

SENATE FINANCE COMMITTEE
February 9, 2022
9:04 a.m.

9:04:19 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff, Senator Click Bishop; Neil Steininger, Director, Office of Management and Budget, Office of the Governor; Chad Hutchison, Director of State Relations, University of Alaska.

PRESENT VIA TELECONFERENCE

Melanie Arnolds, Director, Division of Facilities Services, Department of Transportation; Christopher Hodgkin, Engineer/Architect, Department of Transportation, Anchorage; Alesia Kruckenberg, Director of Planning and Budget, University of Alaska.

SUMMARY

SB 33 SEAFOOD PRODUCT DEVELOPMENT TAX CREDIT

CSSB 33 (FIN) was REPORTED out of committee with four "do pass" recommendations, and three "no

recommendation" recommendations and with one new fiscal impact note from the Department of Revenue.

PRESENTATION: DEFERRED MAINTENANCE - OFFICE OF MANAGEMENT and BUDGET, UNIVERSITY OF ALASKA

#sb33

SENATE BILL NO. 33

"An Act relating to a seafood product development tax credit; providing for an effective date by repealing secs. 32 and 35, ch. 61, SLA 2014; and providing for an effective date."

[9:04:56 AM](#)

Co-Chair Bishop relayed that the committee was hearing SB 33 for the third time.

Senator von Imhof MOVED to ADOPT proposed committee substitute for SB 33, Work Draft 32-LS0308\N (Nauman, 2/7/22).

Co-Chair Bishop OBJECTED for discussion.

[9:05:34 AM](#)

ERIN SHINE, STAFF, SENATOR CLICK BISHOP, discussed a // She explained that the Committee Substitute would create a new set of statutes; AS 43.75.037, the Fisheries Product Development Tax Credit, modeled after the repealed Salmon and Herring Product Development Tax Credit. She said that in the CS, eligible fish were defined as Salmon, Herring, Pollock, Pacific Cod, and Sable fish. She relayed that the effective date was not longer retroactive, but has an immediate effective date, and the sunset date of the tax credit was January 1, 2027. An amendment had been incorporated into the current version that would make the number of recipients, in the total amount of tax credit claimed for each type of eligible fish, a matter of public record.

Ms. Shine explained that the changes could be found, with the inclusion of Sections 1, 2, 3, and 8, and with subsection (J) in Section 4, with conforming changes in Sections 6 and 9.

[9:06:44 AM](#)

Co-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered. The CS for SB 33 was ADOPTED.

Senator Wilson discussed a new fiscal note from Department of Revenue, OMB 2476. He read from the analysis:

Revenue Impact

From fiscal years (FY) 2017-2020, the annual value of the now expired Salmon and Herring Production Development Tax Credit ranged from \$2.3 million to \$4.4 million. This fiscal note provides estimated revenue impacts for creating a new tax credit for property used to perform value-added functions for salmon, herring, pollock, Pacific cod, and sablefish with an immediate effective date.

[9:07:38 AM](#)

Senator von Imhof MOVED to report CSSB 33 (FIN) out of Committee with individual recommendations and the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CSSB 33 (FIN) was REPORTED out of committee with four "do pass" recommendations, and three "no recommendation" recommendations and with one new fiscal impact note from the Department of Revenue.

[9:08:08 AM](#)

AT EASE

[9:10:42 AM](#)

RECONVENED

^PRESENTATION: DEFERRED MAINTENANCE - OFFICE OF MANAGEMENT and BUDGET, UNIVERSITY OF ALASKA

[9:10:46 AM](#)

Co-Chair Bishop relayed that the Office of Management and Budget (OMB) and the University of Alaska (UA) would both provide presentations.

[9:11:09 AM](#)

Co-Chair Stedman wanted to address a question or concern about an appropriation that had been made to the Voice of the Arctic. He had looked at the grant application, which did not match the request presented to the committee. He thought there was a need for some more backup to clarify the matter. He did not believe that any funds had been released on the \$1 million appropriation.

[9:12:53 AM](#)

Co-Chair Bishop affirmed that as of the previous day no funds had been expended.

[9:13:06 AM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, discussed a presentation entitled "State of Alaska Office of Management and Budget Deferred Maintenance Senate Finance Committee February 9, 2022," (copy on file). He explained that he would be covering the first portion of the presentation, after which Melanie Arnolds, Director, Division of Facilities Services, Department of Transportation would provide technical information. Her support staff, Chistopher Hodgkin, Engineer/Architect, Department of Transportation, Anchorage, would also be available.

Co-Chair Bishop referenced an overview from OMB and robust debate on deferred maintenance from a meeting the previous Friday.

Co-Chair Bishop understood that the transition of deferred maintenance under OMB had begun under the Walker Administration.

Mr. Steininger replied in the affirmative.

[9:15:06 AM](#)

Mr. Steininger looked at slide 2, " Deferred Maintenance Overview":

Deferred maintenance is maintenance or repair projects that have been delayed or postponed due to lack of funds within an entity's normal operating budget cycle.

State of Alaska property portfolio:

- 2,400+ facilities (includes University)
- 20 million square feet of space
- 14 State Agencies
- Type varies by Agency

Mr. Steininger expanded that the 2,400+ facilities accounted for approximately 20 million square feet of space, spread across 14 state agencies. He thought it was important to note that every agency had different types of buildings from large buildings to remote cabins, with a large diversity of function and purpose.

[9:17:04 AM](#)

Senator Wilson asked about the Public Building Fund and wondered how many facilities were included under the fund.

Mr. Steininger thought generally office buildings were part of the fund. Agencies that had space in the buildings paid a lease payment based on square footage that covered depreciation and maintenance on the buildings.

[9:18:16 AM](#)

Co-Chair Bishop asked whether there was an appropriation for FY23 from the Public Building Fund.

Mr. Steininger replied that there was an appropriation in the Operating Budget, but there was no additional Capital Budget maintenance appropriation in the current governor's budget proposal. He said that there was existing Capital Budget authority.

Co-Chair Bishop requested the balance of the remaining capital authority.

[9:18:49 AM](#)

Mr. Steininger spoke to slide 3, "Funding Recommendations and Targets":

There is no one definitive rule on the level of preventive maintenance necessary **to avoid** deferred maintenance, but a 2012 National Research Council publication references a range of 2-4% of replacement cost value

FY2020 replacement cost value (excluding University):
\$7,678,370.1

1% = \$76.8 million

2% = \$153.6 million

4% = \$307.1 million

Mr. Steininger noted that the replacement cost value number was from FY21, rather than FY20 as indicated on the slide.

[9:20:06 AM](#)

Senator Wielechowski asked whether the state was structured in a way to maximize federal dollars for deferred maintenance.

Mr. Steininger affirmed that the state was using the funds, in the case of Public Building Funds, very well. He thought the system was well structured for the needs of public buildings. He noted that some other structures were more state funded in their maintenance.

Co-Chair Bishop asked whether PBF was the acronym for Public Building Fund.

Mr. Steininger replied in the affirmative.

[9:21:47 AM](#)

Senator Wielechowski thought an audit or further investigation could help in the effort to maximize federal funds.

Mr. Steininger agreed.

Co-Chair Bishop asked whether the State Office Building was under the Public Building Fund.

Mr. Steininger answered in the affirmative.

Co-Chair Bishop commented that the façade of the building was quite dirty.

[9:22:46 AM](#)

Senator Wielechowski asked whether there was anything that could be done legislatively to ensure the federal dollars were being maximized.

Mr. Steininger said that ensuring an accurate reflection of the capture of federal funds for operating maintenance was priority. He said that capturing the numbers go harder with the deferred maintenance list and the use of unrestricted general fund. He used the example of the Department of Military and Veterans Affairs, which received significant federal dollars that the state could easily capture. The state also received considerable federal funds for the Veterans' Pioneer Home in Palmer. He thought it was harder to track the usage for smaller facilities. He said that it was an issue of constant vigilance.

[9:24:30 AM](#)

Mr. Steininger referenced slide 4, "Governor's Budget Maintenance Funding," which listed the maintenance funding requests by department, amount, and funding source:

Capital Budget FY2023 Governor

Natural Resources

\$1,418.0 (in thousands)

Coronavirus State and Local Fiscal Recovery Fund
(CSLRF)

Fish and Game

\$500.0 (in thousands)

Undesignated General Fund (UGF)

Courts

\$3,820.0

Alaska Capital Income Fund

Governor

\$23,880.0

Alaska Capital Income Fund

**Operating Budget FY2023 Governor Maintenance and
Operating (M&O) Funding**

All Agencies

\$76,389.5

Various

Total - \$106,007.5

Co-Chair Bishop asked whether it was safe to say that it was sometimes a challenge for agencies, which could use more of their M&O for the capital side.

Mr. Steininger thought there was a bit of a challenging in ensuring that operating funds maintenance was working in tandem with capital funding. He thought that the consolidation into the Division of Facilities Services, under the prior administration, had been to get a handle on the management of funds across all agencies.

[9:27:05 AM](#)

Senator von Imhof referenced Mr. Steininger's assertion that the \$106 million was on the lower end, with the 1 to 4 percent range. She asked whether there was potential for some of the deferred maintenance project to become bigger concerns.

Mr. Steininger thought Senator von Imhof's question was a speculative one. He thought it was important to note that the speculative ranges were a best guess and were not perfect. He reiterated that there was wide diversity in the types of facilities the state owned. He did not know whether there was a perfect level. He said that a more remote facility was reliant on individuals working at that facility to perform maintenance that was outside of their usual job description. He did not believe that a perfect level of funding could be defined.

[9:29:12 AM](#)

Co-Chair Bishop dovetailed on Senator von Imhof's comment. He thought the state was barley treading water in the area of deferred maintenance.

Senator von Imhof pondered the concept of getting ahead on deferred maintenance versus treading water. She thought that a more holistic approach could be taken. She thought that the one percent might work for a while but would not work forever. She was concerned whether OMB had contemplated the policy ramifications of paying \$106 million towards deferred maintenance versus \$1.6 billion towards a cash liquidation. She wondered about the policy

consequences of using money for dividend payouts rather than for the deferred maintenance of the state.

Mr. Steininger considered the two issues to be separate policy considerations. He suggested the payment of the dividend was not something that the administration considered an issue of policy prioritization internal to the administration. He contended that the administration believed that the payout was not a policy item to be weighed against other concerns but was a default state to pay Alaskan's first. He continued that deferred maintenance had to compete against other operating and capital priorities. He said that OMB worked to cobble together different funds sources. He mentioned previous reappropriations of lapsing capital projects leveraged to fund projects.

[9:33:06 AM](#)

Senator von Imhof appreciated Mr. Steininger's explanation of the administration's philosophy. She thought all spending all mattered and came out of the general fund. She pondered that if a household paid itself first, while ignoring a leaky roof or a broken furnace, it could result in dire consequences. She hoped that the committee looked at increasing the deferred maintenance so that the problem did not become worse.

[9:34:13 AM](#)

Mr. Steininger turned to slide 5, "Backlog \$703.891.3 (excluding University)," which showed a bar graph illustrating the amount of deferred maintenance backlog (excluding University). He cited a backlog of \$704 million, the bulk of which was for the Department of Transportation and Public Facilities (DOT&PF). He related that very recently the administration had worked to transfer the PBF from DOA to DOT, as a final phase of the consolidation of facilities maintenance. He noted the Department of Corrections was very facilities-heavy and the Department of health and Social Services operated many 24-hour facilities.

[9:35:43 AM](#)

Mr. Steininger considered slide 6, "Statewide Funding Approach":

Allocation process

- OMB facilitates the collection of agency deferred maintenance lists
- State Facilities Council reviews and prioritizes deferred maintenance projects across executive branch agencies
- Facilities Council deferred maintenance workshops anticipated February through May, with goal of Statewide prioritized list to OMB May 2022
- Projects to be prioritized based on combination of significant factors including facility importance, building system, and urgency to create a
*Project Index Value (PIV).

[9:37:32 AM](#)

Co-Chair Bishop asked for an example of the department representatives on the council.

Mr. Steininger thought that it could be a facilities manager, division director, and representatives from large facilities.

[9:38:32 AM](#)

Senator Wilson asked about the deferred maintenance dollar amount for the Court System.

Mr. Steininger said he would provide the information.

[9:39:12 AM](#)

Mr. Steininger deferred to DOT to discuss slide 7, "Project Ranking Formula":

- Project prioritization a combination of the below to create a Project Index Value (PIV):

PIV = (MAI) x (System Factor) x (Need)

- MAI - Mission Alignment Index, alignment of facility to an Agency's mission
- System Factor - Scale related to various building systems and their impact on building

- Need - The urgency and criticality for replacement
- If known, other attributes are also considered such as anticipated return on investments, any matching funds, or eligibility as a financed energy savings performance project

[9:40:52 AM](#)

Ms. Arnolds discussed slide 7.

MELANIE ARNOLDS, DIRECTOR, DIVISION OF FACILITIES SERVICES, DEPARTMENT OF TRANSPORTATION (via teleconference), noted that she had been in her position for three months. She noted that she was not new to the department, only the position.

[9:42:00 AM](#)

Ms. Arnolds highlighted slide 8, "Mission Alignment Index":

- Mission Alignment Index (MAI) identifies the relative importance of a facility in relation to an agency's primary mission. Besides how critical the facility is to the agency mission it considers:
 - How capable is it to deliver services
 - How utilized is it, how many people, citizens or state services does it impact
 - Availability of other facility options at that location
- The most critical facilities of an agency are directly aligned with the agency's purpose to exist
 - Amongst multiple critical facilities within in an agency, there are still varying degrees
 - Allows better risk management to programs, and guides investment and divestiture decisions
 - Determined by the agency. Periodically revisited.

Ms. Arnolds looked at slide 9, "Mission Alignment Index Examples":

- **Critical:**
 - The Agency cannot meet its mission without this facility. There are no viable workarounds
- **Important:**
 - Would impact the Agency's mission if unavailable.
Possible workarounds
- **Supportive:**
 - Would possibly impact the Agency's mission if unavailable, but other options available
- **Other / Non Mission Critical:**
 - Would not have an effect on the Agency's mission if unavailable

Index Scale

0.75 - 0.9

0.5 - 0.74

0.25 - 0.49

0.0 - 0.24

Facility

Key Maintenance Station, Correctional Center, Hangar, School, etc.

Certain Office Buildings

Certain Warehouses or Storage Buildings

[9:44:24 AM](#)

Senator Wielechowski asked whether the pandemic had changed the method for evaluation of index scales.

Ms. Arnolds replied in the affirmative. She discussed the revelation that there were many functions that could be carried out outside of office buildings. She could not speak to the degree of change for each agency.

[9:46:09 AM](#)

Ms. Arnolds addressed slide 10, "Systems and Needs Examples":

- **Life, Health, Safety, Structure**

- Sprinkler, Fire Alarm, Structural,
- Including Life, Health, Safety issues caused by envelope, mechanical, electrical, or other system failures

System Factor
0.75 - 1.0

Need

5 - Critical

- Corrects critical life safety or code hazard
- Imminent failure, requires immediate action to return facility to normal operations

- **Envelope and Shell**

- Roof, Exterior Walls and Windows

System Factor
0.5 - 0.74

- **Mechanical, Electrical, Conveying, Process**

- HVAC, Plumbing, Power, Lighting, Elevators, Escalators, industry specific systems

System Factor
0.5 - 0.74

Need

4 - Important, not yet critical

- Requires action within next 5 years to stop intermittent interruptions
- Corrects deterioration or potential safety hazards

- Interior, exterior grounds, other

- Interior Doors, Walls, Floors, Finishes

System Factor
0.25 - 0.49

Need

3 - Necessary

- Require appropriate attention to preclude deterioration or potential downtime

Co-Chair Bishop asked where ADA compliance fell in the systems.

Ms. Arnolds thought that it would fall under the top bullet point. She offered to get back to the committee with more information.

[9:49:10 AM](#)

Ms. Arnolds advanced to slide 11, " Examples From Last Prioritization Cycle":

- Mission Alignment Index - Determined by the owning department. In this example, each is a critical building essential to serving the mission of the respective department.
 - System Factor - Average of the inputs from each member of the Facilities Council
 - Need - Average of the inputs from each member of the Facilities Council
 - Project Index Value - Calculated and ranked for over 100 projects from the last ranking cycle
- Final prioritized list was reviewed and approved by Facilities Council, then shared with OMB to inform the recommended deferred maintenance allocation.

Ms. Arnolds relayed that the examples were real and critical and included:

- Ketchikan Pioneer Home - Domestic Water Supply Lines Replacement
- Palmer Highway SEF Maintenance Station - Palmer Highways/SEF Maintenance Station Trench Drain & Oil/Water Separator

[9:52:14 AM](#)

Senator Wilson thought in the previous year the Facilities Council was set to conduct a workshop to produce a statewide list and wondered whether a list could be provided to the committee.

Ms. Arnolds explained that that the list was still in progress; the council was planning on meeting between now and May, after which the list would be available.

Mr. Steininger interjected that the lists from previous years could be provided to the committee.

Senator Wilson asked how conflict between the Facility Council and OMB would be resolved.

Ms. Arnolds deferred to Christopher Hodgin.

[9:53:36 AM](#)

CHRISTOPHER HODGIN, ENGINEER/ARCHITECT, DEPARTMENT OF TRANSPORTATION, ANCHORAGE (via teleconference), explained that disagreements were resolved through robust methodological discussion.

[9:54:54 AM](#)

Ms. Arnolds looked at slide 12, "Statewide Management Approach":

Division of Facilities Services' (DFS) mission is to deliver, improve, and maintain safe and reliable facilities across Alaska. This work encompasses all aspects of construction through maintenance during a facility's life cycle. This centralization provides consistency, expertise, care, and application of state rules to manage integral real property assets.

DFS' administrative costs and Department of Transportation and Public Facilities overhead are billed to agencies based on a federally-approved indirect cost allocation plan rate for FY2022 this rate is 9.28%.

[9:56:11 AM](#)

Senator Wilson asked whether the purchase of the Alaska Incident Management System Guide (AIMS) had benefitted the state.

Ms. Arnolds stated that the department had begun uploading the data into the system but that the program had not been maximized. She said that the system would give the state the capability to have the electronic management tools to manage the assets and prioritizations.

[9:58:03 AM](#)

Senator Wilson wondered when the system was purchased, how much it cost, and when it would be completed.

Co-Chair Bishop asked when the system would be fully operational.

Ms. Arnolds reminded the committee that she was only three months into her position and noted that there had been a great deal of staff rotation in the division. She agreed to follow up on a completion date. She said that the cost of the systems was shared by the agencies.

[9:59:28 AM](#)

Co-Chair Bishop understood that she did not know when the system would be fully deployed.

Ms. Arnolds affirmed that the department did not have a timeline as to when data would be fully uploaded to the system.

Co-Chair Bishop asked whether it could be in one year.

Ms. Arnolds replied that certain agencies could be fully uploaded in a year.

Senator Wilson expressed disappointment that the system was not already fully functional.

[10:00:47 AM](#)

Mr. Steininger showed slide 14, " Deferred Maintenance: State Owned Facilities, which showed a bar graph illustrating the number of facilities by agency, inclusive of the UA system.

Mr. Steininger referenced slide 15, " Deferred Maintenance: Facility Types, which showed a bar graph illustrating the total square feet by agency. He noted that while the UA system made up much of the backlog because they had the largest facilities.

considered slide 16, " Deferred Maintenance: Known Disposed Assets":

- Department of Health and Social Services Ketchikan Youth Center Returned to the City
- Department of Health and Social Services Nome Youth Facility in-progress
- Department of Fish and Game Birch Lake Land Parcel
- Department of Natural Resources Sold Facility Associated with the Agriculture Revolving Loan Fund
- Department of Military and Veterans Affairs Divested 15 Army National Guard Facilities with 50 Others Planned or In Progress
- Department of Transportation and Public Facilities Sold Two Facilities from Kulis - Anchorage
- University of Alaska Reduced Space through Property Sales, Elimination of Leases, and Demolition

Co-Chair Bishop was curious whether the facility under the fourth bullet was the meat packing plant in Palmer.

Mr. Steininger said he would get back to the committee.

[10:03:29 AM](#)

AT EASE

[10:04:13 AM](#)

RECONVENED

CHAD HUTCHISON, DIRECTOR OF STATE RELATIONS, UNIVERSITY OF ALASKA, noted that he had several lifelines online for specific questions.

Mr. Hutchison discussed the presentation University of Alaska - For Alaska - Senate Finance Committee - February 9, 2022 UA - Deferred Maintenance. He noted the \$50.0 million request by the Board of Regents for facilities Deferred Maintenance/Renewal & Repurposing.

Mr. Hutchison referenced a one-page document entitled "FY 22 Priority Deferred Maintenance Projects and Renewal and Repurposing" (copy on file). He shared that the list included the entire deferred maintenance request for this year for easy reference.

Mr. Hutchison turned to slide 4, "Gov Proposed FY23 Capital Budget":

- UAF - Bartlett Hall and Moore Hall Modernization and Renewal: \$18.7M (G.O. Bond funds)
- Student Information Technology Systems: \$20.0M (SoA Coronavirus Capital Projects federal funds)
- Seward Marine Center Research Vessel (Sikuliaq) Infrastructure: \$94.4M (UAF CFOS NSF federal funding authority)

Mr. Hutchison noted that the federal Coronavirus funds were not guaranteed.

[10:08:11 AM](#)

Co-Chair Bishop noted that the legislature had added funding to last year's budget for Bartlett and Moore Hall, which Governor Dunleavy had subsequently vetoed.

Mr. Hutchison appreciated that fact. He said that many of the currently requests would look familiar to the committee.

[10:09:01 AM](#)

Senator Wielechowski asked whether there were other projects the governor had vetoed and queried the rationale for the vetoes.

Mr. Hutchison could not speak for the governor. He said that he supported the actions of the legislature, and that the UA appreciated the recognition of the legislature of the real need faced by the UA system.

[10:09:36 AM](#)

Senator Olson asked whether there was a reason that the governor had vetoed the deferred maintenance projects.

Mr. Hutchison reiterated that he did not know the governor's reasoning. He emphasized that the University faced a real need when it came to deferred maintenance funding.

[10:10:28 AM](#)

Senator Wielechowski was curious as to why critical projects were vetoed. He thought if critical life and

safety issues were being vetoed there must be a good reason.

Mr. Steininger stated the administration had initially supported the funding of the projects as part of the G.O. Bond package and when the funding was changed to UGF the project was no longer part of the administration's financing plan for state capital projects. He thought that the veto did not show lack of support for the project itself, rather the way that it was funded. He noted that projects were put forth again this year by the administration in the G.O. Bond package in the hope of maximizing low interest rates for financing projects.

Co-Chair Bishop noted that the voters would have to approve the G.O Bond.

[10:12:24 AM](#)

Senator von Imhof understood that the administration would rather go into debt to pay for the projects rather than pay cash and not incur debt.

Mr. Steininger responded that the State Debt Manager could be made available to the committee to discuss the matter. He said that the bond package was advantageous at current interest levels and would be reasonable for the state to carry and pay down overtime.

[10:13:30 AM](#)

Senator von Imhof thought there was a philosophical difference between the administration and the legislature. She thought that the interest rates could go up and the arbitrage would shrink. She believed that projects that were bonded were expected to generate revenue for the state, which was how the debt was repaid. She expressed concern with bonds being used for deferred maintenance projects.

[10:14:30 AM](#)

Senator Wielechowski described 60-year-old buildings in the University system that had plumbing, heating, ventilation, lighting, and code compliance issues. He spoke to the request detail. He lamented that the governor would veto

projects for philosophical funding reasons, over the health and safety of Alaskans.

Mr. Steininger recounted that the primary consideration at the time of the vetoes had been whether the project would be better supported through a bond package rather than limited general fund resources. He recognized that the University was in need, which was why the project was in the FY23 G.O. Bond package.

[10:16:25 AM](#)

Co-Chair Bishop assured Mr. Steininger that the committee would be considering the projects and their funding sources.

[10:16:30 AM](#)

Senator Wielechowski understood that if the legislature funded the projects with general funds - the governor would veto the items.

Mr. Steininger replied in the negative. He said that those were the factors from the previous year, and the administration currently supported funding the projects through bonds, but that he could not say whether the governor would veto a general fund request.

[10:17:22 AM](#)

Mr. Hutchison moved to slide 3, "Capital Budget DM/R&R Funding History - Unrestricted General Funds & Backlog (in millions of \$)," which was approximately \$1.4 million.

[10:18:31 AM](#)

Senator Wilson went back to slide 2. He asked why the University was looking to use federal funds for IT system upgrades rather than life safety issues.

Mr. Hutchison relayed that the federal funds had to be connected to the Coronavirus period. He said that the board had also looked at general funds. He noted that it was a process and the University awaited definitive answers from the U.S. Department of Treasury on how federal dollars could be spent in the future.

[10:20:11 AM](#)

Mr. Hutchison went back to slide 3. He invited Alesia Kruckenberg to speak.

[10:20:25 AM](#)

ALESIA KRUCKENBERG, DIRECTOR OF PLANNING AND BUDGET, UNIVERSITY OF ALASKA (via teleconference), relayed that the \$5 million of money allocated to the governor's office for distribution and was awarded to the University for their most critical deferred maintenance projects.

Co-Chair Bishop asked how much the University bonded for in 2012.

Mr. Hutchison interjected approximately \$50 million.

Co-Chair Bishop noted that the University had taken it upon itself to bond for the projects at that time. He thought that cuts in the University budget had begun to affect operating cost and he advocated for a base increase.

Mr. Hutchison noted that further detail on the \$5 million had been submitted to member's offices.

[10:21:51 AM](#)

Mr. Hutchison addressed slide 4, "Gov Proposed FY23 Capital Budget":

- UAF - Bartlett Hall and Moore Hall Modernization and Renewal: \$18.7M (G.O. Bond funds)
- Student Information Technology Systems: \$20.0M (SoA Coronavirus Capital Projects federal funds)
- Seward Marine Center Research Vessel (Sikuliaq) Infrastructure: \$94.4M (UAF CFOS NSF federal funding authority)

[10:22:46 AM](#)

Mr. Hutchison addressed slide 5, " FY23 Gov Amend \$50M DM/R&R (top 5 \$33m)

1. UAF Fairbanks Campus Building Interior & Systems Renewal \$20,500.0

Modernize both residence halls' (Bartlett & Moore) restrooms, laundry facilities and associated sanitation infrastructure by replacing the plumbing systems and reconfiguring the restrooms to comply with current building codes, ADA standards and modern student resident expectations; replace the entire Bunnell elevator unit with a modern elevator within the same structural shaft; renovate one to two restrooms within each Duckering, Elvey, and Bunnell buildings with new fixtures, finishes, partitions, lighting, etc.

2. UAA Campus Building Interior & Systems Renewal \$11,171.0

Replace failing piping, inadequate electrical systems, inefficient lighting, boilers, fans, deficient variable air volume (vav) boxes and upgrade building automation system controls. This energy savings performance project will incorporate mechanical and electrical system improvements to three critical facilities, the Professional Studies Building (PSB), the Wendy Williamson Auditorium (WWA), and the Social Sciences Building (SSB).

3. UAS Deck Mansards Replacement Paul Building \$100.0

Replace the siding/roofing material with a Bermuda metal material that is more resistant to constant rain.

4. UAA Consortium Library and Arcade & Bridge Lounge Roof Replacement \$900.0

This project will demolish the existing roof system, increase parapet cap height, upgrade structural components for seismic restraint, replace roof decking as required and install a new roofing system.

5. UAF Moore-Bartlett-Skarland Residence Exterior Lighting \$325.0

The project will replace inadequate exterior lighting with new, energy efficient LED fixtures on all four sides of the building.

[10:23:24 AM](#)

Mr. Hutchison showed slide 6, " FY23 Gov Amend \$50M DM/R&R continued," which showed a table of projects continued:

6. UAA Campus Security & Safety (replace exterior/interior doors) \$429.0

7. UAF Safety & Regulatory Compliance (renew HVAC and hydronic system, pool refurbishment, fire alarms, door replacement) \$7,775.0
8. UAS Safety Improvements and Regulatory Compliance (fix or replace retractable bollards, emergency exit canopies and notification improvements) \$1,266.0
9. UAA Community Campus HVAC Healthy Building Upgrades \$3,100.0
10. UAF Rural and Community Campus Renewal (fire rated corridor egress & alarms, electrical distribution, fuel tank repair/replace) \$2,200.0
11. UAS Exterior Infrastructure (fuel tank replacement, covered stairways, sidewalk repairs & drainage improvements) \$1,157.0
12. UAS Interior Systems (elevator and HVAC replacement) \$577.0
13. UAF Community and Technical College Renewal (CTC) (renovate restrooms) \$300.0
14. UASO Replace Emergency Egress Lighting Power Supply (Butrovich) \$200.0

Mr. Hutchison said that more detailed descriptions were available.

Co-Chair Bishop discussed housekeeping.

#

ADJOURNMENT

[10:24:11 AM](#)

The meeting was adjourned at 10:24 a.m.