

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 55(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 4/11/03

Referred: Finance

Sponsor(s): REPRESENTATIVES HAWKER AND ROKEBERG, Kohring

A BILL

FOR AN ACT ENTITLED

1 **"An Act expressing legislative intent regarding privately operated correctional facility**
2 **space and services; relating to the development and financing of privately operated**
3 **correctional facility space and services; authorizing the Department of Corrections to**
4 **enter into an agreement for the confinement and care of prisoners in privately operated**
5 **correctional facility space; authorizing the Department of Corrections to enter into**
6 **agreements with municipalities to expand existing correctional facilities; and providing**
7 **for an effective date."**

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
10 to read:

11 **LEGISLATIVE INTENT.** It is the intent of the legislature in sec. 2 of this Act to
12 secure additional correctional facility space and services through a privately operated
13 correctional facility in Alaska. The legislature anticipates a privately operated correctional

1 facility will bring competitive management styles and operations to Alaska and bestow
 2 economic benefits in-state as opposed to sending prisoners and associated economic support
 3 outside the state.

4 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
 5 read:

6 **AUTHORIZATION TO CONTRACT FOR CORRECTIONAL FACILITY SPACE**
 7 **AND SERVICES WITH THIRD-PARTY CONTRACTOR FOR OPERATION.** (a) The
 8 Department of Corrections is authorized to enter into an agreement with a municipality for the
 9 purpose of acquiring correctional facility space and services for a minimum of 25 years for
 10 persons who are committed to the custody of the commissioner of corrections.

11 (b) The agreement entered into under this section is predicated on and must provide
 12 for an agreement between a municipality and one or more private third-party contractors
 13 under which private, for profit or nonprofit third-party contractors construct and operate the
 14 facility by providing for custody, care, and discipline services for persons committed to the
 15 custody of the commissioner of corrections under authority of state law. In an agreement with
 16 a municipality, the commissioner of corrections shall require that the municipality procure
 17 one or more private third-party operators through a competitive bid process. The procurement
 18 requirements of this subsection are satisfied if the municipality, in exercise of its powers
 19 under AS 29.35.010(15) for procurement of land, design, construction, and operation of a
 20 facility, follows its municipal ordinances and resolutions and procurement procedures.

21 (c) The authorization given by (a) of this section is subject to the following
 22 conditions:

23 (1) the agreement must cover a minimum of 1,200 prison beds, and, subject to
 24 (2) of this subsection, the payments by the Department of Corrections

25 (A) may not exceed a total per diem cost of \$94 an inmate a day or 85
 26 percent of the inmate cost per day to the state for the construction and operation by the
 27 state of equivalent facilities, whichever is less; the per diem cost shall be adjusted for

28 (i) changes in the cost of living from the effective date of this
 29 Act until the facility opens;

30 (ii) costs not incurred until full occupancy;

31 (B) must be sufficient to cover

1 (i) a capital component consisting of the cost for the
2 development and construction of the facility, including all debt service; and

3 (ii) an operating component consisting of the operating costs,
4 not including inmate transportation, based on per diem operating charges for a
5 minimum 1,200 prison beds;

6 (2) the agreement must provide that the obligation of the Department of
7 Corrections to make payments under the agreement is subject to annual appropriation of funds
8 by the legislature;

9 (3) the agreement must contain terms providing that the commissioner of
10 corrections may direct the municipality, after notice and reasonable opportunity to cure, to
11 terminate its contract with a private third-party contractor operating the facility in accordance
12 with the provisions of (b) of this section, and to procure a replacement third-party contractor
13 if the commissioner finds that the private third-party contractor has failed to provide or cause
14 to be provided the degree of custody, care, and discipline required by terms of the agreement
15 and that the private third-party contractor has been given notice and reasonable opportunity to
16 cure as provided in the third-party contractor's agreement with the municipality;

17 (4) the commissioner's authority to enter into the agreement is subject to the
18 condition that the contract between the municipality and the operator requires the operator to
19 provide culturally relevant reformation services to incarcerated Alaska Natives.

20 (d) Nothing in this section is intended to prevent a municipality from issuing bonds as
21 permitted for municipalities under state law, including AS 29.47.390, to finance construction
22 of the facility. The bonds may be secured by and payable from revenues of the facility,
23 including those described in (c) of this section. Revenues of the facility are not revenues of
24 the municipality for purposes of AS 29.47.390.

25 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 **AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH**
28 **MUNICIPALITIES.** (a) To relieve overcrowding of existing correctional facilities in the
29 state, the Department of Corrections may enter into agreements with the following specific
30 municipalities for expanded correctional facilities:

31 (1) Fairbanks North Star Borough - expansion of the existing Fairbanks

1 Correctional Center by up to 100 beds;

2 (2) Matanuska-Susitna Borough - expansion of the existing Mat-Su Pre-trial
3 Facility by up to 107 beds;

4 (3) Bethel - expansion of the existing Yukon Kuskokwim Correctional Center
5 by up to 96 beds;

6 (4) Seward - expansion of the existing Spring Creek Correctional Center by up
7 to 150 beds.

8 (b) The authorizations given by (a) of this section are subject to the following
9 conditions:

10 (1) the average capital costs for all beds may not exceed \$155,000 a bed,
11 adjusted for inflation at the rate of three percent a year from the effective date of this Act;

12 (2) if expansion of an existing facility is authorized, the state shall enter into a
13 joint ownership agreement with the municipality of the expanded facility, enter onto a long-
14 term lease not to exceed 25 years of the municipality's interest in the facility, and operate the
15 facility; payments under the lease may not exceed \$16,700 a bed.

16 * **Sec. 4.** Sections 1 - 3, ch. 32, SLA 2001, are repealed.

17 * **Sec. 5.** This Act takes effect July 1, 2003.