

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 149  
 (H) Publish Date: 3/22/01

Title: An Act relating to correctional facility space and  
to authorize the DOC to enter into agreement.....

Dept. Affected: CORRECTIONS  
 BRU: Administration and Operations  
 Component: Office of the Commissioner

Sponsor: \_\_\_\_\_  
 Requester: State Affairs/ Finance

Component Number: 694

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	71.0	71.0	71.0	326.0	255.0	255.0
Travel	5.0	5.0	5.0	5.0	0.0	0.0
Contractual	85.0	75.0	75.0	95.0	90.0	90.0
Supplies	1.5	1.5	1.5	1.5	0.0	0.0
Equipment	3.0	0.0	45.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous				1,210.4	477.5	477.5
<b>TOTAL OPERATING</b>	<b>165.5</b>	<b>152.5</b>	<b>197.5</b>	<b>1,637.9</b>	<b>822.5</b>	<b>822.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	165.5	152.5	197.5	1,637.9	822.5	822.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>165.5</b>	<b>152.5</b>	<b>197.5</b>	<b>1,637.9</b>	<b>822.5</b>	<b>822.5</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	1	1	1	10	10	10
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill allows the Commissioner of the Department of Corrections to enter into a Twenty-Year agreement predicated on an agreement with a private third-party contractor who will construct and operate the facility by providing for custody, care, and discipline for persons held by the commissioner of corrections under authority of state law. The agreement must be for a minimum of 800 prison beds and contain terms providing the commissioner of corrections may terminate for cause, and the commissioner may not enter into an agreement with an agency unable to provide or cause to be provided a degree of custody, care, and discipline similar to that required by the laws of Alaska.

DOC will require a Long-term Project position- Facilities Manager I to interface with the local government project during design and construction phases and through 1st year operations. Position costs \$71.0 per year through FY2005 and requires an additional \$14.5 of support costs for FY2002 and \$11.5 for FY2003-2005.

(CONTINUED ON PAGE 2 of 2)

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 Approved by: Margaret M. Pugh, Commissioner  
 Agency: Department of Corrections

Phone 465-4652  
 Date/Time 3/14/2001 3:45PM  
 Date 3/14/01

For distribution information, call the Governor's Legislative Office

**House Bill 149**

**“An Act relating to correctional facility space and to authorize the DOC to enter into agreement...”**

**Publish Date: 2/26/01**

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As Corrections Group North has noted, “Management problems in private prisons are the result of poorly drafted contracts [and] lack of oversight.” The Department of Corrections (DOC) requires funds to enable the Agency to hire a professional who will negotiate the necessary prisoner care and operational contracts with the Kenai Peninsula Borough and its third party Representative. These contracts are to ensure they provide a degree of custody, care, and discipline similar to that required by the laws of this state. Estimate approximately \$185 per hour X 430 hours = \$79,950 or \$80.0. This is the estimated amount that the Municipality of Anchorage spent on their contract negotiations for the New Anchorage Jail. The Department assumes that all necessary contracts would be completed in FY2002.

The DOC also requires funds to enter into a professional service agreement for contract compliance monitoring services for the new Kenai Jail. The DOC must be assured that the Third-Party Operator of the facility complies with all of its contractual requirements to prevent and defend against potential litigation and/or liability for the State of Alaska. Monitoring services would include development of the monitoring instrument to include all aspects of correctional practice, on-going monthly monitoring, and reporting requirements. The Department estimates approximately \$100 per hour X 700 hours per year = \$70.0 per year beginning in FY2003.

State oversight of the new Kenai Facility will require the following additional 4 Permanent full-time state staff in the Department’s budget for the life of the contract: (Assume that staff will begin work FY2005)

Two Probation Officer II’s @ \$65.0 per year = \$130.0  
1 Nurse II @ \$65.0 per year  
1 Internal Auditor II @ \$60.0 year  
Support costs for 4 Positions @ \$5.0 per position = \$20.0

Data processing equipment will be needed to support DOC oversight staff and to interface with the new Kenai Jail with the Department’s Management Information System. Data processing PC’s, office equipment, miscellaneous equipment including the WAN/LAN connection. \$45.0 in FY2004

The DOC Transportation Section will require: four (4) additional Prisoner Transportation Officers based at the Kenai Jail (\$65.0 each X 4 =- \$260.0) and one Officer in the Anchorage Central Office (\$60.0); safety and operating equipment for the five officers (\$14.9 Total One-Time); a new Van to transport prisoners back and forth from the Kenai Jail (\$30.0 one-time); travel and transportation funds to move prisoners from out of state to Kenai (one-time expenses of \$688.0); travel and transportation costs to handle routine needs at the facility (annual expenses estimated at \$12,500 per month X 12 months = \$150.0); and contractual services funds for miscellaneous equipment to support new officers, such as radios and weapons. (\$7.5).

Cost: \$1,210.4 (\$477.5 Annually starting in FY2005 and \$732.9 One-Time in FY2005.)

The DOC cannot presently calculate the new contractual service funds that will be needed to pay for the prisoner beds at the new Kenai Jail because sufficient information is not yet available. HB 149 only addresses the need for 800 beds for a minimum of 20 years agreement. We cannot speculate what the costs per day would be for each of the 800 beds. Thus, we can only submit an indeterminate amount for these services.