

H B

110





A M E M D M E N T

TO HB 110

BY GOLL

Sec. \_\_\_\_\_. The Court System shall obtain legislative approval before building the court facilities redesigned with this appropriation.

A M E N D M E N T

OFFERED IN THE HOUSE

BY THE JUDICIARY COMMITTEE

TO: HB 110

Page 1, following line 13:

Insert a new bill section to read:

"\* Sec. 2. The Alaska Court System shall obtain legislative approval before building the court facilities redesigned with this appropriation."

Renumber the following bill sections accordingly.

# Alaska State Legislature




## House of Representatives House Judiciary Committee

P. O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-4990

### M E M O R A N D U M

TO: House Finance Committee

FROM: House Judiciary Committee 

RE: HB 110, Anchorage court facility special appropriation

DATE: March 3, 1989

The House Judiciary Committee considered and passed out HB 110. The attached amendment, which requires the court system to obtain legislative approval before building the court facilities redesigned with the appropriation, was considered but failed passage on a three to three vote.

The committee did, however, request that the amendment be sent with the bill to the Finance Committee to serve as an expression of the committee's interest in the matter.

c.c.: Representative Fran Ulmer, Chair  
Court System Subcommittee

## DEPARTMENT OF REVENUE

TREASURY DIVISION

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
P O BOX 58  
JUNEAU, ALASKA 99811-0400

March 10, 1988

The Honorable John Binkley  
Co-Chairman  
Senate Finance Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Binkley:

I would like to offer the Department of Revenue's comments on the credit implications of the Anchorage court building financing, as you have requested. They are:

1. the financing would be lease-purchase obligation (either lease revenue bonds or certificates of participation in rent); as such,
  - a. it will be considered by the rating agencies as part of the State's debt burden, generally in the same light as State general obligation bonds, because repayment of the debt comes from the State's general fund; please see the enclosed letter of December 29, 1983 from Richard P. Larkin of Standard & Poor's;
  - b. recognition may be given by the rating agencies to the fact that, in some cases, the additional debt service burden may be partially or entirely offset by reductions in rent of other facilities under true operating leases; nevertheless, the shift to a lease-purchase obligation does change the character of the State's obligation as Mr. Larkin's letter indicates;
  - c. the rating on the debt generally will be one full grade below the State's general obligation bond rating, due to the fact that the lease payments are subject to appropriation and do not carry the full faith and credit pledge of a general obligation bond; see the enclosed excerpt on lease obligations from Standard & Poor's "Debt Ratings Criteria"; this means the interest costs will be as much as 30

basis points, or .3 percent higher, than if the financing was through general obligation bonds;

2. the effect on the State's debt burden resulting from the financing would be considered by the rating agencies both in magnitude and duration;
  - a. the State's capacity to issue debt at its current Aa/AA- ratings has generally been measured by the guideline that debt service should not exceed 5 percent of unrestricted revenues; this includes all debt which is paid from the State's general fund (general obligation bonds, lease-purchase obligations, municipal school debt reimbursement, and University of Alaska revenue bonds); as the enclosed table and graphs indicate, the State debt burden significantly exceeds this level (14.4 percent for FY 88 using September 1987 30th percentile revenue estimates), even if only general obligation debt is considered (7.6 percent); few states with Aa ratings exceed 5 percent; if issuance of additional debt was likely to cause a rating downgrade, such issuance would have to be evaluated from the standpoint of issuers of moral obligation, municipal, and other State and State agency debt whose ratings and interest costs are tied to the State's general obligation rating;
  - b. the agencies have displayed much concern with debt which extends beyond the Prudhoe curve; as a result, a maximum maturity of 10 years or so might have to be considered; this could noticeably increase debt service requirements.

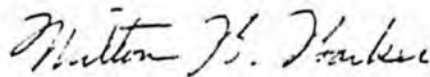
In conclusion, Alaska has many strengths which offset its high debt levels. These are cited in the enclosed rating reviews. It is not clear that issuance of the courthouse financing would raise a serious risk of a rating adjustment. Yet, it would use up some of the State's debt capacity, even though such capacity cannot be precisely measured and would add to the State's fixed costs.

The rating agencies are aware of the authorization for the Anchorage court financing. However, their analysis is based on debt issued. Issuance of financing for the courthouse would likely trigger yet another review of the State's credit by the rating agencies. The State has been under close scrutiny by

The Honorable John Binkley  
March 10, 1988  
Page 3

the rating agencies (as witnessed by the enclosed reviews)  
since the drop in oil prices and will probably remain so, in  
any event, with the approaching decline of the Prudhoe curve.

Yours truly,



Milton B. Barker  
Deputy Commissioner

MBB/gb  
88-72

Enclosures

# Standard & Poor's Corporation

25 Broadway New York, New York 10004



December 29, 1983

RECEIVED

JAN 03 1984

ALASKA DEPARTMENT OF REVENUE  
TREASURY DIVISION  
JUNEAU

Mr. Milt Barker  
Deputy Commissioner  
Department of Revenue  
11th Floor State Office Bldg.  
Pouch, SB  
Juneau, Alaska 99811

Dear Mr. Barker:

I would like to respond to your letter of December 13, regarding our views on lease obligations.

Lease Payments are viewed in essentially the same light as debt service on general obligation bonds, regardless of whether the obligation is cancellable due to non-appropriation. In fact, debt obligations secured by lease payments are included in our computations for overall debt burden.

Many states do not consider lease rental debt under debt limitation laws, primarily because legal interpretations view the obligations to pay rent as an annual budget item, and not a long term debt with a continuing appropriation. The fact remains, however, that the debt is still outstanding, and payable for as long as the property is being used by the lessee. While many leases permit non-payment of rent and cancellation of lease obligations, Standard & Poor's would be very concerned about an issuer's general obligation rating, in those cases where leases were cancelled as a ploy to avoid paying debt obligations.

I've enclosed some information regarding our approach to rating lease-rental debt obligations. If you have any further questions, feel free to contact Vladimir Stadnyk or myself at (212) 201-1767.

Very Truly Yours,

A handwritten signature in cursive script, appearing to read 'Richard P. Larkin'.

Richard P. Larkin  
Managing Vice President  
Municipal Finance Department

cc: V. Stadnyk  
T. Arthur

# LEASE OBLIGATIONS

## Lease obligation criteria

*This policy statement updates and expands S&P's tax-exempt lease obligation criteria. Over the years, S&P has rated numerous lease transactions both of the instalment-sales and leveraged-lease types, for both real and personal property. Although the basic rating approach remains unchanged, some new innovations in the field, such as "master" leases and lease pools, have required some additional criteria implementation.*

Lease-secured ratings differ depending on the lease provisions and the strength of the repayment source. Because constitutional and statutory laws regarding leases vary, few generalizations can be made about them. However, lease obligations generally fall into two categories:

- (1) Leases resembling long-term debt.
- (2) Higher risk obligations requiring annual appropriations and having limited legal remedies.

Ratings for the first category emphasize the long-term and binding nature of certain leases regardless of whether they are considered debt for other purposes such as debt limits or voting requirements. In cases where the lease is long-term, where the lessee covenants to budget and appropriate, where failure to appropriate constitutes an event of default, and where the legal recourse of a holder is similar to that of a long-term debt holder, ratings may be as high as the lessee's senior debt rating, depending on the capacity to make lease payments.

The second category involves leases which depend on budgetary appropriations (fiscal funding) by the lessee, and where legal remedies are limited in the event of nonappropriation. Owing to the risk that lease payments may be terminated before the obligation is repaid, ratings on these transactions are lower than the lessee's full faith and credit rating. Typically the lease rating is one full category below.

To rate a lease transaction requiring an annual appropriation, S&P evaluates the following:

- General creditworthiness of the lessee.
- Essentiality of the leased property.
- Security features in the lease agreement.

In addition, an opinion from a recognized bond counsel is necessary stating that the agreement is a net lease without the right of offset. A second opinion from lessee's counsel is also required stating that the lease transaction is valid, legal, binding, and enforceable.

## Rating approach

S&P will rate a lease upon receipt of a formal application. If the entity appropriating the lease payments is rated, a meeting with S&P may be optional. However, the nature of the leased property or lessee may make a meeting advisable. All documentation is due at least two weeks before the rating date. If additional information is needed, the process may take longer.

Lease ratings reflect the credit qualities of the lessee and, therefore, the analysis begins with a review of the lessee's long-term creditworthiness. Since the lease payments are generally not a direct and continuing obligation, the lease rating is lower than the lessee's senior debt rating unless additional credit strengths are present.

After assessing the lessee's general credit strengths, the analysis focuses on the potential for an event of nonappropriation. Since leases must generally be renewed annually or biannually, nonappropriation is a major risk for the lessor and, by assignment, the certificate holder. Whether or not funds will be appropriated often depends on the importance of the leased property in providing essential services such as police and fire protection, general government or courthouse facilities or utility services. In addition, personal property leases for telecommunication systems, fleet purchases of rolling stock (such as police and fire vehicles), and centralized computer equipment are usually considered essential. The use of the property is more important

than its potential for technological obsolescence. However, the lease term should be matched to the property's useful life. S&P, therefore, gives greater weight to leased properties fulfilling essential roles. Leases for less than essential, real or personal property are viewed as weaker credits unless the lessee demonstrates—usually via a certificate of essential use—the need for the leased property. In all cases, the risk of nonappropriation may be reduced by the presence of a non-substitution provision which precludes the lessee from using the same or functionally similar property for at least 30 days in the event of nonappropriation. For property such as seasonal equipment, a longer period may be more suitable.

The history of legislative authorizations for lease financings, prior leasing experience, and the "intent" of the lessee (indicated, for example, by an equity interest in the leased property) are all important in determining lease ratings. These factors, however, are not substitutes for adequate legal protections. In some states, owing to constitutional or political limitations, lease debt is the only financing option. This tends to enhance these financings. For those leases where the effective date depends on successful completion or acceptance of the property, the rating is "provisional." For a master lease, when the lessee uses one agreement for multiple leased property, S&P requests that acceptance and the effective date of lease payments be tied to the receipt of the major lease component. The lessee can also substitute other leased property to assure timely payments. Particularly for state level master-leases where numerous operating departments may be involved, a simplified appropriation process helps assure the timely payment of obligations. A debt-service reserve can provide additional strength.

A rating is assigned for each issue accepted for review, whether or not it is of investment grade quality. Applications which do not meet S&P's basic criteria may not be accepted.

The following structural elements are viewed positively. Their absence or significant variation may adversely affect the rating:

- The term of the lease matches the term of the issue. This avoids exposure on renegotiation; if state law prohibits long-term leases, renewal should be automatic.
- The lessee unconditionally agrees to make rental or purchase-option payments as agreed. Such payments are not subject to counterclaim or offset pending the outcome of possible litigation over the leased property, the lease agreement, or any other aspect of the transaction.
- The lessee agrees to request appropriations for lease payments in its annual budget.
- The lease has a nonsubstitution provision of at least 30 days in the event of a nonappropriation.
- In the event of a nonappropriation, the lessee agrees to make the specified purchase-option payment or to return the leased property to the lessor at its own expense.
- The lessee agrees to maintain the leased prop-

erty in good repair and to insure it against loss or damage in an amount at least equal to the purchase-option value or replacement costs, if repair and replacement are mandated by the lease agreement. If applicable, the lessee maintains business interruption insurance and a special hazard policy. Self-insurance for these risks is permitted, so long as adequate reserve levels are maintained.

- For corporate lessors, there must be a sale and absolute assignment of lease rental payments to the trustee. This assures timely payment to the certificate holders if the lessor becomes insolvent. Other methods of "insolvency-proofing" the lessor must be provided for leveraged lease transactions.
- A security interest in the leased property is provided.
- Potential taxability exposure to the certificate holders should be addressed.
- Permitted investments for "trusteed funds" should meet applicable guidelines.

### Documentation requirements

The following documentation is required:

- A completed rating application.
- A bond ordinance or trust agreement.
- An official statement or private placement memorandum.
- Authorizing resolution of the governing body.
- The lease agreements.
- An assignment agreement.
- The lease payment schedule with principle and interest components and the end payment in each year.
- A description of the lessee, its functions, services, management, and budgeting process, particularly as it concerns the lease payments.
- A general description of the leased property.
- A certificate of essential use describing the purpose and function of the leased property, focusing on its importance to the performance of the lessee's services for the duration of the lease term.
- If applicable, a delivery and installation schedule and a copy of the acceptance certificate.
- The opinion of a recognized bond counsel that the lease agreement is a net lease without the right of offset, and an opinion from lessee's counsel that it is valid, legal, binding, and enforceable in accordance with its terms.

Additional documentation may be requested if needed.

Ratio of Debt Service to Unrestricted Revenues  
September 1987  
(\$ Millions)

Fiscal Year	(1)		(2)				(3)		Certificates of Participation		(4)		Total Debt Service	
	Unrestricted Revenue	State GOB's	%	UA	%	ASBA	%		%	School Debt	%		%	
77	874.3	41.9	4.8%	1.5	.2%	9.9	1.1%	0	0	9.0	1.0%	62.3	7.1%	
78	764.9	50.0	6.5	1.7	.2	10.1	1.3	0	0	11.4	1.5	73.2	9.6	
79	1133.0	60.0	5.3	1.7	.2	10.1	.9	0	0	22.3	2.0	94.1	8.3	
80	2501.2	75.1	3.0	1.8	.1	10.1	.4	0	0	24.1	1.0	111.1	4.4	
81	3718.2	97.6	2.6	2.2	.1	10.0	.3	0	0	38.4	1.0	148.2	4.0	
82	4108.4	97.5	2.4	2.3	.1	10.0	.2	0	0	38.3	.9	148.1	3.6	
83	3631.0	143.6	4.0	2.3	.1	9.9	.3	0	0	36.2	1.0	192.0	5.3	
84	3390.1	166.3	4.9	2.0	.1	9.9	.3	0	0	91.2	2.7	269.4	7.9	
85	3260.0	169.5	5.2	2.0	.1	9.9	.3	.8	0	92.8	2.8	275.0	8.4	
86	3075.0	163.2	5.3	1.8	.1	9.9	.3	.5	0	105.3	3.4	280.7	9.1	
87	1798.7	154.9	8.6	1.8	.1	6.5	.4	.7	0	132.5	7.4	296.4	16.5	
88	1934.2	147.9	7.6	1.7	.1	6.5	.3	3.7	.2	118.1	6.1	277.9	14.4	
89	1784.3	135.5	7.6	1.8	.1	6.5	.4	4.8	.3	115.8	6.5	264.4	14.8	
90	1925.1	120.3	6.2	1.7	.1	6.5	.3	5.2	.3	110.2	5.7	243.8	12.7	
91	1870.5	95.5	5.1	1.7	.1	6.5	.3	5.2	.3	102.9	5.5	211.7	11.3	
92	1834.5	68.2	3.7	1.7	.1	6.5	.4	5.2	.3	100.9	5.5	182.5	9.9	
93	1829.0	59.7	3.3	1.7	.1	5.9	.3	5.2	.3	98.9	5.4	171.3	9.4	
94	1757.5	33.9	1.9	1.5	.1	3.1	.2	5.2	.3	89.1	5.1	132.8	7.6	
95	1682.5	23.1	1.4	1.5	.1	1.5	.1	5.2	.3	78.6	4.7	109.9	6.5	
96	1631.7	21.5	1.3	1.5	.1	0	0	5.2	.3	69.5	4.3	97.7	6.0	
97	1610.3	16.7	1.0	1.5	.1	0	0	5.2	.3	42.1	2.6	65.5	4.1	
98	1577.0	14.4	.9	1.5	.1	0	0	5.2	.3	41.1	2.6	62.2	3.9	
99	1522.0	9.0	.6	1.5	.1	0	0	5.2	.3	39.2	2.6	54.9	3.6	
00	1484.2	2.6	.2	1.5	.1	0	0	4.3	.3	28.6	1.9	37.0	2.5	
01	1452.1	0	0	1.0	.1	0	0	4.3	.3	26.7	1.8	32.0	2.2	
02	1423.5	0	0	.4	0	0	0	4.3	.3	9.1	.6	13.9	1.0	
03	1393.1	0	0	.3	0	0	0	4.3	.3	4.6	.3	9.2	.7	
04	1397.4	0	0	.2	0	0	0	4.3	.3	3.4	.2	8.0	.6	
05	1400.8	0	0	.1	0	0	0	4.3	.3	2.6	.2	7.1	.5	

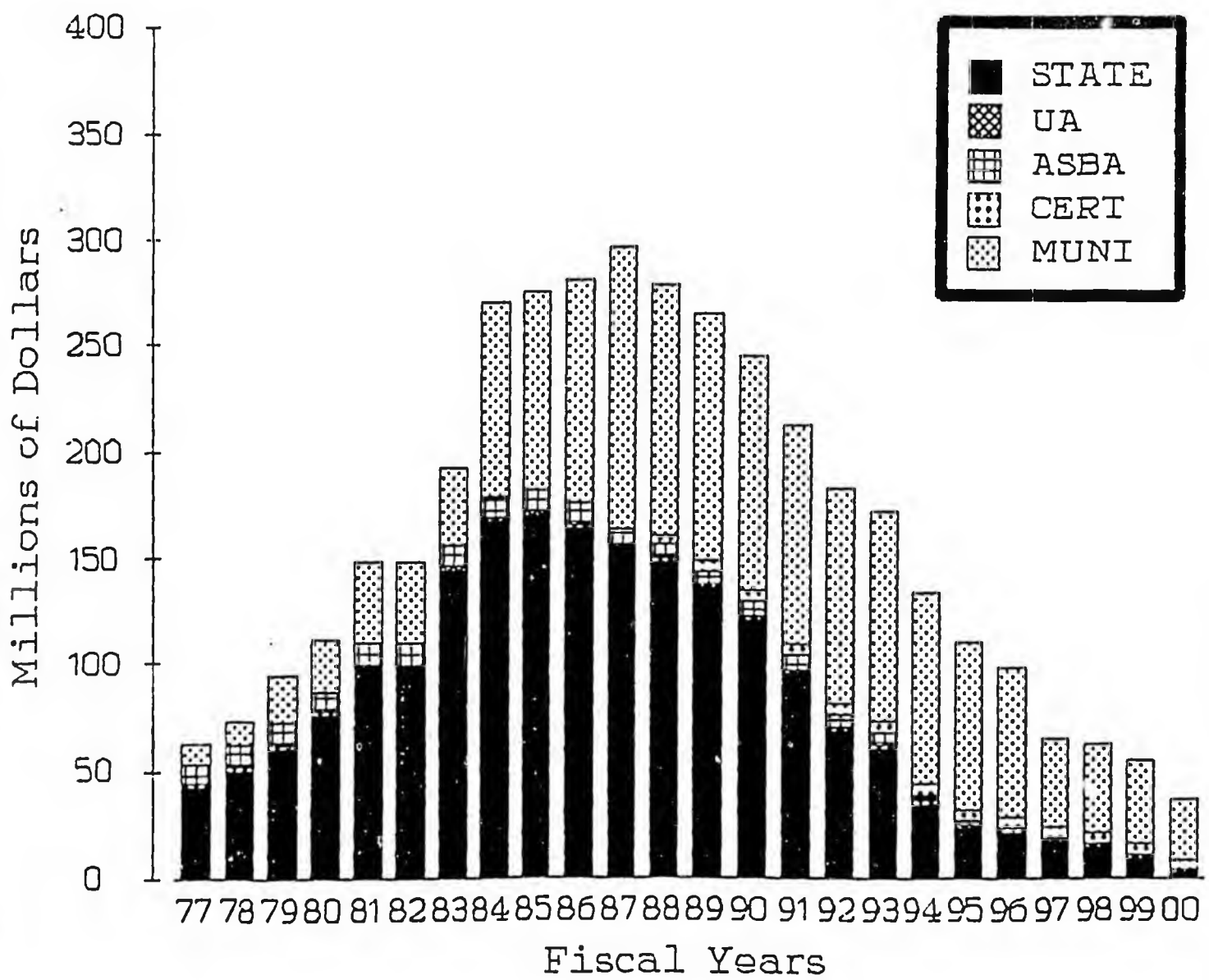
(1) September 1987 Department of Revenue revenue estimates, 30th percentile.

(2) University of Alaska bonds.

(3) Alaska State Building Authority lease revenue bonds.

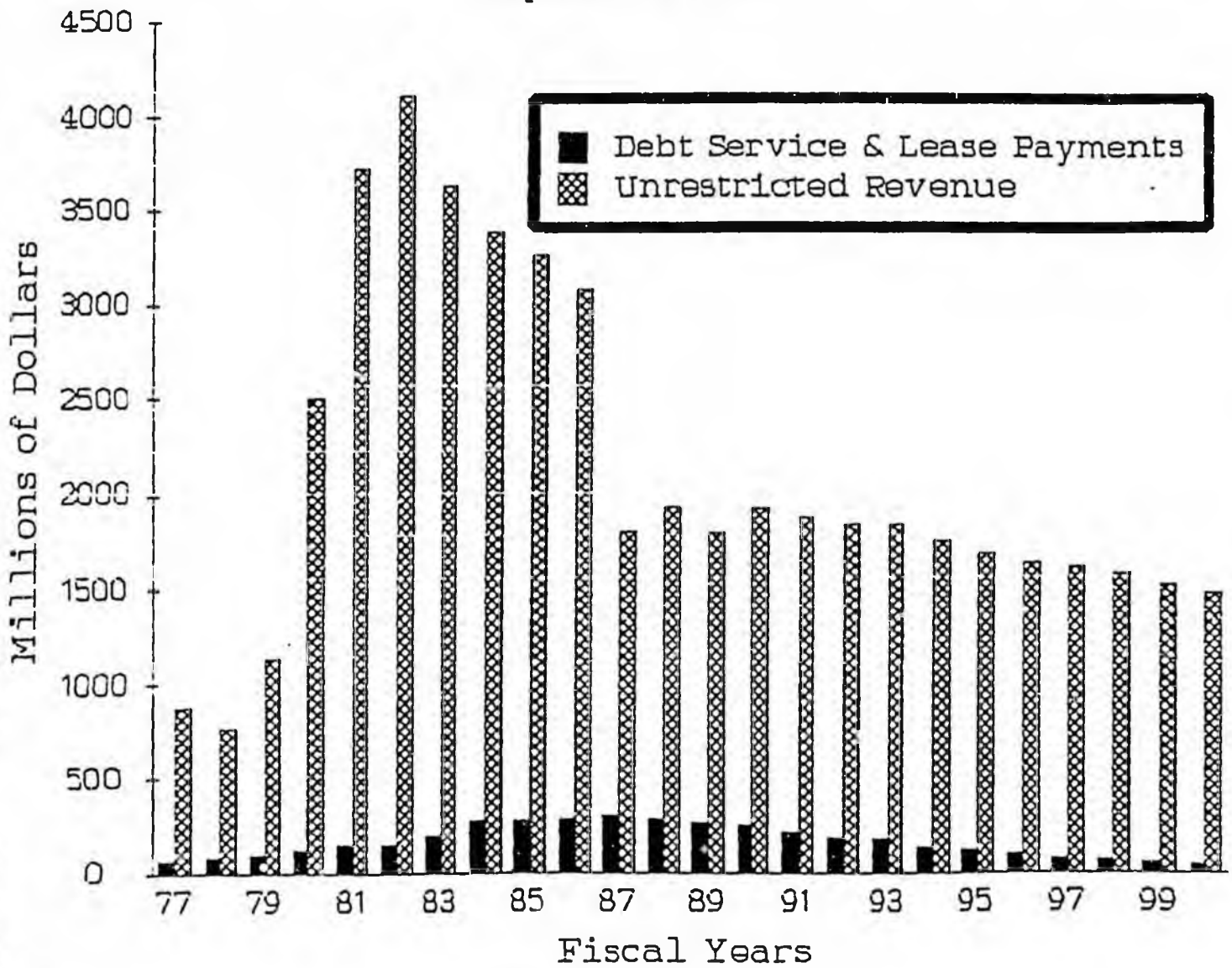
(4) Includes State reimbursement of municipal school debt issued through June 30, 1987.

# Total Debt Service & Lease Payments



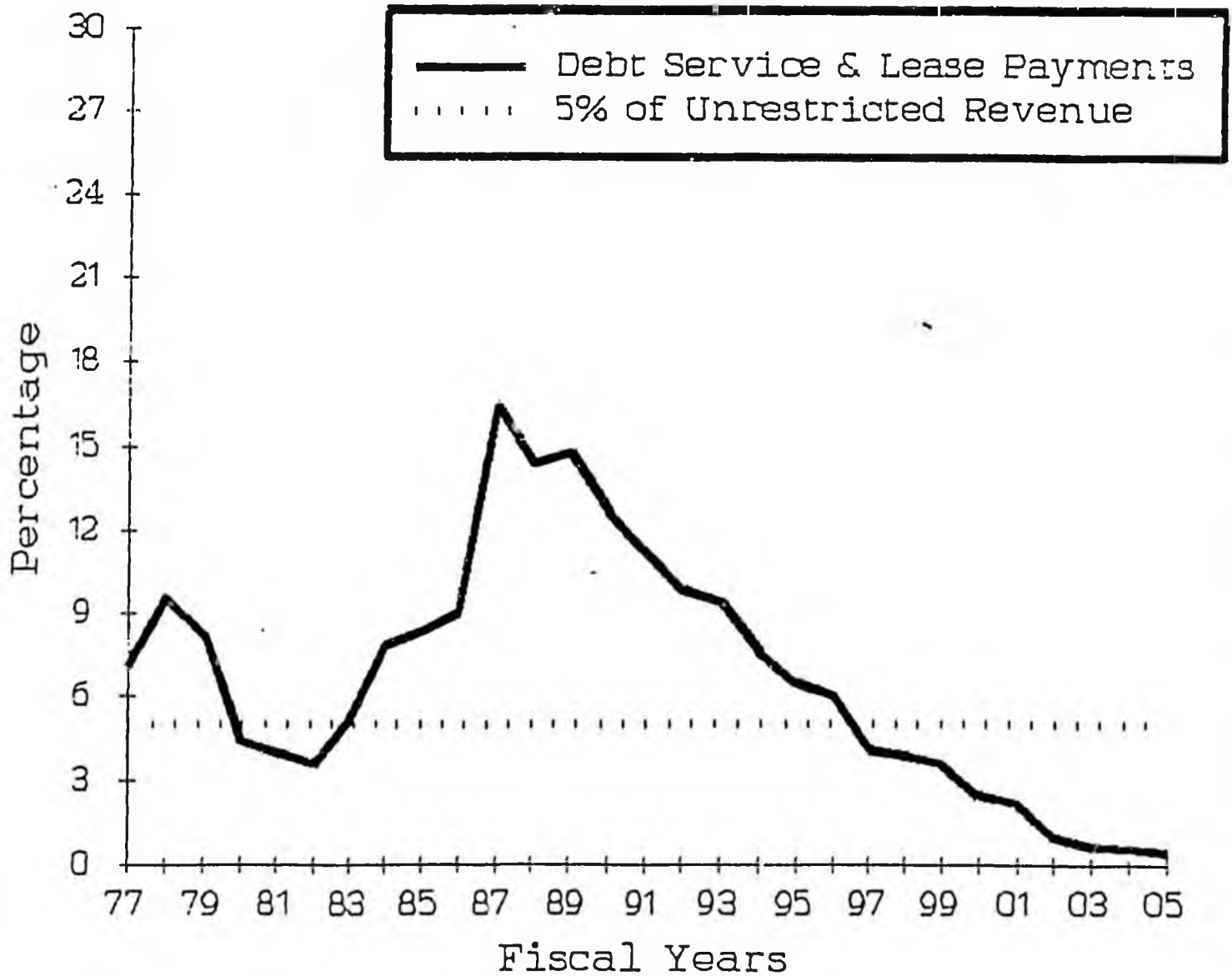
# Debt Service vs. Unrestricted Revenue

September 1987



# Debt Service as % of Revenue

September 1987



## Alaska

## Reviewed rating affirmed

**Rationale:** Alaska's "AA-" rating is affirmed on \$660 million of outstanding general obligation bonds. The rating reflects the state's continuing dependence on petroleum revenues, the slow process of stabilization and continuing volatility of the world oil market, and the state's conservative approach to petroleum revenue projections. Financial performance is commensurate with the rating, as evidenced by a good cash and fund balance position and substantial permanent fund earnings available for general fund appropriation. In the economy, there are signs of improvement in the secondary industries of timber, fishing, tourism, and minerals. Debt remains manageable, and is declining as the state continues to meet capital needs on a pay-as-you-go basis. Overall, the state's economy reflects growth in population, employment, and personal income and development in trade and services sectors.

**Debt:** The issuance of state debt historically has been high, due to the state's commitment to its capital improvement programs. Since the implementation of a debt management policy in 1983, the state has not issued bonds to meet infrastructure requirements, but rather has relied on pay-as-you-go financing. Depletion of oil-related revenues has sharply reduced appropriations to the capital budget. These appropriations fell to \$337.6 million in fiscal 1987 from a high \$1.2 billion in fiscal 1985, a decline of \$904 million or 72.8%. The fiscal 1988 budget projects another sharp drop in the capital appropriation to \$100.7 million, or a 70.2% fall. State G.O. debt declined from 67% of all Alaska public debt in 1972 to 31% in 1982, and 7% in 1986. Maximum annual debt service on all bonds is \$147.0 million, due in 1987. As currently structured, debt service requirements will decrease steadily through 1990 and accelerate through 2000.

**Economy:** Alaska's economic base remains primarily extractive, with major dependence upon oil and gas production, aided by the supportive industries of fishing, timber, tourism, and minerals. In 1986, approximately 86% of state revenues came from royalties and taxes paid on state-owned oil and gas leases. In

1987, this dependence declined to 77% and is projected to be 81% in 1988. Surveys indicate a declining production level for both the Cook Inlet fields and the Prudhoe Bay. Crude production at Prudhoe Bay is approximately 560 million barrels annually or 1.53 million barrels per day. Total statewide production is expected to peak at 1.85 million barrels per day and decline to about 775,000 barrels per day by fiscal 2000. This drop will be partially arrested by a miscible gas tertiary recovery project which will add approximately 115 million barrels to total Prudhoe reserves and by production of 222,000 barrels per day from two new fields. These projects are expected to add one and a half to five years to the life of the Prudhoe Bay field. The Alaska Oil & Gas Conservation Commission has estimated the state's remaining recoverable reserves to be 6.6 billion barrels of oil and 30.9 trillion cubic feet of gas. The fishing and timber industries are still important contributors to Alaska's economy. Total revenues to fishermen from catch sold in Alaska for fiscal 1986 totaled \$885.6 million compared to \$700 million in fiscal 1985 and \$602.3 million in fiscal 1984. In 1986, the wholesale value of fish production was estimated at \$1.7 billion. While salmon catches have improved, the shellfish industry, a major revenue contributor, continues to be depressed with the decline of Alaskan king crab and shrimp stocks. Fish processing, which historically had been seasonal, is now a year-round enterprise, due largely to demand for certain products, like surimi, a fish paste used in the manufacture of imitation crab legs. The timber industry continues to be a significant contributor to the Alaskan economy; however, its share of export earnings has been declining since 1980. Exports of forest products have fallen at an average annual rate of 10% due to foreign competition and the strong U.S. dollar. In 1985, forest product exports from Alaska totaled \$213 million or 21% of all state exports. Given future depletion of oil reserves, some focus of attention has been shifted to minerals and mineral deposits. Shipments of coal to Korea from the Usibelli mine began in 1984, and totaled 640,000 tons in 1986. Eleven million tons will be shipped over the life of the

STANDARD &amp; POOR'S CREDITWEEK

contract. Development of a world-class molybdenum mine by U.S. Borax & Chemical Co. has been postponed due to price deterioration. Developmental activities are continuing with the Red Dog and Greens Creek zinc and lead mines. The Red Dog deposit is estimated at 29% of total U.S. deposits and is the world's second largest zinc mine. Tourism contributes significantly to the economy, but is not expected to exceed 1986 levels. In 1986, approximately 783,000 visitors spent over \$1 billion.

Following completion of the Trans Alaska Pipeline System in mid-1977, the population declined to 402,000 from 411,000. Meanwhile, state unemployment rose to 11.1% from 9.3% between 1977-1978. Due to recent weakness in oil and gas prices, 1986 annual unemployment rates have climbed to 10.9% from 9.5% in 1985. The population has grown 25% between 1980-1984. The current estimated population is 527,000. Government employment, historically high in Alaska, accounted for 29% of total income in 1980-1984. State per capita money income rose 9.8% between 1981-1983 to \$12,991, equaling 136.9% of the U.S. average.

**Finances:** Despite price fluctuations in the world oil market, the state has maintained a good financial posture. Petroleum revenues account for approximately 85% of general fund unrestricted revenues. Based on forecasted declines in petroleum revenues, fiscal 1986 ended with an unreserved fund balance deficit of \$196 million. To offset this deficit in fiscal 1987, \$427.3 million was transferred from the budget reserve fund into the general fund, making it possible for the general fund to end the year with a \$1.8 million deficit. Preliminary figures for fiscal

1988 indicate that as a direct result of a decline in projected petroleum revenues, a \$520 million unreserved fund balance deficit has been identified. It includes a \$250 million appropriation from the general fund to the budget reserve fund to assist in offsetting the deficit for fiscal 1988. Current information points to increased revenues in September which would eliminate the need for appropriating the funds, and at the same time minimizing or completely eliminating any deficit. Otherwise, the state could access \$799 million comprised of permanent fund earnings (\$569 million) and the Raibell Energy Fund (\$230 million) in available funds to correct the deficit. Permanent fund earnings and a proposed \$1 billion budget and reserve fund will be an integral part of the state's plan for softening the volatile petroleum generated revenues. Recognition of the weakened revenue posture is mirrored in the state's operating budget for fiscal 1988. The total operating budget of \$2.1 billion for fiscal 1988 is \$707 million (25.4%) less than fiscal 1986, and \$294.8 million (12.4%) less than fiscal 1987. The June 1987 revenue estimate for fiscals 1987-1989 shows flat growth. Petroleum revenues were an estimated 77% of general fund revenues in 1987, 81% in 1988, and 83% in 1989. These estimates indicate the continued dominance of petroleum revenues as the major contributor to the general fund. Total permanent fund assets for 1987 are \$8.8 billion. Approximately \$363 million of investment earnings from this fund in fiscal 1987 are available for dividend payments to each Alaskan resident. Anticipated payout is \$72.1 per person. The permanent fund earnings available for appropriation in fiscal 1988 will be approximately \$569 million.

Anthony H. Arthur  
(212) 208-1777

State of Alaska

March 17, 1987

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**Comment**

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Moody's has been informed that both the senate and the house of representatives of the State of Alaska have passed, by a two-thirds vote, legislation which allows use of the Budget Reserve Fund by the General Fund. Signature by the governor is expected within the next few days, and the bill will be effective immediately. This measure should allow the state to finish its fiscal year without further cash shortages.

The legislature is considering various measures which would draw on reserves to erase the undesignated General Fund deficit. The governor intends to balance the budget for 1987-88, but no definitive action has been taken by the legislature.

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analyst: C. Cohr

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Moody's Investors Service, Inc. has used due care and caution in the preparation of this publication. The information herein has been obtained from sources believed to be accurate and reliable, but because of the possibility of human and mechanical error, its accuracy or completeness is not guaranteed. Moody's ratings are opinions, not recommendations to buy or sell, and their accuracy is not guaranteed. A rating should be weighed wisely as one factor in an investment decision, and you should make your own study and evaluation of any issuer whose securities or debt obligations you consider buying or selling. Most issuers of corporate bonds, municipal bonds and notes, preferred stock, and commercial paper which are rated by Moody's Investors Service, Inc. have, prior to receiving the rating, agreed to pay a fee to Moody's for the appraisal and rating services. The fee ranges from \$1,000 to \$125,000.

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State of Alaska

February 27, 1987

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**Comment**


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**State of Alaska**

The State of Alaska is facing a potentially serious cash shortage by the end of March unless corrective action is taken in the interim. General Fund revenues have been sharply reduced following the 1986 break in oil pricing, with unrestricted revenues to the fund in 1985-86 about 11% below the level of the previous year. It has been estimated that the General Fund will need about \$315 million in cash over and above expected receipts for the remainder of the 1986-87 fiscal year. At the present time, state officials expect that additional cash will be needed in the period between March 26, when a payroll is due, and April 1, when a debt service payment is due.

While Alaska has a liquidity problem, it also has substantial funded reserves. The General Fund contains a budget reserve which holds \$431 million and a railbelt energy reserve which holds \$280 million. In addition, about \$171 million of Permanent Fund earnings are generally available to the General Fund. However, use of these funded reserves requires legislative authorization.

One of two courses of action is considered likely. The first is that the legislature will appropriate sufficient monies from the budget reserve. Such legislation has been passed by the house and is pending in the senate but its usefulness is moot as house passage was only by simple majority, delaying effectiveness for 90 days, which is subsequent to the expected pressure date. It is possible that the senate could pass the legislation by a two-thirds vote and return it to the house; approval by that margin allows immediate effectiveness.

The second course of action available is use of the executive power of impoundment. The governor has indicated that if necessary he will invoke that power. In August 1986, the governor used his impoundment power to reduce appropriations. Fairbanks North Star Borough and the borough school district in November 1986 filed suit seeking to enjoin the governor from exercising impoundment powers.

Moody's will continue to monitor this situation and further developments will be reported.

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**analyst: C. Cohen**

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## Alaska copes with volatile oil markets

Alaska continues to be subjected to revenue pressures created by the world oil market's volatility. January 1987 estimates projected a 62% decline in petroleum revenues in the fiscal year ending June 30, 1987, which would have led to a \$1.06 billion unreserved fund balance deficit. Only two months later, the situation changed for the better. March 1987 estimates reflect an improving revenue trend which—along with certain remedial actions taken by the state—will eliminate the deficit. Alaska will restrict capital loan program, and general spending appropriations and will use budget reserves and revenues that exceeded the January estimate.

In light of the corrective actions and the financial cushion provided by earnings from Alaska's permanent fund, the AA- rating is affirmed on the state's approximately \$656 million in outstanding general obligation debt. However, S&P will continue to monitor Alaska's financial performance, due to concerns over oil market volatility and its effect on the state's revenue performance. It is projected that 77% of fiscal 1987's general fund revenues will come from unrestricted petroleum revenues.

The January 1987 forecast revealed sharp declines in petroleum-related revenues for fiscals 1987-1989, with concurrent declines in the total general fund unrestricted revenues. Major declines were in the severance tax and royalties. When compared to fiscal 1986 actuals, severance tax revenues were estimated to decline 58% in fiscal 1987, 59% in fiscal 1988, and 55% in fiscal 1989. Also versus fiscal 1986's actuals, royalties were expected to decrease 68% in fiscal 1987, 54% in fiscal 1988, and 47% in fiscal 1989.

As the oil market firmed, March 1987's forecast portrayed a much better trend. Severance tax revenues are projected to increase 30% for fiscal 1987, 21% for fiscal 1988, and 21% for fiscal 1989. As for royalties, gains are expected to be 51% in fiscal 1987, 22% in fiscal 1988, and 18% in fiscal 1989.

Governor Steve Cowper plans to address fiscal 1987's revenue pressures and eliminate the potential deficit by restricting spending, tapping the budget reserve fund, and drawing on permanent fund earnings. The state's financial plan projects deficits for fiscals 1988-1991, and proposes draws on permanent fund earnings during those years to the extent needed after other revenue enhancement possibilities are applied. The draws on the permanent fund range from a high of \$368.6 million in fiscal 1987 to a low of \$15.5 million in fiscal 1991. S&P believes that the availability of the permanent fund's earnings will provide a cushion to soften adverse impacts from petroleum revenue declines. Total permanent fund balance is \$8.2 billion, while the unencumbered earnings reserve fund from which draws will be made is projected to be \$510 million.

Governor Cowper has submitted to the legislature a fiscal 1988 budget which takes into consideration reduction in petroleum-related revenue. The budget, which totals \$1.39 billion and includes a \$1.56 billion operating budget, reflects a reduction in state spending of approximately 26% over the level authorized in fiscal 1987 and 34% less than in fiscal 1986. To ensure a budget that would sustain state spending, the governor made four proposals: reimposition of the state income tax, increased fees and license costs, suspension of the economic limit factor affecting oil taxes (a state tax incentive designed to encourage the oil industry to produce marginal fields), and use of a portion of permanent fund earnings. The individual income tax is not likely to receive early approval.

*Hyman C. Grossman (212) 233-1732*

*Vladimir Stadnyk (212) 233-1730*

*Anthony Arthur (212) 233-1777*

# Alaska adjusts to falling oil prices

in response to sharply declining world oil prices. Alaska recently reduced revenue projections and will adjust its expenditure levels accordingly. These timely actions are in keeping with the state's conservative approach to dealing with possible fluctuations in its main revenue source, oil and gas extraction taxes.

S&P affirms the AA- rating on Alaska's \$752.7 million in outstanding general obligation debt. The rating is based on a continuing strong financial position, a manageable debt position, and an economy that continues to evidence population growth, employment gains, and maturation in the trade and services sectors. S&P believes that over the next several years, the availability of approximately \$2 billion of unrestricted funds will soften the impact on state revenues created by unfavorable fluctuations in world oil prices. The situation will be continuously monitored with a view to identifying the longer-term impact on state operations. (For analysis on Alaska, see *Mar. 3 Credit-Week*.)

In January 1986, Alaska forecast revenue levels at \$3,125 million in fiscal 1986, \$2,719 million in 1987, and \$2,258 million in 1988. To reflect lower oil prices and declining North Slope production, projections made in March reduce fiscal 1986's revenues by \$404 million, 1987's by \$641 million, and 1988's by \$643 million. Despite the cuts, Alaska still will achieve a surplus of \$280 million in fiscal 1986. Although current revenue projections are more conservative than those prepared in January, state forecasters acknowledge that the downside risk exceeds any perceived upside potential given the instability of the oil markets.

Included in the March numbers are favorable adjustments for the Trans Alaska Pipeline System (TAPS) tariff of approximately \$85 million, \$170 million, and \$83 million for fiscal 1986, 1987, and 1988, respectively. Fiscal 1986's revenue projections may be adjusted again, up to \$3,180 million from \$2,721 million, due to a \$243 million Arco Alaska Inc. settlement and \$216 million in refunds and legal expenses from the TAPS settlement.

## Controlling expenditures

In addressing the new revenue projections, Governor Bill Sheffield proposed a plan designed to control expenditures. Internal controls on state spending for the remainder of fiscal 1986 will be tightened, including a hiring freeze, travel restrictions, and contract controls. State employee contracts will be reopened for negotiation and reexamined to save money and preserve jobs. To minimize the impact of budget reductions on local taxpayers and the economy, the governor has submitted a proposal to the legislature which would reduce some operating expenses, capital construction, pass-through funds to local governments and school districts, and loan programs. The governor has also proposed the immediate implementation of a budget reserve fund, in which the fiscal 1986 surplus can be deposited for use to offset the current decline in revenues. Efforts are being made to increase the public's awareness of the situation.

The impact of reduced revenues on spending is softened by available and unrestricted cash totaling approximately \$2.5 billion. Of that, \$515 million is composed of a settlement of the Arco tariff case, refunds for past TAPS throughput and legal fees, and a resolution of the outer continental shelf issue with the federal government. Other available funds are \$200 million in an unrestricted account for the Susitna power project, which will not proceed, and a rainy day fund of approximately \$298 million in fiscal 1986, \$284 million in 1987, and \$270 million in 1988. A last resort is the permanent fund, which now totals approximately \$7 billion, use of which would require a constitutional change. Projections for this fund are \$8.5 billion in fiscal 1990 and \$16.6 billion in 2000.

Anthony H. Aringer  
(212) 208-1777

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501-1994  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701-4679

P.O. BOX K—STATE CAPITOL  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600

March 17, 1988

Hon. Rick Halford, Co-chairman  
Senate Finance Committee  
Alaska State Legislature  
P.O. box V  
Juneau, AK 99811

Re: Specific authority for ASBA to  
finance Anchorage court facility

Dear Senator Halford:

During a meeting of the Senate Finance Committee on March 16, 1988, you requested our opinion concerning the necessity to obtain specific approval for Alaska State Building Authority (ASBA) involvement in the Anchorage court facility project. AS 18.55.100(d) requires ASBA to receive legislative review and approval before it may "proceed" with a lease-purchase financing under AS 18.55.100(a)(15). The author of this memorandum offered the opinion that the approval given to the supreme court in sec. 3, ch. 78, SLA 1984 was adequate to satisfy the review and approval requirements of AS 18.55.100(d).

We regret that there was not more time to reflect on the basis for the opinion before it was given orally to the committee. Upon careful review and consultation with others, we wish to express substantial reservations concerning the wisdom of proceeding without specific approval of ASBA as lessor of the court facility project. Foremost, our reservations are based on consideration of the reaction of bond counsel and underwriters to any departures from the review and approval process set out in AS 18.55. They may balk at giving an unqualified approval for a project unless a new approval specific to ASBA is granted. Our concern is also based on the fact that the earlier approval given for the project in ch. 78, SLA 1984 was enacted before the review and approval requirement set out in AS 18.55.100(d) was added to ASBA's enabling Act.

The willingness to accept the approval granted in 1984 was based in part on our long-held opinion that a legislative veto of specific projects violates the separation of powers doctrine. It is also significant that the requirement of legislative review and approval of ASBA projects is the more recent enactment. We have successfully maintained in a lawsuit involving the Alaska State Housing Authority (ASHA), ASBA's predecessor

Hon. Rick Halford, Co-chairman  
Senate Finance Committee  
Re: Specific authority for ASBA

March 17, 1988  
Page 12

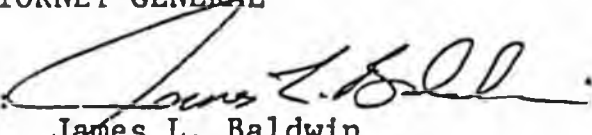
agency, that the legislature may not reserve approval power over specific projects proposed by ASHA. However, the legislature may by law enact specific standards for the exercise of the power of ASHA to lease public buildings. The decision in the case involving ASHA was not appealed to the supreme court. Based on the superior court's decision, we believe that a legislative approval required by statute is not a valid requirement and should not prevent ASBA from proceeding with the project. However, as mentioned earlier, potential investors usually are very cautious to explore the legal authority for this type of financing and will require adequate assurances that ASBA has the power to proceed and the blessings of the legislature.

In our opinion, it would be prudent to provide a new authorization for the Anchorage court facility by enacting the provisions of sec. 3 set out in SB 328. That bill is currently pending consideration in the State Affairs Committee. Rather than provide the committee with a letter of intent with the terms you requested, we suggest that the committee consider adding to the bill under consideration an effective date which states: "\* Sec. \_\_. This Act takes effect on the effective date of an Act authorizing the Alaska State Building Authority to proceed with the Anchorage court facility pursuant to AS 18.55.100(d)."

We regret the change in position and any inconvenience it may have caused the committee. However, this inconvenience is necessary to assure that the financing will not be bogged down by the uncertainty of potential investors in any bonds issued by the financing authority.

Sincerely yours,

GRACE BERG SCHAIBLE  
ATTORNEY GENERAL

By:   
James L. Baldwin  
Assistant Attorney General

JLB/pjg



## Alaska Court System

State of Alaska

303 "K" STREET  
ANCHORAGE, ALASKA  
99501

ARTHUR H. SNOWDEN II  
ADMINISTRATIVE DIRECTOR

(907) 274-8611

February 22, 1988

Senator Rick Halford  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Dear Senator Halford:

Enclosed is the project overview that you requested on behalf of the Senate Finance Committee.

The report documents our findings as to need for the expansion project, the history of project development, the project budget including the architect's current estimate for construction cost, and a record of expenses to date indicating the need for \$1,500,000 to complete the initial project development prior to sale of the bonds.

Sincerely,

  
Arthur H. Snowden, II  
Administrative Director

AHS:bh

Encl.

2/22/88-2

**PROJECT OVERVIEW**  
**ANCHORAGE COURTHOUSE EXPANSION PROJECT**

**FEBRUARY 22, 1988**

**OFFICE OF ADMINISTRATIVE DIRECTOR  
ALASKA COURT SYSTEM  
303 K STREET  
ANCHORAGE, ALASKA 99501  
(907) 264-0547**

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February 22, 1988

## I. PROJECT DESCRIPTION

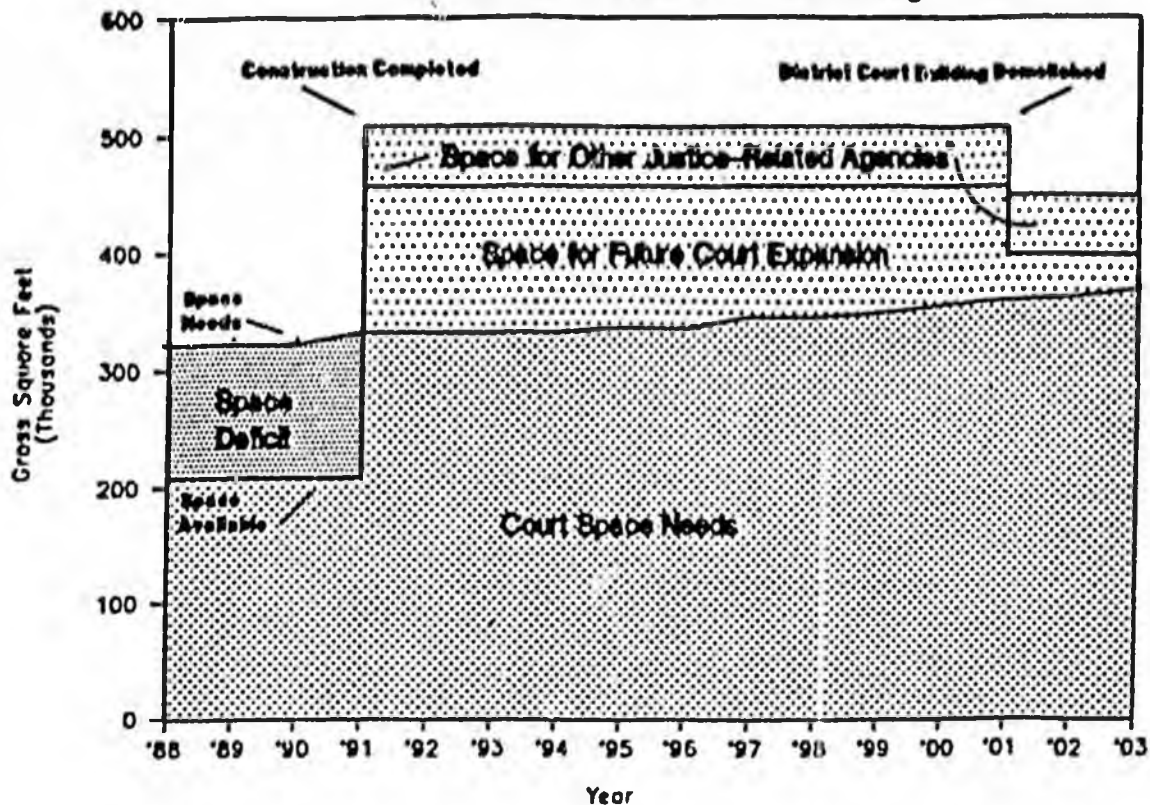
The court currently occupies two adjacent buildings in the downtown business district. The older building fronts on Fourth Avenue and borders on K Street, and constituted the court's facilities from 1964 until 1973. In 1973, the court took occupancy of the newly-constructed, adjacent Boney Memorial court building at Third Avenue and K Streets. Together these buildings provide the Anchorage court with 208,000 square feet of floor space.

Our current facilities are deficient in a number of ways. One of the most significant is that both buildings permit serious breaches of security. Prisoners are circulated through public corridors and lobbies and the potential for escape and/or hostage situations is great. Split departments and the resultant disruption of work flow and public inconvenience is impossible to correct without extensive and costly remodeling to both buildings. Existing jury assembly facilities are substandard with respect to providing adequate space to instruct jurors and to allow appropriate space for waiting. The existing district court building is significantly deficient with respect to current fire code and seismic requirements, and the mechanical and electrical systems are inadequate and difficult to remodel.

The new facility will correct deficiencies in the existing court buildings, will consolidate court offices and court-related agencies and will provide space for future growth. (See Graph 1) To enhance security the new design allows for three separate circulation patterns: general public circulation; private circulation for court system staff; and secured prisoner circulation. The circulation patterns, in conjunction with an easily operated card security system, will provide a level of security that is impossible to achieve in the present facilities and is needed to protect the public and judicial staff from the heightened risks associated with prisoner escapes. The new facility also provides for a secured sallyport for prisoner movement to and from the courthouse. The new facility will also eliminate the current space rental costs for departments housed in leased space. The training center will eliminate the cost of renting space for magistrate, judicial and clerk conferences. The expanded and redesigned jury assembly facilities reflect current model standards for jury management. Other necessities are provided as well.

# Alaska Court System

## Office Space Needs - 1988 through 2003



Graph 1

### Fiscal Impact

<b>Estimated Costs from Present to Completion of Alternative</b>	
Design Costs	\$ 1,500,000
Construction Costs	82,500,000
Reimbursement of Public Facilities Planning Fund (1)	750,000
<b>Project Costs Incurred to Date Not Applicable to Alternative</b>	
Contract Termination Costs	\$ 0
Non-recoverable Project Costs	0
<b>Estimated Annual Operating Costs</b>	
Debt Service (2)	\$8,880,000
Operations and Maintenance Costs (3)	1,683,300
Other Justice-Related Agency Rent Offsets (4)	(870,500)

### Notes:

- (1) Repayment of loan for design costs.
- (2) Construction financed with 30-year, lease-revenue bonds.
- (3) Costs estimated at \$.40 per square foot per month for new space.
- (4) Savings from current rental costs (48,360 square feet at \$1.50 per foot per month).

## II. PROJECT HISTORY

In FY 1982, the Alaska State Legislature appropriated funds to the Alaska Court System for land acquisition, and planning and design of new court facilities in Anchorage.

Space Management Consultants, a nationally recognized judicial space management firm, was hired to develop a plan for the facility. Based on design guidelines, space standards, and interviews with department heads to determine staff needs, Space Management Consultants developed a program document projecting personnel requirements and space requirements to the year 2005. This document formed the starting point for the architect's design work.

The court system purchased the land across I Street between 4th and the alley for an expansion of court facilities. The firm of McCool-McDonald of Alaska, Inc., was chosen to design the new building. The new facility was planned to provide an additional 350,000 square feet of space, in order to meet the court's projected needs to the year 2005.

The Anchorage court expansion project has had a long history of interaction with Anchorage municipal governmental agencies over the past several years. In January 1982, court administrative staff met with municipal planners to discuss the proposed project. Later in 1982, meetings were held with the mayor and the municipal assembly. The project architect met with representatives from municipal engineering, planning, traffic and fire protection agencies. Four design schemes were created. Meetings continued throughout 1982, on a variety of subjects relating to the proposed project.

In October 1982, the court system filed a Conditional Use Application with the Municipal Planning and Zoning Commission, requesting final approval of the design which had been preferred by municipal staff. However, in December 1982 the Planning and Zoning Commission denied the court's application. The court system appealed the decision of the Planning and Zoning Commission. The Board of Adjustment granted portions of the court system's appeal in August 1983.

In 1984 the Alaska State Legislature authorized the court system to enter into a lease/purchase agreement for construction of a court facility in Anchorage. The Municipality of Anchorage (MOA) has indicated a willingness to finance the expansion project through the issuance of municipal revenue bonds.

On August 23, 1984, the Alaska Court System again filed a request to the Planning and Zoning Commission for final approval of its conditional use application. The court system was required to meet with the Urban Design Commission and the Geotechnical Commission prior to any Planning and Zoning Commission action.

Seismic risk to buildings in Anchorage generally is considered to be quite high. Recognizing this fact, and considering the public nature of the judicial function, the court system engaged seismic design experts H. C. Shah and T. C. Zsutty of Stanford University to develop seismic design criteria for the new facility. In conjunction with Shah and Zsutty's recommendations, a geotechnical investigation and report was completed by

Woodward-Clyde Consultants. Following completion of the seismic criteria and the geotechnical report, a structural design narrative was prepared by Coffman Engineers, Inc. of Anchorage, Alaska. The purpose of the narrative was to present a preliminary structural design that would satisfy the seismic design criteria established by the two previously mentioned reports. This material was presented to the Geotechnical Commission.

Throughout 1985 and 1986 Dr. Shah continued to work with representatives from Woodward-Clyde and Coffman Engineers, to devise detailed seismic design criteria to address any seismic concerns brought by the MOA commissions relating to construction of the court facility on the proposed site.

On June 30, 1986 the Planning and Zoning Commission granted the Alaska Court System a conditional use permit after almost four years of unanticipated delay. The delay has significantly increased the up-front costs associated with the project. Interim remodelling projects were pursued in the existing facility to allow overcrowded departments to continue to function. Professional fees mounted as completed tasks had to be reviewed and updated due to the long passage of time. The result of this delay is that the court lacks \$1.5 million in budgeted funds to complete the planning and design process for this project. (See Appendix Two)

In April 1987 the architect's consultant team completed the schematic design phase and in November 1987 the work on the design development phase was completed. The consultant team is now in the construction documents phase which will be complete in May 1988. The project is scheduled to go to bid in early June, with a target completion date of March 1991.

During this time the court system and the municipality have also come to an out-of-court settlement on a case that had been in litigation since 1978. The settlement reached in December 1987 provides \$350,000 for employee and juror parking at the 6th and H parking garage, to be used by February 1, 1993.

In order to prepare the land purchased for expansion, the existing buildings along 4th Avenue were demolished in the fall of 1987.

### III. EVALUATION OF NEED FOR EXPANSION PROJECT

#### A. Estimation of Needs

The future space needs of the Anchorage court facility were derived from a model which forecasts court staffing levels and resultant space needs based on changes in trial court caseloads and changes in general economic conditions. The model forecasts space needs for the period 1988 through 2003.

The model is based on multiple regression analysis of historical caseloads, population and economic data. Multiple regression analysis is used to determine the mathematical importance of several independent variables in predicting the value of a dependent variable. In the present model, the independent variables of state population, state non-agricultural/civilian employment, and state operating budget are used to predict the dependent variable of trial court case filings. With the inclusion of statewide oil production as an independent variable, the model also predicts appellate court and administrative office staffing. Regression analysis is one of the most widely used "curve fitting" techniques and is appropriate for intermediate and long-term forecasts. The regression analysis produces an equation which can be used to predict future values of the dependent variable based on estimated values of the independent variables. The historical data for the model was obtained from the court system's annual report and from various publications of the state's Department of Labor.

Regression analysis, as well as other historical-based forecasting techniques, suffers from a number of limitations. This method of forecasting assumes that past mathematical relationships will continue to be valid in the future. Additionally, it is not possible to construct a model that adequately reflects all real world factors that affect caseloads and staffing. Further, historical caseload and staffing statistics are difficult to obtain and the statistics that are available may not have been reported on the same basis over the analysis period. The regression analysis was based on only 15 years of data. To evaluate the Anchorage courthouse expansion project required a 15-year forecast of space needs. The model may not have had sufficient data to forecast such a long period. In view of these limitations, the model's projections should be used with caution.

The future economic data used in the regression formulas was obtained from the Institute of Economic and Social Research's Alaska Economy and Housing Market report, dated October 1987. This report provides projections of economic and population data from the present through the year 2010 under several economic scenarios. The report's base economic forecast was used in the model. Oil production data was obtained from a report from the Department of Labor.

## B. Caseload Forecasting

The model contains four caseload/staffing forecasting components. The four components are non-traffic filings/staffing, traffic filings/staffing, appellate courts staffing, and administration staffing. Separate components are required to forecast staffing needs for each unique caseload/personnel-space-requirements category. For example, clerical staff is allotted 70 square feet of floor space while superior court judges and related support staff are allocated a combined 2,320 square feet. Personnel-space standards are discussed in a later section.

To develop the first component of the model, the relationship of Anchorage non-traffic case filings to state population, statewide non-agricultural/civilian employment, and the state operating budget was analyzed for the period of 1973 to 1987. Separate analyses were performed for Anchorage superior court, district court, and total non-traffic case filings. Regression formulas were developed for each category of case filings.

To translate the forecasted non-traffic caseloads into staffing requirements, historical staffing patterns for the Anchorage trial courts were reviewed. Workload standards were developed for each personnel-space-requirement category affected by non-traffic filings. The workload standards used in the model are 868 case filings per superior court judge, 2,562 case filings per district court judge, and 300 case filings per clerical position. These figures are the workload averages for fiscal year 1987. The 1987 figures appear to be representative long-term productive capabilities. The forecasted case filings were divided by these standards to estimate future staffing levels for the three categories of employees.

The second forecasting component of the model was developed based on the relationship of Anchorage traffic filings to state population, statewide non-military employment and the state operating budget. A regression formula was developed to correlate traffic caseloads to the identified data. The forecasted traffic filings were converted to staffing requirements by dividing the forecasted caseloads by the workload standard of 3,000 case filings per traffic clerical staff, which is the long-term standard. Other trial court staffing was estimated at 12 percent of the total of judicial, non-traffic and traffic clerical staffing, which is a long-term average of this ratio.

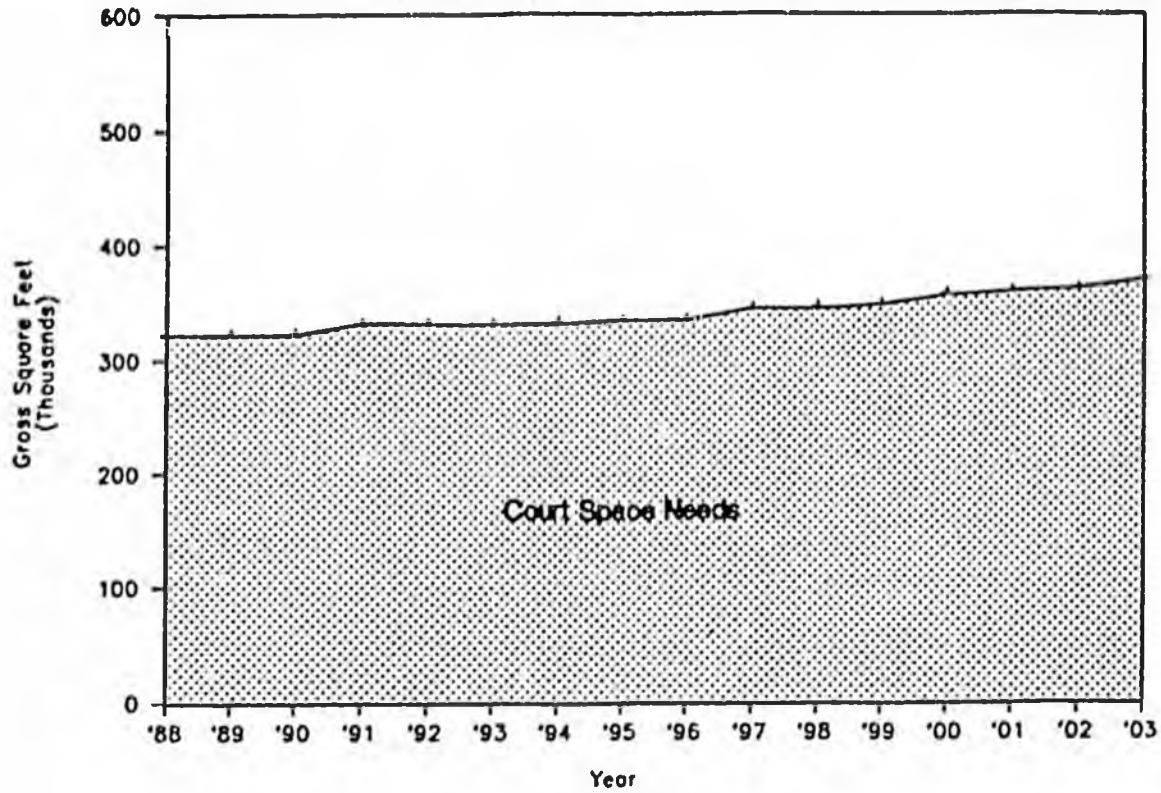
The third and fourth components of the model were developed by separately correlating historical appellate courts and administrative office staff levels for the period of 1974 to 1987 to state population, statewide non-agricultural, civilian employment, the state operating budget, and oil production data. Regression formulas were developed for each category and were used to predict staffing levels based on future changes in the economic and population factors. In addition to court system offices, the Anchorage facility will house the Alaska State Troopers Judicial Services, the Anchorage Alcohol Safety Action Program, the Department of Transportation and Public Facilities Courthouse Maintenance Section, and the Municipality of Anchorage Warrants Section.

Staffing requirements for these entities were obtained from the study prepared by Space Management Consultants.

### C. Space Requirement Estimation

Space requirements for the Anchorage court facility were determined by applying standard personnel-space allocation factors (see Appendix One) to the forecasted staffing levels for each year of the forecast period as depicted in Graph No. 1. Specialized space needs, such as courtrooms, hearing rooms and deliberation rooms, were added to judicial employee space needs. The estimated total personnel-space requirements were multiplied by a factor to compute building gross square footage needs. A multiplier factor of 3.4 was used to calculate building gross square footage from net square footage. Net square footage is here defined to be that space which relates to personnel space needs. This multiplier makes provision for the following types of spaces: circulation, clerical and other work areas, public lobbies, reception and waiting areas, library facilities, judicial services other than personnel areas (holding cells, prisoner circulation, control center, toximeter room, etc.), all forms of storage, equipment rooms, public counter areas, duplication rooms, freight delivery, refuse storage and pickup docks, jury assembly areas and training center areas. The multiplier method differs from the method used by Space Management Consultants (SMC) in the original program. The multiplier factor used in the model was calculated to approximate the gross square footage determined by the SMC method. Sufficient time was not available to replicate the model used by SMC. A preliminary comparison of the two methods indicates the multiplier method predicts a slightly higher current gross square footage need than the SMC model. However, the combination of court system staffing estimates and the multiplier predicted slightly lower future space needs than the SMC method.

Alaska Court System  
 Projected Office Space Needs in Anchorage - 1988 through 2003



Graph 2

Estimated Staffing and Space Requirements

<u>Year</u>	<u>Trial Courts</u>	<u>Apl Cts &amp; Admin</u>	<u>AASAP</u>	<u>Judl Svc</u>	<u>MOA Warr</u>	<u>DOT Malnt</u>	<u>Total Staff</u>	<u>Estimated Space Needs</u>
1987	209	119	11	5	6	4	354	322,473
1988	202	112	11	5	6	4	340	322,473
1989	200	115	11	6	6	4	342	322,711
1990	200	116	12	7	6	4	345	323,187
1991	206	117	12	8	6	4	353	331,551
1992	206	118	13	9	7	4	357	332,265
1993	207	117	13	10	7	4	358	332,503
1994	209	122	13	11	7	4	366	333,693
1995	212	123	14	12	8	4	373	334,883
1996	214	121	14	13	8	4	374	335,359
1997	221	129	15	14	9	4	392	345,627
1998	224	132	15	15	9	4	399	347,293
1999	227	132	16	16	9	4	404	348,721
2000	233	133	16	17	9	4	412	357,561
2001	236	132	17	18	10	4	417	358,989
2002	241	137	17	19	10	4	428	361,063
2003	244	140	18	20	10	4	436	370,022

APPENDICES

APPENDIX ONE  
PROJECT BUDGET

Construction Cost	\$67,570,000
Furnishings and Equipment	6,000,000
Construction Contingency	6,652,000
Art-in-Public-Places Amount	665,000
Construction Administrative Costs, Including Permits, Construction Management Fees, etc.	4,000,000

APPENDIX TWO  
ALASKA COURT SYSTEM  
ANCHORAGE COURTHOUSE EXPANSION PROJECT

EXPENDITURES to 2/15/88

Site Acquisition, Demolition, and Permits	\$3,258,661.60
Programming	665,940.97
Facilities Design, Seismic Investigation	3,478,460.34
Remodeling Existing Buildings	1,151,786.66
Utilities Relocation	925,119.91
Warehouse Costs	17,621.24
Rental Property Costs	4,840.41
Financing Costs	3,089.80
	<hr/>
TOTAL	\$9,069,672.03

Funds Needed to Complete Design  
Phases Prior to Sale of Bonds

Completion of Construction Documents	\$1,223,596.00
Review and Permit Fees	143,404.00
Bidding Costs	133,000.00
	<hr/>
TOTAL	\$1,500,000.00

February 22, 1988

House Courthouse Committee  
Anchorage LIO  
December 16, 1988

House Members Present:

Representative Max Gruenberg, Chair  
Representative Pat Pourchot  
Representative Terry Martin  
Representative Alice Hanley  
Representative Walt Furnace

Senate Members Present:

Senator Rick Uehling

Testifying from Anchorage:

Art Snowden, Administrative Director, Alaska Court System  
Brian Shortell, Presiding Judge of the Third Judicial Dist  
Kit Duke, Facilities Manager, Court System  
Don Simmons, Executive Assistant to the Anchorage City Manager

:00 - Meeting was called to order by Representative Gruenberg, chair of the committee at 10:50 a.m., welcoming the members of the Legislature attending the meeting, as well as those observing and testifying. Followed agenda with no objection.

:11 - Art Snowden: Art gave a brief history of the courthouse project. In November of 1980 the court system concluded they were out of space in the Boney Building. The court system approached the Legislature in 1981, and the Legislature gave a capital budget request of \$9.96 million in the FY 1982 budget for planning, design, land acquisition and remodeling. A number of problems developed, i.e., seismic considerations, etc. and approval didn't come from Planning and Zoning until 1986 for a conditional use permit. In the meantime, in 1984 the Legislature authorized the Court System to enter into a lease purchase agreement for construction of a facility. Competitive architectural bids were gathered and an architectural firm was selected, and building design began.

With the delays with Planning and Zoning, additional time had used up the funds the Legislature had appropriated. The Court System brought the project back before the Legislature for additional funds, which were not approved. The reasoning for requesting a 350,000 sq. ft. addition (50,000 sq. ft. of that was for parking) was in part due to the increase in population and critical shortages in office spaces. The court System is now proposing redesigning the building, with only 200,00 sq. feet, almost half the size of the original proposal, and building it so as to add modules in the future, should there be a need for additional space in years to come. In regards to the District Court, the structural integrity is in question, and has been studied. This study has been turned over to DOT for their evaluation. Improvements on the existing building would run approximately \$8 million, not including the security improvements the Court System would require of itself. With that amount of money, we could knock it down and replace it with a facility that would meet all necessary requirements.

:174 - Rep. Martin asked for the cost comparisons between paying cash and amortizing the cost for 20-30 years.

:189 - Mr. Snowden replied the Court System is not recommending any specific form of funding, rather pointing out options available to the Legislature, including building it for cash, which would cost approximately \$197./sq. ft.

:230 - The Court System contracted with the Department of Public Safety to have an 18 minute film made for the members of the Legislature about the problems with the current courthouse, at a cost of \$450.00. The film highlighted the major problems which include:

- Lack of security in transport of prisoners.
- No adequate waiting area, especially for children.
- The Jury Assembly area is crowded, depressing, inconvenient.
- Jury Waiting area is crowded, with no windows, or tables, and has poor lighting, seating and ventilation.
- Smokers Lounge for jurors has inadequate ventilation.
- Jurors restrooms are not handicap accessible.
- Inadequate storage, not accessible or secure.
- Small Claims Dept. not handicap accessible.
- Courtrooms have inadequate separation for parties.
- Law Libraries have limited space, incoming mail is stacked in library hallways.

:454 - Mr. Snowden mentioned redesign would need a capital outlay of approximately \$3 million.

:479 - Rep. Martin asked what the amortized cost would be.

:492 - Mr. Snowden: \$15 mil/yr over 9 yr. period = \$ 120 mil.  
\$ 9 mil/yr over 20 yr. period = \$ 178 mil.  
\$ 8 mil/yr over 30 yr. period = \$ 229 mil.

Redesign would take 1 1/2 years, Building 3 1/2 years, and no payment would commence until the building was opened.

:607 - Judge Brian Shortell reiterated the concerns mentioned in the film, especially safety problems with the existing building.

:705 - Rep. Gruenberg mentioned the possibility of closing the halls during regularly scheduled use periods for prisoner transport, similar to the methods used at API. This would eliminate the interaction with prisoners and the public or staff.

END OF TAPE 1, SIDE 1.

:742 - Mr. Snowden will make a Jury Report available to the Legislature, especially the Judiciary Committee which evaluates Jury procedures, and suggestions.

:755 - Rep. Hanley requested the Court System provide documentation about what services the courthouse would provide for the rest of the state as well, to help the Legislature decide on how to act on this matter on behalf of the entire state.

:772 - Rep. Martin asked about the use of video cameras in the court system to eliminate transport of prisoners.

:781 - Mr. Snowden mentioned video arraignments are being set up in Fairbanks now, and a Task Force in Anchorage is putting together the same program to begin in Anchorage, starting in July 1989. This will not take care of all of the security problems. People still have to be brought in for trial, and a number of people not incarcerated may become violent, such as in Family Court. Other security measures are being locked into.

:817 - Kit Duke spoke briefly in support of the new proposal for reduced space, and will be providing the Legislature with updated information as it becomes available.

:847 - Don Simmons of the Municipality of Anchorage, spoke on behalf of the Muni in support of the courthouse project due to the economic advantage of a construction project, providing jobs in Anchorage. The municipality also offered to assist the Court System in financing.

:911 - Rep. Pourchot mentioned the argument for construction of a building for jobs does not sit well with the Legislature;

we should not build buildings just to provide jobs, because that money could be used in that capacity other ways where there is not a long term financial burden attached to the project. He mentioned the Legislature would look at the real issues of increased space, security, etc. in consideration of funding the project.

:942 - Mr. Simmons clarified the municipalities reasons for supporting the project were secondary to the important considerations of space and security, but that it was just another way to look at supporting the project.

:957 - Rep. Gruenberg asked if there were any others interested in testifying at this time. Hearing none, the meeting was adjourned at Noon.

STATE OF ALASKA  
THE LEGISLATURE

POUCH V STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 3, 1989

SUBJECT: Amendment to HB 110; Anchorage Court Facility

TO: Representative Peter Goli, Co-Chair  
Representative Max Gruenberg, Co-Chair  
House Judiciary Committee

FROM: George Utermohle *GU*  
Legislative Counsel

Enclosed is the amendment to HB 110 as passed by the Judiciary Committee.

Please note that this amendment is not appropriate for an appropriation bill because it is substantive law and not an appropriation item.

Under Article II, Section 13 "[b]ills for appropriations shall be confined to appropriations." The text of the amendment should be included in a separate bill enacting substantive law or in a statement of legislative intent accompanying HB 110.

If I may be of further assistance, please advise.

GU:gc  
WKG7/093

Enclosure

A M E N D M E N T

OFFERED IN THE HOUSE

BY THE JUDICIARY COMMITTEE

TO: HB 110

Page 1, following line 13:

Insert a new bill section to read.

"\* Sec. 2. The Alaska Court System shall obtain legislative approval before building the court facilities redesigned with this appropriation."

Renumber the following bill sections accordingly.



RECEIVED JAN 25 1988

## Alaska Court System

State of Alaska

303 "K" STREET  
ANCHORAGE, ALASKA  
99501

ARTHUR M. SNOWDEN II  
ADMINISTRATIVE DIRECTOR

(907) 274-8611

January 22, 1988

Governor Steve Cowper  
State of Alaska  
P. O. Box A  
Juneau, AK 99811-0101

Dear Governor Cowper:

I am writing to ask your assistance in a matter of utmost urgency for the Alaska Court System.

As you know, the court system has been planning and designing an expanded court facility in Anchorage. Under the current time line for the project, a request for construction bids would be issued in May or June of this year, and construction would begin this summer. However, because of a projected shortfall of budgeted funds to complete the design phase of the project, we may not be able to proceed as planned.

Let me outline the background of this project and our current dilemma. The 1981 legislature appropriated \$9,969,000 for acquisition of land, remodeling of the existing courthouse, and for the planning and design of an addition to the Anchorage Court Complex (SLA81/HB50). At the time the appropriation was made, it was envisioned construction would start during FY 83 and would finish in FY 86. In October, 1981, land was acquired for the project. Planning and design for the project and remodeling of the existing courthouse started in 1981.

The 1984 legislature authorized the court to enter into a lease-purchase agreement for the construction of the facility. Presently, the court is working with the Municipality of Anchorage and the Department of Revenue on financing the project with municipal lease revenue bonds.

As previously noted, construction was slated to begin in FY 1983. The project was delayed significantly by the municipal planning and zoning approval process. The delay and a significant increase in costs were caused by the unanticipated seismic studies required by the Municipality of Anchorage. Concern about the propriety of the courthouse site due to its proximity to land

Governor Steve Cowper

January 22, 1988

Page 2

which experienced significant movement in the 1964 earthquake precipitated a lengthy process involving on-site testing, expert reports and a multitude of municipal hearings. The resulting delay aggravated other costs associated with the project. Interim remodeling projects had to be pursued in the existing building to allow for some temporary breathing room for overcrowded departments. Professional fees mounted as completed tasks had to be reviewed and updated due to the long passage of time.

Because of the delay, we find ourselves in the unenviable position of lacking \$1.5 million in budgeted funds to complete the planning and design process. Funds are needed for completion of the construction documents, peer review, permit fees and utilities relocations. I am asking that you assist us by submitting a capital project request on behalf of the judiciary for this amount. If no additional funding is appropriated, I will have to close down the project as of the third week of March since, as you know, I cannot encumber funds which are not properly appropriated. This means that I will have to give notice of termination on our professional service contracts by March 1.

The situation is further aggravated by the tight project time line. Any delay will prevent us from breaking ground this summer, and will result in our missing one complete construction cycle. Thus, waiting until the end of the session is not a viable alternative.

I don't want to leave you with the impression that the court is ignoring the obvious changes that the State of Alaska has experienced since this project was first approved in 1981. The supreme court is currently reviewing its caseload statistics and a variety of demographic indicators to determine whether the pursuit of this project is still necessary. We recognize fully our responsibilities in this regard, and we will certainly modify our plans should such a modification appear to be appropriate. Nevertheless, even with a reaffirmance of the need for this project at the supreme court level, we cannot proceed under current circumstances.

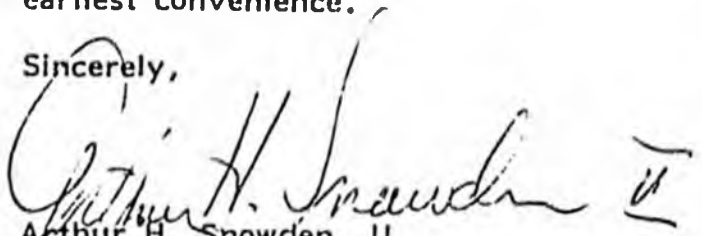
I am therefore asking for some assurance from you that a \$1.5 million appropriation will be requested on behalf of the court system and supported by you in the immediate future to allow this project to continue on track. Enclosed please find a capital project request. (Similar information about our needs was forwarded to the Department of Transportation and Public Facilities on December 22 for possible inclusion in your "jobs" bill.)

Should your conclusion be in the opposite direction, I would appreciate being advised of same as soon as possible, so that I can take all necessary actions to minimize the costs that will be associated with terminating this project.

Governor Steve Cowper  
January 22, 1988  
Page 3

I would appreciate hearing from you at your earliest convenience.

Sincerely,



Arthur H. Snowden, II  
Administrative Director

AHS:bh

Att.

cc: Alaska Supreme Court (w/o att.)  
Members, Alaska Senate (w/o att.)  
Members, Alaska House of Representatives (w/o att.)  
Garrey Peska, Chief of Staff (w/att.)  
Tom Fink, Mayor, Municipality of Anchorage (w/o att.)  
Stephanie J. Cole, Deputy Administrative Director (w/o att.)  
Robert G. Fisher, Manager, Fiscal Operations (w/o att.)  
Kit Duke, Project Manager (w/o att.)

1/21/88-7

*File*

MEMORANDUM

DATE: February 4, 1988

TO: Governor Steve Cowper

FROM: Lee Gorsuch, Director, ISER

SUBJECT: The Impacts of Constructing the Anchorage Courthouse Expansion

BACKGROUND

The Alaska Court System (ACS) proposes to build a major, 134,000 sq.ft., addition to the existing Boney Building and a new, 222,000 sq.ft., east "wing". These proposed additions would expand the 250,000 sq.ft. of space ACS' Anchorage and its participating agencies currently occupy to about 566,000 sq.ft.. To date, \$143,000 has been expended to acquire and clear the building site and an additional \$2-2.5m has been expended to date to conduct extensive seismic research, to develop the program requirements, and to prepare the construction design. Approximately \$1.5m of direct legislative appropriation is needed immediately if the construction design work is to be completed and be "bid ready" by the end of this May. Actual construction is planned to begin this September and run 30 months, with project completion scheduled for March, 1991. The total cost of the project is estimated to be about \$90m.

Currently ACS occupies 150,000 sq.ft. in the Boney Building, 60,000 sq.ft. in the old district courthouse, and leases 12,000 sq.ft. of commercial office space. Under the proposed project, two other state agencies who currently occupy about 31,000 sq.ft. of commercial office space would vacate their leased office space to become part of the reconfigured ACS complex.

The proposed project would have four major impacts. First, the project will impact the court system's performance by alleviating current space deficiencies, correcting operational inefficiencies, and providing for future expansion. Second, it would impact the local economy by increasing employment during the 30 month construction phase of the project and subsequently by adding to the local workforce workers who will be required to operate and maintain the new facility. Third, it would impact state government by adding to the cost of the court system as a result of lease/bond costs, the expense of operating and maintaining the new facility, and the costs associated with expanded court services. And fourth, the project would increase the supply of downtown Anchorage commercial office space by eliminating the office space which ACS currently leases.

ACS staff are currently: 1) revising their long term projections for needed court related space, 2) preparing financial projections of lease, o/m. and programmatic costs of the project, and 3) developing options to proceeding with the proposed project this year. This information is not yet available. Until it is, only a very preliminary assessment of the current proposal can be prepared. Similarly, assessing the impact of alternative approaches to meeting ACS space requirements, other than simply delaying construction, can only be prepared after ACS has identified and developed realistic space alternatives.

#### ANALYSIS

##### The Alaska Court System

The proposed project would have a major impact on the efficiency of services provided by ACS. It would alleviate current overcrowding and physical plant deficiencies. It would provide for separate and secure circulation systems for prisoners and court officials. It would expand the number of courtrooms and hearing rooms from 28 to 40. It would provide for public waiting areas and assembling and training areas for prospective jurors. And it would provide for the currently projected needs of ACS over the next two decades.

##### The Anchorage Economy

The impact of the project on the Alaska economy is straight forward. The project's construction costs are estimated to be \$65m of which about 40% is likely to go toward employment. Spreading this amount over the 30 month duration of the project results in an annual payroll of approximately \$10.4m annually. Despite state labor laws not all of this payroll will go to current Alaska residents, but if we were to assume 80% of it would, then about \$8.3m would be added to the local payroll. Using an economic multiplier of 1.4, the direct and indirect impact would then be about 300 jobs annually and about \$11.6 m of additional personal income for the two and one half year construction period.. Some additional value added will also result directly from project construction. The additional permanent employment created by the new facility is difficult to estimate without having the program development plans of the agency. Nonetheless, jobs related to building maintenance will increase as will jobs related to program operations, however some job expansion within ACS would likely occur independently of the new facility.

##### The State Budget

To achieve the above described economic impact requires the expenditure of state funds which could have been spent on other projects or programs. Assuming the total cost of the project is \$90m and that it is financed by a lease/bond sale, the annual lease

cost to the state would be approximately \$9m for the balance of the lease bond period (likely to be 30 years). This expense would be partially offset by the \$900,000 of current lease payments which would be saved once the building is occupied. In addition, the maintenance of the facility, including insurance, utilities, janitorial services, etc..., could cost between 5-10% of the \$65m construction cost. Thus, an additional annual expenditures of \$3.5-6.5m would be required to maintain the proposed facility. A third, and potentially substantial, budgetary impact could result from programmatic services ACS is able to provide because the facility is built which it could not provide without it. However, to place an estimate on this would be conjectural.

What impact this additional expenditure of \$15.5m will have on the state budget is also conjectural. However, it is clear that the state's revenue forecasts are showing declines rather than increases in state revenues. If these forecasts are reliable, all additional state expenditures, including those associated with the ACS project, will require either new revenue resources or a reallocation of state spending priorities. In either case, the \$15.5m has a very real opportunity cost. It could be spent on other state programs, services, or facilities, some of which may have larger public benefits or greater economic impacts than the ACS project.

#### The Anchorage Real Estate Market

The Anchorage commercial office space market is unstable due to a serious excess supply. Realtors estimate downtown office vacancies to be in excess of 500,000 sq.ft.. Class A office lease rates have fallen from a high of about \$2.40 per sq.ft. two years ago to about \$1.55 currently. Although most realtors do not expect Class A office lease rates to fall much further, they do expect that the total amount of vacant space could increase, but primarily in Class B and C properties.

The ACS project would displace approximately 45,000 sq.ft. of leased office space as of March, 1991. Given the projected rate of economic recovery for Anchorage, it is very unlikely the current surplus of downtown office space will be reduced significantly by 1991, thus, this displacement will add to the already large surplus of vacant office space. However, because the ACS leased office space represents a relatively small proportion of total downtown office space, its price impacts will be relatively negligible. Nonetheless, they will have a depressing impact on prices and add to an already large surplus. Vacancy rates in the buildings currently leased by ACS average an estimated 25% and would be directly impacted by the displacement.

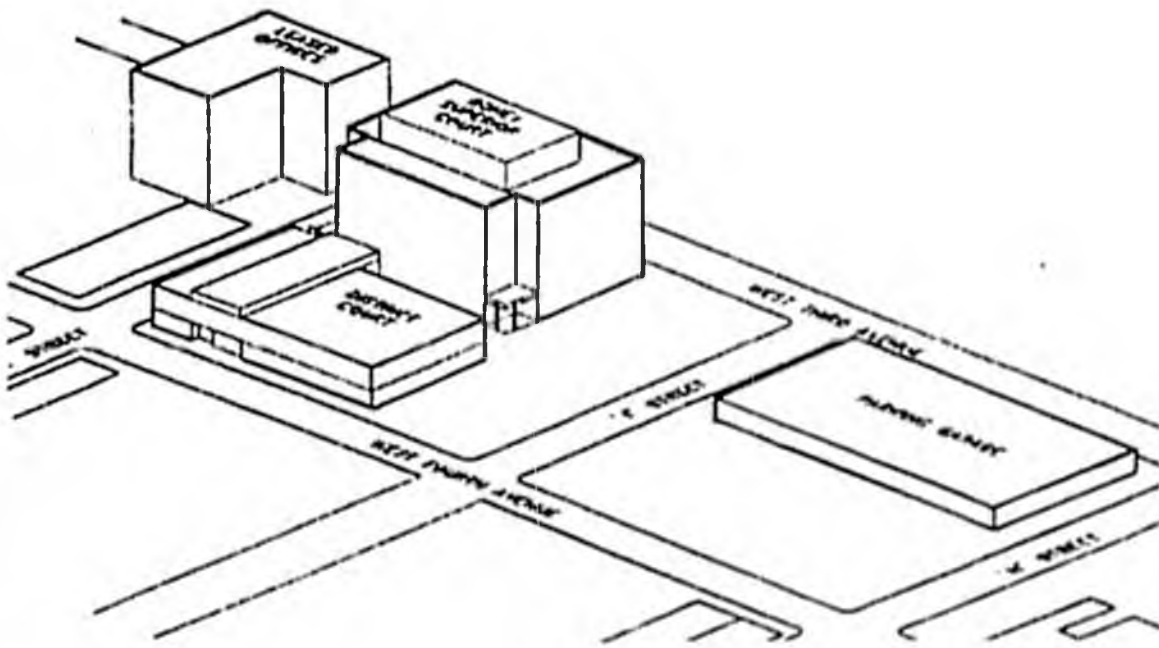
**THE COST OF POSTPONEMENT**

Postponing the ACS project would:

- \*adversely impact the efficient operation of the court system.
- \*delay the economic impact on the Anchorage economy unless equivalent money were spent in Anchorage by the state.
- \*not likely have an appreciable impact on the commercial office space market.
- \*delay the impacts of an additional \$11.5-14.5m on the state budget.

# Alaska Court System

## Anchorage Courthouse Expansion Project



Administrative Office of the Courts

March, 1989

## ANCHORAGE COURTHOUSE EXPANSION PROJECT

Through HB 110, the Alaska Court System is requesting \$3,000,000 to redesign a proposed addition to the Anchorage court facilities. The requested appropriation will provide funds for architects' fees to redesign the project into a structure of approximately 191,000 square feet, fees for the municipality plan check process and the costs of the bidding phase of the project. The project, as redesigned, will not provide for future court expansion; the project will only provide for current court needs, and assumes that the existing district court building will be demolished, and that no parking will be replaced.

The primary objectives of the Anchorage courthouse expansion project are to consolidate state court offices, and to correct spatial, functional and building code deficiencies in the current facility. The expansion project will provide for greater operational efficiency, increased safety for the public and employees, and greater public convenience.

When the Alaska Court System was created in 1960, the Anchorage court workload consisted of approximately 4,700 cases. At the time, the new court system was provided with the use of courtrooms in the then existing federal building and had administrative offices in the Lathrop building. In 1963, when the district court building was occupied, Anchorage case filings numbered approximately 9,000. In 1974, when the Boney Superior Court Building was occupied, Anchorage case filings amounted to 47,400. Since this last major expansion, the Alaska Court System has experienced a steady increase in caseload and staff.

By 1981, the creation of the Court of Appeals and the continued growth of Anchorage trial courts necessitated a move of the court's administrative offices to leased space away from the court buildings. Growth continued and in the 1987 warehouse space was rented to store case files, supplies and forms, in order to make available additional space within the court facility. In fiscal year 1988, 78,700 cases were filed in the Anchorage trial courts.

There are major deficiencies in both existing Anchorage court buildings. In particular, the significant increase in criminal offenders (see attachment 1), particularly violent felons, has created a need for a more secured prisoner circulation pattern than is possible to achieve in the present facilities. The proposed expansion facility will provide three separate circulation patterns: general public circulation; private circulation for court system staff, jurors and parties to litigation; and secured prisoner circulation including sallyport. This three-part circulation system, in conjunction with a security system, will provide a level of security that is impossible to achieve in the present buildings. It will greatly diminish the chance of prisoner escapes and other security breaches.

In the current facility, lack of space available for expansion has resulted in the fragmentation of growing departments which has disrupted work flow and has inconvenienced the public. Space deficiencies have necessitated the movement of essential support functions out of the court complex to leased space, resulting in further inefficiencies in court operations. In addition, the existing district court building does not conform to current fire codes and seismic requirements, and the mechanical and electrical systems are inadequate and difficult to remodel.

In 1981 the legislature appropriated funds to allow the court system to acquire land, to plan and design an expansion project and to remodel the existing superior court building. The court hired a nationally recognized courthouse space planner to develop a facility program for the expansion project, to include a calculation of the court's current and future space requirements. The planner's report projected a need for 350,000 additional square feet for current and future court needs, which formed the basis for the original design. The current request in HB 110 for funds to redesign the expansion project utilizes the original program report (with space requirements revised) and as much of the original building expansion design documents as possible.

#### The Redesign Decision

In the summer of 1988, the supreme court decided to reevaluate the Anchorage expansion project in light of Alaska's changed economic circumstances and reduced state budgets.

First, court staff obtained and evaluated all available state and national space standards to determine if the standards utilized for the original design program were in accord with the latest information available on efficient methods of court design and operation. This research confirmed the validity of the Alaska Court System standards. However, certain minor changes to the standards were made. A summary chart of the court standards is available.

Concurrently, staff developed a model to project space needs and applied the space standards adopted by the court to current staffing levels to produce the revised space requirements for the redesigned facility. (Summarized in attachment 2.)

A team of architects and engineers performed a technical evaluation of the district court building to determine its compliance with current building codes. Actual tests were made of the concrete structural members. These test results and analysis are contained within the report entitled "District Courthouse Evaluation", September 15, 1988. The major points are summarized in attachment 3.

Further, an evaluation was performed of both the district and the superior (Boney) buildings by National Center for State Courts staff, utilizing a nationally accepted checklist for court facility evaluation. The NCSC report evaluates how well justice functions are accommodated, as well as the physical condition of the building and its mechanical/electrical systems. The report is available.

All court departments also reviewed their space requirements as stated in the program and evaluated whether administrative solutions could be implemented to reduce the need for new space.

On an ongoing basis, the court system conducts evaluations in order to improve the efficiency of its operations through administrative means. Standing court committees examine court procedures, such as the rules for handling court exhibits, in order to develop systemic improvements. Special committees are assigned to examine areas of particular concern and to make recommendations to the supreme court. For example, the committee appointed to examine the management of the jury system has recently issued a report which made recommendations concerning the reduction of jury panel size, changes in voir dire process and improvements in jury administration. When appropriate, such information is used to assess space needs.

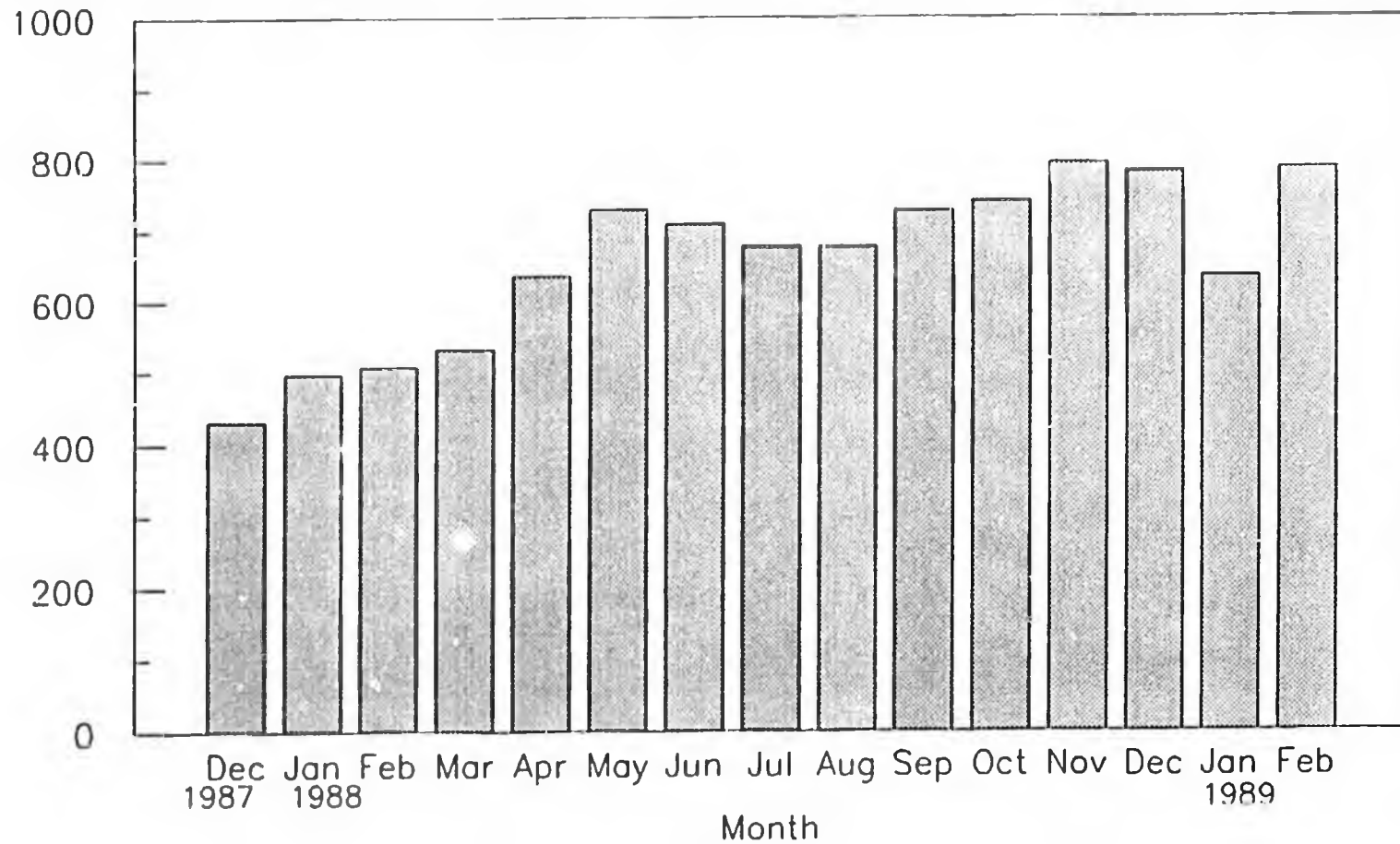
Utilizing the information gained as a result of this reevaluation effort, court staff developed a revised statement of space needs based upon current caseload and staffing conditions.

In conclusion, the appropriation requested through HB 110 will enable the Anchorage court to meet its most pressing current needs, as established through careful examination and evaluation of court operations and applicable space standards.

# Anchorage Courthouse Expansion Project Increase in Prisoner Escorts Alaska State Troopers - Judicial Services

Number of Prisoners

ATTACHMENT ONE



Month

Anchorage Courthouse Expansion Project  
Space Program Summary

Program Category	Existing Staff	Programmed Space	Existing Space	Space Deficit	Space Deficit	
					w/ Remodel	w/o Remodel
2-Supreme Court	20	12,745	13,289	(544)	(544)	510
3-Court of Appeals	16	4,965	3,438	1,527	1,527	1,864
4-Appellate Clerks Office	12	3,265	2,559	706	706	966
5-Superior Court	37	44,430	32,135	12,295	12,295	17,956
5-Superior Court - InCourt Clerks	17	2,130	2,217	(87)	(87)	279
6-District Court	15	21,395	20,535	860	860	6,921
6-District Court - InCourt Clerks	14	2,205	1,758	447	447	599
7-Probate	4	2,865	2,455	410	410	750
8-Family Court	12	8,585	5,650	2,935	2,935	3,517
9-Area Court Administrator	12	3,690	2,669	1,021	1,021	1,170
10-Traffic Court/Magistrate	19	5,275	3,593	1,682	1,682	1,760
12a-Clerk of Court	6	2,205	1,369	836	836	1,155
12b-Clerk Office - Criminal Section	16	2,690	2,310	380	380	380
12c-Clerk Office - Civil Section	12	3,010	2,175	835	835	835
12d-Clerk Office - Accounting	10	1,915	1,529	386	386	386
12e-Clerk Office - Appeals Section	4	1,145	730	415	415	445
12f-Clerk Office - Records	13	8,340	6,530	1,810	1,810	1,960
13-Transcript	7	2,475	1,598	877	877	877
14-Jury Assembly	3	5,700	2,388	3,312	3,312	3,372
15-Grand Jury	0	1,840	1,440	400	400	480
16-Coroner/Public Administrator	5	3,850	2,811	1,039	1,039	1,205
18-Alcohol Safety Action Program	13	2,815	2,380	435	435	435
19-Judicial Services	10	12,320	5,179	7,141	7,141	7,308
20-Municipal Warrants	6	2,565	1,071	1,494	1,494	2,445
21a-Administration-Director	15	6,085	4,698	1,387	1,387	1,774
21b-Administration-Personnel	6	1,400	1,011	389	389	459
21f-Administration-Micrographics	9	4,520	2,330	2,190	2,190	2,230
21g-Administration-Fiscal/Purchasing	11	2,030	1,870	160	160	276
21h-Administration-Technical	9	2,475	1,671	804	804	861
21i-Administration-Engineering	4	1,595	1,410	185	185	575
21j-Administration-Supply	8	7,535	5,155	2,380	2,380	3,415
22-Law Library	7	15,110	10,477	4,633	4,633	4,707
23-Building Support/M & O	4	11,000	1,258	9,742	9,742	9,742
<b>Net Space Needs</b>	<b>356</b>	<b>214,170</b>	<b>151,688</b>	<b>62,482</b>	<b>62,482</b>	<b>81,614</b>

Net Space Needs Satisfied by Rental Space

21a-Administration-Director	800	400	400	400	400
21f-Administration-Micrographics	2,500	2,500	2,500	2,500	2,500
21j-Administration-Supply	2,500	2,500	2,500	2,500	2,500

<b>Net Space Needs After Elimination of Rental Space</b>	<b>208,370</b>	<b>146,288</b>	<b>57,082</b>	<b>57,082</b>	<b>76,214</b>
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<b>Gross Space Needs (multiplier 1.50 of net space needs)</b>	<b>219,432</b>	<b>85,623</b>	<b>85,623</b>	<b>114,321</b>
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<b>Gross Space Needs If District Court Building is Replaced</b>	<b>162,973</b>	<b>162,973</b>	<b>191,671</b>
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<b>Gross Space Needed for Replacement Parking</b>	<b>51,670</b>
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ATTACHMENT THREE

District Courthouse Evaluation

September 16, 1988

The building: The "district courthouse" was constructed in 1952, and is located at 4th Avenue and K Streets, in Anchorage. It has 60,755 square feet of total area in three stories and a basement. The building is currently used for court proceedings, hearings, grand jury, judges' chambers, jury deliberation, court offices, printing, coroner, night court and traffic court.

The evaluation: The court system contracted for a structural evaluation of the district courthouse, to identify code deficiencies and hazardous conditions, and to estimate the costs of correcting these conditions.

Code Deficiencies and Hazardous Conditions: The evaluation identified a variety of structural problems: deficiencies under current seismic loading criteria (i.e., "A severe earthquake could cause serious damage or total collapse"); an inadequate fire alarm system; corridors and stairs without sufficient fire resistive protection; presence of asbestos; PCB's in light fixture ballasts, insufficient handicapped accessibility; dangerous, deteriorating and obsolete electrical system; inadequate emergency generation system; and lack of proper emergency and exit lighting.

Proposed solutions: The evaluation report discusses three options for addressing the concerns raised by the building's deficiencies:

- A. Option I includes no seismic improvements and provides only for the minimum code upgrades required by the Municipality of Anchorage if no significant remodeling is planned.

The cost of option I is estimated to be \$79,843 (based upon construction costs projected for 1989), or \$1.31 per square foot.<sup>1</sup>

- B. Option II includes work for correction of seismic deficiencies and removal of hazardous materials. With a renovation of this scale, most of the facility will be required to be brought up to current codes and standards.

The cost of option II is estimated to be \$3,325,658 (based upon construction costs for 1989), or \$123.58 per square foot.<sup>2</sup> This cost does not include the cost of relocation of all the functions housed in the facility for the period of the renovation, estimated to be approximately 15 months.

- C. Option III includes remodeling to make the building more functional, safe, and more easily maintained. It includes replacement of a grossly insufficient temperature and

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<sup>1</sup> DOT/PF has estimated the cost of option I to be \$400,000 or \$1.31 per square foot

<sup>2</sup> DOT/PF has estimated the cost of option II to be \$7,650,000, or \$123.58 per square foot

ventilation control system and the addition of sprinkler systems.

The cost of option III is not estimated in the evaluation. However, DOT/PF has conducted a review of the evaluation (see attached letter from William Snell dated December 30, 1988), and DOT/PF has estimated that the cost of option III could equal the cost of new construction.

Documentation: Appendices included in the report outline the tests conducted and approaches used during the architectural and structural evaluation.

Senate floor debate on May 11, 1984 on CSHB 653

page 81 of STATE  
CONSTITUTION MINUTES

Halford: Thank you Mr. President. Throughout this session, we've looked at various proposals for lease-purchases and their effect on future debts of the State in light of Constitutional Article Section 9 (attached 44E) dealing with State debt. Section 2 of this bill allows the Supreme Court to enter into a lease-purchase agreement for construction of a court facility in Anchorage. Of course, a lease-purchase agreement is a contract which then would require payments in the future of State funds. There's no revenue base, it's not a revenue bond or it's not a revenue issue. It appears to be a general obligation of the State once that lease purchase agreement is started and as I read Article 2, Section 8, it says "no state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the State who vote on the question." I think this is the same kind of question we've dealt with with regard to a lot of other lease purchase proposals only this one would be extremely interesting as one to end up in the Court system in trying to decide what the constitutional provision really means.

Rodey: Mr. President, if I could respond to the question that was raised by my colleague from Eagle River. This doesn't fall under the constitutional prohibition of a general obligation. The money has to be appropriated each year by the legislature. It is a contract as many contracts that the state enters into large and small. I think it's desirable from the point of view one, it provides my constituents, indeed our constituency with a court building which we very desperately need. We have many agencies of the court scattered throughout town. It doesn't promote the efficiency in justice and it doesn't serve the public. Also, the Court has a very good track record in terms of cost savings and efficiency. Their savings have been approximately 15% over similar DOT work and that's the kind of efficiency I like to see in government, particularly when it meets a need that we have in Anchorage. I think this is a very serious need.

Halford: Thank you Mr. President. I certainly have no problem with the facility or with the Court System's ability to operate their own leasing program. My concern is what is the difference in this action versus action to authorize a lease purchase of a building in Juneau, another building in Anchorage, or any other building? What is the effect on both the power of the legislature, and I think we've dealt with the power of the legislature here because the legislature is approving it. But what is the effect on the safeguard that the people

(JB)  
3/15/88

have to vote on those issues? I think we're making a very serious policy mistake here although I don't disagree with the purposes for which we're doing it.

Fischer (vic): Mr. President, I believe Senator Rodey responded to this. This is not a general obligation beyond one year. The annual lease purchase agreement entered into by the Court will be subject to appropriation of the funds by the legislature so that if after seven years, after one year, the legislature says no, the lease will have to be terminated and its really as simple as that.

Ray: I'm glad its simple to my colleague from Anchorage and its very simply not correct what he's saying because this is legislative approval written, ceded to and passed by the legislature giving the Court System the right to enter into lease purchase agreements for construction. So its, you're just handing them a check saying you go ahead and build you a court house in Anchorage. I don't doubt that a court house in Anchorage in needed but I still believe if you're going to do this, then you should allow the other branch of government, Administration, which is the one that really enters into lease purchase agreements for a considerable a vast amount of buildings throughout the State. Why do you pick out.. because its Anchorage. I wonder if it said Juneau if it would get the same consideration by this body.

Halford: I think the point still remains although the legislature could fails to appropriate the second year of lease, if in fact there is any value there, any portion of the purchase portion of the first year lease that is then lost, lost to the State, or if there is any penalty. That would also require an appropriation and by the fact that it requires an appropriation, which could be enforceable through the Court System, it is a debt of the State not approved by the people of the State.

Rodey: Mr. President, I can't resist rising to the comment by my good colleague from Juneau whom I sure made the remarks tongue-in-cheek. The Juneau Court House, which we see as we leave the capitol building here was funded through various mechanism: due to the great skill of the good Senator from Juneau when the ... in fact, it wasn't even approved by a bill, it was a mere resolution, actually an amendment to a resolution that did approve the Court House and one of the methods of funding was ASHA bonds. I think the court house in Juneau was needed, I think it received legislative scrutiny

at that time and I certainly would not have opposed it had I been in the legislature because I think it was needed and was a good project. On the other hand, I think we're doing this the proper way and it provides a great service to the people of Alaska.

Ray: Well, my colleague just validates what I said. Just a mere resolution was a lease purchase agreement and it said court facilities in Anchorage and Juneau and just by the adoption of the resolution, it confirmed and obligated the State to build it and they had to build it. That's the reason its there.

Kerttula: The ASHA situation versus the lease purchase under a different formula too is slightly separate program, gentlemen.

Josephson (?): Mr. President, it may be that the issue is how the contracts and leases are written. If they are written so that the court system's obligations to pay the owner for the annual occupancy fee is subject to appropriation from the legislature and neither the court as an agency nor the State is liable unless those appropriations are made, then there is no constitutional problem. If on the other hand, there is some right of the lessor to command payment whether there is an appropriation or not, then perhaps there is a problem but I don't think on its face a problem exists. It depends on how the documents are written.

Halford. Well then the question arises, is someone going to build a multi-million dollar building with the first year lease payment and nothing else? There is going to be some other consideration there, be it the effect of the political process, the effect of the legal process that may follow if the political process doesn't respond. But there's certainly got be some other considerations other than that simple first year appropriation.

Ray: Mr. President, I hope I'm not being naive, although my colleague thinks I'm being here. A lease-purchase signed by the court, the supreme court and if it ever came to a court case, whose going to try it? The legislature, are we going to try it? I don't think so and I think you would find that the court would find it was a valid agreement entered into and approved by the legislature through the passage of CSHB 653.

Sturgulewski: Mr. President, just a question to perhaps Senator Fischer might know on this. Under Section 1(a) where it allows

Supreme Court having authority over leasing, we just passed a bill dealing with certain leases having to come to the legislature for special action in \$1 million and excess and I'm wondering if this exempts then the system from having to conform to that bill should it pass.

Fischer: Mr. President, I don't think that would exempt the court system from falling under that legislation which hasn't moved anyway. But the principal part of that bill that we had before the State Affairs committee that the supreme court present any major lease or lease purchase agreement to the legislature which is in effect what they are doing here so that I believe they would be conforming to the intent and the letter of that bill.

Ray: There is agreement like that. There is no portion in law that says the supreme court has to do anything like what was just expressed by my colleague. I wonder if there is a fiscal note attached to this, an expected fiscal note, or a probably fiscal note or is it just make believe?

Josephson: The anchorage Court House, when it was first occupied after Statehood was on a lease basis and was subsequently acquired through a lease-purchase arrangement with the owner of that facility. I just mention that because the first legislature that was ever created which included some people who wrote this constitution, more people than we have now...

Kerttula: The second legislature

Josephson: The second legislature approved that arrangement and that's how we had the court house at 4th and K which later got expanded to include the Boney wing. What I'm saying is that this is not the first time this procedure has been done. This was done by the, some of the very people who wrote the Constitution and was how we got the State court house in the first place.

Kerttula: I was the only vote against it.

Ray: You mentioned very prominently Mr. President about ASHA bonds and that's how that building got built was through ASHA bonds and the second part of it and the major portion of it was built through ASHA bonds as was the one in Juneau which again, avoided the vote of the people, did not allow for the vote of the people either.

Halford: Well Mr. President, the fact that it was done before I still don't think really carries that kind of weight. I think the former governor was right when he stopped that process and forced those issues to go back to the voters. I think this one is particularly dangerous just because of the nature of the conflicts it brings up if we ever do find ourselves in .... (tape ends)

Halford (continued)... system on that question. I think that loads the question very poorly for the people of Alaska.

Ray: May I suggest that we hold this over to Mondays calendar.....

Monday, May 14

Halford: I just want to restate my objection to authorizing lease-purchase agreements. It has the potential of resulting in a debt of the State not approved by the voters as required by the Constitution.

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ill be served by the public credit, the unless it clearly reasonable basis in 376 P.2d 717;

ot be dedicated to n 15 of this article state participation rohibit the contin- ing upon the date ska.

n, or "earmark- lature would not of the day. The the second sen- v creation of the tions to the pro- convention dele- already in exist- igh receives pro- und construction. it is required by ng program. This 05.100, to which

Legal debate has surrounded the meaning of the phrase "proceeds of any state tax or license," in the first sentence. Did the authors of the constitution use the phrase to mean all state revenue, or did they want to exclude from the prohibition against dedication those state revenues that are not derived from a tax or license? The question became important when Alaska began to receive substantial income from oil lease bonuses and royalties, which are not proceeds from a tax or license.

An opinion of the attorney general of an early administration said that oil lease royalty income was outside the prohibition against earmarking in this section. A later opinion reversed this interpretation and held that the historical record of the convention made it clear that the delegates intended to bar the dedication of *all* state revenue, whether or not they derive strictly from a tax or license. Consequently, a constitutional amendment was required to create the Alaska Permanent Fund.

Note that the last sentence of Section 15 seems to permit the legislature to dedicate earnings of the Permanent Fund.

#### Section 8. State Debt

No state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective.

(Amended in 82 to allow bonding for VA homes)

Except for meeting emergencies and paying public debts incurred during the territorial period, the legislature may incur debt only for capital improvements, and then only after approval by the voters. In the first twenty years of statehood, eighty-three bonding propositions have gone before the voters; seventy-four of these were ratified and nine rejected.

#### Section 9. Local Debts

No debt shall be contracted by any political subdivision of the State, unless authorized for capital improvements by its governing body and ratified by a majority vote of those qualified to vote and voting on the question.

Local governments are also required by the constitution to limit their debt to capital projects and to secure prior approval by the voters. Capital improvements are public works of a permanent character, such as streets, sewers, schools, libraries, and public utilities.

Alaska State Building Authority  
State Lease Revenue Bonds  
Debt Service to Maturity

FY	Bond # 01-A	Bond # 01-B	Bond # 01	Bond # 01-1	Bond # 01-2	Bond # 06	Bond # 07-1	Bond # 07-2	Bond # 08-2	Bond # 09	Bond # 10-2	Bond # 11	Total State Lease Revenue Bonds
<b>PRINCIPAL</b>													
88	\$ 245,000.00	\$ 270,000.00	\$ 225,000.00	\$ 175,000.00	\$ 80,000.00	\$ 270,000.00	\$ 70,000.00	\$ 545,000.00	\$ 615,000.00	\$ 475,000.00	\$ 945,000.00	\$ 660,000.00	\$ 4,575,000.00
89	250,000.00	285,000.00	240,000.00	185,000.00	85,000.00	290,000.00	75,000.00	580,000.00	650,000.00	505,000.00	1,000,000.00	705,000.00	4,850,000.00
90	265,000.00	300,000.00	255,000.00	195,000.00	90,000.00	310,000.00	80,000.00	620,000.00	690,000.00	535,000.00	1,060,000.00	750,000.00	5,150,000.00
91	275,000.00	315,000.00	270,000.00	205,000.00	95,000.00	330,000.00	85,000.00	660,000.00	735,000.00	565,000.00	1,120,000.00	795,000.00	5,450,000.00
92	285,000.00	330,000.00	285,000.00	220,000.00	100,000.00	355,000.00	90,000.00	705,000.00	780,000.00	605,000.00	1,190,000.00	840,000.00	5,785,000.00
93	-	345,000.00	305,000.00	230,000.00	105,000.00	-	95,000.00	750,000.00	830,000.00	640,000.00	1,260,000.00	900,000.00	5,460,000.00
94	-	-	325,000.00	250,000.00	110,000.00	-	-	-	-	-	1,335,000.00	955,000.00	2,975,000.00
95	-	-	345,000.00	-	115,000.00	-	-	-	-	-	-	1,015,000.00	1,475,000.00
	<u>1,320,000.00</u>	<u>1,845,000.00</u>	<u>2,250,000.00</u>	<u>1,460,000.00</u>	<u>780,000.00</u>	<u>1,555,000.00</u>	<u>495,000.00</u>	<u>3,860,000.00</u>	<u>4,300,000.00</u>	<u>3,325,000.00</u>	<u>7,910,000.00</u>	<u>6,620,000.00</u>	<u>35,720,000.00</u>
<b>INTEREST</b>													
88	58,378.37	89,707.50	128,250.00	77,955.00	42,052.50	87,437.50	25,902.50	201,938.75	217,015.00	164,027.50	408,995.00	396,455.00	1,898,114.62
89	46,312.75	75,206.25	114,300.00	67,828.75	37,411.25	69,517.50	21,715.00	169,450.00	180,962.50	138,057.50	355,910.00	354,293.75	1,631,035.25
90	3,759.64	59,850.00	99,450.00	57,093.75	32,467.50	50,162.50	17,220.00	134,650.00	142,600.00	110,230.00	298,800.00	308,825.00	1,345,108.39
91	77.15	706.25	83,700.00	45,742.50	27,217.50	29,362.50	12,435.00	97,530.00	101,631.25	80,530.00	237,760.00	260,543.75	1,040,755.90
92	16	26,775.00	67,050.00	33,630.00	21,660.00	9,318.75	7,360.00	57,945.00	61,000.00	48,637.50	172,485.00	209,240.00	722,048.41
93	-	9,056.25	49,350.00	20,805.00	15,817.50	-	2,375.00	18,750.00	20,150.00	16,000.00	102,660.00	154,430.00	409,993.75
94	-	-	30,450.00	7,125.00	9,690.00	-	-	-	-	-	33,375.00	95,520.00	176,160.00
95	-	-	10,350.00	-	3,277.50	-	-	-	-	-	-	32,480.00	46,107.50
	<u>165,175.07</u>	<u>304,301.25</u>	<u>582,900.00</u>	<u>310,180.00</u>	<u>189,593.75</u>	<u>245,798.75</u>	<u>87,007.50</u>	<u>680,263.75</u>	<u>723,958.75</u>	<u>557,482.50</u>	<u>1,610,055.00</u>	<u>1,811,787.50</u>	<u>7,269,323.82</u>
<b>TOTAL DEBT SERVICE (Including \$5,000 Per Annum ASBA Fee)</b>													
88	308,378.37	364,707.50	358,250.00	257,955.00	127,052.50	362,437.50	100,902.50	751,938.75	837,015.00	644,027.50	1,358,995.00	1,061,455.00	6,533,114.62
89	301,312.75	365,206.25	359,300.00	257,828.75	127,411.25	364,517.50	101,715.00	754,450.00	835,967.50	648,057.50	1,360,980.00	1,064,293.75	6,541,035.25
90	303,759.64	364,850.00	359,450.00	257,093.75	127,467.50	365,162.50	102,220.00	759,650.00	837,600.00	650,230.00	1,363,800.00	1,063,825.00	6,555,108.39
91	300,597.15	363,706.25	358,700.00	255,742.50	127,217.50	364,362.50	102,435.00	762,530.00	841,631.25	650,530.00	1,362,760.00	1,060,543.75	6,550,755.90
92	296,947.16	361,775.00	357,050.00	258,630.00	126,660.00	369,318.75	102,360.00	767,945.00	846,000.00	658,637.50	1,367,485.00	1,054,240.00	6,567,048.41
93	-	359,056.25	359,350.00	255,805.00	125,817.50	-	102,375.00	773,750.00	855,750.00	661,000.00	1,367,660.00	1,059,430.00	5,919,993.75
94	-	-	30,450.00	262,125.00	124,690.00	-	-	-	-	-	1,373,375.00	1,055,520.00	3,176,160.00
95	-	-	30,350.00	-	123,277.50	-	-	-	-	-	-	1,052,480.00	1,536,107.50
	<u>\$1,510,995.07</u>	<u>\$2,179,301.25</u>	<u>\$2,872,900.00</u>	<u>\$1,805,180.00</u>	<u>\$1,009,593.75</u>	<u>\$1,825,798.75</u>	<u>\$612,007.50</u>	<u>\$4,570,263.75</u>	<u>\$5,053,958.75</u>	<u>\$3,912,482.50</u>	<u>\$9,555,055.00</u>	<u>\$8,471,787.50</u>	<u>\$43,379,323.82</u>

3/15/88  
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STATE FACILITIES UNDER BONDED INDEBTEDNESS

BOND # 01-A 1966 ISSUE

FACILITY NAME	LOCATION
ELEMENTARY SCHOOL HOUSING	ANGOON
ELEMENTARY SCHOOL	ANGOON
GENERATOR/POWER BUILDING	ANGCON
COMBINED FACILITY	DELTA JUNCTION
HIGHSCHOOL ADDITION	DELTA JUNCTION
COMBINED FACILITY	DILLINGHAM
EMPLOYEE HOUSING UNIT	DILLINGHAM
HIGHWAY MAINTENANCE SHOP	GIRDWOOD
COMBINED FACILITY	GLENNALLEN
HIGHSCHOOL ADDITION	GLENNALLAN
MANUAL TRAINING SHOP	GLENNALLEN
WAREHOUSE AND GARAGE	GLENNALLAN
HIGHWAY MAINTENANCE SHOP	NELCHINA
HIGHWAY MAINTENANCE SHOP	NENANA
HIGHWAY MAINTENANCE SHOP	PAXSON
HIGHWAY WARM STORAGE	SOLDOTNA
EMPLOYEE HOUSING	TELLER
WAREHOUSE	TELLER
CLASSROOM & LIVING QUARTERS	TENAKEE SPRINGS
COMBINED FACILITY	TOK JUNCTION
EMPLOYEE HOUSING (8PLEX)	TOK JUNCTION
SCHOOL ADDITION	TOK JUNCTION
EMPLOYEE HOUSING (8PLEX)	VALDEZ
EMPLOYEE HOUSING (8PLEX)	VALDEZ
EMPLOYEE HOUSING (8PLEX)	VALDEZ

BOND # 01-B 1967 ISSUE

FACILITY NAME	LOCATION
HIGHWAY MAINTENANCE SHOP	BERNICE LAKE
COMBINED FACILITY	BETHEL
HIGHWAY MAINTENANCE SHOP HIGHWAY POWER HOUSE	CENTRAL CENTRAL
HIGHSCHOOL ADDITION	GLENNALLAN
HIGHWAY MAINTENANCE SHOP	HEALY
HIGHWAY MAINTENANCE SHOP	HOMER
S.E. CORRECTIONAL FACILITY	JUNEAU
COMBINED FACILITY HIGHWAY MAINTENANCE SHOP	KODIAK KODIAK
HIGHWAY MAINTENANCE SHOP	NINILCHIK

BOND # 03 1969 ISSUE

COURT AND OFFICE BUILDING	ANCHORAGE
COURT AND OFFICE BUILDING	FAIRBANKS

BOND # 04-1 1968 ISSUE

HIGHWAY MAINTENANCE HOUSING HIGHWAY MAINTENANCE SHOP	CHULITNA CHULITNA
FISH & GAME HEADQUARTERS BUILDING	COLD BAY
FISH & GAME HEADQUARTERS BUILDING	CORDOVA
HIGHWAY COMPLEX: LARGE VEHICLE/WARM STORAGE BUILDING MAINTENANCE SHOP MATERIAL TEST LABORATORY PUMPHOUSE SMALL VEHICLE STORAGE BUILDING	FAIRBANKS

FACILITY NAME	LOCATION
SUPPLY BUILDING	FAIRBANKS
HIGHWAY MAINTENANCE SHOP	KETCHIKAN
HIGHWAY MAINTENANCE SHOP	TAZLINA

BOND # 04-2 1968 ISSUE

HIGHWAY COMPLEX/OFFICE BUILDING	FAIRBANKS
FISH & GAME COMPLEX:	KING SALMON
HEADQUARTERS OFFICE BUILDING	
DORMITORY BUILDING	
WAREHOUSE/SHOP BUILDING	
FUEL STORAGE BUILDING	

BOND # 05-1 1970 ISSUE

ALCANTRA YOUTH CAMP	WASILLA
ALCANTRA WATER TREATMENT FACILITY	WASILLA
HIGHWAY COMPLEX:	ANCHORAGE
OFFICE BUILDING	
SMALL VEHICLE STORAGE BUILDING	
SUPPLY BUILDING	
TESTING LABORATORY	
LARGE VEHICLE STORAGE BUILDING	
HIGHWAY MAINTENANCE SHOP	CORDOVA
COMBINED FACILITY	FORT YUKON
HIGHWAY MAINTENANCE SHOP	PETERSBURG
DUPLEX/OFFICE	SAND POINT

BOND # 05-2 1970 ISSUE

FACILITY NAME	LOCATION
COURT AND OFFICE BUILDING	ANCHORAGE
COURT AND OFFICE BUILDING	KETCHIKAN

BOND # 05-3 1970 ISSUE

STATE OFFICE BUILDING	JUNEAU
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BOND # 06 1971 ISSUE

COURT AND OFFICE BUILDING # 2	ANCHORAGE
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BOND # 07-1 1972 ISSUE

DOUGLAS ISLAND BUILDING	DOUGLAS (JUNEAU)
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BOND # 07-2 1972 ISSUE

COMMUNITY BUILDING	JUNEAU
COURT AND OFFICE BUILDING	JUNEAU

BOND # 08-2 1972 ISSUE

AVIATION BUILDING	ANCHORAGE
PIONEER HOME ADDITION #2	FAIRBANKS
ARCHIVES AND RECORDS BUILDING	JUNEAU
PUBLIC SAFETY BUILDING	SITKA

BOND # 09 1973 ISSUE

<u>FACILITY NAME</u>	<u>LOCATION</u>
REGIONAL OFFICE BUILDING	FAIRBANKS
REGIONAL OFFICE BUILDING	KODIAK
PIONEER HOME	PALMER

BOND # 10-2 1973 ISSUE

COMMUNICATION BUILDING	ANCHORAGE
PIONEER HOME	ANCHORAGE
PARKING STRUCTURE	ANCHORAGE
HIGHSCHOOL ADDITION #4	DELTA JUNCTION
COURT AND OFFICE BUILDING	KENAI
PIONEERS HOME	KOTZEBUE
COURT AND OFFICE BUILDING	VALDEZ

BOND # 11 1974 ISSUE

PARKING STRUCTURE	FAIRBANKS
PARKING STRUCTURE	JUNEAU
COURT AND OFFICE BUILDING	SITKA