

**Palmer State Office Building**

**FY2009 Request: \$15,725,000**

**Reference No: 45399**

**AP/AL:** Appropriation

**Project Type:** Construction

**Category:** General Government

**Location:** Mat-Su Areawide

**Contact:** Eric Swanson

**House District:** Matsu Areawide (HD 13-16)

**Contact Phone:** (907)465-5655

**Estimated Project Dates:** 07/01/2008 - 06/30/2013

**Brief Summary and Statement of Need:**

The existing 70,864 sq. ft. facility, previously known as the old Valley Hospital, was purchased by the state for \$5,000,000. The state completed the purchase and sale agreement with Triad Hospitals on Sept. 28, 2006. An additional \$5,000,000 was appropriated: \$2,000,000 was sent to the Court System for renovations to the Palmer Courthouse and \$3,000,000 was allocated for the initial capital improvements necessary to transform the facility from a hospital to an office building. Most of the funding was used for space to be occupied by the Court System.

<b>Funding:</b>	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Total
Gen Fund	\$15,725,000						\$15,725,000
<b>Total:</b>	\$15,725,000	\$0	\$0	\$0	\$0	\$0	\$15,725,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
<u>One-Time Startup:</u>	<u>0</u>	<u>0</u>
Totals:	0	0

**Additional Information / Prior Funding History:**

\$10.0 million was appropriated in FY2007 to purchase the facility and begin renovations.

**Project Description/Justification:**

Problem To Be Solved: Renovation of newly purchased facility from a working hospital to a new State office building.

Solution: \$14.1 million – Construction related expenses, \$1.625 million lease buy-outs.

- Benefits:
1. Co-locate all judicial-related agencies into the same facility within one block of the Palmer Courthouse Building.
  2. Reduce state expenses. Eliminate renting at market lease rates from private sector and locate other executive branch agencies into PSOB, i.e., Department of Corrections.

- What We Propose to Buy:
1. Architectural and engineering professional services to provide biddable construction documents for complete building renovation.
  2. Construction services such as general renovations, code compliance upgrades,

and building key equipment upgrades.

- 3. Negotiated early buy-out of existing judicial-related private leases.

Prior Funding History: AR #7672, \$10,000.0

- a. \$5,000.0 – Purchase price
- b. \$2,000.0 – Direct Palmer Courthouse Building renovations (Judicial Branch)
- c. \$3,000.0 – Related purchase expenses (environmental reports, due diligence report, survey, legal fees, FY2007 building operating expenses, and FY2007 building renovations).

Timeline: July 1, 2008 – June 30, 2013

Explanation of How Project Contributes to Your Divisional Mission: Palmer State Office Building was purchased for the sole purpose of providing office space to judicial-related agencies and other agencies requiring office space in the area. Division of General Services is responsible for providing office space that is functional, efficient and safe for State employees to occupy.

Explanation of How Project Contributes to End Result: Requested funding will provide the means to transform the facility from a hospital to an office building.