

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

February 20, 2003

3:30 p.m.

**MEMBERS PRESENT**

Senator Robin Taylor, Chair  
Senator Fred Dyson  
Senator John Cowdery  
Senator Gretchen Guess  
Senator Lyman Hoffman

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 49

"An Act making corrective amendments to the Alaska Statutes as recommended by the revisor of statutes; and providing for an effective date."

MOVED CSSB 49 (STA) OUT OF COMMITTEE

SENATE BILL NO. 65

"An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage."

HEARD AND HELD

**PREVIOUS ACTION**

SB 49 - No previous action to record.

SB 65 - No previous action to record.

**WITNESS REGISTER**

Pamela Finley  
Revisor of Statutes  
Legislative Legal Counsel  
Room 329 Terry Miller Building  
Juneau, AK 99801-1182

**POSITION STATEMENT:** Explained SB 49

Senator Lyda Green  
State Capitol, Room 516  
Juneau, AK 99801-1182

**POSITION STATEMENT:** Sponsor SB 65

Thomas H. Boutin  
Department of Revenue  
PO Box 110400  
Juneau, AK 99811-0400

**POSITION STATEMENT:** Answered fiscal note questions on SB 65

Charles Campbell  
Director of Corrections (Retired)  
Juneau, Alaska 99801

**POSITION STATEMENT:** Supports SB 65

Marc Antrim  
Commissioner-Designee  
Department of Corrections  
431 N. Franklin, Suite 400  
Juneau, AK 99801

**POSITION STATEMENT:** Supports SB 65

Jerry Burnett, Director  
Administrative Services  
Department of Corrections  
431 N. Franklin, Suite 400  
Juneau, AK 99801

**POSITION STATEMENT:** Answered questions on SB 65

Frank Pruitt  
No address provided

**POSITION STATEMENT:** Commented on SB 65

#### **ACTION NARRATIVE**

#### **TAPE 03-3, SIDE A**

**CHAIR ROBIN TAYLOR** called the Senate State Affairs Standing Committee meeting to order at 3:30 p.m. Present were Senators Dyson, Cowdery and Chair Taylor.

The first order of business was SB 49, 2003 Revisor's Bill.  
#SB49

#### **SB 49-2003 REVISOR'S BILL**

PAMELA FINLEY, Revisor of Statutes, presented SB 49 and noted the attached sectional analysis. The purpose of the bill is to correct drafting errors so statutes align with policy previously decided by the Legislature. This is an annual "clean up" bill.

She advised members she had two amendments to the bill. She asked whether Chair Taylor had amendment \D.1 in his packet.

CHAIR TAYLOR replied he and other members did have the amendment.

MS. FINLEY explained the recorders office was authorized to use serial numbers for recording documents rather than book and page numbers in 1996. Unfortunately, a number of other statutes that should have been amended to reflect this change were not, so this amendment simply adds a reference to a serial number as an alternative to book and page numbers.

CHAIR TAYLOR called for a motion to adopt the amendment for discussion purposes.

SENATOR COWDERY made a motion to adopt amendment 23-LS0192\D.1 Finley 2/10/03 for discussion purposes.

SENATOR DYSON asked whether the amendment put in new Sections 11 and 12 making the old Section 11 Section 13.

MS. FINLEY replied that is correct.

CHAIR TAYLOR called for the record to reflect Senator Guess joined the meeting.

SENATOR DYSON asked about concerns expressed by Stacie Kraly and whether she objected to the amendment.

MS. FINLEY explained Ms. Kraly's memo is a separate matter from \D.1 and she would explain that subsequently.

CHAIR TAYLOR informed Senator Guess amendment 1, designated Finley 2/10/03 \D.1, was pending adoption. He then explained the amendment to the Senator.

There being no objection, amendment 1, Finley 2/10/03 \D.1, was adopted.

MS. FINLEY introduced amendment 2, which deletes Sections 60, 61 and 66. Those sections involve a name change from the Aid to

Families with Dependent Children to the federal program Temporary Assistance for Needy Families. Apparently, when the Department of Health and Social Services looked at the sections again they realized there are substantive problems they want to fix elsewhere. Changing the name would actually cause them more difficulties.

CHAIR TAYLOR called for the record to reflect Senator Hoffman joined the meeting.

CHAIR TAYLOR asked for a motion to amend by removing the three sections

SENATOR COWDERY made a motion to adopt amendment 2 to remove Sections 60,61 and 66 from 23-LS0192\D.

There being no objection, amendment 2 was adopted.

CHAIR TAYLOR asked whether there were additional amendments.

MS. FINLEY replied she had nothing further.

CHAIR TAYLOR thanked Ms. Finley and expressed gratitude for her excellent work.

There being no further testimony on SB 49, Chair Taylor called for a motion to move the bill from committee.

SENATOR COWDERY made a motion to move CSSB 49 (STA) from committee with individual recommendations.

There being no objection it was so ordered.

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#SB65

**SB 65-CORRECTIONAL FACILITY EXPANSION**

CHAIR TAYLOR announced the next matter of business to come before the committee was SB 65 and noted a significant number of people were waiting to testify on the bill. He informed members that both the Departments of Corrections (DOC) and Revenue (DOR) prepared fiscal notes.

SENATOR LYDA GREEN, prime sponsor of SB 65, gave the following introduction to SB 65:

The need for additional prison beds in Alaska has been recognized by the Legislature for a number of

years. Currently, there are about 650 Alaskan prisoners being held in facilities outside of Alaska. The money that leaves Alaska to pay for the housing of these prisoners provides jobs and economic activity in Arizona instead of Alaska.

Senate Bill 65 provides legislative authorization for the expansion of state prisons by local governments. Under the provisions of SB 65, local governments would finance the construction of new prison facilities and additional beds at facilities currently owned by the state. The State of Alaska would then enter into long-term leases and operate the facilities as part of the state correctional system. This financing mechanism allows the state to acquire facilities with no upfront capital costs. It benefits both the state and local economies with construction jobs and long-term jobs in the facilities.

The need for additional prison beds in Alaska is virtually uncontested. However, the location of facilities, the method of financing the construction and who will operate the new facilities all raise issues. In 1998, the Legislature authorized the construction of a privately constructed and operated prison with a minimum of 800 beds in Delta Junction. The prison was not built. In 2001, the Legislature passed HB 149, which provided for construction of a minimum of 800 private prison beds on the Kenai Peninsula. Again, the prison was not built. I believe it is time to go in a new direction in order to finally address this chronic and increasing prison bed space problem.

SB 65 provides a long-term solution to Alaska's prison bed space problem. The proposed expansions to existing facilities in Bethel, Fairbanks and Anchorage (federal prisoner unit expansion) will provide relief to the most chronically over-crowded regional hubs. The new 1,200-bed facility will provide the most cost-effective in-state solution to bringing Alaska's prisoners home from Arizona, relieving prison bed over-crowding issues in other regions of the state, as well as providing additional bed space for the state's projected prisoner population increases.

I ask for your support and swift passage of SB 65.

SENATOR GUESS noted letters of support from the Mat-Su area and asked where the communities of Anchorage, Fairbanks and Bethel stand on the legislation.

SENATOR GREEN said information would be forthcoming from Bethel. She thought the issue is still under discussion in the Fairbanks community; she said it is her understanding that Fairbanks currently supports SB 65. She was unable to say whether Anchorage would be supporting SB 65. She explained the prison addition in Anchorage is different in that it will house federal prisoners and the expansion is contingent upon receipt of federal money.

SENATOR HOFFMAN said he spoke with the city manager [of Bethel] yesterday. He said correspondence from the city in support of SB 65 would be forthcoming.

SENATOR DYSON asked if the new addition would be adjacent to the existing facility in Sutton.

SENATOR GREEN said that is correct.

SENATOR DYSON asked if the community of Sutton is in favor of the expansion.

SENATOR GREEN told members the [Mat-Su] Borough brought the proposal to her. She said she couldn't answer yes or no about Sutton, as she has not polled the community. She added the road that leads back into the prison is inside the community of Sutton. She estimated the prison is two to three miles from the road.

SENATOR DYSON asked if the expansion would take place on state owned land.

SENATOR GREEN said that is correct.

SENATOR DYSON noted an earthquake fault zone runs close to that area and asked if it would present a problem.

SENATOR GREEN replied that earthquake fault zones run throughout all of Alaska and she would assume the building would be designed to be earthquake resistant.

CHAIR TAYLOR asked if the community would support an identical facility in the same spot if it were privately operated.

SENATOR GREEN said that discussion occurred about five or six years ago when a former Senator from Kasilof recommended an experimental pilot project. She recalled some opposition to that

project. She said she assumes the answer is yes, but she was not certain.

CHAIR TAYLOR said it seems like this issue always turns into a hotly debated and emotional issue in every community that has addressed it. He said the debate doesn't seem to have anything to do with the fact that the project is a prison but instead, whether the prison would be publicly or privately operated.

SENATOR GREEN said that is the only discussion she could recall since she's been involved and there seemed to be some opposition to it.

SENATOR DYSON stated that in the two previous iterations the Legislature has been through in attempts to resolve the shortage of prison space, most people were primarily concerned about the number of prisoners residing outside of the state. For whatever reason, Alaska Natives are disproportionately represented in the prison population, so the Native community activist groups have enthusiastically supported returning those prisoners to Alaska. He asked if the local Native community in the Sutton area has expressed an interest in that location.

SENATOR GREEN said not to her knowledge, but she thought members would be pleased to see the physical arrangement of the facility proposed for the Mat-Su Borough because it has separate wings that would enable programs to be tailored to the needs of the inmate population.

SENATOR DYSON asked, "I assume, if I may continue, you haven't heard from the Chickaloon people and how they are really looking forward to working with the facility?"

SENATOR GREEN said she has not.

SENATOR COWDERY asked if Sutton is about 75 miles from Anchorage.

SENATOR GREEN said it is about 20 miles from Palmer, which is about 42 miles from Anchorage.

SENATOR COWDERY said he asked the question because during the hearings held on building a prison in Whittier, concern was expressed about Whittier being too far from police protection, hospitals, and other services. He noted that Whittier is closer to Anchorage.

SENATOR GREEN felt one factor that has evolved with the prisoner and pre-trial facility in Palmer is that Palmer is fairly well adapted and ready to serve most of the needs of a prison expansion, whether those needs be supplies or hospital services.

CHAIR TAYLOR noted Tom Boutin was available to answer questions on the fiscal note.

MR. TOM BOUTIN, Department of Revenue, told members that he prepared the analysis of the fiscal note.

CHAIR TAYLOR asked if actual title to the property will remain with the municipality that builds the prison or whether the state would eventually own it.

MR. BOUTIN said he would prefer that question be directed to the sponsor because, from the way the bill was written, he is not sure. He said he presumed, in the fiscal note, that the municipality would own the facility at the end of the lease term.

CHAIR TAYLOR said the cost of building the facility is actually reflected in the lease to the extent that the total cost of construction would be amortized over the lease with some profit, that profit being the cost of the interest on the bonds and the handling of those bonds. He said he assumes the state would be responsible for maintenance of the facility as the lessee.

MR. BOUTIN said no matter who owns the facility, the construction costs plus the bond issuance costs would equal the net present value of the lease payments out to the maturity. That is true no matter who the owner will be. Regarding the second question, he said he could speak to the debt, but the Department of Corrections would have to speak to the operating costs.

SENATOR COWDERY asked if any federal funds are available for this project.

MR. BOUTIN said he does not know about federal funding and deferred to the Department of Corrections.

CHAIR TAYLOR asked if Mr. Boutin could address the fungibility of money, meaning that it will cost the state x number of dollars to have the municipalities finance this piece of state obligation. He noted Mr. Boutin has estimated \$4.368 million as the cost of issuing the bonds.

MR. BOUTIN said that is correct and the state has a lot of lease debt, the last being the API building in Anchorage. He pointed out hardly a year goes by in which the state doesn't have an issue of lease debt. The issuance costs are usually about two percent of the size. The biggest portion of the cost is the underwriter. The underwriter might charge as much as \$8 per bond, the bond meaning \$1,000. The other costs include a financial advisor - a bond counsel that gives the opinion that the debt is tax exempt, the printing costs of the official statement and some significant advertising costs.

CHAIR TAYLOR asked if this instance would require four different bond issues by four different municipalities.

MR. BOUTIN said he is not sure, but when doing the fiscal note, he made that assumption. The costs he listed are fixed costs so one issuance would reduce them. The largest portion of the cost, the underwriter, is on a per bond basis so there is not "a lot of juice" in doing all four issues at once.

CHAIR TAYLOR said that is why he asked the question about ownership. To secure the bonds, the taxing ability of that municipality has to be pledged. He asked if those bonds are also being secured with the private property owned by the municipality that will house the building, similar to a home mortgage arrangement.

MR. BOUTIN said, as he stated in the fiscal note, he presumed the full faith and credit of the municipality would not be pledged. If that were contemplated, the financing arrangement would be entirely different.

CHAIR TAYLOR asked if they would be [indisc.] bonds as opposed to municipal bonds.

MR. BOUTIN said he assumed the security would be the state lease payments. If the municipalities went to the voters for the full faith and credit of the municipality, which he doesn't believe would be the case, an entirely different kind of bond issue would be created and the fiscal note would not apply.

CHAIR TAYLOR asked if the [fiscal note] applies to revenue bonds for a municipality.

MR. BOUTIN said they are called lease revenue bonds or certificates of participation in the lease, but all fall under the generic term "bonds."

CHAIR TAYLOR noted that the generic term "bonds" also includes general obligation bonds and he was trying to distinguish that these would not be general obligation bonds of the municipality but would be either revenue bonds or certificates of participation paid for the state's lease.

MR. BOUTIN said the fiscal note makes the assumption the municipality will not bring credit to the deal and that the credit will be the lease payments. He clarified in Section 2 he assumed the municipalities would bring no pledge of additional security to the financings, other than the state's credit and the bond sale proceeds. If the full faith and credit of a municipality were pledged, there would be no need for a Department of Revenue fiscal note.

SENATOR GREEN told members the Department of Corrections also has information and someone from the Mat-Su Borough was available to answer questions on that issue via teleconference.

There being no further questions of Mr. Boutin, Chair Taylor thanked him and called Mr. Campbell to testify.

MR. CHARLES CAMPBELL, Director of the Division of Corrections 24 years ago, said he believes that SB 65 is an excellent bill from the standpoint of corrections and congratulated the sponsors. He said he is not aware of the bed space projections, but he likes the idea of Sutton as a location. He feels it is crucial to bring prisoners back to Alaska from Arizona. Alaska's Constitution requires correctional administration to be based on principles of reformation and on the protection of the public. The state is not abiding by that requirement. Studies have concluded, unmistakably, that reasonable proximity to home and community resources is very important to provide released prisoners a better chance. He said he does not like to think about the fact that a lot of men, over the years, have been released back into the community unprepared. He hopes this legislation moves forward.

MR. CAMPBELL said he has testified in the past against prison designs that are large and monolithic. However, although large, the design presented with SB 65 would be compatible with unit management. It would eliminate the disadvantages of an overly large prison but it will require experienced staff to be

successful. He favors the Sutton location because SB 65 will be part of a prison complex; Palmer camp is located there. It is advantageous to have staff available and to be in a community with a lot of people. He believes the very best correctional program is one made up of community volunteers. He said one wouldn't believe the way people volunteer to help out from churches and civic clubs.

SENATOR COWDERY asked Mr. Campbell what the population of Sutton is.

MR. CAMPBELL said he did not know but recalled that Helen Bierne (ph), the former commissioner of the Department of Health and Services, tried to seek a site in Sutton about 20 years ago for the prison that ended up being built in Seward. He noted Sutton is a rural community with good resources, such as churches and organizations. Professionals, such as clinical psychologists and physicians, reside within a reasonable distance. He repeated that the potential for volunteerism is excellent. He asked the Legislature to look at that fact that the state cannot skimp on programs anymore. Alaska's failure to develop strong treatment programs for alcohol abuse has been very destructive to the state. The prodigious effect of alcohol on crime in Alaska is mind-boggling. He offered to answer questions.

CHAIR TAYLOR thanked Mr. Campbell and asked a representative of the Department of Corrections to testify.

MR. MARC ANTRIM, Commissioner-designee of the Department of Corrections, told members that SB 65 is fully supported by Governor Murkowski and DOC. They believe SB 65 will fully meet the needs of DOC and this Administration's commitment to public safety. He then gave a power point presentation on SB 65, summarized as follows.

DOC currently operates facilities all over Alaska. If the Legislature authorizes DOC to construct a prison, this DOC is committed to a no-frills approach to prison construction (Page 2).

DOC's projected inmate population statistics show an additional 1,000 prisoners by January 2007, which includes the approximately 650 prisoners in Arizona (Page 3).

CHAIR TAYLOR asked how many beds would be needed.

COMMISSIONER-DESIGNEE ANTRIM said about 1600 additional beds would be needed in 2007.

CHAIR TAYLOR asked if DOC would need new facilities beyond that.

COMMISSIONER-DESIGNEE ANTRIM said DOC would also tie in some alternative incarceration programs, such as wellness courts, to take some of the pressure off on the lower custody prisoners.

He then continued his presentation by showing a chart of institution activity. He noted the chart shows why it is so difficult to compare projects (Page 7). He explained the facilities operated by DOC are multi-functional. 30,000 prisoners move in and out of facilities and, in addition, DOC has a lot of transfers from booking facilities to sentence facilities and halfway houses, which is why the cost of care is so expensive. Booking is a very expensive component because DOC must medically screen prisoners, and do classifications and threat assessments.

COMMISSIONER-DESIGNEE ANTRIM explained the diagram on page 5 is a conceptual design of how the facility might be run and staffed, but it is not the final design.

The chart of specifications on page 6 shows the facility would hold 1200 prisoners in four, 20-bed medium security pods. To economize, three prisoners would be housed in each cell. The cells would be dry [without plumbing] and 80 percent of the prisoners would be medium security prisoners. Each housing unit would have group shower and toilet facilities. The facility would meet the American Correctional Association (ACA) standards, as well as the standards of the State of Alaska, regarding square footage. Approximately 15 percent of the cells would be double-bunked, close custody cells with a toilet and sink in each cell. Approximately 5 percent of the facility would have maximum-security cells.

COMMISSIONER-DESIGNEE ANTRIM pointed out DOC does not favor large facilities because they are hard to manage. However, this plan must be large to attain economy of scale. DOC proposes breaking the facility into three small units, each run as a separate facility.

SENATOR COWDERY asked Commissioner-designee Antrim to describe the open space in the middle.

COMMISSIONER-DESIGNEE ANTRIM said that would be the preparation yard.

SENATOR COWDERY asked how they would deal with snow removal.

COMMISSIONER-DESIGNEE ANTRIM said snow would be blown out through the break points. He then reestablished the schematic was designed for the purpose of getting a handle on the costs and preparing a fiscal note; it is not a final design.

CHAIR TAYLOR said, given the transition in administrations, members appreciate the fact the proposal is hypothetical. He advised members he visited the facility in Florence, Arizona just after Alaska's first prisoners arrived. He asked the Commissioner how this hypothetical facility compares with the physical structure of the facility that 700 Alaskan prisoners are currently being housed in.

COMMISSIONER-DESIGNEE ANTRIM said he has not had the opportunity to travel to Florence. However, it should be similar in that the Florence facility tries to maximize the lines of sight from the central control points.

TAPE 03-3, SIDE B  
4:30 pm

COMMISSIONER-DESIGNEE ANTRIM said that's key to saving money in new design features. One person can run the entire unit. If someone gets out of line, they can call for backup from staff on standby. This is a big point for putting the proposed facility on the Palmer campsite. In the event of an emergency, they could make use of the Palmer minimum and medium facility staff at the higher security facility.

CHAIR TAYLOR commented both the women's prison and the men's prison in Florence, Arizona, are similar in design to the star configuration with the central control in the middle, but the Corrections Corporation facility is different. He asked for a more thorough comparison at the next hearing.

COMMISSIONER-DESIGNEE ANTRIM agreed to do so. The diagram on page 8 contained a closer view of a conceptual housing unit. The security post is in the middle of a three wing star with 20 cells per wing. Economy is built into the concept plan in terms of security features for the medium security facility. There are no automated locking doors on the cells. This is similar to the Wildwood Correctional Facility where prisoners are free to come

and go from their cells. Cells at the Lemon Creek facility in Juneau have motorized security doors, which is very expensive. The only motorized door in the conceptual plan is between the security post and the three wing block.

He referred to page 9 to show a conceptual unit wing. Telephones are located in the main area of the dayroom; showers and restrooms are on one end of the wing and the security post is at the other. It's less expensive to have the plumbing at one end rather than in every cell.

SENATOR COWDERY asked what would happen in the case of a riot in a facility in which prisoners are able to move in and out of their cells at will.

COMMISSIONER-DESIGNEE ANTRIM replied several facilities are currently of this design and emphasized this is a medium security facility. An assessment system is designed to weed out problems. The beauty of the proposal is that, at any given time, they would deal with no more than 60 prisoners while the rest of the facility is secured. They would make use of current technology like pepper spray to control the population.

SENATOR DYSON asked him to point to where the security people would be located.

COMMISSIONER-DESIGNEE ANTRIM pointed out a security control room.

SENATOR DYSON asked how security people would know if a prisoner was being assaulted in one of the rooms and wasn't making any noise.

COMMISSIONER DESIGNEE ANTRIM responded DOC policies require hourly checks throughout each of the housing units. Staff would be in and out all the time. When DOC assesses prisoners, security factors are taken into account.

SENATOR DYSON asked what prisoner-to-guard ratios were used.

COMMISSIONER-DESIGNEE ANTRIM replied the prisoner to staff ratio would be 6 to 1.

SENATOR DYSON figured there would be 10 staff for 60 people and asked if they would be spread over three shifts.

COMMISSIONER-DESIGNEE ANTRIM responded that is an accepted industry standard, but it is deceptive. The 1 to 6 ratio is determined by the total number of prisoners versus the total number of staff. He pointed out, "It is deceiving in that the actual number of staff at any given time is much less than that."

SENATOR DYSON asked if there would be two or three shifts.

COMMISSIONER-DESIGNEE ANTRIM replied that he envisioned a standard shift pattern of four 12-hour shifts.

SENATOR DYSON asked if there would be two people on duty at any one time.

COMMISSIONER-DESIGNEE ANTRIM replied that one unit would be staffed by one person with roving security patrols to cover the entire facility. Each unit would house 240 prisoners in the six pods.

SENATOR DYSON asked how many rovers there would be.

COMMISSIONER-DESIGNEE ANTRIM replied there would be a total of 288 staff (100 support staff and 188 correction officers) at that facility of which 49 or 50 correction officers would be on at any one time. He stressed that this is a medium custody facility.

SENATOR COWDERY asked the square footage of the cells.

COMMISSIONER-DESIGNEE ANTRIM replied a three-person layout has approximately 180 sq. ft. The prisoners work around the prison and aren't sitting in their cells all the time. He pointed out the specialized areas in the layout.

CHAIR TAYLOR asked if the facilities were going to be owned by the communities, who would decide on the design.

COMMISSIONER-DESIGNEE ANTRIM replied the department would hire the architects and do the design. They are shopping around for a "cookie-cutter design" - something that's already established.

CHAIR TAYLOR asked if the plans would be bid to the private sector.

COMMISSIONER-DESIGNEE ANTRIM replied the state would go through the contract process and award it to the lowest bidder.

CHAIR TAYLOR asked what happens to the state under this process if DOC designs it as opposed to hiring a private architect.

COMMISSIONER-DESIGNEE ANTRIM replied DOC hired a private architect. DOC has a facilities management team that is charged with facilities maintenance and has heavy involvement in any constructions from the first day of the design process.

CHAIR TAYLOR said it is good the state has that oversight and he just wanted to be clear on procedures. He asked if they could do design-build as a concept.

COMMISSIONER-DESIGNEE ANTRIM replied DOC might do that and reemphasized the diagram is for demonstration and discussion.

SENATOR COWDERY asked how soon a facility could be complete.

COMMISSIONER-DESIGNEE ANTRIM replied the normal timeline for one of these projects is about 4.5 to 5 years from the time the bill is passed. They would like to have it open in four years.

SENATOR COWDERY asked how long it would take to sell the bonds to do this.

COMMISSIONER-DESIGNEE ANTRIM replied he didn't know. He explained they extrapolated some of the costs so they could have a comprehensive fiscal note.

SENATOR COWDERY asked if he considered moving the facility away from the earthquake fault area in which it is currently planned.

COMMISSIONER-DESIGNEE ANTRIM replied the facility management people in the two existing facilities contacted the geologist who wrote the article and received some good news. Apparently the real problem with the fault lies closer to Houston several miles away. The geologist assured him the fault is about three miles below the surface at Sutton.

SENATOR COWDERY said his concern was that it costs more to build in an earthquake fault zone.

COMMISSIONER-DESIGNEE ANTRIM said the Seward facility took three years from beginning of design to opening the door. That's what DOC is planning. He thought that includes time to sell the bonds and do the design.

CHAIR TAYLOR commented it took nine months from the time the contractor at the Arizona prison applied for the first building permit until the first prisoner moved in. He added, "That's what the private sector did."

COMMISSIONER-DESIGNEE ANTRIM showed an overview of what the facility might look like on page 14. It has a perimeter road, double fencing, and has the recreation facility within the building structure. Additionally, he noted the maximum security or close custody housing. He pointed out the area where prisoners could work, the maintenance area, and industry areas, which are common features in most state facilities.

He said there were two floors of cells in each of the wings and it would be possible to have culturally relevant housing and a faith-based program in another area, as examples. Another feature of this plan is if there was a sudden down-turn in the economy or a disaster, and assuming something could be done with the prisoners, one or two of the buildings could be closed, staff could be put in layoff and the other two could keep working. He explained, "It's much more flexible than if you had a contract of some sort."

COMMISSIONER-DESIGNEE ANTRIM said the problem with comparing facilities is they have a group of facilities that do a number of different functions, which results in different prices. For example, Palmer Correctional Center is medium/minimum and it costs about \$57.17 per day versus Lemon Creek, which is a multi-function booking facility. Because of that and because it is in Juneau, its costs are higher. The Anchorage jail just opened and runs about \$157.26 per day per person. Page 16 compares costs in SB 65 of \$74.14 to the costs in HB 55 of \$91.00. The SB 65 figure includes \$46.51 in operating costs and \$27.63 for capital costs.

HB 55 says the alternative facility would be operating at a per day rate of \$91-\$94. He chose the lower of the two figures to give the benefit of a doubt. He was not clear what the capital costs would be for that facility. Both facilities are doing exactly the same mission and assume a 25-year term on the debt issued.

COMMISSIONER-DESIGNEE ANTRIM said any corrections project would have some program costs and those are specifically excluded under HB 55. There is quite a bit of variation in the operating costs. The costs for inmate programs, health care, Division of Administration and support costs, and statewide direct costs are

fixed at \$36.25. The total averages out to be \$113.31 system-wide. He explained there are facilities that do a wide variety of missions and are also in expensive areas across the state. All of those combined give them the average cost per prison per day. But, in the Palmer Correctional Center, a medium custody facility, they start with an institution cost of \$57.17 and end up with a total cost of \$93.42. There's a lot of variation in there.

So when we talk about a comparison cost of \$113.31, it's problematic, which is why comparing SB 65 to HB 55 is a much more honest way to assess - or to do this comparison rather than comparing what we're operating in the state now - because they do a wide variety of missions as opposed to the facilities that are proposed under both these bills.

CHAIR TAYLOR asked him to explain the tents.

COMMISSIONER-DESIGNEE ANTRIM replied tents are used seasonally at a number of facilities for overflow. Lemon Creek is the only facility that leaves one up year-round.

CHAIR TAYLOR said they could disregard those because they are temporary.

COMMISSIONER-DESIGNEE ANTRIM said that was correct.

CHAIR TAYLOR said instead of taking the least expensive facility cost statewide of \$93.42 (Palmer), he asked what the costs were at the facilities like Bethel.

COMMISSIONER-DESIGNEE ANTRIM responded Bethel is known as the Yukon-Kuskokwim Correctional Center and has costs of \$145.63 per day.

CHAIR TAYLOR asked how many prisoners would be added in Bethel.

COMMISSIONER-DESIGNEE ANTRIM replied, "There would be 120 beds in Bethel."

CHAIR TAYLOR asked if that was an increase of 120.

COMMISSIONER-DESIGNEE ANTRIM replied that was an increase.

CHAIR TAYLOR asked if they projected any cost savings for Bethel.

COMMISSIONER-DESIGNEE ANTRIM replied there would be economy of scale in Bethel, but the savings would come in reduced transportation. Bethel currently has a capacity of 90 and they are over-capacity all the time. About 90 percent of the population is pre-trial and they have to get the prisoners awaiting trial out. Cost savings would come from reduced transports to and from other facilities, namely Anchorage.

CHAIR TAYLOR asked what the costs were in the other facilities that would be expanded.

COMMISSIONER-DESIGNEE ANTRIM replied the Fairbanks Correctional Center has a cost of \$126.17.

MR. JERRY BURNETT, Director of Administrative Services, Department of Corrections, explained the additional cost per day for new prisoners in Bethel was \$93 per day.

COMMISSIONER-DESIGNEE ANTRIM added that figure would drop substantially from \$145. Page 18 shows what the two facilities would cost with the fixed costs added in. The facility in SB 65 would run \$110.39 (including \$27.63 - capital costs) per person per day and the proposed facility in HB 55 would run \$127.25 (capital costs not specified) per day.

CHAIR TAYLOR asked, if the fixed and other direct costs are going to exist in the future as well as now, what the prisoners in Arizona cost. He questioned, "Is that included in the Arizona cost right now - the \$36.25?"

COMMISSIONER-DESIGNEE ANTRIM replied the state's contract with the Arizona facility assumes a number of services and excludes a number as well. "It's a different calculation," he noted.

CHAIR TAYLOR asked if there is a total figure for health care and each of the things listed as fixed in the Arizona contract.

COMMISSIONER-DESIGNEE ANTRIM replied the cost is about \$66.10 per day per person in Arizona.

CHAIR TAYLOR asked if that includes almost all of those fixed costs.

COMMISSIONER-DESIGNEE ANTRIM said they were looking at \$135,000 per bed x \$1,200 and that totals \$162,000,000. They are looking

at an annual lease factor of \$10,083 per bed at 25 years at 5.5 percent interest.

SENATOR DYSON said the fiscal note says \$14,600 per bed.

COMMISSIONER-DESIGNEE ANTRIM replied the bill says up to \$14,600 per bed, but he thought the fiscal note actually said \$10,000.

CHAIR TAYLOR said at one point they were paying \$135,000 per bed and even at \$10,000 per bed x 25 years, that's a quarter of a million dollar cost per bed in actual costs "...by the time you factor in paying off the bonds and the interest and paying the lease payment to someone else to either own, build or have the facility for us."

COMMISSIONER-DESIGNEE ANTRIM said that was correct.

CHAIR TAYLOR recapped the actual cost to the state if it goes as high as \$14,000 per year is going to be \$350,000 to \$400,000 per bed.

COMMISSIONER-DESIGNEE ANTRIM explained SB 65 contains more than just one facility. It provides for a prison expansion in Bethel of 120 beds. This is critical as Bethel is a regional hub with approximately 60,000 people in the area. It is served by a superior court, which generates a lot of pre-trial activity. Again, the facility is at capacity or over about 95 percent of the time. They anticipate staffing of 11 for the facility; that would include two security posts at any given time, providing a ratio of 1 to 5.5-5.8.

CHAIR TAYLOR asked why the state should build a full-time facility for medium security prisoners with a certain number of beds when the state obviously needs a pre-trial facility. He said it is obvious the need for long term prisoners is very small compared to the pre-trial requirements. He pointed out the number could run as high as 25,000 to 30,000.

COMMISSIONER-DESIGNEE ANTRIM said that is essentially what this facility expansion is. It is designed to meet that pre-trial population need. He explained DOC's original proposal was for an 80-bed expansion but, after speaking with Senator Hoffman and DOC's transportation staff, the number was increased to 120. He noted the 80 beds would make a difference but DOC would still be doing transports on a daily basis.

COMMISSIONER-DESIGNEE ANTRIM described the expansion plans and the staffing requirements for the Fairbanks facility. He told members the final piece of SB 65 involves an expansion of the Anchorage jail. That proposal was brought to DOC by the U.S. Marshall's Service, which currently contracts with DOC to house federal detainees for the U.S. Marshall's and the INS. That contract is met or exceeded at all times. The U.S. Marshall's Service has announced that it will be expanding its presence primarily in Anchorage and Juneau over the next few years. That expansion will increase law enforcement activity in the state and will necessitate more bed space. SB 65 encompasses receipt authority in the amount of \$30 million and, should the Legislature appropriate that money, DOC would see the expansion for a 200 bed project. Staffing would be paid through the added receipts generated by the client billing to the federal government.

CHAIR TAYLOR asked if the U.S. Marshall's Office operates any prisons or whether it always contracts out for services.

COMMISSIONER-DESIGNEE ANTRIM said it does operate an INS facility outside of the Seattle airport. He said most of its work is done under contract to states.

CHAIR TAYLOR asked if the State of Alaska would act as contractor to the U.S. Marshall's Office.

COMMISSIONER-DESIGNEE ANTRIM said DOC already does; this would expand that to meet the increased federal need by 200 beds. He then pointed out the location (on page 25) for that expansion is the Anchorage jail on 3rd Ave.

CHAIR TAYLOR thought the Legislature just paid a huge amount of money to expand that jail.

COMMISSIONER-DESIGNEE ANTRIM agreed and said it was actually new construction. He noted the addition would be made up of three housing pods that would hold an additional 200 prisoners. He told members some Senators expressed concern that facilities are not being built in their areas. He said it is important to think about DOC as a corrections system. The benefit, for example, to the residents of Juneau, will come directly from the construction of a 1200 bed facility in the Mat-Su. Right now, at any given time, 30 to 50 percent of the Lemon Creek population is from the Anchorage area. DOC envisions the population of prisoners will shift around to make room for local residents once the new facility opens. The additional capacity will put

the corrections system back on track regarding the specialized missions of many of the facilities, for example the Wildwood Correctional Center was envisioned as a medium security facility with prison industries programs. At this point, the system is so overcrowded those missions have gone by the wayside. Right now prisoners aren't kept in prison industries or treatment programs because they have to be transferred around just to balance out bed counts.

SENATOR GUESS asked if the fiscal note is for all of the facilities or just Palmer and how the Commissioner foresees phasing in the expansions and the Palmer facility.

COMMISSIONER-DESIGNEE ANTRIM said 4.5 years is a worse case scenario. If this project is authorized, DOC plans to put this on a fast track and will do everything possible to get the bonds issued quickly and begin construction.

SENATOR GUESS said she didn't know if the plan was to start all projects at once or whether it was to do the new facility first.

COMMISSIONER-DESIGNEE ANTRIM said the fiscal notes assumed the projects would all be done at once.

SENATOR GUESS then asked if the \$41 million on the fiscal note takes into account the cost savings of housing prisoners in Arizona.

SENATOR GUESS then indicated the \$25 million would be taken away from the \$41 million leaving an additional \$16 million in operating costs.

COMMISSIONER-DESIGNEE ANTRIM said the Arizona operating costs would be rolled into the new facility.

SENATOR GUESS said the fiscal note assumes no savings.

MR. BURNETT said it doesn't show the savings from Arizona.

SENATOR HOFFMAN pointed out the fiscal note does not reflect the savings from a fewer number of transfers once the new facilities are built.

MR. BURNETT agreed it does not.

SENATOR HOFFMAN said the transportation costs amount to between \$2 and \$3 million so savings would be achieved in lowered transportation expenses.

COMMISSIONER-DESIGNEE ANTRIM said that is correct.

5:15 p.m.

SENATOR DYSON asked if he thought public policy should override the economic concerns.

COMMISSIONER-DESIGNEE ANTRIM answered he didn't think it should.

SENATOR DYSON asked if the reason Arizona prisoners are in a publicly run facility is because it's cheaper.

COMMISSIONER-DESIGNEE ANTRIM replied they are in Arizona because there simply isn't capacity anywhere else. Prior administrations attempted to deal with that, but there were no alternatives.

SENATOR DYSON asked if there were any publicly operated facilities in the country where Alaska prisoners could have been housed.

COMMISSIONER-DESIGNEE ANTRIM replied industry publications indicate that Minnesota has space at times, but the decision to go to Arizona was probably based on cost.

SENATOR DYSON asked if he would elect not to use a private in-state facility that was significantly cheaper because of the superior service and public policy call of having it run in the public sector.

COMMISSIONER-DESIGNEE ANTRIM replied he wouldn't make that statement; the Legislature would have to consider that question. SB 65 is a solution that meets his concerns and citizen's concerns in terms of economy.

SENATOR DYSON remarked the state could "hold their feet to the fire" on a contract and could see if someone else "could beat it."

COMMISSIONER-DESIGNEE ANTRIM replied a private facility would have the same problems as evidenced by recent negotiations at the Nome facility. The State of Alaska doesn't have shareholders to answer to.

SENATOR DYSON asked if this Administration would look favorably on a project that could be operated at a reduced rate.

COMMISSIONER-DESIGNEE ANTRIM said that was his goal as a manager.

5:30 p.m.

SENATOR COWDERY asked if he would give favorable consideration to an owner/operator who could build and run a facility to his specifications and at a lower cost.

COMMISSIONER-DESIGNEE ANTRIM replied the Governor ran on a public prison platform and has made a commitment to this project. He supports SB 65, as does the Department of Corrections, but a state manager must consider costs. He thought the reality of such a situation would be tough because of the profit margin that has to be built into a private operation. The department is talking about changing the entire way they do business since current facilities are old and ill designed and require more staff to run. He opined state employees who go through the academies are the highest trained correctional officers in the Northwest. He stated, "We provide a product of the state that keeps our citizens safer than any alternatives...."

He added there is a lot of room in the facilities for private contracting. The basic security and probation staff for the good of public safety has got to be state employees.

SENATOR COWDERY asked if he had any safety statistics on the private facility in Arizona.

COMMISSIONER-DESIGNEE ANTRIM replied he could provide more material than he'd want on the subject.

SENATOR COWDERY asked if public facilities are safer than private facilities.

COMMISSIONER-DESIGNEE ANTRIM replied a number of studies lead to that conclusion.

SENATOR GUESS asked why he didn't think Southeast Alaska needed expansion.

COMMISSIONER-DESIGNEE ANTRIM explained any increase in the system would have the effect of moving people back where they

belong. In Juneau, more than 30 percent of the population is from somewhere other than Juneau, primarily Anchorage.

SENATOR GUESS asked if that meant there are no prisoners from Southeast Alaska in other facilities.

COMMISSIONER-DESIGNEE ANTRIM said he wouldn't make that assumption. Because of transport pressures, the department moves prisoners all over. Some prisoners that are from Juneau are at program facilities outside the Juneau area. Some long-term prisoners are in Anchorage and some are moved to Arizona. This added capacity would provide the ability to return prisoners to Juneau or wherever they are from when their release date approaches.

The goal is to move prisoners closer to home at the end of their sentence because all prisoners must be released at the place of arrest. If the prisoner isn't returned prior to release, the state must buy the prisoner a return ticket to the community of arrest upon their release.

CHAIR TAYLOR thanked him for the presentation and in-depth answers. He asked if the fiscal note analysis for 1,000 prisoners at \$70 per day x 365 days is a 2008 projection for the Arizona facility.

COMMISSIONER-DESIGNEE ANTRIM replied that would cover the expansion they are anticipating in their system in addition to the current number. The contract in Arizona is now \$54 plus built-in costs bringing the total to about \$66 per day. There are 650 prisoners there now.

CHAIR TAYLOR calculated the actual dollar savings, if things were to stay constant, would be \$14 to \$15 million rather than the projected \$41 million.

There being no further questions for Commissioner-designee Antrim, Chair Taylor asked Mr. Pruitt to give his testimony.

MR. FRANK PRUITT described himself as former legal counsel, Deputy Commissioner and Commissioner of the Department of Corrections under Governors Sheffield, Cowper and Hickel and a former state trooper. He spent 20 years in the public arena and is now in private sector. He did not come to testify on SB 65, but wanted to respond to some inaccuracies with respect to HB 55. Per diem of \$91 per day per bed includes capital and operating costs; it excludes major medical and transportation

costs. HB 55 is about the Whittier proposal, which is close to the population center. He estimated transportation costs to be 50 cents per day.

Major medical, however, is another matter. Inmate health care is about \$16. The private contractor anticipates providing health care to the exclusion of major medical. In the Department of Correction operating budget, the total annual health care cost is about \$17 million. About half of the \$17 million is personnel costs and half of that, or about \$4 million, is contract costs. He thought major medical was buried in the \$2 to \$4 million of contractual services for dental and medical services. Under any circumstances, the daily cost of care for prisoners per day would be under \$95, not \$120.

The preliminary design of the Whittier facility is based upon current Department of Corrections standards, which has a four-prisoner to one correction officer ratio. The private facility is designed on a 1 to 4.5 ratio. He thought this dialogue was very healthy because of the assertions that the private sector can deliver comparable quality at less cost.

He explained he negotiated the Arizona contract as one of the last acts of the Hickel Administration. This was negotiated as a stopgap measure for the incoming administration because there were no beds left in this state or any state. Three private companies had beds and Corrections Corporation of America [Florence, Arizona] was selected.

CHAIR TAYLOR expressed hope the Legislature would move forward on the issue this session one way or the other. He didn't know if the solution would be beneficial to the state in terms of saving money and beneficial to the public sector concerns for security and housing Alaska prisoners in state.

MR. PRUITT agreed and said he thought the Arizona contract, after eight years, was a model government/private sector partnership. The security there has been no better or worse than comparable state systems as indicated by a recent Harvard Law Review. He is convinced the private sector can deliver comparable state services at roughly 15 percent less than comparable state operated services in the state, but it will take a cooperative effort.

SENATOR DYSON asked if his bid included major medical while the plan received from the department did not.

MR. PRUITT replied the presentation from the department set out the per diem rate in HB 55 at \$91 and added \$36.25 for a total HB 55 rate. HB 55 anticipates capital and operating costs will be included along with health care programs, administrative overhead, etc., but it excludes the major medical portion of the total health cost, which he calculated to be about \$2 per day per inmate. If you add \$2 to \$91 you get \$93 and if you add another \$1 for administration and transportation, it's \$94. HB 55 probably should have been drafted so that the private contract was guaranteeing costs at a percentage of the more costly state services.

SENATOR DYSON pointed out costs were based on different staff to inmate ratios. He asked what the 15 percent difference in staffing means in total costs.

MR. PRUITT replied he could get that information for him.

SENATOR DYSON asked if he was using adjoining cells in his proposals.

MR. PRUITT replied he initially used staffing ratios that the state uses, but it would be easy to take the department's model and estimate what it would cost the private sector to build.

CHAIR TAYLOR said there were about 30 more witnesses to testify and they would continue to work on this issue.

SB 65 was held in committee.

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CHAIR TAYLOR adjourned the meeting at 5:45 p.m.