

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 498
 (H) Publish Date: 3/13/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Corrections
 Title An Act expressing legislative intent re BRU Administration and Operations
privately operated correctional facility space and services; Component All
 Sponsor House Finance
 Requester State Affairs; Finance 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	71.0	73.7	571.5	913.0	864.9	897.4
Travel	4.0	4.0	20.0	170.0	166.0	166.0
Contractual	85.5	5.5	44.5	26,380.9	25,687.4	25,757.4
Supplies	2.0	2.0	10.0	14.0	12.0	12.0
Equipment	3.0	0.0	61.0	44.9	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	165.5	85.2	707.0	27,522.8	26,730.3	26,832.8

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	165.5	85.2	707.0	27,522.8	26,730.3	26,832.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	165.5	85.2	707.0	27,522.8	26,730.3	26,832.8

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	1	1	9	14	13	13
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill allows the Commissioner of the Department of Corrections to enter into a contract with the City of Whittier for privately operated correctional space and services similar to those currently acquired for medium-security Alaska prisoners in a privately operated prison outside the state. The agreement must be for a minimum of 25 years. An operating component must be sufficient to support 1,200 prison beds for a period of five years from initial operation. Section 1 expresses Legislative intent that per diem costs will be between \$89 to \$91 per day.

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 the 1st year of operations. Position's initial costs are \$71.0 per year with 3.75% annual performance adjustments included per labor agreement through FY2006. Also requires an additional \$14.5 of support costs for FY2003 and \$11.5 for FY2004-2006.

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 Division Administrative Services Date/Time 2/27/02 2:24 PM
 Approved by: Margaret M. Pugh, Commissioner Date 2/27/02
 Agency Department of Corrections

FISCAL NOTE

STATE OF ALASKA 2002 LEGISLATIVE SESSION

BILL NO. HB 498 - FN#2

ANALYSIS CONTINUATION

This legislation would authorize the single largest contract in the State of Alaska's history, nearly 1 billion dollars over 25 years.

The Department of Corrections (DOC) requires funds to enable the Agency to hire a professional contractor to negotiate and execute necessary prisoner care and operational contracts with the City of Whittier and their 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 (Shown in Contractual Line of FN). This is the same amount that the Municipality of Anchorage spent on their contract negotiations for the new 400-bed Anchorage Jail. Assume all necessary contracts would be completed in FY2003.

The DOC requires funds to enter into a professional service agreement for contract compliance monitoring services of the contracts for the new Whittier Prison. 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. Estimate approximately \$100 per hour X 1,000 hours per year = \$100.0 per year (Shown in Contractual Line of FN) beginning in FY2006 (operations begins).

State oversight of the new Whittier Prison will require the following additional 8 Permanent full-time state staff in the Department's budget for the life of the contract: (assume that staff will begin work in FY2005 preparing offenders for transition from existing out-of-state facilities and developing case management files and also build in a 3.75% performance incentive adjustments per labor agreements for FY2006-FY2008)

4 Adult Probation Officer II's (Case Managers) @ \$65.0 per year = \$260.0 per year personal services
2 Nurse II (Medical Coordination) @ \$65.0 = \$130.0 per year personal services
1 Internal Auditor II (Contract Compliance) @ \$60.0 per year personal services
1 Criminal Justice Technician (Clerical/Office Support) @ \$45.0 per year personal services
Leased Vehicles for Adult Probation Officers (2) = \$15.0 per year contractual services
Travel-Supply Support costs 8 Positions @ \$6.0 per year(\$2.0 Travel, \$3.0 Contractual, \$1.0 Supplies) = \$48.0 per year.
Equipment: \$2.0 each position to cover PC's, printers, office equipment = \$16.0 (One-time).

Data processing equipment will be needed to support DOC oversight staff and to interface with the new Whittier Prison with the Department's new Offender Tracking Information System. Data processing PC's, office equipment, miscellaneous equipment including the WAN/LAN connection. \$45.0 in FY2005 (shown in equipment line of FN).

The DOC Transportation Section will require: four (4) additional PFT Prisoner Transportation Officers based at the Whittier Prison (\$65.0 each X 4 = \$260.0 personal services with a 3.75% performance incentive adjustment per labor agreements FY2007 and FY2008) and one PFT Prisoner Transportation Officer in the Anchorage Central Office (\$60.0 P.S.); safety and operating equipment for the five officers (\$14.9 Total Equipment one-time); a new Van to transport prisoners back and forth from the Whittier Prison (\$30.0 Total Equipment one-time); travel and transportation funds to move prisoners from out of state to Whittier (one-time contractual 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 travel); and contractual services funds (\$7.5) and supply funds (\$4.0) to support the new transportation officers.

The annual operating costs to cover the contracting costs of housing prisons under this bill will be approximately \$39,420.0 (shown in contractual services line of FN) each fiscal year beginning in FY2006. (1,200 beds times \$90 per day times 365 days). Note that FY2008 leap year will require an additional \$108.0 of contractual funds. Contractual services need assumes that all Architectural and Engineering will be completed in the first year (FY2003) and Construction will take approximately 2.0 years (FY2004 and FY2005) for this multi-story 1,200 bed facility. Prison operations at the new Whittier Prison is assumed to begin in FY2006.

The \$39,420.0 annual costs of incarceration will be offset by moving the remaining 585 offenders housed at the Out of State Contract facility (Central Arizona Detention Center) back to Alaska and housing them in the new Whittier Prison. 585 offenders times \$65 per day X 365 days = \$13,879.1 of savings that can be applied to the new Whittier Prison costs. An additional \$38.0 of savings will apply to leap year FY2008.

End