

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

SENATE BILL NO. 2022
(List bill or resolution and number, if available, or subject)

Amendment to: _____
(List bill or resolution and number)

Requested by: Legislative Council Date of receipt: 12-23 19 76

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed, attach a supplementary sheet. (Please type)

This legislation will not result in any additional administrative costs to the State Land Department. This bill, however, will have a significant fiscal impact to the state due to the nature of the investment (See attachments; note that projections for rentals and maintenance in the new building are for 1979 while current outside rentals are for 1976.). Agencies' rentals will be paid to the common school fund rather than private real estate interests. Agencies' offices will be centralized on the Capitol grounds which will save commuting time which in turn will allow state employees and officials more time to accomplish their duties.

If it appears this legislative proposal may have a fiscal effect upon one or more of the cities and counties of this state but your agency does not have the information available, or cannot gather the information on a timely basis, to allow a dollar estimate, please check one or more of the following:

- _____ The measure does have a fiscal impact in an unknown amount
- _____ The measure does have a fiscal impact in a dollar amount estimated on the basis of inadequate information. (Enter dollar estimate in space above).
- _____ The fiscal impact of the measure is unknown.

Date of preparation: 12-27-76

Signed

R. E. Lommen

Typed Name

R. E. Lommen, Commissioner

Department

State Land Department

BASIC PLAN

STATE LAND DEPARTMENT

Common School Fund Building Proposal

To whom it may concern:

We propose to construct an office building complex which would encompass 118,000 square feet. Estimated construction cost would be \$52.965 per square foot, requiring an outlay of \$6,249,870.00. This building projection would have useable office space of 94,400 square feet. We propose a rental charge of \$6.53 per square foot, which would generate \$616,432.00 in rentals per year. We propose a 5.0% annual interest return to the common schools (\$312,500.00 per annum). We also propose to depreciate this building on a 50 year straight line method, which would require a 2.0% (or \$125,000.00) return to the common school permanent fund per annum. Projected remuneration to the common schools from rentals would be \$437,500.00 per annum, which would leave \$178,932.00 to be used for maintenance and repair. Any overage or underage of the maintenance to be adjusted to annual square foot rental.

Listed below are anticipated revenue projections based on the above 50 year plan:

Annual rental return for interest	\$312,500.00
Interest - 50 years	x 50
	<u>\$15,625,000.00</u>
Annual rental return for principal.	\$125,000.00
Principal - 50 years	x 50
	<u>\$ 6,250,000.00</u>
Annual average dollar investment\$ 3,125,000.00
50 Year average interest return	10.00%

At the end of the 50 year period we will have created \$15,625,000.00 interest income and will have had a full return of \$6,250,000.00 principal investment. The Common School Trust would at the completion of this 50 year plan, sell fee title to this building to the State of North Dakota General Fund for \$1.00.

Any pre-payment of this plan would be contingent upon the State of North Dakota reimbursing the Common School Trust Income Fund the net annual interest difference between this constant 5.0% annual return and an 8.0% annual simple interest figured on the outstanding balances.

R. E. Lommen
State Land Commissioner

NOTE: The Construction cost projections are for 1977.
 The rental and maintenance projections are for 1979 occupancy;
 thus, an inflation factor has been figured in. This should be
 kept in mind when comparing these to present rentals (as of Nov., 1976).

PROPOSED NEW LAND BUILDING

Net Total Office Square Feet	94,400
Three Conference Rooms	2,000
Elevators, Stairs, Heating, Cooling, Cafeteria, Corridors (12%)	12,200
Storage Areas (10%)	<u>9,400</u>
Total Square Feet	118,000

COSTS:

Estimated Construction Cost @ \$49.50 per sq. ft. (For Year 1977)	\$5,841,000
5% Fees	292,050
2% Contingency	<u>116,820</u>
<u>GRAND TOTAL (CONSTRUCTION COSTS)</u>	<u>\$6,249,870</u>

Estimated Maintenance Costs Based on Occupancy in 1979:

Salaries & Wages

5 Custodians @ \$640 each = \$3200 X 12 mos. = \$38,400 X 1.18	\$45,312
1 Engineer @ \$830 each = \$ 830 X 12 mos. = \$ 9,960 X 1.18	\$11,752
1 Watchman @ \$640 each = \$ 640 X 12 mos. = \$ 7,680 X 1.18	\$ 9,062
1 Relief Man @ \$640 each = \$ 640 X 12 mos. = \$ 7,680 X 1.18	\$ 9,062
TOTAL	<u>\$75,188</u>

Fees & Services

Utilities	\$60,900
Insurance	<u>\$ 2,500</u>
TOTAL	<u>\$63,400</u>

Supplies & Materials

Janitorial & Building Supplies	<u>\$24,000</u>
TOTAL	<u>\$24,000</u>

Equipment

5 Vacuum Cleaners	\$ 1,500
1 Buffer	<u>\$ 400</u>
TOTAL	<u>\$ 1,900</u>

SUBTOTAL

\$164,488

Additional Costs After First Year of Operation:

Service Contracts

Elevator	\$ 9,500
Air Conditioning & Heating	<u>\$ 4,500</u>
TOTAL	<u>\$14,000</u>

GRAND TOTAL (MAINTENANCE COSTS)

\$178,488

STATE OFFICES IN BISMARCK LOCATED OUTSIDE OF THE STATE CAPITAL BUILDING

DATED NOVEMBER 2, 1976

<u>DEPARTMENT & LESSOR</u>	<u>SQUARE FEET</u>	<u>COST PER SQ. FT.</u>	<u>TOTAL COST PER ANNUM</u>	<u>SOURCE OF FUNDS</u>
AERONAUTICS COMMISSION Bismarck Municipal Airport	2,175		\$12,000.00	State
BICENTENNIAL COMMISSION Nicola & Brunsonan	660 *		\$ 4,380.00	State & Special
BIDD Nicola & Brunsonan	1,908 *	\$5.69	\$10,860.00	State
BRUCCELLOSIS LABORATORY Anderson Building	750 *	\$3.40	\$ 2,556.00	State
ENERGY MANAGEMENT CONSERVATION OFFICE Richard Flurer	884 *		\$ 3,978.00	Special
GAME & FISH DEPARTMENT Milton Rue Company	* 10,480 **	\$2.43	\$25,500.00	Special
GEOLOGICAL SURVEY Robert James	1,000	\$5.10	\$ 5,100.00	State
HEALTH DEPARTMENT Dakota Real Estate	705	\$3.32	\$ 2,340.00	State & Special
HEALTH DEPARTMENT Missouri Office Bldg.	15,615	\$5.46	\$85,257.90	State & Special
HEALTH DEPARTMENT Expressway Corporation	2,742	\$6.00	\$16,452.00	Special
HEALTH DEPARTMENT Ron Leech	6,632	\$2.82	\$18,696.00	State & Special
JUDICIAL QUALIFICATIONS Professional Bldg.	484		\$ 2,400.00	Special
LAW ENFORCEMENT COUNCIL Robinson Bldg.	446 *		\$ 1,860.00	Special
LIVESTOCK SANITARY BOARD Robert L. Valeu	1,500 * 400 **	\$5.04	\$ 9,576.00	State & Special
MENTAL HEALTH Airport Expressway Bldg.	2,742 *	\$6.00	\$16,452.00	Special
ND REAL ESTATE COMMISSION ND Education Association	315		\$ 1,716.00	Special
NURSING BOARD Robinson Bldg.			\$ 2,520.00	Special
PAROLE DEPARTMENT Ardel Wolf & Tahrn	300 *		\$ 1,260.00	State
PUBLIC RETIREMENT BOARD Clifford Giese	6 rooms		\$ 5,340.00	Special
REAP Provident Life Ins. Co.	2,573 *	\$6.44	\$16,651.25	State
STATE ELECTRICAL BOARD Haux Bldg. Account			\$ 4,200.00	Special
STATE LAB Carufel & Volk			\$ 2,220.00	State

<u>DEPARTMENT & LESSOR</u>	<u>SQUARE FEET</u>	<u>COST PER SQ. FT.</u>	<u>TOTAL COST PER ANNUM</u>	<u>SOURCE OF FUNDS</u>
STATE LIBRARY COMMISSION NoDak Mutual Ins. Co.	10,820 *	\$4.27	\$46,201.40	State
STATE RADIO COMMUNICATIONS James Igoe & Sons	Warehouse		\$10,296.00	State
SOCIAL SERVICE BOARD NoDak Mutual Ins. Co.	5,699 *	\$6.00	\$34,194.00	State & Special
SURPLUS PROPERTY Diversified Investments	3 bldgs. 1 lot **		\$11,640.00	Special
VOCATIONAL REHABILITATION NoDak Mutual Ins. Co.	9,827 *	\$5.35	\$52,574.45	State & Special
VOCATIONAL REHABILITATION NoDak Mutual Ins. Co.	5,904 *	\$6.00	\$35,424.00	Special
VOCATIONAL REHABILITATION Hedden Realty	3,544 *	\$6.00	\$21,264.00	State & Special
WEATHER MODIFICATION BOARD Harvey Boen	500 **		\$ 360.00	State
WEATHER MODIFICATION BOARD Ronald L. Leech	1,600 * 175	\$4.80	\$ 7,680.00	State
WEATHER MODIFICATION Jay B. Lindquist	360 600		\$ 1,800.00 \$ 2,400.00	State
WORKMEN'S COMPENSATION NoDak Mutual Ins. Co.	10,562 * 1,071 *	\$6.10 \$4.20	\$69,247.68	Special
WHEAT COMMISSION Henry O. Nybo	1,560 *		\$12,156.00	Special
		TOTAL	\$556,552.68	
		State	\$151,023.71	
		Special	\$366,954.97	
		State & Special	\$ 38,574.00	

* Parking Spaces
** Storage Space