

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 0428-02  
Bill No.: Perfected SCS for SB 69  
Subject: Easements and Conveyances: Jackson County  
Type: Original  
Date: February 22, 2005

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2006    | FY 2007    | FY 2008    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2006    | FY 2007    | FY 2008    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2006</b> | <b>FY 2007</b> | <b>FY 2008</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2006</b> | <b>FY 2007</b> | <b>FY 2008</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Office of Attorney General** assume any potential cost of this proposal could be absorbed with existing resources.

Officials of the **Office of Administration- Design and Construction** assume no fiscal impact.

Officials of the **City of Kansas City** or of the **Jackson County Executive's Office** did not respond.

Officials of the **Department of Labor and Industrial Relations** stated that this legislation authorizes the sell of a building owned by the Missouri Division of Employment Security. It currently houses Division Employment Security and Missouri Commission on Human Rights employees, as well as leases space to employees of the Missouri Department of Corrections, Division of Probation and Parole.

If the building is sold, new space would need to be leased, purchased or built for existing department employees. While the Department of Corrections, Division of Pabation and Parole occupy space within the building, the information below does not include their expenses.

ASSUMPTION (continued)

The following are options for the Department.

Option 1 - Sell office building, relocate staff to existing office building outside KC, lease square feet for 17 auditors and 12 human relations officers and return 47.95% of sale proceeds to USDOL.

|  | Federally Funded Positions | General Revenue Positions |
|--|----------------------------|---------------------------|
| Employees  | 17                         | 12                        |
| Space Requirements   | 2,170                      | 1,542                     |
| Employee Common Area, walls, etc.  | 1,931                      | 1,372                     |
| Leasing Costs – Annual   |                            |                           |
| Leasing Costs – annual (\$15 sq. ft*)  | \$61,515                   | \$43,710                  |
| Less Current Building  | (\$30,030)                 | (\$20,220)                |
| Operation Costs  |                            |                           |
| Average Cost Increase  | \$31,485                   | \$23,490                  |
| Lease vs. Own  |                            |                           |
| Relocation CostsMoving Equipment Only (\$200/employee)                           | \$20,200**                 | \$2,400                   |
| Relocation CostMoving Employees/Families (\$2,500/84 employees)                  | \$210,000                  | \$0                       |
| Grand Total FY2006   | \$261,685                  | \$25,890                  |
| Grand Total FY2007 (excludes relocation costs and includes 3% inflation rate***) | \$248,730                  | \$24,195                  |
| Grand Total FY2008 (excludes relocation costs and includes 3% inflation rate***) | \$256,192                  | \$24,921                  |
| Total Costs after Ten Years (4% Inflation per Year per OA)                       | \$398,221                  | \$284,448                 |

ASSUMPTION (continued)

Total Costs after Twenty Years \$957,785 \$701,948  
 (4% Inflation per Year per OA)

Option 2 - Sell office building, relocate staff to leased location in the KC area and return 47.95% of sale proceeds to USDOL.

|  | Federally Funded Positions | General Revenue Positions |
|--|----------------------------|---------------------------|
| Employees  | 101                        | 12                        |
| Space Requirements   | 13,080                     | 1,542                     |
| Employee Common Area, walls, etc.  | 11,641                     | 1,372                     |
| Leasing Costs – Annual   |                            |                           |
| Leasing Costs – annual (\$15 sq. ft*)  | \$370,815                  | \$43,710                  |
| Less Current Building  | (\$246,103)                | (\$20,220)                |
| Operation Costs  |                            |                           |
| Average Cost Increase  | \$124,712                  | \$23,490                  |
| Lease vs. Own  |                            |                           |
| Relocation Costs Moving (\$200/employee)   | \$20,200**                 | \$2,400                   |
| Grand Total FY2006   | \$144,912                  | \$25,890                  |
| Grand Total FY2007 (excludes relocation costs and includes 3% inflation rate***) | \$128,453                  | \$24,195                  |
| Grand Total FY2008 (excludes relocation costs and includes 3% inflation rate***) | \$132,307                  | \$24,921                  |
| Total Costs after Ten Years (4% Inflation per Year per OA)                       | \$3,264,214                | \$284,448                 |
| Total Costs after Twenty Years (4% Inflation per Year per OA)                    | \$8,066,147                | \$701,948                 |

ASSUMPTION (continued)

Option 3 - Sell office building, relocate staff to purchased or constructed owned building in the KC area and keep federal funds. Also move the Division of Workers' Compensation (currently in leased space in KC) into the building so all Department staff are in one building.

|   | Federally Funded<br>Positions | General Revenue<br>Positions | Div. of Work Comp<br>Positions |
|---|-------------------------------|------------------------------|--------------------------------|
| Employees                                   | 101                           | 12                           | 19                             |
| Space Requirements                          | 13,080                        | 1,542                        | 6,542                          |
| Employee Common<br>Area, walls, etc.        | 11,641                        | 1,372                        | 5,823                          |
| Leasing Costs – Annual                      |                               |                              |                                |
| Leasing Costs – annual<br>(\$15 sq. ft*)    | \$0                           | \$0                          | (\$139,006****)                |
| Less Current Building<br>Operation Costs    | \$0                           | \$0                          | \$88,410                       |
| Average Cost Increase<br>Lease vs. Own      | \$0                           | \$0                          | (\$50,596)                     |
| Relocation Costs Moving<br>(\$200/employee) | \$20,200                      | \$2,400                      | \$3,800                        |

Construction Costs (from Office of Administration)

Administrative Costs:

|                 |           |          |           |
|-----------------|-----------|----------|-----------|
| Management Fees | \$217,893 | \$25,686 | \$108,987 |
| Design Fees     | \$290,523 | \$34,248 | \$145,315 |
| Printing        | \$36,355  | \$4,286  | \$18,184  |
| Advertising     | \$1,454   | \$171    | \$727     |
| Contingency     | \$181,577 | \$21,405 | \$90,822  |

ASSUMPTION (continued)

General Construction:

|                                  |             |           |             |
|----------------------------------|-------------|-----------|-------------|
| Building                         | \$2,949,067 | \$347,639 | \$1,475,065 |
| Special Construction             |             |           |             |
| Computer Rooms                   | \$145,417   | \$17,142  | \$72,735    |
| Telecommunications               | \$83,857    | \$9,885   | \$41,944    |
| Site Development<br>with Parking | \$145,417   | \$17,142  | \$72,735    |
| Utility Extensions               | \$121,181   | \$14,285  | \$60,613    |
| Inflation                        | \$186,618   | \$21,999  | \$93,344    |

Other:

|                                       |           |          |           |
|---------------------------------------|-----------|----------|-----------|
| Appraisals                            | \$4,847   | \$571    | \$2,425   |
| Site Acquisition                      | \$581,670 | \$68,568 | \$290,939 |
| Surveys                               | \$12,118  | \$1,429  | \$6,061   |
| Borings and Soil Tests                | \$12,118  | \$1,429  | \$6,061   |
| Hazardous Material Surveys            | \$24,236  | \$2,857  | \$12,123  |
| Furnishings (\$2,500 per<br>employee) | \$209,643 | \$24,713 | \$104,860 |

Miscellaneous Costs:

|                        |          |          |          |
|------------------------|----------|----------|----------|
| Site Office            | \$48,473 | \$5,714  | \$24,245 |
| Commissioning Services | \$96,944 | \$11,428 | \$48,490 |
| Scheduling Services    | \$48,473 | \$5,714  | \$24,245 |
| Partnering Services    | \$4,847  | \$571    | \$2,425  |

One-Time Construction Costs \$5,402,728      \$636,882      \$2,702,345

Grand Total FY 2006      \$5,422,928      \$639,282      \$2,655,549

Grand Total FY2007 (excludes relocation and construction costs)  
& FY2008      \$0      \$0      (\$50,596)

Total Costs after Ten Years  
(4% Inflation per Year  
per OA)      \$5,422,928      \$639,281      \$2,098,682

ASSUMPTION (continued)

|   |             |           |           |
|---|-------------|-----------|-----------|
| Total Costs after Twenty Years<br>(4% Inflation per Year<br>per OA) | \$5,422,928 | \$639,281 | \$199,489 |
|---|-------------|-----------|-----------|

|  |      |      |      |
|--|------|------|------|
| Years to Recoup Investment<br>at 4% Inflation per Year | 25.6 | 18.7 | 29.1 |
|--|------|------|------|

\* Information from the Office of Administration, Division of Facilities Maintenance indicates that commercial lease space in KC costs between \$15 and \$17/sq ft. DOLIR building operation costs are \$7.15 sq ft for the current location. Leasing cost increase equal to increase from \$7.15 to \$15 per sq ft for the amount of space occupied.

\*\*Includes other employees equipment being moved into owned facilities elsewhere in the state (total 101 employees).

\*\*\*3% is used based on information from Oversight.

\*\*\*\*Cost savings. Elimination of Division of Workers' Compensation Lease.

**Oversight assumes this is enabling legislation, that authorizes the Governor to sell, transfer, grant and convey property owned by the state in Jackson County, to Kansas City. Oversight assumes proceeds from the sale of the building would cover any replacement cost, resulting in no fiscal impact for the state.**

|   |            |            |            |
|---|------------|------------|------------|
| <u>FISCAL IMPACT - State Government</u> | FY 2006    | FY 2007    | FY 2008    |
|   | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

|   |            |            |            |
|---|------------|------------|------------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2006    | FY 2007    | FY 2008    |
|   | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

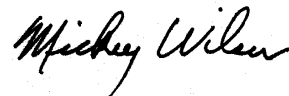
This act authorizes the Governor to convey land in Jackson County to the City of Kansas City. This is the current location of the Division of Probation and Parole and the Division of Employment Security.

This act has an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Office of Attorney General  
Department of Labor and Industrial Relations



Mickey Wilson, CPA  
Director  
February 22, 2005