

COMMITTEE REPORT

SENATE

Mr. President:

Date _____

The Committee on _____ has had _____
under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

Chairman

Introduced: 1/19/76
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 625

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Public
7 Facility Planning Fund; and providing for an effective
8 date."

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

10 * Section 1. The sum of \$2,318,650 is appropriated from the general
11 fund to the Public Facility Planning Fund for the purpose of advance
12 planning for capital projects of the state.

13 * Sec. 2. This Act takes effect upon the effective date of the Act
14 establishing a revolving fund to provide for public facility planning, as
15 enacted by the Ninth Alaska State Legislature, Second Session.

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JAN 19 1976

HB 625

HB 625

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a special appropriation to the Public Facility Planning Fund, to be created by another bill I am proposing. The appropriation is for \$2,318,650 -- a figure arrived at by establishing the percentage of public works projects which is necessary for advance planning, multiplying the dollar amount in each of this year's proposed bond bills by that percentage, and adding up the products of that multiplication. The planning fund will operate as a revolving fund, with this appropriation being the source of the initial money in the fund. Bond issues for capital projects of the State will reimburse the fund for amounts of money advanced by the fund for the purpose of those projects.

Sincerely,

Jay S. Hammond
Governor

HOUSE JOURNAL

CSHB 624 & HB 625

Finance CSHB 624 incorporates, with one exception, all construction planning funds for state projects in one revolving planning fund in the Department of Administration. Expenditures from the fund will be reimbursed on a project by project basis.

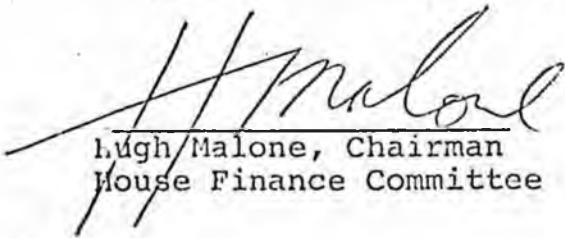
The exception above is the planning fund established in the 1974 general obligation bond issue for fisheries. This fund was established with bond proceeds, and the Committee believed that moving the fund balance into the new revolving fund might be a contradiction of the state pledge to the bondholders. However, this fund will be exhausted with the completion of the projects authorized in that bond issue and may not be renewed.

HB 625 provides an initial appropriation to the revolving planning fund in HB 624. The appropriation is based on the Governor's requested capital improvements program before the legislature (not including highway construction). The amount of appropriation is based on the percentage of construction costs for each type of project required to do planning.

According to testimony from the Department of Public Works, the advance planning fund will allow the state to put to bid virtually all bond projects authorized for the next two years, if the appropriation to the fund is adequate. This is in contrast to the history of capital expenditures so far in our state.

The total appropriation required will depend on the amounts and types of construction authorized by the legislature. Therefore, setting the final level of appropriation should be done when this is known, probably by conference committee.

Respectfully submitted,


Hugh Malone, Chairman
House Finance Committee

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bills 624 & 625
 Title: Public Facility Planning Fund
 Requested by: Legislative Finance Date: 2-10-76
 Return Date Requested: At once
 Agency: Public Works Program: Administration

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. FUNDING: (Thousands of dollars)

GENERAL FUND		2,318.7				
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

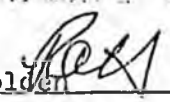
PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached.

IV. ATTACHMENTS


- 1) Explanation
- 2) Fiscal breakdown by program


V. DATE: 20 February 76 PREPARED BY: Richard A. Holden 

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

February 20, 1976

TO: Honorable Hugh Malone
Chairman, House Finance

FROM:  Donald Harris, Commissioner
Department of Public Works

SUBJECT:  HB 624 / HB 625

The Governor has requested that the legislature establish a public facility planning fund, to provide money with which to conduct program and project planning activities in advance of a G.O. Bond Issue approval.

Currently, the State agencies must await the passage of G.O. Bond Issues before commencing those activities necessary to advertise construction contracts, e.g. the development of program plans, site investigations, preliminary and final designs, etc. Consequently, given Alaska's extreme climatic and logistical problems we generally have insufficient time (from November to April) in order to take advantage of the first available construction season, with inevitable inflationary erosion of budgets, and inadequate designs resulting from severe time pressure.

Equally, the State agencies have not been equipped to develop adequate program plans to derive well-considered resource requirements prior to submitting requests for the funding of capital projects. The result has been that individual capital programs have been funded without the necessary prior co-ordination and integration.

HB 624 has been introduced to mitigate the problems outlined above. Money appropriated to the Public Facility Planning Fund (P.F.P.F.) would be disbursed by Division of Budget and Management on a demonstrated needs basis to program agencies, e.g. Department of Education, local government instrumentalities (where applicable) and the Department of Public Works, for the purposes outlined.

Reimbursement would be made to the P.F.P.F. from the budgets of projects for which planning funds had been expended, when those projects were approved by the electorate. The P.F.P.F. would then provide funding for the succeeding biennium. The P.F.P.F. could also be augmented by additional appropriations.

It is likely that some bond issues will fail. In that event, the preliminary work would still be available to support future projects, or may provide the basis for new directions.

The expenditure of advance planning funds may be thought of as a worthwhile risk: on the one hand expenditures of 1% - 5% will occasionally be made temporarily in vain; without such expenditures, however, we face the certainty of erosion of construction budgets of the order of 15% - 25%, and the consequence of hurried work with often time poor results. To illustrate the point: 15% of \$240,000,000 = \$36,000,000.

The funding request contained in HB 625 is based on individual G.O. Bond Issues introduced by the Governor. Attachment #2 lists the funding amounts by program category and the percentages of the G.O. Bond Issues represented by those amounts. Should the Legislature wish to provide planning funds for G.O. Bond Issues introduced either by the Governor, Legislators, or Legislative Committees, and should it also alter the amounts of the various bonding proposals, the percentages may be applied to the altered totals to provide adequate funding.

In some cases we have adequate data on which to base the requested amounts, e.g. rural schools. In some cases we do not, e.g. Fish & Game projects. In the latter cases we have minimized the funding requests.

HOUSE BILL 624 / HOUSE BILL 625

PROPOSED EXPENDITURE BY PROGRAM CATEGORY

Bill #	Program Category	Governor's Bill	P.F.P.F. Appro.	Percentage
HB 619	Small secondary school construction	19,900.0	490.0	2.5
HB 620	Emergency funds, repair, etc.	10,011.3	110.0	1.1
HB 623	Marine highway system (contained in HB 623)	3,056.0	300.0	1.0 (of State & HTF)
HB 616	Highway maintenance facilities	3,000.0	42.0	1.4
HB 618	Correctional facilities	30,000.0	595.0	2.0
HB 614	Alaska court system facilities	3,807.2	59.0	1.5
HB 611	Public safety facilities	4,590.0	87.0	1.9
HB 621	Military affairs facilities	2,000.0	40.0	2.0
HB 615	Fish and game projects ① Governor's bill final total = 40,000.0 which would require \$860,000 in PFPF / 2.2%	4,495.1	47.0 ^①	1.0
HB 612	Health facilities	4,100.0	198.7	4.9
HB 622	Trunk & secondary airports	5,575.0	200.0	3.6
HB 610	Water & sewer ② Applied to V.S.F. projects only	31,000.0	50.0 ^②	5.0 (of 1,000.1)
HB 613	Parks	7,000.0	100.0	1.4
		128,534.6	2,318.7	

STATE OF ALASKA

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER

ATTACHMENT #1

JAY S. HAMMOND, GOVERNOR

POUCH 2 - JUNEAU 99811
(TELEX 45328)

February 20, 1976

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Chairman, House Finance

FROM: *RH* Donald Harris, Commissioner
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HB 610	Water & sewer	31,000.0	50.0 ⁽²⁾	5.0 (of 1,000.1)
	② Applied to V.S.F. projects only			
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TO: Kent Dawson, Director
Division of Budget and Management
Department of Administration

DATE : December 30, 1975

FROM: Richard Holden *RH*
Deputy Commissioner
Department of Public Works

SUBJECT: CIP Revolving Planning Fund
Requirements

We have estimated that the following amounts will provide minimum adequate advanced planning funds for those programs to be provided with facilities by the 1976 G.O. Bond Issue.

Education	\$600,000
Health	200,000
NRM&EC - Parks	100,000
NRM&EC - Fish & Game	860,000
Environmental Conservation	50,000
Military Preparedness	40,000
Public Safety	87,000
Court System	59,000
Correctional Centers	595,000
Aviation	200,000
Marine Transportation	300,000
Highways (for building construction)	42,000
TOTAL:	\$3,133,000

\$47,000 IS INCLUDED / TO MATCH GOVERNORS 4,000,000 BOND REQUEST. \$813,000 IS NOT INCLUDED WHICH MATCHED AN ADDITIONAL \$40,000,000 BOND REQUEST NOT INCLUDED BY GOVERNOR.

We have included no funds for the port facilities because it is felt that Water and Harbors can develop criteria without the necessity for expenditure of additional funds.

We have included no funds for the Department of Highways' road building program because we don't know where the roads are going to be built.

We have included no funds for the University construction program because it already has a revolving fund which will more than adequately service the \$15 million request.

cc: Donald Harris, Commissioner
Department of Public Works

Carl Gonder, Budget Analyst
Department of Administration

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STATE OF ALASKA

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DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER

POUCH 2 - JUNEAU 99811
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MEMORANDUM

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Department of Administration

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cc: Donald Harris, Commissioner
Department of Public Works

Carl Gonder, Budget Analyst
Department of Administration

TASK: The development of a comprehensive Capital Improvements Program (CIP) planning process.

OBJECTIVE: To describe and implement a CIP planning process to accomplish the following objectives:

(1) To ensure that State agencies can properly identify whether they need additional physical facilities to carry out their respective missions.

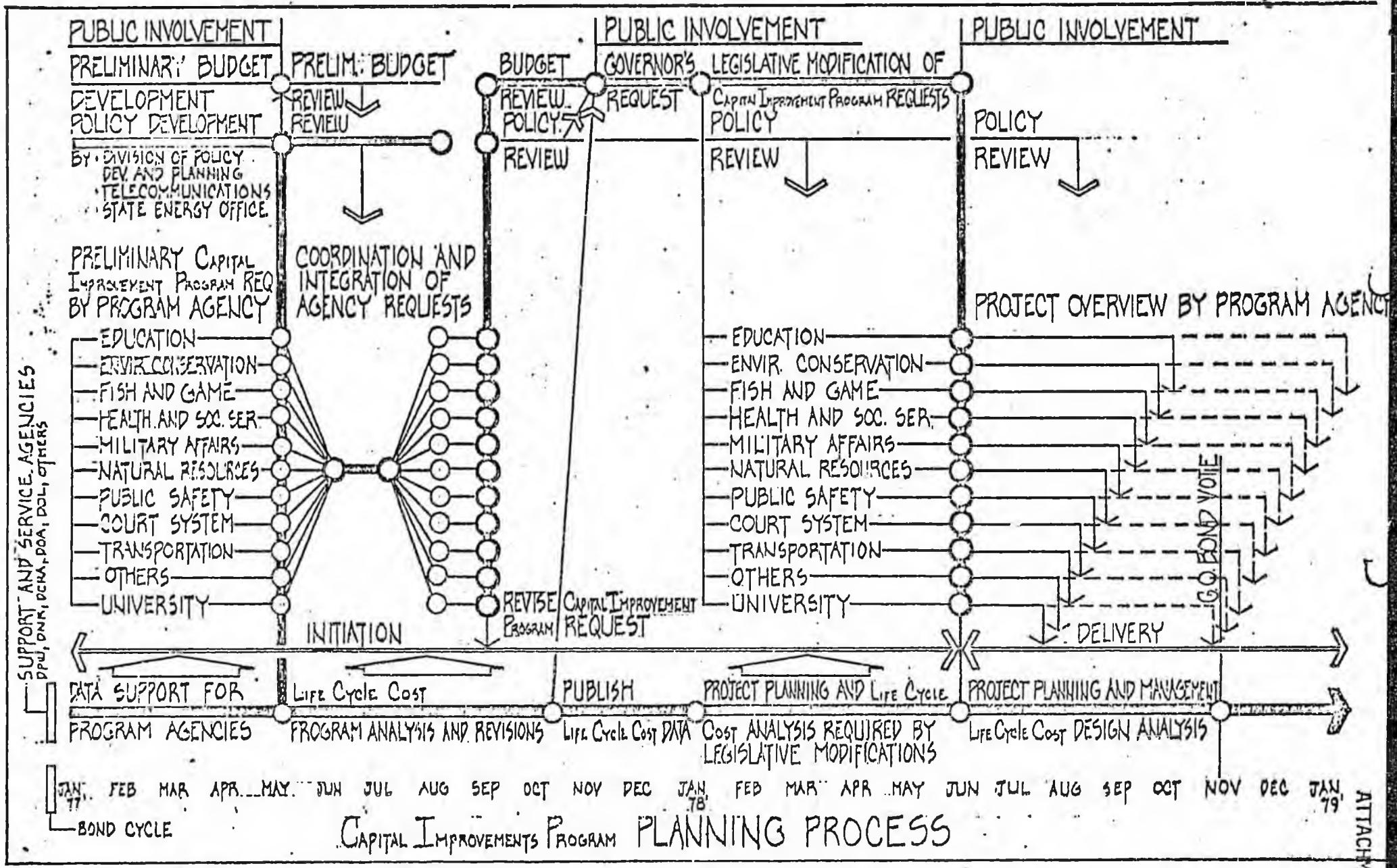
(2) To ensure that agency requests reflect each others needs and to determine whether an agency request will require support request from another agency. The school (Department of Education) should have the necessary sewer and water (Department of Environmental Conservation) and the necessary road (Department of Highways) funded and scheduled for construction in logical sequence in the request submitted to the Budget Review Committee.

(3) To enable statewide fiscal and non-fiscal policy to be integrated into agency requests prior to submission to the Budget Review Committee (e.g. energy, land policy).

(4) To enable the calculation, not only of the procurement cost, but also the life cost of agency proposals, so that long-term expenditures and income can be compared with proposed benefits.

(5) To ensure that the Governor and Legislature are provided with all feasible options so that the policy-makers can best represent their various constituencies.

(6) To ensure the most cost-effective delivery, maintenance, operation, and utilization of funded facility proposals.



SUPPORT AND SERVICE AGENCIES
 DPW, DNR, DCWA, DOA, DOL, OTHERS

REQUEST FOR PROPOSAL
COMPREHENSIVE FACILITIES PROCUREMENT PROCEDURES PROGRAM
FOR THE STATE OF ALASKA

BACKGROUND INFORMATION

Chapter 216 entitled Public Facilities Procurement Policy differs from other Life Cycle Costing legislation, which deal largely with energy implications of design in these respects:

1. The Act requires that the Commissioner of Public Works shall develop public policy for the planning, design, construction, and maintenance of public facilities of the State, which policies shall be submitted to the Legislature annually. The policies shall be based on Life Cycle Costing methodologies.

2. The Legislature is required to positively debate such policies, which shall be considered approved in the absence of debate.

3. The Life Cycle Cost definition includes "occupancy" costs, i.e. the cost to the State of the programmed usage of facilities, including salaries, supplies, and other expenditures incurred by the occupying agencies which use the facility. The legislation thus creates a planning process:

A prime function of a planning process is to challenge and reaffirm program goals; then, to identify optional means of achieving these goals with the concomitant development of resource requirements necessary to implement each option.

It is a further task of the planning process to ensure (whatever the level of expenditure, and whatever the policy decided) that appropriated funds are expended in the most cost-effective fashion.

The work outlined in this Request for Proposal is intended to accomplish the following objectives:

1. Enable facilities planners to evaluate program agency requests for capital improvements spending to determine:

a. Whether the agency's program objectives require the acquisition of more facilities or whether other means of program delivery or more effective utilization of existing facilities will, in the opinion of the Department, provide for the attainment of program goals.

b. In the event that more facilities are required, which diverse kinds of facilities might suffice, and what is the long-term profile of each option, i.e. what first cost, maintenance and operations cost and what occupancy cost accrue to each option, whether rented, leased, purchased or remodelled.

2. Once the policy-makers have accepted, modified, rejected and/or replaced the planners' recommendations, how to make the best long-term use of the funds appropriated to achieve program goals.

3. In the event that program or project funding is generated via the political process without recourse to our planning efforts, how best to make the most cost-effective long-term use of the funding, while if possible, accommodating long-range planning requirements.

4. Provide management tools necessary for sound management practice during the facility procurement process.

The Commissioner of Public Works has begun the formal organization of a Life Cycle Costing section responsible for the definition, implementation and on-going operations of a comprehensive Life Cycle Costing program. The State of Alaska is now soliciting the professional expertise of the private sector to assist and hasten this definition and implementation.

For the purposes of this proposal, all facilities procured utilizing State funds are subject to this process.

CONSULTANT SCOPE OF WORK

1. FACILITIES INVENTORY

A facilities inventory and operations and maintenance data base is required to provide analytical and management information. The tasks are identified as:

A. INVENTORY DESIGN

(a) Establish inventory scope. Establish the broad scope of the inventory, the purposes for which the data will be used and identify all constraints. Establish long-term objectives and interfaces with existing and proposed systems. Select a comprehensive list of descriptors, parameters, and information desirable for each facility.

(b) Review existing data. Review existing information held in the Building Index, Department of Public Works and other agency files. Assess reliability of data.

(c) Finalize inventory scope. Based on tasks (a) and (b) above, establish list of new information requirements, ranking items into the following groups: Essential, important, optional. Assess the resources required to collect all data and balance cost against benefits to be gained from collection of each piece of information. Finalize scope of inventory.

(d) Design data collection format. Design a form suitable for collecting of the information required. The design should enable direct key punching of completed forms.

(e) Develop rules of measurement and instructions. Develop instructions for completion and collection, including standard rules for measurement where required for each item in the inventory.

(f) Develop computerized storage and retrieval system. Develop programs for the storage, retrieval and analysis of the inventory data, for implementation on the Department of Administration computer system. The programs should respond to different needs, have an interactive capability and interface with other systems.

(g) Update inventory data base. Develop methods for updating inventory data base to maintain current information.

B. COLLECTION OF DATA

Information required for the inventory would be acquired by measurement and inspection of as-built drawings and specifications, or by field observation. A priority listing of facilities would be established. Department of Public Works personnel will complete the inventory. The consultant shall train State personnel.

2. LIFE CYCLE COSTING METHODOLOGY

A. CAPITAL COST COMPONENT

(a) Framework - Adopt the existing GSA/AIA classification framework for analysis of facility costs and make any adaptations necessary for this program.

(b) Rules of Measurement - Detail the rules for measuring each item in the classification according to accepted practice.

(c) Procedures - Develop procedures for the collection of capital cost project data in the required format. Design forms to interface with facility procurement procedures.

(d) Collection of Data - Capital cost analysis of a sample of existing facilities will be performed by the consultant. As new facilities are constructed, the forms and procedures developed in (c) above will be used by State of Alaska personnel to capture data for the file. The consultant shall train State personnel in this process.

(e) Cost Index - Develop the procedure for updating and transposing capital cost data.

B. OPERATIONS AND MAINTENANCE COST COMPONENT

(a) Code of Accounts - Expand and revise the existing Department of Public Works code of accounts for operations and maintenance to provide more detailed data for life cycle cost analysis purposes and to interface with 2. A (c) above.

(b) Cost Structure Implementation - Assist Department of Public Works in implementing a new coding structure including revisions to computer programs. Develop coding manual with instructions for allocations of all work actions.

(c) Collection of Data - Data collection under the new format will begin as soon as the forms for collection are developed. (see time schedule for desired date of implementation of new system.

(d) Cost Variation - Analyze problem of cost variations between different locations. Recommend solutions for reduction of cost.

C. OCCUPANCY COST MODEL

Assess feasibility of developing and implementing an occupancy cost analysis model. Prepare a preliminary evaluation of departmental operating budgets with the object of analyzing the interaction of facility use costs with other life cost components.

D. COMPUTER ANALYSIS

Develop a method for the meaningful analysis and interpretation of the data assembled in 2 A and B and in the physical inventory. Interrelated computer based analytical models should be designed to forecast long-term facility cost and performance patterns and to support facility planning and life cost budgeting activities.

The models should respond selectively to a carefully articulated yet comprehensive set of user needs which encompass decisions from preliminary conceptual or feasibility review, through the structuring of annual strategies for maintenance and occupancy of existing facilities.

Presently, we envision three models as necessary for data manipulation. Routine Reports should satisfy the requirement for complete periodic documentation of the system status to ensure that data is being properly entered and

maintained and to provide a variety of general statistics which may be scanned as part of the general occupancy and expenditure monitoring procedure. The reports must be suitable for distribution to management and operation personnel with varying levels of data aggregation.

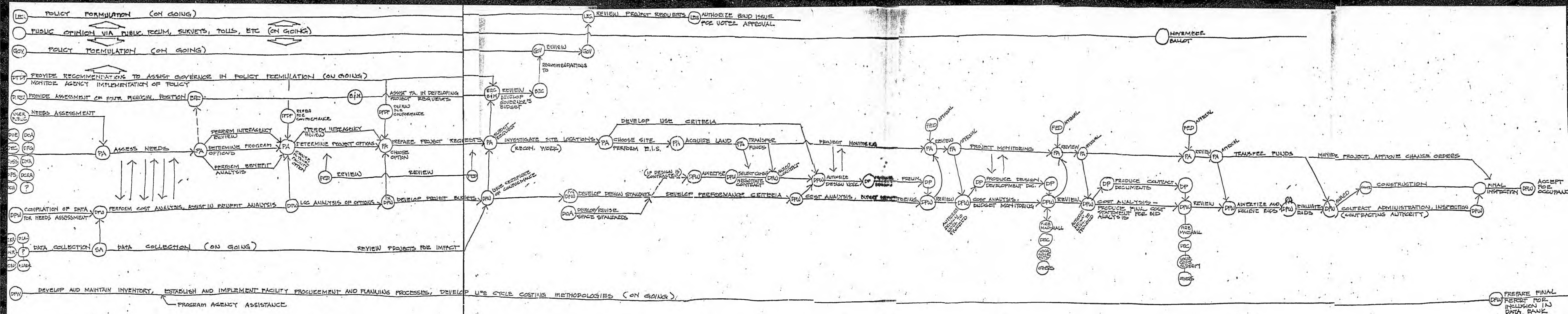
Selective Reports should yield analytic results in a number of predetermined report formats but only via explicit request. This mode should permit the user to tailor relatively unique responses to specific problems such as, the analysis of a specific facility or the preliminary review of biannual agency requests or the analysis of specific design elements or features.

Interactive Reports are intended to facilitate analyses for which a particular set of procedures and report formats cannot be predetermined. Each sequential step should be invoked via user request following a judgmental response to one or more previous results.

The models should be formulated on a theoretical and empirical basis and should be designed to integrate with state operating procedures. The specific tasks outlined below are intended to indicate additional detail for the reporting models described above.

- a. Examine existing models and approaches indicating potential applicability.
- b. Review state procedures, identifying specific user data and report requirements.
- c. Develop and implement a computer based facility data management system with statistical analytic capability. Assess existing state programs for applicability.
- d. Code existing cost and performance data and formulate a uniform data set.
- e. Develop statistical relationships for budgeting and planning forecasts.
- f. Develop an integrated logistical time related scheduling model capable of analyzing most cost effective schedule and of assessing options for contracting techniques.
- g. Test equations utilizing existing state data and adjust as required.
- h. Develop an interlocking data structure to relate program and facility information at necessary levels (See Attachment _____).
- i. Develop an interlocking data structure to assess interrelationships of all program agency CIP requests.
- j. Utilizing GSA/AIA format, develop procedures for assessing data at the design and operating decision levels.
- k. Test procedures utilizing existing state data and adjust as required.
- l. Test report formats and adjust as required.
- m. Document the system. Develop a clear concise manual of instruction for inclusion in the procedures manual.
- n. Install the system and instruct potential users in its use.

- Attachments:
- A. Relevant Legislation
 - B. State Data Processing Capability
 - C. Anticipated Work Schedule
 - D. CIP Planning Process Chart With Verbal Explanation



FACILITY PROCUREMENT PROCESS (FIRST DRAFT 30 MARCH 76-KAD)

- LEGENDS: LEG LEGISLATURE GOV GOVERNOR PA PROGRAM AGENCY SA SURVEY ASSISTANT DP DESIGN PROFESSIONAL OR IN-HOUSE STAFF CONTR CONTRACTOR

PREPARE FINAL REPORT FOR INCLUSION IN DATA BANK

OF ALASKA

TO: [Kevin Haring, Director
 Community Planning Division
 Department of Community & Regional Affairs

DATE : March 30, 1976

FROM: Kit Duke, Senior Planner
 Office of the Commissioner
 Department of Public Works

SUBJECT: Rural Schools Facilities
 Procurement

Attached is a copy of House CS for CS for SB 554 relating to the issuance of G.O. Bonds for constructing school facilities and water reservoirs (life safety tanks). Section 3, item (5) lists the communities and school districts which would receive facilities.

In support of the Department of Education's programming efforts, we are seeking data regarding each of these sites to develop a schedule for procurement of these facilities.

At this time we are concerned with two phases which will require support data from other State agencies:

(1) Assessment of existing conditions:

- What roads, airstrips, docking facilities exist.
- Size, capacity, condition, and capability for expansion of village utilities.
- Facilities available for housing contractor's personnel.
- Availability and quality of natural resources such as gravel, sand, etc.
- Current land ownership.
- Labor sources available in the area.
- Dates for the normal construction season.

(2) Assessment of conditions influencing facility use program:

- Identification of people to be contacted within the community.
- Capacity and condition of support services available or to be available in near future such as health facilities, public meeting areas, and school facilities.
- Economic projections indicating expected growth, anticipated resource development.

- 10-11-76
- Impact the facility could have on any services provided by or on any facilities controlled by your Department.
 - Any facility requirements your Department is projecting for the community and including on the 1976 or 1978 G.O. Bond request.
 - Any personal knowledge of community conditions.

We are seeking from your Department any information related to these two phases of analysis. You may have additional data which your Department can make available to us. I would like to meet with you to discuss this, as well as the time frame for completion of this task.

cc: Richard Holden
Deputy Commissioner
Department of Public Works

Paul Carr
Division of Community Planning
Department of Community &
Regional Affairs

Bill Thompson, Director
Division of Management & Finance
Department of Education

Attachment

KD:ct