

SENATE FINANCE COMMITTEE  
March 18, 2009  
9:07 a.m.

[9:07:03 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:07 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Donny Olson  
Senator Joe Thomas

MEMBERS ABSENT

Senator Johnny Ellis  
Senator Kim Elton

ALSO PRESENT

Pete Kelly, Director, State Relations, University of Alaska; Michelle Rizk, Associate Vice President, Budget, University of Alaska; Mark Lewis, Director, Administrative Services, Department of Education and Early Development; Dan Spencer, Director, Division of Administrative Services, Department of Public Safety.

PRESENT VIA TELECONFERENCE

Pat Pitney, Vice Chancellor, University of Alaska-Fairbanks.

SUMMARY

SB 75 "An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

SB 75 was HEARD and HELD in Committee for further consideration.

#sb75

SENATE BILL NO. 75

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

[9:07:24 AM](#)

UNIVERSITY OF ALASKA (UA)

PETE KELLY, DIRECTOR, STATE RELATIONS, UNIVERSITY OF ALASKA, provided an overview of the university's deferred maintenance needs to provide context for the capital requests. The university has approximately six million square feet of facilities, with nearly 400 buildings, and currently has around \$800 million in deferred maintenance. The university has been averaging about \$16 million per year for deferred maintenance; the amount needed to stay at zero is approximately \$50 million per year. He explained that the formula used to determine major maintenance requirements is 1.5 percent of the book value of the buildings. Book value is the cost of each building at the time it was built. He added that facilities personnel would discuss the deferred maintenance of various campuses via teleconference.

Co-Chair Stedman confirmed that governor's request was for \$8 million, and that the initial budget submission was \$10 million. He asked about an amendment reducing the request by \$2 million.

MICHELLE RIZK, ASSOCIATE VICE PRESIDENT, BUDGET, UNIVERSITY OF ALASKA, agreed that the Office of Management and Budget (OMB) had requested the university to reduce the submission in response to the current economic situation.

Ms. Rizk listed the projects included in the governor's amended budget. The first, Maintaining Existing Facilities Renewal and Renovation Annual Requirement, is the first priority of the UA Board of Regents. The board believes the large inventory of education buildings must be maintained.

The project extends the life of the buildings to reduce the need for new construction, and replaces failing buildings.

Co-Chair Stedman asked what the university had received the previous year. Ms. Rizk answered that the university had received \$45.8 million for renewal and renovation. Projects that were funded included the Anchorage campus roof replacement, the Tanana Valley campus exterior envelope space revitalization, the Fairbanks campus critical electrical distribution, deferred critical renewal at the Nome campus, the Anderson Building renewal in Juneau, and a Ketchikan building roof replacement.

Co-Chair Stedman asked if all the deferred maintenance money had been expended and the projects finished. Ms. Rizk replied that all of the FY 09 funding had not been spent; projects are in various stages of completion, including design and pending contracting award.

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Ms. Rizk moved to the second item, the University of Alaska Fairbanks (UAF) Life Sciences Innovation and Learning Facility, which is the board's number one new construction priority. The governor's budget includes \$20.6 million of non-general fund; the board requested \$82.2 million general funds as well. The facility would provide modern academic space for more than 600 biology and wildlife degree-seeking students. She pointed out that a non-general fund component was added for the bonding capacity available with the research space in the facility.

Ms. Rizk detailed the next item, the UAF Energy Technology Building. The governor's budget includes \$15.3 million non-general fund; the board's request includes an additional \$15.3 million in state funds. She emphasized the critical need to expand research laboratory space as the need for advanced energy technology grows. The fast-track building could be completed 20 to 24 months after funding is secured.

Ms. Rizk turned to the UAF Fire Station and Student Firefighter Training Center planning funds. The governor's budget includes \$500,000 non-general funds for planning; the board's request includes an additional \$1 million in general funds for planning. The UAF program is the only one of its kind in the country. Student firefighters are

treated as full-time career firefighters and receive hands-on training.

Ms. Rizk explained that the next project deletes UAF Alaska Region Research Vessel additional receipt authority because the project was moved to the stimulus bill.

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Ms. Rizk continued with the next item, an estimation of potential federal receipt authority needed for FY10 to FY15 projects at the main and community campuses. Prior funding in the category has been used for projects like the Sitka welding lab renovation and the Tok center renovation. In FY08, the university received \$15 million; it also received funds in FY04 and FY05 that have been expended.

Ms. Rizk turned to the next project, the UA Energy Projects. The governor's budget includes \$5 million of federal receipt authority. The project is new to the capital budget and would provide funding for alternate energy and energy efficiency projects. She pointed out that state investment would make the university more competitive for more federal funding.

Co-Chair Hoffman asked what types of energy projects are being considered and where in the state the money would be spent. Ms. Rizk answered that the energy projects would emphasize alternative energy and energy efficiency options ranging from small villages to large-scale regional projects, including hydro and geothermal projects. She directed the committee to a comprehensive list for details. The receipt authority could be used in conjunction with the listed projects.

Co-Chair Hoffman asked what role the board of regents would play in the decision-making process.

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Mr. Kelly answered that the board's role would be less directing the funds than making decisions about state energy needs. He pointed out that the Fairbanks energy program was working closely with the governor's energy authority. He provided the example of wind-diesel operations in Kotzebue. He did not know exactly where the non-general funds would be expended.

Ms. Rizk described the next project, UA Climate Projects. The governor's budget includes \$10 million of federal receipt authority. Projects funded would include natural hazard monitoring, improving weather predictions, the Alaska statewide digital mapping initiative, and permafrost dynamics.

Ms. Rizk explained the next project as the deletion of the Graduate Medical Education/Family Practice Residency Program because the funding was moved from the capital budget to the operating budget. Mr. Kelly added details regarding the item.

Ms. Rizk discussed the final project, the UA Gasline Workforce Development request for \$1,720,000. The item was part of the Department of Labor's gasline request and would support training for any occupation utilizing heavy equipment. The item would reduce training costs and increase training opportunities in Alaska.

Co-Chair Hoffman requested more detail regarding university receipts for several of the projects. Ms. Rizk asked facilities personnel to provide detail regarding the source of funds and receipt authority for the UAF Life Sciences and Learning Facility, the UAF Energy Technology Building, and the UAF Fire Station and Student Firefighter Training Center.

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PAT PITNEY, VICE CHANCELLOR, UNIVERSITY OF ALASKA-FAIRBANKS (testified via teleconference), explained that the \$20.6 million listed for the life sciences facility is university receipt authority. A university bond would be paid back based on research growth with indirect cost recovery; \$20.6 million is the outside edge of what the university can afford for a facility and would cover half the construction of the research component. The state funding would be required to make a usable building. She emphasized that the facility was the highest priority.

Ms. Pitney added that the \$15 million for the energy facility would come from the same source as the life sciences facility, indirect cost recovery based on research growth resulting from having faculty working in the building.

Co-Chair Hoffman commented that the university would be requesting \$97 million in general funds in FY11. Ms. Pitney agreed that the university bond funding could only fund a portion of the facilities. Unlike other university facilities, the projects have a university-funded component. In the past, facility funding requests have not had this component.

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Co-Chair Hoffman asked the annual operating costs of the facilities. Ms. Pitney responded that operating costs would be approximately \$2 million for the life sciences facility and approximately \$500,000 for the energy facility.

Ms. Pitney added that regarding the fire station, the university is a contractor for the Fairbanks North Star Borough. The university would look for partnership funding which would also be university receipts. General funds would be secured before seeking partnership funding.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (DEED)

MARK LEWIS, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, explained that the FY10 budget request includes an internal request for \$1 million for the Mt. Edgecumbe High School that will address deferred maintenance items; the rest of the capital appropriation would fund the first 23 projects on the major maintenance list published February 19, 2009.

Co-Chair Stedman requested the major maintenance list.

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Co-Chair Stedman explained that the major maintenance list is compiled by the department. The legislature does not adjust the list but goes down the list until the money is spent. He noted that the proposed DEED capital budget amount was \$42.4 million for the current year for major maintenance for schools around the state.

Mr. Lewis reviewed the major maintenance items, explaining that the \$42,433,481 appropriation funds the first 23 projects on the list:

- Kaltag K-12 School Heating Systems Replacement: \$1,780,835
- Diomede K-12 School Renovation: \$15,896,220
- Kodiak Seismic Mitigation Project: \$3,236,143
- Craig Middle School Classroom Renovation: \$83,588
- Saint Marys Districtwide Fuel Tank Farm Replacement: \$3,306,502
- Craig Elementary School Roof Replacement: \$85,807
- Kotlik K-12 Heat Plant Relocation: \$1,369,015
- Aleknagik, Clarks Point, and Ekwok K-12 HVAC Upgrades: \$384,186
- Evergreen Elementary School Playground Safety Upgrades: \$770,698
- Kasigluk-Akula K-12 School Generation Building Floor Failure Repairs: \$928,581
- Galena Regional Learning Center Dining Facility Upgrades: \$3,528,598
- Houghtaling Elementary Outdoor Physical Education Shelter Replacement: \$276,110
- False Pass K-12 School Siding Replacement: \$92,042
- Platinum K-12 School Prime Power Generators: \$181,678
- Allakaket K-12 School Water Systems Improvements: \$861,994
- Saint Marys Garage and Warm Storage Renovation: \$882,608
- Galena Regional Learning Center Gym Building Upgrade: \$6,888,506
- Cold Bay K-12 Heating System Upgrade: \$75,789
- Craig Middle School Exterior Envelope Upgrades: \$26,868
- Valley Park Elementary Siding Replacement: \$467,164
- Huslia High School Exterior Upgrades: \$923,685
- Pacific High School Renovation: \$1,736,513
- Sand Point K-12 School Window Replacement: \$67,948

Co-Chair Stedman noted that there was approximately a \$453 million backlog on the major maintenance list, leaving around \$410 million. Several years previous the legislature had appropriated around \$350 million and moved the entire list. He assured the public that the other major maintenance issues would be addressed in the future when there is more money. He pointed out that the current budget addressed 23 projects out of a list of 138.

Co-Chair Hoffman asked how the amount of \$42 million was determined, noting that the next unfunded item on the list was a Bethel project. Mr. Lewis replied that initially DEED had requested funding for the first 20 projects on the list, based on the November 8 list. After reconsideration, priorities changed, allowing three more projects.

Co-Chair Hoffman asked how the initial list was determined. Mr. Lewis answered that OMB gave DEED an amount it could request.

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DEPARTMENT OF PUBLIC SAFETY (DPS)

DAN SPENCER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, directed the committee to the department's list, beginning with Aircraft and Vessel Repair and Maintenance. He explained the item as an annual request for routine and emergency repairs to aircraft and vessels, which is relatively expensive. The department has provided a list showing the types of repairs and maintenance that may be necessary; he noted that priorities could change.

Senator Olson asked how much was appropriated in FY09. Mr. Spencer answered \$1 million. Senator Olson queried the number of airplane accidents during the year. Mr. Spencer replied that he would get the information for the committee.

Co-Chair Stedman requested the information for the last three years.

Senator Olson clarified that his primary concern was the number of airplane and helicopter accidents over the past year. He wanted to see if the department is addressing the issue of the number of accidents occurring.

Co-Chair Stedman asked for the information for the past five years.

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Mr. Spencer agreed to provide the information and added that DPS conducted a lot of flight under abnormal conditions, particularly when conducting search and rescue missions and rural landings for wildlife enforcement.

Senator Olson stated that he was not concerned about search and rescue but other situations that he had witnessed.

Mr. Spencer moved to item 4, \$400,000 for Alaska Wildlife Troopers Law Enforcement Equipment Replacement, and item 6, \$500,000 for Alaska State Troopers Law Enforcement Equipment Replacement. He noted that the items were an annual request for routine replacement of equipment such as snow machines, outboard motors, firearms, ballistic vests, and other equipment that wears out on a regular basis.

Senator Huggins asked for more information regarding the purchase of firearms. Mr. Spencer replied that he would get the information.

Mr. Spencer turned to item 8, \$2 million for the final phase of the Alaska Public Safety Information Network. He noted that the system had been before the legislature for different appropriations over the past eight years. A significant amount of federal funding has gone into the program; it has received more federal than state funding. The department has been unable to obtain more federal funding, so the amount requested is needed to complete the project.

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Mr. Spencer described item 12, \$2.5 million for the Anchorage Aircraft Hangar Replacement, Phase II. He reminded the committee about a prior \$3 million appropriation for the project. Subsequent discussion with the Department of Transportation and Public Facilities (DOT/PF) revealed that the actual cost of the needed building would be over \$5 million. He stated he would return with further information if the bids come in lower.

Senator Olson asked whether the project was in line with the Anchorage airport master plan. Mr. Spencer understood that the project complied with the master plan.

Senator Olson queried the status of other hangars that were for sale. Mr. Spencer answered that there had been

discussion about other hangars but it was determined that a new hangar was better. Senator Olson referred to a change of management in an aviation company that resulted in vacated hangars at the airport.

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Co-Chair Stedman queried the department's timeline. Mr. Spencer was not certain. Co-Chair Stedman asked for an update on the information, noting the radical changes in economic conditions that may present new opportunities.

Senator Olson discussed the location of possible hangars.

Senator Huggins asked whether the department had researched the availability of other hangars.

Mr. Spencer noted that DPS had considered possible opportunities presented by the changing status of Kulis Air; the Kulis hangar could accommodate some of the larger aircraft, but he believed the new hangar would still be necessary.

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Senator Huggins questioned the involvement of DOT/PF and expressed concern about the 50 percent increase in the cost of the project. Mr. Spencer explained that the initial \$3 million request did not include a formal bid estimate. Once DPS worked with DOT/PF, it became clear that changes in the economic situation would increase costs.

Senator Huggins reiterated his concerns and asked when DOT/PF would update the plan. He noted amendments that had been made. Mr. Spencer responded that the estimate was valid. He was optimistic that the project could be done for the initial estimate.

[9:49:47 AM](#)

Mr. Spencer continued with item 14, \$100,000 for Crime Laboratory Equipment Replacement. He stated that the department would like to get regular appropriations for replacing equipment. The crime lab equipment is expensive. He noted that the department has been searching for federal funds.

Mr. Spencer described item 16, \$1.5 million for Statewide Facilities Maintenance, Repairs, and Improvements. He pointed out that sixty facilities including offices, storage, and trooper housing require repair that is often expensive, especially in emergency situations. The department would like regular funding to prevent the need for deferred maintenance.

Mr. Spencer turned to item 19, \$800,000 for Network Storage Servers and Software. He explained that the item would allow the department to use equipment such as in-car video systems that have already been funded and installed. Policing operations are becoming more technology-based and Alaska is not keeping pace.

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Mr. Spencer detailed item 22, \$480,000 for the Alaska State Trooper Mobile Data Computers, Phase II. He reminded the committee of a previous \$480,000 appropriation for the first phase of the program and explained the use of the computers used in squad cars and elsewhere in the field.

Mr. Spencer moved to item 24, \$240,500 for the Online Fire and Life Safety Plan Review System Phase II, Mobile Systems. The system was funded several years previous and was near completion. He explained how the system would allow building inspectors access to information and to print out reports in the field. The system provides better service to the customer and is more efficient and cost effective for the state.

Mr. Spencer explained item 27, \$220,000 Alaska Law Enforcement Information Sharing System (ALEISS, pronounced "alias") Support. The system allows the sharing of information among many state agencies. He emphasized that the system was not the same as the Alaska Public Safety Information Network, an official repository of criminal records and other information. The ALEISS allows police agencies to share information. The program has been federally funded but that funding is no longer available. The department is looking for a long-term funding solution; the capital request is bridge funding.

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Senator Huggins asked how many local entities would be able to interface with the system. Mr. Spencer answered that most local agencies would be able to interface with ALEISS. Senator Huggins asked if local agencies paid for the interface. Mr. Spencer thought the agencies already had interface capability. The request is to maintain the system. He offered to get details.

Senator Huggins pointed out that if the expense was for upkeep of the system it should be an operating and not capital request. Mr. Spencer opined that the item could go either way. He questioned whether the request for the current year would fall into a fiscal year, as required for the operating budget.

Senator Huggins asked if DPS would return with the same request the following year. Mr. Spencer answered that the department did not expect to be back for the item. Senator Huggins asked how the system would then be supported. Mr. Spencer explained that the item is not currently in the DPS budget because ALEISS is overseen by a consortium [of law enforcement agencies] which has been getting on-going federal funding. The funding is no longer available, so the department looking for on-going funding. The request is only a bridge until additional, non-state funding is found. He emphasized the importance of ensuring funding for the program. He stated that the department would take advantage of other opportunities.

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Senator Huggins reiterated concerns about the request being for operational and not capital costs.

Co-Chair Stedman asked the department to look at the issue.

Mr. Spencer turned to item 29, \$200,000 for Computer Replacements. The department wants to have a regular system for replacing computers, some of which are obsolete. The item would fund needed replacement of one quarter of DPS computers, which should happen on an annual basis.

Mr. Spencer detailed item 30, \$125,000 for the Alaska Wildlife Troopers Navigation Data Storage Project. The item would build a data base of information regarding important sites around the state, including remote landing sites for wildlife patrol and search and rescue missions. Currently

the department relies on the local knowledge of whoever is assigned. A new trooper or other search and rescue personnel would have access to a stockpile of important information. He pointed out that the item was ranked on the priority list.

Co-Chair Stedman suggested expanding the program to let experienced wildlife troopers mark marine locations where there is aggressive sport activity. New troopers could benefit from the accumulated knowledge of more experienced troopers.

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Co-Chair Stedman referred to the Sitka Public Safety Training Academy and pointed to community support for expanding the academy and adding a driving range. Reasonable expansion of the academy's land base could be accomplished by taking advantage of the closing of nearby Sheldon Jackson Community College. Mr. Spencer stated that DPS strongly supports the driving range in Sitka as the current situation not good.

Co-Chair Hoffman asked how Village Public Safety Officer (VPSO) equipment got replaced. Mr. Spencer responded that the VPSO equipment has been replaced in the past using leftover funds. Federal rural law enforcement equipment funds have also been used.

Co-Chair Hoffman emphasized that the VPSOs needed the same consistent funding as troopers and should not have to rely on leftover funds. He did not want the village public safety program treated as a stepchild of the department.

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Co-Chair Stedman noted that in FY09, \$600,000 had been put in the budget for the driving range, but the appropriation was cut. The committee had been told that the department would request \$3 million for the driving range in FY10. He understood that declining revenues affected the choice, but he wanted to take advantage of the opportunity of the available adjacent land. He asked the department to return to the committee with more information.

Senator Olson asked if there was an academy in Fairbanks for law enforcement training. Mr. Spencer did not know but offered to find out.

Mr. Spencer turned to item 31, \$2.5 million federal receipts for the Marine Fisheries Patrol Improvements. He explained that DPS has a joint enforcement agreement with the National Marine Fisheries Service. He referred to discussion as to whether the item should be in the operating or capital budget. Some of the funds are used for capital expenditures that cross fiscal years.

Co-Chair Stedman asked if the item included monitoring illegal fishing activities. Mr. Spencer responded in the affirmative and added that the item funds dockside checks.

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Co-Chair Stedman emphasized the need for more active wildlife policing in Southeast Alaska, especially for illegal fishing; there is very little protection unless there is a specific complaint. He expressed frustration. Mr. Spencer noted his concerns.

Senator Huggins queried the status of the crime lab on the capital priority list and the current cost estimate of the lab. Mr. Spencer responded that the lab is still the department's top priority. The lab has been designed, but questions were raised regarding the size of the facility and a study was contracted for. A report was generated, but questions remain; DPS is still assessing the situation. He did not know whether a request for the facility would be forthcoming. The department would like to have a request, but it recognizes legislative and public concerns regarding the appropriateness of the size of the facility as designed.

Co-Chair Stedman asked for an update on the report as well as more information regarding site development. He referred to concerns about the expense of delaying development.

[10:14:10 AM](#)

Mr. Spencer understood that the final agreement with the municipality of Anchorage included a provision that the municipality would buy the site at market value if the site is developed but does not go forward.

SB 75 was HEARD and HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 10:14 AM.