



THE STATE
of ALASKA
GOVERNOR MICHAEL J. DUNLEAVY

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET
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May 1, 2019

Representative Neal Foster, Co-Chair
House Finance Committee
State Capitol, Room 505
Juneau, AK 99801

Representative Tammie Wilson, Co-Chair
House Finance Committee
State Capitol, Rm 511
Juneau, AK 99801

Dear Co-Chairs Wilson and Foster,

In response to questions posed by House Finance Committee members during the Office of Management and Budget's presentation regarding deferred maintenance on Friday, April 17, 2019, the following information is provided:

1. *Representative Wilson: How many square feet does the State lease?*

The State has approximately 3.8 million square feet of leased facility space.

2. *Representative Wilson: Who owns the State Capitol?*

State of Alaska Department of Administration General Services holds the title for the property at 120 Fourth Street, Juneau, AK. Through an agreement with the Office of the Governor, the Legislature is responsible for maintenance of the building and the Office of the Governor occupies the third floor.

3. *Representative Wilson: For the State's share of School District Major Maintenance, how is the State's share determined?*

The State's share is determined by taking the Department of Education and Early Development (DEED) recommended amount and subtracting the district's participating share amount (which is determined based on statute AS 14.11.008). Regional Education Attendance Areas (REAs) have a 2% participating share (AS 14.11.008(c)) and the participating share for municipal school

districts varies from 5-35% based on the chart in AS 14.11.008(b).

4. *Representative Carpenter: How is the school major maintenance list prioritized? Please provide the full list.*

The school major maintenance listing is attached with this letter. This listing is also available on the DEED website at: <https://education.alaska.gov/facilities/facilitiespl>.

5. *Representative Josephson: What is the definition of Major Maintenance?*

Major Maintenance are projects in which the primary purpose is to:

- 1) protect the structure of an existing school facility
- 2) correct code deficiencies requiring major repair or rehabilitation, or
- 3) achieve an operating cost savings

6. *Representative Wilson: Please provide a deferred maintenance list for the University of Alaska.*

The University detailed backlog report is included with this letter.

7. *Representative Wilson: For the deferred maintenance backlog on slide 10, please provide a new slide breaking out the University of Alaska.*

The presentation was revised to show agency deferred maintenance backlog on slide 10 and university deferred maintenance backlog on slide 11. This revision is included with this letter.

8. *Representative Josephson: Please provide information on past uses of the Alaska Capital Income Fund.*

The capital income fund has been used for a variety of capital projects in past years. In the last few years, use of the fund has primarily been for deferred maintenance needs of state assets. Income into the fund is primarily permanent fund income related to the Amerada Hess settlement with additional deposits made from large passenger vessel gaming taxes. See the table on the following page for additional detail.

Fiscal Year	Beginning of Year Balance	Deposits	Appropriations	End of Year Balance	Notes
2013	58,266.6	29,584.8	0.0	87,851.4	From FY11-13, no appropriations were made from the fund.
2014	87,851.4	84,396.7	96,920.0	75,328.1	Appropriated to named recipient grants and South Denali project. Additional deposits from large passenger vessel gaming and Alaska housing capital corporation accounts.
2015	75,328.1	24,044.5	72,746.6	26,626.0	Appropriated to named recipient grants and deferred maintenance
2016	26,626.0	28,135.8	55,737.4	(975.6)	Appropriated to Kivalina K-12 Replacement School and purchase of a Legislative office building. Additional deposit from large passenger vessel gaming account.
2017	(975.6)	33,208.1	33,000.0	(767.5)	Appropriated to highway state match. Additional deposit from large passenger vessel gaming account.
2018	(767.5)	51,980.1	25,000.0	26,212.6	Appropriated to deferred maintenance. Additional deposit from large passenger vessel gaming account.
2019	26,212.6	37,100.0	63,312.6	0.0	Appropriated to deferred maintenance, highway match, and contaminated site cleanup. Additional deposit from large passenger vessel gaming account proposed in Governors budget.

9. *Representative Wilson: Why is the Alaska Housing Finance Corporations energy efficiency loan program not used for the energy efficiency projects?*

There are multiple options for state agencies seeking financing for energy efficiency projects. The Alaska Housing Finance Corporation is one of the options consulted during the process; however, it is common for other financial entities to provide more advantageous financing. Departments are required to demonstrate that the savings to annual operating costs generated by an efficiency project exceed the cost of financing the project and result in a net savings to the state.

10. *Representative Wilson: Please provide a list of the energy efficient projects that have been completed and the funding source for each.*

The list of projects is included with this letter.

11. *Representative Wilson: When State properties are sold, what happens to the proceeds from those sales?*

Per the Alaska Administrative Manual 20.080, the general fund accounts for all expendable financial resources except those required to be accounted for in another fund. For example, sale of an asset managed under the public building fund, would be deposited into the public building fund. In the case of the two facilities sold by Alaska International Airport System, those funds went back into that program and will be used on future projects that benefit the International Airports (Anchorage and Fairbanks).

12. *Representative Wilson: What Federal obligations does the State have with regard to buildings and ports?*

Facilities disposal with respect to federal grants varies among the different federal agencies. A 2016 report from GAO provides a good summary of the different requirements. The PDF is attached with this letter. The link to the PDF is also included below:

<https://www.gao.gov/assets/690/681495.pdf>

The federal government exercises a wide range of responsibilities with respect to ports. The following link provides a good summary. The assumption is that those areas not listed would fall to the state or local level government. Please see following link:

<https://www.epa.gov/community-port-collaboration-and-capacity-building/ports-primer-74-agency-responsibilities>

Please let me know if you have additional questions.

Sincerely,



Donna Arduin, Director
Office of Management and Budget

cc: Ms. Suzanne Cunningham, Director, Governor's Legislative Office
Mr. David Teal, Director, Legislative Finance Division