

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Economic & Community
Development
For reading: June 20, 2006

CLERK'S OFFICE

APPROVED

Date: 7-25-06

Anchorage, Alaska
AR 2006- 156

1 A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY APPROPRIATING
2 EIGHTY-FIVE THOUSAND SEVEN HUNDRED NINETY DOLLARS (\$85,790) FROM THE
3 AREAWIDE GENERAL FUND (101) REAL ESTATE SERVICES DEPARTMENT'S 2006
4 OPERATING BUDGET TO THE AREAWIDE CAPITAL FUND (401) FOR CITY HALL
5 CAPITAL MAINTENANCE AND IMPROVEMENTS; AND APPROPRIATING SEVENTY-
6 FIVE THOUSAND DOLLARS (\$75,000) FROM THE AREAWIDE GENERAL FUND (101)
7 REAL ESTATE SERVICES DEPARTMENT'S 2006 OPERATING BUDGET TO THE
8 AREAWIDE CAPITAL FUND (401) FOR CITY HALL TENANT IMPROVEMENTS.

9
10 THE ANCHORAGE ASSEMBLY RESOLVES:

11
12 **Section 1:** That EIGHTY-FIVE THOUSAND SEVEN HUNDRED NINETY DOLLARS
13 (\$85,790) shall be appropriated from the Areawide General Fund (101) Real Estate
14 Services Department's 2006 Operating Budget into the Areawide Capital Fund (401) as a
15 contribution to the city hall lease capital reserve account for the purpose of capital
16 maintenance and improvements.

17
18 **Section 2:** That SEVENTY FIVE THOUSAND DOLLARS (\$75,000) shall be appropriated
19 from the Areawide General Fund (101) Real Estate Services Department's 2006 Operating
20 Budget into the Areawide Capital Fund (401) as a contribution to the tenant improvement
21 account for the purpose of city hall tenant improvements.

22
23 **Section 3:** This resolution shall become effective immediately upon its passage and
24 approval by the Assembly.

25
26 PASSED AND APPROVED by the Anchorage Assembly this 25th day of

27 July 2006.

28
29 *Daniel A. Sullivan*
30 Chair

31 ATTEST:

32
33 *Sandra S. Mendenhall*
34
35 Municipal Clerk

36
37 Departmental Appropriations:
38 Real Estate Department/Real Estate Services
39 Departmental Appropriations: Real Estate Services \$160,790



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 431-2006

Meeting Date: June 20, 2006

From: Mayor

Subject: AR No. 2006-156, Appropriating Eighty-Five Thousand Seven Hundred Ninety Dollars (\$85,790) from the Areawide General Fund (101) Real Estate Services Department's 2006 Operating Budget to the Areawide Capital Fund (401) for City Hall Capital Maintenance and Improvements and Seventy Five Thousand Dollars (\$75,000) from the Areawide General Fund (101) Real Estate Services Department's 2006 Operating Budget to the Areawide Capital Fund (401) for City Hall Tenant Improvements.

On November 20, 2001, the Anchorage Assembly approved AO 2001-183/AM 923-2001, a City Hall lease between the Municipality of Anchorage and Anchorage Public/Private Partnership. Under the terms of the lease regarding "Additional Rent" (Section 5.05, attached as Appendix A), the Lessee (MOA) is responsible for minimum annual payments to both a Capital Reserve Account and a Tenant Improvement Account. The annual contribution to the City Hall Capital Reserve Account is calculated as \$77,503, the original base payment, and adjusted for inflation as measured by changes in the Consumer Price Index (CPI) for Anchorage (attached as Appendix B). The cumulative change in CPI between 2001 and 2005 is 10.7%, so the 2006 minimum deposit to the City Hall Capital Reserve Fund is \$85,790 (attached as Appendix C).

The minimum deposit to the Tenant Improvement Account is a fixed \$75,000, and thus does not change from year-to-year.

Funding for the \$85,790 and the \$75,000 contributions comes from the Areawide General Fund (101) 2006 Operating Budget (Real Estate). Both contributions are being appropriated in the Areawide Capital Fund (401).

The following budget is presented for Assembly information:

Revenues:

401-1224-9601	Contributions from Other Funds	\$ 85,790
401-1225-9601	Contributions from Other Funds	<u>\$ 75,000</u>
		\$ 160,790

Expenditures:

401-1224-5201	Building Improvement (Capital Reserve Acct.)	\$ 85,790
401-1225-5601	Building Improvement (Tenant Improvement Acct.)	<u>\$ 75,000</u>

\$ 160,790

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE APPROPRIATION OF EIGHTY-FIVE THOUSAND SEVEN HUNDRED NINETY DOLLARS (\$85,790) FROM THE AREAWIDE GENERAL FUND (101) REAL ESTATE SERVICES DEPARTMENT'S 2006 OPERATING BUDGET TO THE AREAWIDE CAPITAL FUND (401) FOR CITY HALL CAPITAL MAINTENANCE AND IMPROVEMENTS AND SEVENTY FIVE THOUSAND DOLLARS (\$75,000) FROM THE AREAWIDE GENERAL FUND (101) REAL ESTATE SERVICES DEPARTMENT'S 2006 OPERATING BUDGET TO THE AREAWIDE CAPITAL FUND (401) FOR CITY HALL TENANT IMPROVEMENTS.

Prepared by: Tammy R. Oswald, Real Estate Services Manager, and Linda Brooks, OECD

Concur: Mary Jane Michael, Executive Director, Economic & Community Development

Fund Certification: Jeffrey E. Sinz, Chief Fiscal Officer

101-1223-3901 \$160,790

(2006 Operating Budget – Real Estate)

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

Appendix A

5.05 Additional Rent. Lessee will also pay to Lessor promptly when due, in lawful money of the United States at the address specified herein or such other place as Lessor shall designate by notice to Lessee, without notice or demand therefor and without any abatement, deduction or set-off for any reason whatsoever, as additional rent (the "Additional Rent"), all sums, Impositions (as defined in Article VI hereof), insurance premiums, maintenance and repair expenses, major repairs and replacements, and other costs, expenses and payments which Lessee in any of the provisions of this Lease agrees to pay to Lessor or which shall become due and payable from Lessee to Lessor under this Lease (other than Rent) and all sums payable to Lessor pursuant to the Property Management Agreement attached as Exhibit F to this Lease, and, in the event of any non-payment thereof, Lessor shall have (in addition to all other rights and remedies which Lessor may have hereunder) all the rights and remedies provided for herein or by law or equity in the case of non-payment of the Rent. There shall be no reduction, abatement, or offset of Rent for any reason, including casualty, except as specifically set forth in Section 14.01 in the event of condemnation.

5.06 Intentionally deleted.

5.07 Capital Reserve Account. Lessee shall pay a minimum of \$6,458.64 per month into a Capital Reserve in a Municipality of Anchorage restricted account, on an annual basis, on or before February 1 of each budget year. The Capital Reserve Account shall be used to pay for major repairs and major systems replacement including but not limited to the roof, parking, interior and exterior paint, HVAC, HVAC piping, carpet, electrical, and plumbing, as further defined in Section 7.01. The amount of the capital reserve account may be voluntarily increased by Lessee, and shall adjust annually starting with the first full lease year after the Commencement Date for increases or decreases in the cost of living as reflected by the Consumer Product Index and consistently applied. Upon the completion of a major repair or major systems replacement, and delivery of an invoice accompanied by a certificate executed by the Property Manager, or the contractor retained by the Property Manager to undertake the work, that the work was completed in accordance with all required permits and licenses, Lessee shall promptly pay such bill within fifteen (15) days of delivery of the invoice. (CPI)

5.08 Tenant Improvement Account. Lessee shall establish the Tenant Improvement Account as a Municipality of Anchorage restricted account. On the Commencement Date, Lessor shall make a one-time deposit of \$340,000.00 into the Tenant Improvement Account. Each year, beginning one year after the Commencement Date, Lessee shall deposit a minimum of \$75,000.00 into the Tenant Improvement Account, which shall be held and used for the purpose of paying for the cost of such tenant improvements chosen in the sole discretion of the Lessee. To the extent the balance in the Tenant Improvement Account exceeds \$225,000.00 (excluding Lessor's initial contribution), the Lessee may, in its sole discretion, divert funds in excess of \$225,000.00 to the Capital Improvement Plan or other use, as determined by the Mayor. Any balance remaining in the account upon the termination of the Lease shall be remitted to Lessor to the extent unexpended but only to the extent of Lessor's original contribution.



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CPI Consumer Price Index

CPI for Anchorage and U.S.
Anchorage Municipality & U.S.

Annual Average Consumer Price Index
All Items - All Urban Consumers
(CPI-U) 1996 to Present

Year	U.S.		Anchorage		% Change from Previous Year
	Average	% Change from Previous Year	Average	% Change from Previous Year	
2005	195.3	3.4	171.8	3.1	
2004	188.9	2.7	166.7	2.6	
2003	184.0	2.3	162.5	2.7	
2002	179.9	1.6	158.2	1.9	
2001	177.1	2.8	155.2	2.8	
2000	172.2	3.4	150.9	1.7	
1999	166.6	2.2	148.4	1.0	
1998	163.0	1.6	146.9	1.5	
1997	160.9	2.3	144.8	1.5	
1996	156.9	3.0	142.7	2.7	

Click here to view data from 1960 to present

Source: U.S. Dept. of Labor, Bureau of Labor Statistics (BLS).
Base: 1982-84=100 Last Update: 01/30/05

Email us if you have questions or need more information

What's It Worth Now

CPI for Anchorage

Consumer Price Index
All Items - All Urban Consumers (CPI-U)
1995 to Present

Year	1st Half (Jan-Jun)	2nd Half (Jul-Dec)	Annual Average	Annual Percent Change
2005	169.6	174.1	171.8	3.1%
2004	165.6	167.8	166.7	2.6%
2003	161.1	163.9	162.5	2.7%
2002	157.5	159.0	158.2	1.9%
2001	154.4	156.0	155.2	2.8%
2000	150.0	151.9	150.9	1.7%
1999	148.6	148.3	148.4	1.0%
1998	146.7	147.0	146.9	1.5%
1997	144.1	145.4	144.8	1.5%
1996	141.8	143.7	142.7	2.7%
1995	138.2	139.5	138.9	2.9%

Click here to view data from 1984 to present

Source: U.S. Dept. of Labor, Bureau of Labor Statistics (BLS).
Base: 1982-84=100 Last Update: 01/30/06

Email us if you have questions or need more information

Calculating Index Changes

Movements of the indexes from one period to another are usually expressed as percent changes rather than changes in index points because index point changes

Appendix B

CONSUMER PRICE INDEX for All Urban Consumers (CPI-U)
Anchorage and U.S.; All Items Indexes, 1982-84=100

Annual Data		Index		Percent Change From Previous Year	
		Anchorage	U.S.	Anchorage	U.S.
	1980	85.5	82.4	10.2%	13.5%
	1981	92.4	90.9	8.1%	10.3%
	1982	97.4	96.5	5.4%	6.2%
	1983	99.2	99.6	1.8%	3.2%
	1984	103.3	103.9	4.1%	4.3%
	1985	105.8	107.6	2.4%	3.6%
	1986	107.8	109.6	1.9%	1.9%
	1987	108.2	113.6	0.4%	3.6%
	1988	108.6	118.3	0.4%	4.1%
	1989	111.7	124.0	2.9%	4.8%
	1990	118.6	130.7	6.2%	5.4%
	1991	124.0	136.2	4.6%	4.2%
	1992	128.2	140.3	3.4%	3.0%
	1993	132.2	144.5	3.1%	3.0%
	1994	135.0	148.2	2.1%	2.6%
	1995	138.9	152.4	2.9%	2.8%
	1996	142.7	156.9	2.7%	3.0%
	1997	144.8	160.5	1.5%	2.3%
	1998	146.9	163.0	1.5%	1.6%
	1999	148.4	166.6	1.0%	2.2%
	2000	150.9	172.2	1.7%	3.4%
	2001	155.2	177.1	2.8%	2.8%
→	2002	158.2	179.9	1.9%	1.6%

Semiannual Data		Index		Percent Change Same Half Previous	
		Anchorage	U.S.	Anchorage	U.S.
1st half	1991	123.3	135.2	5.5%	5.1%
2nd half	1991	124.7	137.2	3.6%	3.5%
1st half	1992	127.3	139.2	3.2%	3.0%
2nd half	1992	129.1	141.4	3.5%	3.1%
1st half	1993	131.5	143.7	3.3%	3.2%
2nd half	1993	132.8	145.3	2.9%	2.8%
1st half	1994	134.3	147.2	2.1%	2.4%
2nd half	1994	135.8	149.3	2.3%	2.8%
1st half	1995	138.2	151.5	2.9%	3.0%
2nd half	1995	139.5	153.3	2.7%	2.7%
1st half	1996	141.8	155.8	2.6%	2.8%
2nd half	1996	143.7	157.9	3.0%	3.0%
1st half	1997	144.1	159.9	1.6%	2.6%
2nd half	1997	145.4	161.2	1.2%	2.1%
1st half	1998	146.7	162.3	1.8%	1.5%
2nd half	1998	147.0	163.7	1.1%	0.9%
1st half	1999	148.6	165.4	1.3%	1.9%
2nd half	1999	148.3	167.8	0.9%	2.5%
1st half	2000	150.0	170.8	0.9%	3.2%
2nd half	2000	151.9	173.6	2.4%	3.5%
1st half	2001	154.4	176.6	2.9%	3.4%
2nd half	2001	156.0	177.5	2.7%	2.2%
1st half	2002	157.5	178.9	2.0%	1.3%
2nd half	2002	159.0	180.9	1.9%	1.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics: updated February 2003

Post-It® Fax Note 7671		Date: 2/26/03	# of pages: 2
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Co./Dept: MOA	Co:		
Phone #: 343 4396	Phone #:		
Fax #: 343 4526	Fax #:		



MUNICIPALITY OF ANCHORAGE

REAL ESTATE SERVICES
FAX

DATE: 10-07-03

TO: Hogan Smelker

Number of Pages Including Cover Sheet 2

FROM: Gladys Wilson, Manager, Real Estate Services

Phone: 907-343-4396 Fax: 907-343-4526

REMARKS: Here is the CPI which includes figures for Anchorage. We would like use Anchorage figures to be consistent with our other leases. This is what I come

with:

158.2	'02
155.2	'01
<hr/>	
3.0	
<hr/>	
155.2	

$= 1.9\% \times 77,503.68 = 1,472.57$

APPENDIX C **Calculate How Much Real Estate Needs to Deposit into the City Hall Capital Reserve Fund in 2006**

Methodology #1	Year	Index	Change	as a % increase over prior year	Capital Reserve
just multiply prior year by the % change i.e., 79000*1.027=81,150	2001	155.2			77,503.68
	2002	158.2	0.01933	1.9%	79,000.00
	2003	162.5	0.027181	2.7%	81,150.00
	2004	166.7	0.025846	2.6%	83,250.00
	2005	171.8	0.030594	3.1%	85,800.00
	Cumulative Change TOTAL			10.3%	

Methodology #2	If calculate the amount cumulatively, comparing back to 2001 as base year				
	Year	Index	Change	as a % increase over 2001 base year	Capital Reserve
Takes current year index (171.8) and compares directly back to 2001 index # of 155.2 to calculate 10.7% as cumulative % change in inflation since 2001	2001	155.2			77,503.68
	2002	158.2	0.01933	1.9%	79,000.00
	2003	162.5	0.047036	4.7%	81,150.00
	2004	166.7	0.074098	7.4%	83,250.00
	2005	171.8	0.106959	10.7%	85,790.00

Actual Appropriations	Actual Underpaid
78,980 \$	(20)
79,600 \$	(1,550)
81,690 \$	(1,560)

How Much does Real Estate have to make these contributions in 2005?
\$159,920 amount budgeted for 2006 as contributions to other funds

tenant impr	159,920
capital reserve	75,000 this amount is always the same every year
	84,920 = \$159,920 - 75,000 = 84,920 as amount available presently in account 3901 - contributions to other funds

\$ 85,790 amount needed for the 2005 contribution
\$ 870 shortage - the amount that you'll need to transfer from Real Estate's non-labor budget (2000 layer) down to the 3900 layer (contributions) before you can input the AR/AM

Content Information**Content ID :** 004030**Type:** AR_FundsApprop - Funds Approp Resolution**Title:** Appropriating Funds to City Hall Capital and Tenant Improvement Fund**Author:** mooredy**Initiating Dept:** HLB**Description:** Appropriating \$85,790 to City Hall Capital Reserve and \$75,000 to City Hall Tenant Improvement.**Keywords:** City Hall Capital Reserve and Tenant Improvement.**Date Prepared:** 5/25/06 10:54 AM**Director Name:** Robin WArD**Assembly Meeting Date** 6/20/06
MM/DD/YY:**Public Hearing Date** 7/11/06
MM/DD/YY:2006 JUN -9 PM 12:00
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