

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 498(FIN)
 (H) Publish Date: 4/22/02

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	144.7	645.1	989.3	941.3	897.4
Travel	3.0	6.0	22.0	172.0	169.0	166.0
Contractual	85.5	11.0	50.0	33,695.5	34,702.0	34,786.5
Supplies	3.0	6.0	14.0	18.0	15.0	12.0
Equipment	3.0	3.0	61.0	44.9	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous					5,682.0	5,682.0
TOTAL OPERATING	165.5	170.7	792.1	34,919.7	41,509.3	41,543.9

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	170.7	792.1	34,919.7	41,509.3	41,543.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	165.5	170.7	792.1	34,919.7	41,509.3	41,543.9

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	2	10	15	41	40
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Section 1 of this bill states the legislative intent to secure additional correctional facility space through a privately operated correctional facility in Alaska. The legislature expects the Department of Corrections to contract with the City of Whittier for privately operated correctional facility space and services similar to those currently acquired for medium-security Alaska prisoners in a privately operated prison outside the state. Legislature expects the initial per diem costs will be between \$89 to \$91 per day.

Section 2 authorizes a contract with the City of Whittier for correctional facility space and services with third-party contractor operation for a minimum of 25 years, a minimum of 1,000 beds and the contract must provide cultural relevant services.

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Prepared by: Joseph Reeves Phone 465-3315
 Division: Administrative Services Date/Time 4/19/02 9:10 AM
 Approved by: Margaret M. Pugh, Commissioner Date 4/19/02
 Agency: Department of Corrections

FISCAL NOTE #3

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ANALYSIS CONTINUATION

DOC will require 2 Long-term Project positions- Facilities Manager I's to interface with the Whittier (Start FY2003) and Bethel (Start FY2004) project during design and construction phases and through the 1st year of operations. Each of the position's initial salary and benefit costs are \$71.0 per year with 3.75% annual performance adjustments included per labor agreement. Each of the Facility Manager staff will also require an additional \$14.5 of support costs for FY2003 (\$3.0 Travel, \$5.5 contractual Services, \$3.0 Supplies, and \$3.0 Equipment (one-time) for their first year operations, and \$11.5 for subsequent 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 to salary costs 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 each/year(\$2.0 Travel, \$3.0 Contractual, \$1.0 Supplies) = \$48.0/year.
Equipment: \$2.0 each X 8 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).

Starting in FY06, 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 in subsequent years) 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 in FY06); 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 \$32,850.0 (shown in contractual services line of FN) each fiscal year beginning in FY2006. (1,000 beds times \$90 per day times 365 days). Note that FY2008 leap year will require an additional \$90.0 of contractual funds. Contractual services amount assumes that all Architectural and Engineering will be completed in the first year (FY2003) and Construction will take approximately 2 years (FY2004 and FY2005) for this multi-story 1,000 bed facility. Prison operations at the new Whittier Prison is assumed to begin FY2006. Assuming 25 year contract with City of Whittier for prison services, at the \$90 per day rate per prisoner, the total 25 year contract will be cost \$821,790,000.

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ANALYSIS CONTINUATION

The \$32,850.0 annual contractual costs of incarceration at Whittier may be offset by moving offenders housed at the Out of State Contract facility (Central Arizona Detention Center) back to Alaska and housing them in the new Whittier Prison, if any remain at CADC when the new in-state facility is completed. If the CADC were to still have 585 (current FY03 population) Alaska offenders there by the time the Whittier Prison is completed, moving those prisoners back in-state could offset the \$32,850.0 contract costs at Whittier by \$13,879.1 (585 X \$65 per day X 365 days).

Section 3 states that the provisions of AS 33.30.031 (a) do not apply to an agreement for correctional space and services in accordance with the provisions of sec. 2 of this Act.

Section 4 authorizes the department to enter into a lease-financing agreement for the expansion of the Yukon-Kuskokwim Correctional Center (YKCC) in Bethel for up to 96 new beds as costs not to exceed: 1) \$183,300 per bed; 2) \$17,593,700 in capital costs; and 3) \$5,682,000 in increased operating expenditures. The estimated total cost of construction, acquisition, and equipping the project is \$19,000,000, which shall be paid from proceeds of the certificates of participation issued. The estimated aggregate annual amount of rental obligations under the lease-financing agreements is \$1,700,000. The total payments for the full term of certificates of participation are estimated to be \$25,500,000. Estimate that Architectural and Engineering will begin in FY2004 with Construction to occur FY2005-FY2006. and expanded Operations to begin in FY2007. Estimate that the expansion of 96 offender beds at YKCC will require 27 new staff (or 3.5 offenders per staff).

Section 5 Repeals Section 1-3, ch.32, SLA 2001, relating to contracting with the Kenai Peninsula Borough for private prison services.

Section 6 establishes a "Condition Effect" that states Section 4 only takes effect if construction begins on the private prison in Whittier.

Section 7 says Sections 1-3 and 5 of this Act takes effect July 1, 2002.

Section 8 says Section 4 takes effect the day after the day that the revisor of statutes is notified by the commissioner of corrections that construction has begun on the private prison approved in secs 1-3 of this Act.

End.