

CLERK'S OFFICE

APPROVED

Date: 3-29-11

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Real Estate Department/
Real Estate Services
For reading: March 8, 2011

ANCHORAGE, ALASKA
AR No. 2011-67

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING
2 ONE HUNDRED SEVENTY-TWO THOUSAND FOUR HUNDRED FIFTY DOLLARS
3 (\$172,450) AS A CONTRIBUTION FROM THE AREAWIDE GENERAL FUND (101)
4 REAL ESTATE SERVICES 2011 OPERATING BUDGET TO THE AREAWIDE
5 CAPITAL FUND (401) REAL ESTATE DEPARTMENT/REAL ESTATE SERVICES
6 FOR CITY HALL CAPITAL MAINTENANCE AND IMPROVEMENTS (\$97,450) AND
7 TENANT IMPROVEMENTS (\$75,000).

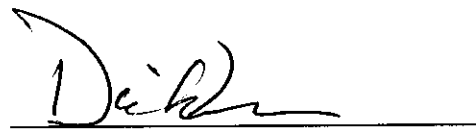
8
9 **THE ANCHORAGE ASSEMBLY RESOLVES:**

10
11 **Section 1:** The sum of NINETY-SEVEN THOUSAND FOUR HUNDRED FIFTY
12 DOLLARS (\$97,450) is hereby appropriated from the Areawide General Fund (101)
13 Real Estate Services (RES) 2011 Operating Budget to the Areawide Capital Fund
14 (401) Real Estate Department/RES Division (RED/RES) as a contribution to the City
15 Hall Capital Reserve Fund for the purpose of capital maintenance and improvements.
16

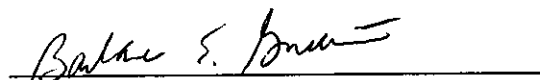
17 **Section 2:** The sum of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000) is hereby
18 appropriated from the Areawide General Fund (101) RES 2011 Operating Budget
19 into the Areawide Capital Fund (401) RED/RES as a contribution to the Tenant
20 Improvement Account for the purpose of City Hall tenant improvements.
21

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

25 PASSED AND APPROVED by the Anchorage Assembly this 29th day of
26 March, 2011.

27
28
29
30 
Chair

31 ATTEST:

32
33 
34
35 Municipal Clerk

36
37 Department of Appropriation:
38 Real Estate - RES: \$172,450



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 140-2011

Meeting Date: March 8, 2011

From: MAYOR

Subject: A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING ONE HUNDRED SEVENTY-TWO THOUSAND FOUR HUNDRED FIFTY DOLLARS (\$172,450) AS A CONTRIBUTION FROM THE AREAWIDE GENERAL FUND (101) REAL ESTATE SERVICES 2011 OPERATING BUDGET TO THE AREAWIDE CAPITAL FUND (401) REAL ESTATE DEPARTMENT/REAL ESTATE SERVICES FOR CITY HALL CAPITAL MAINTENANCE AND IMPROVEMENTS (\$97,450), 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 Municipality of Anchorage (MOA) as Lessee and Anchorage Public/Private Partnership as Lessor. Under the terms of the lease regarding "Additional Rent", the Lessee is responsible for minimum annual payments to both a Capital Reserve Account and a Tenant Improvement Account (Appendix A). 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 (Appendix B). The cumulative change in CPI from 2001 through 2010 is 23.2% (see Appendix C). Therefore, the 2011 minimum deposit to the City Hall Capital Reserve Fund is calculated at \$97,450. The annual minimum deposit to the Tenant Improvement Account is fixed at \$75,000.

Funding for the contributions shall come from the Areawide General Fund (101) 2011 Real Estate Department's (RED) Leases Section Operating Budget for appropriation to the Areawide Capital Fund (401).

The accounting detail is as follows:

REVENUES:

<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
401-1224-9601-122411-BP2011	Contrib from Other Funds	\$ 97,450
401-1225-9601-122511-BP2011	Contrib from Other Funds	<u>75,000</u>
	Total:	\$172,450

EXPENDITURES:

<u>Account</u>	<u>Account Name</u>	<u>Amount</u>
401-1224-5201-122411-BP2011	Building Improvement (Capital Reserve Acct.)	\$ 97,450

1	401-1225-5601-122511-BP2011	Building Improvement	
2		(Tenant Improvement Acct.)	<u>75,000</u>
3		Total:	\$172,450

4
5
6 **THE ADMINISTRATION RECOMMENDS APPROVAL OF THE**
7 **RESOLUTION OF THE MOA APPROPRIATING ONE HUNDRED SEVENTY**
8 **TWO THOUSAND FOUR HUNDRED FIFTY DOLLARS (\$172,450) AS A**
9 **CONTRIBUTION FROM THE AREAWIDE GENERAL FUND (101) REAL**
10 **ESTATE SERVICES 2011 OPERATING BUDGET TO THE AREAWIDE**
11 **CAPITAL FUND (401) RED/RES FOR CITY HALL CAPITAL**
12 **MAINTENANCE AND IMPROVEMENTS (\$97,450) AND TENANT**
13 **IMPROVEMENTS (\$75,000).**

14
15 Prepared by: Real Estate Department (RED)
16 Recommended by: Tammy R. Oswald, Acting Director, RED
17 Fund Certification: Lucinda Mahoney, CFO
18 101-1223-3901-122300-BP2011 \$172,450
19 (2011 RED Operating Budget – Leases Section)
20 Concur: George J. Vakalis, Municipal Manager
21 Respectfully submitted: Daniel A. Sullivan, 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.

Handwritten initials and signature

Appendix B

CPI Consumer Price Index

Consumer Price Index Anchorage Municipality & U.S.												
Not Seasonally Adjusted All Items - All Urban Consumers (CPI-U) 2000-Present												
Year	1st Half (Jan-Jun)				2nd Half (Jul-Dec)				Annual			
	Anchorage		U.S.		Anchorage		U.S.		Anchorage		U.S.	
	Average	Percent Change From Same Half Previous Year	Average	Percent Change From Same Half Previous Year	Average	Percent Change From Same Half Previous Year	Average	Percent Change From Same Half Previous Year	Average	Percent Change From Previous Year	Average	Percent Change From Previous Year
2010	194.834	2.5	217.535	2.1	195.455	1.0	218.576	1.2	195.144	1.8	218.056	1.6
2009	190.032	1.3	213.139	-0.6	193.456	1.1	215.935	-0.1	191.744	1.2	214.537	-0.4
2008	187.659	4.6	214.429	4.2	191.335	4.5	216.177	3.4	189.497	4.6	215.303	3.8
2007	179.394	1.5	205.709	2.5	183.080	2.9	208.976	3.1	181.237	2.2	207.342	2.8
2006	176.7	4.2	200.6	3.8	177.9	2.2	202.6	2.6	177.3	3.2	201.6	3.2
2005	169.6	2.4	193.2	3.0	174.1	3.8	197.4	3.8	171.8	3.1	195.3	3.4
2004	166.6	2.8	187.6	2.3	167.8	2.4	190.2	3.0	166.7	2.8	188.9	2.7
2003	161.1	2.3	183.3	2.5	163.9	3.1	184.6	2.0	162.5	2.7	184.0	2.3
2002	157.5	2.0	178.9	1.3	159.0	1.9	180.9	1.9	158.2	1.9	179.9	1.6
2001	154.4	2.9	176.6	3.4	156.0	2.7	177.5	2.2	155.2	2.8	177.1	2.8
2000	150.0	0.9	170.8	3.3	151.9	2.4	173.6	3.5	150.9	1.7	172.2	3.4

[Click here to view data from 1960 to present](#)

Source: U.S. Dept. of Labor, Bureau of Labor Statistics (BLS). For more data go to: <http://data.bls.gov/PDQ/outside.jsp?survey=cu>
 Base: 1982-84=100
 Last Update: 07/21/10

Inflation and Deflation Calculators for Anchorage and the US

- To find what \$100 in 1980 equals today, use our [quick inflation calculator in excel](#).
- To find what \$100 today equated in 1980, use our [quick deflation calculator in excel](#).
- For US data prior to 1960, use the [inflation calculator based upon the U.S. CPI-U](#)

What does \$100 in 1980 dollars equal today?

Step 1:

$$\frac{2010 \text{ Anchorage CPI}}{1980 \text{ Anchorage CPI}} = \frac{195.1}{85.5} = 2.28$$

Step 2:

Multiply 2.28 by any number of 1980 dollars and you will have the 2010 equivalent.

So, \$228 in 2010 would have the same purchasing power as \$100 did in 1980.
 (100 x 2.28 = \$228)

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

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

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:

CPI- Anchorage 2009	195.144
Less CPI for previous period- Anchorage 2008	- 191.744
Equals index point change	3.4

Percent Change:

Index point difference	3.4
Divided by the previous index (Anchorage 2008)	191.744
Equals	0.01773
Results multiplied by 100	00.01773 x 100
Equals percent change (Anchorage CPI 2009)	1.773 (rounded to 1.8)

APPENDIX C

Calculate How Much Real Estate Needs to Deposit into the City Hall Capital Reserve Fund in 2011

Methodology #1

Multiply prior year by the % change
 i.e., $79000 * 1.027 =$

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%	90,500.00
2008	189.5	0.045806	4.6%	94,650.00
2009	191.7	0.011609	1.2%	95,750.00
2010	195.1	0.017736	1.8%	97,470.00
Cumulative Change TOTAL				23.2%

Methodology #2

Takes current year index (195.14) and compares directly back to 2001 index # of 155.2 to calculate 25.7% 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	Actual Appropriations
2001	155.2			77,503.68	78,980.00
2002	158.2	0.01933	1.9%	79,000.00	79,600.00
2003	162.5	0.047036	4.7%	81,150.00	81,690.00
2004	166.7	0.074098	7.4%	83,250.00	85,790.00
2005	171.8	0.106959	10.7%	85,790.00	88,540.00
2006	177.3	0.142397	14.2%	88,540.00	90,500.00
2007	181.2	0.167526	16.8%	90,490.00	94,650.00
2008	189.497	0.220986	22.1%	94,630.00	95,750.00
2009	191.744	0.235464	23.5%	95,750.00	97,450.00
2010	195.144	0.257371	25.7%	97,450.00	

Content ID: 009897**Type:** AR_FundsApprop - Funds Approp Resolution

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING ONE HUNDRED SEVENTY-TWO THOUSAND FOUR HUNDRED FIFTY DOLLARS (\$172,450) AS A CONTRIBUTION FROM THE AREAWIDE GENERAL FUND (101) REAL ESTATE SERVICES 2011 OPERATING BUDGET TO THE AREAWIDE CAPITAL FUND (401) REAL ESTATE DEPARTMENT/REAL ESTATE SERVICES FOR CITY HALL CAPITAL MAINTENANCE AND IMPROVEMENTS (\$97,450) AND TENANT IMPROVEMENTS (\$75,000).

Author: maglaquijp**Initiating Dept:** Real_Estate**Description:** Annual appropriation per terms of City Hall Lease for Tenant and Capital Improvements funds**Keywords:** City Hall Lease Appropriation Tenant Improvements Capital Reserve**Date Prepared:** 2/8/11 12:21 PM**Director Name:** Tammy R. Oswald**Assembly Meeting Date:** 3/8/11**Public Hearing Date:** 3/29/11

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	2/25/11 9:20 AM	Exit	Joy Maglaqui	Public	009897
MuniManager_SubWorkflow	2/25/11 9:20 AM	Approve	Joy Maglaqui	Public	009897
MuniManager_SubWorkflow	2/11/11 8:36 AM	Checkin	Joy Maglaqui	Public	009897
Finance_SubWorkflow	2/10/11 5:17 PM	Approve	David Ryan	Public	009897
OMB_SubWorkflow	2/9/11 12:25 PM	Approve	Cheryl Frasca	Public	009897
Real_Estate_SubWorkflow	2/8/11 2:47 PM	Approve	Tammy Oswald	Public	009897
FundsAppropWorkflow	2/8/11 12:25 PM	Checkin	Lynn Roderick Van Horn	Public	009897