

SENATE FINANCE COMMITTEE
March 17, 2010
1:33 p.m.

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CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 1:33 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Jo Ellen Hanrahan, Director, Administrative Services, Department of Commerce, Community and Economic Development; Eric Swanson, Director, Administrative Services, Department of Administration; Dan Spencer, Director, Administrative Services, Department of Public Safety; Orin Dym, Crime Lab Supervisor, Department of Public Safety; Matt Tanaka, Facilities, Department of Public Safety

PRESENT VIA TELECONFERENCE

Rachael Petro, Deputy Commissioner, Department of Administration

SUMMARY

SB 230 BUDGET: CAPITAL, SUPP. & OTHER APPROPS

SB 230 was heard and HELD in Committee for further consideration.

SB 253 APPROP: DEFERRED MAINTENANCE/REPLACEMENT

SB 253 was heard and HELD in Committee for further consideration.

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF PUBLIC SAFETY

#sb230

#sb253

SENATE BILL NO. 230

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

SENATE BILL NO. 253

"An Act making capital appropriations for deferred maintenance projects, equipment replacement, and emergency repairs; and providing for an effective date."

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DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

JO ELLEN HANRAHAN, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT, stated that there was no deferred maintenance budget for the department. She turned to the department's capital projects list.

RN 49127

Denali Commission Federal-State Partnership Grant
\$3,000,000 AIDEA Div

Ms. Hanrahan commented that the request is a demonstration of a valuable partnership for the state. The grant can be used on any of the programs within the Denali Commission.

RN 38950

Alaska Energy Authority Energy Projects

\$16,000,000 Fed Rcpts
\$10,000,000 AIDEA Div

Ms. Hanrahan noted that the request dates back to FY 1997 and funds a number of programs such as Bulk Fuel Upgrades, Rural Power System Upgrades, Alternative Energy and Efficiency Projects, the Renewable Energy Project, and the state-funded Energy Planning Project.

Senator Egan asked why the Alaska Capital Income Fund request appears in FY 2012, but not in FY 2011. Ms. Hanrahan explained that the fund source can change.

Co-Chair Stedman added that the legislature often makes fund source changes. Senator Egan pointed out that the totals were the same, but the sources were different.

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RN 45662

Alaska Climate Change Impact Mitigation Program
\$500,000 Gen Fund

Ms. Hanrahan pointed out that the request is in line with the Climate Change Immediate Action work group recommendations that were published in March of 2009. The funds will continue to provide grant funding for planning assistance to imminently threatened communities. They will be used to do hazard impact assessment mini-grants of \$50,000 for four communities and to do two community planning grants for \$150,000 each.

Senator Egan asked if these funds could go to Alaska Regional Development Organizations (ARDORs) such as Southeast Conference projects. Ms. Hanrahan said the ARDORs are already funded at about \$720,000 and it would be a policy decision to use this grant money otherwise. Senator Egan suggested that the ARDORs would be an appropriate place for these funds.

RN 48902

Alaska Visitors Statistics Program
\$500,000 Gen Fund

Ms. Hanrahan referenced a program begun in the 80's, which provides a baseline survey as visitors exit the state. It is the only comprehensive source of visitor information

data available to help determine the effectiveness of tourism programs and marketing.

Co-Chair Hoffman asked if there was a report on how the funds should be allocated. Ms. Hanrahan explained the report. Co-Chair Hoffman asked if the 2007 report is available today. Ms. Hanrahan offered to provide a copy.

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RN 48894

Banking and Securities Imaging
\$609,000 Rcpt Svcs

Ms. Hanrahan explained that the funds would be used to replace all hard copy documentation with digitized images and would allow documents to be shared. It would use current state standards in doing so.

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RN 48815

Community and Regional Affairs System Replacement and Consolidation
\$326,000 Rcpt Svcs

Ms. Hanrahan detailed that twelve systems would be consolidated within the Division of Community and Regional Affairs. It would do away with a very large maintenance cost.

RN 38943

Community Development and Assistance
\$725,000 Fed Rcpts
\$307,500 G/F Match
\$1,153,500 I/A Rcpts
\$1,000,000 CIP Rcpts

Ms. Hanrahan discussed the on-going grant request which would encompass several programs including the Alaska Flood Plain Erosion Management Program, the Coastal Zone Management Program, Community Mapping Effort, and Alaska Sustainable Salmon Fund Program.

RN 38946

Community Block Grants
\$5,900,000 Fed Rcpts

\$70,000 G/F Match

Ms. Hanrahan explained that it was a long-term program that provides grants to communities and non-profits in order to benefit low-to-moderate income people.

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AMD 47031

Alaska Energy Authority Electrical Emergencies Program
\$330,400 Gen Fund

Ms. Hanrahan explained that it was the governor's amended project to bring the level of funding up to the current request amount, which had been the amount previously. The funding supports technical assistance during emergencies.

AMD 38948

NPR-A Impact Grant Program
\$4,847,165 NPR Fund

Ms. Hanrahan spoke of the governor's amendment which decreased the amount of the request from \$14.8 million because there are no planned leases this year.

Co-Chair Stedman asked if the grants for FY 11 are listed. Ms. Hanrahan said they should be a part of the budget request.

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RN 48906

Newtok Traditional Council-Newtok Evacuation Shelter
and Access Road
\$4,000,000 Gen Fund

Ms. Hanrahan explained that the request was also a suggestion from the Climate Change Immediate Action work group. It is a state commitment to help ensure that the Department of Defense Innovative Readiness Training Program will continue their work in Alaska.

RN 41959

Arctic Winter Games Team Alaska-Games Participation
\$250,000 Gen Fund

Ms. Hanrahan turned to this long-standing appropriation in the state's budget, which helps provide support for Team Alaska to participate in the Arctic Winter Games.

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RN 38713

Arctic Power
\$160,000 Gen Fund

Ms. Hanrahan said the purpose was to provide funding to aid in the opening in the Coastal Plain of ANWAR.

Co-Chair Stedman asked if any headway was being made. He requested more information. Ms. Hanrahan said she would provide that information.

RN 49171

Covenant House Alaska-Facility Construction
\$3,000,000 Gen Fund

Ms. Hanrahan detailed the program, which helps ensure the safety and success for at-risk youth, of which about 60 percent are from foster care.

Co-Chair Stedman asked if the Covenant House is to be relocated and rebuilt. Ms. Hanrahan concurred. Co-Chair Stedman asked who owns the Covenant House. Ms. Hanrahan said it was part of a statewide network of private, non-profit entities.

RN 46475

The Alaska Community Foundation-Jesse Lee Home
Restoration
\$1,500,000 Gen Fund

Ms. Hanrahan explained that the money would restore the Jesse Lee Home as a residential charter leadership school for high school youth for one semester of their junior year.

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Senator Huggins asked if it was a charter school and wondered why it was funded outside of the foundation formula. Co-Chair Stedman asked for information on the maintenance of that facility. Ms. Hanrahan offered to

provide the information. She pointed out that in 2001 the legislature passed HB 96 which related to acquisition and development of the Jesse Lee Home.

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RN 49590

Alaska Partnership for Economic Development-Alaska
Forward Initiative
\$100,000 AIDEA Div

Ms. Hanrahan noted that the ARDORs are included in this organization. The initiative is composed of two phases, the first of which has been completed.

RN 41956

Municipality of Anchorage: Port of Anchorage Expansion
\$10,000,000 AHCC Rcpts

Ms. Hanrahan reported on the request by sharing statistics related to the project. The total cost of the project is about \$350 million to \$400 million.

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RN 47718

Cruise Ship Related Projects
\$21,910,000 CPV Tax

Ms. Hanrahan related information about allocations within this appropriation: Haines, Hoonah, Juneau, Ketchikan, Petersburg, Sitka, Skagway, and Wrangell.

Senator Thomas asked how much was available in the cruise ship passenger fund. Ms. Hanrahan said there was estimated to be a balance in FY 10 of \$20 million, of that, \$30 million would be in the commercial passenger vessel tax account and \$10 million would be in the regional cruise ship impact fund. For FY 11 it is estimated that the total available balance will be \$28 million, with \$29.4 million in the commercial passenger vessel tax account and \$9.8 million in the regional cruise ship impact fund. Senator Thomas asked what projects the money would go toward.

Co-Chair Stedman reported on meetings with the Department of Law defining the projects that could qualify. The committee will be working more on this area.

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Senator Thomas referred back to RN 48894. He asked if documents would be electronically kept from this time on into the future. Ms. Hanrahan requested clarification. She said she could provide that information as it applies to banking and securities. Co-Chair Stedman requested that information be sent to his office.

Senator Huggins asked about the relationship of RN 47718, cruise ship related projects, and RN 48521, Juneau cruise ship dock replacement. Ms. Hanrahan said the projects were allocations from the \$21 million appropriation.

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DEPARTMENT OF ADMINISTRATION

ERIC SWANSON, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF ADMINISTRATION, noted one deferred maintenance request that has been split into two separate allocations.

DM AMD RN 49602

Statewide Deferred Maintenance Projects
\$7,250,000 Gen Fund

DM AMD 49216

Facilities Deferred Maintenance
\$4,250,000 Gen Fund

DM RN 49387

State of Alaska Telecommunication System Deferred
Maintenance
\$3,000,000 Gen Fund

Mr. Swanson discussed the Facilities Deferred Maintenance request, which is for work on seven buildings, including the Governor's Mansion, that are managed by the Department of Administration. He listed the projects included in the allocation.

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Co-Chair Stedman asked about the cost of renovating the Governor's Mansion and requested a copy of that report. He suggested that the building be upgraded to its original state. Mr. Swanson agreed to provide the report.

Co-Chair Stedman asked if the Wickersham House was included on the list. Mr. Swanson said it was not a facility that is managed by the department. Co-Chair Stedman argued for including it.

Mr. Swanson discussed the State of Alaska Telecommunication System Deferred Maintenance allocation, which is often referred to as the SAT System. The SAT System is not currently connected by fiber or satellite. There are a number of repair projects included in the request.

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Mr. Swanson moved on to the capital projects.

RN 47053

Alaska Public Offices Commission Electronic Filing
System
\$600,000 Gen Fund

Mr. Swanson explained that the request is in order to complete the public official financial disclosure and legislative financial disclosure module of the project. He provided the history of the project. The lobbyist module has been completed. The request is for the second module in the system and should be completed by FY 11. The third module is for campaign disclosure and is planned for completion in FY 12.

Co-Chair Stedman asked what format the information would take when the modules are finished. Mr. Swanson reported that the underlying goals of the project are to streamline the filing process and to improve public access.

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RACHAEL PETRO, DEPUTY COMMISSIONER, DEPARTMENT OF ADMINISTRATION (via teleconference), addressed Co-Chair Stedman's question. She said it was complicated because each module has specific requirements. She stressed that an attempt was being made to make it as easy as possible for filers. She offered to provide more specific information later.

Co-Chair Stedman noted the cumbersome changes on the forms. He suggested the system could be more user friendly and

could be computer generated. He requested feedback about what the department intends to use for the final output. Ms. Petro said she shared that frustration and offered to provide more information. Co-Chair Stedman commented on the importance of the information and repercussions from errors.

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RN 45395

Alaska License and Vehicle Information System
\$8,500,000 Rcpt Svcs

Mr. Swanson spoke of the system that DMV uses, often referred to as ALVIN. The entire system is outdated and needs to be replaced.

RN 49391

Anchorage Data Center Design Support and Migration
Planning
\$1,300,000 Info Svc

Mr. Swanson explained that the funding would enable the department to begin engineering and migration planning to move the Anchorage Data Center from its present location by December 11, 2011. He provided a description of the Data Center and the need for a temporary location while ensuring minimal outages of services.

RN 49217

Enterprise Technology Services Infrastructure Upgrades
and Support
\$3,700,000 Info Svc

Mr. Swanson reported that the funding would be used for upgrade and support of the ETS infrastructure in two separate projects. The first project would provide secure access to the digital telephone equipment rooms, and the second project is to replace and consolidate servers.

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RN 47058

Facilities Deferred Maintenance.
\$3,000,000 Public Bldg

Mr. Swanson discussed the department's regular, annual deferred maintenance needs for eleven facilities. The money for the request comes from rent charged in the facilities.

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RN 49211

Retirement and Benefits Document Management System
\$163,700 Ben Sys
\$213,200 P/E Retire
\$89,000 Teach Ret
\$2,200 Jud Retire
\$6,900 Nat Guard

Mr. Swanson referred to the request which would migrate microfilm records and documents into digital form. The new system would provide better research and search capabilities and storage.

RN 45400

Combined Retirement System Upgrade
\$137,700 Ben Sys
\$179,700 P/E Retire
\$75,000 Teach Ret
\$1,800 Jud Retire
\$5,800 Nat Guard

Mr. Swanson spoke of the need to continue to fund the retirement system so that retirees can more readily access information. It also improves the ability to search and retrieve data.

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RN 49392

Alaska Rural Communications Service Digital Conversion Planning
\$50,000 Gen Fund

Mr. Swanson reported that the request is necessary in order to comply with a FCC mandate.

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DEPARTMENT OF PUBLIC SAFETY

DAN SPENCER, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF PUBLIC SAFETY, highlighted one deferred maintenance project.

DM RN 41788

Statewide Facilities Maintenance, Repairs, and Improvements
\$1,350,000 Gen Fund

Mr. Spencer reported that within the allocation are five projects: Anchorage Aircraft Hanger, Bethel Aircraft Hanger, Fairbanks Facility, Kodiak Hanger, and Ketchikan Post. All have significant deferred maintenance issues. If something else requires emergency repair, it will be given priority.

Mr. Spencer turned to capital project requests.

RN 41600

Crime Lab Replacement
\$75,750,000 COPs

Mr. Spencer suggested that Mr. Dym could answer questions.

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Co-Chair Stedman asked about operational costs of the crime lab, such as how many additional employees will be needed. He also requested more information about unfinished square footage.

ORIN DYM, CRIME LAB SUPERVISOR, DEPARTMENT OF PUBLIC SAFETY, described the details of the crime lab replacement which are designed to meet the current needs of the lab. One additional maintenance position will be needed. The department does have a 10-year plan for additional positions.

Mr. Dym explained that the square footage of the building is 84,000 gross square feet of which 19 percent is unfinished space to allow for future growth. There will be 45,000 square feet of laboratory space, 6,000 square feet of evidence storage space, mechanical space, hallways, bathrooms, and classrooms. The size of the laboratory space is doubled in the new building and there is space for new technology in the future.

Co-Chair Stedman suggested cutting the square footage by 20 percent and dealing with an expansion later. Mr. Dym said that would have required a redesigning of the building and would have cost more.

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MATT TANAKA, FACILITIES, DEPARTMENT OF PUBLIC SAFETY, addressed Co-Chair Stedman's question. He gave reasons why building a smaller footprint would be more expensive. It would necessitate a redesign and a two-year delay. The method of shelling lab space saves money.

Co-Chair Stedman questioned why there was a need to redesign the whole project. Mr. Tanaka explained the complexities of the laboratory design.

Senator Huggins addressed the lack of flexibility. Mr. Dym explained that the term flexibility referred to the ability to expand for future use.

Senator Huggins asked how much it would cost to expand over the next ten years. Mr. Tanaka shared cost details. To finish shell space would cost substantially less than \$20 million. The farther into the future, the more potential for escalation costs.

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Co-Chair Stedman asked about the impact on the operating account regarding maintenance costs. Mr. Dym referred to page 26 of a legislative brief and stated that the annual energy cost of the new laboratory is about \$412,000, which is about 2.7 times higher than the existing crime laboratory.

Mr. Spencer thanked the legislature for last year's appropriation for the crime lab design.

RN 41544

Alaska Public Safety Information Network Redesign,
Year 3 of 3-Year Plan, Replace Federal Funds
\$1,000,000 Gen Fund

Mr. Spencer related that the project has been around for over ten years. He pointed out that the criminal history repository is used by every law enforcement operation in

the state, as well as by those who need to do background checks. The department is about \$2 million away from finishing the project. There is concern about losing the current level of expertise if the project is not funded. He described the complexities of the project, such as DMV interfacing.

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RN 37774

Alaska State Trooper Law Enforcement Equipment
Replacement
\$500,000 Gen Fund

Mr. Spencer discussed the annual request for funds to replace equipment, such as digital recorders and cameras, radar equipment, office furniture, ATV's, etc.

RN 6121

Aircraft and Vessel Repair and Maintenance
\$850,000 Gen Fund

Mr. Spencer spoke of the need for funding for annual repairs and maintenance of 40 aircraft and about 18 vessels over 25 feet. The intent is to split the funding into \$200,000 toward aircraft repairs and \$650,000 toward one vessel, an open ocean boat in need of an engine replacement.

RN 45300

Alaska Wildlife Trooper Law Enforcement Equipment
Replacement
\$500,000 Gen Fund

Mr. Spencer detailed the request as an annual need.

Co-Chair Stedman asked why the amount is not \$950,000 as it appears in the FY 12 request. Mr. Spencer explained that what is needed depends on the condition of older equipment. The projection is for the worst-case scenario.

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Co-Chair Hoffman referred to page 10 and asked about the replacement of the engine in the patrol vessel. He wondered if the work would be done in Alaska. Mr. Spencer did not know, but noted that there was an Alaskan bidder

preference. Co-Chair Stedman spoke of the fishing fleet's ability to have engines replaced instate. He requested more information about the department's bid process for this type of work.

Co-Chair Hoffman asked if the department has considered Alaskan preference on similar projects. Mr. Spencer said it has. He added that there is often a time constraint involved.

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Co-Chair Stedman asked if there was money in the budget to maintain the mosquito fleet. Mr. Spencer reported that if there is a significant repair to be done, some of this funding may be used if it is a higher priority. He gave an example.

Co-Chair Stedman asked if there is enough money for both repairs and fuel for coverage of rural areas. He spoke of pressure on Fish and Game boats to cover rural areas. Mr. Spencer spoke of the patrol vessel Enforcer which patrols throughout Southeast Alaska. Co-Chair Stedman voiced concern over needing more law enforcement presence in sport fishing and subsistence fishing areas so as not to negatively impact fisheries.

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Senator Olson asked how many aircraft need repair. Mr. Spencer offered to provide that information. Senator Olson knew of two accidents and wondered what the consequences were. Mr. Spencer needed to find out more information about the accidents.

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RN 45337

Alaska State Trooper Mobile Data Computers - Phase 3
\$250,000 Gen fund

Mr. Spencer explained that the request would buy 39 computers in order to allow troopers to take their office with them.

RN 49207

Video Judicial Conference/Arraignment Study
\$100,000

Mr. Spencer shared information about the request which would allow the department to study the technology needed in order to use web-based video conferencing instead of doing prisoner transports. The intention is to save money and time.

Senator Egan asked if the courts were doing this already. Mr. Spencer replied that there was one video arraignment system but it has a dedicated line. This request would make use of the web. Senator Egan asked if it could be done wireless in the patrol vehicle. Mr. Spencer explained that it would be point to point orientation. Senator Egan thought that this was how Anchorage dealt with court reporting. Mr. Spencer said that the department works with the Department of Law, the Department of Corrections, and the Court System.

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RN 45325

Crime laboratory Equipment Replacement
\$86,000 Gen Fund

Mr. Spencer talked about the need to replace specific crime lab equipment.

RN 35825

Marine Fisheries Patrol Improvements
\$1,500,000 Fed Rcpts

Mr. Spencer concluded that the request is an on-going joint enforcement agreement with National Marine Fisheries Service. It funds positions and equipment.

SB 230 was heard and HELD in Committee for further consideration.

SB 253 was heard and HELD in Committee for further consideration.

#

ADJOURNMENT

The meeting was adjourned at 2:55 PM.