

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 6, 2003
10:15 a.m.

MEMBERS PRESENT

Representative Bruce Weyhrauch, Chair
Representative Jim Holm, Vice Chair
Representative Nancy Dahlstrom
Representative Bob Lynn
Representative Paul Seaton
Representative Max Gruenberg

MEMBERS ABSENT

Representative Ethan Berkowitz

COMMITTEE CALENDAR

OVERVIEW: DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

[For the regular meeting minutes, see the 8:01 a.m. minutes for this date.]

TAPES

03-18, SIDE A

CHAIR BRUCE WEYHRAUCH called the meeting of the House State Affairs Standing Committee back to order at 10:15 a.m. Representatives Weyhrauch, Seaton, Gruenberg, Holm, Lynn, and Dahlstrom were present at the call to order.

SUMMARY OF INFORMATION

JOHN MacKINNON, Deputy Commissioner, Department of Transportation & Public Facilities (DOT&PF), explained the definition of "Public Facilities" as those buildings in the state that are owned and operated by the State of Alaska. Presently the Alaska Court System (ACS), the Department of Administration (DOA), and the Department of Transportation & Public Facilities have jurisdiction over state owned facilities within Alaska.

MR. MacKINNON, in response to questions, said that the Alaska Court System often contract with Department of Administration or

DOT&PF to maintain its buildings because it is not set up for such; that the Capitol Building is managed by the Legislative Affairs Agency (LAA); and that the DOT&PF is in charge of highway maintenance. He went on to say that the mission of statewide facilities maintenance and operations is to improve the quality of life for Alaskans by cost-effectively providing environmentally-sound and reliable public facilities. It is to benefit the traveling public in Alaska communities through sound and effective leasing of property management practices at the state's airports and harbors.

MR. MacKINNON also went on to say that there are three separate regions in the state - Central, "Northern," and Southeast - and that each region is responsible for the maintenance of its respective facilities. The facilities components furnish basic services, utilities such as electricity, water/sewer, waste disposal, janitorial. The facilities component also provides preventative and routine maintenance, repairs/remodeling, and major maintenance of all state owned facilities. The department's component of this maintains and operates 618 state owned buildings with over 2.6 million square feet of space.

MR. MacKINNON said that this square footage is only 37-39 percent of the total square footage of space used by the State of Alaska. Budget appropriations totals approximately \$12 million annually, and there are 79 employees maintaining and operating the facilities. In October of 2000, a number of unoccupied, state-owned buildings were transferred to the Department of Administration for its use and maintenance. The DOA, in turn, contracts back to DOT&PF for routine and major maintenance for many of the DOA's buildings, many of which are multi-agency use. In addition, the DOT&PF administers over 200 contracts and work orders for construction, maintenance, and janitorial projects. If there is not in-house expertise, the DOT&PF contracts all construction, maintenance and janitorial projects out. Compliance with the Americans With Disabilities Act (ADA) and the Resource Conservation and Recovery Act (RCRA) is a major part of DOT&PF's workload.

MR. MacKINNON relayed that the key issues for the DOT&PF involve maintenance of the facilities. Lack of maintenance in any facility results in condemnation: in the last two years, four maintenance stations were condemned due to lack of major maintenance on an aging facilities. One of those is scheduled for replacement this year. The department has identified between \$45 million and \$55 million worth of deferred maintenance backlog, and include door replacements, window

replacements, roof replacements, electrical upgrades, fuel tank replacements, installation of oil and water separators, safety issues such as the replacement of overhead cranes and hoists and repair and replacement of heating systems. Projects are prioritized first by health and safety issues, and then by code compliance.

REPRESENTATIVE HOLM asked about the budget process that should include maintenance of facilities but doesn't. He suggested that the DOT&PF's budgeting process should include monies are needed for repair and maintenance. Rep. Holm strongly expressed his opinion on the importance of asking the legislature for annual maintenance and repair funding rather than letting the buildings fall into ruin and require replacement.

MR. MacKINNON agreed, and expressed a desire to have DOT&PF begin to include repair and maintenance in the budgeting process.

REPRESENTATIVE GRUENBERG commented that maybe now would be a good time to introduce legislation requiring that repair and maintenance be included in the annual budgeting process.

MR. MacKINNON, in response to a question regarding bonding for repair and maintenance, said he thinks it would be good to include a certain amount in the budget for maintenance costs for facilities. After building facilities, it is the obligation of the state to maintain them, regardless of what department of the state being discussed. In the budget process, when the departments and the legislature are looking for places to cut, repair and maintenance is an easy place to start. The public is not affected as much by low maintenance as are the employees who use the buildings. Bonding for repair and maintenance would be a call for the Legislature to make. In 1997 and 1998, there was a deferred maintenance task force that identified a large number of needs for repair and maintenance throughout the state - largely for education facilities (rural and urban schools, etc.) Due to the high cost of this item, nothing ever came of it.

REPRESENTATIVE GRUENBERG asked why there are so many departments owning buildings. Is it not more efficient to have one department in charge, to standardize procedures and the personnel with expertise, and get the economies of scale and coordination?

MR. MacKINNON replied that it would make a lot of sense to do something like that. The department is in the business of

building and maintaining highways and buildings. The largest issues facing DOT&PF for not funding repair and maintenance are safety issues for employees and the public who enter the buildings. Most rural maintenance shops have had a safety assessment done in the recent past. It was discovered that four of them were in serious danger of collapse, totally because of lack of maintenance. Some state maintenance shops date from the 1940s.

REPRESENTATIVE DAHLSTROM asked whether the aforementioned figure stated for deferred maintenance included all facilities.

MR. MacKINNON replied that the absolutely essential life/safety issues are taken care of by DOT&PF with funds it scrapes up. The funding needs reflected in the aforementioned deferred maintenance figure is prioritized, and cosmetic work is not a priority unless it will also extend the life of a facility. In response to the question of whether the state was being fined for not maintaining facilities, he stated that safety issues such as boiler and furnace annual inspections are completed and rarely do they not pass inspections. He went on to discuss improvements that have been made to many public facilities including energy saving projects statewide. Replacing lighting fixtures in an office building with more efficient fixtures has about a three-and-a-half year payback on the costs of materials and labor. There are several DOT&PF buildings in the process of receiving upgrades at this time.

REPRESENTATIVE GRUENBERG suggested looking into the idea of putting together some legislation or good public policy that would help the department along.

REPRESENTATIVE HOLM said he would like to reference a letter to Mr. MacKinnon with further questions and then review the response, and offered to share that response with the rest of the committee members.

REPRESENTATIVE SEATON raised the issue of state equipment leases, and asked whether the equipment lease arrangement is such that all heavy equipment is leased from the state for 10 years and at the end of that 10-year period the state has paid for the entire unit, but does not have the piece of equipment to sell or do anything else with. He mentioned that there is also a \$40 per hour maintenance charge that the agencies pay to the state rather than the standard \$28 per hour. This seems, he added, to be very inefficient and costly for the departments to pay interdepartmentally. Is there a way to allow each region to

purchase their own equipment or work it out to pay less for the maintenance? This makes for a large tap on their budget for no real gain. "Davis-Bacon" requirements dictate a higher rate be charged on equipment repair, and this is a big drain on budgets regionally. He also asked about a fuel contract for state vehicles in order for the state not to pay a higher rate due to pump prices being charged for a very large portion of the state fleet.

MR. MacKINNON responded that the state equipment fleet is not a moneymaker, it is designed to be a break-even program: pay for the use of the equipment and build up a replacement fund to replace the equipment. Costs of new equipment currently exceed the money sitting in the lease account; for example, the original cost of a grader is \$150,00 and the replacement cost 10 years later is \$220,000. By using a competitive bidding process, the state ends up with several different types of equipment and manufacturers and so there is a difficulty in maintaining parts and training maintenance staff.

NANCY SLAGLE, Director, Division of Administrative Services, Department of Transportation & Public Facilities (DOT&PF), added that equipment fleet headquarters does contract with a fuel provider, and this takes about \$.10 off of the pump price for state vehicles.

REPRESENTATIVE SEATON said that last year, state research vessels were not able to dovetail onto the contract that the Alaska Marine Highway System (AMHS) utilizes, and this resulted in a loss of about \$40,000.

MS. SLAGLE said that the department would look into utilizing the state contract with other departments.

GEORGE LEVASSEUER, Maintenance and Operations Manager, Southcentral District, Northern Region, Department of Transportation & Public Facilities (DOT&PF), relayed that he'd worked the area from Cordova to Delta for almost 30 years and is now filling in on an interim basis for the State Maintenance Engineer.

CHAIR WEYHRAUCH thanked everyone for coming and speaking before the committee. He spoke to Rep. Gruenberg's comment about the possible need to have the committee get together and work on legislation that would be of benefit to the DOT&PF.

REPRESENTATIVE GRUENBERG suggested that the chairs of the House State Affairs Standing Committee and the House Transportation Standing Committee and their staff get together to see how they could help the department. He went on to list several items he had concerns about: one, should there be one department in charge of public facilities; two, should there be a maintenance component as part of the budget requirements; and three, should the legislature revisit the concept of the Deferred Maintenance Task Force.

CHAIR WEYHRAUCH stated that he would prefer to work on this project as a whole committee before going to a sub-committee. He also voiced his opinion that since both Representative Holm and Representative Gruenberg have concerns, it is important to ask questions and get responses to the committee in order for it to move forward.

ANNOUNCEMENTS

There were no announcements.

COMMITTEE ACTION

The committee took no action.

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 10:50 a.m.

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3, Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Third Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.