

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Municipal Light & Power

For reading: March 27, 2007

See AO 2007-58(S)

ANCHORAGE, ALASKA

AO No. 2007-58

1 **AN ORDINANCE AUTHORIZING A DEVELOPMENT AGREEMENT WITH**
2 **KIMCO/POB GLENN SQUARE ANCHORAGE, LLC, FOR DESIGN,**
3 **ENGINEERING, AND CONSTRUCTION OF AN OFFICE AND RETAIL**
4 **CONDOMINIUM COMPLEX; ACQUIRING OWNERSHIP INTERESTS IN**
5 **THE COMPLEX WITHIN TRACT 1, MOUNTAIN VIEW DEVELOPMENT**
6 **SUBDIVISION; DECLARING OFFICIAL INTENT TO REIMBURSE**
7 **EXPENDITURES FOR ACQUISITION OF THE OWNERSHIP INTERESTS**
8 **FROM PROCEEDS OF TAX EXEMPT REVENUE BONDS; AND INCREASING**
9 **THE MUNICIPAL LIGHT & POWER (ML&P) 2007 CAPITAL BUDGET**
10 **(FUND 531) TO FUND THE ACQUISITION IN AN AMOUNT NOT TO**
11 **EXCEED TWENTY-FOUR MILLION DOLLARS (\$24,000,000).**

12
13 **WHEREAS,** the current site constraints and stated needs of Municipal Light & Power
14 Utility support a new headquarters facility for the Utility; and

15
16 **WHEREAS,** the current headquarters location cannot be economically expanded to
17 accommodate current or future requirements of the Utility; and

18
19 **WHEREAS,** there are recognized economic advantages to a new Utility headquarters
20 facility located within the Mt. View service district; and

21
22 **WHEREAS,** it is recognized a new privately owned commercial condominium
23 development is available within the Mt. View district, and meets the operational,
24 conditional, and competitive aspects desired by the Municipality; and

25
26 **WHEREAS,** the Planning and Zoning Commission approved on March 5, 2007 a site
27 selection plan and public building review; and

28
29 **WHEREAS,** the Urban Design Commission on March 14, 2007 issued a preliminary
30 plan approval, subject to final submission; now, therefore,

31
32 **THE ANCHORAGE ASSEMBLY ORDAINS:**

33
34 **Section 1.** Notwithstanding other provisions of Anchorage Municipal Code
35 pertaining to the acquisition of real property or construction of improvements to real
36 property, the Municipality is hereby authorized to enter into a development agreement

with Kimco/POB Glenn Square Anchorage LLC (Kimco/POB), a Delaware Limited Liability Company, to provide for the design, engineering, project management, and construction of a Municipal Light & Power headquarters facility, under the following terms and conditions, and upon such other terms and conditions as the Mayor or designee shall deem reasonably necessary, appropriate, or in the best interests of the Municipality:

A Development Agreement Consisting of:
Developer Provided Services/Fees

A. The developer shall provide for full architectural design, engineering, project management, construction management, and provisioning for a properly licensed general contractor(s) and/or specialty contractors to construct a building and site improvements of sufficient size, quality, and functionality to meet the operational needs of the Municipal Light & Power Utility. All services and requirements shall be performed and meet all state and local codes, ordinances, and laws for a public facility. The developer provided services shall include, but not be limited to the following deliverables and cost elements in execution of these services:

1. Architectural, Engineering, Civil, Electrical, Mechanical, Geotechnical, other professional design/survey services, and permits necessary and sufficient for the Municipal Light & Power building structure and adjacent site improvements (including sufficient professional liability insurance);
2. Project Management Services throughout the duration of the project and until all finish work, site work, and all other improvements have been finally completed and a certificate of occupancy has been issued;
3. On-site Construction Management Services to insure all contracted services are constructed, inspected, and completed in accordance with all approved plans and specifications;
4. Construction Management Expenses;
5. Developer Fees, Profit and Overhead.

The total cost of all services, fees, and expenses allocable by the developer shall not exceed \$2,853,770.

Construction Services

- A. The developer shall oversee the construction of a three (3) story retail/office building (condominium complex/building) with the office space (floors 2 & 3) constructed in accordance with architectural plans and specifications approved by the Municipality for the ultimate ownership/use by the Municipal Light & Power Utility. The Developer shall retain and operate the ground floor retail space (the Retail Unit).

The Developer shall provide for and coordinate the building and site improvement services to include general contractor(s), specialty contractors, suppliers, and other trades and crafts required to construct, supply, commission, inspect, and complete all build-outs in accordance with all approved plans, specifications, and requirements of the building complex and common grounds (fragment lots 7 & 8). These services shall be performed and be subject to the following terms and conditions:

1. General and specialty contractors and suppliers (major subcontractor trade) shall be secured through advertised competitive bidding procedures;
2. All site and facility improvement work shall be subject to Alaska State Statutes Title 36, Public Contracts, and shall require that all labor and wages paid will be in conformance with and reported to the State of Alaska, Department of Labor & Workforce Development;
3. That all public construction contracts issued will include notification by the Developer to the State of Alaska, Department of Labor & Workforce Development;
4. That a 100% Performance & Payment Bond(s) shall be secured from the project General Contractor in the full amount of the project work naming the Municipality of Anchorage as a co-obligee;
5. That the project General Contractor provides broad form "all risk" builder's risk insurance, comprehensive general and automobile liability, and worker's compensation and employer's liability insurance in a form and in the amounts approved by the Municipal Risk Manager;
6. That all electrical & mechanical work performed on the project shall include and be subject to the ML&P/IBEW Collective

Bargaining Agreement, and that such work by any general, specialty and/or sub-contractor shall require that they be signatory to, or have a written letter of assent issued by the IBEW Local 1547;

7. That, at a minimum, the Municipal Light & Power portion of the building shall incorporate a 1% for the arts component as part of the completed building project.

All Construction Service and site improvement costs shall be aggregated and a 65.2/34.8% ownership allocation shall be payable by Municipal Light & Power as tenants in common with the developer in the condominium complex built on fragment lots 7 and 8. The final allocation of actual costs for Municipal Light & Power shall be adjusted to offset the cost of Municipal Light & Power tenant improvements, 1% for the arts, and the differential costs associated with the structural upgrades required to the ground floor (retail unit) in order for the complex to be a "semi-hardened" facility. The total payable costs by Municipal Light & Power for their 65.2% ownership interests in the condominium building and site improvements shall not exceed \$13,752,173. Municipal Light & Power shall also establish and have available a contingency fund in the amount of \$1,000,000 to provide for any qualified change orders or facility improvements that may be requested by the Utility during construction. Any increase to the construction service portion of the development agreement beyond what is stipulated herein shall be subject to approval by the Anchorage Assembly.

Total Cost of construction shall not exceed \$13,752,173.
Contingency shall not exceed \$1,000,000.

Land Purchase

- A. The condominium complex shall be built upon fragment lots 7 & 8 of Tract 1, MT VIEW DEVELOPMENT SUBDIVISION, according to Plat Nos. 2006-62 and -64. Kimco/POB will sell, and the Municipality will buy, the following:

1. A 65.2% interest, as tenants in common with Kimco/POB, in Fragment Lots 7 & 8, with site improvements, for a purchase price not to exceed \$2,286,846.
2. A fee interest (100%) in Fragment Lot 9 for a purchase price not to exceed \$2,771,050. Lot 9 (same legal description as above) shall be fully constructed with all approved site amenities as an

entrance/parking area for the street level access at the second story level of the condominium complex. This lot shall be owned by Municipal Light & Power for exclusive use by its employees and customers.

Upon substantial completion of the condominium complex, the Municipality, as a 65.2% tenant-in-common of Fragment lots 7 & 8 and the building, and Kimco/POB as a 34.8% tenant-in-common, will dedicate the property as Glenn Square Condominiums under Alaska law, with the office space and related common areas conveyed to the Municipality, and the retail unit and related common areas conveyed to Kimco/POB.

Total Cost of the land shall not exceed \$5,057,896.

Total Project Costs (developer, construction, contingency, land) not to exceed \$22,663,839.

Section 2. The Municipality, through Municipal Light & Power, is authorized to purchase real property and a condominium office complex for the new Municipal Light & Power Headquarters Facility. Municipal Light & Power expects to finance the real property and building costs on a long-term basis with proceeds of tax exempt revenue bonds; and Municipal Light & Power expects a portion of the bonds and proceeds of the bonds will be used to reimburse Municipal Light & Power for the costs incurred against the project prior to the issuance of the bonds; now, therefore, Municipal Light & Power makes the following declaration of official intent:

- A. Be it ordained, Municipal Light & Power reasonably expects a portion of the new headquarters complex and other real property will be paid by Municipal Light & Power prior to the issuance of the bonds and proceeds of the bonds will be used to reimburse Municipal Light & Power for those Headquarter costs incurred and paid by Municipal Light & Power prior to the issuance of such bonds. The bonds will be issued in a total principal amount not to exceed Twenty-Four Million Dollars (\$24,000,000); and
- B. Be it ordained, Municipal Light & Power intends the adoption of this ordinance shall be and constitutes an "official intent resolution" within the meaning of Section 1.150-2 of the Income Tax Regulations prescribed by the United States Treasury Department; and
- C. Be it ordained, this ordinance shall be made available for public inspection at the finance office of Municipal Light & Power after its approval by the Anchorage Assembly.

Section 3. The sum of Twenty-Four Million Dollars (\$24,000,000) is hereby appropriated to the Municipal Light & Power Fund (Fund 531). This supplemental appropriation will be funded from tax exempt revenue bonds expected to be issued in 2007, and the 2007 Municipal Light & Power Capital Budget is hereby revised as follows:

<u>Funds</u>	<u>Utility</u>	<u>Capital Budget</u>
531	Municipal Light & Power	\$65,167,000

Section 4. This ordinance shall be effective immediately upon its passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2007.

Chair of the Assembly

ATTEST:

Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2007-58

Title: AN ORDINANCE AUTHORIZING A DEVELOPMENT AGREEMENT WITH KIMCO/POB GLENN SQUARE ANCHORAGE, LLC, FOR DESIGN, ENGINEERING, AND CONSTRUCTION OF AN OFFICE AND RETAIL CONDOMINIUM COMPLEX; ACQUIRING OWNERSHIP INTERESTS IN THE COMPLEX WITHIN TRACT 1, MOUNTAIN VIEW DEVELOPMENT SUBDIVISION; DECLARING OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR ACQUISITION OF THE OWNERSHIP INTERESTS FROM PROCEEDS OF TAX EXEMPT REVENUE BONDS; AND INCREASING THE MUNICIPAL LIGHT & POWER (ML&P) 2007 CAPITAL BUDGET (FUND 531) TO FUND THE ACQUISITION IN AN AMOUNT NOT TO EXCEED TWENTY-FOUR MILLION DOLLARS (\$24,000,000).

Sponsor: MAYOR
Preparing Agency: ML&P
Others Impacted: None

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	FY07	FY08	FY09	FY10	FY11	
Operating Revenues:						
TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Operating Expenses:						
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Revenues:						
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Expenses:						
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (REGULATED)						
POSITIONS: FT/PT and Temp						

PUBLIC SECTOR ECONOMIC EFFECTS:

Accompanying documents summarize capital expenditures of not to exceed \$24,000,000 anticipated in 2007 and 2008, subject to reimbursement through future tax exempt revenue bonds. Additional anticipated increases in operations and maintenance costs, unquantified at this time, will be aggregated to the cost base for the utility and included in any future rate adjustment analyses.

SUMMARY OF ECONOMIC EFFECTS

PRIVATE SECTOR ECONOMIC EFFECTS:

None.

Validated by OMB: _____

Date: _____

Approved by: _____
(Director, Preparing Agency)

Date: _____

MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 234-2007

Meeting Date: March 27, 2007

1 **From: MAYOR**

2
3 **Subject: AN ORDINANCE AUTHORIZING A DEVELOPMENT**
4 **AGREEMENT WITH KIMCO/POB GLENN SQUARE**
5 **ANCHORAGE, LLC, FOR DESIGN, ENGINEERING, AND**
6 **CONSTRUCTION OF AN OFFICE AND RETAIL**
7 **CONDOMINIUM COMPLEX; ACQUIRING OWNERSHIP**
8 **INTERESTS IN THE COMPLEX WITHIN TRACT 1,**
9 **MOUNTAIN VIEW DEVELOPMENT SUBDIVISION;**
10 **DECLARING OFFICIAL INTENT TO REIMBURSE**
11 **EXPENDITURES FOR ACQUISITION OF THE OWNERSHIP**
12 **INTERESTS FROM PROCEEDS OF TAX EXEMPT**
13 **REVENUE BONDS; AND INCREASING THE MUNICIPAL**
14 **LIGHT & POWER (ML&P) 2007 CAPITAL BUDGET (FUND**
15 **531) TO FUND THE ACQUISITION IN AN AMOUNT NOT TO**
16 **EXCEED TWENTY-FOUR MILLION DOLLARS (\$24,000,000).**
17

18 **1. Acquisition of Municipal Light & Power Headquarters Facility.**
19

20 The proposed transaction essentially involves the acquisition of real property in
21 Mountain View for the construction of a Municipal Light & Power headquarters
22 facility. The real property is in the Glenn Square shopping mall being developed by
23 Kimco/POB Glenn Square Anchorage, LLC ("Kimco/POB"); the property is
24 described as follows:
25

26 Fragment Lots 7, 8 and 9, Tract 1, MOUNTAIN VIEW
27 DEVELOPMENT SUBDIVISION, according to Plat Nos.
28 2006-62 and -64, Anchorage Recording District, Third Judicial
29 District, State of Alaska ("Fragment Lots 7, 8 and 9,"
30 respectively).
31

32 The building will be constructed on Fragment Lots 7 and 8; Fragment Lot 9 will be
33 used for parking for Municipal Light & Power employees and customers. The
34 building will consist of three levels, a total of 101,308 square feet (the "Building")
35 with the upper two levels being constructed as the office headquarters for Municipal
36 Light & Power (66,075 square feet, or 65.2% of the Building) (the "Office Space");

1 the ground level will be constructed as retail space (35,233 square feet, or 34.8% of
2 the Building) to be retained by Kimco/POB (the "Retail Space").
3

4 Upon closing of the transaction, Municipal Light & Power will purchase Fragment
5 Lots 7, 8 and 9 for a total purchase price not to exceed \$5,057,896. More
6 specifically, it will purchase:
7

8 A. A 65.2% tenant-in-common interest in Fragment Lots 7 and 8,
9 including site improvements, for a purchase price not to exceed
10 \$2,286,846, which has two components:
11

12 1. The appraised value not to exceed \$1,137,740, a 65.2% interest
13 in Fragment Lots 7 and 8; and
14

15 2. Site improvements performed or to be performed; not to
16 exceed \$1,149,106;
17

18 (Kimco/POB retains a 34.8% tenant-in-common interest); and
19

20 B. A 100% interest in Fragment Lot 9, including site improvements, for
21 a purchase price not to exceed \$2,771,050, which also has two
22 components:
23

24 1. The appraised value of Fragment Lot 9 not to exceed
25 \$1,378,638; and
26

27 2. Site improvements not to exceed \$1,392,412.
28

29 At closing, Municipal Light & Power will also enter a Development Agreement
30 with Kimco/POB for the design, project management and construction of the
31 Building. The construction cost for the Building (shell only) is estimated by the
32 project architects, Porath Tatom Architects, at \$16,000,000. Municipal Light &
33 Power's portion of that cost (for the Office Space and mechanical space on the first
34 level) is estimated at \$12,291,393. Municipal Light & Power's tenant
35 improvements are estimated at \$1,260,780, and additional parking improvements
36 are estimated at \$200,000. Accordingly, these estimated costs, together with a
37 \$1,000,000 owner's contingency (7.3% of Municipal Light & Power's portion of
38 the construction costs), total \$14,752,173. In addition, Kimco/POB will be paid
39 approximately \$2,853,770 for its development services, including all architectural,
40 engineering and professional services for the Office Space, together with related site
41 improvements, and all project and construction services through final completion of
42 the Office Space.
43

Kimco/POB issued (on March 10, 2007) a Request for Proposals for a general contractor/construction manager ("GC/CM") for construction of the Building and for various preconstruction services, including participating in the design process and value engineering design alternatives. The GC/CM will be selected (by selection committee consisting of representatives of PM&E, ML&P, and Kimco/POB) based not only on its price proposal for Building costs including profit and overhead margins, but also upon its qualifications for completion of comparable projects.

The GC/CM will be required to solicit competitive bids for the major trades that will not be directly performed by the GC/CM; the lowest responsive and responsible bids will be selected (by the same selection committee that selected the GC/CM). The GC/CM will also be required to establish a guaranteed maximum price ("GMP") for construction of the Building, based upon the competitively bid subcontract awards, together with its proposed profit and overhead margins and other Building costs. Municipal Light & Power must agree to the GMP as a condition to closing its transaction with Kimco/POB.

The GMP and Kimco/POB's fees for development services will be paid as progress payments throughout construction of the Building, allocated between Municipal Light & Power and Kimco/POB based on their ownership interests (65.2% and 34.8%, respectively). Upon substantial completion of the Building, presently scheduled for April 2008, the parties will adjust their allocation of the construction costs and fees based on the actual costs to construct the Office Space and the Retail Space, including their respective tenant improvements.

Upon final completion of the Building, Municipal Light & Power, as a 65.2% tenant-in-common owner of the Building and Fragment Lots 7 and 8, and Kimco/POB, as a 34.8% tenant-in-common owner, will dedicate the property as Glenn Square Condominiums in accordance with Alaska law, and the Office Space (with related common areas) will be conveyed to Municipal Light & Power, and the Retail Space (with related common areas) conveyed to Kimco/POB.

In summary, the total cost for the Office Space condominium unit, Fragment Lot 9, fully improved, and potential land purchases is not to exceed:

Land and Improvements	\$ 5,057,896
Development Services	2,853,770
Construction Costs	13,752,173
Contingency	<u>1,000,000</u>
Total Project Costs	\$22, 663,839
Potential Land Purchases	<u>1,336,161</u>
Total Appropriation	\$24,000,000

1 Approximately \$3,637,144 is payable at closing, with \$18,026,695 as progress
2 payments (the \$1,000,000 contingency and \$1,336,161 for potential land purchases
3 will be paid as and if needed).

4
5 **2. Appropriation; “Official Intent” Resolution.**

6
7 Municipal Light & Power intends to initially fund the acquisition of its headquarters
8 facility out of funds to be appropriated to fund 531. However, it also intends to
9 reimburse those expenditures with proceeds of tax exempt revenue bonds to be
10 issued at a later time. Income Tax Regulations require that the issuer of those bonds
11 adopt an “official intent” resolution no later than sixty (60) days after payment of
12 any such expenditures, “officially” specifying, among other things, its intent to
13 reimburse such expenditures with proceeds of the revenue bonds.

14
15 **3. Approval of Site Selection, Site Plan and Landscaping Plan.**

16 Municipal Light & Power has spent four years in its search for a suitable site to
17 relocate its headquarters. The new location needed to be close to the customer base
18 and in an area that would support the revitalization of the Mountain View and
19 Fairview communities. The Glenn Square development was ultimately chosen as it
20 is featured in the center of the revitalization district in Mountain View, and it is in
21 close proximity to the Municipal Light & Power customers it serves, with adequate
22 space available in a single location and costs within a suitable range for purchase.
23 Predevelopment activity on the site also allows a shorter timetable for construction
24 and occupancy by the utility.

25
26 The Planning and Zoning Commission approved the site selection as well as site
27 plan for Municipal Light & Power’s headquarters facility to be constructed
28 substantially in compliance with the most current plans on file with the Planning
29 Department, *see* Minutes of Planning and Zoning Commission meeting held March
30 5, 2007 at pages 40-43 (Draft) (Case No. 2007-005). The Urban Design
31 Commission approved Municipal Light & Power’s landscaping plan substantially in
32 accordance with the questionnaire, narrative and plans on file with the Planning
33 Department, subject to certain Planning Department conditions, *see* Minutes of the
34 Urban Design Commission meeting held March 14, 2007 at pages 7-12 (Draft)
35 (Case No. 2007-046).

36
37 **THE ADMINISTRATION RECOMMENDS APPROVAL OF AN**
38 **ORDINANCE AUTHORIZING A DEVELOPMENT AGREEMENT WITH**
39 **KIMCO/POB GLENN SQUARE ANCHORAGE, LLC, FOR DESIGN,**
40 **ENGINEERING, AND CONSTRUCTION OF AN OFFICE AND RETAIL**
41 **CONDOMINIUM COMPLEX; ACQUIRING OWNERSHIP INTERESTS IN**
42 **THE COMPLEX WITHIN TRACT 1, MOUNTAIN VIEW DEVELOPMENT**
43 **SUBDIVISION; DECLARING OFFICIAL INTENT TO REIMBURSE**
44 **EXPENDITURES FOR ACQUISITION OF THE OWNERSHIP INTERESTS**

1 **FROM PROCEEDS OF TAX EXEMPT REVENUE BONDS; AND**
2 **INCREASING THE MUNICIPAL LIGHT & POWER (ML&P) 2007**
3 **CAPITAL BUDGET (FUND 531) TO FUND THE ACQUISITION IN AN**
4 **AMOUNT NOT TO EXCEED TWENTY-FOUR MILLION DOLLARS**
5 **(\$24,000,000).**
6
7

8 Prepared by: Municipal Light & Power
9 Approved by: James M. Posey, General Manager,
10 Municipal Light & Power
11 Fund certification: Jeffrey E. Sinz, Chief Fiscal Officer
12 Fund 531, ML&P Bond Fund
13 Anticipate Revenue Bond Proceeds \$24,000,000
14 Concur: James N. Reeves, Municipal Attorney
15 Concur: Denis C. LeBlanc, Municipal Manager
16 Respectfully submitted, Mark Begich, Mayor
17

Content Information**Content ID :** 004935**Type:** Ordinance-Involving Funds - AO**Title:** Municipal Light & Power Headquarters Facility**Author:** maglaquijp**Initiating Dept:** MLP**Date Prepared:** 3/23/07 9:12 AM**Director Name:** Richard E. Miller**Assembly Meeting Date:** 3/27/07**Public Hearing Date:** 4/10/07**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllFundOrdinanceWorkflow	3/23/07 9:26 AM	Checkin	fletcherks	Public	004935
MLP_SubWorkflow	3/23/07 9:28 AM	Approve	millerre	Public	004935
OMB_SubWorkflow	3/23/07 9:49 AM	Approve	mitsonjl	Public	004935
CFO_SubWorkflow	3/23/07 11:25 AM	Approve	sinzje	Public	004935
Legal_SubWorkflow	3/23/07 12:11 PM	Approve	fehlenrl	Public	004935
MuniManager_SubWorkflow	3/23/07 12:27 PM	Checkin	maglaquijp	Public	004935
MuniManager_SubWorkflow	3/23/07 12:33 PM	Checkin	maglaquijp	Public	004935
MuniManager_SubWorkflow	3/23/07 12:36 PM	Checkin	maglaquijp	Public	004935
MuniManager_SubWorkflow	3/23/07 12:55 PM	Approve	maglaquijp	Public	004935
MuniMgrCoord_SubWorkflow	3/23/07 12:59 PM	Approve	abbottmk	Public	004935

M.O.A.
 2007 MAR 23 PM 1:28
 CLERK'S OFFICE



CONSENT AGENDA - INTRODUCTION



MUNICIPALITY OF ANCHORAGE
ASSEMBLY INFORMATION MEMORANDUM
NO. AIM 44-2007

Meeting Date: April 10, 2007

From: Mayor

Subject: Revised Summary of Economic Effects for AO 2007-58 – Municipal Light & Power
Headquarters Facility

Attached, for your consideration, is a *REVISED* Summary of Economic Effects for AO 2007-58, an ordinance authorizing a development agreement with Kimco/POB Glenn Square Anchorage, LLC, for design, engineering, and construction of an office and retail condominium complex; acquiring ownership interests in the complex within Tract 1, Mountain View Development Subdivision; declaring official intent to reimburse expenditures for acquisition of the ownership interests from proceeds of tax exempt revenue bonds; and increasing the Municipal Light & Power (ML&P) 2007 Capital Budget (fund 531) to fund the acquisition in an amount not to exceed twenty-four million dollars (\$24,000,000).

This *REVISED* Summary of Economic Effects for AO 2007-58 now contains financial data on revenues, expenses, net income (loss) and the impact on customer rates.

Prepared by:	Municipal Light & Power
Approved by:	James M. Posey, General Manager, Municipal Light & Power
Concur:	Denis C. LeBlanc, Municipal Manager
Respectfully submitted:	Mark Begich, Mayor

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities REVISED 3-27-07

AO Number: 2007-58 Title: AN ORDINANCE AUTHORIZING A DEVELOPMENT AGREEMENT WITH KIMCO/POB GLENN SQUARE ANCHORAGE, LLC, FOR DESIGN, ENGINEERING, AND CONSTRUCTION OF AN OFFICE AND RETAIL CONDOMINIUM COMPLEX; ACQUIRING OWNERSHIP INTERESTS IN THE COMPLEX WITHIN TRACT 1, MOUNTAIN VIEW DEVELOPMENT SUBDIVISION; DECLARING OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR ACQUISITION OF THE OWNERSHIP INTERESTS FROM PROCEEDS OF TAX EXEMPT REVENUE BONDS; AND INCREASING THE MUNICIPAL LIGHT & POWER (ML&P) 2007 CAPITAL BUDGET (531) TO FUND THE ACQUISITION IN AN AMOUNT NOT TO EXCEED TWENTY-FOUR MILLION DOLLARS (\$24,000,000).

Sponsor: MAYOR
 Preparing Agency: ML&P
 Others Impacted: None

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	FY07	FY08	FY09	FY10	FY11	
Operating Revenues:						
TOTAL OPERATING REVENUES	\$ -	\$ -	\$ 1,472.3	\$ 2,944.5	\$ 2,944.5	
Operating Expenses:						
Depreciation	\$ -	\$ 342.3	\$ 586.9	\$ 586.9	\$ 586.9	
MUSA - Property Tax Portion	\$ -	\$ 341.5	\$ 332.5	\$ 323.6	\$ 314.6	
Musa - Gross Receipts	\$ -	\$ -	\$ 18.4	\$ 36.8	\$ 36.8	
Building Maintenance & Operation	\$ -	\$ 408.0	\$ 612.0	\$ 612.0	\$ 612.0	
TOTAL OPERATING EXPENSES	\$ -	\$ 1,091.8	\$ 1,549.8	\$ 1,559.3	\$ 1,550.3	
Non-Operating Revenues:						
Restricted Interest	\$ 122.1	\$ 84.5				
TOTAL NON-OPERATING REVENUES	\$ 122.1	\$ 84.5	\$ -	\$ -	\$ -	
Non-Operating Expenses:						
Interest on Long-Term Debt	\$ 255.0	\$ 1,015.6	\$ 998.0	\$ 979.6	\$ 960.5	
Allowance for Funds Used During Construction	\$ (528.5)	\$ (700.9)				
TOTAL NON-OPERATING EXPENSES	\$ (273.5)	\$ 314.7	\$ 998.0	\$ 979.6	\$ 960.5	
NET INCOME (LOSS)	\$ 395.6	\$ (1,322.0)	\$ (1,075.5)	\$ 405.6	\$ 433.7	

POSITIONS: FT/PT and Temp

PUBLIC SECTOR ECONOMIC EFFECTS:

Accompanying documents summarize capital expenditures not to exceed \$24,000,000 in 2007 and 2008, subject to reimbursement from tax exempt revenue bonds. This transaction will result in an annual 3.6% rate increase once approved by the Municipal Assembly and the Regulatory Commission of Alaska estimated to begin July 1, 2009, which translates to a cost of \$1.98 per month for a typical residential customer.

SUMMARY OF ECONOMIC EFFECTS

PRIVATE SECTOR ECONOMIC EFFECTS:

The 3.6% rate increase once approved by the Municipal Assembly and the Regulatory Commission of Alaska estimated to begin July 1, 2009, translates to a .26 cent increase in cost per KWh. Current revenue per KWh is 7.26 cents.

Prepared by: Richard E. Miller
 Validated by OMB: _____
 Approved by: James M. Posey
 (Director, Preparing Agency)

Telephone: 263-5205
 Date: _____
 Date: 3/27/2007

Content Information

Content ID : 004946

Type: InfoMemorandum - AIM

Title: AIM for revised Form NL&P Building

Author: fletchersk

Initiating Dept: MLP

Select Routing: Standard

Date Prepared: 3/29/07 2:58 PM

Director Name: Richard E Miller

Assembly Meeting Date: 4/10/07

Public Hearing Date: 4/10/07

M.O.A
 2007 APR -2 AM 9:46
 CLERKS OFFICE

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AI/AIMSWorkflow	3/29/07 2:59 PM	Checkin	fletchersk	Public	004946
MLP_SubWorkflow	3/29/07 3:03 PM	Approve	millerre	Public	004946
MuniManager_SubWorkflow	4/2/07 9:04 AM	Approve	leblancdc	Public	004946
MuniMgrCoord_SubWorkflow	4/2/07 9:32 AM	Approve	abbottmk	Public	004946