



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Office of the Governor

OFFICE OF MANAGEMENT AND BUDGET
Pat Pitney, Director

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May 3, 2018

The Honorable Paul Seaton
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Neal Foster
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 410
Juneau, AK 99801-1182

Dear Co-Chair Seaton and Co-Chair Foster:

Thank you for the opportunity to answer questions and provide additional detail on the Governor's FY2019 capital budget during the House Finance Committee on April 30, 2018. The following is in response to questions posed by the committee during the overview for distribution to the members.

Representative Wilson: How much of the FY2018 deferred maintenance appropriation has been distributed?

Please see the attached memo regarding the FY2018 deferred maintenance distribution. The administration distributed the appropriation to "shovel ready" projects in order to satisfy the highest priority needs of each department. A small contingency amount was retained to address any emergent events. The Office of Management and Budget is beginning a status update with departments to determine the status of each funded project and reallocate any remaining authority.

Representative Neuman: Will the enhanced 9-1-1 system provide operational efficiencies for communities or result in additional costs?

The estimated annual operating costs of a central dispatch center are \$2,850.7, of which \$2,343.1 would come from savings from canceling the MatComm contract and moving current staff from Soldotna. The Department of Public Safety (DPS) would need an additional \$507.6 to cover the remainder of annual operating costs. The 11 new PCNs requested would effectively replace MatComm staff. Please see the attached table with estimated dispatch center annual operating costs.

Representative Wilson: Is there a local contribution required for the Newtok community? Has the state relocated other communities in the past?

The \$960.0 appropriation covers the 20% match required by the Denali Commission. The state has relocated other communities in the past. For example, Valdez was relocated after the 1964 earthquake. Currently, multiple Alaska communities face coastal erosion and are in various states of planning and development of erosion mitigation.

Representative Pruitt: How much of the backlog in sexual assault kits will the \$2.5 million appropriation cover?

The \$2.5 million capital project will enable DPS to send the existing backlog of unsubmitted sexual assault kits for testing. The number of kits is estimated to be 2,900 based on the inventory count received from law enforcement agencies across the state. The cost is based on the current contract

The Honorable Paul Seaton
The Honorable Neal Foster
May 3, 2018
Page 2

cost charged to test kits. The base price of testing is \$745 per kit, with a portion of the kits requiring more testing at an additional expense. The most expensive add-on is Y-STR testing, a type of forensic genetic testing, at a cost of \$1,040 per kit.

The authority would also enable the Crime Lab to purchase high-density shelving to store all sexual assault kits in accordance with evidence retention laws, specifically AS 12.36.200(a)(2). The estimated cost of the shelving is \$300.0.

Representative Wilson: What is the average cost per year for negotiation of labor agreements?

Labor Relations has had a base budget of approximately \$1.3 million annually since FY2016 after a reduction from the FY2015 and prior level. Not all of this authority is spent directly on negotiations with labor unions; however, in years with multiple active negotiations, a greater proportion of time is spent on the negotiations.

In addition to the base budget, a multi-year appropriation for labor negotiations was approved in FY2015. Per Division of Personnel and Labor Relations (DOPLR), this has been used to obtain outside expertise where needed in negotiations. This may include outside legal counsel or other consultants (such as Segal for healthcare issues). The Department of Law does not always have the available resources or expertise to meet all of the Department of Administration's needs for labor negotiations. Outside council provides management with the same level of expertise the unions bring to the table. The language item in this year's budget does not request new money; it extends the lapse date of the existing appropriation to 6/30/2019.

Representative Neuman: Is the amount for judgements and settlements several small settlements or one large settlement?

There are three items included in the \$3.37 million appropriation for judgements and settlements:

- \$2.5 million resulting from a U.S. Department of Justice investigation under the False Claims Act against the Alaska Department of Health and Social Services.
- \$400.0 resulting from a wrongful death suit filed by the estate of Mark Bolus against the Alaska Department of Corrections.
- \$480.0 judgment issued February 2018, resulting from a snowmachine accident in Denali State Park involving a State Park Ranger.

Please let me know if you have additional questions.

Sincerely,



Pat Pitney
Director

Enclosures

1. FY18 Deferred Maintenance Distribution Recommendation - 12.1.17
2. Estimated 9-1-1 Dispatch Center Annual Operating Costs

cc: David Teal, Director, Legislative Finance
Darwin Peterson, Director, Governor's Legislative Office

State of Alaska

Bill Walker, Governor

Office of Management and Budget

To: Bill Walker, Governor

Cc: Scott Kendall, Chief of Staff, John Hozey, Deputy Chief of Staff

Date: December 1, 2017

Subject: Deferred Maintenance Distribution Recommendation, FY2018

From: Pat Pitney, Director

The Legislature included a \$20 million statewide appropriation in the FY2018 capital budget to fund the highest-priority deferred maintenance projects. This appropriation was in addition to direct appropriations to specific agencies such as the Department of Administration and the University of Alaska. Over the course of the fall, OMB has met with each agency and assessed the overall needs of the state, and determined a distribution plan for the \$20 million appropriation.

OMB prioritized projects based on the following criteria:

- life, health, and safety needs of employees, residents, students, and Alaskans in custody;
- assets at risk of imminent failure which may disrupt program delivery;
- ability to execute projects or make substantial progress in the current fiscal year; and
- space upgrades to meet current or changing mission of programs with demonstrated return on investment (i.e. lease savings and maximizing use of state owned facilities).

Additionally, each agency's prior deferred maintenance appropriations were evaluated to ensure that all available funding sources are leveraged to the greatest extent possible.

OMB recommends \$19.6 million of the \$20 million be allocated to eight separate agencies. A balance of \$404.5 remains (2% of the total) for project contingencies and emergent projects that may arise throughout the winter. If a project comes in under-budget the remaining funds will be repurposed to the next priority project. A small amount of this distribution is allotted to centralize maintenance data and determine facility conditions. The table below outlines the distribution by agency. A listing is also attached for project-specific details.

Agency	Amount
DOA Facilities and SATS	5,140.0
Corrections	5,414.0
Education	601.5
Fish and Game	150.0
Health and Social Services	2,450.0
Labor and Workforce Development	1,000.0
Natural Resources	1,020.0
DOTPF Facilities and Marine Highway	3,820.0
Total	\$19,595.5

Figures in Thousands

I am happy to review this issue in more detail. Absent a response by December 15, 2017, these distributions will be formalized.

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DOA	1,300.0	State Office Building 7th and 8th Floor Repair Work	Maintenance work will enable the vacated library and archives spaces to be utilized as general office space, along with mail room consolidation. The vacated space had been in use for 40 years by the library. Maintenance work is required to allow continued office space use, including: Electrical drops, remove and replace original wiring in affected area; Data drops for computers and VOIP phones; Replace ceiling tiles and light fixtures as needed; Demolition and removal of existing walls; Paint and patch walls; Remove and replace floor coverings, both tile and carpet; and Abatement of hazardous material (asbestos). Asbestos exists in floor tile adhesives, and on structural beams. The work is scheduled to be complete by December 31, 2017. This also provides a lease cost savings of \$11.0 per month to the Department of Administration once they vacate a temporary month-to-month lease supporting the Shared Services program. Future lease cost avoidance by moving out of leased space and into the State Office Building is estimated to be \$157.5 on the low end and \$521.3 on the high end.	Juneau
DOA	2,500.0	Geological Materials Center Roof Replacement	When the building was purchased 4 years ago, it was noted in the purchase documents that the roof had reached its useful life and should be replaced within 2 years. The roof leaks during rain/snow and could potentially damage priceless core samples owned by DNR. The roof should be replaced as soon as possible to mitigate damage of the building, property and potential electrical hazards.	Anchorage
DOA	1,090.0	State of Alaska Telecommunications System (SATS) - Replace discontinued and past service life equipment	Replace manufacturer discontinued air conditioners on microwave site buildings (\$115.0); Replace manufacturer discontinued TDM microwave radios grouped by regions (\$540.0); Replace Generac standby generators which are having excessively high failure rate (\$315.0); Replace battery plants at 10 sites (\$120.0).	Statewide
DOA	250.0	SATS - Replace Pillar Mountain building and tower	Building and tower are severely degraded by years of exposure to elements/salt water environment	Kodiak
DOC	1,200.0	Statewide - CCTV DVR Replacement	Project will replace failing CCTV recording (DVR) equipment at four facilities and increase video analytics and evidence storage capacity. Obsolete hard drives are failing on CCTV recording equipment. The systems are 8 years old and failing intermittently. Video recordings inside of the facilities are being lost and security investigations are not complete without the video evidence to maintain a safe environment. The estimate for this project was developed by DOC Facilities Management based on similar past projects. This project will be performed by contractors. This project will take 12 months for design and construction to finish all 4 facilities.	Statewide

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DOC	700.0	Bethel Waterline Service Connection (DOC & DHSS)	This project is to connect the facility to utility service waterlines. The City of Bethel charter requires connection to their water system when it is available. The project will eliminate the need to treat onsite well water and retain water treatment licensed personnel. Internal plumbing & sprinkler upgrades are required. This estimate for this project was developed by the DOC based projects of similar nature and scope. Construction on the new line is anticipated to be completed in December 2018. This project will be preformed by contractors. This project will take at least 1 year for design completion and construction (Seasonal Limitations for Civil work).	Bethel
DOC	300.0	Fairbanks - FCC Kitchen Elevator	This project will make repairs and upgrades to the exiting kitchen elevator. Recent code violations were noted during the last annual inspection. The elevator at FCC has recently started leaking water into the hydraulic system. It was written up during a recent inspection and will need to be repaired or shut sown. The elevator is vital to securely moving supplies into the second floor kitchen at FCC. This estimate for this project was developed by the DOC based projects of similar nature and scope. This project will be performed by contractors. This project will take 9-12 months.	Fairbanks
DOC	900.0	Fairbanks - FCC Roof Repairs	The roofs at FCC over the Unit II housing area are failing due to age (50+ years old) and in need of replacement. Efforts to patch the roof have extended the life but are no longer effective. Water infiltrates into the interior causing further damage to the facility. Asbestos is also present in this facility and could be introduced into the facility if leaks expand and damage the asbestos insulation. The estimate for this project was developed by our Facilities group based on the estimates from past projects of this type. This project will be performed by contractors. This project will take 12 months for design and construction. (Seasonal limitations for roof work).	Fairbanks

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DOC	500.0	Fairbanks - FCC Gym Toilets and Showers	This project will replace deteriorated showers and bathrooms in the gymnasium overflow housing area. The existing fixtures are failing and do not meet current code requirements for occupancy. The estimate for this project was developed by our Facilities group based on previous estimates projects of this type. This project will be performed by contractors. This project will take 9 months to complete. (Design completed with prior funding).	Fairbanks
DOC	40.0	Eagle River - HMCC Shooting Range Lead Abatement	This phase of the lead clean up at HMCC will treat lead (stabilize) in the soil for future classification. Soil classification will determine future remediation requirements and provide budget information needed for final abatement. The shooting range at HMCC is inactive due to residential and other development around the facility. Inactive shooting ranges must be abated per EPA requirements. We are working with the DEC and soil treatment is required prior to removal. Removal will be the next phase when soil treatment is conducted and verified sufficient. The estimate for this project was developed by our Facilities group based on the estimates from consultants. This project will be performed by contractors. This project will take up to 24 months based on the steps required for soil classifications and removal.	Eagle River
DOC	150.0	Anchorage - ACCW Perimeter Security Fence Replacement	This project will replace the existing perimeter fence. The fence is located on a sloped hill and is falling over. The fence has been compromised by vandals. The estimate for this project was developed by our Facilities group. This project will be performed by contractors. This project will take 6 months to complete. (Seasonal limitations for civil work & safety).	Anchorage
DOC	400.0	Palmer - Mat-Su Pre-Trial Roof Replacement	This project will repair the leaking roof system over the mechanical room. The roofs at Mat-Su Pre-Trial are failing due to age (32+ years old) and in need of replacement. Efforts to patch the roof have extended the life but are no longer effective. Water infiltrates into the interior causing further damage to the facility. This estimate for this project was developed by the DOC based projects of similar nature and scope. This project will be performed by contractors. This project will take one year for design and construction. (Seasonal limitations for roof work).	Palmer

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DOC	650.0	Seward - SCCC Roof Repairs	Replace existing roofs on House II and House III -The roofs at SCCC are failing due to age (30+ years old) and in need of replacement. Roof leaks on House II and III are allowing water infiltration into the building damaging walls etc. IRMA roof system has been patched and is no longer reliable. Efforts to patch the House II and House III roof have extended the life but are no longer effective. Water infiltrates into the interior causing further damage to the facility. The estimate for this project was developed by DOC Facilities Management based on similar past projects. This project will be performed by contractors. This project will take 12 months for design and construction. (Seasonal limitations for roof work).	Seward
DOC	80.0	Juneau - LCCC Sprinkler System Repairs	This project will replace existing sprinkler heads. The existing heads are 40+ years old and are at risk of delayed activation or failure. NFPA 13 sprinkler code changes require replacement with fast activation devices. Faster activating sprinkler heads improve system operations and performance. The estimate for this project was developed by our Facilities group based on the estimates from past projects of this type. This project will be performed by contractors. This project will take 3 months to complete.	Juneau
DOC	350.0	Ketchikan - KCC Kitchen Upgrades	This project will replace failing wall, floor and ceiling surfaces damaged from inadequate ventilation and age. The kitchen walls and floors are deteriorated and failing. Excessive moisture accumulates due to inadequate ventilation creating a mold problem. The ventilation will be increased and walls and floors repaired. This project will reduce ongoing mold remediation efforts and improve sanitation, food storage and walking working surfaces. The estimate for this project was developed by our Facilities group based on the estimates from past projects of this type. This project will be performed by contractors. This project will take 12 months for design and construction.	Ketchikan
DOC	144.0	Nome - AMCC Security Locking Devices	Existing Locks are obsolete and need replacement. This project will replace worn and obsolete locking devices on security and cell doors. Parts are no longer manufactured and are difficult to find and replace. The estimate for this project was developed by our Facilities group. This project will be performed by contractors. This project will take 6 to 9 months to complete.	Nome

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DEED	601.5	Mt. Edgecumbe High School Fire Alarm and Sprinkler Replacement	The scope of the project addresses life and safety and includes the replacement of exterior sprinkler system mains as well as a new fire alarm panel and addressable fire detection system for the main academic building. Design work has been completed.	Sitka
DFG	15.0	Flammable Storage Locker Replacement	Replace current flammable storage locker that no longer meets local and state code.	Dutch Harbor
DFG	75.0	King Salmon - Fire systems upgrade	Upgrade fire system panels/emergency lights& install auto dialers	King Salmon
DFG	60.0	Kodiak - Exterior Foundation Repair and Boiler Burners Replacement	Exterior Foundation repair and boiler burners replacement	Kodiak
DHSS	450.0	Ketchikan Pioneer Home Siding Replacement	This project completes Phase II to replace the compromised and deteriorating siding on the weather side of the Home. Water infiltration is creating dangerous mold conditions and must be repaired immediately.	Ketchikan
DHSS	2,000.0	McLaughlin Youth Center Campus-wide Roof Replacement	Replace deteriorated roofing systems campus-wide. This project consolidates multiple roof replacement projects to be most cost-effective.	Anchorage
DOLWD	250.0	AVTEC First Lake Campus Underground Fuel Tank Replacement	Replace leaking underground oil tank at First Lake Facility discovered July 2017.	Seward
DOLWD	250.0	AVTEC First Lake Campus Soil Remediation	Remediate soil contamination resulting from leaking underground oil tank at First Lake Facility. Since soil contamination costs are largely unknown until the project is underway, this funding level is a rough estimate.	Seward
DOLWD	300.0	AVTEC Marathon Dormitory Pipe Failure Repair	Repair and remediation of damages caused by hot water pipe failure at the Marathon Dormitory. Leak was discovered July 2017.	Seward
DOLWD	200.0	AVTEC Cafeteria HVAC Replacement	Replace failing ventilation system in the cafeteria ceiling. The current ventilation system is inadequate for the cafeteria. This repair is combined with a ceiling tile replacement project to be most cost effective.	Seward

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DNR	580.0	Resurface Fairbanks Forestry Compound	Moving supplies by forklift is a high risk operation when uneven and soft surfaces are present, as is the case in the lot at the Northern Region Fire Response and Support Facility. Employees and materials are at risk due to tipovers. Hazardous material spills are more likely while operating on uneven and soft surfaces. Reducing operating speed to safe levels to avoid tipovers is counterproductive during high tempo operations where firefighter lives and the public are at risk and time matters. Paving will solve the problems of the driveway, warehouse & shop operating areas and parking areas deterioration and causing unsafe forklift operations. Paving will also prevent dust infiltration into helicopter engines and buildings when the helicopter takes off and lands.	Fairbanks
DNR	340.0	Plant Materials Center Consolidated Deferred Maintenance	Irrigation System and Well Replacement (\$90.0) - The Plant Materials Center's irrigation system is over 30 years old and is comprised of two separate systems that require continual maintenance and lack current safety mechanisms. Plant Materials Center Reglaze Greenhouses (\$150.0) - Replacement of 20 year old greenhouse glazing will improve current production greenhouses by excluding unwanted pests, improving heating, cooling and lighting while reducing the current required gas and electrical demands. Various Projects (\$100.0) - replace and repair greenhouse foundations/flooring, improve grading and drainage around facility structures to stop seasonal flooding, maintain field access roads including culvert and gravel replacement, seal a leaking roof on 8K sqft storage building, replace a failing security gate, replace saturated insulation damaged from flooding and repair exterior damage to several buildings from decades of high wind events.	Palmer
DNR	100.0	Nancy Lake State Recreation Area	Re-stripe and repair asphalt on Nancy Lake Parkway. This includes repairing an existing culvert crossing beneath the road that has failed and is threatening to undermine a section of the road. If the road is undermined access to the greater Nancy Lake State Recreation Area will be cut off.	Mat-Su
DOTPF	239.0	Klawock Maintenance Station - Building Envelope Replacement	The siding and roofing project for the Klawock Station needs additional funding for contract award. Envelope replacement will address leak issues and increase building energy efficiency.	Klawock
DOTPF	287.0	Cold Bay ARFF Station- Replace Roof.	Roof has corroded so badly that fasteners no longer hold the roofing panels in place. Roof has numerous pin holes throughout and leaks on internal electrical panels and light fixtures. Roof needs to be replace with new roofing panels.	Cold Bay

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DOTPF	182.0	Renovate Peger Complex Sewer System	This project will complete the sewer upgrade project that started years ago under several different projects. The last 1/3 of the wood stave pipe will be replaced and eliminate the risk of collapse and blockage that exists now. Two thirds of the wood-stave pipe has been replaced with HDPE pipe. The remainder is 40 + years old and needs to be replaced before failure.	Fairbanks
DOTPF	335.0	Replace Healy Station Shop Roof	The original roof design currently provides an R 11 energy rating. The current condition of the roof is very poor and needs to be replaced. This project would provide additional insulation, raising the R-value to R 60. At the time of replacement of the new roof system, an OSHA-approved, fall protection system would be installed.	Healy
DOTPF	77.0	Replace Boilers at Tok Combined Facility	Replace the original (1967) boiler with two modern high efficiency boilers providing redundancy and reliability during winter heating months. These boilers have operated 10 years past their normal life cycle. Failure is imminent.	Tok
DOTPF	120.0	Replace Furnaces in Western Rural Airport SREBs	Many rural airports in the Western District need replacement furnaces/chimneys. They are old, corroded, and unsafe. This is logically intensive due to the fly-in only access to the facilities.	Multiple
DOTPF	392.0	Replace Peger Tech Services Building Roof	Roof leaks and is in very poor condition. Replace with EPDM and add fall protection system.	Fairbanks
DOTPF	368.0	Replace Nenana Station Shop Roof	Replace aging roof that has frequent leaks. Replace the existing roofing material with EPDM and increase the ceiling R-value to R-50 or better.	Nenana
DOTPF	500.0	Computerized Maintenance Management System	There are multiple technology platforms in use by state agencies to manage facilities, making it difficult to deploy and manage maintenance resources in the most efficient manner. A single computerized maintenance management system (CMMS) adopted statewide will provide an enterprise technology platform for the management of statewide facilities maintenance and operations. This will lead to stronger data available to deploy resources to the highest needs statewide. Over time, multiple systems currently in use by various state agencies will be eliminated. The \$500,000 will be used toward annual software licensing, maintenance and implementation costs of the system.	Statewide

FY18 DM Distribution Detail

Agency	Amount	Title	Description	Location
DOTPF	300.0	Facilities Condition Index	There are multiple independent, objective methods in use by agencies for determining facility conditions, maintenance effectiveness or deferred maintenance needs. This funding will develop statewide condition assessments and indexes of state facilities to achieve objective and uniform analysis of existing facility and deferred maintenance needs. This contributes toward providing means of measuring the effectiveness of facilities maintenance operations and a structured, consistent and predictable method to prioritize and select future deferred maintenance projects. The \$300,000 will be used to develop the facility condition index (FCIs) for as many high-utilized or critical state facilities as possible.	Statewide
DOTPF	662.5	Alaska Marine Highway System Fleet and Terminals	Vessel overhaul projects include: Kennicott – side doors and deck prep/paint, repair tiles in galley and reseal the deck, replace car deck steel, paint tanks and voids, replace steel grating, install an auto pump out system to the settler tank Lituya – install valve on boiler, replace vent damper, install an engine monitoring system LeConte - blast and repaint car deck, install AC system in crew staterooms, replace car deck steel below refrigerator compressors, install a bow mooring box, install breaker switches Malaspina – retrace vent system in engine room Matanuska – replace galley ovens, replace phone system between BT and wheelhouse Tustumena – repair joinery in several passenger bathrooms	Statewide
DOTPF	357.5	Alaska Marine Highway System Fleet and Terminals	Ferry terminal work to include: Haines – Bathroom refurbishment Sitka – Replace exterior doors Ketchikan – Replace doors Cordova – Replace exterior doors Homer – Repair building exterior	Statewide
Total	19,595.5			

Estimated Central Communication 9-1-1 Dispatch Center Annual Operating Costs

Personal Services		Positions
Emergency Dispatch Supervisor		1 110.0
Emergency Services Dispatcher II		2 186.4
Emergency Services Dispatcher I		15 1,389.7
Analyst/Programmer III		1 100.0
Office Assistant II		1 75.8
		1,861.9
Travel		50.0
Services		
Computer Hardware/Software Maintenance		368.8
Telephone Trunks/Selective Router Access		360.0
ANI/ALI MSAG Database Maintenance		150.0
Telecomm cost for FAI and KET		50.0
		928.8
Commodities		10.0
TOTAL ESTIMATED ANNUAL OPERATING COSTS		2,850.7

Current Contracts and DPS Personal Services Costs

MatComm Contract FY2018	1,541.1
<u>Soldotna</u>	
Personal Services Costs (9 positions)	791.6
Travel, Services, Commodities	10.4
	802.0
TOTAL CURRENT COSTS	2,343.1

Additional Operating Funding Needed	507.6
Plus 11 New PCN's	