

SENATE FINANCE COMMITTEE
March 18, 2010
9:05 a.m.

9:05:40 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:05 a.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

Ginger Blaisdell, Director, Division of Administrative Services, Department of Revenue; Laura Achee, Alaska Permanent Fund Corporation, Department of Revenue; Mike Burns, Executive Director, Alaska Permanent Fund Corporation, Department of Revenue; Bryan Butcher, Director, Government Affairs and Public Relations, Alaska Housing Finance Corporation, Department of Revenue; Les Campbell, Director of Budget, Alaska Housing Finance Corporation, Department of Revenue; Chris Christensen, Staff Counsel, Alaska Court System; Susan Colligan, Director, Division of Administrative Services, Department of Military and Veterans Affairs; Arnold Liebelt, Facilities Manager, Finance and Management Services, Department of Health and Social Services; Jennifer Klein, Facilities Manager, Finance and Management Services, Department of Health and Social Services; Alison Elgee, Assistant Commissioner, Finance and Management Services, Department of Health and Social Services; Anna Kim, Director, Administrative Services, Department of Education

and Early Development; Guy Bell, Assistant Commissioner and Director, Division of Administrative Services, Department of Labor and Workforce Development; Laura Achee, Alaska Permanent Fund Corporation, Department of Revenue; Laura Achee; Laura Achee, Alaska Permanent Fund Corporation, Department of Revenue; Les Campbell, Director of Budget, Alaska Housing Finance Corporation, Department of Revenue;

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 230 BUDGETS: 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 REVENUE
ALASKA HOUSING FINANCE CORPORATION
ALASKA COURT SYSTEM
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

#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."

9:05:50 AM

Co-Chair Stedman stated that SB 305 would be brought back during the 3:00pm meeting.

9:07:57 AM

GINGER BLAISDELL, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, discussed DOR capital projects.

CAP RN 48745
New Tax Revenue Management Information System Plan
\$300,000 Gen Fund

Ms. Blaisdell explained that the money for the New Tax Revenue Management Information System Plan money would be used as project management methodology planning money. Meaning, it would be used to clearly identify all of the needs of the information system; such as stakeholder analysis, risk analysis, collection mechanisms, and who is impacted. The department planned to rewrite the tax programs into one integrated tax management system. There were about 22 different systems, including paper, Excel, Access, and some homegrown databases that manage all tax systems. Department of Revenue (DOR) wanted a comprehensive system, because the current systems did not work together.

Co-Chair Stedman asked whether a comprehensive system was requested in the prior year's capital budget. Ms. Blaisdell responded that DOR requested between \$24 million and \$27 million for the same project. The price difference depended on whether it was from general funds or financed. The funding request was higher, because the prior year's request did not include equipment needs. Planning time could be expedited if the funding were put forward earlier.

CAP RN 48719
Net App Upgrade
\$231,000 Gen Fund

Ms. Blaisdell stated that Net App Upgrade referred to the hardware infrastructure that allows all the servers work together. In the year prior, the Juneau data center was

upgraded. The FY 11 funding would be used to upgrade the Anchorage data center, which was also the disaster recovery plan. The Anchorage data center was used to backup all the systems.

[9:12:18 AM](#)

CAP RN 48720
IBM Bladecenter
\$230,000 Gen Fund

Ms. Blaisdell stated that the IBM Bladecenter was technology intended to manage the data apart from the application. She noted that DOR receives between 1.2 and 1.5 terabytes of data every filing season, so she believed the IBM Bladecenter would alleviate the burden of large amounts of information.

CAP RN 42945
Child Support Services Computer Replacement Project-
Phase 1
\$133,056 Federal Receipts
\$68,544 Receipt Supported Services

Ms. Blaisdell explained that the Child Support Services computers, fax machines, and servers were replaced every five years. This request is the first phase of the five year cycle.

CAP RN 48739
Permanent Fund Dividend Master Phone Queue
\$350,000 PFD Fund

Ms. Blaisdell stated that the Permanent Fund Dividend (PFD) Master Phone Queue would be a module for the Voice-over Internet Protocol (VOIP) phone system. The module would allow a caller to select options to route them to an eligibility technician. She pointed out that many divisions in the state already had this module. She noted that in the current phone system for the PFD, the only way one could be routed to a technician is if the caller remains in the same prefix. With the new module, the Anchorage and Fairbanks staff would be better utilized. Other state agencies would be able to use the technology, once it's installed.

[9:15:37 AM](#)

Co-Chair Stedman wondered why Juneau could not handle the volume of calls. Ms. Blaisdell replied that callers and offices were located across the state. The computer system and majority of the PFD staff are located in Juneau. Most calls and inquiries are met at Juneau, but DOR wants all of the staff from across the state to be utilized throughout the entire year.

MIKE BURNS, EXECUTIVE DIRECTOR, ALASKA PERMANENT FUND CORPORATION, DEPARTMENT OF REVENUE continued to discuss Capital Projects.

CAP RN 48735
Permanent Fund Dividend Portfolio Accounting System Upgrade
\$250,000 PFund Rcpt

Mr. Burns explained that the \$250,000 for the PFD Portfolio Accounting System Upgrade was only the first installment of what would be a \$1 million program. He anticipated the request for the balance be made the following year. The purpose of this project was to upgrade and expand the capabilities of the investment portfolio's accounting system. The current version could not handle other asset classes in the Alaska Permanent Fund Corporation's (APFC's) alternative investment portfolio. The upgrade would expand the system's capabilities, so alternative asset types (i.e. private equity, distressed debt, and infrastructure assets) could be included in the same system. Further financial requests would continue the replacement and integration of disparate portfolio accounting systems. He asserted that the private equity portion of the portfolio had reached 30 percent of the portfolio, and stressed the importance of having a comprehensive system to include all assets.

[9:19:31 AM](#)

BRYAN BUTCHER, DIRECTOR, GOVERNMENT AFFAIRS AND PUBLIC RELATIONS, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, referred to a handout entitled, "Alaska Housing Finance Corporation Budget Summary" (copy on file). He reported no items on the deferred maintenance list. He began with the first capital project requests.

CAP RN 47066
AHFC Fire Protection Systems-Phase 2
\$2,200,000 AHFC Div

LES CAMPBELL, DIRECTOR OF BUDGET, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE, stated the purpose of the AHFC Fire Protection Systems-Phase 2 project was to flush, evaluate, and make life/safety code repairs to public housing fire protection systems throughout the state. The projected outcome was to have reductions in maintenance costs; increase the useful life of structures; and increase the safety of tenants. The project would be ongoing until replacements were complete.

CAP RN 47068

AHFC Security Systems Replacement/Upgrades

\$500,000 AHFC Div

Mr. Campbell explained that the purpose of the AHFC Security Systems Replacement/Upgrades project was to upgrade existing security access systems to senior/disabled and multi-family public housing complexes. The projected outcome was to increase the security for residents; reduce theft and vandalism; reduce maintenance and custodial costs; and increase the useful life of the structures.

[9:22:08 AM](#)

Senator Huggins asked if the sprinkler systems were going to be installed in single family dwellings. Mr. Campbell replied that AHFC did not anticipate installing sprinkler systems into single family buildings.

Senator Huggins wondered who had the authority to approve a sprinkler system project. Mr. Butcher believed responsibility for approving projects belonged to the state fire marshal. He knew there had been nationwide discussion over the issue of required sprinkler systems, although he had not heard of that issue for Alaska.

Co-Chair Stedman pointed out that there was proposed legislation pertaining to mandatory sprinkler system.

Senator Ellis queried the status of Chugach Manor in Anchorage regarding security upgrades, fire alarms, and sprinkler systems. Mr. Butcher knew that the security upgrades were complete in Chugach Manor. He pointed out the request for security updates only applied to Fairbanks and Juneau.

[9:24:28 AM](#)

Senator Ellis voiced concern about danger and crime at Chugach View and Chugach Manor because mentally ill younger people and senior citizens were housed together. He requested a reasonable process of separating the two groups at those locations. He listed problems and specifically pointed out the lack of night supervision. He stated that he would support upgrades for facilities in Fairbanks and Juneau. He was grateful for efforts made at Chugach View and Chugach Manor, but said a flaw existed when mixing young mentally ill people with seniors citizens.

Mr. Butcher agreed, and stated that when the two groups were mixed it was due to a change in federal law. A decision had been made to remove the disabled population from the two locations and was currently being implemented. He offered to provide more details at a later time.

[9:26:27 AM](#)

Senator Egan requested a copy of the 2008 Fire Safety Survey. Mr. Butcher agreed to provide that information.

[9:26:54 AM](#)

CAP RN 40068
AHFC Statewide Project Improvements
\$2,000,000 AHFC Div

Mr. Campbell explained that the AHFC Statewide Project Improvements proposal was an ongoing program. Its purpose was to provide funding to address known and unknown conditions in AHFC's housing stock. The projected outcomes were advancements in amenities not programmed; enhance operations; provide funding for emergency repairs; allow quick response to code changes and life safety issues, and allow quick response to unforeseen conditions.

CAP RN 47069
AHFC Building System Replacement Program
\$1,500,000 AHFC Div

Mr. Campbell stated the purpose AHFC Building System Replacement Program was to address specific major repair and replacement items identified in a five-year review. The projected outcomes were to reduce maintenance costs;

increase the useful life of structures; and increase safety for tenants. The funding would specifically address the Chugach View roof replacement and siding repair at Riverbend School in Juneau.

[9:28:22 AM](#)

CAP RN 48811
AHFC San Roberto Redevelopment
\$7,500,000 AHFC Bonds
\$2,208,504 AHFC Div

Mr. Campbell explained that the purpose of the AHFC San Roberto Redevelopment project was to replace the three and four unit rental structures on Boston, San Roberto, East 9th, and West 84th Avenue in Anchorage, that have exceeded their useful life span. The projected outcomes were to reduce maintenance and operating expenses; reduce vacancy rate and tenant turnover; improve low-income housing stock; and improve the local neighborhood.

CAP RN 37918
AHFC Housing Loan Program
\$6,000,000 AHFC Div

Mr. Campbell said that the purpose of the AHFC Housing Loan Program was to provide funding to increase homeownership and/or rental units throughout the state. The program was designed to help retain desirable professionals in high-cost areas.

CAP RN 6323
AHFC Supplemental Housing Development Program
\$8,000,000 AHFC Div

Mr. Campbell stated that the purpose of the AHFC Supplemental Housing Development Program was to supplement federal housing funds, and to provide regional housing authorities funds to ensure safe, decent, and affordable housing throughout Alaska.

[9:32:15 AM](#)

CAP RN 6351
AHFC Energy Efficiency Monitoring Research
\$1,000,000 AHFC Div

Mr. Campbell explained that the purpose of the AHFC Energy Efficiency Monitoring Research project would be to conduct research, analysis, information dissemination, and interchange among members of the industry, as well as between the industry and the public; gather data and perform analysis of geographically diverse area energy-efficient designs for homes; and monitor homes for energy usage, comfort levels, durability, occupant health, and economic benefits of efficiency features.

CAP RN 6334

AHFC Senior Citizens Housing Development Program
\$4,500,000 AHFC Div

Mr. Campbell explained that the purpose of the AHFC Senior Citizens Housing Development program would be to provide funds for the development of senior citizen housing. This program funded 1,099 units to date. The projected outcomes would be to fund six development projects or about 90 units, and provide modifications for accessibility for 40 units. It would also fund four predevelopment grants for activities such as the purchase of building sites; site preparation; the purchasing of building materials; construction; rehabilitation, including accessibility modifications; preparation of plans and specifications; and to project feasibility studies, appraisals, and other pre-development activities.

CAP RN 6347

AHFC Housing and Urban Development Federal HOME Grant
\$3,500,000 Fed Rcpts
\$750,000 AHFC Div

Mr. Campbell stated the purpose of the AHFC Housing and Urban Development Federal HOME Grant program would be 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. This program has funded 44 rental projects containing 818 units and rehabilitated 373 low-income homes. It has assisted another 315 low-income households to purchase homes. The projected outcomes would be to develop affordable rental housing by funding the development gap for four rental projects or about 50 units, and to weatherize 42 homes.

[9:35:37 AM](#)

CAP RN 6342
AHFC Housing and Urban Development Capital Fund
Program
\$3,200,000 Fed Rcpts

Mr. Campbell explained that the purpose of the AHFC Housing and Urban Development Capital Fund program would be to renovate and modernize public housing rental units statewide. The projected outcomes were to modernize public housing rental units, code compliance, and conduct energy audits.

CAP RN 6348
AHFC Federal and Other Competitive Grants
\$3,000,000 Gen Rcpts
\$1,500,000 AHFC Div

Mr. Campbell stated the purpose of the AHFC Federal and Other Competitive Grants program would be to allow AHFC to apply for U.S. Department of Housing and Urban Development (HUD), other federal agency, and private foundation grants that target the housing needs and supportive services of low-income and special needs groups: senior citizens; the mentally, physically, or developmentally disabled; and the homeless. The AHFC would also apply for energy-related grants as they relate to housing. When required, AHFC would provide the needed matching funds. Some of the funds received would be passed through to local non-profit sub-grantee organizations that deliver housing and/or services. The projected outcomes would be to successfully compete and fund the matching portion various grant programs.

[9:37:10 AM](#)

CAP RN 6350
AHFC Competitive Grants for Public Housing
\$750,000 Fed Rcpts
\$350,000 AHFC Div

Mr. Campbell explained that the purpose of the AHFC Competitive Grants for Public Housing program would be 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 who live in public and/or assisted housing. When required, AHFC would provide

the needed match. Some of the funds received would be passed through the local non-profit sub-grantee organizations that deliver housing and/or services to public housing residents. The projected outcome was to match requirements for various federal grants.

CAP RN 32536
AHFC State Energy Program Special Projects
\$250,000 Fed Rcpts
\$50,000 AHFC Div

Mr. Campbell explained that the purpose of the AHFC State Energy Program Special Projects program would be to allow the state to participate in special project grants offered by the Federal Department of Energy (DOE) to promote energy-related technologies and research. The projected outcome would be advancements in building standards and technologies.

CAP RN 6332
AHFC Weatherization Program
\$3,000,000 Fed Rcpts

Mr. Campbell stated purpose of the AHFC Weatherization Program would be to provide cost-effective energy improvements to home of low-income families. The projected outcomes would be to reduce household operating costs of the resident; improve resident health and safety; improve durability and longevity of housing stock; replace unsafe heating systems; and to install smoke and carbon monoxide detectors in homes.

CAP RN 45389
AHFC Statewide ADA Improvements
\$500,000 AHFC Div

Mr. Campbell stated that the purpose of the AHFC Statewide ADA Improvements project would be to address recommendations suggested in the recent Americans with Disabilities Act (ADA) audit. The projected outcome would be to comply with HUD Voluntary Compliance Agreement, ADA, and Section 504 of the Fair Housing Act. The project would also address recommendations suggested in the recent ADA audit; it would maintain federal funding by complying with HUD; it would increase comfort of tenants; and it would increase unit ratability.

9:40:17 AM

CAP RN 41531
AHFC Denali Commission Projects
\$4,000,000 Fed Rcpts

Mr. Campbell explained that the purpose of the AHFC Denali Commission Projects would be to administer the Denali Commission's housing programs, primarily in rural Alaska. The projected outcome would be to increase the production of additional housing for teachers and rural elders in Alaska by 10 units each.

CAP RN 45390
AHFC Homeless Assistance Program
\$2,000,000 Fed Rcpts
\$500,000 General Fund/MH
\$1,150,000 MHTAAR
\$3,350,000 AHFC Div
\$3,000,000 AIDEA Div

Mr. Campbell stated the purpose of the AHFC Homeless Assistance Program would be to support programs that address homelessness by providing assistance to families in imminent danger of becoming homeless or those who are currently homeless. The projected outcomes would be to prevent near homeless individuals and families from becoming homeless; and/or provide individuals and families assistance to obtain safe, sanitary shelter.

9:43:18 AM

CAP RN 6360
MH AHFC Beneficiary and Special Needs Housing
\$1,750,000 AHFC Div

Mr. Campbell explained the purpose of the MH (Mental Health) AHFC Beneficiary and Special Needs Housing program would be to provide funds for Alaskan nonprofit service providers and housing developers to increase housing opportunities for Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska. The program had developed 160 units since FY 00. In FY 09, 42 units were funded for persons with severe mental illness and developmental disabilities. The projected outcomes would be to add 40 congregate housing units for people with mental illness or developmental disabilities; reduce

recidivism among clients spending time in institutions; provide supportive housing, including assisted living for people with mental, physical, or developmental disabilities, or multiple disorders; and provide transitional housing with support services for newly recovering alcoholics and addicts.

Senator Ellis spoke in support of AHFC's capital plan. He voiced concern about the mistreatment of beneficiaries due to no supervision in AHFC's housing units. He suggested having someone follow up on this problem. He indicated that criminal activity occurs in the housing units, once they are complete. Mr. Butcher explained that there is an internal audit process to handle that situation, in cooperation with the Mental Health Trust Authority. Co-Chair Hoffman asked how often the audit happens. Mr. Butcher offered to get that information. Senator Ellis emphasized that the properties should be checked on a monthly basis.

[9:48:01 AM](#)

Mr. Butcher stated that the program was a federally funded, so DOR is limited in what issues they can address on a state level.

CAP RN 49587
AHFC Energy Assurances/Smart Grid Resiliency Program
\$262,000 Fed ARRA

Mr. Butcher finished with the request for AHFC Energy Assurances/Smart Grid Resiliency Program. He implied that this program was scheduled to be pulled.

[9:49:56 AM](#)

Senator Huggins asked about education and training of builders and homeowners. Mr. Butcher stated a request for education information had already been made. He remarked that some weatherization funds were set aside for training, and DOR was also pursuing \$3 million in federal funds for training and education. Training session attendance was in decline, so funding had decreased due to lack of interest. He remarked that if training were requested in a certain area, aggressive planning would occur.

[9:52:13 AM](#)

Senator Ellis echoed Senator Huggins' concerns. He suggested also continuing consumer education. Mr. Butcher agreed.

CHRIS CHRISTENSEN, STAFF COUNSEL, ALASKA COURT SYSTEM, reported on deferred maintenance needs.

DM AMD 47155
Deferred Maintenance Projects
\$2,500,000 Gen Fund

Mr. Christensen stated that the master list for FY 10 and FY 12 combined was \$14,932,200, but only \$2.5 million was included in the deferred maintenance legislation. He defined "Deferred Maintenance" as ordinary maintenance that has been deferred through lack of funding or attention beyond the expected useful life of a building or system. The Court System requests do not include expansion, remodeling, or regularly scheduled maintenance. The requests are for buildings operated by the Executive Branch, and the Court System is merely a tenant. He remarked that the Court System is generally proactive in maintaining them, because it is more cost effective. The courts first priority is the Ketchikan Court and Office Building, with deferred maintenance requests totaling \$2.37 million. The Court System occupied about 50 percent of the space. The second priority is the Boney Courthouse in Anchorage, which was also operated by the Executive Branch. The deferred maintenance projects totaled almost \$10.5 million. He pointed out that they had spent four years attempting to fix deferred maintenance issues. The project was slowed down in years prior, due to capital appropriation vetoes. He mentioned that any additional deferred maintenance money that the committee made available would be appreciated.

[9:56:20 AM](#)

Mr. Christensen turned to capital projects. He noted eleven projects. He referred to a handout: "Alaska Court System, FY 11 Capital Budget Request." He discussed the four priority projects. The first was the Anchorage Campus Project Renovation, totaling \$18,148.1 million. Over 40 percent of the statewide trial court case load was in Anchorage, in two court houses. The Nesbit courthouse was built in 1996, and was full upon opening with no space for

future growth. The Boney courthouse was built in 1974, and was owned by the Executive Branch. The Boney required substantial deferred maintenance needs, which were already addressed. He noted the lack of security for safe and efficient handling of prisoners. The Boney was designed exactly like office buildings, with everyone using the same hallways and elevators. There had been a 70 percent increase in federal cases in the eight years prior. He spoke of cost effectiveness to fix the building, and noted that repairs could occur throughout the winter.

[10:00:12 AM](#)

Mr. Christensen highlighted the Courts second priority: the Nome Courthouse Deferred Maintenance, Code Upgrades, and Remodel. He noted that it is a two year project with over \$3 million in FY 11 and \$4 million in FY 13. This facility is currently owned by the federal government, which has advised the court system of its intent to surplus the building. As a state entity, the court system was given first priority to take possession of the building. It was offered to the court system at no cost; however the building is over 50 years old, and it has significant structural and system deficiencies. Funding would be needed to meet current building codes and standards, correct and replace poorly functioning systems, replace deteriorated finishes, and to remodel several areas. Future years' funding would be used for court space expansion, and renovations of other tenants' offices. He noted an additional \$278,000 a year operating cost.

[10:02:35 AM](#)

Mr. Christensen detailed the third priority: Court Information Technology Enhancements which was \$1.9 million. He stated that this project was a catch-all technology project, which would contain four stand alone projects. The first sub-project would be \$250,000 for enhancement of the court system's wide area network (WAN). The second sub-project would be the third and final year of enhancements to the court view case management system, requiring \$1.2 million. Enhancing court view would make criminal case data more complete, accurate, timely, and accessible to other law enforcement agencies in the state. The third sub-project would be \$32,500 for replacement or upgrade of the telephone systems in Petersburg, Hoonah, Wrangell, and

Make. Telephones are used for hearings more than any other state court system.

[10:05:50 AM](#)

Mr. Christensen explained the fourth sub-project: \$458,000 would be needed to complete the disaster recovery plan for electronic data.

[10:07:19 AM](#)

Mr. Christensen discussed the fourth capital request: \$150,000 for the Law Library Integrated Services Software. He explained that court system operated the state-wide library systems, which were 17 libraries. Some were large libraries with paper volumes, but most were computer terminals in rural courts. The materials were managed in an integrated library system software program (ILS). The current ILS software was eight-years-old, and the manufacturer was no longer releasing enhancements or providing maintenance. The current system lacked modern features, so new system was requested.

[10:08:27 AM](#)

Senator Egan referred to page 17 of the "Alaska Court System: FY 2011 Capital Budget Request." and queried the court system's request of \$400,000 to cover the cost to upgrade electrical and communication systems in state-owned buildings. Mr. Christensen explained it was for remodeling courtrooms to comply with ADA, and help reduce the cost of prisoner transport. Senator Egan asked how that would reduce the cost of prisoner transport. Mr. Christensen replied that if there was a video link to the prisoner, public safety would increase, because there would be no need to transport the prisoner. He pointed out that it would be cost effective, because of the issue of transferring prisoners between communities.

AT-EASE

[10:11:50 AM](#)

RECONVENED

[10:13:17 AM](#)

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

SUSAN COLLIGAN, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, began with the deferred maintenance list.

DM AMD 49583
Deferred Maintenance Projects
\$6,300,000 Fed Rcpts
\$3,000,000 G/F Match
\$1,000,000 Gen Fund

Ms. Colligan stated that the first allocation associated with the deferred maintenance appropriation was the Army Guard Facilities Projects Match Funding.

DM AMD 49611
Army Guard Facilities Projects Match Funding
\$892,000 G/F Match

Ms. Colligan stated that the Army Guard Facilities projects were identified by the facility manager as those that could be initiated prior to the end of the fiscal year. The projects refer to locations in Kotzebue, Fairbanks, Wasilla, Juneau, Nome, and Fort Richardson. The projects include items such as replacing flooring, ceiling tiles, siding, repairing sheet rock, painting, and replacing boilers.

DM AMD 49432
Armory Facilities Deferred Maintenance
\$6,300,000 Fed Rcpts
\$2,108,000 G/F Match

Ms. Colligan explained that the Armory Facilities Deferred Maintenance projects could be initiated prior to the end of the fiscal year. The armories are located in Sitka, Fort Richardson, Jewel Lake, and Kenai. Some items include window replacement, painting, asphalt repair, helicopter landing zone repair, as well as other deferred maintenance items.

DM AMD 35774
Military Youth Academy Deferred Maintenance, Renewal and Replacement
\$1,000,000 Gen Fund

Ms. Colligan reported the Military Youth Academy Deferred Maintenance, Renewal and Replacement funding would be used to replace insulation on 21 buildings' roofs; replace windows with energy-efficient force protection windows; and

replace and repair interior doors with one hour interior fire doors.

[10:16:31 AM](#)

Ms. Colligan continued to the capital budget requests.

CAP RN 47882

Interior Alaska Veterans Cemetery Design and Planning
\$5,000,000 Fed Rcpts
\$750,000 G/F Match
\$250,000 Gen Fund

Ms. Colligan explained that the purpose of the Interior Alaska Veterans Cemetery Design and Planning project would be to fund the planning and design of a dedicated state veterans' cemetery in or near Fairbanks. The state had the unique opportunity to leverage federal funding reimbursement in the future to offset operating costs, and \$5 million in construction costs, contingent upon the state's commitment to ongoing operations and maintenance of the facility. With state funding support, federal funds may be available for community support of the facility as well. Veterans in this region must travel 350 miles to Anchorage, the nearest veterans' cemetery with available grave space. The next nearest dedicated national veterans' cemetery is in Sitka, which is over 750 miles away and could only be reached by air or boat/ship. If these funds were appropriated, Alaska would be put on the top of the list with the VA to match the funds.

[10:18:29 AM](#)

Senator Huggins asked if the location for the cemetery been decided upon. Ms. Colligan replied that the proposed land was university-owned, which was located near the current cemetery in Fairbanks.

CAP RN 48728

Cold Weather Generation Storage and Maintenance
\$50,000 Gen Fund

Ms. Colligan explained that the Cold Weather Generation Storage and Maintenance project would be for 49 specially modified emergency cold weather generators, provided at no cost by the Federal Emergency Management Agency (FEMA). During a catastrophic disaster, improved emergency

generation capability could save Alaskans' lives. The State of Alaska Division of Homeland Security and Emergency Management (DHS&EM), FEMA, and the US Corp of Engineers (USACE) had identified a critical resource shortage in the area of emergency power within Alaska. Specifically, this shortage relates to the ability to provide power in a disaster emergency situation to villages, cities, and critical facilities. Special consideration had been taken to address the utilization of emergency generators in Alaska's arctic climate.

[10:19:51 AM](#)

Senator Egan queried if the generators are new or surplus. Ms. Colligan surmised that they would be new generators. She explained that FEMA and the US Corps of Engineers had invested more than \$5 million in the project.

CAP RN 48779
Compliance Site Clean Up at Seward and Anchorage
(Tudor)
\$250,000 Gen Fund

Ms. Colligan explained that this Compliance Site Clean Up at Seward and Anchorage request would allow for completion of the final requirements of the Alaska Department of Environmental Conservation (DEC). Soil testing was required, before the sites could be approved.

[10:20:53 AM](#)

CAP RN 42898
National Guard Counterdrug Support
\$100,000 Fed Rcpts

Ms. Colligan explained that the Alaska National Guard (ANG) Counter Drug Support Program (CDSP) assists law enforcement agencies in eradication of drug use through training and enforcement operations. The CDSP participates in the U.S. Department Justice Asset Forfeiture Program. When other law enforcement agencies were assisted in cases that resulted in federal asset forfeitures, the project would allow the state to receive a share of the federal funds that were seized.

CAP RN 42901
State Homeland Security Grant Programs

\$9,500,000 Fed Rcpts

Ms. Colligan finished with a request for State Homeland Security Grant Programs. These grants had been provided to Alaska in prior years with an 80 percent pass through requirement to local jurisdictions. The state's funds were then used for homeland security planning, equipment, training, and exercise programs and staffing for the Division of Homeland Security and Emergency Management (DHS&EM). This project would fund grants to local communities to deploy and maintain statewide infrastructure for preparedness and response in the event(s) of catastrophe or emergency.

[10:22:55 AM](#)

Senator Huggins asked if money from the Homeland Security Grant Program could be available for Alaska Land Mobile Radio funding, maintenance, or annual renewal fees. Ms. Colligan offered to provide that information.

Senator Thomas referred to the Veterans' Cemetery funding request. He guessed that Alaska was near the bottom of the list for federal funding for the cemetery, and surmised that if the project was state-funded, Alaska would be moved closer to the top of the list for federal funding. Ms. Colligan replied that the Alaska Department of Military and Veterans Affairs (DMVA) applied for funding with the U.S. Department of Veterans Affairs (VA), but without state appropriated funds the application would just stay in the VA.

[10:24:48 AM](#)

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

ARNOLD LIEBELT, FACILITIES MANAGER, FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, began with two deferred maintenance: One for Pioneer Homes, and one for Non-pioneer Homes.

DM RN 37934
Pioneer Homes Deferred Maintenance, Renovation, Repair
and Equipment
\$4,000,000 Gen Fund

Mr. Liebelt explained that the Department of Health and Social Services (DHSS) operated six Pioneer Homes in Anchorage, Fairbanks, Juneau, Ketchikan, Palmer, and Sitka. The Pioneer Homes Deferred Maintenance, Renovation, Repair and Equipment request included twelve projects. The first was for the Sitka Pioneer Home Totem Square safety upgrade: requesting \$636,000. It was a park directly across the street from the Sitka Pioneer Home, and the safety concerns were with the sea rock wall, drainage system, and the rotting totem. The second request was for the Juneau Pioneer Home to expand the direct digital controls system.

DM RN 31862
Non-Pioneer Home Deferred Maintenance, Renovation,
Repair and Equipment
\$20,000 Fed Rcpts
\$100,000 G/F Match
\$2,900,000 Gen Fund

Co-Chair Stedman asked if there were any questions about the list of Non-Pioneer Homes deferred maintenance requests. He noted that committee members could comment on items later.

[10:29:16 AM](#)

Mr. Liebelt continued with DHSS capital budget requests.

CAP RN 42830
Johnson Youth Center Renovation and Remodel to Meet
Safety and Security Needs - Phase 1
\$9,880,000 Gen Fund

Mr. Liebelt stated that the Johnson Youth Center Renovation and Remodel to Meet Safety and Security Needs request was phase one, of a three phase project. The location was in Juneau at the Johnson Youth Center. The primary purpose would be to replace the existing eight-bed detention unit. It will be reconstructed with eight new detention beds and two additional observation beds. The project included adding a secure admissions area, and adding a new medical suite to the detention unit. The project was part of the plan to address safety security deficiencies for the four oldest youth facilities; these included the McLaughlin Youth Center, Johnson Youth Center, Bethel, and Fairbanks Youth Facility.

CAP RN 33670
MH Deferred Maintenance and Accessibility Improvements
\$500,000 GF/MH

Mr. Liebelt explained that the MH Deferred Maintenance and Accessibility Improvements project was a capital grant program, which targets deferred maintenance and accessibility improvements for service provider agencies and the State's non-profit agencies for trust beneficiaries.

CAP RN 33671
MH Home Modification and Upgrades to Retain Housing
\$500,000 General Fund/MH
\$300,000 MHTAAR
\$250,000 AHFC Div

Mr. Liebelt explained that the MH Home Modification and Upgrades to Retain Housing project was also known as the Housing Modification Capital Grant Program. The program awarded capital grant funds to non-profit agencies, to then be awarded to individuals to make accessibility improvements in the individual's home.

CAP RN 48751
MH Housing Pre-development, Anchorage Assets Building
\$500,000 General Fund/MH

[10:33:38 AM](#)

Mr. Liebelt stated that the Anchorage Assets Building is a state-owned facility, but is operated and occupied by Assets, Inc., which is a non-profit agency. The request is for roof replacement. This would bring the building into a high enough code standard, so the Mental Health Trust Authority would be willing to take over responsibility for the building.

CAP AMD 42837
Emergency Medical Services Ambulances and Equipment
Statewide - Match for Code Blue Project.
\$425,000 G/F Match

Mr. Liebelt related that the Emergency Medical Services Ambulances and Equipment Statewide - Match for Code Blue Project would fund emergency equipment and match funds provided by USDA and other sources.

Co-Chair Hoffman noted that nursing home care was missing in rural areas in the state. A study was completed several years ago regarding construction of long-term care facilities. He said that 90 to 99 percent of operational costs would be federal funded. He asked why two projects had not been funded: the Yukon Kuskokwim facility in Bethel, which has received partial funding; and the Maniilaq project in Kotzebue, which is a current project. If the rural projects were funded, Alaska Natives, in particular, would receive long-term care

ALISON ELGEE, ASSISTANT COMMISSIONER, FINANCE AND MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, explained that the projects had been in the works for several years. The department had been working closely with tribal health providers and understood the advantages of constructing the projects. She pointed out the difficulty in prioritizing those types of facilities. The department develops a list of constituent concerns and shares the information with the governor's office. This year the list exceeded \$130 million. The department supports those projects; however, it is difficult to prioritize them against state-owned facility needs.

[10:38:53 AM](#)

Co-Chair Hoffman stressed that the native population was ignored and suggested that the projects be brought to the top of the list. After construction, the responsibility does not belong to the state, but rather to the federal government. He saw a situation where the projects were only partially funded and left hanging in limbo. He requested an additional \$24 million to complete the projects. He questioned how projects like this could not be a priority.

Ms. Elgee understood the advantages Senator Hoffman listed, and believed the projects would be met if they were funded. Co-Chair Hoffman asked how the projects could be made a top priority. Ms. Elgee restated that the two facilities were not state owned or operated. She said that she could not place priority on facilities that were not state funded, over facilities that are state funded. She stressed that the department works directly with provider partners in terms of developing the projects and relays the need for them to the administration.

Co-Chair Stedman suggested Senator Hoffman address his specific concerns in a more focused meeting.

[10:43:31 AM](#)

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

ANNA KIM, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, began with the department's one deferred maintenance item.

DM RN 49412
Mt. Edgecumbe High School Deferred Maintenance
\$1,700,000 Gen Fund

Ms. Kim reported that the Mt. Edgecumbe High School Deferred Maintenance funding would complete the remaining maintenance in the boys' and girls' dorms, and complete drainage improvements at Heritage Hall.

Co-Chair Stedman voiced concern about a situation at Mt. Edgecumbe, where the dorms only had one desk per room for four to five students. Ms. Kim offered to get back to the committee with solutions to that problem.

[10:46:05 AM](#)

Ms. Kim turned to capital requests.

CAP RN 49414
Nome Beltz Junior/Senior High School Fire Alarm System Replacement
\$84,337 Gen Fund

Ms. Kim stated that the Nome Beltz Junior/Senior High School Fire Alarm System request was for an entire fire alarm system replacement.

CAP RN 49415
Nome Beltz Junior/Senior High School Emergency Generator Automatic Switching Replacement
\$29,807 Gen Fund

Ms. Kim said the Nome Beltz Junior/Senior High School Emergency Generator Automatic Switching Replacement project was for a replacement of the automatic transfer switch on the emergency generator.

CAP RN 49416.
Metlakatla High School Renovation Alternates
\$1,202,914 Gen Fund

Ms. Kim explained that the Metlakatla High School Renovation Alternates project would provide funding for the gym and locker room area renovation; replace the dust collection system in the wood shop area; replace student walkways; improve entry area; and install new double walls for the fuel storage tank area.

[10:47:21 AM](#)

CAP RN 49417
Whittier K-12 School Sprinkler Installation and
Interior Renovations
\$1,762,541 Gen Fund

Ms. Kim stated the Whittier K-12 School Sprinkler Installation and Interior Renovations funding would provide a new sprinkler system; replace suspended and lighting; repair and replace wall and floor surfaces; replace and install energy efficient windows; and asbestos and other hazardous materials abated and removed.

CAP RN 49418
Yup'ik Vocational Education Building Water Service and
Boiler Replacement
\$123,701 Gen Fund

Ms. Kim explained that the Yup'ik Vocational Education Building Water Service and Boiler Replacement project would reimburse the district for boiler replacement and domestic water line replacement in the Yup'ik Vocational Education Building.

CAP RN 49419
Yup'ik Vocational Education Building Roof Replacement
\$80,729 Gen Fund

Ms. Kim said that the funding would provide Yup'ik Vocational Education Building with a new roof.

CAP RN 49420
Service High School Renovation
\$21,306,131 Gen Fund

Ms. Kim stated that the Service High School Renovation funding would replace exterior wall installation and windows; upgrade the H-VAC and interior finishes; install automatic fire sprinkler system; asbestos abatement; seismic upgrades; and site work improvements to provide accessible entries and exits.

[10:48:45 AM](#)

CAP RN 49421
Mosquito Lake Elementary Mechanical Upgrades
\$180,491 Gen Fund

Ms. Kim said the Mosquito Lake Elementary Mechanical Upgrades allocation was to complete renovation of heating plant removal of the old system and install two oil-fired boilers, circulating pumps, heating piping, and oil delivery systems.

Ms. Kim concluded by stating that AMD 49412, the Mt. Edgumbe request, had been moved to the deferred maintenance list.

Co-Chair Stedman wondered if the nine items from the DEED requests came off of the major maintenance list. Ms. Kim affirmed that they had come from the major maintenance list. Co-Chair Stedman reminded the committee that the major maintenance list, the deferred maintenance list, and the major construction list will each change from year to year. He noted that school deferred maintenance is looked at each year.

[10:49:53 AM](#)

Co-Chair Hoffman noted that the school construction list was not included in requested funds. He referred to the Kasayulie v. State decision, which found that the state was not in compliance. He said the governor would be providing a list of school construction projects. Ms. Kim did not know about such a list.

[10:50:41 AM](#)

DEPARTMENT OF LABOR

GUY BELL, ASSISTANT COMMISSIONER AND DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT, began with the only project on the deferred maintenance list.

DM AMD 48821
AVTEC Deferred Maintenance
\$1,000,000 Gen Fund

Mr. Bell stated the Alaska Vocational Technical Center (AVTEC) had 16 buildings in Seward. The oldest building is over 30 years old.

[10:51:50 AM](#)

Mr. Bell addressed the capital projects.

CAP RN 48820
Alternative Energy Training Facility Expansion
\$1,139,000 Gen Fund

Mr. Bell said the Alternative Energy Training Facility Expansion project would be for an expansion of the Industrial/Electrical training facility at AVTEC. It would provide funding for wind-turbine and hydro training programs. The funding would expand the building, upgrade the building's mechanical systems, and add switch-gear connections from the wind-turbine to the existing diesel plant.

CAP RN 49027
Fairbanks Pipeline Training Center Utilities and Equipment Purchases
\$2,000,000 Gen Fund

Mr. Bell stated that the Fairbanks Pipeline Training Center Utilities and Equipment Purchases funding would include funding to expand the welding training program.

CAP RN 48823
Medium/Heavy Duty Truck and Culinary Equipment
\$1,000,000 Fed Rcpts
\$500,000 G/F Match

Mr. Bell said the Medium/Heavy Duty Truck and Culinary Equipment funding would provide upgrades to the culinary

facility and provide equipment for medium and heavy-duty truck training program.

10:53:53 AM

CAP RN 49045
Culinary Video Teleconferencing Equipment
\$312,695 Fed Rcpts
\$100,000 G/F Match

Mr. Bell stated the Culinary Video Teleconferencing Equipment funding would provide AVTEC with culinary video teleconferencing equipment. He hoped to see more distance learning capabilities expanded to other schools in the future.

AT-EASE 10:54:50 AM

RECONVENED 10:55:44 AM

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 10:56 AM.