

SENATE FINANCE COMMITTEE  
February 18, 2014  
9:02 a.m.

9:02:48 AM

CALL TO ORDER

Co-Chair Meyer called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Pete Kelly, Co-Chair  
Senator Kevin Meyer, Co-Chair  
Senator Click Bishop  
Senator Mike Dunleavy  
Senator Lyman Hoffman  
Senator Donny Olson

MEMBERS ABSENT

Senator Anna Fairclough, Vice-Chair

ALSO PRESENT

Patrick Gamble, President, University of Alaska; Michelle Rizk, Associate Vice President, Statewide Planning and Budget, University of Alaska; Brian Rogers, Chancellor, University of Alaska Fairbanks; William Streur, Commissioner, Department of Health and Social Services; Sana Efird, Assistant Commissioner, Finance Management Services, Department of Health and Social Services; Pat Kemp, Commissioner, Department of Transportation and Public Facilities; Jeff Ottesen, Director, Division of Program Development, Department of Transportation and Public Facilities; Doug Wooliver, Deputy Administrative Director, Alaska Court System.

SUMMARY

SB 119      BUDGET: CAPITAL

SB 119 was HEARD and HELD in committee for further consideration.

FY 15 GOVERNOR'S BUDGET OVERVIEWS:

UNIVERSITY OF ALASKA  
DEPARTMENT OF HEALTH and SOCIAL SERVICES  
DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES  
COURT SYSTEM

#sb119

SENATE BILL NO. 119

"An Act making appropriations, including capital appropriations and other appropriations; making appropriations to capitalize funds."

9:03:59 AM

^FY 15 GOVERNOR'S BUDGET OVERVIEW: UNIVERSITY OF ALASKA

9:03:59 AM

PATRICK GAMBLE, PRESIDENT, UNIVERSITY OF ALASKA, introduced himself. He presented the PowerPoint, "FY 15 Capital Budget Overview" (copy on file).

President Gamble looked at slide 2, "FY 15 BOR Capital Request."

Deferred Maintenance

- No. 1 overall priority
- Governor's \$37.5M (last year of 5)
- UAF Heat and Power Plant Upgrade
  - No. 1 deferred maintenance project

Engineering Buildings Completion

- No. 1 academic demand project

Research for Alaska

- UAF's Alaska Earthquake Center
- Arctic Oil Spill Response
- Statewide Digital Mapping Initiative

9:10:37 AM

President Gamble highlighted slide 3, "FY 15 Governor's Capital Request."

Deferred Maintenance

- No. 1 overall priority

UAF Heat and Power Plant Upgrade . . . None  
Engineering Buildings Completion . . . Partial Funding  
Research for Alaska . . . None  
Equipment . . . None

President Gamble addressed slide 4, "University of Alaska FY 15 Governor's Proposed Capital Budget." He stated that the chart showed the governor's proposal of \$37.5 million, which was the fifth year of that budget proposal level. He stated that the beneficial value that was a result from those five years was of such consequence that he strongly advocated for five more years dealing with the deferred maintenance issue. He announced that the governor had prioritized deferred maintenance, and the majority of the deferred maintenance appropriation was allotted five years prior. The program was effective, and he was in strong support of its continuation. He stated that the heat and power plant was not contained in the governor's proposal, but stressed that it was an important issue that must be immediately addressed.

Co-Chair Meyer queried what was expected from the receipt authority.

MICHELLE RIZK, ASSOCIATE VICE PRESIDENT, STATEWIDE PLANNING AND BUDGET, UNIVERSITY OF ALASKA, explained that the governor included the request in the budget, for potential receipt authority.

Co-Chair Meyer wondered if there were other sources of receiving \$10 million. President Gamble replied in the negative. He explained that hollow receipts must be fulfilled, or they would be moved to the following year.

Co-Chair Meyer noted that the deferred maintenance in FY 14 had been reduced by \$7.5 million. He queried the impact of that reduction, and wondered if that reduction would be acceptable in the current budget. President Gamble responded that the previous year's budget was agreed upon at the last minute in order to move forward on funding that was too intense. He stressed that UA would be willing to participate at any level in order to pursue the proposed budget. He furthered that the five years of deferred maintenance funding had resulted in dozens of current

construction projects. He felt that there should be a balance, and did not feel that any project was of higher priority than the other.

[9:16:55 AM](#)

President Gamble displayed slide 5, "FY 15 Capital Reality." The slide represented the two projects that he felt that the legislature would prioritize: \$37.5 million for deferred maintenance; and the engineering versus heat and power plant upgrade.

Senator Dunleavy queried the total estimated cost of the power plant. President Gamble responded that the total estimated cost was \$245 million.

Senator Dunleavy asked the total cost for each of the engineering buildings. President Gamble replied that the total cost for the engineering buildings was a little over \$78 million.

Co-Chair Meyer wondered if the governor's request of \$5 million request for the new engineering buildings was intended for any specific project. President Gamble replied that the request was more of a demonstration than a specific aspect of the project.

Co-Chair Meyer remarked that the total capital budget would be reduced from the year prior. He wanted to ensure that the minimum request from the governor would be sufficient. President Gamble responded that the two engineering buildings would not be identical. The UAA building was closer to completion than the UAF building. He stressed that the UAA total amount also included a parking garage and the renovation of the old engineering building, and was totaled into the sum of the request. He felt that there could be some adjustments to the request, in terms of how the funding would be allotted. Assigning \$5 million for each building was not the desired approach.

Co-Chair Meyer stressed that each engineering building should be funded simultaneously. He wanted to know the minimum amount that would allow for each building's construction. He wanted the committee to work under the assumption that there was no additional money for capital projects, because there was already a request to use some

of the savings. He wanted to preserve as much savings as possible until there was more oil production.

Co-Chair Kelly requested some information from Chancellor Rogers. Co-Chair Meyer replied that Chancellor Rogers would address the committee following President Gamble's presentation.

[9:24:27 AM](#)

President Gamble discussed slide 6, "Alaska Sovereign Education Fund."

Alaska's Land-Grant University Equivalency

Fraction of State Earning in Oil/Gas/Mining

Legislative-controlled account

Appropriated annually only to:

- University Building Fund (UBF)
- System-wide capital, capital maintenance, equipment

Initial Seed Money for UBF

- Applied to UBF upon being signed into law

Apportionment Limits (Annual)

- Higher education receives first \$50M
- Legislature determines appropriation or savings of excess

Long Term Goal

- Modernize university technology, equipment
- Materially reduce facilities falling into DM status

Co-Chair Meyer appreciated President Gamble's ideas and suggestions.

[9:30:53 AM](#)

Senator Dunleavy surmised that the land had not been designated from the state to the university. President Gamble responded that there was approximately 130,000 acres, and most of it was campus. The rest of the land was divided into small pieces across the state. He stated that

the university was the second lowest land grant university of all the land grant universities with regard to its own land grant.

Senator Dunleavy wondered if there was a specific amount of land that the university would receive. President Gamble responded that the federal government looked up to 10 million acres; and the state had looked at between 500,000 and 2 million acres.

Senator Dunleavy queried the number of acres that the university had received, of the 2 million acres in state land. President Gamble responded that the land allotted was merely what was necessary for the construction of all of the various facilities across the state. There were other pieces of land that had been assigned to the university through endowments, etc. The 130,000 acres included the total land that the university had received from every aspect.

Senator Dunleavy wondered if there was a specific figure articulated from the state that the university would receive. President Gamble replied in the negative. He explained that there was a number agreed upon in the 1990s that was sent to the governor, but the governor had vetoed that bill because of the statement in the constitution that stated that there could not be money allotted for a specific purpose. The language in the bill was not clear, so the governor vetoed the bill based on a technicality.

Senator Dunleavy surmised that the state had not conceded the land to generate income for the university, and there was no expectation of that actually occurring. Therefore, there was a proposed new concept to trade out that land idea for the wealth that the land would generate. President Gamble replied in the affirmative.

[9:34:44 AM](#)

Co-Chair Kelly remarked that the issue was not about whether UA received land, but rather it was never allotted to the university in the first place. He explained that the land grant for universities to a small state like Delaware was substantial larger than the land grant to UA. He recalled that the federal government had taken so much land that there was not much left for UA. He felt that UA was a land grant college in name only, because the land had never

materialized. He stressed that this debate dated back to 1913, and Judge Wickersham had put forward a bill in Alaska's original legislature for the federal government to cede land to the university. The discussion for Alaska's statehood eventually overshadowed that legislation, and the land grant for university issued continued to present day. President Gamble replied that in 1959, there was a veto for a million acres of land that was presented to Governor Egan. Governor Hickel then tried to deal with the issue, but was overshadowed by the Alaska Native Claims Settlement Act, Trans-Alaska Pipeline System (TAPS), the Alaska National Interest Lands Conservation Act, so all of that land was removed from consideration.

President Gamble displayed slide 7, "FY 14 Sustainment Funding Plan for UA facilities With No Additional DM and R & R funding." He explained that the chart was a running tally of the deferred maintenance. He stated that the green bar at the bottom of the five most recent years represented the governor's \$37.5 million. He explained that the chart showed the comparison between the governor's request and the total needs to maintain all of the university's square footage.

Senator Bishop wondered if UA had received any funding for from private corporations for oil or gas line related research projects. President Gamble deferred to Chancellor Rogers.

[9:39:15 AM](#)

BRIAN ROGERS, CHANCELLOR, UNIVERSITY OF ALASKA FAIRBANKS, agreed to provide the information requested by Senator Bishop.

Co-Chair Kelly felt that there was no legislation to designate a petroleum research fund.

Senator Hoffman noted that the state had provided funding for UA in the lower \$200 million over the last five years in deferred maintenance. He remarked that the deferred maintenance would continue to increase to \$1.4 billion by 2028. He felt that the future governors would present additional requests, even though there was a five-year commitment of \$37.5 million. He added that the recent requests of \$200 million still did not cover the bulk of the deferred maintenance costs. President Gamble expressed

confidence in the presented numbers. He explained that there was a specific analysis that was conducted in order to determine the requests.

Senator Hoffman looked at the red and blue bars on the slide, and wondered if there was anticipation for additional expenditures for deferred maintenance by 2018. President Gamble responded that there would be additional deferred maintenance requests.

Co-Chair Meyer asked to have a private meeting with the university.

9:45:20 AM

Chancellor Rogers explained that UA had been examining a range of public-private partnership options for the UAF Heat and Power Plant. Of the total \$245 million capital cost, UA was able to bond internally for \$50 million using the fuel cost savings. The request to the state was \$195 million, and \$50 million from the savings in fuel. Shifting to one of four public-private options would shift from a capital support to an operating support. A lease hold interest or operator would be paid, depending on the model. The challenge would be whether to pay now with capital funds or later with operating funds.

Co-Chair Meyer wondered how \$50 million would be reached through bonding. Chancellor Rogers replied that the \$50 million was reached by looking at the current fuel costs. He explained that UA paid \$9.8 million per year currently for coal, oil, gas, and electricity for its heat and power needs. The new plant was estimated at \$5.3 million per year for power costs, therefore saving UA \$4.5 million per year. He stated that the funds would be used to secure a 20 to 25 year bond from the university revenue in order to make the new facility cost-neutral for UAF.

Co-Chair Meyer queried the minimum request for the engineering buildings' construction. Chancellor Rogers responded in the negative. He furthered that the request for \$5 million would not be sufficient to cover the cost, would slow down or stop the project.

^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF HEALTH and SOCIAL SERVICES

[9:48:51 AM](#)

WILLIAM STREUR, COMMISSIONER, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, (DHSS) looked at the PowerPoint presentation, "FY2015 Capital Budget" (copy on file).

Commissioner Streur looked at slide 2, "FY 2015 Capital Request." He explained that the capital fund request for DHSS was \$9.626 million. The year prior was \$26 million, and the year before that was \$33 million. He stated that DHSS continued to examine what could be done within the existing budget and the commissioner's discretionary authority to continue to reduce the budget. He stated that there were six items that DHSS would present. Four of the items were contained in the capital budget bill HB 119: Office of Children's Services (OCS) Safety; Emergency Medical Services match for Code Blue; non-Pioneer Home deferred maintenance; and Pioneer Home deferred maintenance. The other two requests were contained in the Mental Health Budget HB 267: mental health essential program equipment; and mental health home modifications and upgrades.

Commissioner Streur highlighted slide 3, "Office of Children's Services Safety Enhancements - \$557.7 (\$462.9 GF, \$94.8 Fed)."

Office and Building Safety:

- Expand safety improvements to buildings and offices as determined through ongoing safety assessment

Safety in the Field:

- Provide statewide training to current and new employees
- Provide Mobile Personal Safety devices
- Incident Tracker

Commissioner Streur explained that some Office of Children's Services (OCS) employees had some significant safety concerns. He stated that there had been some recent incidents that required the addition of enhanced safety precautions.

[9:53:14 AM](#)

Commissioner Streur looked at slide 4, "Emergency Medical Services Match for Code Blue Projects - \$500.0 GF Match."

Matches federal, local and private funds to purchase critical EMS equipment and ambulances

Serves all seven EMS Regions

Regions submit requests; projects approved by Code Blue Steering Committee

Since program inception in FY2002, over \$20,500.0 has been leveraged

Commissioner Streur highlighted slide 5, "Mental Health Essential Program Equipment - \$500.0 (\$250.0 GF/MH, \$250.0 MMHTAAR)."

Competitive capital grants

For agencies that provide services to Mental Health Trust beneficiaries

Purchases that are essential to the core services and programs offered to clients

Limited to \$25,000 per agency per beneficiary group

Commissioner Streur discussed slide 6, "Mental Health Home Modification and Upgrades to Retain Housing - \$1,050.0 (\$750.0 GF/MH, \$300.0 MHTAAR)."

Competitive capital grants

Provides housing modifications

Allows persons with a disability to remain in their homes

Approximately 125 families served each grant cycle

Grantees coordinate efforts

Commissioner Streur highlighted slide 7, "Non-Pioneer Home Deferred Maintenance - \$3,018.9 (\$3,000.0 GF, \$18.9 Fed)."

Deferred maintenance projects

DHSS's 35 facilities statewide

Youth facilities, public health centers, laboratories,  
Alaska Psychiatric Institute

Replacement value of \$387,000.0

Commissioner Streur displayed slide 8, "Fairbanks Public Health Siding Repair." The slide displayed the before and after photos of the Fairbanks Public Health Building siding repair project.

Commissioner Streur looked at slide 9, "Pioneer Home Deferred Maintenance - \$4,000.0 GF."

Deferred maintenance projects

Six Pioneer Homes - Ketchikan, Sitka, Juneau,  
Anchorage, Palmer, and Fairbanks

Replacement value of \$344,000.0

Commissioner Streur highlighted slide 10, "Juneau Pioneer Home Refrigeration Upgrade." The slide showed the before and after photos of the Juneau Pioneer Home refrigeration upgrade project.

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Co-Chair Meyer looked at the Pioneer Home's deferred maintenance. He noted that DHSS had received \$16 million under the governor's deferred maintenance plan. He wondered if there was any money from that allocation that could be used for current projects. Commissioner Streur replied that there were incremental amounts that were left over from year to year. He stated that the \$4 million request barely covered the cost of the necessary deferred maintenance. He stated that the Juneau Pioneer Home was facing a large increment, and there was still a question as to whether or not that increment was considered deferred maintenance.

Co-Chair Meyer wondered how it was determined which areas of the state would receive the ambulances. Commissioner Streur replied that the need, the age of the units, and how well the specific request was written and supported.

Senator Bishop asked if there was a federal match for the Code Blue request. Commissioner Streur replied that there was an 80/20 federal match. He stated that the Code Blue was a general fund (GF) request.

SANA EFIRD, ASSISTANT COMMISSIONER, FINANCE MANAGEMENT SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES explained that the federal money did not go directly to the state. The federal money went directly to the regions of the state that applied for the money. The money was used to match the federal money that those regions received.

^FY 15 GOVERNOR'S BUDGET OVERVIEW: DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES

[10:02:49 AM](#)

PAT KEMP, COMMISSIONER, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, (DOT/PF) displayed the PowerPoint presentation, "Alaska Department of Transportation and Public Facilities, FFY 2015 Proposed Capital Budget Presentation" (copy on file). He stated that the last highway bill significantly changed the federal allocations, so there was more emphasis on the national highway system (NHS) roads and major corridors. There was currently less funding available for the secondary and community roads. He stressed that the change had a significant effect on DOT/PF. He remarked that the department had looked at a broader picture of a ten-year plan, and they found that the NHS projects fit nicely into that plan. He furthered that the non-NHS projects were over-prescribed, so they must be reexamined. The department was working with communities, and he was confident that the non-NHS projects would be fulfilled. The final step would be to re-scope the projects.

Co-Chair Meyer expressed that the commissioner had done an excellent job of maximizing the dollars that had been allocated. He saw many positive effects on many of the roads in his district.

JEFF OTTESEN, DIRECTOR, DIVISION OF PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, discussed slide 2, "Outline."

-FFY 15 Request Versus Historical Funding Levels

-Big issues we now face

-Review of more prominent projects

Mr. Otteson highlighted slide 3, "Federal Highway Program." He stated that the chart represented all federal funds received over the past ten years. He remarked that the funding was fairly level, except in 2009, when the federal stimulus package was delivered.

Mr. Otteson discussed slide 4, "State GF Capital Transportation Program." The funds that were formerly known as "earmarked funds" were now delivered as "formula funds."

Mr. Otteson looked at slide 5, "State Deferred Maintenance." He remarked that DOT/PF was in the fifth year of a five year plan, and the money was divided into five categories: marine highways, harbors, airports, highways, and facilities.

[10:07:44 AM](#)

Mr. Otteson highlighted slide 6, "Bigger Issues We Face."

MAP-21 (moving Ahead for Progress in 21st Century)  
Changes in emphasis:

- Safety and National Highway System increased
- Community roads and lesser state highways substantially reduced

End of year rush to obligate

- Tremendous strain on staff and FHWA

Numerous big NHS projects now reaching construction stage at once

Performance management influence

Funding adequacy

Mr. Otteson discussed slide 7, "MAP-21 Emphasis is to National Highway System." The blue portion of the right chart represented the NHS road miles, and the blue portion of the left chart represented the amount of funding for NHS. The same was true for the red portions of each chart: number of miles was in the right chart, and money available

was in the left chart. He stressed that there was a great disparity between the number of miles and money available.

Mr. Otteson looked at slide 8, "Late Funding Challenge."

In 2013, we obligated >\$700 million though we received <\$500 million in annual federal funds

Most of the extra funding came known very late in the fiscal year from these sources:

Project closeouts with little grace period >\$100 million

Prior year funds that would lapse >\$100 million

End of year redistribution >\$10 million

Only with pre-designed work, capital budget authority and additional match funds could we successfully react

[10:13:38 AM](#)

Mr. Otteson highlighted slide 9, "MAP-21 Performance Mandate."

FHWA to set National Highway System (NHS) Performance Measures for:

- Safety
- Pavements and Bridges
- Freight Mobility
- Congestion
- System Performance

If National Highway System (NHS) system conditions fail to meet targets:

- Must divert funding to better performance
- Later, penalized with higher match requirement

Mr. Otteson discussed slide 10, "Major Projects."

Projects over \$100 million require annually updated financial plans

Projects over \$500 million require even greater requirements (e.g., Knik Arm Bridge, Juneau Access)

Several of these projects now underway or soon will be ready

Parks, Seward, several others now in queue

Mr. Otteson looked at slide 11, "Funding Adequacy."

NHS Program: adequate funding, but new performance mandates and log-jamb of bigger projects now ready is a double challenge

STP Program: under-funded, means too many projects to finish within federal time-trap rules

Strategies:

- Prioritize needs over wants
- Reduce scope and expensive add-ons
- Focus on active projects; limit new starts

Mr. Otteson highlighted slide 12, "Selected Projects (1)."

Economic Development: Deadhorse airport, Juneau Access, KABATA, Tanana road

Asset Management and Deferred Maintenance: AMHS overhaul, Off-system bridges, GF funded too

Municipal Harbors: Seward and Whittier

Airports (AIP): AIAS, Ambler, Kodiak, Seward, Kwigillingok

[10:20:41 AM](#)

Senator Hoffman looked at the projects for economic development, which focused on the Juneau Access Project and Knik Arm Bridge and Toll Authority (KABATA). He stated that the request for the Juneau Access Project in FY 15 was \$5 million in GF, and \$30 million in federal receipts. The out years had \$50 million per year through 2020. The total construction cost for the Juneau Access Project was \$285 million, with \$255 paid for by the state. Mr. Otteson responded that that Juneau Access Project had faced a

change in the financial plan. The majority would be spent with federal funds.

Senator Hoffman queried the total construction cost of the Juneau Access Project. Mr. Otteson replied that the total construction cost would be approximately \$500 million.

Senator Hoffman asked for a brief synopsis of the Knik Arm Bridge and Toll Authority (KABATA) project. Mr. Otteson responded that the intent was to fund the project with resources. He explained that there were different types of bonding that would fund the project. There would be a state-backed bond that would use tolls as revenue for approximately \$300 million. The second aspect would be a type of bonding called Transportation Infrastructure Finance and Innovation Act (TIFIA), which was a low interest loan from the federal government. The third aspect would come from federal aid at a rate of approximately \$50 million per year.

Senator Hoffman queried the total cost of KABATA. Mr. Otteson responded that the total cost would be approximately \$900 million.

Senator Olson wondered if the total cost for KABATA was \$900 million. Mr. Otteson replied \$900 million was the total cost including the risk adjustment and construction engineering.

Senator Olson understood that the cost of KABATA was significantly higher than \$900 million. Mr. Otteson responded that the finance officer of KABATA had estimated the total cost at \$900 million.

Senator Olson felt that KABATA was very controversial, because of the issues on Government Hill in Anchorage. He looked at the Juneau Access Project wondered if the state would be required to provide \$50 million for the project until 2020. Mr. Otteson responded in the affirmative. He explained that there had been some financial adjustments since the financial budget page was delivered to the legislature.

Co-Chair Meyer understood that there would be more discussion on KABATA, and stressed that there was some discussion about a private company building the bridge. He stated that the state had since decided to finance and

build KABATA, which had reduced the total dollar amount. Mr. Otteson agreed, and furthered that KABATA would be funded two-thirds by tolls and one-third by federal funding that came through the state.

[10:26:32 AM](#)

Co-Chair Meyer stressed that the project had been in the works for ten years. Mr. Otteson replied that the Denali road, which was obligated for construction was due in large part to the recent infusion of funding.

Mr. Otteson discussed slide 13, "Selected Projects (2)."

Surface Transportation:

- Asset Management: numerous bridges, pavement and ferry and terminal projects

- Funding allocated to FMATS and AMATS

- Highway safety: numerous named and program type projects (e.g., passing lanes at 13 Parks Hwy locations last year)

Senator Olson wondered how the number of projects compared to the amount of funding for the Statewide Transportation Improvement Program (STIP) projects. Mr. Otteson responded that STIP was funding through the federal government, and had been greatly impacted by the changing emphases that the federal government had provided. The state was very adequately funded on the NHS roads and bridges, but was greatly underfunded on all other classes of road.

Senator Olson wondered why there were large proposed projects like KABATA and the Juneau Access Project, if the STIP money was not substantial. Mr. Otteson replied that the large projects began almost 20 years ago, and had incurred costs of over \$10 million. He stated that it was almost as expensive to shut down the projects as it was to complete the projects.

Senator Olson wondered what DOT/PF was doing to manage the declining STIP funds for state roads. Mr. Otteson replied that he had met with some people from Kotzebue, and stated that there was approximately \$14 million, but the cost

estimate for the road there had increased substantially to approximately \$30 million to complete the project.

Senator Olson queried the status of Umiat Road. Mr. Otteson replied that Linc Energy had asked DOT/PF to halt the work, in order to assess the drilling on their leases. He stated that Linc Energy would like the road built with a pipeline.

Senator Olson remarked that DOT/PF had proposed landing fees at some of the airports. He understood that there were difficult financial times. He stated that the people that were most dependent on aviation transportation lived in rural Alaska, who already had the highest cost of living in the state. He wondered if there was also a consideration for tolling the roads and port. Commissioner Kemp responded that DOT/PF was not pursuing landing fees at airports.

[10:33:22 AM](#)

Co-Chair Meyer complimented the efforts of DOT/PF, and their work with the communities. He wondered why the Alaska Marine Highway was not a focus on the budget. Commissioner Kemp replied that the culture around the Alaska Marine Highway was in transition. He felt that the captain of the marine highway had a nice vision. He furthered that the system could be fine, as long as enough deferred maintenance funds were utilized.

Mr. Otteson furthered that most of the marine highway system requests were under the category, "Asset Management."

Senator Hoffman queried the status of the transportation route of the marine highway between Metlakatla and Ketchikan. He wondered if the road would be used for a shorter connection between the Metlakatla residents and Ketchikan. Commissioner Kemp responded that the road and terminal were currently operational, which resulted in marine highway savings of approximately \$300,000 per year.

Senator Hoffman announced that the community of Metlakatla hoped that a shorter route would result in growing public services. Commissioner Kemp replied that the extra hours for running the ferry was not being pursued.

Senator Hoffman wondered if that was a result of problems with negotiations. Mr. Otteson replied that operating three terminals was too great a burden.

^FY15 GOVERNOR'S BUDGET OVERVIEW: COURT SYSTEM

10:40:10 AM

DOUG WOOLIVER, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM, discussed the PowerPoint presentation, "Alaska Court System, Senate Finance, Capital Projects Overview" (copy on file). He stated that each year the governor included some Court System requests as a courtesy.

Mr. Wooliver looked at slide 2, "SB 119 Court Projects - \$6,900,000."

Electronic Filing/Records Management System

Deferred Maintenance Projects

Mr. Wooliver highlighted slide 3, "Electronic Filing/Records Management System - 52410."

\$4.4 million for third phase of multi-year project

Electronic transmission of documents with goal of moving to "paperless"

Electronic exchange of data between justice agencies (Law, DPS, Munis, Cities)

Improved justice system efficiencies and potential cost savings

Mr. Wooliver displayed slide 4, "Deferred Maintenance, Renewal, Repair and Equipment - 54564."

SB119 includes \$2.5 million for court projects

Addition of \$5.0 million needed to eliminate remaining project backlog

Mr. Wooliver looked at slide 5, "Deferred Maintenance, Renewal, Repair and Equipment - 54564."

Anchorage Boney Courthouse - 58746

Palmer Courthouse - 45582

Sitka Court and Office Building - 58745

Kotzebue Armory - 58749

Juneau Dimond Courthouse - 58744

Kodiak Court and Office Building - 58748

Mr. Wooliver discussed slide 6, "Court Projects not included in SB 119."

Juneau Superior Court Remodel

Court Security Projects

Statewide Remodel Projects

Court Communications Equipment

Replace Worn Furnishings and Repair Specialized Finishes in Public Use Spaces

Statewide Building Code and Energy Upgrade for Court Buildings

Conversion of Audio Records to Digital Format - Phase I

Mr. Wooliver highlighted slide 7, "Juneau Superior Court Remodel - 61533(CAP SIS)."

\$1,201,200 - Addition of courtroom and grand jury hearing room

-Current hearing room too small to accommodate grand jury

High number of superior court filings per superior court judge

Increase operational efficiency and reduce delays in cases and hearings

Court system's second highest priority capital project

Mr. Wooliver looked at slide 8, "Court Security Projects - 61536 (CAPSIS)."

Security projects total \$8.6 million for a statewide, multi-year project

Physical security for public, judges, staff, jurors, and others court users

Integrate security operations and technology with the architecture

Mr. Wooliver discussed slide 9, "Court Security Projects (cont.) - 61536 (CAPSIS)."

Access control and physical barriers

- Badging systems, screening equipment, single point of entry, cameras
- Segregated prisoner delivery paths and elevators and security fencing around court perimeters

Ballistic shielding for judicial benches and clerks' counters

Duress alarms, surveillance systems, and holding cells

Mr. Wooliver highlighted slide 10, "Statewide Remodeling Projects."

Reconstruct judicial benches and clerical work areas to accommodate new technology

Minor remodels to address specific needs in courts throughout the state

[10:45:53 AM](#)

Mr. Wooliver discussed slide 11, "Court Communications Equipment - 61539 (CAPSIS)."

- Replacement of equipment used to capture audio recordings of court proceedings
- The audio record is the official court record and is critical to case processing

Replacement of telephone systems which are beyond their useful lives and are no longer supported by their manufacturers

-These systems are relied upon to conduct telephonic proceedings, communicate with jurors, and respond to public inquiries

Mr. Wooliver highlighted slide 12, "Replace Worn Furnishings and Specialized Finishes in Public Use Spaces - 61541 (CAPSIS)."

Upgrades and repairs for jury rooms, customer service areas, courtrooms, and libraries

Furnishings worn, damaged, and uncomfortable

Finishes unsafe, unsightly, and losing structural integrity

Mr. Wooliver looked at slide 13, "Statewide Building Code and Energy Upgrade for Court Buildings - 61542 (CAPSIS)."

Earthquake bracing

Energy efficient light fixtures

Americans with Disabilities (ADA) compliant doors

Other miscellaneous upgrades for code and ADA compliance

Mr. Wooliver discussed slide 14, "Conversion of Audio records to Digital Format - Phase 1 - 61543 (CAPSIS)."

Preserve original electronic court records

Degradation of media (cassette tapes)

Transfer media to server

Co-Chair Meyer remarked that he had some questions related to some phase projects. He stressed that the committee was trying to avoid "phased" projects.

Senator Bishop understood the concern regarding the conversion of audio files to a more upgraded system.

SB 119 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[10:49:21 AM](#)

The meeting was adjourned at 10:49 a.m.