

MINUTES
SENATE FINANCE COMMITTEE
March 23, 2005
9:05 A.M

CALL TO ORDER

Co-Chair Green convened the meeting at approximately [9:05:16 AM](#).

PRESENT

Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senator Con Bunde, Vice-Chair
Senator Bert Stedman
Senator Fred Dyson
Senator Donny Olson
Senator Lyman Hoffman

Also Attending: MAJOR GENERAL CRAIG CAMPBELL, Department of Military and Veterans Affairs; STEVE EASTMAN, Department of Administration; DAN SPENCER, Director, Division of Administrative Services, Department of Public Safety; JOE BEEDLE, Vice President, Finance, University of Alaska; DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue; LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue

Attending via Teleconference: From an offnet site: FELIX MACUIRE

SUMMARY INFORMATION

ALMR Project Overview Presentation

The Committee heard an Alaska Land Mobile Radio Program presentation from the Department of Military and Veterans Affairs.

SB 46-APPROP: CAPITAL BUDGET

Budget overviews from the Department of Public Safety, the University of Alaska, and the Alaska Housing Finance Corporation, Department of Revenue, were presented. The bill was held in Committee.

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ALMR Project Overview Presentation
Department of Military and Veterans Affairs

MAJOR GENERAL CRAIG CAMPBELL, Adjutant General/Commissioner, Department of Military and Veterans Affairs stated that over the last year, the focus, direction, and teamwork associated with the Alaska Land Mobile Radio Alaska (ALMR) project have changed dramatically. His presentation, as detailed in the handout titled "Alaska Land Mobile Radio Alaska Legislature, March 23, 2005" [copy on file] would address the history of the project, the Department of Military and Veterans Affairs' involvement and the project's funding. A radio demonstration of how the system is designed to work would also be conducted. He noted that because this project is a team effort between the two departments, personnel from both the Department of Military and Veterans Affairs and the Department of Administration would assist him.

Page two

ALMR History

- 1995: ALMR Executive Council Formed
- 1997: MOU Signed to Jointly Plan New System
- 1009 - 2001: System Design & Analysis Developed
- 2001:MOU Renewed to Implement System
- 2002 - 2003: Concept Demonstration Project
- 2003 - 2006: System Buildout

Major General Campbell pointed out that the AMLR project has been under development for more than a decade. Its executive committee, which includes representatives from the Public Safety Administration, the Alaska Municipal League, and the federal Department of Defense (DoD), is responsible for overseeing the project's direction, the process through which to achieving program goals, and its funding mechanisms. Determinations regarding the direction of Alaska's AMLR project were initially established in 1997 and the system was designed by the year 2001. An ALMR Memorandum of Understanding (MOU) between the involved entities was reaffirmed in the year 2001 when the implementation plan was approved.

Major General Campbell shared that the original goal was to develop an ALMR system with the capacity to provide "interoperability for all agencies" throughout the State in both urban and rural areas. However, in 2004, at the directive of Governor Frank Murkowski, the scope of the project "changed slightly" with the focus being to install AMLR, in the short term, "along the backbone of the State's

microwave system" paralleling the Alaska road systems between Valdez and Glennallen, Delta and Fairbanks, Fairbanks and Anchorage, and Anchorage and Kenai. This routing and the timing are important because this area of the system must be able to support DoD defense system needs in the year 2006. Furthermore, the ALMR radio license issued to the State by the Federal Communications Commission specifies that the system must be operational by December 2006. Thus, the timeline established for the system buildout "is critical".

Major General Campbell noted that project work conducted during 2002 and 2003, was lauded by Governor Murkowski as supporting a system that would work, even though the long-term operating costs were unknown and there was uncertainty in regards to whether the proposed design would be the most cost effective for the State. In addition to redirecting the focus toward supporting the routing required by DoD, Governor Murkowski asked that alternative plans be pursued in respect to providing "communication interoperability" between various entities throughout the State. To that point, new technologies are now available that could cooperatively work with ALMR to provide a Statewide connective system.

Major General Campbell declared that "ALMR is a solid program" and the system along the road grids is scheduled to for completion in 2006. The additional goal of developing a strategic master plan to provide a cost effective communications system for both urban and rural Alaska is proceeding. The result might be a combination of different technologies that could intercommunicate, provide secure and non-secure capabilities, transmit both voice and data, and meet a variety of additional State needs rather than being limited to providing emergency communications. Governor Murkowski's "vision" is a system that, in addition to emergency interfacing, would allow remote health clinics to communicate with larger facilities such as the Mayo Clinic or the University of Alaska the ability to teach "on-line" throughout the State with both data and voice communication. The strategic plan being developed would assist in determining the solutions to this endeavor.

Page three

State of Alaska Commitment*

- Provide a Lead Project Manager, staff and fund the Project Office
- Perform site preparation on all non-DoD sites
- Purchase and install the equipment for 37 sites
- Provide connectivity through SATS in return for system maintenance being performed by DoD

- Split system management costs with the DoD
- *Per the ALMR Charter

Major General Campbell introduced Mike Callahan who was recently hired as the State's ALMR Project Manager. Mr. Callahan has background experience in telecommunications and has a firm understanding of the needs of the State. Working within the Department of Military and Veterans Affairs, Mr. Callahan would be representing the interests of any State entity involved in the implementation of the ALMR project.

Major General Campbell noted that further information regarding the non-DoD sites' preparation, equipment, connectivity, and costs associated with those endeavors would be forthcoming. He assured the Committee that recent rumors that DoD might be "withdrawing from the program" due to an "uncomfortable" working relationship with the State were unfounded. Rather than issues arising between the participants, the issues being discussed pertain to the ALMR program itself in respect to how to coordinate activities between entities to insure that "the 2006 execution date is achieved".

Page four

Current Project Status

- Zone Controllers in Anchorage and Fairbanks
- 15 sites currently operational:
 - 2 in Anchorage
 - 2 in Fairbanks
 - 1 in Valdez
 - 2 in Juneau
 - 8 from Fairbanks to Delta
- Valdez Police Department currently using the system under a Beta agreement
- Fairbanks service to begin in 2005

Major General Campbell informed that the "central connection" for the ALMR road grid zone controllers would be located in Anchorage and Fairbanks. He provided a map [copy on file] depicting the ALMR site locations in the State, and noted that the road system sites are highlighted by "greenish-blue markings". ALMR beta testing "has been very successful" and the system functioned well during the recent Homeland Security operation conducted in Valdez.

Page five

Funding History - State Portion

[Note: The chart on this page depicts the AMLR funding history from 1998 through 2006. Specific information was depicted by year; the funding source such as the State, the Federal government, or Certificates of Participation (COPS); the amount requested; the amounts appropriated toward the Program Office, the Infrastructure and in Total; as well as a column reflecting the difference in the requested amount and the actual appropriation.]

Major General Campbell stated that the chart on page five presents the monetary aspect of the program. This is important information as it supports the position held by some that the State "does not appear" to be contributing its match requirements in the manner required "to make this project successful". State funding was the sole funding source in 1998, 1999, and 2000; federal funding occurred in the years 2002 and 2003, and a combination of both State and federal funding occurred in 2004 and 2005. The majority of the ten million dollars that has been appropriated in support of the system's infrastructure was federal funding. To date, of the total \$12,700,000 that has been spent to support ALMR, \$3,500,000 is State funding. On December 31, 2005, a shortfall of \$6,300,000 is projected. The State must infuse more money into the program in order to uphold its obligation to the project. There is a request in the State's FY 05 Supplemental Budget to address this issue.

Major General Campbell also noted that additional federal money is being requested. "Up to now, the State of Alaska general fund has really only put in about \$3.5 million". Subsequent information would further reflect how this weighs against the federal contributions.

Co-Chair Wilken asked whether the six million dollar request in the FY 05 Supplemental Funding bill would apply toward the \$18,900,000 funding request shortfall projected at the end of 2006.

Major General Campbell affirmed that it would.

Co-Chair Wilken noted that the additional \$6,500,000 request that is proposed for the State's FY 06 budget would also apply toward that deficit. Therefore, were both the FY 05 supplemental request and the FY 06 budget request approved, the deficit would be reduced to approximately five million dollars.

Major General Campbell noted that the project is still being "scrubbed" and that, at the end of 2006, the expectation is that the State would meet its obligation. Additional federal funding would also be received toward that deficit. He clarified, however, that the funding need could increase as the project buildout phase

occurs. \$12,500,000 is a "critical" need with \$3,000,000 being an absolute need over the next 90 days. Parts must be ordered and in place before the start of the federal Northern Edge Homeland Security military exercise scheduled for August 2005.

Major General Campbell noted that the three critical needs at the moment include: an immediate need for three million dollars as six million dollars of SATS equipment is immediately needed in order to upgrade the capacity of existing microwave tower equipment to support the workability of the ALMR system. The Department of Military and Veterans Affairs and the Department of Administration have applied for grants to support these upgrades and to support the buildout of the ALMR sites. These efforts would support the implementation of the ALMR system. "The short answer is that you're going to hear more about this, I don't think we have the dollar figure complete yet".

Page six

FY 05 Project Office Budget

FY 2004 Carryover	75,000
2005 GF Appropriation	50,000
2005 GF Reappropriation	350,000
Total Funds Available	475,000
FCC Licensing	75,000
Project Office Expenses	390,000
Projected 2005 Carryover	10,000

Major General Campbell stated that this page reflects the costs associated with operating the project's office. These expenses are "fairly continuous". State funding has primarily supported this expense.

[9:22:56 AM](#)

Page seven

FY 05 Buildout Capital Budget

FY2004 Carryover	1,875,000
FFY2004 COPS Earmark Grant	2,474,000
FFY2005 COPS Earmark Grant	2,467,000
Total Funds Appropriated	6,816,000

Projected Costs

Key Bank Financing	1,867,000
Lena Point and Willow Creek	433,000
Blueberry Hill	513,000
Site Summit	280,000
Projected 2005 Carryover	3,723,000

Major General Campbell stated that this page reflects the known expenses of the Buildout Capital Budget. Four of the 35 sites are listed to example anticipated site expenses.

Page eight

Large State Agency Subscriber Purchases

DOT/PF

\$3.3 million Federal Hwy funds available

- \$1.7 million spent
- \$1.6 million pending

DPS/AST

- \$1 million spent (COP grant)

Major General Campbell stated that while the Department of Military and Veterans Affairs is overseeing the project, they "are not the sole beneficiary." Other State entities that would benefit include the Department of Transportation and Public Facilities (DOT) and the Department of Public Safety. These departments have an inventory of ALMR radios, and had the system been operational this past year, DOT would attest that their highway snow removal efforts would have been expedited, as reliable communication in the field is currently an issue.

[9:24:33 AM](#)

Page nine

DoD Contributions - Project To Date

Category	Amount
Infrastructure	\$50,952,915
Project Mgt	\$4,385,382
Total Funded	\$55,338,382
FY 06 Request	\$8,100,000
Grant Total	\$63,438,297

Major General Campbell pointed out that this funding is attributed

solely to DoD. This should be kept in mind when considering the State's \$3,500,000 investment in the project. This is "the issue that's been driving the federal government" to question the State's commitment to the project. The State of Alaska is a beneficiary of the project. "Our commitment is solid", the State is conducting site improvements, and is working toward completing the project in 2006. Federal officials have been assured of the State's commitment by the supplemental and FY 06 budget requests. The State would meet the obligation it committed to "ten years ago". The overall federal/State match is approximately a 75/25 percent split.

Major General Campbell concluded his formal presentation. Site pictures [copies not on file] were shown to Members.

Co-Chair Wilken asked how the \$650,000 ALMR request that is included in the FY 06 operating budget proposal would be utilized.

Major General Campbell responded that that money would be used to support the operating component of the project as opposed to infrastructure purchasing. The funding would be used to support forthcoming office operation changes.

Senator Bunde questioned the reason that eight of the 15 sites listed on page four of the presentation, are necessary as the region between Delta and Fairbanks is "pretty flat".

Major General Campbell explained that of the numerous AMLR sites, those 15 are the ones that are currently operational. Work is being conducted in segments with the focus currently being on sites within the Fairbanks/Delta segment. The aforementioned map depicts site locations and phases.

Senator Bunde asked for further information regarding the 25-mile buffer zone as specified in the footnote on the map.

Major General Campbell replied that the ALMR microwave system functions by connecting "microwave to microwave". 25 miles is the distance radius capability for a microwave. The red circles around each site indicate that radius, and the area at which they overlap is where the connection occurs.

Senator Bunde understood therefore that each site's range is 25 miles. To that point, he noted that 25 miles would not allow for mass communication.

Major General Campbell responded that this is exactly the reason that efforts are being exerted to complete the sites along the road system highlighted by the greenish blue area on the map. With the

exception of Southeast Alaska enhancements that include both microwave and fiber optics communication, the 2006-buildout efforts are being exerted on the ALMR system located within that parameter. The goal of the system is to develop "a cost effective program that will include ALMR and other technologies that we could utilize around the entire State". The AMLR system that is currently being built would be "the backbone" of an overall system and would work with other technologies; it could be determined in the analyses that AMLR would be the best choice. The aforementioned circles are indicative of the fact that microwave alone would not work in Rural Alaska. Other possible options could be fiber optics, satellite, or duplicate systems. He noted that the Yukon-Kuskokwim Health Clinic, which is located in Bethel, is actively preparing to install a single network microwave system in the villages it serves within a "50 mile radius" of Bethel. The State, in conjunction with the Bethel Police Department, currently has a test project operating in Bethel, which, while utilizing a different type of translator, would allow interoperability. Efforts are being exerted to "mesh together" these two systems to achieve a full spectrum of secured and unsecured data. The strategic plan being developed would include the results of this endeavor. In summary, he affirmed that the State has not "automatically" determined that the ALMR program should be "the sole solution for the State of Alaska".

Senator Bunde observed that, other than the non-secure issue, cellular phones could accomplish the task intended for ALMR.

Major General Campbell replied that while cell phones are good, they would not perform well in regards "to the needs of the providers" in an emergency response situation. "The need is different" in that rather than simply having the ability to talk to one another: the goal would be to develop a network, similar "to a conference call", in which everyone could communicate with each other. Three people using three different communication radios with different frequencies and spectrums, a VHF or UHF or 800 hertz radios for example, could not communicate with each other. The goal of this project to develop a system in which "it would not matter what radios you have", there would be the ability "to translate and talk with each other". ALMR would do that by establishing "a one frequency connection". Even though means currently exist through which a translator could be utilized to allow different frequencies to communicate, the ALMR project would develop a interoperability system in which a group, rather than one individual talking to another, could communicate even though they might be using different technologies. "That is the ultimate goal that we are looking to achieve through this plan".

Senator Dyson asked for further information about how the site

depicted on the map in the Gulf of Alaska, east of Kodiak, would be utilized.

Major General Campbell was unfamiliar with the specifics of that site.

Senator Dyson asked regarding any continuing problems that have been experienced as the plan has been executed.

Major General Campbell affirmed that the program has experienced "problems in the past". While the program has been in existence for a decade, it "has not been actively managed until about the last year or two". The Governor Murkowski administration "understands the need" for such a program and is "very proactive". In addition to hiring a qualified project manager, the Commissioner of the Department of Administration and himself, have a mutual understanding of what the State must do in this regard and are working well together. Historical problems have been identified and would "significantly be reduced". The State has not "until recently" upheld its responsibility in advancing the ALMR program.

Senator Olson asked for further information about the types of communications that would be available in regards to such things as the Yukon-Kuskokwim (YK) Health Care delivery system; specifically whether it would be voice communication.

Major General Campbell responded that the YK Health Clinic goal is to allow for both voice and data communication. They desire to have images transmitted between the villages to the Bethel location. The State would like to tie in with the YK Health Clinic's project, as Governor Murkowski's request includes that work be done on developing a statewide system inclusive of both voice and data. "The YK Health Clinic is on the leading edge right now of looking at how to accomplish that".

Senator Olson asked whether it would be feasible to transmit X-rays to such places as the Mayo Clinic.

Major General Campbell replied that transmitting such data "ultimately is the desire".

Senator Olson asked regarding the cost associated with upgrading remote sites, as the sites exemplified on page seven are near other infrastructures or communities.

Major General Campbell agreed that the price associated for sites outside of the road corridor area highlighted in the greenish-blue color on the map would increase "significantly". The technology

connection is not demonstrated in the presentation. He mentioned that Motorola, the current contractor for the AMLR system, is currently conducting tests in remote areas on St. Paul Island to establish how ALMR could work in a cost effective manner in such locations. Developing a system in a cost effective manner is one of the goals of the project. Senator Olson is correct in pointing out that the site cost examples presented in the handout are along the road system. However, rather than costs varying because of the ALMR system, cost variables are determined by the condition of the microwave tower. In order to be brought up to standards, "some need more work than others". The cost of the ALMR system component at each site is "fairly consistent for each tower". Continuing, he noted that some additional costs are dictated by the site location; some are on mountaintops, some are not. He reiterated that the State "has not necessarily come to the conclusion that ALMR" would be the solution in Rural Alaska.

Senator Olson surmised therefore, "that this is essentially a road system project rather than something that is Statewide".

Major General Campbell affirmed that the ALMR project that would be installed by December 2006, "is the backbone along the road system" component. The strategic plan that is currently being developed would identify a cost effective system that would be implemented Statewide. That is "the larger goal". Whatever system is identified for the Statewide segment must be compatible with ALMR, and in the end, "the most cost effective solution" could be the ALMR system.

Senator Olson referenced information on page eight that specified that the DOT and the Department of Public Safety have already acquired ALMR radios.

[9:37:44 AM](#)

Major General Campbell affirmed that radios have been acquired and would be re-programmed to be ALMR compatible once the system is operational.

Senator Olson questioned the decision to purchase radios prior to the activation date due to the fact that technology advances rapidly. The radios might "be obsolete" before the system is operational.

Major General Campbell assured that this would not be a problem as there is an arrangement to upgrade the radios as the system evolves. Money to "key the radios" once the system is operational is included in the \$650,000 request that was previously discussed.

[9:38:47 AM](#)

Senator Stedman, noting the tower sites identified on the map for southern Southeast Alaska, asked the reason that no tower site would be located near the Prince of Wales Island community of Craig, which is a growing community.

Major General Campbell affirmed that Craig is outside the tower radius. He stated that Southeast Alaska "is an exception"; ALMR is being pursued in that area even though there is no central road system as there is in central Alaska.

Major General Campbell disclosed that Craig is the site of another pilot project, as a translator has been installed at the Craig Police Department to see how the system would work and communicate with other types of communication systems. The system appears to be working. The Craig Police Chief "loves the system" and wants to expand it. It appears to be "the right solution for that type of community". In summary, AMLR work is being furthered in Southeast Alaska and testing is being conducted to determine its compatibility with other systems. Such things as the terrain of Southeast Alaska differing from that of the road system corridor would be taken into consideration in the development of a master plan to determine which technologies would be appropriate and cost effective. The remote distances experienced in Rural Alaska are one issue, and the terrain of Southeast Alaska presents another geographical challenge.

Senator Stedman, noting that Juneau has a fiber optic connection, asked regarding "the role of fiber optics" in the system.

Major General Campbell stated that, "from the perspective of the Statewide master plan", fiber optics is considered "a viable alternative" but perhaps not the sole solution. The belief is that a successful overlapping integrative system consisting of fiber optics, microwaves, and satellites could be developed.

STEVE EASTMAN, Department of Administration, showed the Committee pictures [copies not provided] of various microwave and two-way radio sites in both urban and rural areas of the State. Some sites are solar-powered. He noted that there is a lot of site activity occurring in the Fairbanks region of the State, and that some of the sites being upgraded are more than 30 years old. He demonstrated a live radio connection between himself and individuals in Anchorage and Fairbanks.

The ALMR presentation was concluded.

9:46:36 AM

#sb46

SENATE BILL NO. 46

"An Act making capital appropriations and appropriations to capitalize funds; and providing for an effective date."

This was the fifth hearing for this bill in the Senate Finance Committee.

Department of Public Safety

New Anchorage Aircraft Hangar

\$6,176,800 AHFC Bonds

Reference No.: 40007

Category: Public Protection

Location: Anchorage Areawide

House District: Anchorage Areawide

Estimated Project Dates: 07/01/2005 - 06/30/2009

One-Time Project

Construct new aircraft hangar at Lake Hood in Anchorage to safeguard the department's aircraft assets and ensure safe, dependable, and mission capable aircraft are available in the most cost effective manner to support the department's mission to preserve public peace, protect life, property, and resources.

Co-Chair Green anticipated that "intensive discussion" could occur regarding this item. Therefore she announced that a Committee subcommittee consisting of Senator Bunde, chair; Senator Stedman; and Senator Olson would be formed "to thoroughly" discuss it. The Department would explain the request, but she asked that questions be deferred to the subcommittee.

[9:48:00 AM](#)

DAN SPENCER, Director, Division of Administrative Services, Department of Public Safety communicated that the Department's Commissioner would like to participate in the subcommittee discussions. He shared that the proposal is to designate 16,000 of the total 27,000 square foot facility to be utilized as a hangar with the remainder to be used to house inventory and offices. The proposed facility would be located near the "very small hangar" on Anchorage's Lake Hood that is currently being utilized.

Firefighting Engines and Equipment

\$500,000 Bond Funds
Reference No.: 37767
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2004 - 06/30/2005
One-Time Project

Purchase of two fire training engines and related equipment for the Fire Service Training offices in Fairbanks and Juneau. This request supports Division of Fire Prevention's mission to "prevent the loss of life and property from fire and explosion". This project will assist in providing firefighter training and certification to Alaska's emergency response agencies, and will in turn assist in the protection and prevention efforts of these responders at the local level.

Mr. Spencer noted that this request would replace two 20-year old engines with two new fire-fighting engines at a cost of \$250,000 each. The benefits derived would include the ability to train personnel on the latest technology.

Co-Chair Green asked whether this request would duplicate similar requests from the Division of Forestry, Department of Natural Resources.

Mr. Spencer responded that these engines would "strictly be for training purposes".

Senator Hoffman asked whether the majority of the training in the State is conducted in Fairbanks or Juneau.

Mr. Spencer noted that these are the locations of two established training centers. Information pertaining to training that might occur elsewhere would be provided.

Statewide Facilities Maintenance
\$718,800 Bond Funds
Reference No.: 38976
Category: Law and Justice
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 06/30/2010
On-Going Project

This funding is for facilities maintenance for DPS occupied state-owned buildings throughout Alaska. The department needs adequate and maintained facilities to store evidence, protect department-owned equipment, and provide employees good working conditions.

Mr. Spencer stated that this request would address an extensive list of deferred maintenance needs such as boiler replacements and electrical upgrades. It should be emphasized that the list of items included in the request "is subject to change" as an unexpected need might arise at any of the State's facilities.

Co-Chair Green understood that the proposed funding mechanism for this project is Amerada Hess (AH) bond funds.

Electronic Fingerprint Services - Live Scan
\$465,000 Bond Funds
Reference No.: 39942
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 10/01/2005 - 09/30/2008
One-Time Project

This project will replace six obsolete NEC LS-21 live scan fingerprinting systems and expand the program by two new live scan units. Live scan devices are network-connected devices that capture fingerprint and photographic identification data at locations where the most people are required to submit to fingerprinting. This data is in a form to be rapidly shared with other agencies to quickly identify person of interest including actual or suspected terrorists. The devices provide a means of capturing and sharing information critical to threat recognition and intervention.

Mr. Spencer noted that the six live scan fingerprint machines currently owned are "old and obsolete". Parts are difficult to obtain "at best", and other machines are "cannibalized" for parts when one breaks. The location of where the new machines would be utilized is included in the back-up material.

Aircraft and Vessel Repair and Maintenance
\$2,314,300 Bond Funds
Reference No.: 6121
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 06/30/2006
On-Going Project

The Department of Public Safety annually requests repair and maintenance funds for the DPS aircraft and vessels. These funds are for the repair, replacement and maintenance requirements of this department's aircraft and vessel fleet. For example: the funds will be used to rebuild vessel and

aircraft engines and components when they reach the limits of safe useful life. Large marine diesel engines and aircraft engines require expert vendors to rebuild them. Many other components of vessels and aircraft must be maintained or replaced routinely to ensure safe operating conditions and to comply with various safety regulations.

Mr. Spencer noted that this is an annual request through which maintenance and repair work on the State's aircraft and vessels is conducted.

Senator Olson asked whether the four aircraft rebuilds specified on lines three and four, page 13 of the request, are due to accidents.

Mr. Spencer understood these repairs to be routine maintenance and repair work. This would be verified.

Senator Olson asked for confirmation that this request would not include repairs for the aircraft damaged in a January 19, 2005 accident.

Mr. Spencer communicated that this request was developed in October 2004. He noted, however, that the Department could utilize this funding to repair any aircraft that suffered damages in an accident.

Senator Olson concluded therefore that the aircraft damaged in January was not included in the one million dollar component specified for Aircraft Repairs.

Mr. Spencer affirmed. The projects included in this component were forecast prior to that date. However, the list could be re-prioritized to include another project were it deemed necessary.

Senator Olson noted that included in the Aircraft Repairs component was an ASTAR infrared system and an item, referenced as TAWS that he was unfamiliar with.

Mr. Spencer, being also unfamiliar with the term, stated that further information would be provided.

Law Enforcement Equipment Replacement
\$1,177,100 Bond Funds
Reference No.: 37774
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 06/30/2006

On-Going Project

This funding will purchase new and replacement law enforcement equipment for use by the Alaska State Troopers. The Division of Alaska State Troopers relies upon capital improvement project funding for these types of equipment purchases for day-to-day operations in order to meet the department's mission of ensuring public safety and enforcing state laws.

Mr. Spencer noted that this is an on-going program whose list of prioritized projects could be revised depending on need.

Co-Chair Green inquired as to what alternate funding source would be utilized, were bonds funds unavailable.

Mr. Spencer responded that the funding source for this request has historically been the general fund.

Live Burn Building at Fairbanks Fire Training Center

\$150,000 Bond Funds

Reference No.: 39940

Category: Public Protection

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 07/01/2005 - 06/30/2007

One-Time Project

This request constructs a small concrete/block live-fire training burn building at the Fairbanks Fire Training Center. This request supports Division of Fire Prevention's mission to "prevent the loss of life and property from fire and explosion". This project will assist in providing firefighter training and certification to Alaska's emergency response agencies, and will in turn assist in the protection and prevention efforts of these responders at the local level.

Mr. Spencer stated that this request would allow for "realistic" firefighting training to occur.

Burn Panel Installation at Juneau Fire Training Center

\$150,000 Bond Funds

Reference No.: 39939

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2006

One-Time Project

Non-protected burning can no longer take place in the Fire Training Center in Juneau due to structural concerns. This project installs thermal tiles and burn panels (limited to

those areas in which live fire training will be conducted). This request supports Division of Fire Prevention's mission to "prevent the loss of life and property from fire and explosion." This project will assist Fire Service Training in providing firefighter training and certification to Alaska's emergency response agencies, and will in turn assist in the protection and prevention efforts of these responders at the local level.

Mr. Spencer stated that currently only small fires that do not touch the facility's structural walls could be utilized for training purposes. The improvements would allow more substantial training to occur.

Rural Law Enforcement Training and Equipment

\$2,000,000 Fed Rcpts

Reference No.: 38479

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004 - 09/30/2006

One-Time Project

The Department of Justice, Office of Community Oriented Policing Services, is expected to award the Department of Public Safety \$2,000,000 to train law enforcement personnel in rural locations to increase their ability to deal with crisis situations and to purchase equipment for better responses to emergencies. Previous federal awards have been \$1.8 million in FFY2001, \$600.0 in FFY2002, and \$1.5 million in FFY2003.

Mr. Spencer stated that this appropriation, which is geared toward Rural law enforcement, has been included in previous federal budgets and is already included in the federal FFY05 budget.

Continue Village Public Safety Officers for Rural Bootlegging Prevention and Enforcement Activities

\$2,000,000 Fed Rcpts

Reference No.: 39352

Category: Law and Justice

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2004 - 06/30/2009

One-Time Project

This project will maintain and augment the number of Village Public Safety Offices (VPSOs) funded in Federal FY2004 to engage in bootlegging prevention and enforcement activities in rural Alaskan villages.

Mr. Spencer stated that this appropriation has also been included in the FFY05 budget. It would be a continuation of previous years' support.

Senator Olson asked how much of the total four million federal dollars identified in Reference Numbers 39352 and 38479 would be earmarked to support the Village Public Safety Officers (VPSO) component identified in the requests.

Mr. Spencer understood that 100-percent of the two million dollars specified in Reference Number 39352 would support the VPSO program.

Senator Olson asked how much of the funding requested in Reference Number 38479 would support the VPSO program.

Mr. Spencer noted that that money would be shared by a number of entities, including the Alaska State Troopers VPSO program. More information in this regard would be provided.

Senator Olson understood that a majority of that money has not been utilized in the past to support the VPSO program.

Senator Hoffman asked whether an analysis of the success of the program has been conducted.

Mr. Spencer replied in the negative. The Department's commissioner has been involved in reviewing the VPSO program. Future plans for this federal funding are unknown at this time.

Senator Hoffman clarified that his question specifically pertained to the success of the bootlegging prevention program.

Mr. Spencer stated that the State has, with some success, exerted tremendous effort in anti-bootlegging and addiction endeavors. These efforts are addressed in the Department's Missions and Measures, and statistics would be provided.

Marine Fisheries Patrol Improvements

\$2,500,000 Fed Rcpts

Reference No.: 35825

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 10/01/2005 - 09/30/2006

On-Going Project

The Alaska State Legislature urged the division to seek additional funds for its patrol efforts in federal waters of the North Pacific Ocean and Bering Sea. This project is a

result of lengthy negotiations with the National Marine Fisheries Service. Federally regulated marine fisheries occur on a year-round basis in the coastal and offshore waters of the State of Alaska. Both the federal and state governments share an interest in ensuring these fisheries are protected.

Mr. Spencer stated that this patrol effort is an on-going joint enforcement agreement between the State and the National Marine Fisheries (NMF) Program. NMF reimburses the State for a portion of vessel and aircraft expenses as well as funding for dockside inspections. The program has worked well for both entities.

Senator Olson asked whether the \$1.5 million Personal Services expense designated on page 25 of the request's back-up material would be utilized to support new employee positions.

Mr. Spencer clarified that that funding would support existing positions that conduct dockside checks for federal violations.

Driving Simulator-Training Academy
\$265,000 Fed Rcpts
Reference No.: 39956
Category: Law and Justice
Location: Sitka
Election District: Sitka/Wrangell/Petersburg
Estimated Project Dates: 10/01/2005 - 09/30/2006
One-Time Project
This project is to purchase a FAAC Inc. DTS brand PP-2000 state of the art motion driving simulator to enhance the Emergency Vehicle Operation Course for Law Enforcement Officers taught at the Department of Public Safety Training Academy.

Mr. Spencer expressed that while funding was provided in the FY 05 budget to support a driver training range, its capabilities are limited. The item being requested could be likened to a flight simulator in that it would allow for such things "as practiced crashes to occur on a computer rather than in real life".

Language Section: Public Safety Aircraft, Vessel, and Parts Sales
\$300,000 GF/Prgm
Reference No.: 38439
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 06/30/2006
On-Going Project

This will allow the department to use the proceeds from the sale of aircraft and vessels and/or related parts and accessories to fund repair and maintenance, replacement equipment, acquisition of replacement aircraft and vessels.

Mr. Spencer reviewed the request.

Co-Chair Green asked whether this is the historical amount requested for the program.

Mr. Spencer replied that the specific amounts for the past five years would be provided. The amounts have varied.

Senator Olson asked how the money would be utilized.

Mr. Spencer stated it would be used to maintain and repair aircraft and vessels.

Senator Olson noted that the Statement of Need specifies that the funding could also be used to acquire replacement aircraft and vessels.

Mr. Spencer affirmed; the funds have been used in the past to assist in funding a replacement aircraft for one that might have been sold.

Senator Stedman understood that the funding for many of these projects has been "normally imbedded in the general fund section of our budget". However, this year, other funding sources have been identified. He found it "odd" that after years of general fund funding, "a totally different funding source" have been identified to support certain on-going operations.

Co-Chair Green voiced that it is also important to "carefully assess" whether each project appropriately meets "the definition of a capital project" rather than being "a hybrid of an operating expense".

Senator Dyson agreed that capital projects should be reviewed. However, the Legislature has "a responsibility to not be so intimidating". To that point, he relayed several situations in which a capital request should have been submitted, but was withheld out of fear of it being rejected by the Legislature. One such case involved keeping an antiquated front-end loader in service rather than replacing it with a new model; more money was spent trying to keep the loader operational than it would have cost to replace it.

Senator Olson agreed that the Legislature has a responsibility to provide safe equipment; however, requests such as the one for the construction of a new aircraft hangar in Anchorage, as requested in Reference Number 40007, exceeds "reasonability". Other options are available. He appreciated Co-Chair Green's decision to assign the hangar project to a subcommittee.

[10:04:24 AM](#)

University of Alaska

Life Safety and Code Compliance

\$11,066,000

\$10,466,000 ASLC Bonds

\$ 600,000 Univ Rcpt

Reference No.: 40019

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-Going Project

The projects within this request will address life safety, code and Americans with Disabilities Act issues at the university. As part of its primary mission, UA is committed to the education and well-being of students.

JOE BEEDLE, Vice President for Finance, University of Alaska, specified that \$7.9 million of the \$10.4 million Alaska Student Loan Corporation (ASLC) bond funds would be provided to the University of Alaska Fairbanks (UAF) campus and the \$2.5 million balance would support efforts at the University of Alaska Anchorage (UAA) campus. The University of Alaska Southeast Campus (UAS) opted to focus its bond funding efforts on the acquisition of land. That effort would be addressed in a separate request.

Co-Chair Green noted that the projects that would be supported by this request are located on page two and three of the back-up material.

Instructional Science Laboratory Equipment

\$1,400,000

\$831,000 ASLC Bonds

\$569,000 Gen Fund

Reference No.: 39997

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-Going Project

Academic Equipment and Instructional Science Lab Equipment Statewide. This request is for standard replacement of science lab equipment used for academic instruction. The items requested have reached their useful life and are either obsolete or beyond repair. These items are necessary to support the new labs and allow students to experience up-to-date instrumentation techniques used in the sciences. As part of its primary mission, UA is committed to the education and well-being of students.

Mr. Beedle stated that this is "a small percentage" of the monetary amount required to allow the University to "renew itself" and maintain its competitiveness in classrooms and laboratories.

Co-Chair Green asked whether this funding would be limited to equipment replacement.

Mr. Beedle affirmed that this is a small percentage of the total amount required in that regard. The balance of the funding would be provided "internally".

Administrative Information Technology Equipment Replacement and Upgrades

\$3,382,900

\$3,003,400 ASLC Bonds

\$ 379,500 Univ Rcpt

Reference No.: 39999

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

Phased-new Project

This request is necessary to meet UA's Administrative IT equipment needs.

Mr. Beedle read the funding source breakout, as specified in the backup material.

Strategic Land and Property Acquisitions

\$10,940,000

\$2,150,000 Bond Funds

\$8,790,000 Univ Rcpt

Reference No.: 40002

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-Going Project

This project would allow for the purchase of critical properties necessary for strategic expansion of campuses. As part of its primary mission, UA is committed to the education and well-being of students.

Mr. Beedle noted that UAS has identified the purchase of the Gitkov Property near the Juneau campus as its highest priority. \$2.15 million has been earmarked for this endeavor. A lease/purchase agreement has been offered. This land currently houses the University's recreation center and would eventually house the University's bookstore, central student area, and business offices. UAS would be investing an additional one million dollars toward these upgrades.

Mr. Beedle informed the Committee that other tentative UA property acquisitions are detailed on pages eight and nine of the back-up material. Financing would be provided by the individual campuses or revenue bonds.

Co-Chair Green asked whether another fund source had been considered in lieu of bond funds for the acquisition of the Gitkov property.

Mr. Beedle stated that the current plan, which is supported by Governor Frank Murkowski, is to utilize Amerada Hess funds for the endeavor. The University is "delighted" that it "is included in that capital budget item utilizing that source". The Gitkov property is strategically located and is important to UAS. Nonetheless, the University would be willing to consider other funding options.

Co-Chair Wilken asked that the definition of University receipts be shared.

Mr. Beedle stated that the University is "blessed" that approximately 60-percent of its operating budget is supported by sources other than the general fund. These sources include the University's ability to utilize research-based funds with the federal government and resources generated from student receipts such as tuition, housing, books, food, and recreational activity fees. Research dollars have reached a "meaningful" level at the University: \$37 million in Facilities Administrative (F&A) research reimbursement is expected in FY 06. The University is "charging appropriate amounts to pay for those buildings and can in fact, then dedicate some of that for a building and a debt service to include interest, in research categories".

Co-Chair Green asked whether there is any limitation on the purposes for which University Receipts (Univ Rcpts) could be used.

Mr. Beedle responded that the majority of Univ Rcpts are used to support operating expenses. Approximately half of F&A Research revenue is used to support associated administrative expenses. Student receipts are used to support such things as housing and activities. Students "are carrying an increasing load every year".

[10:11:58 AM](#)

Senator Olson asked regarding the four million dollars specified for aviation expansion.

Mr. Beedle explained that the UAA aviation technology facility, which is located at Anchorage's Merrill Field, is primarily funded by federal dollars. It currently offers Federal Aviation Administration (FAA) Controller Licenses, air travel simulation equipment, and a two-year program in aviation technology. Adjacent to the facility is an old hanger that the University has committed to acquiring, as the current facility has limited apron space for parking aircraft, including research planes. This expansion would allow services to be increased. Funding for the four million dollar project would be provided via a combination of a fund raising campaign and federal dollars. The University is "optimistic" that the goal would be obtained.

Systemwide Minor Renewal and Renovation

\$17,611,500

\$ 6,886,500 Bond Funds

\$10,725,000 Univ Rcpt

Reference No.: 40023

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

Phased-underway Project

This request will provide needed funding to perform minor renewal and renovation of laboratory and student space. As part of its primary mission, UA is committed to the education and well-being of students.

Mr. Beedle stated that this request would allow the UA to "keep current" on its deferred maintenance needs. Funding would be provided by a combination of Amerada Hess bonds and Univ Rcpts. Deferred maintenance needs are un-specified; each campus is provided the authority to address its own identified list of needs, as funding would allow.

Senator Hoffman asked whether the exclusion of the Chukchi and Kuskokwim campus's from the list would indicate that those campuses have no major deferred maintenance needs.

Mr. Beedle stated that, to the contrary, there are deferred maintenance needs at those campuses. However, those needs would be addressed separately. The UA Board of Regents would be meeting at the Bethel campus in April and a campus walk through would be conducted. Substantial structural improvements are needed at that campus. Approximately half of the GF funds appropriated to the UA would be earmarked for community campus needs. University President, Mark Hamilton, and the Board have supported "redirecting operational dollars" to address community campuses deferred maintenance needs. Receipt authority allowing the UA to redirect funds toward community campuses' needs must occur.

Small Business Development

\$832,000 Gen Fund

Reference No.: 40024

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 -06/30/2010

On-Going Project

The Small Business Development Center (SBDC) offers specialized business assistance through its Procurement Technical Assistance Center, the Technology and Research Development Center, BUY ALASKA, the Manufacturing Assistance Center and, the newly proposed Alaska Performance Excellence Award program. The SBDC fulfills UA's commitment to the citizens of Alaska to provide lifelong learning opportunities, applied research, and economic development. SBDC fulfills the top listed priorities of the university including; major public service emphasis, small business development and training, and efforts to building a diverse economy in Alaska.

Mr. Beedle stated that the Small Business Development Center is sponsored by UAA. While its main office is located in Anchorage, Statewide expansion plans are being furthered. This is an operating budget request that is being pursued through the capital budget due to the fact that both the Department of Commerce, Community and Economic Development and UA are endeavoring to protect the budget, as it was once "forgotten" and not included in the operating budget. That year's funding was included in the capital budget and, as a consequence, this funding request has continued in that manner for the past ten years. This routing assures the UA President, the UAA Chancellor, the Board, and the Center's directors that it would

receive the "special attention" that it needs as opposed to being "absorbed and almost forgotten" in the academia's operating budget. This funded is leveraged with the local entities that provide the facility in which the Center is housed. The State match equates therefore to approximately 25-percent of the overall budget. Also included in this budget is an Office of Management and Budget, Office of the Governor proposal to implement a new initiative called the Alaska Performance Excellence Award, which is modeled after the Malcolm Baldrige National Quality Program. This \$135,000 increment would allow the State to become involved in a total quality management program that is operating in many states.

Co-Chair Green remembered the year that the Center was inadvertently omitted from the operating budget. She inquired as to what other funding supports the Center.

Mr. Beedle replied that the Small Business Development program has grown to include procurement and technical assistance efforts to insure that small businesses, and their personnel, remain competitive in regards to State contracts that are awarded. The Buy Alaska program was also developed to promote Alaskan businesses. Federal receipts and other program support are directed to the University. Money and services from such entities as First National Bank Alaska, other banks, communities, and other organizations are received.

Co-Chair Green asked for verification that this is a State general fund request amounting to \$832,000.

Mr. Beedle affirmed. There is a minimum of a 50-percent match requirement. The program's appropriation request has not been adjusted to reflect inflation.

Co-Chair Green noted that the FY 2005 request was \$450,000. She asked that further information regarding the increase in the FY 06 request be provided; particularly as personnel expenses are not provided for in capital request projects.

Mr. Beedle stated that the breakout of the expenses would be provided.

[NOTE: Further clarification regarding the SBDC program funding request is provided on page 35 of these minutes.]

Integrated Science Complex
\$21,600,000 Bond Funds
Reference No.: 40025
Category: University

Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 06/30/2010
Phased-new Project

This project will design and construct the first phase of a new integrated Science complex and provide a concept design for the subsequent phases that will complete integrated sciences program delivery. The proposed project is in response to a critical shortage of fundamental core science instructional and laboratory space. Current facilities are insufficient and inadequate to meet the current demand of 450 science majors and 4000 non-majors each semester. The new facility will feature state of the art science academic labs, and technology associated with distance delivery.

Mr. Beedle stated that this project, which has been identified by the University's and UAA as their highest priority, is also the University's "largest capital new construction project". These Amerada Hess Bond Funds combined with \$8.4 million in State General Obligation Bonds that were approved in 2002 would fund the total \$30 million project, which would be located on the UAA campus. It should be noted, however, that UAA estimates that in order to properly build a "modern complex that would be able to handle the demand by students and researchers" would cost approximately \$70 million.

[10:22:08 AM](#)

Senator Bunde opined therefore that while the request is for \$21.6 million, "the real request is for \$71.6 million.

Mr. Beedle explained that following the Board of Regents' approval of the University's budget request that was submitted to Governor Frank Murkowski, they received an appeal from UAA asking that they be allowed to present the full needs of the project. As noted by Senator Bunde, there could be "a two-pronged approach" in that the \$21.6 million was the amount initially approved by the Board and forwarded to the Governor. The UAA "campus has a greater need than this".

Senator Bunde commented that, while the initial request is "fairly substantial"; the \$71.6 million is even more so. Nonetheless, he appreciated knowing the entire funding need as opposed to piecemealing a project together.

Senator Stedman, noting the University's strong desire to build this complex, asked whether the project would have been included had the Amerada Hess Bond Funds been unavailable. He characterized

the use of the Amerada Hess Bonds Funds as being "questionable at best".

Mr. Beedle reiterated that this project is the University's highest priority, and it would remain as such even were a different funding source required. The University has calculated the amount it could fund separate from this request. This is a basic core or "Type A facility" structure "that should be an absolute obligation of the State". The revenue generated by the University from student fees and research income does qualify as a means to support revenue bond financing for the University's portion of the calculation. "Absent State core funding" the University "does not have another funding source. We are reliant upon the State for our core educational facilities".

Center for Innovative Learning - Alaska Native Science and Engineering Program

\$4,955,000

\$ 500,000 ASLC Bonds

\$4,455,000 Univ Rcpt

Reference No.: 40026

Category: University

Location: Anchorage Areawide

Election District: Anchorage Areawide

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

Center for Innovative Learning is a new campus facility being planned to house learning programs that directly impact student retention and student success.

Mr. Beedle stated that University Receipts, in the form of donations, would totally fund the University's obligation to this program. The Alaska Native Science and Engineering Program (ANSEP) has been very successful and has "a 70-percent retention by Alaska Native students in a very difficult program". This program is being nationally recognized. A national science foundation grant assists in supporting this program. Due to University's fundraising efforts, three-quarters of the \$4,455,000 in University Receipts have been raised by donations from such entities as the Rasmuson Foundation and a federal appropriation. The \$500,000 GF funding component is recommended by the Governor.

Senator Dyson asked that further information about ANSEP be provided to his office.

Mr. Beedle acknowledged the request.

Co-Chair Wilken asked that current and past ANSEP student

enrollment numbers be provided.

Co-Chair Green asked that the information also be provided to her office.

Senator Bunde reminded the Committee that in addition to construction expenses, operation and maintenance expense funding sources should be determined.

University of Alaska Anchorage Student Housing - Phase 2

\$1,150,000

\$ 150,000 Gen Fund

\$1,000,000 Univ Rcpt

Reference No.: 40027

Category: University

Location: Anchorage Areawide

Election District: Anchorage Areawide

Estimated Project Dates: 07/01/2005 - 06/30/2010

Phased-underway Project

This request will fund the construction of a new student residence hall at UAA.

Mr. Beedle noted the \$150,000 GF component would allow the project planning to be completed. Project construction would be funded by the one million dollar University Receipt Authority provided through the Alaska Housing Finance Corporation (AHFC). UAA student housing is currently full and there is an extensive waiting list. Student housing can currently provide for eight percent of the student enrollment. Land is available for the housing expansion. The one million dollar component would be combined with a previous allocation for a total of \$9.1 million.

Senator Bunde questioned the reason for revenue bonds being used as a fund source as he understood that university housing never generates sufficient revenue to offset construction, operation and maintenance expenses. There is a waiting list because dorms are akin to subsidized housing. Therefore he inquired as to how revenue would be generated to cover the cost of the bonds.

Mr. Beedle responded that with the generous support of the State, housing has been provided at the three major University campuses. Some community campuses have also utilized general funds to assist in their housing needs. Equity that has built up in existing housing combined with raising dorm room fees in facilities that have 100-percent occupancy would provide the necessary funds. The University housing has become self-supporting and the Board of Regents has adopted policies specifying that things such as housing would be self-supporting. While some campuses "need a little help,

we are "90-percent of the way there". Conventional financing is achievable, as the University has become "very close 110 to 125 receipt to debt service".

Senator Bunde maintained his position that this housing is subsidized housing. The State could fund things such as this rather than assisting the elderly.

Biological Research and Diagnostic Facility

\$4,760,000 Univ Rcpt

Reference No.: 40032

Category: University

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

The new BiCS - Biological Research and Diagnostics Facility (BiRD) is located on the UAF West Ridge, the center of science and research activities for the UAF Campus. The facility incorporates program components and space for laboratory animal holding and care, procedure rooms, necropsy, diagnostic laboratories, incinerator, and administrative space.

Mr. Beedle stated that the University's current research facility houses thousands of research animals. Previous funding was provided by a GO bond in 2002. Due to a funding shortfall at the UAF Campus, the decision was made to allow federal research funds to pay for the BiCS facility through a University revenue bond mechanism. This request would allow the University to complete the construction of the facility.

[10:34:36 AM](#)

West Ridge Research Logistical Support Facility

\$7,000,000 Univ Rcpt

Reference No.: 40033

Category: University

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

As Research Programs expand on the UAF Campus, storage and staging for field equipment and archival space are becoming a growing issue. Many initiatives come with a certain amount of field research equipment that is only used in the summer and must be stored though the off season. Grants also come with stipulations concerning the storage of research data, specimens, and DNA in a safe collections area. The new

facility will provide adequate secure storage for UAF research programs.

Mr. Beedle shared that a tremendous amount of research is conducted in remote areas of the State. This request would allow the support equipment for such research to be safely stored in one central facility. The design has been finalized and sufficient proceeds would be available to construct and support the storage facility.

Co-Chair Green asked whether this project's receipt authority differs from the receipt authorities previously discussed.

Mr. Beedle explained that the receipt authorities do differ. The receipt authority for this project is based on federal research grant receipts that would pay the debt service of revenue bonds that the University would issue. The previous receipt authorities included such things as donations to the University Foundation for such things as the Merrill Field Aviation project, other donations, and student receipts.

Co-Chair Green asked that the funding sources for each of the receipt authorities be identified in terms of it being a donation, campus receipt, federal grant, or other types of receipts. This would provide further funding clarification.

Mr. Beedle stated that this information is available and would be provided. The Board of Regents had also requested such a breakout.

Biological and Computational Sciences Facility - Computational Component
\$600,000 Univ Rcpt
Reference No.: 40041
Category: University
Location: Fairbanks Areawide
Election District: Fairbanks Areawide
Estimated Project Dates: 07/01/2005 - 06/30/2010
Phased-new Project
Once complete, Biological and Computational Sciences Facility (BiCS) will provide multi-use lab, classroom, and computational space for research and academic purposes. BiCS will be constructed in 4 phases. Phase 1, which constructed utilities infrastructure and the Biological Research and Diagnostics Facility, has been funded. In Phase 3A of construction, the Computational Element of the Biological and Computational Sciences Facility (BiCS) will provide much needed research Computational Science space for the Arctic Region Super Computer group.

Mr. Beedle stated that this request would provide for continuing infrastructure development planning for future research needs associated with the West Ridge BiCS facility.

10:37:00 AM

Rasmuson Reading Room
\$5,000,000 Univ Rcpt
Reference No.: 40042
Category: University
Location: Fairbanks Areawide
Election District: Fairbanks Areawide
Estimated Project Dates: 07/01/2005 - 06/30/2010
One-Time Project

The Rasmuson Library Student Reading Room will provide a year-round academic activity area for students on the UAF Campus. The facility is specifically intended to provide an attractive gathering space for students and group settings, and is programmed to have a variety of study and seating areas, conference rooms, and a coffee/snack bar component.

Mr. Beedle stated that the Rasmuson Library is the largest library in the State. "It is used extensively for research and for archives". The reading room furnishings would be "totally paid for from private sources and/or students and/or concession" revenue.

Alaska Statehood Gallery
\$1,400,000 Univ Rcpt
Reference No.: 40044
Category: University
Location: Fairbanks Areawide
Election District: Fairbanks Areawide
Estimated Project Dates: 07/01/2005 - 06/30/2010
Phased-underway Project

This project proposes an addition to the University of Alaska Museum of the North which would include an Alaska Statehood Gallery, a full service café and dining area, and museum collections management space (total 11,000 GSF) at an estimated cost of \$6 million. The funding source(s) for this addition are planned to be totally private and not to require state or university foundation money.

Mr. Beedle stated that the desire of this request is to locate and store historical State documents in a Museum. Donations would fund the project. A significant amount of the donations would be received as the result of efforts on the part of Governor Frank Murkowski and Congressman Don Young. Multiple locations for the Museum are being considered. The project is conditional, based on

the Board of Regents approval of it being privately funded. Were this request approved, this funding would be combined with previous funding authority to provide a total of six million dollars for the project. Work on the project would not begin until the funds were raised.

Expansion of the Existing Anchorage Campus Megaplex structure
\$16,000,000 Univ Rcpt
Reference No.: AMD 40038
Category: University
Location: Anchorage Areawide
Election District: Anchorage Areawide
Estimated Project Dates: 07/01/2005 - 06/30/2010
One-Time Project
Amendment

This project is an expansion of the existing campus megaplex structure, including the Bookstore, Wells Fargo Sports Complex and the Student Union to accommodate student enrollment growth, expand sports and recreation opportunities and co-locate student affairs functions in the central campus core. The project will improve the overall accessibility of the bookstore and student affairs programs for students, faculty, staff and the public. The project is consistent with the UAA master plan as a priority for the 2003-2013 timeframe.

Mr. Beedle reviewed the project. "It is typical that in modern University settings, we expect the students to pay" for services such as those specified in this request. Such things as student fee assessments or bookstore proceeds would pay for the bonds.

School of Nursing Facility
\$6,000,000 Univ Rcpt
Reference No.: AMD 40039
Category: University
Location: Anchorage Areawide
Election District: Anchorage Areawide
Estimated Project Dates: 07/01/2005 - 06/30/2010
One-Time Project, Amendment

UAA is uniquely situated, surrounded by two of the largest hospital complexes in Alaska. As the U-Med District complex grows, partnerships with neighboring institutions continue to emerge. For the past year, the University has been in discussion with neighboring institutions about partnership of joint use healthcare training facilities. Recently the Alaska Native Tribal Health Consortium and the University formed a workgroup to examine the possibilities for constructing a joint use health-education facility on land owned by ANTHC north of Ambassador Drive along Bragaw Street. This project

would fund planning efforts for the future facility.

Mr. Beedle stated that UAA, in partnership with the Alaska Native Tribal Health Consortium (NTHC), is proposing to develop this training complex to train nurses and allied health professionals. The complex would be located at the Alaska Native Hospital Campus in Anchorage. A portion of the facility would be specific to NTHC and approximately three floors would be used for the Allied Health and Nursing Training. Basic Integrated Science courses would be required prerequisites to the Applied Integrated Science and Nursing courses. The UAA Medical District adjoins the proposed site and the University is excited to work with NTHC. This request would allow for the development of a project funding mechanism, including possible federal funding.

Co-Chair Green asked whether the program would be available to any student.

Mr. Beedle assured that it would. The program would be an UAA accredited nursing program with Statewide delivery.

Senator Olson, noting that there is a nationwide nursing shortage, spoke in support of the program.

Co-Chair Wilken pointed out that the Small Business Development Center, Reference Number 40467, had not yet been discussed. He asked for further information about how that project might relate to Small Business Development Project, Reference Number 40024.

Co-Chair Green stated that another project yet to be discussed is the Procurement Technical Assistance Center Program, Reference Number 40468.

Small Business Development Center
\$500,000 Gen Fund
Reference No.: 40467
Category: University
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 06/30/2010
On-going Project

The Small Business Development Center (SBDC) fosters, promotes and assists the growth and development of small businesses in the State of Alaska through a multi-faceted business assistance program. The Small Business Development Center offers specialized business assistance through its Procurement Technical Assistance Center, the Technology and Research Development Center, Buy Alaska, the Manufacturing Assistance

Center, and the newly proposed Alaska Performance Excellence Award program. The SBDC fulfills UA's commitment to the citizens of Alaska to provide lifelong learning opportunities, applied research, and economic development.

Procurement Technical Assistance Center Program

\$147,000 Gen Fund

Category: University

Reference No.: 40468

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

On-going Project

The Procurement Technical Assistance Center is a nationwide program to provide businesses with the marketing know-how and technical tools they need to obtain and perform successfully under federal, state and local government contracts.

Buy Alaska Program

\$50,000 Gen Fund

Reference No.: 40469

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

The Buy Alaska Program is a partnership of the University of Alaska Small Business Development Center, Anchorage Economic Development Corporation and the Alaskan business community. The program assists businesses, consumers, and government entities in finding competitive Alaskan sources for goods and services.

Alaskan Performance Excellence Award

\$135,000 Gen Fund

Reference No.: 40470

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

One-Time Project

The implementation of the proposed Alaska Performance Excellence Award program will energize Alaska organizations to improve efficiencies and customer and employee satisfaction; it will provide Alaskan business, industry, government and other organizations a competitive edge in the domestic and global marketplace; and it facilitates Alaska's transition

from a resource-based economy to a performance based economy.

Mr. Beedle explained that an error had been made in regards to the total budget for the Small Business Development Project, Reference Number 40024. The \$832,000 total request for the Small Business Development Center (SBDC) included four projects: the Small Business Development Center, Reference Number 40467 for \$500,000; the Procurement Technical Assistance Center Program, Reference Number 40468 for \$147,000; the Buy Alaska Program, Reference Number 40469 for \$50,000; and the Alaska Performance Excellence Award, Reference Number 40470 for \$135,000.

Co-Chair Green understood therefore, that the expenses associated with all four SBDC projects was inadvertently included in Reference 40024.

Mr. Beedle apologized for any confusion that might have resulted as the result of this SBDC funding compilation. One GF authority, in the amount of \$832,000, is being requested to address the four projects.

This concluded the University's capital budget overview.

Co-Chair Green announced that Pat Pitney, Director of Budget Development and Institutional Planning, University of Alaska, was available, via teleconference, to address Member's questions.

Senator Hoffman asked regarding the plans for the University's unfinished facility in the community of Dillingham. The \$1,200,000 designated to the project is not reflected in the University's FY 06 capital request.

Mr. Beedle informed the Committee that a \$750,000 Federal Title III grant has been assured. This funding would be used to complete the classroom facility. Design bid solicitations would be advertised in approximately 60 days.

Senator Hoffman understood that funding amounting to approximately \$1,200,000 would be required to complete the facility. He noted that he would discuss this further with Mr. Beedle.

Co-Chair Green thanked the University for its presentation.

Co-Chair Green informed Mr. Felix MaGuire, who was participating via teleconference, that the Department of Public Safety's request for a New Anchorage Aircraft Hangar, Reference No.: 40007, had been referred to a subcommittee, chaired by Senator Bunde. She asked whether he would be willing to discuss his concerns with the

subcommittee.

FELIX MAGUIRE testified via teleconference from an offnet site and voiced that he would discuss his concerns with the subcommittee. Continuing, however, he noted that the federal government had appointed an Aviation Advisory Board (AAB) to the State, and that Congressional legislation is being advanced that would make the Board a permanent council. "It is mystifying that that Board is not being used as a sounding board for this type of proposal". To that point, he urged the Committee to refer this project to the AAB.

Co-Chair Green communicated that the subcommittee would discuss this further with Mr. McGuire.

Senator Bunde, subcommittee chair, noted that the project would be reviewed by the AAB and its findings would be provided to the subcommittee.

Alaska Housing Finance Corporation, Department of Revenue

[10:48:40 AM](#)

DAN FAUSKE, CEO/Executive Director, Alaska Housing Finance Corporation, Department of Revenue, stated that the Alaska Housing Finance Corporation (AHFC) FY 06 Capital budget is very similar to the budgets presented over the past ten years. Notable changes or differing budget amounts include the Teachers Housing program, which has been well received. That program has evolved into a combination grant/loan program that has been expanded to include nursing housing and possibly public safety personnel. While these expansions to the housing program are included in the request, the details with the various departments are still being discussed.

Mr. Fauske communicated that AHFC "is doing very well". The most notable issues being addressed are "on the federal side"; in particular the changes and reductions that are occurring nationwide in the federal Housing and Urban Development (HUD) program. He recently attended meetings in Washington, DC to discuss this issue and he voiced optimism that the moratorium that AHFC imposed on its HUD voucher program, as result of the federal involvement, would be sorted out. AHFC is frustrated that the federal HUD program ignored the advice of a four million dollar study HUD had conducted that advised them not to change their approach to the Alaska HUD program as "Alaska was in a unique position". The process of getting the Alaska HUD program back on track is underway. In addition to their impact on AHFC's operating budget, the federal changes also affected AHFC's capital budget.

[10:50:16 AM](#)

LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue, noted that the AHFC capital budget requests are compiled in a booklet titled "Alaska Housing Finance Corporation Budget Summary 'Results-Oriented' FY 2006 Draft. Draft Capital Budget, March 23, 2005" [copy on file].

Housing Loan Program/Teacher/Health Professionals Housing
\$6,281,800 Corporate Receipts

Reference No.: 37918

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this program is to increase home ownership for low-income borrowers by subsidizing interest rates based on family income or family size.

Mr. Campbell noted that these funds would supplement the Corporation's popular housing program and expand business opportunities for providing affordable housing for Teachers, and health professionals, and public safety employees.

Supplemental Housing Development Program

\$4,300,000 Corporate Receipts

Reference No.: 6323

Category: Housing/ Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 06/30/2010

The purpose of the program is to supplement federal housing funds provided to Regional Housing Authorities to ensure safe, decent, affordable housing throughout Alaska.

Mr. Campbell stated that the these funds would be used to supplement federal housing funds in regards to such things as water distribution, sewer hookups, electrical distribution systems, site development, energy efficiency improvements, and road construction. The funds are limited to 20-percent of the total development cost per housing unit and are prohibited from supporting administrative expenses of the Housing Authority.

Low-Income Weatherization Program

\$1,800,000 Federal Receipts

\$3,000,000 Corporate Receipts

Reference No.: 6332

Category: Housing/Social Services

Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 6/30/2010
The purpose of the program is to provide cost-effective energy improvements to homes of low-income families.

Mr. Campbell read the program information and noted that the weatherization improvements provided by these funds would allow moderate and low-income families to obtain decent, safe and affordable housing. Energy improvements would include furnace and electrical repairs, woodstove repairs, and egress windows.

Senator Bunde asked the definition of low-income.

Mr. Campbell responded that the low-income level is based on HUD's published rates. This information would be provided.

Co-Chair Green agreed that it would be beneficial to have the list of program qualifiers.

Senior Citizen's Housing Development Fund
\$3,500,000 Corporate Funds
Reference No.: 6334
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 6/30/2010
The purpose of the program is to provide funds for the development of senior citizen housing.

Mr. Campbell read the program description specified on page 3-17 of the backup material.

Co-Chair Green noted that this funding would provide for the projects specified on page 3-18 in the handout.

HUD Federal HOME Grant Program
\$750,000 Corporate Receipts
\$3,500,000 Federal Receipts
Reference No.: 6347
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 6/30/2010
The purpose of this program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the ability of the State to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and

affordable housing.

Mr. Campbell read the purpose of the program. He noted that with the exception of the Municipality of Anchorage, which has its own separate program, this request would address AFHC projects on a statewide basis.

HUD Capital Fund Program (formerly CGP)
\$500,000 Federal Receipts
Reference No.: 6342
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2005 - 6/30/2010
The purpose of this program is to provide management improvements to the Public Housing program.

Mr. Campbell stated that these federal funds are provided annually, in grant form, to housing authorities "to help renovate and modernize public housing units. These funds provide for work items outside FY2003 bond package such as: administrative expenses, tenant education projects, drug elimination projects, and management improvements."

Senator Bunde asked whether any negative impact is anticipated in light of "the federal deficit problem" and the fact that the State has historically received a substantial amount of federal funding.

Mr. Campbell stated that these federal modernization fund levels have decreased over the past several years. Therefore, the actual appropriated amount of the \$500,000 request for the management improvement component is unknown.

Senator Bunde cautioned that it would be difficult to replace these federal funds with State GF were they eliminated "at some point".

Mr. Fauske expressed that this concern has been communicated "loud and clear" to HUD. AHFC would not be in "a position comfortable" enough to present the Legislature with a request "to supplant federal funding with AHFC corporate receipts".

Federal and Other Competitive Grants
\$1,000,000 Corporate Receipts
\$3,000,000 Federal Receipts
Reference No.: 6348
Category: Housing/Social Services
Location: Statewide
Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs and supportive services of low-income and special needs groups such as: senior citizens, the mentally, physically, or developmentally disabled, or the homeless. AHFC will also apply for energy related grants as they relate to housing. When required, AHFC will provide the needed matching funds. Some of the funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

Mr. Campbell read the purpose of the program as denoted in the backup material.

Co-Chair Green asked whether the specified AHFC Corporate receipt match is a flexible percentage.

Mr. Campbell informed that each program has its own match specification. The majority of federal match levels range between ten and 50-percent.

Competitive Grants for Public Housing

\$250,000 Corporate Receipts

\$750,000 Federal Receipts

Reference No.: 6350

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs of low-income and special needs groups such as: senior citizens, the mentally ill, disabled, or the homeless who are eligible for public and/or assisted housing. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families attain economic self-sufficiency. When required, AHFC will provide the needed match.

Mr. Campbell read the purpose of the program and noted that some of these funds "would be passed on to local non-profit sub-grantee organizations that deliver housing and/or services". This program is directed toward public housing recipients within the State.

Energy Efficiency Monitoring Research

\$500,000 Corporate Receipts

Reference No.: 6351

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this project is to conduct research, analysis, information dissemination, and interchange among members of the industry, as well as, between the industry and the public.

Mr. Campbell read the program purpose and noted that these AHFC funds would support "a designated grant to Cold Climate Housing Research Center to conduct housing construction research, analysis, and information dissemination among the housing industry and the public. Data gathering and analysis is being continually related to energy efficiency technology for homes constructed in northern building and market conditions".

State Energy Program (SEP) Special Projects

\$30,000 Corporate Receipts

\$300,000 Federal Receipts

Reference No.: 32526

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this program is to allow the State to participate in special project grants offered by the Federal Department of Energy to promote energy related technologies and research.

Mr. Campbell shared that this funding would support such things as "building technologies, codes and standards, wind and power technologies renewable energy for remote areas, or transportation technologies".

Mr. Campbell pointed out that the ten AHFC requests to this point have been included in AHFC budget requests for approximately ten years. The following six items are new AHFC projects that would support the Corporation's mission.

Information Systems Server Upgrades & Replacements

\$ 335,200 Corporate Receipts

Reference No.: 40066

Category: Housing/ Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this project is to replace or upgrade server systems that are at or near the end of their life cycle.

Mr. Campbell stated that the outcomes of this project would include: replacing systems/models that are at or near the end of their life cycles; providing additional capacity for normal system growth; improving disaster recovery capability; reducing maintenance costs; improving application performance and improving overall server performance upgrades. The computer systems that would be addressed are detailed in the "Program Description" section on page 3-31 of the handout.

Central Terrace
\$941,910 Federal Receipts
Reference No.: 40067
Category: Housing/Social Services
Location: Anchorage
Election District: 20
Estimated Project Dates: 07/01/2005 - 6/30/2010
The purpose of this project is to provide funding for the disposition, demolition or sales of buildings in the Central Terrace development

Mr. Campbell read the Phase 1 language on page 3-33 as follows.

Central Terrace Replacement-Phase 1 utilizes Federal funds to replace old housing stock with alternative housing opportunities in the Anchorage area. These funds will be used to ready the units for disposal, demolition, or for sale. AHFC will apply for Housing Choice Vouchers on a one for one replacement.

Birch Park Window Replacement
\$1,323,000 Corporate Receipts
Reference No.: 40069
Category: Housing/Social Services
Location: Fairbanks
Election District: 9
Estimated Project Dates: 07/01/2005 - 6/30/2010
The purpose of this project is to replace all of the windows in Birch Park I and Birch Park II in Fairbanks.

Mr. Campbell read the purpose and the replacement information on page 3-35 as follows.

Birch Park Window Replacement utilizes Corporate (AHFC) funds to replace all the windows at Birch Park I and Birch Park II in Fairbanks. Replacement of these windows will reduce energy loss and increase comfort for the residents. These windows need to be replaced to maintain the structural integrity of

the buildings. The new windows will be commercial grade with standardized hardware. This project will lower routine maintenance cost and provide for health and safety issues, i.e. egress and security.

Statewide Project Improvements

\$500,000 Corporate Receipts

Reference No.: 40068

Category: Housing/ Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this project is to provide funding to address known and unknown conditions in AHFC's housing stock.

Mr. Campbell read the project purpose language and noted that it would "provide structures and amenities not currently programmed, it will enhance operations, allow quick response to ordinance and code changes, and provide for quick response to unforeseen conditions".

CO Detector Installation

\$330,000 Corporate Receipts

Reference No.: 40070

Category: Housing/ Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this project is to install CO detectors in all rental units of AHFC's housing stock.

Mr. Campbell read the program purpose. The required number of CO detectors would be installed in each housing unit. The project would make AHFC compliant with both State and local regulations.

Statewide Fire Protection System Investigation Project

\$380,000 Corporate Receipts

Reference No.: 40071

Category: Housing/ Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this project is to determine and document the fire protection needs for all rental units of AHFC's housing stock.

Mr. Campbell expressed that this fire protection project would "establish a database for maintaining functioning and code

compliant systems. It will also track the replacement of smoke and fire detectors as well as track the life-span expiration of fire alarm panel components and systems".

Co-Chair Green commented that the CO detector system might eventually be a component of this project.

Homeless Assistance Program - Mental Health Bill

\$500,000 Corporate Receipts

\$500,000 Mental Health Trust Fund Receipts

Reference No.: 6359

Category: Housing/ Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this project is to support programs that prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless.

Mr. Campbell read the program information and stated that, "AHFC funds "will be matched by Mental Health Trust Authority funds. Both funds will be combined and administered as one program by AHFC".

Beneficiary and Special Needs Housing - Mental Health Bill

\$1,200,000 Corporate Receipts

Reference No.: 6360

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2005 - 6/30/2010

The purpose of this program is to provide funds for Alaskan non-profit service providers and housing developers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska.

Mr. Campbell read the program purpose and noted that the projected project outcomes, as detailed on page 3-45 of the handout, are as follows.

- Congregate housing for people with mental illness, developmental disabilities;
- Supportive housing, including assisted living for people with mental, physical, or developmental disabilities, or multiple disorders; and
- Transitional housing with support services for newly

recovering alcoholics and addicts.

Mr. Campbell stated that the funds could be "used for housing development and/or residential accessibility modifications".

[11:08:23 AM](#)

Co-Chair Green asked whether this request would require a Mental Health Trust Fund Match.

Mr. Campbell replied that no match would be required.

Co-Chair Green noted that this project has been included in the AHFC budget for numerous years. To that point, she asked whether the services provided in this program are required as part of the AHFC mission.

Mr. Campbell affirmed that these services have been included in the Corporation's strategic plans for several years. This year's request is slightly lower than previous years' \$1,700,000 amounts.

Co-Chair Wilken, referencing the Corporation's Six Year Plan specified on page 3-47 of the backup material, asked whether the Plan reflects the new dividend calculation that would become effective in FY 2007.

Mr. Campbell affirmed that the Plan reflects the revised dividend calculation methodology that would be implemented in FY 2007.

Mr. Fauske interjected that a significant amount of the Corporation's bond obligations would be paid off by FY 2007. A balance of approximately \$22 million, down from a total \$103 million, in General Obligation (GO) bonds would exist at that time. As a result of this reduction in debt service, the revised dividend calculation would equate to approximately the identical dividend level the Corporation shares with the State under the current calculation. The business plan anticipates growth in the dividend amount. "Our business plan is working".

Co-Chair Wilken understood therefore that a decrease in debt service should be considered when analyzing the \$60,000,000 difference in the net income of FY 2006 and FY 2007. Thus, there would be no expectation that General Funds (GF) would be required to replace the decline in net income.

Mr. Campbell affirmed that a \$30 million debt service decrease would occur in FY 2006.

[NOTE: Recording technicalities resulted in the remaining minute of the meeting being unrecorded.]

Mr. Fauske agreed that the bonds would be retiring.
#

ADJOURNMENT

Co-Chair Green adjourned the meeting at 11:10 AM.