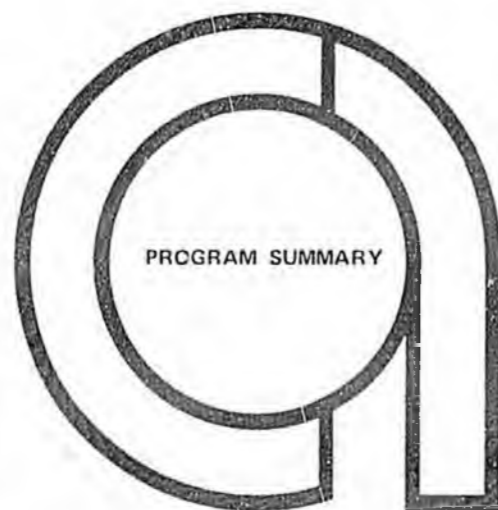
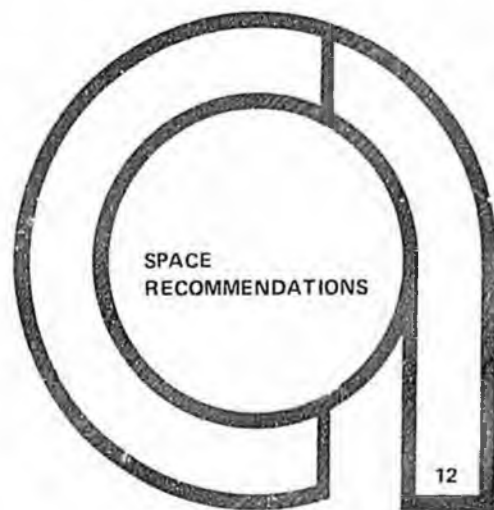
Banquet/Meeting Rooms 50,000 sq.ft.

Large banquet hall for 1,000 persons, eight meeting rooms for 150 persons each, one meeting room for 300 persons, plus catering kitchen and other support areas.

Miscellaneous

Areas for administrative offices, ticket box office, lobby and circulation, mechanical and electrical rooms and other utility and support areas are included in the above.

Total Gross Area 290,000 sq. ft.



Consideration was given to including a performing arts theatre in the facility recommendations for the proposed Civic Convention and Recreation Center. In order to assess demand for a theatre, an estimation of the number of performing arts events that would be held in the period 1980-1985 was made. The estimation procedure considered the effect that new facilities and ample promotion would have on future performing arts attendance and the projected revenue-producing potential. This evaluation indicated the level of revenue would not be sufficient to permit profitable operation of a separate performing arts theatre.

Since a major responsibility of this study is economic feasibility, a principle applied to all facilities was that they be financially viable, meaning that they have operating revenues or other economic benefits to offset their cost. The performing arts theatre could not meet this test; therefore, it is not recommended as part of the first phase of the proposed community center.

The substantial level of community support generated for the Center is evidenced by the projections of 232 use days, equivalent to 64% of the total 362 use days projected for the first normal year of operation.

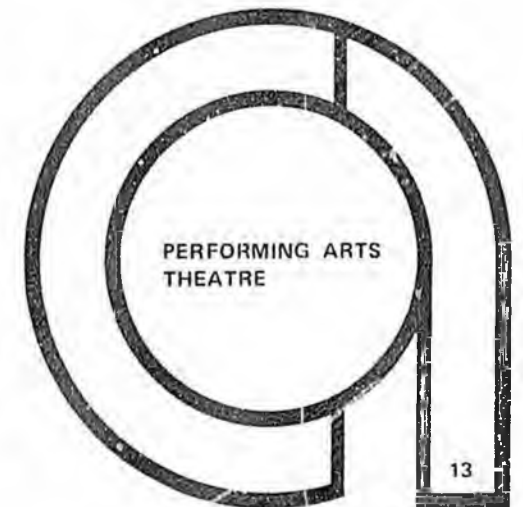
Most performing arts facilities in the United States show either a small profit or a loss. The Los Angeles Music Center, considered one of the most prestigious in the United States, has operated at a loss every year since its inception. The Toledo Opera Association, which performs in the

Masonic Auditorium, requires local subscription for approximately 55 percent of its operating expenses. On a larger scale, management of the John F. Kennedy Center in Washington, D.C., has recently asked for \$1.5 million to offset the operating deficit projected for 1972.

Perhaps up to 50 percent of the annual operating expenses of an Anchorage performing arts theatre would need to be subscribed to by either private individuals or the Anchorage taxpayers.

There are cultural and related benefits produced by a theatre, as stated in a letter from the Anchorage Arts Council¹, that would indicate that considerations other than financial viability need to be applied to performing arts facilities.

¹ A copy of this letter is available in the full report.



The functional concept of the Civic and Recreation Center is to provide multi-use facilities of such a nature as to attract significant conventions in addition to serving local community needs.

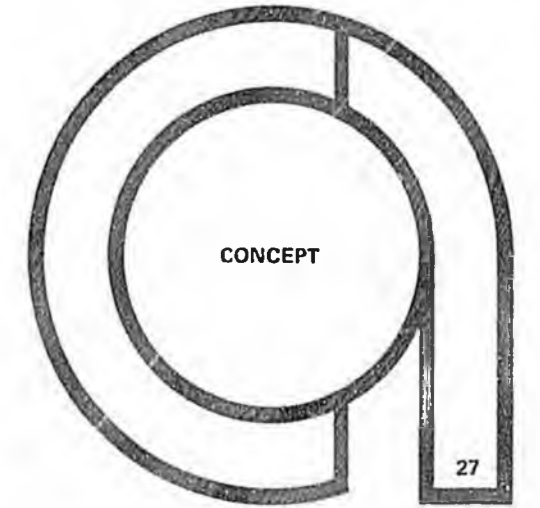
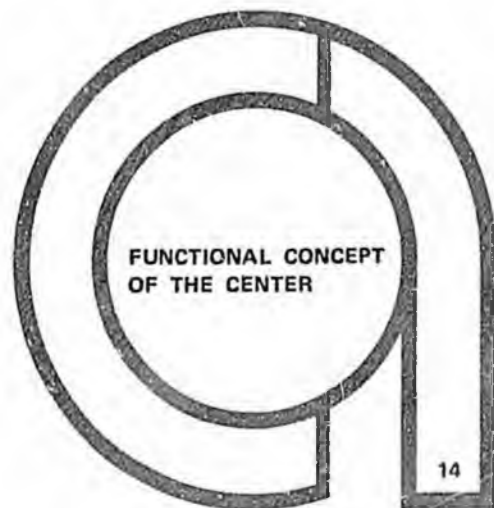
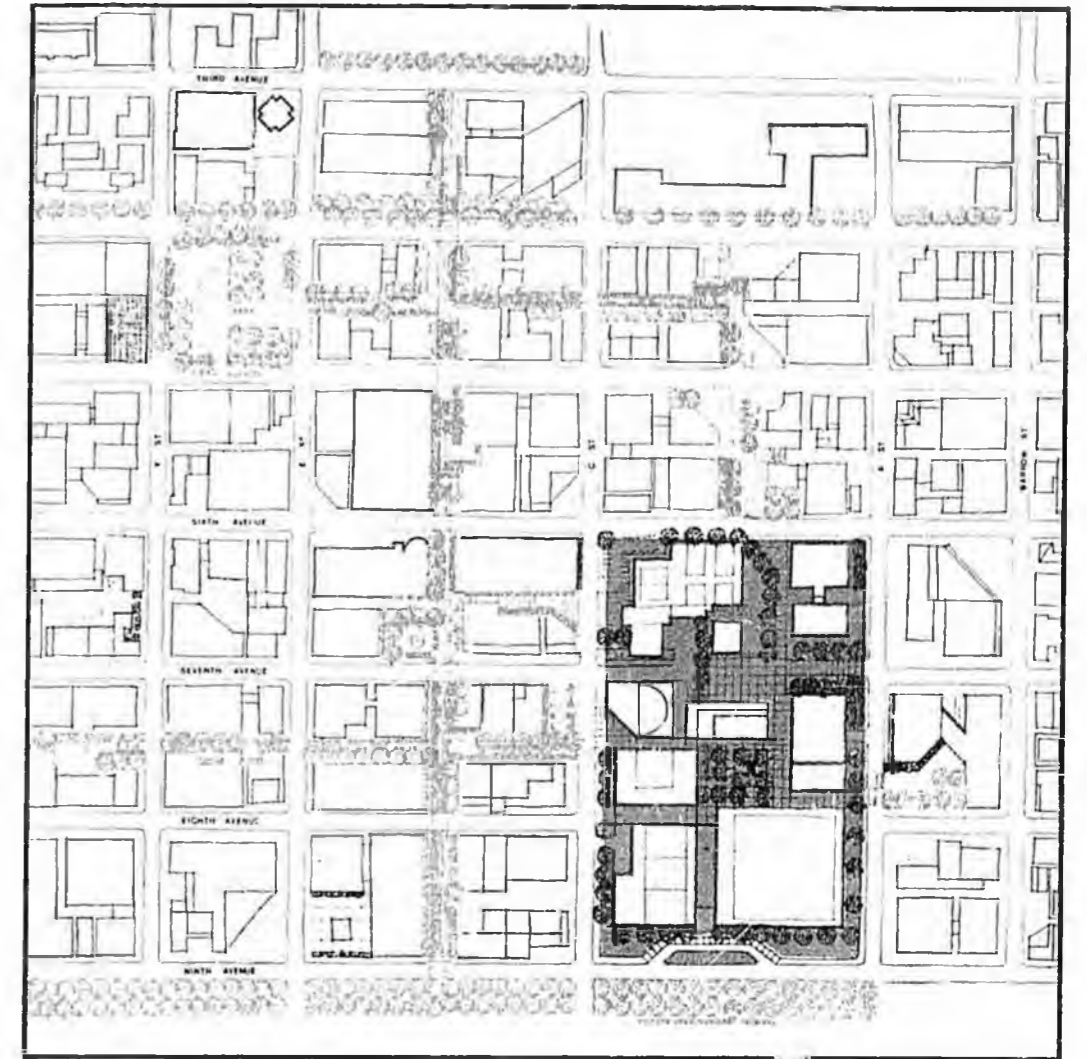
The primary objective of attracting conventions is based on economic needs -- to be a revenue-producing facility that will bolster the Central Business District. There are few existing facilities in Anchorage that can assist in handling major arena and convention center functions. There is also little precedent for such functions in Alaska; therefore, the facility will satisfy a void that now exists in the state.

The secondary objective of providing for most of the desired community-oriented functions can be accommodated with little additional construction.

To satisfy the primary objective, the facility must be constructed within

the Central Business District. Parking must also be provided for Alaskans who will be attending events. To survive financially, the facility must have multi-use capability -- the ability to handle a great variety of functions, many of these simultaneously.

The Center will generate several new opportunities for employment in the City of Anchorage. These include two managerial positions, and three supervisory level jobs. Some of the other jobs that will be required are: clerical, accounting, stationary engineering and event attendants. A total of twenty-eight (28) positions, some of which are part time, have been identified in the study. Job descriptions of each position have been developed and can be reviewed in the full report.



The estimated operating revenue and expense of the proposed Civic Convention and Recreation Center is based on the first normal year of operation. Customarily, the first years of operation of a community center are relatively unsettled, while management determines the specific operating policies to be established, the facility administration and organization is refined, and promotional efforts begin to produce results. Thus, the first normal year of operation is estimated to occur four to six years after opening.

An operating performance summary of the proposed convention and recreation center in the first normal year of operation is shown in Table I. Total operating expenses of \$385,700 are partially offset by operating revenues of \$344,000 resulting in a net operating loss of \$41,700. This operating loss could be completely offset if professional or semiprofessional hockey or basketball games were played in the center. Based on a

season of 20 home games, a revenue potential of \$56,000 is estimated from ice hockey in the first normal year, of which \$34,000 is rental revenue and \$22,000 is revenue from concessions, parking, and other sources.

In summary, even though a minimal operating loss is projected for the first normal year of operation, this loss may be expected to become a small profit in succeeding years. Even if the facility were to operate at small losses, the substantial social, cultural, and economic benefits of this operation would far outweigh the amount of the deficit.

Community facilities generally operate under one of two types of policies: (a) a proprietary policy designed to produce maximum revenues, or (b) a community policy, with emphasis on maximizing use of the facility by both local citizens and convention groups and secondary consideration given to building revenues. Under the latter policy, deficiencies are made up by using funds supplied from taxes or other public or private sources.

Parking spaces for approximately 2,000 cars will be required when the proposed new center reaches operating capacity. Over 15 acres of parking spaces would be needed if the entire parking requirement were placed on a single level.

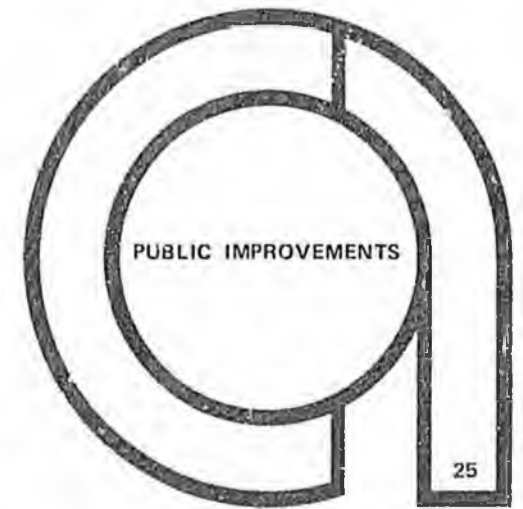
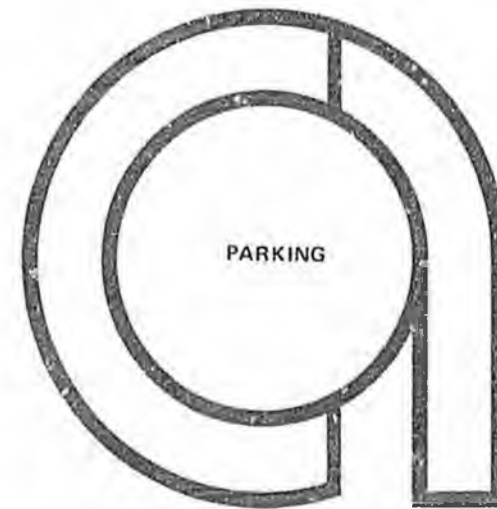
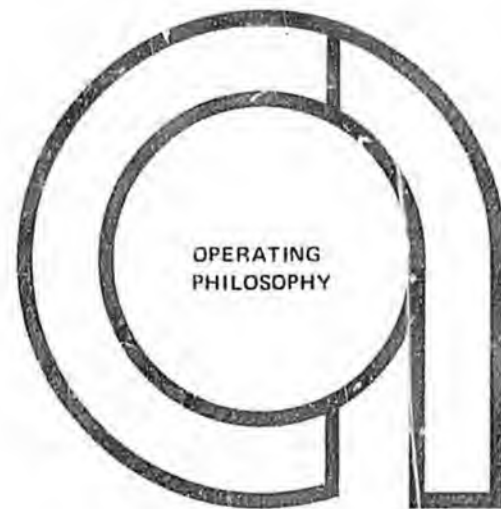
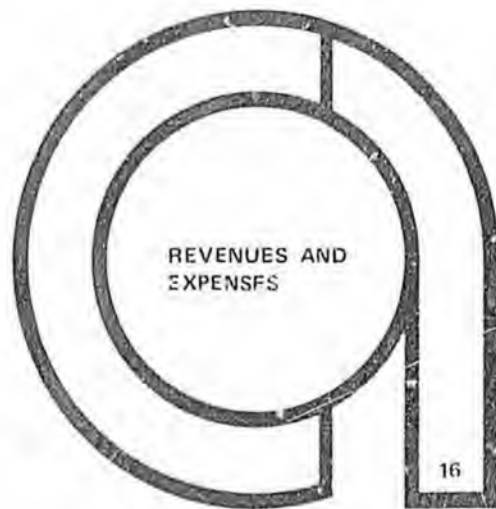
Approximately 1,500+ off-street parking spaces are available within six blocks, or five minutes walking time, of the proposed new Center. If 500 parking spaces are provided with the Center, and added to this figure of 1,500+, a total of 2,000+ off-street parking becomes immediately available for use by the Center.

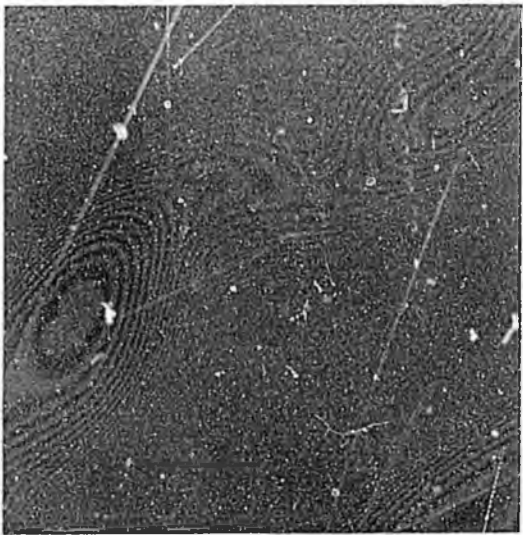
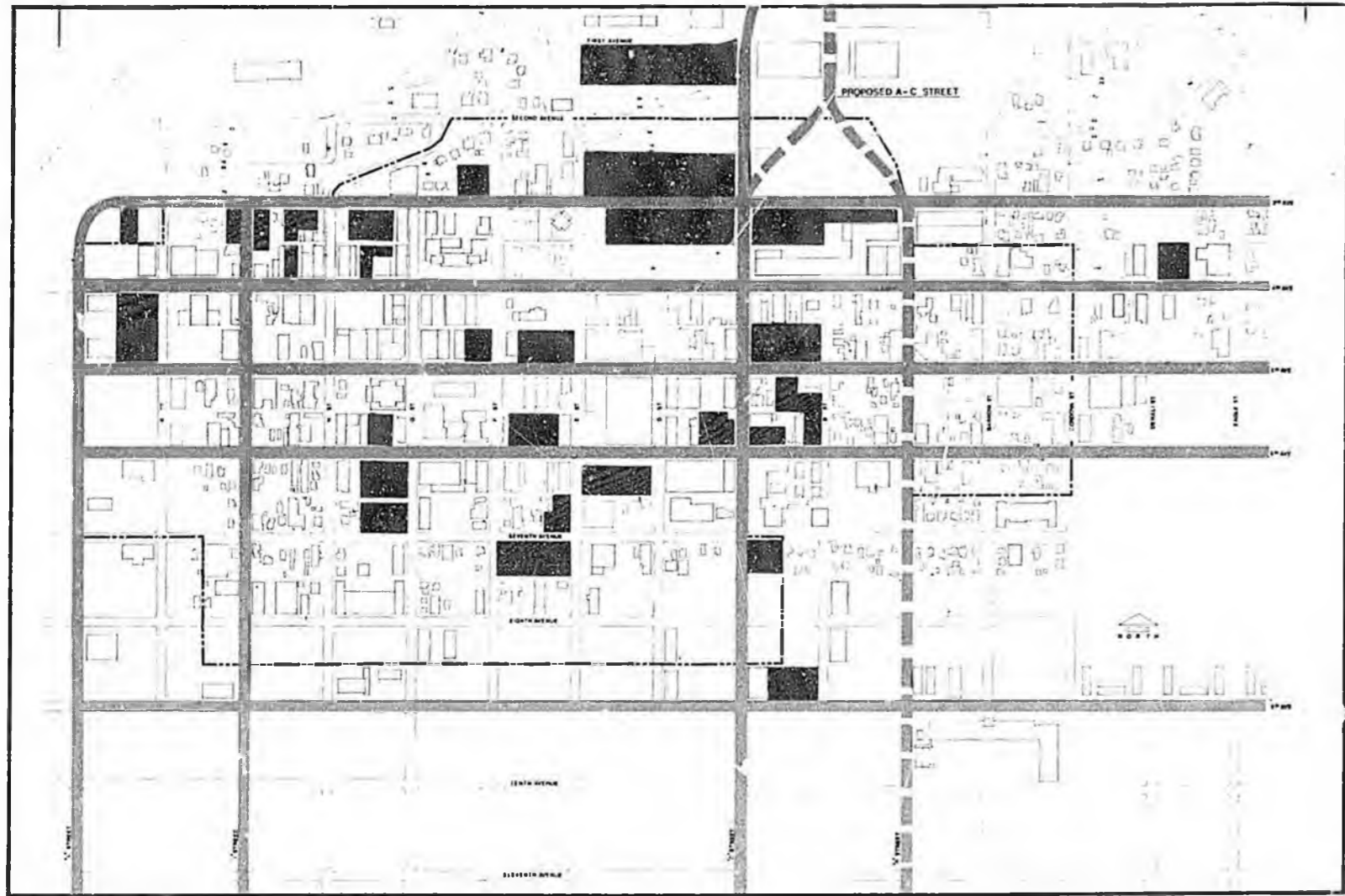
The existing off-street parking areas will, to some degree, disappear as the Center becomes more active and the adjacent land use becomes intensified. It is assumed that some type of coordinated parking program for the C.B.D. will be developed which will provide suitable off-street parking that could be shared with the Civic Center.

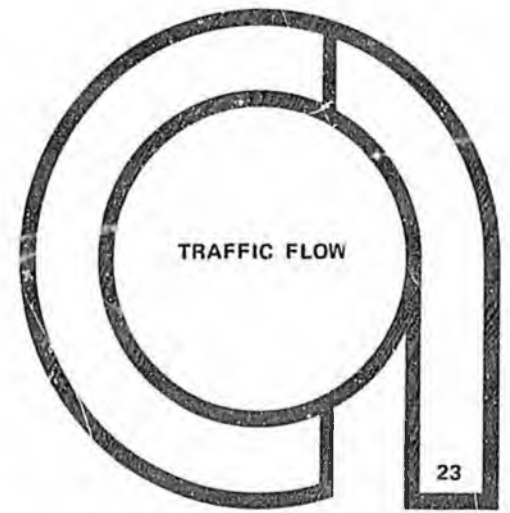
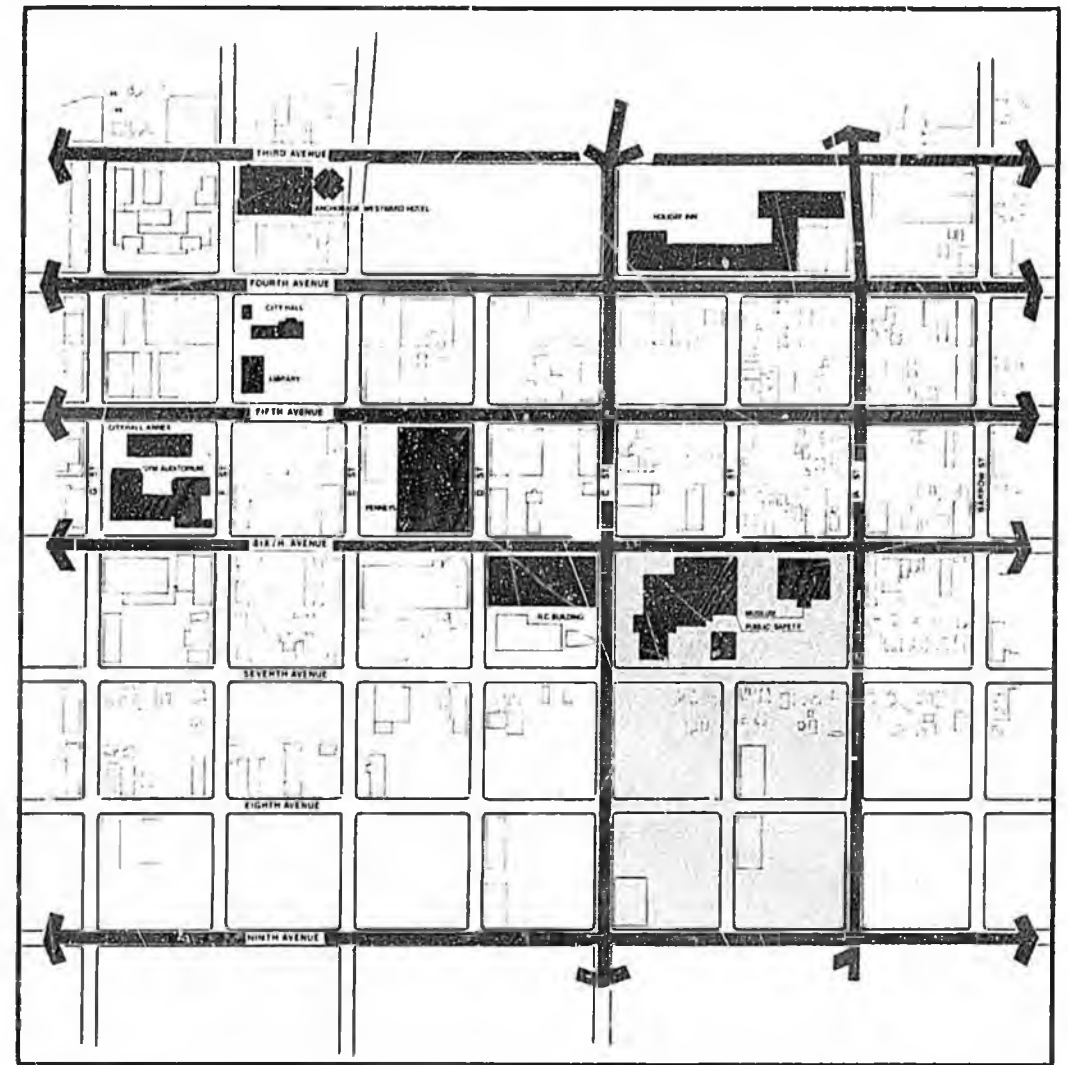
In conjunction with the development of the proposed pedestrian ways, the City should initiate a comprehensive program of public improvements, which should include new walks, public plazas, lighting, sign controls, and landscape development.

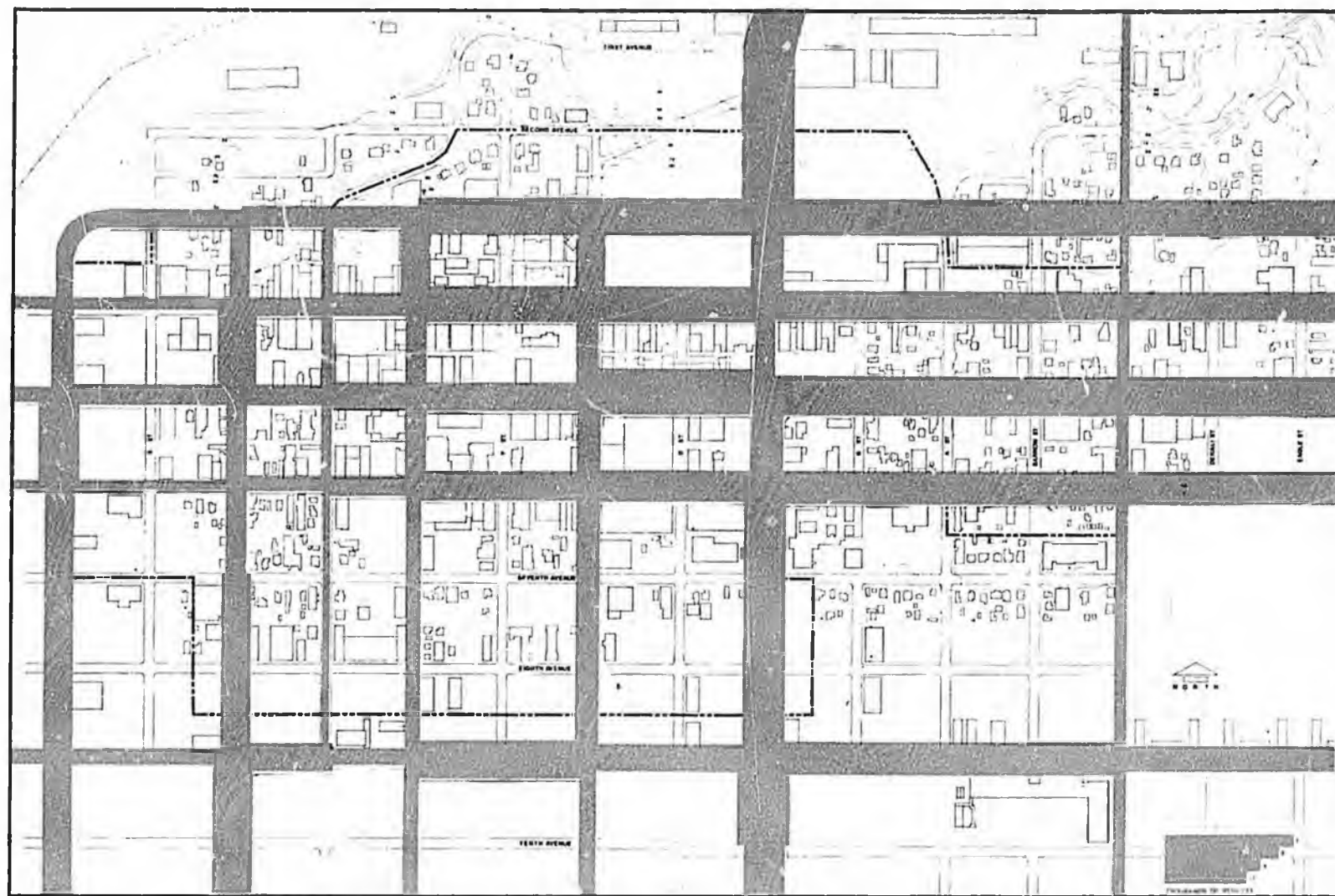
With the implementation of these improvements and by taking advantage of the heavy pedestrian movement, for the display and sale of merchandise, an active retail face will develop along the pedestrian ways into the Center.

The development will present and maintain an active, vital Central Business District and will have the apparent effect of minimizing walking distances.









FIRST NORMAL YEAR OF OPERATION¹ FOR THE PROPOSED CIVIC CONVENTION/RECREATION CENTER²

Operating Revenues ³	Use Days	Attendance	Revenue
Community Use	232	418,700	\$163,300
Convention Use	130	47,900	43,100
Concession, Parking & Other Income	---	---	137,600
Total	362	466,600	\$344,000

Operating Expenses	Expenses
Personnel	\$252,900
Building	80,000
General & Administrative	52,800
Total	\$385,700

Net Operating Profit or (Loss)³ (\$ 41,700)

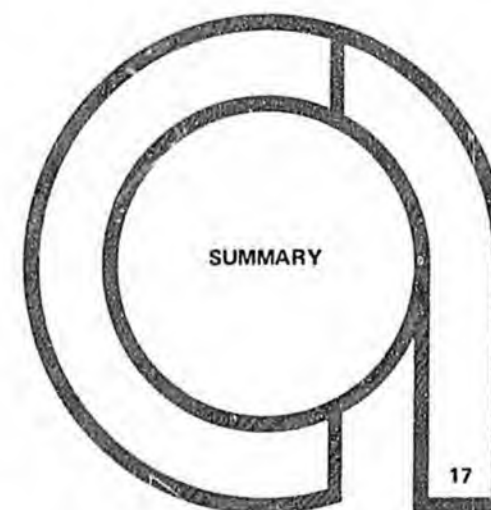
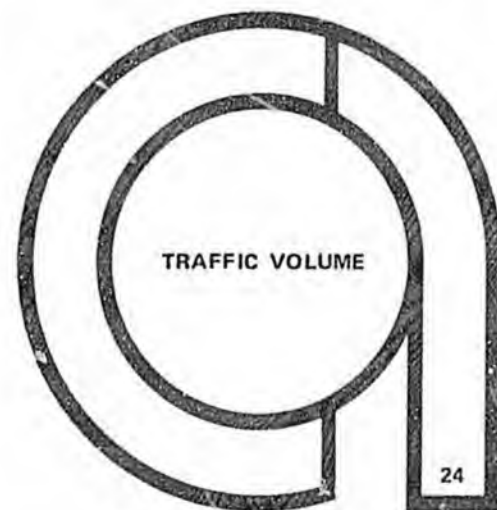
¹ First normal year of operation is estimated to occur between four and six years after occupancy.

² All revenue and expense projections shown in 1971 dollars.

³ Does not include professional or semiprofessional hockey or basketball games in the center, if such teams are established. Total revenue potential from ice hockey in the first normal year of operation is estimated to be \$56,000, comprised of \$34,000 in rental income and \$22,000 in concessions, parking and other revenues.

Source: Economics Research Associates.

The selection of a capable community center manager cannot be over-emphasized. Qualified management is necessary for proper handling of the many problems associated with promoting the facility to convention groups and within the community, public relations in the community, the hiring and direction of personnel, expense control, event scheduling, and many other operating details.



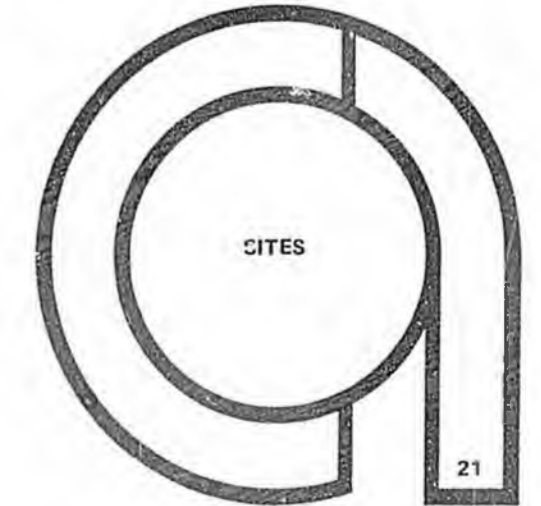
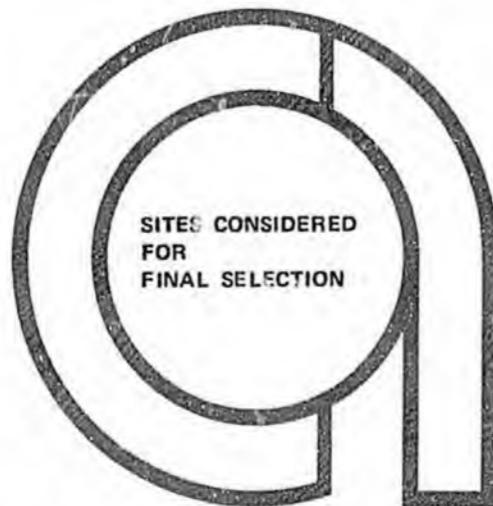
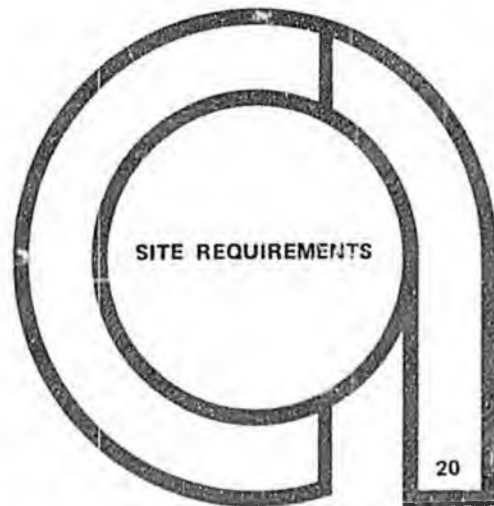
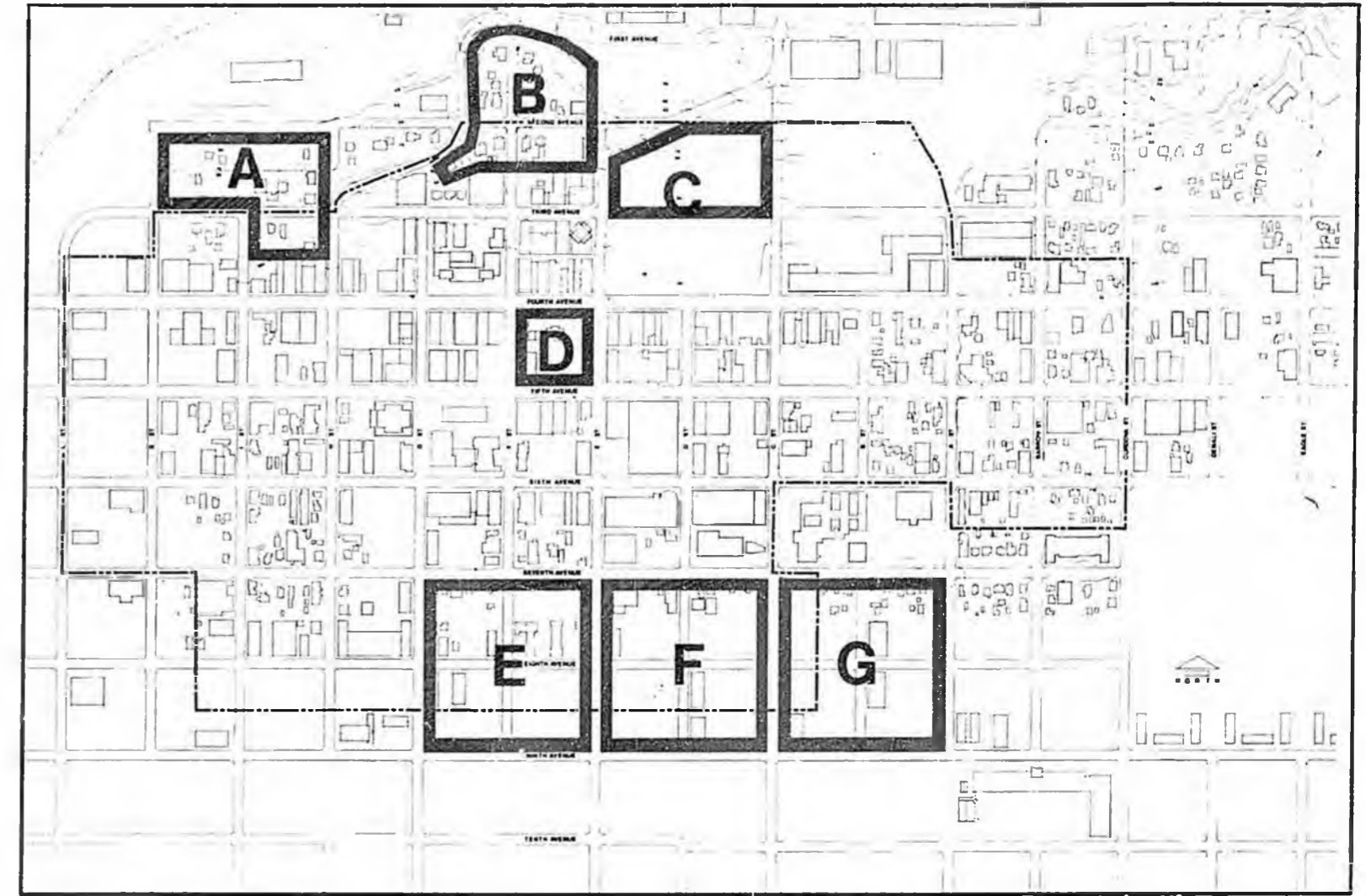
The typical downtown Anchorage block is 360 feet, from the street center line to center line. With right-of-way of 60 feet, the effective buildable area thus becomes 300 feet by 300 feet, or 90,000 square feet.

The Civic Convention and Recreation Center requires 2½ square blocks or 225,000 square feet of site, which must be contiguous and can be accomplished by closing selected streets. A site of 3½ square blocks is suggested to allow for parking and the future theatre. Possibly 100,000 or more useable square feet could be gained with street closures. If the library and city office is also placed on this site, then 4 square blocks plus the closed streets will be required.

Seven sites designated A - G were considered for final selection. A number of other sites were reviewed and subsequently considered not suitable. Sites A, B, and C, (Buttress Area) all located on the bluff area overlooking Ship Creek, were eliminated because of the steep slope and the questionable stability of the soil.

Site D - present City Hall site - is considered acceptable as a location for the Library structure, which is not discussed in this summary report.

Sites E, F, and G - all potential four-block areas located along the green strip between A and G streets - were rated acceptable.

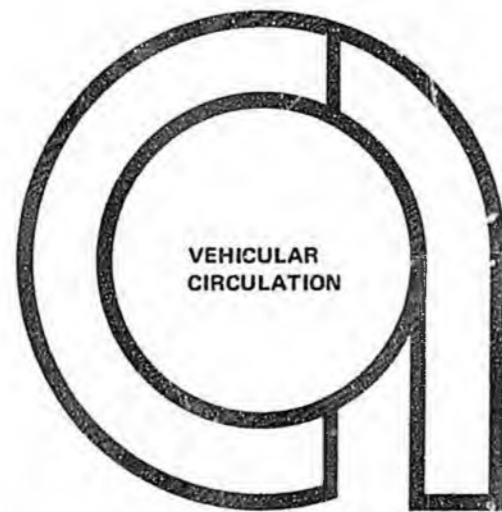
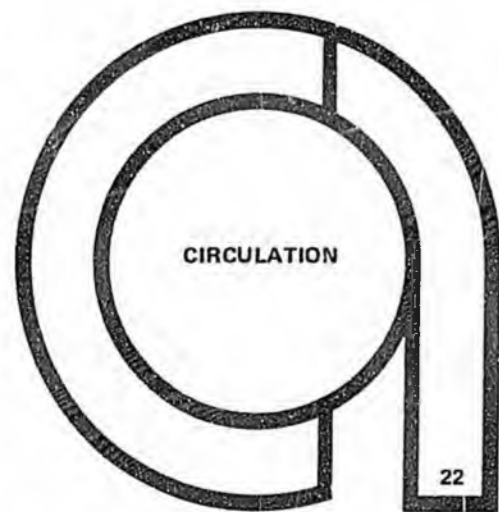


The existing "K" and "L" one-way street system in conjunction with "C" Street presently serves Anchorage as the major north-south traffic carriers. Although two-way, "C" Street carries approximately three times the number of vehicles as the other north-south thoroughfares.

The proposed "A-C couplet" will serve as one-way, north-south, major arterial streets through downtown Anchorage, with each street having the capacity for four lanes of traffic.

The completion of the proposed "A-C couplet" in conjunction with the opening of the Civic Center is essential. This will immediately provide a one-way street system, four lanes each way, running north-south on either side of the new center, providing eight traffic lanes in which to move peak traffic loads. This capability cannot be matched elsewhere in Anchorage.

A vehicular and pedestrian movement system should be implemented in conjunction with the Civic Center complex. The ability to easily reach all parts of the proposed new center, downtown Anchorage, and its parking area is essential. The Center should become an integral part of the area around it; a part of the life of the community, not just an inanimate symbol.





RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date



Alaska State Legislature
House

JUNEAU ALASKA

MEMORANDUM

TO: Representative Keith Specking
House Finance Committee DATE: January 22, 1973

FROM: J. H. Hogan SUBJ: HB 8
Director Debt Service
Legislative Finance Div.

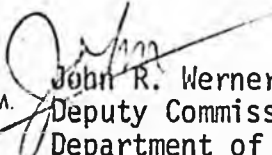
Bond Committee assumptions on new debt are as follows:

Issues will be sold for 20 year periods at 6% interest; roughly 25% of this issue will be sold the first year with 37 1/2 percent sold over each of the next two years. Thus, the debt service requirement for civic, convention and recreation centers for the next five years will be:

FY 74	250,600
FY 75	626,600
FY 76	1,002,600
FY 77	1,002,600
FY 78	1,002,600

JHH/sb

TO:

FROM: 
John R. Werner
Deputy Commissioner
Department of Economic Development

DATE : January 18, 1973

SUBJECT: Civic, Convention and
Community Recreation
Center Program

Under the provisions of AS 43.18.300, Civic, Convention and Community Recreation Centers, applications from 11 communities for State aid toward feasibility studies were approved. The specifics are as follows:

<u>Community</u>	<u>Study Cost</u>	<u>State Share</u>
Anchorage	\$ 74,000	\$ 37,000
Kenai	40,000	20,000
Ketchikan	35,850	17,925
Juneau	30,000	15,000
Bethel	24,000	12,000
Kodiak	20,000	10,000
Cordova	20,000	10,000
Soldotna	20,000	10,000
Kotzebue	18,000	9,000
Petersburg	15,000	7,500
Kake	6,000	3,000
Total	\$ 302,850	\$ 151,425

To date only the City of Anchorage has completed its feasibility study. Funds amounting to \$39,300 have been disbursed by the department thus far (Anchorage, \$33,300; Kodiak, \$6,000). Funding provided by the legislature for the feasibility study phase of this program was set at \$200,000.

Contract completion dates for feasibility studies have been extended to March 3, 1973, on every community except Kotzebue, whose original contract expires on June 30, 1973. Completion dates on these contracts may be extended by mutual agreement of the State and the local government unit.

Based on present estimates, the funding necessary for the construction phase under the Civic, Convention and Community Recreation Center program is as follows:

<u>Community</u>	<u>Project Cost</u>	<u>State Share</u>
Anchorage	\$ 10,752,000	\$ 5,372,000
Juneau	6,400,000	3,200,000
Ketchikan	5,500,000	2,750,000
Kodiak	2,050,000	1,025,000
Kenai	2,400,000	1,200,000
Kotzebue	900,000	300,000
Cordova	750,000	375,000
Soldotna	750,000	375,000
Total	\$ 29,502,000	\$ 14,597,000

Page Two
January 18, 1973

It appears at this point in time that the funding level of \$11,500,000 proposed by H.B. No. 8 will be sufficient to pay the costs of the land acquisition, planning and construction phase of the Civic, Convention and Community Recreation Center Program for the foreseeable future.

Although the projected costs indicated in this memorandum reflect an overall State participation of \$14,597,000 in this program, I would like to point out several factors which affect that projection.

First, I have assumed that no community will receive Federal assistance for its project (which they are required by statute to pursue). I have assumed this because it is impossible to determine the extent of Federal aid, if any, which will be available for these projects at this point in time. If Federal funding is available for any given community, the value of that assistance will be ascertained and subtracted from the total value of the project and the balance will be equally divided between the State and the local government unit.

The estimated State share for the cost of construction of the community facilities is based on my informal conversation with the communities preparing studies and their engineering/architectural contractors, except for Anchorage, whose study we currently possess. These figures may or may not be valid at some future time when an application for construction is actually submitted by a community. Inflation in construction costs and changes in local priorities may dictate that a community abandon or substantially alter its project. In fact, no community is obligated to proceed with actual construction even though the project is found to be feasible. Further, I believe that some communities whose projects are found to be feasible may not proceed to construction for two or three years.

In light of the foregoing, it would seem prudent that the proposed bond issue be established at \$11.5 million at this time and that, contingent on future interest in the program, a subsequent issue be considered at a later date, if the need should arise.

Chapter 114
(Which Enacts AS 43.18.300)

CIVIC, CONVENTION AND COMMUNITY RECREATION CENTERS

Sec. 43.18.300. CIVIC, CONVENTION AND COMMUNITY RECREATION CENTERS. (a) Within the limits of legislative appropriations for the purpose, the state shall make matching grants to local governments or their nonprofit designee equal to 50 percent of the estimated reasonable costs of land acquisition, planning, and construction of municipal civic, convention and community recreation centers and 50 per cent of the cost of feasibility studies relating to these facilities, in accordance with the provisions of this section.

(b) Grants for only one study and one project may be awarded to a local government under this section. Applications for grants shall be made in a form prescribed by the commissioner. A grant shall be allotted according to an agreement made between the commissioner on behalf of the state and the local government receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) estimates of reasonable costs of a study or project as approved by the commissioner after consultation with the Department of Public Works;

(2) a schedule of grant disbursements, if, as determined by the commissioner, a grant is to be disbursed other than in one sum;

(3) agreement by the local government to

(A) proceed with and complete the proposed study or project expeditiously;

(B) not discontinue operation or dispose of all or part of a project for which it receives a grant without the approval of the director;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the study or project, subject to any conditions the commissioner may require in order to maximize the amounts of that assistance received or to be received for all projects in the state;

(D) provide for payment of the local government's share of the cost of the study or project;

(4) agreement by the local government that, if federal assistance for a study or project becomes available to the local government which was not included in the calculation of the amount of a grant authorized and disbursed under this section, the value of the federal assistance shall be ascertained and subtracted from the total value of the project and the balance shall be equally divided between the state and local government;

(5) provision for alteration or modification of an approved study or project and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the commissioner under this section;

(6) provision for alteration or modification of an existing facility which would have qualified under this section as a civic, convention or community recreation center at the time of initial construction if this section had been in effect and provision for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the commissioner under this section.

(c) If funds appropriated by the legislature to provide grants under this section are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the Department of Economic Development by regulations promulgated to carry out the provisions of this section.

(d) This section does not require that a local government receiving a grant for a feasibility study under this section must proceed with construction of a project, notwithstanding the project is determined to be feasible.

(e) The commissioner shall require in the negotiations and agreements with the local government that continued maintenance of the facility is the responsibility of the local government and the local government must show the feasibility of this before authorization of state funds.

(f) The commissioner shall provide an annual report to the Legislature with respect to grants made under this section.

(g) The commissioner may promulgate regulations to carry out the purpose of this section.

(h) In this section

(1) "commissioner" means the commissioner of economic development;

(2) "local government" means a city of any class or a borough having power to implement the studies or projects for which grants are authorized in this section.

This Act takes effect July 1, 1971

TITLE 16. ECONOMIC DEVELOPMENT

CHAPTER 1. CIVIC, CONVENTION AND COMMUNITY RECREATION CENTERS

Section

010. Definition

020. Application

16 AAC 01.010. DEFINITION. Rules and regulations implementing Chapter 114, an act authorizing state aid for land acquisition, planning, construction and modification of new or existing civic, convention and community recreation centers; and providing for an effective date.

Authority: AS 43.18.300

16 AAC 01.020. APPLICATION. (a) A local government unit may apply to the State for financial assistance in connection with land acquisition, planning, construction or modification of a civic, convention and community recreation center. The State's share of the cost of the project will not exceed 50%. Contributions in-kind by the local government unit may be acceptable where there exists a need for such arrangement and where adequate management of the project and support for the costs can be shown. Application may be made on Form No. 2 (sample attached). Application shall be accompanied by a feasibility study in accordance with paragraph (c) below.

(b) A local government unit may apply to the State for financial assistance in conducting a feasibility study in connection with a proposed civic, convention and community recreation center. The State's contribution to the cost of such a study will not exceed 50%. Applications may be submitted on Form No. 1 (sample attached).

(c) Disbursement to the local government unit of the State's contribution to the cost of the project shall be made upon receipt of invoices from the local government unit covering expenditures approved by the terms of the agreement between the State and local government unit.

The local government unit may submit to the State invoices for portions of the cost of the study or project as completed up to 20% of the State's share, payable in increments of 20%, up to 80%. The remaining 20% shall be paid in two increments of 10% each. The final 10% of the State's share shall be paid upon completion of the project or study to the satisfaction of the State. If these terms impose undue hardship upon the local government unit, special arrangements may be made upon request.

The local government unit will be required to solicit proposals from more than one individual or firm in connection with feasibility studies, and from more than one individual or firm in connection with architectural plans and specifications for a project. The term "proposal" as is used here does not necessarily mean a complete project design or feasibility study, but such study as is in accordance with generally accepted professional practices and procedures. The local government unit will be required to advertise for bids for construction and supply of materials.

(d) On approval of an application relating to a feasibility study, and notification to that effect, the local government will execute an agreement with the Department of Economic Development of the State of Alaska on Form 3 (sample attached).

(e) On approval of an application in connection with actual construction of a project, the local government will execute an agreement with the Department of Economic Development of the State of Alaska on Form No. 4 (sample attached).

(f) The local government unit is under no obligation to proceed with actual construction of the project, even though the project is found to be feasible.

(g) The feasibility study shall include, without limitation:

(1) A cost analysis for the completed project, including land acquisition, installation of utilities, landscaping, roads and parking areas, architectural and engineering plans and surveys, and construction of the facility;

(2) A breakdown of the sources of funds from which the local government expects to pay its share of the cost of the project;

(3) A breakdown of the sources from which the local government unit anticipates revenue for maintenance and repair of the project;

(4) An estimate of the cost of maintenance, utilities, and other services necessary to operate and maintain the project in good repair;

(5) Diagrams, maps, and plans indicating the dimensions of the building, its location on the site and in the community;

(6) Diagrams and other explanatory materials in connection with the building itself, including dimensions and locations of the various areas within the building and the purposes for which each area is suited;

(7) A general description of the building, including, without limitation, primary building materials and architectural style;

(8) A listing and explanation of the various uses for which the building is adopted, including, without limitation, sports, dramatic presentations, social, forensic and other gatherings; and

(9) A letter which shall include a detailed description of existing facilities, or plans for facilities, in the community and within a reasonable distance from the community which serves, or could serve, any of the functions of the proposed civic, convention and community recreation center.

(h) The directors of the Travel Division and Industrial Development Division within the Department of Economic Development shall review all applications and advise the Commissioner as to priorities on the basis of:

(1) The overall benefit to the community of the project in question, including the extent of use and the variety of uses to be made of the project by the members of the community;

(2) The most favorable impact on the development of tourism in the community;

(3) The most favorable impact on the development of tourism in the State; and

(4) The ability of the local government unit to proceed to final completion of the project and to maintain the facility when completed.

(i) The Commissioner of the Department of Economic Development will evaluate all applications on the basis of the priorities advised by the directors and, after consultation with the Commissioner of Public Works, on the reasonableness of the cost of a study or project.

(j) Proposals for alternate sites of projects should include, with respect to each project, each item of information called for in sub-paragraphs (1) through (9) in paragraph (g) above.

(k) An application for State aid for land acquisition, planning, construction or modification of a project must be accompanied by a feasibility study or report complete as to the specifics outlined in paragraph (g) and properly signed by the individual or corporation conducting the study.

(l) The State will not contribute towards payment of any expenditures made prior to the execution of an agreement with the State by the local government unit.

(m) Applicants will have 45 days from the date of adoption of these rules to submit applications for funding for feasibility studies in the current fiscal year.

(n) A local government unit shall receive funds under AS 43.18.300, et sig., in accordance with these regulations, and is responsible for insuring that no aspect of the project, including parts performed by subcontractors, involves discrimination against any person on account of race, creed or national origin.

(o) A local government may, on approval of the Commissioner, conduct a feasibility study for, or construct, a facility which includes more than a civic, convention, and community recreation center. In such cases, funding under this regulation shall not cover any portion of the facility not encompassed by the definition of a civic, convention and community recreation center. The local government unit must document that portion of the total expense which is a direct result of conducting the feasibility study for, or construction of, the civic, convention, and community recreation center.

(p) Definition. As used in this regulation, a civic, convention and community recreation center means a facility which can be used for civic gatherings, conventions, and recreation for members of the community. The local government unit shall not exclude any of these uses by building designs or regulations. Civic gatherings shall include town meetings, public hearings, and gatherings for the community in general. The facilities are not to take the place of a regular administration building, such as a city hall, fire hall, police station, hospital, or jail. Library space may be included under this regulation. To fulfill the convention-use requirement, the facility must include a meeting hall large enough to accommodate a convocation of a regional group from within the State. The planned use of the facility for movies, plays, or dances, etc., would meet the recreational-use requirement. As recreational use does not necessarily mean sports, showers and locker rooms need not be included as a requirement for recreational use.

Authority: AS 43.18.300

Introduced: 1/10/73
Referred: State Affairs
and Finance

BY BANFIELD, FISCHER,
J. MILLER, M. MILLER,
HARTIG AND PARKER

1 IN THE HOUSE

2 HOUSE BILL NO. 8

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of genera-
7 tion bonds in the amount of \$11,500,000 for the purpose
8 of paying the cost of capital improvements for civic,
9 convention and community recreation centers; and
10 providing for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. For the purpose of paying the cost of capital improvements
13 under AS 43.18.300 for civic, convention and community recreation centers,
14 general obligation bonds of the state in the principal amount of not more
15 than \$11,500,000 shall be issued and sold. The full faith, credit and
16 resources of the state are pledged to the payment of the principal of and
17 interest and redemption premium, if any, on these bonds. These bonds
18 shall be issued under the provisions of AS 37.15 as those provisions read
19 at the time of issuance.

20 * Sec. 2. If the issuance of these bonds is authorized by the qualified
21 voters of the state, a special fund of the state to be known as the "Civic,
22 Convention and Community Recreation Centers Construction Fund" shall be
23 established, to which shall be credited the proceeds of the sale of the
24 bonds described in sec. 1 of this Act except for the accrued interest and
25 premiums. There is appropriated from the "Civic, Convention and Community
26 Recreation Centers Construction Fund" to the Department of Economic
27 Development the sum of \$11,500,000. The specific uses of the proceeds of
28 these bonds shall be determined by the governor to carry out the purposes
29 of, and to be expended and administered in accordance with, the provisions

1 of AS 43.18.300.

2 * Sec. 3. If the issuance of these bonds is authorized by the qualified
3 voters of the state, the amount of \$40,250 or as much of that amount as is
4 found necessary is appropriated from the general fund of the state to the
5 state bond committee to carry out the provisions of this Act and to pay
6 expenses incident to the sale and issuance of the bonds authorized in this
7 Act. The amounts expended from the appropriation authorized by this section
8 shall be reimbursed to the general fund from the proceeds of the sale of
9 the bonds authorized by this Act.

10 * Sec. 4. The question whether the bonds authorized in this Act are to
11 be issued shall be submitted to the qualified voters of the state at the
12 next statewide election and shall read substantially as follows:

13 Proposition

14 State General Obligation Civic, Convention
15 and Community Recreation Centers Construction
16 Bonds \$11,500,000

17 Shall the State of Alaska issue its general obligation bonds
18 in the principal amount of not more than \$11,500,000 for the
19 purpose of paying the cost of capital improvements under
20 AS 43.18.300 for civic, convention and community recreation
21 centers?

22 Bonds Yes []

23 Bonds No []

24 * Sec. 5. This Act takes effect on the day after its passage and approval
25 or on the day it becomes law without approval.

1 IN THE HOUSE

BY BANFIELD AND FISCHER

2 HOUSE BILL NO. 8

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
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17 interest and redemption premium, if any, on these bonds. These bonds
18 shall be issued under the provisions of AS 37.15 as those provisions read
19 at the time of issuance.

20 * Sec. 2. If the issuance of these bonds is authorized by the qualified
21 voters of the state, a special fund of the state to be known as the "Civic,
22 Convention and Community Recreation Centers Construction Fund" shall be
23 established, to which shall be credited the proceeds of the sale of the
24 bonds described in sec. 1 of this Act except for the accrued interest and
25 premiums. There is appropriated from the "Civic, Convention and Community
26 Recreation Centers Construction Fund" to the Department of Economic
27 Development and the Department of Commerce, jointly, the sum of \$11,500,000.
28 The specific uses of the proceeds of these bonds shall be determined by
29 the governor; however, 30 per cent of proceeds of these bonds shall be

1 allocated by mutual agreement of the commissioner of economic development
2 and the commissioner of commerce with the approval of the governor to carry
3 out the purposes of, and to be expended and administered in accordance with,
4 the provisions of AS 43.18.300.

5 * Sec. 3. If the issuance of these bonds is authorized by the qualified
6 voters of the state, the amount of \$40,250 or as much of that amount as is
7 found necessary is appropriated from the general fund of the state to the
8 state bond committee to carry out the provisions of this Act and to pay
9 expenses incident to the sale and issuance of the bonds authorized in this
10 Act. The amounts expended from the appropriation authorized by this section
11 shall be reimbursed to the general fund from the proceeds of the sale of
12 the bonds authorized by this Act.

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15 next statewide election and shall read substantially as follows:

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22 purpose of paying the cost of capital improvements under
23 AS 43.18.300 for civic, convention and community recreation
24 centers?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 5. This Act takes effect on the day after its passage and approval
28 or on the day it becomes law without approval.
29



RECORDS



CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

1 IN THE HOUSE

BY ORSINI

2 HOUSE BILL NO. 10

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the general revenue fund; pro-
7 viding for its administration; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 37.10 is amended by adding new sections to read:

11 ARTICLE 5. GENERAL REVENUE FUND.

12 Sec. 37.10.200. PURPOSE. The purpose of secs. 200 - 340 of this
13 chapter is to provide a method by which funds surplus to current and
14 foreseeable needs may be invested to appreciate as a source of future
15 state revenues.

16 Sec. 37.10.210. GENERAL REVENUE FUND. There is created a fund
17 known as the general revenue fund to which appropriations may be made
18 from time to time.

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25 their own affairs not in regard to speculation but in regard to the
26 permanent disposition of their funds, considering probable income as
27 well as the probable growth and safety of their capital.

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29 the investments are all of the powers which a natural person has in

1 dealing with his own property including but not limited to the power
2 to invest, reinvest, purchase and purchase at a premium, sell and sell
3 at less than cost, exchange, convey, transfer, lease, lease back and
4 otherwise dispose, register securities, vote securities, give proxies,
5 exercise conversion privileges, subscription rights and other options,
6 consent or otherwise participate in corporate reorganization or other
7 changes affecting corporate securities, pay assessments or charges,
8 enforce and compromise claims, make, execute, acknowledge and deliver
9 documents of transfer, conveyances and other instruments necessary or
10 appropriate to carry out such powers.

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12 shall

13 (1) act as custodian of the investments and provide for
14 their safekeeping;

15 (2) collect the interest, dividends, rents, and other
16 income of the fund and collect principal and the proceeds of the sale
17 of investments;

18 (3) manage the fund, and in so doing exercise the state's
19 powers respecting the investments;

20 (4) maintain adequate accounts and records;

21 (5) prepare and submit a monthly report to the governor and
22 the State Investment Advisory Committee disclosing a detailed summary of
23 investments purchased, sold, exchanged, conveyed, transferred, leased,
24 and otherwise acquired or disposed of, and stating the investments
25 acquired or disposed of, dates of transactions, the prices paid and
26 received, any gain or loss, and the names of the brokers, dealers, or
27 contractors who engaged in the transactions;

28 (6) have an annual audit made of the fund by a licensed
29 certified public accountant who is not an employee of the state and

1 submit the auditor's report to the governor and to the State Investment
2 Advisory Committee;

3 (7) have an annual examination made of the fund by a quali-
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7 and management standards of the fund; the report shall be submitted to
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7 determined market value of the fund at the end of that year and the
8 determined market value of the fund at the end of the first year;

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10 year, the amount shall be equal and limited to five per cent of the
11 mean average of the determined market value of the fund at the end of
12 the two preceding years.

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18 Sec. 37.10.300. STATE INVESTMENT ADVISORY COMMITTEE. There is,
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22 merce, the commissioner of economic development, the president of the
23 senate, the speaker of the house of representatives, one member of the
24 public appointed by the house of representatives to serve at its
25 pleasure, and one member of the public appointed by the senate to serve
26 at its pleasure.

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29 Sec. 37.10.320. QUORUM. Five members of the committee constitute

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19 includes cash;

20 (7) "manage", with respect to the fund, includes but is not
21 limited to selection of classes of investments, selection of investment
22 from within those classes, and the acquisition, retention, disposition,
23 and exchange of investments;

24 (8) "maximum total long-term return" means an investment
25 policy which has as its central objective growth of capital over the
26 long term.

27 * Sec. 2. This Act takes effect July 1, 1973.
28
29

Introduced: 2/2/73
Referred: Finance and
Judiciary

1 IN THE HOUSE

BY ORSINI

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 10

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the general revenue fund; pro-
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8 effective date."

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24 policy which has as its central objective growth of capital over the
25 long term.

26 * Sec. 2. This Act takes effect July 1, 1973.
27
28
29



JUNEAU ALASKA

Alaska State Legislature
House

FINANCE COMMITTEE BILL ASSIGNMENT

TO: Representative Saylor DATE: February 5, 1973
House Finance Committee

FROM: Earl D. Hillstrand
Chairman
House Finance Committee

BILL NO.: SSHB 10

TITLE: "An Act relating to the general revenue fund; providing for
its administration; and providing for an effective date."

COMMENTS: This bill has been referred to you for your review
and research and eventual presentation to the
committee for their consideration.

BILL ASSIGNMENT

TO: Rep. Saylor
and subcommittee members
Rep. Barber and Warwick

FROM: E. D. Hillstrand
Chairman
House Finance Committee

BILL NO.: HOUSE BILL NO. 10

TITLE: An act establishing the general revenue fund

DATE OF ASSIGNMENT: January 15, 1973

COMMENTS

This bill has been referred to you for your review and research and eventual presentation to the committee for their consideration.

This legislation is similar to legislation which has been introduced in recent years, particularly after the large oil bonus sales of '69 -- all to no avail. Persons primarily proposing this were: in the Senate (Senator Rettig and Senator Lewis); in the House (Rep. Tillion and Rep. Randolph).

Legislative Affairs could be requested to provide back-up material.

HB 10 The Chairman asked the status of HOUSE BILL NO. 10 (an Act establishing the general revenue fund). Mr. Saylor noted that he is trying to get information on a bill introduced last year by Senator Rettig. He said as soon as this information is available he will call a subcommittee meeting and the bill will probably be presented to the committee next Thursday (January 25). 1/18/73

The Legislature of the State of Alaska
FISCAL NOTE
First Session - Eighth Legislature

I. REQUEST

Bill Identification: HB 10 and HJR 3
 Title: General Revenue Fund
 Requested by: Legislative Finance Date: 1/12/73
 Return Date Requested: 1/24/73
 Agency: Revenue Program: Fiscal Services

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached analysis prepared by Lawrence C. Eppenbach, Deputy Commissioner, Treasury Division of the Department of Revenue. Such analysis makes fiscal note assumptions covering various average fund sizes.

IV. ATTACHMENTS

V. DATE: January 24, 1973 PREPARED BY: R. D. Stevenson
 Acting Commissioner

Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

III. ANALYSIS.

Overview:

House Bill No. 10, enabling legislation establishing a General Revenue Fund contains many of the recommendations set forth in the 1969 Ford Foundation Report, "Managing Educational Endowment" (copy attached). Further, this plan is not new to Alaska but follows the plan set forth several years ago by Senator Rettig.

Our analysis of HB 10 confines itself first to several observations of a technical nature. Following that, a brief review of the assumptions used in calculating the attached fiscal note will be presented. These assumptions were formed on the basis of a telephone communication with Representative Orsini and seek to describe the size and nature of the fund that Representative Orsini is contemplating at this time.

Technical Observations: (References are to statute sections, page and line numbers of bill)

Sec. 37.10.250(5), page 2 line 21 - The report described in this paragraph calls for a list of brokers, dealers, or contractors engaged in any transactions to be reported monthly. We believe that this is more properly a matter for an annual audit. If discretionary management contracts are let then monthly reporting of where or with whom transactions are executed is administratively tedious, making for an unusually lengthy report, and may expose the managers to political pressures contrary to the intent of a discretionary management agreement. That is, if a manager is to be properly held responsible for the performance of a portfolio he should not further be directed (implied or actual) with whom he should transact trades. However, managers should have this information available on a request basis, and the annual audit report should summarize this information.

Sec. 37.10.250(7), page 3 line 3 - This paragraph specifying fund evaluation should, as well, call for a rate of return measurement analysis to be performed. We suggest that both a time weighted and dollar weighted return measurement be calculated using the BAI (Bank Administration Institute) recommended measurement conventions.

Sec. 37.10.260(a)(1) - page 3 line 12 - This paragraph requiring at least three managers if the option for "outside" management is selected, does not provide for an orderly increase of managers. If the fund were to begin at amounts less than \$50 million, the provision for one outside manager should be retained until the fund grew to a predetermined size.

Article 6, Sec. 37.10.300, page 4 line 18 - State Investment Advisory Committee. There already exists a State Investment Advisory Committee with representation of the legislature and the public. The "new" committee appears redundant. The present committee, however, does not contain a majority of legislative members. We suggest, however, that this difference alone is not a sufficient justification for a new committee.

Sec. 37.10.310, page 4 line 27 - Function. There appears to be a lack of sufficient specification regarding the function of the committee. Either this committee should have clearly defined responsibilities or it should not exist.

Fiscal Note Assumptions:

Representative Orsini has indicated that he contemplated appropriation amounts in the range of \$1 - \$2 million each year (additive) from FY 75 through FY 77 and an amount of \$200 million in FY 78. He further contemplates a total fund size in excess of \$1 billion.

The expenses of management, safekeeping, accounting, audit, evaluation and measurement, are all variable costs. However, they become proportionally smaller as the fund size increases. The following table displays estimated costs and revenues as a function of the fund size outlined above.

Required Services	Average Fund Size			
	<u>\$2 million</u>	<u>\$6 million</u>	<u>\$200 million</u>	<u>\$1 billion</u>
Audit	\$ 4,000	\$ 6,000	\$ 15,000	\$ 30,000
Evaulation	2,000	4,000	7,000	20,000
Measurement	1,000	2,000	5,000	15,000
Sub-Total	<u>\$ 7,000</u>	<u>\$ 12,000</u>	<u>\$ 27,000</u>	<u>\$ 65,000</u>
<u>Management Expenses</u>				
<u>Treasury¹</u>				
Personnel	\$ -0-	\$	\$ 50,000	\$100,000
Contractual Expenses (telephone, etc.)	500	2,000	15,000	50,000
Safekeeping	4,000	10,000	50,000	200,000
Sub-Total	<u>\$ 4,500</u>	<u>\$ 12,000</u>	<u>\$115,000</u>	<u>\$350,000</u>
Outside ²	<u>\$\$ 8,750</u>	<u>\$ 22,500</u>	<u>\$242,500</u>	<u>\$942,500</u>
Miscellaneous Expenses	\$ 500	\$ 500	\$ 1,000	\$ 1,000
Total - Treasury	<u>\$12,000</u>	<u>\$ 24,500</u>	<u>\$143,000</u>	<u>\$416,000</u>
Total - Outside	<u>\$16,250</u>	<u>\$ 35,000</u>	<u>\$270,500</u>	<u>\$1,008,500</u>
<u>On Average Fund Size</u>				
Return of 5%	\$100,000	\$300,000	\$10,000,000	\$50,000,000
Earnings at 7%	\$140,000	\$420,000	\$14,000,000	\$70,000,000
<u>Revenue Fund Net Annual Dollar Growth</u>				
Treasury Management	\$28,000	\$ 95,500	\$ 3,857,000	\$19,584,000
Outside Management	\$23,750	\$ 87,500	\$3,729,500	\$18,991,500

Footnotes: ¹ Estimates of treasury management expenses are based on utilizing the present staff and facilities of the present Treasury Division organization.

2. Estimates of outside management expenses are based on the following formula judged to reasonably predict the management contractual expenses.

Fees:	1/2% of value on first \$1 million
	3/8% of value on next \$4 million
	1/4% of value on next \$5 million
	1/8% of value on next \$90 million
	1/10% of value thereafter

The calculated amount displayed assumes the above rates would apply for a single manager of the fund. The use of three managers would increase the expense somewhat, particularly for a small fund. For example, for a \$6 million fund the management expense for three managers would be \$26,250 rather than \$22,500 for a single manager. However, compensation schedules are difficult to forecast and the rate is more critical than the number of managers.

The impact on the general fund of the State would consist of the amounts appropriated to the special reserve fund as well as the amounts expected to be earned in excess of 5% by the general fund. Presently this additional amount is approximated by the estimated annual dollar growth of the revenue fund.

Introduced: 2/2/73
Referred: Finance and
Judiciary

1 IN THE HOUSE BT ORSINI

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14 Sec. 37.10.290. TRANSFER TO FUND. Upon the effective date of
15 an Act appropriating to the fund, the amount appropriated shall be
16 transferred to the fund in cash, or securities at market value as of
17 that date, or both.

18 ARTICLE 6. STATE INVESTMENT ADVISORY COMMITTEE.

19 Sec. 37.10.300. STATE INVESTMENT ADVISORY COMMITTEE. There is,
20 within the Department of Revenue, the State Investment Advisory Com-
21 mittee comprised of the commissioner of revenue who shall serve as
22 chairman, the commissioner of administration, the commissioner of
23 commerce, the commissioner of economic development, and one member
24 of the public appointed by the governor to serve at his pleasure.

25 Sec. 37.10.310. FUNCTION. The committee shall advise the
26 commissioner with respect to the administration of the general revenue
27 fund.

28 Sec. 37.10.320. QUORUM. Three members of the committee consti-
29 tute a quorum for the conduct of business at a meeting.

1 Sec. 37.10.330. EXPENSES. The one member from the public
2 receives no pay but are entitled to the travel expenses and per diem
3 authorized for members of boards and commissions.

4 Sec. 37.10.340. DEFINITIONS. In this chapter

5 (1) "commissioner" means the commissioner of revenue;

6 (2) "committee" or "advisory committee" means the State
7 Investment Advisory Committee;

8 (3) "expenses of administration" means the amount incurred
9 during the fiscal year in accordance with contracts for managerial,
10 advisory, legal, appraisal, accounting, auditing, performance evalua-
11 tions, custodial, execution of transactions, brokerage, and other
12 services;

13 (4) "fiscal year" means the fiscal year of the fund, which
14 is the period July 1 to June 30;

15 (5) "fund" means the general revenue fund and includes
16 income and capital appreciation;

17 (6) "investments" means the property of the fund and
18 includes cash;

19 (7) "manage", with respect to the fund, includes but is not
20 limited to selection of classes of investments, selection of invest-
21 ments from within those classes, and the acquisition, retention, dis-
22 position, and exchange of investments;

23 (8) "maximum total long-term return" means an investment
24 policy which has as its central objective growth of capital over the
25 long term.

26 * Sec. 2. This Act takes effect July 1, 1973.
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