



LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
Division of Legal and Research Services
State Capitol, Juneau, AK 99801

(907) 465-3991 phone
(907) 465-3908 fax
research@legis.state.ak.us

Memorandum

TO: Pamela Varni, Executive Director, Legislative Affairs Agency
FROM: Roger Withington, Legislative Analyst
DATE: August 7, 2013
RE: Comparing 30-Year Costs of Construction and Operation of Prospective Anchorage Office Buildings
LRS Report 14.016

You asked for a comparison of total 30-year costs of constructing and operating various proposed Anchorage office buildings that have been or are being considered by the Legislative Council.

As you know, in recent years the Legislative Council has considered a number of proposals for the construction or lease of office space in Anchorage.¹ Below, we briefly compare the estimated aggregate construction (if applicable) and operating costs of those proposals at the end of a 30-year period.²

Estimated Aggregate Construction or Lease Costs and Operating Costs of Certain Proposed Anchorage Legislative Office Buildings at the End of a 30-Year Period

Location	Total Construction or Lease Cost ^(a)	Total Operating Cost	Grand Total
909 W. 9 th Ave. (Unocal Building)	\$14,700,000	\$20,428,952	\$35,128,952
Block 102	\$26,200,000	\$32,609,013	\$58,809,013
Anchorage Community Development Authority Proposal	\$60,609,600	\$40,178,962	\$100,788,562
Block 39	\$89,450,000	\$23,583,304	\$113,033,304
Prospective New Lease for Current Offices at 716 4 th Ave.	\$132,913,441	\$33,063,292	\$165,976,733
Notes: (a) The construction costs of the 909 W. 9th Ave. (Unocal Building), Block 102, Anchorage Community Development Authority Proposal, and Block 39 properties reflect construction costs, including any applicable debt service, at the time the Legislative Council considered these properties.			

We hope this is helpful. If you have questions or need additional information, please let us know.

¹ In the interest of brevity, we omit background information and supporting documentation from this memorandum. At your request, we would be happy to provide our previous reports on this topic, which collectively provide extensive detail. Please note, that with the exception of the Prospective New Lease, all properties reflect construction costs, including any applicable debt service, as calculated at the time the Legislative Council considered the properties.

² The cost of operations for the 909 W. 9th Ave. (Unocal Building), Block 102, and Block 39 properties are based on a uniform cost per square foot of \$11.28 provided by Tanci Mintz, the state's lease manager. Ms. Mintz based this figure on actual costs experienced at the Atwood Building in Anchorage. The Anchorage Community Development Authority (ACDA) proposal to the Legislature included an estimated cost of operations. The cost of operations for the Prospective New Lease is set contractually at \$10 per gross square foot for FY2014. We adjusted all operations costs for inflation at a rate of 3.5 percent annually. Please keep in mind that the building systems at each of the proposed facility would be of somewhat varying design, these operating cost figures should be viewed as rough estimates.