

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 497  
 (H) Publish Date: 3/15/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Corrections  
 Title "An act giving notice of approving  
the entry into, and the issuance of certificates of participation BRU Administration and Operations  
 Sponsor Rules Committee Component All  
 Requester Governor Component No. #0694

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

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

| OPERATING EXPENDITURES | FY 2003      | FY 2004      | FY 2005      | FY 2006         | FY 2007         | FY 2008         |
|------------------------|--------------|--------------|--------------|-----------------|-----------------|-----------------|
| Personal Services      | 424.2        | 441.0        | 458.0        | 476.0           | 0.0             | 0.0             |
| Travel                 | 35.0         | 35.0         | 35.0         | 35.0            | 0.0             | 0.0             |
| Contractual            | 69.8         | 119.8        | 119.8        | 2,023.9         | 2,023.9         | 2,023.9         |
| Supplies               | 7.0          | 7.0          | 7.0          | 7.0             | 0.0             | 0.0             |
| Equipment              | 14.0         | 0.0          | 0.0          | 0.0             | 0.0             | 0.0             |
| Land & Structures      |              |              |              |                 |                 |                 |
| Grants & Claims        |              |              |              |                 |                 |                 |
| Miscellaneous          | 0.0          | 0.0          | 0.0          | 8,272.8         | 8,272.8         | 8,272.8         |
| <b>TOTAL OPERATING</b> | <b>550.0</b> | <b>602.8</b> | <b>619.8</b> | <b>10,814.7</b> | <b>10,296.7</b> | <b>10,296.7</b> |

|                             |            |            |            |            |            |            |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| <b>CAPITAL EXPENDITURES</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |
|-----------------------------|------------|------------|------------|------------|------------|------------|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE (Thousands of Dollars)**

|   |              |              |              |                 |                 |                 |
|---|--------------|--------------|--------------|-----------------|-----------------|-----------------|
| 1002 Federal Receipts                   |              |              |              |                 |                 |                 |
| 1003 GF Match                           |              |              |              |                 |                 |                 |
| 1004 GF                                 | 550.0        | 602.8        | 619.8        | 10,814.7        | 10,296.7        | 10,296.7        |
| 1005 GF/Program Receipts                |              |              |              |                 |                 |                 |
| 1037 GF/Mental Health                   |              |              |              |                 |                 |                 |
| Other (Specify Type--Do not abbreviate) |              |              |              |                 |                 |                 |
| <b>TOTAL</b>                            | <b>550.0</b> | <b>602.8</b> | <b>619.8</b> | <b>10,814.7</b> | <b>10,296.7</b> | <b>10,296.7</b> |

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

|           |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|
| Full-time | 7 | 7 | 7 | 7 | * | * |
| Part-time |   |   |   |   |   |   |
| Temporary |   |   |   |   |   |   |

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

This Bill gives notice that the upgrade and expansion of correctional facilities and jails is planned to occur in three phases with the first phase to include correctional facilities and jails for which construction can be started within one year of the effective date of this Act in order to meet the most pressing needs; and to acknowledge the second and third phases of future upgrade, expansion, and replacement projects as set out in Section 3 of the Act.

The Department of Corrections (DOC) requires \$100.0 per year to enable the Agency to hire a professional services contractor who will negotiate the necessary prisoner care and operational contracts with the different communities involved in the community jails expansion effort and to monitor contract compliance. These contracts are to ensure the communities provide a degree of custody, care, and

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 Division: Administrative Services Date/Time 2/21/02 1:50 PM  
 Approved by: Margaret M. Pugh, Commissioner Date 2/21/02  
 Agency: Dept. of Corrections

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**BILL NO. HB 497 - FN#2**

**ANALYSIS CONTINUATION**

discipline similar to that required by the laws of this state. The Department estimates approximately \$100 per hour X 1,000 hours per year = \$100.0 per year beginning on January 1, 2003. Funding need will be \$50.0 for FY2003 and \$100.0 each fiscal year thereafter.

The DOC also requires 7 new permanent fulltime project staff to coordinate and oversee new construction at the 8 communities. This note assumes that the project staff will begin work immediately and will work through the first year of operation to ensure all the warranty work is completed and the new facilities are fully functional. Annually, these administrative costs represent less than one-half of one percent of the capital costs of the projects. New staffing is as follows:

1. 4 PFT Facilities Managers I, Range 20, GGU, @ \$75.0 per year = \$300.0 (1 PCC, 1SCCC,1 YKCC/FCC, 1 Local Jails)
2. 1 PFT Accounting Technician I, Range 12, GGU, @ \$44.2 per year = \$44.2 (Accounts Payable/Financial Tracking)
3. 2 PFT Administrative Clerk II's, Range 8, GGU, @ \$40.0 per year = \$80.0 (1 position Supports two Facility Manager's)

Support costs for the 7 new project positions is as follows: \$35.0 Travel (on-site coordination of construction); \$19.8 Contractual Services (communication, office expenses, etc); \$7.0 Commodities (consumable office supplies); and \$14.0 Equipment (one-time personal computers).

Upon completion of construction in FY2005, these 8 new and expanded state prisons and local community jails will require increased operation funds starting in FY2006 to support their increased offender capacities. On the other hand, the state will be able to decrease the number of inmates that it is now placing out of state, which will produce significant cost savings.

| <u>State Institutions</u> | <u># Beds</u> | <u>Operating Costs</u>                                  |
|---------------------------|---------------|---|
| Palmer CC                 | 237           | \$ 9,979.0  |
| Spring Creek CC           | 170           | \$ 4,051.0  |
| Yukon-Kuskokwim CC        | 96            | \$ 5,682.0  |
| Fairbanks CC              | 60            | \$ 1,918.0  |
| Less Out Of State Costs   | -563          | <u>(\$13,357.2)</u>                                     |
| Total                     |               | \$ 8,272.8 (shown in miscellaneous line of fiscal note) |
| <u>Community Jails</u>    |               |   |
| Dillingham                | 25            | \$ 850.0  |
| Kodiak                    | 20            | \$ 350.0  |
| Kotzebue                  | 26            | \$1,100.0   |
| North Slope Borough       | 20            | \$1,000.0   |
| Less Out Of State Costs   | -58           | <u>(\$1,376.1)</u>                                      |
| Total                     |               | \$1,923.9 (shown in contractual line of fiscal note)    |

\*Note: The projected increases in operating costs for the expanded facilities are based upon current per bed cost averages for the institutions. Specific staffing plans will be presented when the design work is completed.

Personal services line assumes that a 3.75% performance merit adjustment will be provided each of the 7 new staff per the provisions of labor contracts after the first year of employment. Cost calculations assume that the first year will be for development of necessary architectural and engineering plans and that the construction can be completed in two years with new operations beginning in the fourth year.