

HOUSE BILL NO. 345
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE JAMES

Introduced: 1/10/94

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the preservation of public facilities and to appropriations for
2 annual maintenance and repair, periodic renewal and replacement, and construction
3 of public facilities."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. FINDINGS. The legislature finds

6 (1) the State of Alaska has a substantial initial investment in its public
7 buildings and other public facilities;

8 (2) because insufficient funds have been appropriated for routine maintenance
9 of public facilities, wide spread deterioration of public facilities has occurred as the result of
10 deferred maintenance;

11 (3) the condition of public buildings directly affects the performance and health
12 of persons who work in the buildings;

13 (4) the state must maintain and repair and renew or replace its public facilities
14 and their component systems on a regular schedule in order to preserve and protect its

1 investment in the facilities;

2 (5) the cost of annual maintenance and repair and periodic renewal and
3 replacement necessary to preserve the state's public facilities is not readily ascertained through
4 observation but is best determined through a formula concept for life cycle costs derived from
5 the actual experience of managers of public facilities and currently in use by the University
6 of Alaska;

7 (6) its duty to preserve and protect existing public facilities is as important as
8 the original duty to provide adequate public facilities for the conduct of public's business;

9 (7) unless adequate funds are consistently appropriated for the annual
10 maintenance and repair and periodic renewal and replacement of public facilities and their
11 component systems, the buildings and facilities will continue to deteriorate and result in
12 increased deferred maintenance costs, or possible demolition and subsequent replacement at
13 a much higher cost;

14 (8) in order to ensure that the requisite funding is available each year for
15 annual maintenance and repair and periodic renewal and replacement of public facilities, the
16 legislature must appropriate the necessary funds for the preservation and protection of existing
17 public facilities before appropriating funds for new construction or for renovation or
18 remodeling of public facilities.

19 * Sec. 2. AS 35.10.050 is amended to read:

20 Sec. 35.10.050. DUTY OF DEPARTMENT TO EXAMINE AND REPORT
21 ON EXISTING PUBLIC BUILDINGS. The department shall, from time to time,
22 examine all existing public buildings and other public facilities and report the
23 condition of each and annual maintenance and repair, periodic renewal and
24 replacement, or any necessary additional construction that is needed on them.

25 * Sec. 3. AS 35.10.160 is amended to read:

26 Sec. 35.10.160. FINDINGS AND PURPOSE. The legislature finds that since
27 the needs of the state for physical facilities of all kinds are diverse the planning,
28 design, and construction of public facilities and the subsequent annual maintenance
29 and repair and periodic renewal and replacement of those facilities should be
30 executed in accordance with facility procurement and preservation policies developed
31 by the department and reviewed annually by the legislature.

1 * Sec. 4. AS 35.10.170 is amended to read:

2 Sec. 35.10.170. DUTIES OF DEPARTMENT. In addition to other duties
3 prescribed by statute, the department shall

4 (1) develop facility procurement policies for the planning, design,
5 construction, [MAINTENANCE] and operation of public facilities of the state;

6 (2) develop facility preservation policies for the annual maintenance
7 and repair and periodic renewal and replacement of public facilities of the state;

8 (3) develop and maintain an inventory of physical facilities currently
9 owned or occupied by the state;

10 (4) [(3)] make projections of future public facility needs of the state,
11 analyze facilities needed, and establish methodology for program planning and
12 facilities project planning, design, and construction, based upon

13 (A) a justification of the level of service anticipated by the
14 program agency, utilizing population projections and estimates approved by the
15 governor; [,]

16 (B) consideration of the geographical area to be served by the
17 facility and relevant data concerning the agency's existing public facilities in
18 that area; [,]

19 (C) the date by which the services are to be provided; [,]

20 (D) alternative program methods for providing the services; [,]

21 and

22 (E) pertinent data requested by the department in accordance
23 with procedures developed under AS 35.10.180;

24 (5) [(4)] engage in experimental projects as necessary relating to any
25 available or future method of facility procurement, design, or construction and any
26 method of improving existing design, planning, [AND] construction, and life cycle
27 costing techniques;

28 (6) [(5)] develop life cycle costs of public facilities of the state;

29 (7) [(6)] develop and revise, as indicated by the experience of state
30 agencies and other public entities with responsibility for operating or maintaining
31 public facilities, life cycle costing methodologies for the following special purposes:

1 (A) budget forecasting to support facility program planning and
2 analysis; [,]

3 (B) systematic cost estimating to forecast planning, design, and
4 construction; [,]

5 (C) budget forecasting to support development of annual
6 maintenance and repair, periodic renewal and replacement, and operating
7 strategies and life cycle cost plans; [,]

8 (D) alternative methods of space acquisition and space
9 equalization which will maximize the effectiveness of public funds;

10 (8) [(7)] apply for and accept, on behalf of the state, grants from the
11 federal government or an agency of the federal government [IT] or from another state
12 foundation, corporation, association, or individual for any of the functions or purposes
13 of the department and may expend any of the money received under this section for
14 any of the functions or purposes;

15 (9) annually determine the cost of annual maintenance and repair
16 and periodic renewal and replacement of public facilities operated by state
17 agencies, the legislature, the judicial system, the University of Alaska, and public
18 corporations of the state that is necessary to preserve each public facility.

19 * Sec. 5. AS 35.10.180(a) is amended to read:

20 (a) The department shall develop and keep current by periodic revision
21 physical facility procurement and planning policies and facility preservation policies
22 for rural schools, public buildings, and other state facilities, and shall develop
23 regulations and guidelines for the implementation of these policies.

24 * Sec. 6. AS 35.10.180(b) is amended to read:

25 (b) In developing and revising these policies, the department shall seek public
26 review and evaluation by any reasonable means and shall

27 (1) consult and cooperate with officials of the federal government, local
28 governments, other political subdivisions of the state, and other interested persons
29 regarding physical facility procurement planning and facility preservation;

30 (2) request and receive from an agency or other unit of the state
31 government the assistance and data needed to carry out the requirements of this

1 section.

2 * Sec. 7. AS 35.10.200 is amended by adding new paragraphs to read:

3 (3) "maintenance and repair" means the day-to-day scheduled and
4 preventive maintenance effort required to keep buildings and facilities operational and
5 in a continuous state of readiness; "maintenance and repair" includes minor repair
6 work;

7 (4) "renewal and replacement" means the scheduled replacement of
8 worn-out major building components and the replacement or retrofitting of obsolescent
9 or inefficient building systems in order to maintain or extend the life of a building or
10 facility.

11 * Sec. 8. AS 37.07.010 is amended to read:

12 Sec. 37.07.010. STATEMENT OF POLICY. It is the purpose of this chapter
13 to establish a comprehensive system for state program and financial management that
14 furthers the capacity of the governor and legislature to plan and finance the services
15 that they determine the state will provide for its citizens. The system must include
16 procedures for

17 (1) the orderly establishment, continuing review, and periodic revision
18 of the program goals and policies of state agencies and financial goals and policies of
19 the state;

20 (2) the development, coordination, and review of long-range program
21 and financial plans that will implement established state goals and policies;

22 (3) the preparation, coordination, analysis, and enactment of a budget
23 that is organized to focus on the services provided by state agencies and on the cost
24 of those services and that provides for implementation of policies and plans [,] in the
25 succeeding budget period;

26 (4) the evaluation of alternatives to existing policies, plans, and
27 procedures that offer potential for more efficient state services;

28 (5) the regular appraisal and reporting of program performance;

29 (6) public participation in the development of the annual budget,
30 including opportunity for the public to review and comment upon the plans and
31 programs of the Office of the Governor and all state agencies in the executive branch,

1 the legislature, the judicial system, the University of Alaska, and the public
2 corporations of the state;

3 (7) establishment of a priority for use of capital improvements
4 program funds for the annual maintenance and repair and periodic renewal and
5 replacement of existing public facilities of the state agencies in the executive
6 branch, the legislature, the judicial system, the University of Alaska, and the
7 public corporations of the state.

8 * Sec. 9. AS 37.07.030 is amended to read:

9 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The
10 legislature shall

11 (1) provide for a budget review function;

12 (2) analyze the comprehensive operating and capital improvements
13 programs and financial plans recommended by the governor;

14 (3) adopt legislation to authorize implementation of the governor's
15 comprehensive operating and capital improvements programs and financial plans or
16 appropriate alternatives to those plans;

17 (4) provide for a post-audit function to cover financial transactions,
18 program accomplishment, and compliance with legislative intent;

19 (5) adopt or revise the estimate of receipts required to balance the
20 succeeding fiscal year's budget in order that proposed expenditures do not exceed
21 estimated receipts for that fiscal year;

22 (6) adopt, revise, or initiate revenue measures in order to balance the
23 succeeding fiscal year's budget and the capital improvements section of the budget for
24 the succeeding six years;

25 (7) appropriate funds for the full cost of annual maintenance and
26 repair and periodic renewal and replacement of existing public facilities of a
27 branch of state government, as determined by the Department of Transportation
28 and Public Facilities under AS 35.10.170, before funding construction of new
29 public facilities or a substantial addition to existing public facilities of that branch
30 of state government; in this paragraph, "branch of state government" means
31 either the legislature, the judicial system, the University of Alaska, a public

1 corporation of the state, or all other agencies of the executive branch.

2 * Sec. 10. AS 37.07.040 is amended to read:

3 Sec. 37.07.040. OFFICE OF MANAGEMENT AND BUDGET. The Alaska
4 office of management and budget shall

5 (1) assist the governor in the preparation and explanation of the
6 proposed comprehensive program and financial plan, including the coordination and
7 analysis of state agency goals and objectives, plans, and budget requests;

8 (2) prepare for submission to the governor an annually updated six-year
9 capital improvements program and the proposed capital improvements budget for the
10 coming fiscal year, the latter to include individual project justification with
11 documentation of estimated project cost;

12 (3) develop procedures to produce the information needed for effective
13 policy decision making, including procedures to provide for the dissemination of
14 information about plans, programs, and budget requests to be included in the annual
15 budget and opportunity for public review and comment during the period of budget
16 preparation;

17 (4) assist state agencies in their statement of goals and objectives,
18 preparation of plans, budget requests, and reporting of program performance; all
19 documents forwarded by the office to a state agency containing instructions for the
20 preparation of program plans and budget requests and the reporting of program
21 performance are public information after the date they are forwarded;

22 (5) administer its responsibilities under the program execution
23 provisions of this chapter so that the policy decisions and budget determinations of the
24 governor and the legislature are implemented;

25 (6) provide the legislative finance division with the budget information
26 the division [IT] may request;

27 (7) provide the legislative finance division with an advance copy of the
28 governor's budget workbooks by the first Monday in January of each year, except that
29 following a gubernatorial election year the advance copy shall be provided by the
30 second Monday in January;

31 (8) prepare the proposed capital improvements budget for the coming

1 fiscal year evaluating both state and local requests from the standpoint of need, equity,
2 and priorities of the jurisdiction; other factors such as project amounts, population,
3 local financial match, federal funds being used for local match, municipality or
4 unincorporated community acceptance of the facility, and all associated costs of the
5 facility may be considered; the proposed capital improvements budget must include
6 the amount necessary to fully fund annual maintenance and repair and periodic
7 renewal and replacement of existing public facilities of the legislature, the judicial
8 system, the University of Alaska, public corporations, and state agencies in the
9 executive branch.

10 * Sec. 11. AS 37.07.050(a) is amended to read:

11 (a) Each state agency, on the date and in the form and content prescribed by
12 the office, shall prepare and forward to the office and the legislative finance division

13 (1) the goals and objectives of the agency programs, together with
14 proposed supplements, deletions, and revisions;

15 (2) its proposed plans to implement the goals and objectives, including
16 estimates of future service needs, planned methods of administration, proposed
17 modification of existing program services and establishment of new program services,
18 and the estimated resources needed to carry out the proposed plan;

19 (3) the budget requested to carry out its proposed plans in the
20 succeeding fiscal year, including information reflecting the expenditures during the last
21 fiscal year, those authorized for the current fiscal year, those proposed for the
22 succeeding fiscal year, an explanation of the services to be provided, the number of
23 total positions for all persons employed or under contract by the agency for personal
24 services including those rendered for capital improvement projects, the need for the
25 services, the cost of the services, and any other information requested by the office;

26 (4) a report of the receipts during the last fiscal year, an estimate of the
27 receipts during the current fiscal year, and an estimate for the succeeding fiscal year;

28 (5) a statement of legislation required to implement the proposed
29 programs and financial plans;

30 (6) an evaluation of the advantages and disadvantages of specific
31 alternatives to existing or proposed program policies or administrative methods;

1 **(7) a budget for annual maintenance and repair and periodic**
2 **renewal and replacement of the agency's public facilities as determined by the**
3 **Department of Transportation and Public Facilities under AS 35.10.170.**

4 * Sec. 12. AS 37.07.060(b) is amended to read:

5 (b) The governor shall present the proposed comprehensive operating and
6 capital improvements programs and financial plans in a message to a joint session of
7 the legislature before the fourth legislative day following the convening of the
8 legislature in regular session. The message must be accompanied by an explanatory
9 report that summarizes recommended goals, plans, and appropriations. The report must
10 contain

11 (1) the coordinated program goals and objectives ~~that~~ [WHICH] the
12 governor recommends to guide the decisions on the proposed program plans and
13 budget appropriations;

14 (2) the governor's operating program and budget recommendations for
15 the succeeding fiscal year organized by agency as required by AS 37.07.020(a);

16 (3) the governor's capital improvements program and budget
17 recommendations for the succeeding fiscal year and capital improvements program for
18 the succeeding six fiscal years which must include

19 (A) a description of each project, its estimated cost for the year
20 construction is to start, and the estimated cost of the project adjusted for
21 inflation over the estimated period of construction, and the source of financing
22 for the project; the project description for a new building or a new facility or
23 for a major addition to a building or facility should include a site plan,
24 preliminary drawings, and architect's or engineer's total cost estimate for the
25 project;

26 (B) **the estimated cost to fully fund annual maintenance and**
27 **repair for public buildings and facilities;**

28 (C) **the estimated cost to fully fund periodic renewal and**
29 **replacement projects;**

30 (D) a summary of projects previously authorized and not yet
31 completed;

1 (E) [(C)] a summary, listed by agency, of all previously
2 proposed projects that have been deferred beyond the six years covered by the
3 plan and the year in which construction has been rescheduled to begin;

4 (F) [(D)] a forecast of the debt structure of the state and the
5 various debt ratios over the life of the state's bonds outstanding, bonds
6 authorized and to be issued, and bond authorizations recommended in the plan;

7 (G) [(E)] a description of additional revenue measures needed
8 to finance the plan in lieu of debt;

9 (H) [(F)] bond election bills to authorize the bonds required to
10 fund the projects scheduled for the first three years of the plan;

11 (I) [(G)] projections of population of the state and its regions
12 and communities;

13 (J) [(H)] economic data and projections necessary for the
14 evaluation of the plan;

15 (4) a summary of state receipts in the last fiscal year, a revised estimate
16 for the current fiscal year, and an estimate for the succeeding fiscal year;

17 (5) a summary of expenditures during the last fiscal year, those
18 authorized for the current fiscal year, and an estimate for the succeeding fiscal year;

19 (6) any additional information that will facilitate understanding of the
20 governor's proposed programs and financial plans by the legislature and the public.

21 * Sec. 13. AS 37.07.120 is amended by adding new paragraphs to read:

22 (8) "maintenance and repair" has the meaning given in AS 35.10.200;

23 (9) "renewal and replacement" has the meaning given in AS 35.10.200.