

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Economic & Community
Development
For reading: October 28, 2008

CLERK'S OFFICE
APPROVED
Date: 11-25-08

Anchorage, Alaska
AR 2008-258

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING ONE
2 HUNDRED SIXTY-FIVE THOUSAND FIVE HUNDRED DOLLARS (\$165,500) AS A
3 CONTRIBUTION FROM THE AREAWIDE GENERAL FUND (101) HERITAGE LAND
4 BANK/REAL ESTATE SERVICES DEPARTMENT'S 2008 OPERATING BUDGET TO
5 THE AREAWIDE CAPITAL FUND (401) HERITAGE LAND BANK DEPARTMENT/REAL
6 ESTATE SERVICES DIVISION FOR CITY HALL CAPITAL MAINTENANCE AND
7 IMPROVEMENTS (\$90,500) AND TENANT IMPROVEMENTS (\$75,000).
8

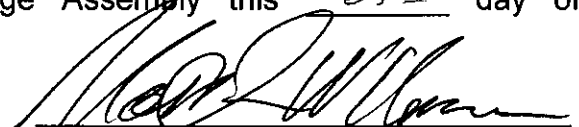
9 THE ANCHORAGE ASSEMBLY RESOLVES:
10

11 **Section 1:** That NINETY THOUSAND FIVE HUNDRED DOLLARS (\$90,500) shall be
12 appropriated from the Areawide General Fund (101) Real Estate Services Department's
13 2008 Operating Budget into the Areawide Capital Fund (401) Heritage Land Bank
14 Department/Real Estate Services Division as a contribution to the city hall lease capital
15 reserve account for the purpose of capital maintenance and improvements.
16

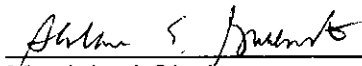
17 **Section 2:** That SEVENTY-FIVE THOUSAND DOLLARS (\$75,000) shall be appropriated
18 from the Areawide General Fund (101) Real Estate Services Division's 2008 Operating
19 Budget into the Areawide Capital Fund (401) Heritage Land Bank Department/Real Estate
20 Services Division as a contribution to the tenant improvement account for the purpose of
21 city hall tenant improvements.
22

23 **Section 3:** This resolution shall become effective immediately upon its passage and
24 approval by the Assembly.
25

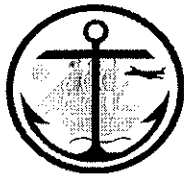
26 PASSED AND APPROVED by the Anchorage Assembly this 25th day of
27 November 2008.
28


Chair

30
31 ATTEST:

32 
33
34 Municipal Clerk
35

36 Departmental Appropriations:
37 Heritage Land Bank/Real Estate Services Division: \$165,500



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 727-2008

Meeting Date: October 28, 2008

From: Mayor

Subject: A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE (MOA) APPROPRIATING ONE HUNDRED SIXTY-FIVE THOUSAND FIVE HUNDRED DOLLARS (\$165,500) AS A CONTRIBUTION FROM THE AREAWIDE GENERAL FUND (101) HERITAGE LAND BANK DEPARTMENT/REAL ESTATE SERVICES DIVISION'S 2008 OPERATING BUDGET TO THE AREAWIDE CAPITAL FUND (401) HERITAGE LAND BANK DEPARTMENT/REAL ESTATE SERVICES DIVISION FOR CITY HALL CAPITAL MAINTENANCE AND IMPROVEMENTS (\$90,500) AND TENANT IMPROVEMENTS (\$75,000)

On November 20, 2001, the Anchorage Assembly approved AO 2001-183/AM 923-2001, a City Hall lease between the MOA 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 2007 is 16.8%, so the 2008 minimum deposit to the City Hall Capital Reserve Fund is \$90,500 (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 \$90,500 and the \$75,000 contributions comes from the Areawide General Fund (101) 2008 Operating Budget (Real Estate Services). Both contributions are being appropriated in the Areawide Capital Fund (401).

The accounting detail is as follows:

Revenues:

401-1224-9601	Contributions from Other Funds	\$ 90,500
401-1225-9601	Contributions from Other Funds	<u>75,000</u>
		\$165,500

Expenditures:

401-1224-5201	Building Improvement (Capital Reserve Acct.)	\$ 90,500
401-1225-5601	Building Improvement (Tenant Improvement Acct.)	<u>75,000</u>
		\$165,500

1 THE ADMINISTRATION RECOMMENDS APPROVAL OF THE RESOLUTION OF THE
2 MOA APPROPRIATING ONE HUNDRED SIXTY-FIVE THOUSAND FIVE HUNDRED
3 DOLLARS (\$165,500) AS A CONTRIBUTION FROM THE AREAWIDE GENERAL
4 FUND (101) HERITAGE LAND BANK DEPARTMENT/REAL ESTATE SERVICES
5 DIVISION'S 2008 OPERATING BUDGET TO THE AREAWIDE CAPITAL FUND (401)
6 HERITAGE LAND BANK DEPARTMENT/REAL ESTATE SERVICES DIVISION FOR
7 CITY HALL CAPITAL MAINTENANCE AND IMPROVEMENTS (\$90,500) AND
8 TENANT IMPROVEMENTS (\$75,000).

9
10 Prepared by: Tammy R. Oswald, Real Estate Services Manager

11 Recommended by: William M. Mehner, Executive Director, Heritage Land Bank
12 Department and Real Estate Services Division

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

14 Fund Certification: Sharon Weddleton, CFO

15 101-1223-3901-122300-BP2008 \$165,500

16 (2008 Operating Budget – Heritage Land Bank/Real Estate Services)

17 Concur: Michael K. Abbott, Municipal Manager

18 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.

APPENDIX B

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) 1998 to Present**

Year	U.S.		Anchorage	
	Average	% Change from Previous Year	Average	% Change from Previous Year
2007	207.3	2.8	181.2	2.2
2006	201.6	3.2	177.3	3.2
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

[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: 01/17/08

[Email](#): us if you have questions or need more information.

What's It Worth Now

What does \$100 in 1980 dollars equal today?

The Anchorage CPI-U can help answer the question. Use the equation below or use the [quick calculator in excel](#).

Step 1:

$$\frac{2007 \text{ Anchorage CPI}}{1980 \text{ Anchorage CPI}} = \frac{181.2}{146.9} = 2.12$$

Step 2:

Multiply 2.12 by any number of 1980 dollars and you will have the 2007 equivalent.

So, \$212 in 2007 would have the same purchasing power as \$100 did in 1980.

CPI for Anchorage

Anchorage Municipality

**Consumer Price Index
All Items - All Urban Consumers
(CPI-U)
1998 to Present**

Year	1st Half (Jan-Jun)	2nd Half (Jul-Dec)	Annual Average	Annual Percent Change
2008	187.7			
2007	179.4	183.1	181.2	2.2%
2006	176.7	177.9	177.3	3.2%
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%

[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: 07/18/08

[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 are affected by the level of the index in relation to its base period while percent changes are not. The example below illustrates the **computation of index points and percent changes**.

Index Point Change:

$$\begin{array}{r} \text{CPI- Anchorage 2007} \\ \text{Less CPI for previous} \\ \text{period- Anchorage 2006} \\ \hline \text{Equals index point change} \end{array} \quad \begin{array}{r} 181.2 \\ - 177.3 \\ \hline 3.9 \end{array}$$

(100 x 2.12= \$212)

Percent Change:

Index point difference	3.9
Divided by the previous	177.3
index (Anchorage 2006)	0.02199
Equals	0.02199 x
Results multiplied by 100	100
Equals percent change	2.2
(Anchorage CPI 2007)	

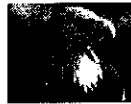
The formula can be reversed to deflate current dollars. Use the [quick deflation calculator](#) in excel.

Last Update: 01/17/08
[Email:](#) us if you have questions or need more information.

For US data prior to 1960, [click here](#) to use an inflation calculator based upon the U.S. CPI-U.

Last Update: 01/17/08
[Email:](#) us if you have questions or need more information.

Need Help?



Contact us by [Email](#)
Phone: (907) 465-6036
Fax: (907) 465-4506

APPENDIX C

Calculate How Much Real Estate Needs to Deposit into the City Hall Capital Reserve Fund in 2008

Methodology #1

just multiply prior year by the % change

i.e., $79000 \times 1.027 =$

Year	Index	Change	as a % increase over prior year	Capital Reserve
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
2006	177.3	0.032014	3.2%	88,550.00
2007	181.2	0.021997	2.2%	
2008	187.7	0.035872	3.6%	93,750.00
Cumulative Change TOTAL				19.3%

Estimate based on 1st half of 2008

Methodology #2

Takes current year index (181.2) and compares directly back to 2001 index # of 155.2 to calculate 16.8% as cumulative % change in inflation since 2001

If calculate the amount cumulatively, comparing back to 2001 as base year				
Year	Index	Change	as a % increase over 2001 base year	Capital Reserve
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
2006	177.3	0.142397	14.2%	88,540.00
2007	181.2	0.167526	16.8%	
2008	187.7	0.209407	20.9%	93,730.00
Estimate based on 1st half of 2008				

Actual Appropriations
78,980.00
79,600.00
81,690.00
85,790.00
88,540.00
90,500.00

Content ID: 006862**Type:** AR_FundsApprop - Funds Approp Resolution

A Resolution of the Municipality of Anchorage Appropriating One hundred sixty-five thousand five hundred dollars (\$165,500) as a contribution from areawide General Fund (101)Heritage Land Bank/Real Estate Services

Title: Department's 2008 Operating Budget to the areawide Capital Fund (401)Heritage Land Bank Department/Real Estate Services Division for City Hall Capital Maintenance and Improvements (\$90,000) and Tenant Improvements (\$75,000).

Author: maglaquijp

Initiating Dept: HLB

Description: Appropriating \$165,500 from areawide General Fund (101) to areawide Capital Fund. City Hall Capital Maintenance Improvements \$90,500 and Tenant Improvements \$75,000.

Keywords: City Hall Capital Maintenance Improvements \$90,500 and Tenant Improvements \$75,000.

Date Prepared: 9/29/08 2:48 PM

Director Name: William M. Mehner

Assembly Meeting Date: 10/24/08

Public Hearing Date: 11/18/08

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
Clerk_Admin_SubWorkflow	10/17/08 2:53 PM	Exit	Heather Handyside	Public	006862
MuniMgrCoord_SubWorkflow	10/17/08 2:53 PM	Approve	Heather Handyside	Public	006862
MuniManager_SubWorkflow	10/17/08 1:01 PM	Approve	Michael Abbott	Public	006862
MuniManager_SubWorkflow	10/7/08 2:21 PM	Checkin	Joy Maglaqui	Public	006862
MuniManager_SubWorkflow	10/7/08 10:52 AM	Checkin	Joy Maglaqui	Public	006862
MuniManager_SubWorkflow	10/7/08 10:50 AM	Checkin	Joy Maglaqui	Public	006862
Finance_SubWorkflow	10/7/08 10:34 AM	Approve	Nina Pruitt	Public	006862
Finance_SubWorkflow	10/7/08 10:00 AM	Checkin	Nina Pruitt	Public	006862
OMB_SubWorkflow	10/3/08 11:44 AM	Approve	Wanda Phillips	Public	006862
ECD_SubWorkflow	9/30/08 10:10 AM	Approve	Tawny Klebesadel	Public	006862
HLB_SubWorkflow	9/29/08 4:00 PM	Approve	Tammy Oswald	Public	006862
FundsAppropWorkflow	9/29/08 3:01 PM	Checkin	Denise Moore	Public	006862