

State of Alaska

FY2019 Capital Budget and

Economic Recovery Act Overview

Office of Management and Budget
Pat Pitney, Director

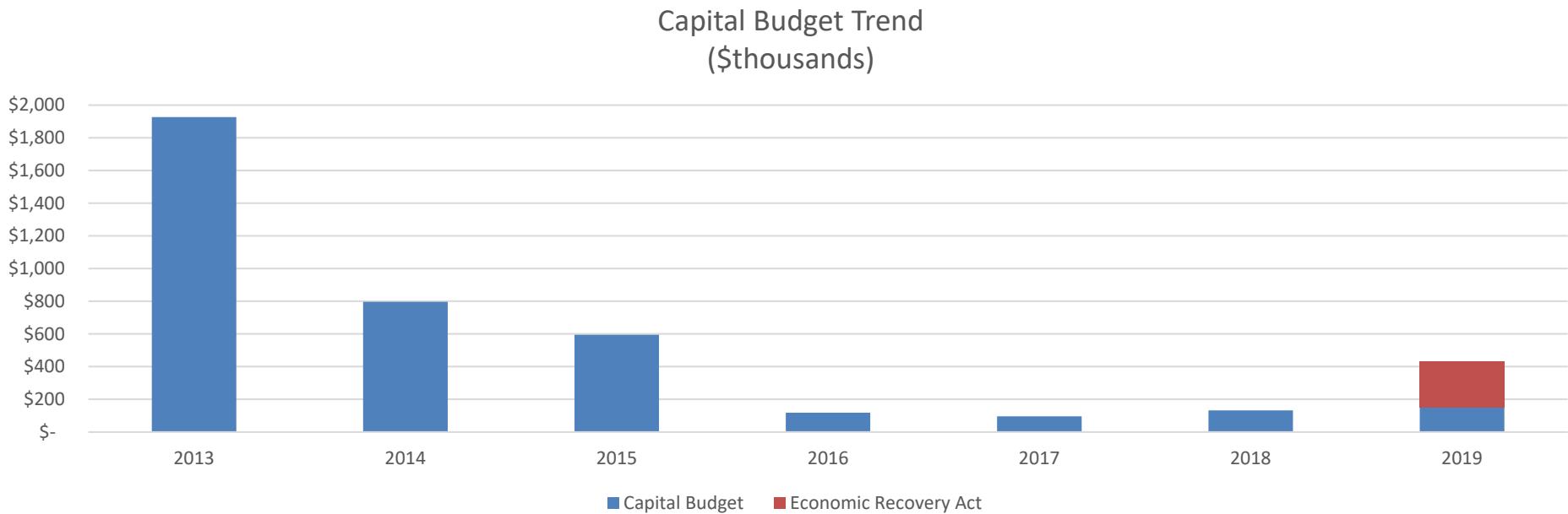
Senate Finance Committee
4/3/2018

FY2019 Capital Budget

Two Separate Capital Appropriation Bills

- **Base Capital Budget (SB142/HB284)-**
 - Lean compared to previous years
 - Provides for leverage of available federal funds and certain DGF supported energy projects
 - Certain technology efficiencies
- **Alaska Economic Recovery Act (SB140/HB282)-**
 - Supported by a payroll tax
 - Shovel ready/deferred maintenance projects designed to get work started today
 - Many smaller projects directed to communities throughout the state (urban and rural)

Capital Budget Trend



- The capital budget has been reduced 93% or \$1.8 billion from FY2013 to FY2018.
- Important needs such as deferred maintenance have been unaddressed
- Less support to communities
- Impacting employment

Base Capital Budget (SB142/HB284)

Base Capital Budget

The Governor's FY2019 capital budget prioritizes annual federal match programs, housing, energy, maintenance, and information technology.

	UGF	Total
Federal Match & Leverage	\$ 103.4	\$ 1,122.8
Housing	\$ 15.0	\$ 30.3
Energy	\$ 1.3	\$ 34.2
Maintenance	\$ 16.3	\$ 24.5
Information Technology	\$ 14.0	\$ 87.6
High Priority Investments	\$ 10.0	\$ 10.0
	\$ 160.0	\$ 1,309.4

Table in Millions

Base Capital Budget

- **Federal Match**
 - Transportation Match - \$70.1 million leverages \$700.0 million in federal
 - Village Safe Water and Sewer Projects - \$12.1 million leverages \$52.3 million federal
- **Housing**
 - Status quo housing project appropriations including teacher, health professional and trooper housing, cold climate research and grants through HUD
- **Energy**
 - Renewable Energy Projects – \$11.0 million
 - Rural Power Systems Upgrades - \$11.0 million
- **Maintenance**
 - AMHS Vessel Certification - \$13.5 million
 - Public Building Fund Deferred Maintenance - \$5.0 million
- **Information Technology**
 - Various state-wide software upgrades, continued IRIS implementation, Automated Park fee collections
- **High Priority Investments**
 - Enhanced “9-1-1” - \$8.5 million
 - AKLNG legal and financial due diligence - \$1.5 million

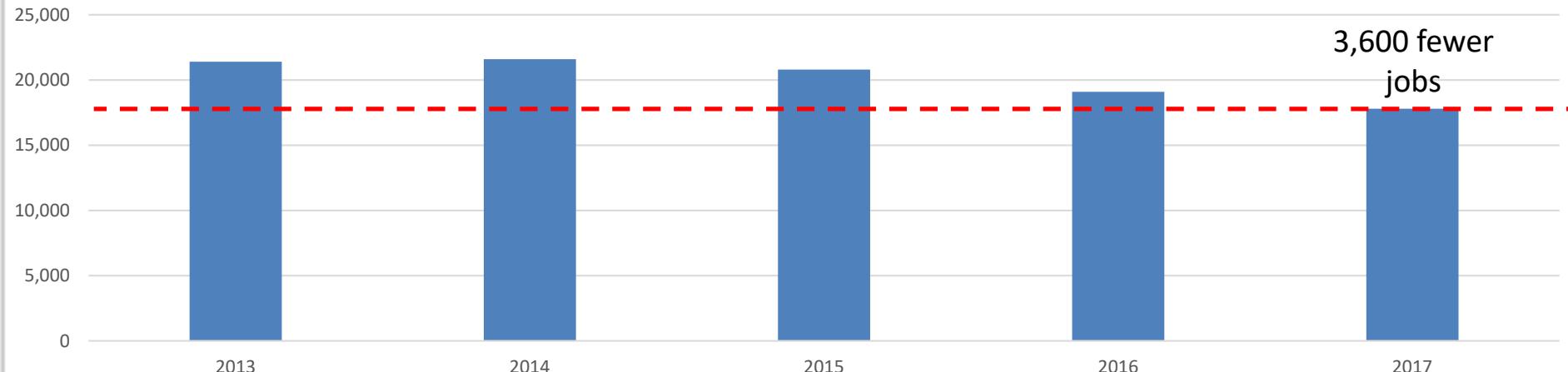
Alaska Economic Recovery Act (SB140/HB282)

Alaska Economic Recovery Act

- \$800.0 million over 3 years (\$280.0 million in FY2019)
- \$1.4 billion in economic impact with federal, local, and private funds
- Housing, state and school deferred maintenance, and energy projects
 - Many smaller projects to ensure work is started today, not after years of environmental studies
 - School maintenance impacts 60+ communities, both rural and urban
 - Does not grow government, takes care of current liabilities
- Funded by a 1.5% wage tax, capped at 2 times the PFD amount
 - Receipts designated for high-value capital projects
 - Sunsets in 2.5 years
- Creating jobs and getting the economy working is priority #1. Reassess in 2022

Construction Industry Employment

August Construction Industry Employment

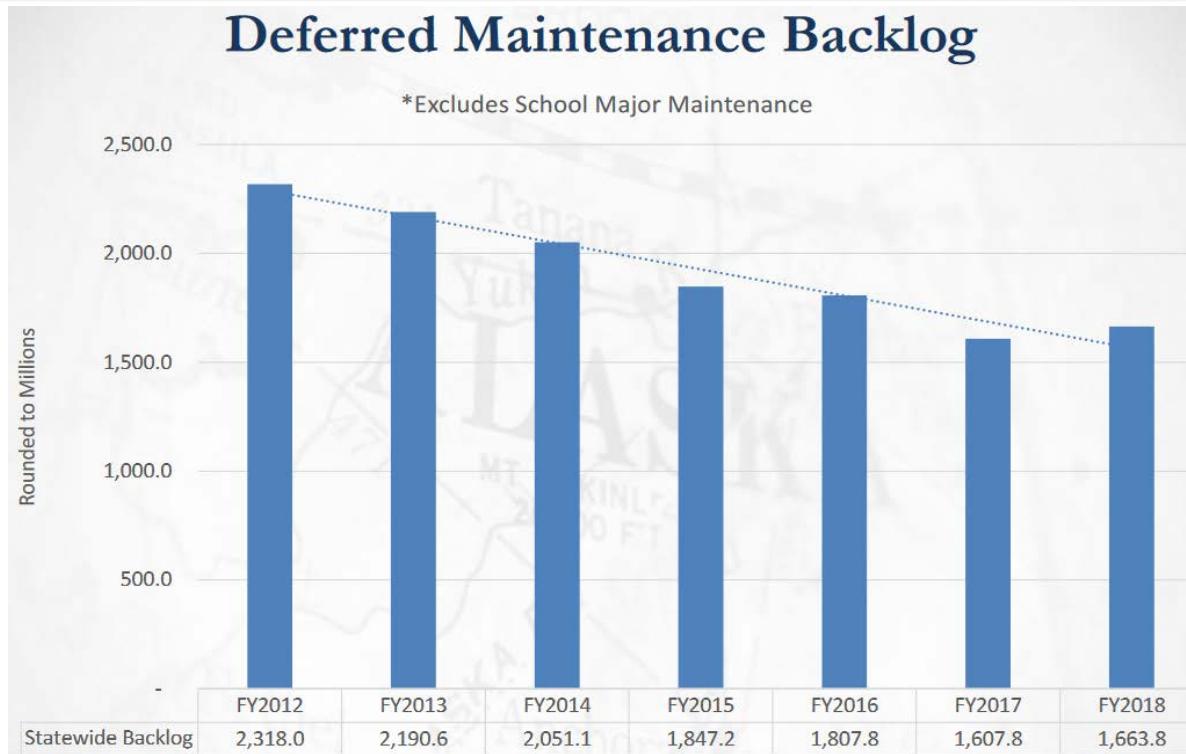


- According to ISER, \$100.0 million in reductions to the capital budget results in 506 direct and 425 indirect job losses. (Recall that that \$1.8 billion has been cut from FY2013)
- Ensuring that Alaska has a trained construction workforce will ensure future development opportunities employ as many Alaskans as possible (additional North Slope exploration, AKLNG, etc.)
- Employment figures have a direct link to spending elsewhere in the budget (Public Assistance, Medicaid, etc.)
- For each percentage point of job loss, the traditional Medicaid population grows at an annualized rate of 4.04 percent

Deferred Maintenance

- The state owns over 2,200 facilities though only about 200 over 10,000 square feet.
- 19 million square feet of space
- Replacement value of \$8.6 B
- Various types of facilities
 - Classrooms
 - Airport/maintenance shops
 - Offices
 - Laboratories
 - Parks
 - Pioneer Homes
 - Correctional Facilities
- Road maintenance

Deferred Maintenance



- DM appropriations of \$100.0 M annually for 5 years (FY11-15) has brought the back-log down
- Lean funding since FY2015 is causing the backlog to grow again
- Without a consistent level of funding, entities cannot effectively execute planned renewal
- Current level of funding only prioritizes life/safety concerns
- Failure of building systems is much more costly than addressing the problem early through deferred maintenance

Alaska Economic Recovery Multi-Year Plan

Alaska Economic Recovery Act

Investment Category	Phased Investment			Economic Impact		
	FY19	FY20	FY21	State	Federal	Local
K-12 Major Maintenance Grant Fund (AS 14.11.007)	\$70.0	\$65.0	\$55.0	\$190.0	\$0.0	\$50.0
UA Deferred Maintenance, Renovation, Repair and Equipment	\$70.0	\$65.0	\$55.0	\$190.0	\$25.0	\$25.0
State Deferred Maintenance, Renovation, Repair and Equipment	\$50.0	\$47.0	\$46.0	\$143.0	\$10.0	\$0.0
Critical Infrastructure Repair and Upgrade	\$47.0	\$57.0	\$58.0	\$162.0	\$200.0	\$100.0
Port of Anchorage Phase 1 requires Municipal Match	\$40.0	\$0.0	\$0.0	\$40.0	\$0.0	\$67.0
Highway Match to Maximize Available Federal Funds	\$7.0	\$4.0	\$6.0	\$17.0	\$170.0	\$0.0
Future Maintenance Priorities		\$53.0	\$52.0	\$105.0	\$30.0	\$33.0
Community Needs and Housing Investments	\$43.0	\$36.0	\$36.0	\$115.0	\$60.0	\$30.0
Municipal Harbor Facility Grant Fund Projects	\$10.0	\$10.0	\$10.0	\$30.0	\$0.0	\$30.0
Alaska Energy Authority - Bulk Fuel Upgrades	\$5.0	\$5.5	\$5.5	\$16.0	\$40.0	\$0.0
Emergency Medical Services Match for Code Blue	\$1.0	\$0.5	\$0.5	\$2.0	\$0.0	\$0.0
Weatherization Program	\$15.0	\$10.0	\$10.0	\$35.0	\$8.0	\$0.0
Housing Facility Maintenance Program (AHFC)	\$7.0	\$5.0	\$5.0	\$17.0	\$12.0	\$0.0
Supplemental Housing Development Program	\$3.0	\$3.0	\$3.0	\$9.0	\$0.0	\$0.0
Senior Citizens Housing Development Program	\$2.0	\$2.0	\$2.0	\$6.0	\$0.0	\$0.0
Total	\$280.0	\$270.0	\$250.0	\$800.0	\$295.0	\$205.0
	Revenue Estimate	\$160.0	\$320.0	\$320.0	\$800.0	

K-12 Major Maintenance Grant Fund

Example Projects Given Current Prioritization (\$Thousands)

School District	Project	State	Local	Total
Saint Marys	St. Mary's Campus Upgrades	\$ 3,449.9	\$ 383.3	\$ 3,833.3
Denali Borough	Cantwell K-12 School Roof Replacement	\$ 741.5	\$ 185.4	\$ 926.8
Bristol Bay Borough	Bristol Bay School Renovation	\$ 8,464.8	\$ 4,558.0	\$ 13,022.8
Ketchikan	Houghtaling Elementary Roof Replacement	\$ 2,353.2	\$ 1,008.5	\$ 3,361.7
Yukon-Koyukuk	Allakaket K-12 School Renovation	\$ 9,193.9	\$ 187.6	\$ 9,381.6
Lower Kuskokwim	Bethel Campus Fire Pump House and Fire Protection Upgrades	\$ 2,922.4	\$ 59.6	\$ 2,982.1
Craig City	Craig Middle School Gym Floor Replacement	\$ 418.2	\$ 104.5	\$ 522.7
Petersburg Borough	Petersburg Middle/High School Entry Renovation	\$ 30.5	\$ 16.4	\$ 47.0
Nome City	Nome Beltz Jr/Sr High School Partial Roof Replacement	\$ 1,556.4	\$ 667.0	\$ 2,223.5
Chugach	Chenega Bay K-12 School Rehabilitation	\$ 5,431.7	\$ 110.9	\$ 5,542.6
Alaska Gateway	Tok K-12 School Sprinkler Renovation	\$ 1,763.0	\$ 36.0	\$ 1,799.0
Anchorage	Roof Replacement and Upgrades, 4 Schools	\$ 8,082.5	\$ 4,352.1	\$ 12,434.6
Anchorage	Service High School Gym Sprinkler and Fire Alarm Upgrade	\$ 2,103.5	\$ 736.2	\$ 2,839.8
Mat-Su	Districtwide Seismic Upgrades	\$ 4,896.3	\$ 2,098.4	\$ 6,994.7
Mat-Su	Water System Replacement, Big Lake, Butte, Snowshoe Elementary Schools	\$ 4,028.0	\$ 1,726.3	\$ 5,754.3

- Projects ranked according to AS 14.10
- Participating share ranges from 5% to 35% based upon taxable property over Average Daily Membership
- Both municipal School Districts and REAAs

University Deferred Maintenance

Example Projects Given Current Prioritization (\$Thousands)

Campus Name	Project	Amount
University of Alaska Southeast	Auke Lake Pedestrian Guardrail Replacement	\$ 300.0
University of Alaska Southeast	Sitka Campus Hangar Replace/Repair Atrium Skylight	\$ 100.0
University of Alaska Southeast	Sitka Campus Hangar Back-up Generator and UPS	\$ 500.0
University of Alaska Southeast	Egan Library Replace Penthouse Siding	\$ 175.0
University of Alaska Southeast	Technical Education Center Boiler Replacement	\$ 500.0
University of Alaska Fairbanks	Regulatory Compliance - ADA	\$ 2,810.0
University of Alaska Anchorage	Kenai Peninsula College Campus Renewal	\$ 934.3
University of Alaska Anchorage	Kodiak College Campus Renewal	\$ 279.8
University of Alaska Anchorage	Prince William Sound College Campus Renewal	\$ 55.1
University of Alaska Anchorage	Kenai Peninsula - Kachemak Bay Library/Computer Classroom Renovation	\$ 150.0
University of Alaska Anchorage	Kodiak College Infrastructure Standby Generator	\$ 250.0

- Both urban and community campuses

State Deferred Maintenance

Example Projects Given Current Prioritization (\$Thousands)		
Department	Project	Amount
Corrections	Wildwood Correctional Complex Kenai-WCC Roof Repairs	\$ 1,400.0
Education	Mt. Edgecumbe High School Girls Dorm Siding Project	\$ 546.0
Education	Mt. Edgecumbe High School Public Restrooms and Dormitory Bathrooms Renovations	\$ 1,102.0
Fish & Game	Cordova-Repairs - Water Line/Concrete Surface	\$ 10.0
Fish & Game	Dillingham-Fence and stair painting	\$ 35.0
Health & Social Services	Anchorage Pioneer Home Ambulance Entrance Door Controls	\$ 11.0
Health & Social Services	Juneau Health Center Exterior Envelope Upgrades/ Window Replacement	\$ 207.8
Labor and Workforce	AVTEC Student Life Campus Student Services Center Gym Floor Replacement	\$ 450.0
Military and Veterans	Army Guard Facilities Maintenance Kotzebue Lead remediation and conversion	\$ 500.0
Natural Resources	Forestry/Parks - ADA Parking and Sidewalk Access in Delta	\$ 20.0
Public Safety	Public Safety Academy Facility HVAC Replacement	\$ 800.0
Transportation	Vegetation Management Chiniak Hwy brush cutting mile post 25-40	\$ 60.0
Transportation	Vegetation Management Mat-Su District Brush Cutting	\$ 500.0
Transportation	Vegetation Management Dalton Hwy Brush Cutting	\$ 60.0
Transportation	Gravel Surfacing Salmon River Road Highways Gravel Surfacing	\$ 350.0
Transportation	Gravel Surfacing Chiniak Highway Highways Gravel Surfacing	\$ 5,000.0
Transportation	Guardrail Repairs Anchorage District Guardrail Repair	\$ 300.0
Transportation	Traffic Signs/Signals Mat-Su Sign Repairs	\$ 380.0

Other Items

Alaska Economic Recovery Act

- **Municipal Harbor Projects**
 - Sitka: Crescent Harbor
 - Whittier: Small Boat Harbor
 - Sitka: Eliason Harbor
 - Ketchikan: Bar Harbor North Harbor
 - Anchorage: South Float
 - Whale Pass: Small Boat Harbor
 - Juneau: Douglas Harbor
 - Juneau: Harris Harbor
- **Bulk Fuel Upgrades**
 - Statewide Impact
- **Weatherization**
 - State-wide impact
- **Senior Citizen Housing Development**
- **Anchorage Port**
 - Required Municipal Match

For more information on the budget



ALASKA OFFICE OF
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omb.alaska.gov

For more information:

https://www.omb.alaska.gov/ombfiles/19_budget/PDFs/Alaska_Economic_Recovery_Plan_Overview_12-15-17.pdf

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