

CLERK'S OFFICE

APPROVED

Date: 4-29-08

IMMEDIATE RECONSIDERATION

FAILED 4-29-08

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Economic & Community
Development
For reading: April 15, 2008

ANCHORAGE, ALASKA

AR No. 2008-79

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE ACCEPTING AND
2 APPROPRIATING ONE MILLION DOLLARS (\$1,000,000) AS A GRANT FROM THE
3 RASMUSON FOUNDATION TO THE AREAWIDE GENERAL CAPITAL
4 IMPROVEMENT PROGRAM (CIP) FUND (401); APPROPRIATING ONE MILLION
5 DOLLARS (\$1,000,000) AS A CONTRIBUTION FROM THE EAGLE RIVER CHUGIAK
6 PARKS AND RECREATION SERVICE AREA FUND BALANCE (162) TO THE
7 AREAWIDE GENERAL CIP FUND (401); APPROPRIATING TWO HUNDRED FIFTY
8 THOUSAND DOLLARS (\$250,000) AS A CONTRIBUTION FROM PUBLIC FINANCE
9 AND INVESTMENTS FUND BALANCE (191) TO THE AREAWIDE GENERAL CIP
10 FUND (401); ALL OF THE ABOVE FOR USE IN THE EAGLE RIVER TOWN CENTER
11 PROJECT FOR BUILDING PURCHASE, REPAIR, RENOVATION AND RELATED
12 EXPENSES; AUTHORIZING AN ADDITIONAL INTER-FUND LOAN NOT TO EXCEED
13 TWO MILLION DOLLARS (\$2,000,000) FROM THE GENERAL CASH POOL TO THE
14 AREAWIDE GENERAL CIP FUND (401) FOR PURPOSES OF FINANCING EAGLE
15 RIVER TOWN CENTER IMPROVEMENTS IF REQUIRED; AND AUTHORIZING
16 TRANSFER OF FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$575,000)
17 TO TOWN CENTER HOLDINGS, LLC, FOR THE PURPOSE OF PURCHASE OF REAL
18 PROPERTY KNOWN AS VALLEY RIVER CENTER BUILDING "A," LEGAL
19 DESCRIPTION TRACT K, REGIONAL PARK SUBDIVISION #2 IN EAGLE RIVER.
20

21
22 **WHEREAS**, in AO 2007-147, the Anchorage Municipal Assembly approved acquisition by
23 the Municipality of an approximately 50% ownership interest in Valley River Center
24 Building "A" and a beneficial interest in the associated long-term ground lease in
25 accordance with certain material terms and conditions; and
26

27 **WHEREAS**, due diligence investigations upon the property are completed and additional
28 purchase terms negotiated in the best interests of the Municipality; and
29

30 **WHEREAS**, the planned purchase and renovation of the property establishes a new
31 permanent location for the Chugiak-Eagle River Library and other essential Municipal
32 offices and services in Eagle River, and creates a Town Center consistent with the *Eagle*
33 *River Central Business District Revitalization Plan* and a long-held goal of the community;
34 now therefore,
35

36 **THE ANCHORAGE ASSEMBLY RESOLVES:**
37

38 **Section 1:** The sum of One Million Dollars (\$1,000,000) is appropriated as a grant
39 from the Rasmuson Foundation to the Areawide General CIP Fund (401) for the Eagle
40 River Town Center Project for building purchase, repair, renovation and/or related
41 expenses.

Section 2: The sum of One Million Dollars (\$1,000,000) is appropriated as a contribution from the Eagle River Chugiak Parks and Recreation Service Area Fund Balance (162) to the Areawide General CIP Fund (401) for the Eagle River Town Center Project for building purchase, repair, renovation and/or related expenses.

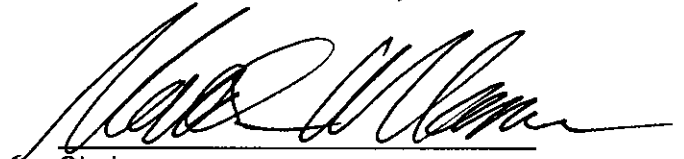
Section 3: The sum of Two Hundred Fifty Thousand Dollars (\$250,000) is appropriated as a contribution from Public Finance and Investments Fund Balance (191) to the Areawide General CIP Fund (401) for the Eagle River Town Center Project for building purchase, repair, renovation and/or related expenses.

Section 4: An additional Inter-fund Loan, not to exceed Two Million Dollars (\$2,000,000), from the general cash pool to the Areawide General Fund (401), bearing an interest rate equal to the cash pool earnings rate, to be repaid in full on or before December 31, 2048, is hereby authorized.

Section 5: The transfer of Five Hundred Seventy-Five Thousand Dollars (\$575,000) to Town Center Holdings, LLC, for the purpose of completing the purchase of real property known as Valley River Center Building "A," Legal Description Tract K, Regional Park Subdivision #2, as approved by AO 2007-147, is hereby authorized.

Section 6: This Resolution shall become effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 29th day of Apr., 2008.


Chair

ATTEST:


Municipal Clerk

Department Appropriation:

Office of Economic & Community Development \$2,250,000



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 262-2008

Meeting Date: April 15, 2008

1 **From:** MAYOR

2
3 **Subject:** A RESOLUTION APPROPRIATING ONE MILLION DOLLARS (\$1,000,000)
4 AS A GRANT FROM THE RASMUSON FOUNDATION TO THE AREAWIDE
5 GENERAL CIP FUND (401); APPROPRIATING ONE MILLION DOLLARS
6 (\$1,000,000) AS A CONTRIBUTION FROM THE EAGLE RIVER CHUGIAK
7 PARKS AND RECREATION SERVICE AREA FUND BALANCE (162) TO THE
8 AREAWIDE GENERAL CIP FUND (401); APPROPRIATING TWO HUNDRED
9 FIFTY THOUSAND DOLLARS (\$250,000) AS A CONTRIBUTION FROM
10 PUBLIC FINANCE AND INVESTMENTS FUND BALANCE (191) TO THE
11 AREAWIDE GENERAL CIP FUND (401); ALL OF THE ABOVE FOR USE IN
12 THE EAGLE RIVER TOWN CENTER PROJECT FOR BUILDING PURCHASE,
13 REPAIR, RENOVATION AND RELATED EXPENSES; AUTHORIZING AN
14 ADDITIONAL INTER-FUND LOAN NOT TO EXCEED TWO MILLION
15 DOLLARS (\$2,000,000) FROM THE GENERAL CASH POOL TO THE
16 AREAWIDE GENERAL CIP FUND (401) FOR PURPOSES OF FINANCING
17 EAGLE RIVER TOWN CENTER IMPROVEMENTS IF REQUIRED; AND
18 AUTHORIZING TRANSFER OF FIVE HUNDRED SEVENTY-FIVE
19 THOUSAND DOLLARS (\$575,000) TO TOWN CENTER HOLDINGS, LLC,
20 FOR THE PURPOSE OF PURCHASE OF REAL PROPERTY KNOWN AS
21 VALLEY RIVER CENTER BUILDING "A," LEGAL DESCRIPTION TRACT K,
22 REGIONAL PARK SUBDIVISION #2 IN EAGLE RIVER.
23

24 These appropriations provide funding for purchase and renovation of a portion of the Valley
25 River Center mall to create a new Eagle River Town Center, which will house an expanded
26 Chugiak-Eagle River Library, community meeting room, and other essential Municipal offices
27 and services. The completed project fulfills a long-held community goal consistent with a core
28 recommendation of the 2003 Eagle River Central Business District Revitalization Plan.
29

30 In November, 2007, by AO 2007-147, the Anchorage Assembly approved material terms and
31 conditions of this purchase and authorized acquisition of the property subject to financing.
32 AO 2007-147 also waived site selection requirements under section 21.15.015A.1., and
33 authorized an inter-fund loan of up to \$1.7 million. A Purchase and Sale Agreement
34 incorporating the terms approved by the Assembly was executed December 15, 2007,
35 initiating a 90-day period of due diligence.
36

37 Building condition reports were prepared for the Municipality by McCool Carlson Green
38 (architectural), RSA Engineering (mechanical & electrical), Coffman Engineers (structural),
39 RPKA (civil) and EHS Alaska (environmental). After additional analysis, including roof
40 sampling and independent assessment by a second architectural firm, it was determined that
41 replacement of the roof at this time is necessary to deliver a sound building to the Municipality.
42

43 In consideration of the roof findings, a reduced purchase price, from \$3M to \$1M, has been
44 negotiated. Despite the price decrease, however, the overall cost of the project has risen
45 because construction cost estimates for interior buildout of the library and office space
46 returned significantly higher than anticipated. This is partly due to escalating construction
47 costs in general over the last year, as well as specific costs associated with demolition and
48 replacement of heating, ventilation and other systems in this building.

Revised cost and funding data are shown below.

<u>Original Budget</u>		\$M
Purchase		1.50
Interior construction		2.20
Total		3.70
<u>Revised Budget</u>		
Purchase		0.50
Structural repairs - roof & exterior		1.25
Interior construction		4.90
Total		6.65
<u>FUNDING SOURCES</u>		\$M
Grant from Rasmuson Foundation	1.00	<i>this appropriation</i>
Contribution from CER Parks & Rec Service Area	1.00	<i>this appropriation</i>
Contribution from Investment Interest	0.25	<i>this appropriation</i>
Municipal Facilities Bond	0.50	<i>AR2008-66, PH 4/29/2008</i>
Interfund loan previously approved	1.70	<i>AR2007-147</i>
2007 ER Capital Request, resubmitted in 2008 Supplemental	0.13	<i>SB-256, signed by Gov 4/3/2008</i>
2008 Legislative Grant, ER Library	0.37	<i>SB-221, passed 4/13/2008</i>
2008 Legislative Grant, ER Police substation	0.50	<i>SB-221, passed 4/13/2008</i>
2008 Legislative Grant, ER Town Center project	1.20	<i>SB-221, passed 4/13/2008</i>
Total	6.65	

Of the \$6.65M required, approximately \$4.65M is currently in hand. In addition, State capital requests totaling just over \$2M have been approved by the Legislature and are included in the State capital budget, Senate Bill 221, which is awaiting signature by the Governor as of the date of introduction of this Resolution. Authorization for an additional inter-fund loan of up to \$2M is included in this Resolution as a contingency against the possibility of gubernatorial veto of some or all of the Legislative grants. However, award of the State funds remains a critical need to avoid putting further debt service costs for this project onto Municipal taxpayers. An updated list of participating departments is shown below:

Department	Current Space in ER (sq ft)	Approx New Space (sq ft)
Library	12,040	18,000
ER Parks & Rec	2,135	2,750
HHS / WIC	1,250	1,300
Police	1,400	2,000
Road Maintenance	900	1,300
Development Services / Permitting	0	3,250
Assessors	0	400
Community Meeting Room (with Parks)	with Parks	1,500
Emergency Operations Annex	0	500
Total MOA Net	17,725	31,000
Common Areas		6,000
Total MOA Gross		37,000
Lease Space		6,000
Total Unit #1		43,000

The Revenue and Expense detail are as follows:

REVENUES:

Account Number	Account Name	Amount
401-1619-9609-BP2008-161901	Restricted Contribution	\$1,000,000
162-0740	Fund Balance	\$1,000,000
191-0740	Fund Balance	\$ 250,000
401-1619-9601-BP2008-161900	Contribution from Other Funds	\$1,000,000
401-1619-9601-BP2008-161900	Contribution from Other Funds	\$ 250,000

EXPENDITURES:

Account Number	Account Name	Amount
162-5474-3901-BP2008-547400	Contributions to Other Funds	\$1,000,000
191-1313-3901-BP2008-131300	Contributions to Other Funds	\$ 250,000
401-1619-3101-BP2008-161900	Professional Services	\$ 250,000
401-1619-5201-BP2008-161900	Buildings >\$99,999	\$ 500,000
401-1619-5202-BP2008-161900	Bldg Improvements >\$49,999	\$ 500,000
401-1619-5202-BP2008-161901	Bldg Improvements >\$49,999	\$1,000,000

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE RESOLUTION APPROPRIATING ONE MILLION DOLLARS (\$1,000,000) AS A GRANT FROM THE RASMUSON FOUNDATION TO THE AREAWIDE GENERAL CIP FUND (401); APPROPRIATING ONE MILLION DOLLARS (\$1,000,000) AS A CONTRIBUTION FROM THE EAGLE RIVER CHUGIAK PARKS AND RECREATION SERVICE AREA FUND BALANCE (162) TO THE AREAWIDE GENERAL CIP FUND (401); APPROPRIATING TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) AS A CONTRIBUTION FROM PUBLIC FINANCE AND INVESTMENTS FUND BALANCE (191) TO THE AREAWIDE GENERAL CIP FUND (401); ALL OF THE ABOVE FOR USE IN THE EAGLE RIVER TOWN CENTER PROJECT FOR BUILDING PURCHASE, REPAIR, RENOVATION AND RELATED EXPENSES; AUTHORIZING AN ADDITIONAL INTER-FUND LOAN NOT TO EXCEED TWO MILLION DOLLARS (\$2,000,000) FROM THE GENERAL CASH POOL TO THE AREAWIDE GENERAL CIP FUND (401) FOR PURPOSES OF FINANCING EAGLE RIVER TOWN CENTER IMPROVEMENTS IF REQUIRED; AND AUTHORIZING TRANSFER OF FIVE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$575,000) TO TOWN CENTER HOLDINGS, LLC, FOR THE PURPOSE OF PURCHASE OF REAL PROPERTY KNOWN AS VALLEY RIVER CENTER BUILDING "A," LEGAL DESCRIPTION TRACT K, REGIONAL PARK SUBDIVISION #2 IN EAGLE RIVER.

Prepared by: Jennifer Allen, OECD
Concur: Mary Jane Michael, Executive Director, OECD
Concur: John Rodda, Director, Eagle River Chugiak Parks & Recreation

Fund Certification: Sharon Weddleton, CFO
401-1619-9609-BP2008-161901 \$1,000,000 Grant from Rasmuson Foundation
162-0740 \$1,000,000 Fund balance
191-0740 \$ 250,000 Fund balance

Concur: James N. Reeves, Municipal Attorney
Concur: Michael K. Abbott, Municipal Manager
Respectfully submitted: Mark Begich, Mayor

Fund Balance Appropriation to
Fund 191 Public Finance &
Investment for a contribution to
Fund 401 for the Valley River
Center Building

Fund cert:
Fund Balance Appropriation

FUND	Dept ID	Acct
191	XXXX	740
Project ID	XXXX	
Unencumbered Balance		\$1,876,360.00 **
8.25% Bond Rating Set Aside		-\$124,072.00
This Appropriation		-250,000.00
Resulting balance		<u>\$1,502,288.00</u>
Date	4/14/2008	
By (electronic)	Ginny Fritz	

** This figure is based on the Preliminary Draft 2007 Fund Balance Report

Fund Balance Appropriation to
Fund 162 Eagle River Chugiak
Parks & Recreation for a
contribution to Fund 401 for the
Valley River Center Building

Fund cert:
Fund Balance Appropriation

FUND	Dept ID	Acct
162	XXXX	740
Project ID	XXXX	
Unencumbered Balance		\$2,566,161.00 **
8.25% Bond Rating Set Aside		-\$347,615.00
Emergency Designation Set Aside		-\$105,338.00
This Appropriation		-1,000,000.00
Resulting balance		<u>\$1,113,208.00</u>
Date	4/14/2008	
By (electronic)	Ginny Fritz	

** This figure is based on the Preliminary Draft 2007 Fund Balance Report

H:\Fund Cert - Revenue\Fund 401\1619 Fund Cert - Rev.xls

FUND CERTIFICATION:	Rasmuson Foundation Grant for the Valley River Center Mall to create a new Eagle River Town Center	
REVENUE	Restricted Contributions	
	FUND	Dept ID
	401 1619	
		Acct #
		9609
Project ID		161901
Unappropriated Revenues		\$1,000,000.00
This Appropriation		-\$1,000,000.00
Resulting Balance		\$0.00
Date	April 14, 2008	
By (electronic)	Debra Fitzgerald	
BP	2008	

*** Contingent on receiving funds from the Rasmuson Foundation ***