

GOVERNOR'S HOUSING COMMITTEE

Meeting Minutes
December 8, 2011 – 3:30 p.m.

This meeting of the Governor's Housing Committee was called to order in the Len B. Jordan Building, at 650 W. State Street, Boise, ID.

Committee Members Present: Representative Phylis King
Representative Max Black
Senator Chuck Winder
Senator Les Bock
Director Teresa Luna, Department of Administration

Others Present: Connie Smith, Chief Financial Officer, Department of Administration
Ric Johnston, Facility Services Manager, Division of Public Works
Julie Weaver, Deputy AG, Attorney General's Office
Nancy Evans, Office of the First Lady
Elizabeth Criner, Simplot Co.
Jennifer Pike, Management Assistant, Department of Administration

CALL TO ORDER by Chairman Winder at 3:30 p.m.

Approval of Minutes – *Chairman Winder*

Motion: Sen. Bock moved to approve the minutes from the September 13, 2011. The motion was seconded by Rep. King. With no further discussion the motion passed.

Budget and Funding Update – *Connie Smith*

Since the Committee had not met since May, Connie Smith went over the fiscal year end numbers for FY2011. She presented the following documents:

- 1) Idaho House Cash Flow July 2011 – June 2012
- 2) Idaho House FY2012 Budget with actual expenditures through 11/30/2011
- 3) Idaho House Fund, Managed by the Idaho Community Foundation

Ms. Smith noted that on the Budget Worksheet the variance for Grounds Maintenance currently shows as significantly decreased from the previous year at the same time. However, the expenses vary throughout the year as grounds maintenance expenses arise. Additionally, the bills that the Committee receives from the Simplot Co. for our portion of the Grounds work were only paid through October 2011.

Rep. King asked about the Committees previous discussion about seeking about alternate bids for the janitorial work as a possible way to save money. Director Luna responded that we did seek a couple of bids for weekly cleaning and they all came in about the same. Therefore, we have continued with the same cleaning crew that also services the Capitol Mall area.

Chairman Winder asked Ms. Smith to remind the Committee why we have funds invested at the Idaho Community Foundation. Ms. Smith responded that when the fundraising efforts began after the donation of the Simplot property, the Department of Administration did not have the means to accept donations. The Idaho Community Foundation (ICF) was then selected to receive those contributions so donors could receive tax deductions. Director Luna elaborated that the funds were donated for specific uses such as the remodel or refurbishment of a governor's residence. Director Luna offered to provide the Committee with the agreement document between the Committee and the ICF at the next meeting.

Update on Property Survey Costs – *Connie Smith*

Ms. Smith informed the Committee that Ric Johnston with the Department of Administration has been working to identify the encroachment issues on the western border of the property. Mr. Johnston obtained a bid from a local engineering firm to add additional survey markers along that property line to assist the Department in enforcing the encroachment issues. Mr. Johnston estimated those costs between \$2500 - \$3000.

Sen. Bock suggested the Committee have their attorney write a letter to the homeowners regarding the encroachment issues. Mr. Johnston responded that the Committee had done so in 2006 for an encroachment issue, and in that case the property marker was easily identifiable. In the newly identified issues, the property markers are not identifiable. The Department has had conversations with the homeowners, and the homeowners are asking for the actual property line to prove ownership. Director Luna elaborated that the encroachment issues are getting larger or in some cases, permanent structures have been erected.

Rep. Black suggested that he may be able to reach out to the Director of the Idaho Professional Engineers and Land Surveyors (IPELS) to perform the survey at little to no cost. Rep. Black will follow up with Mr. Johnston after he has spoken to IPELS.

Future of the House Discussion – *Chairman Winder & Teresa Luna*

Chairman Winder reminded the Committee that in May they had set a tentative 6-month schedule to review the options for the future of the house, including discussions with the Simplot Co. about fundraising partnerships. Since May, Chairman Winder and Director Luna have been working with staff to gather information and present a variety of options to the Committee.

The Committee was provided with a document outlining 7 plans for the future of the current residence, another residence or having no residence at all.

Director Luna presented the projected expenses for the next few years if we operated as we do today. She then presented the following 7 plans:

Plan A: Internal Update – Fix What Needs to be Fixed

This plan would include necessary updates to the HVAC systems, windows, roof, sprinklers systems, road repairs, landscaping, etc. to the current residence and grounds that were part of the Simplot gift. The Simplot Co. is committed to assisting in raising funds for this project, if selected, as well as raising funds to rebuild the Governor's Housing corpus.

Cost: \$1 Million

Plan A + Parking:

In addition to Plan A, there is an option to pave the flat area to the north of the house to provide 30-40 additional parking spots. The addition of more parking would increase the likelihood that the house and grounds could be rented for larger meetings and functions. Currently, there is room for 15 – 20 cars to park at the top of the hill while larger events require shuttles from the bottom of the hill or off-site locations.

Cost: Additional \$100,000

Plan B: Expand and Remodel the Existing Structure

This plan would include updating the existing structure with the required fixes in Plan A for the residence and grounds that were part of the Simplot gift, as well as expanding the structure to create a more appropriate house for entertaining and housing. The Simplot Co. is committed to assisting in raising funds for this project, if selected, as well as raising funds to rebuild the Governor's Housing corpus. The cost figure below does not include parking.

Cost: \$3 Million

Plan C: Scrape and Rebuild

This plan would include completely tearing down the existing structure at the top of the Simplot Hill and rebuilding a governor’s residence in the same location that is more appropriate for entertaining and housing. The Simplot Co. is committed to assisting in raising funds for this project, if selected, as well as raising funds to rebuild the Governor’s Housing corpus. The cost figure below does not include parking.

Cost: \$3 Million

* Director Luna noted that Plans B & C are approximately the same cost simply due to construction costs for both projects.

Plan D: No Governor’s Residence/Reinstate the Stipend with Yearly COLA Increases

This plan assumes that there would be no established governor’s residence and instead the Governor would be given a monthly housing stipend with yearly COLA increases.

	COLA	Monthly Cost	Yearly Cost	Corpus
				900,589.00 *
January - December 2012		4,500.00	54,000.00	870,217.00
January - December 2013	3%	4,635.00	55,620.00	836,725.00
January - December 2014	3%	4,774.05	57,288.60	800,016.40
January - December 2015	3%	4,917.27	59,007.26	760,005.14
January - December 2016	3%	5,064.79	60,777.48	716,567.67
January - December 2017	3%	5,216.73	62,600.80	669,554.87
January - December 2018	3%	5,373.24	64,478.82	618,900.04
January - December 2019	3%	5,534.43	66,413.19	564,498.85
January - December 2020	3%	5,700.47	68,405.58	506,221.27
January - December 2021	3%	5,871.48	70,457.75	443,959.52

*Based on November 30 Cash balance, plus projected income and expense for December. Corpus includes projected interest earnings.

Cost: As shown above with impact to the corpus funds

Plan E: Build at Ft. Boise

This plan would include building a new residence on the property near Ft. Boise, and returning or otherwise getting rid of the property and residence that was part of the Simplot gift.

Cost: \$3 Million

Plan F: Buy an Existing House in a Gated Community

This plan would include buying an existing residence in an upscale, gated community, and returning or otherwise getting rid of the property and residence that was part of the Simplot gift.

Cost: \$1 Million

Discussion on Plans:

There was extensive discussion on each of the plans. The main topics of discussion are highlighted below.

Parking – Rep. Black asked what amount of parking would be considered adequate if we were to add additional parking. Director Luna responded that if the Committee were to pave the flat area about 100 feet or so away from the house, additional parking for 30 – 35 more vehicles could be available. Having a parking area to accommodate an event at the house at full capacity of 70 – 100 people would be useful.

Rep. Black suggested filling in the water features that run along the sides of the road to the house to widen the road. These items are for decorations and are no longer in use on the property. Spending the \$100,000 for increased parking would be a worthwhile expense. The increased parking may give us a gauge to determine the increased demand for use of the house.

Rep. Black asked what sort of commitment the Simplot Co. had made where in states in each option that the “The Simplot Co. is committed to assisting in raising funds for this project, if selected, as well as raising funds to rebuild the Governor’s Housing corpus.” Director Luna responded that there have been meetings with the Simplot Co. based on the general estimates we have received to develop these options. The Simplot Co. is interested in raising funds to assist the State in keeping this property. The Simplot Co recognizes that it may be difficult to raise the funds necessary for Plans B & C given the nature of the economy. However, they are committed to trying to raise the funds to accomplish Plan A and possibly rebuild the corpus. Rep. Bock noted that Plan A does not turn the house in to an actual mansion, and Rep. Black noted that parking is not addressed in Plan A either.

Ric Johnston also noted that regardless of the plan selected an entirely new sprinkler system is a necessity as the current system is the original 1980’s era, PVC pipe system. A new, energy efficient system is approximately \$300,000 of the estimated costs in Plan A, B & C.

Rep. King asked about xeriscaping the entire hill. Mr. Johnston responded that that idea had been presented previously and was not approved by the Committee or the Simplot Co. at the time. The conversation with the Simplot Co. is ongoing. Mr. Johnston noted that a test plot was xeriscaped on the property and did not last. The Committee had also considered xeriscaping just around the residence, but regardless a sprinkler system would still be necessary.

Sen. Bock suggested that Plan D may be more helpful if it was presented in terms of present value to pay the stipend in to the future.

Sen. Bock asked if the Committee would have to go back to the Legislature to get an appropriation for the \$3 Million options. He further elaborated that if the \$3 Million was donated, the Committee would have to go to the Legislature for spending authority. Director Luna responded that she did not think that would be necessary on the donated funds. Rep. Bock asked if the Committees attorney could look in to that. Rep. Black asked about the non-donated funds and their origin. Ms. Smith responded that those funds are part of a continuous appropriation and the Department of Administration has the spending authority to spend those funds. Those funds consist of the sale of the previous governor’s residence and a one-time appropriation from the Legislature. The Department of Administration never presents a budget to the Legislature for this Committee.

Director Luna further explained that the figures for Plans B & C were based on the Kempthorne plans that were drawn up by the architects when the house was donated to the state.

Rep. King noted that the purpose of a governor’s residence is also to house guests such as foreign dignitaries. The cost for housing those folks is not included in any of the figures. Rep. King asked how the current Governor handles guests. Director Luna deferred to Nancy Evans with the Office of the First

Lady. Ms. Evans responded that typically the Governor and First Lady have housed these individuals at their private home in Star.

Rep. King suggested pursuing Plans E or F due to the cost of maintaining the current house.

Rep. Bock asked if the Committee could use the donated funds to perform the parking lot updates. Director Luna responded that she would look at the original agreement and see if that would be an acceptable expense.

Chairman Winder noted that there is no consensus and that further analysis needs to be done on each items prior to the next meeting. The Deputy AG will also be following up on a few items after the first of the year.

Next Meeting of the Committee

The next meeting of the Governor's Housing Committee was not set, but perhaps should be set soon after the Legislature comes in to session.

ADJOURNMENT

The meeting was adjourned at 4:34 p.m..

Jennifer Pike, Management Assistant
Department of Administration