

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0428-02
Bill No.: Truly Agreed to and Finally Passed SCS for SB 69
Subject: Easements and Conveyances: Jackson County
Type: Original
Date: April 28, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Governor's Office** and the **Office of Attorney General** assume no fiscal impact.

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 Operation Costs	(\$30,030)	(\$20,220)
Average Cost Increase Lease vs. Own	\$31,485	\$23,490
Relocation Costs Moving Equipment Only (\$200/employee)	\$20,200**	\$2,400
Relocation Cost Moving 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 Operation Costs	(\$246,103)	(\$20,220)
Average Cost Increase Lease vs. Own	\$124,712	\$23,490
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	General Revenue	Div. of Work Comp
	Positions	Positions	Positions
Employees	101	12	19
Space Requirements	13,080	1,542	6,542
Employee Common Area, walls, etc.	11,641	1,372	5,823
Leasing Costs – Annual			
Leasing Costs – annual (\$15 sq. ft*)	\$0	\$0	(\$139,006****)
Less Current Building Operation Costs	\$0	\$0	\$88,410
Average Cost Increase Lease vs. Own	\$0	\$0	(\$50,596)
Relocation Costs Moving (\$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 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 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 (4% Inflation per Year per OA)	\$5,422,928	\$639,281	\$199,489
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Years to Recoup Investment at 4% Inflation per Year	25.6	18.7	29.1
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* 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

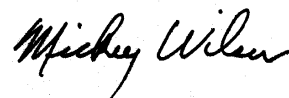
This act authorizes the Governor to convey land in Jackson County to the City of Kansas City. This is the current location of the Division of Probation and Parole and the Division of Employment Security.

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



Mickey Wilson, CPA
Director
April 28, 2005