

**SB**

**369**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/28/94

FURTHER:

Date of 5-Day Notice: 3-31-94  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: \_\_\_\_\_

Finance Committee considered SB 369

"An Act relating to the maintenance of and art requirements for certain public buildings and facilities and to the art in public places fund; and providing for an effective date."

**Died in SFC 1994.**

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

- do pass
- do not pass
- no recommendation
- individual recommendations

### NEW FISCAL NOTES

Department	Date	Zero	Fiscal

### PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS.

\_\_\_\_\_  
\_\_\_\_\_  
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OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

2. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

**ALASKA STATE LEGISLATURE**  
**SENATE BILL NO. 369**

**HISTORY IN THE SENATE**

1947  
3/28  
FIN

Read first time and referred to:

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\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_\_ DP \_\_\_\_ NR \_\_\_\_ DNP \_\_\_\_ AM  
 New Title \_\_\_\_ Same Title \_\_\_\_ Previous FN  
 \_\_\_\_ FN \_\_\_\_ OFN To \_\_\_\_\_

\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_\_ DP \_\_\_\_ NR \_\_\_\_ DNP \_\_\_\_ AM  
 New Title \_\_\_\_ Same Title \_\_\_\_ Previous FN  
 \_\_\_\_ FN \_\_\_\_ OFN To \_\_\_\_\_

\_\_\_\_\_ RPT(\_\_\_\_) CS \_\_\_\_ DP \_\_\_\_ NR \_\_\_\_ DNP \_\_\_\_ AM  
 New Title \_\_\_\_ Same Title \_\_\_\_ Previous FN  
 \_\_\_\_ FN \_\_\_\_ OFN To \_\_\_\_\_

\_\_\_\_\_ Rules Calendar(\_\_\_\_) CS \_\_\_\_ AM \_\_\_\_ Other  
 New Title \_\_\_\_ Same Title \_\_\_\_ Previous FN  
 \_\_\_\_ FN \_\_\_\_ OFN

Read second time

\_\_\_\_\_ CS Adopted (\_\_\_\_) \_\_\_\_\_ New Title  
 \_\_\_\_\_ Amended \_\_\_\_\_ Advanced

Read third time

\_\_\_\_\_ Letter of Intent adopted  
 \_\_\_\_\_ Return to second for specific amendment

PASSED	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration  
 Reconsideration not taken up

PASSED	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed  
 Signed by President, to House

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Secretary of the Senate

**HISTORY IN THE HOUSE**

19

Read first time and referred to:

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\_\_\_\_\_ RPT CS( ) \_\_\_\_ New Title  
 DP \_\_\_\_ DNP \_\_\_\_ NR \_\_\_\_ AM  
 FN \_\_\_\_ OFN \_\_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_\_ New Title  
 DP \_\_\_\_ DNP \_\_\_\_ NR \_\_\_\_ AM  
 FN \_\_\_\_ OFN \_\_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_\_ New Title  
 DP \_\_\_\_ DNP \_\_\_\_ NR \_\_\_\_ AM  
 FN \_\_\_\_ OFN \_\_\_\_ Previous FN

Read second time  
 CS( ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_\_\_ Intent adopted

Reconsideration  
 Reconsideration not taken up

PASSED ON RECON.	EFD Same ____ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_\_\_ Intent adopted

Reported correctly engrossed, signed by the Speaker  
 and returned to the Senate

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Chief Clerk of the House

**CS FOR SENATE BILL NO. 369(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION**

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

**A BILL  
FOR AN ACT ENTITLED**

1 "An Act relating to the maintenance of and art requirements for certain public  
2 buildings and facilities and to the art in public places fund; and providing for  
3 an effective date."

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

5 \* Section 1. AS 35 is amended by adding a new chapter to read:

6 CHAPTER 50. STATE MAINTENANCE OF STATE-OWNED BUILDINGS.

7 Sec. 35.50.010. STATE BUILDING MAJOR MAINTENANCE FUND. (a)

8 The state building major maintenance fund is established in the Department of  
9 Administration. The fund consists of

10 (1) money appropriated to the fund by the legislature;

11 (2) the proceeds of general obligation bonds and revenue bonds issued  
12 for major maintenance projects of state buildings;

13 (3) the construction cost proceeds deposited in the fund under  
14 AS 35.50.030(a);

ALASKA STATE LEGISLATURE  
SENATE BILL NO. 369

HISTORY IN THE SENATE

1947

3/28

Read first time and referred to:

FIN

RPT( ) CS DP NR DNP AM  
New Title Same Title Previous FN  
FN OFN To

RPT( ) CS DP NR DNP AM  
New Title Same Title Previous FN  
FN OFN To

RPT( ) CS DP NR DNP AM  
New Title Same Title Previous FN  
FN OFN To

Rules Calendar( ) CS AM Other  
New Title Same Title Previous FN  
FN OFN

Read second time

CS Adopted ( ) New Title  
Amended Advanced

Read third time

Letter of Intent adopted  
Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration

Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed  
Signed by President, to House

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

RPT CS( ) New Title  
DP DNP NR AM  
FN OFN Previous FN

RPT CS( ) New Title  
DP DNP NR AM  
FN OFN Previous FN

RPT CS( ) New Title  
DP DNP NR AM  
FN OFN Previous FN

Read second time

CS( ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Intent adopted

Reconsideration

Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Intent adopted

Reported correctly engrossed, signed by the Speaker  
and returned to the Senate

Chief Clerk of the House

**SENATE-HOUSE HISTORY Continued**

19	<p>Received from the House Version: _____</p> <p>Concur in House amendment Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>Failed to concur in House amendment, ask House recede Y ___ N ___ E ___ A ___</p> <p>House failed to / receded from amendment Y ___ N ___ E ___ A ___</p> <p>CC appointed by Senate _____ Chair _____</p> <p>CC appointed by House _____ Chair _____</p> <p>(S) Granted Limited Powers of Free Conference</p> <p>(H) Granted Limited Powers of Free Conference</p>
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19	<p>(S) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>(H) Adopted CC Rpt _____ Y ___ N ___ E ___ A ___ _____ Efd same or Y ___ N ___ E ___ A ___</p> <p>To enrolling Received from enrolling Sent to Governor</p> <p>_____ By Governor</p> <p>Chapter Number _____</p> <p>Filed with Lieutenant Governor</p>
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**CS FOR SENATE BILL NO. 369(FIN)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:**  
**Referred:**

**Sponsor(s): SENATE FINANCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the maintenance of and art requirements for certain public**  
2 **buildings and facilities and to the art in public places fund; and providing for**  
3 **an effective date."**

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

5 **\* Section 1.** AS 35 is amended by adding a new chapter to read:

6 **CHAPTER 50. STATE MAINTENANCE OF STATE-OWNED BUILDINGS.**

7 **Sec. 35.50.010. STATE BUILDING MAJOR MAINTENANCE FUND. (a)**

8 **The state building major maintenance fund is established in the Department of**  
9 **Administration. The fund consists of**

10 **(1) money appropriated to the fund by the legislature;**

11 **(2) the proceeds of general obligation bonds and revenue bonds issued**  
12 **for major maintenance projects of state buildings;**

13 **(3) the construction cost proceeds deposited in the fund under**  
14 **AS 35.50.030(a);**

1 (4) the major maintenance assessment fees deposited in the fund under  
2 AS 35.50.090(a);

3 (5) money from the federal government that is for the major  
4 maintenance of state buildings and that is appropriated to the fund; and

5 (6) interest on money in the fund, if appropriated into the fund by the  
6 legislature.

7 (b) Subject to appropriation, the money in the state fund shall be used for  
8 major maintenance projects for state buildings, and for the costs of employing or  
9 contracting with persons to provide the expertise needed by the committee to perform  
10 its duties under this chapter.

11 Sec. 35.50.020. UNIVERSITY BUILDING MAJOR MAINTENANCE FUND.

12 (a) The university building major maintenance fund is established as a fund of the  
13 University of Alaska. The fund consists of

14 (1) money appropriated to the fund by the legislature;

15 (2) the proceeds of general obligation bonds and revenue bonds issued  
16 for major maintenance projects of university buildings;

17 (3) the construction cost proceeds deposited in the fund under  
18 AS 35.50.030(b);

19 (4) the major maintenance assessment fees deposited in the fund under  
20 AS 35.50.090(b);

21 (5) money from the federal government that is for the major  
22 maintenance of university buildings and that is appropriated to the fund; and

23 (6) interest on money in the fund, if appropriated into the fund by the  
24 legislature.

25 (b) Subject to appropriation, the money in the university fund shall be used for  
26 major maintenance projects for university buildings, and for the costs of employing or  
27 contracting with persons to provide the expertise needed by the Board of Regents to  
28 perform its duties under this chapter.

29 Sec. 35.50.025. NONLAPSING APPROPRIATIONS. Except as otherwise  
30 provided by the particular appropriation, appropriations to the state fund or university  
31 fund are not one-year appropriations, and appropriation balances do not lapse under

1 AS 37.25.010.

2 Sec. 35.50.030. REQUIRED DEPOSIT. (a) Subject to an appropriation for  
3 the purpose, a state agency that is responsible for the construction of a state building  
4 shall deposit into the state fund one percent of the construction costs of the state  
5 building.

6 (b) Subject to an appropriation for the purpose, if the university is responsible  
7 for the construction of a building, the university shall deposit into the university fund  
8 one percent of the construction costs of the building.

9 (c) In this section, "construction costs" means all costs to construct the  
10 building, including planning, design, and financing costs, but does not include the cost  
11 of the land for the building.

12 Sec. 35.50.040. REVIEW COMMITTEE ESTABLISHED. (a) The State  
13 Building Major Maintenance Review Committee is established in the department. The  
14 committee consists of

15 (1) the commissioners, or their designees, of

16 (A) the Department of Administration;

17 (B) the Department of Transportation and Public Facilities; and

18 (C) three other departments selected by the governor on a two-  
19 year rotating basis;

20 (2) the administrative director of the Alaska Court System, or the  
21 director's designee, who serves as a non voting member of the committee; and

22 (3) the executive director of the Legislative Affairs Agency, or the  
23 director's designee, who serves as a nonvoting member of the committee.

24 (b) The commissioner of administration shall serve as the chair of the  
25 committee.

26 Sec. 35.50.050. EXPERT ASSISTANCE. The committee may employ or  
27 contract with persons to provide the expertise needed by the committee to carry out  
28 its duties under this chapter. The Board of Regents may employ or contract with  
29 persons to provide the expertise needed by the Board of Regents to carry out its duties  
30 under this chapter.

31 Sec. 35.50.060. COMMITTEE DUTIES. The committee shall

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- (1) develop criteria for establishing the major maintenance needs of state buildings;
- (2) analyze the major maintenance needs of state buildings;
- (3) establish a method for prioritizing the major maintenance projects needed for state buildings; the method must include consideration of the need for the projects and the cost of the projects;
- (4) prepare and maintain a six-year major maintenance plan for state buildings;
- (5) prepare a complete list of all major maintenance needs of state buildings each year;
- (6) prepare a prioritized list of the major maintenance projects that the committee recommends be performed each year for state buildings; the selection shall be based on the need for the projects, the cost of the projects, and other factors determined significant by the committee;
- (7) review the life cycle costs of state buildings; and
- (8) develop annual maintenance and operating strategies.

Sec. 35.50.070. BOARD OF REGENTS DUTIES. The Board of Regents shall

- (1) develop criteria for establishing the major maintenance needs of university buildings;
- (2) analyze the major maintenance needs of university buildings;
- (3) establish a method for prioritizing the major maintenance projects needed for university buildings; the method must include consideration of the need for the projects and the cost of the projects;
- (4) prepare and maintain a six-year major maintenance plan for university buildings;
- (5) prepare a complete list of all major maintenance needs of university buildings each year;
- (6) prepare a prioritized list of the major maintenance projects that the Board of Regents recommends be performed each year for university buildings; the selection shall be based on the need for the projects, the cost of the projects, and other factors determined significant by the Board of Regents;

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- (7) review the life cycle costs of university buildings; and
- (8) develop annual maintenance and operating strategies.

Sec. 35.50.080. REPORTS TO LEGISLATURE. (a) The commissioner of administration shall provide to the legislature by January 15 of each year

- (1) the committee's list of all current major maintenance needs for state buildings;
- (2) a report on the activities of the committee during the previous fiscal year; and
- (3) a prioritized list of the major maintenance projects recommended by the committee for state buildings for the next fiscal year.

(b) The Board of Regents shall provide to the legislature by January 15 of each year

- (1) the Board of Regents' list of all current major maintenance needs for university buildings;
- (2) a report on the activities of the Board of Regents under this chapter during the previous fiscal year; and
- (3) a prioritized list of the major maintenance projects recommended by the Board of Regents for university buildings for the next fiscal year.

(c) Nothing in this section prevents the

- (1) administrative director of the Alaska Court System from submitting to the legislature for the court system the court system's own prioritized list of the major maintenance projects recommended by the court system for state buildings for a fiscal year;
- (2) executive director of the Legislative Affairs Agency from submitting to the legislature for the legislative branch the legislative branch's own prioritized list of the major maintenance projects recommended by the legislative branch for state buildings for a fiscal year.

Sec. 35.50.090. MAJOR MAINTENANCE ASSESSMENT FEE. (a) Subject to an appropriation for the purpose, each fiscal year a state agency that occupies a state building shall deposit in the state fund an annual major maintenance assessment fee in the amount established by the committee each year for each square foot occupied

1 by the state agency in the building.

2 (b) Subject to an appropriation for the purpose, each fiscal year the university  
3 shall deposit in the university fund an annual major maintenance assessment fee in the  
4 amount established by the Board of Regents each year for each square foot occupied  
5 by the university in a university building.

6 (c) The governor shall use the square foot rates established by the committee  
7 and the university each year to prepare the budget submitted by the governor to the  
8 legislature under AS 37.07.

9 Sec. 35.50.900. DEFINITIONS. In this chapter,

10 (1) "Board of Regents" means the Board of Regents of the University  
11 of Alaska;

12 (2) "building" includes improvements that are connected to the building,  
13 but does not include

14 (A) a school for which the major maintenance grant fund under  
15 AS 14.11.007 may be used to make a grant to the school; or

16 (B) an international airport; in this paragraph, "international  
17 airport" has the meaning given in AS 02.15.260;

18 (3) "committee" means the State Building Major Maintenance Review  
19 Committee established by AS 35.50.040;

20 (4) "department" means the Department of Administration;

21 (5) "state agency" means a department, institution, board, commission,  
22 division, authority, public corporation, committee, or other administrative unit of the  
23 executive, judicial, or legislative branch of state government, but does not include the  
24 University of Alaska, the Alaska Railroad Corporation, the Alaska Housing Finance  
25 Corporation, the Alaska Aerospace Development Corporation, or the Alaska Industrial  
26 Development and Export Authority;

27 (6) "state building" means a building owned by the state;

28 (7) "state fund" means the state building major maintenance fund  
29 established under AS 35.50.010;

30 (8) "university" means the University of Alaska;

31 (9) "university building" means a building owned by the University of

1 Alaska;

2 (10) "university fund" means the university building major maintenance  
3 fund established under AS 35.50.020.

4 \* **Sec. 2.** AS 44.27.052(a) is amended to read:

5 (a) The council may

6 (1) hold public and private hearings;

7 (2) enter into contracts, within the limit of funds available, with  
8 individuals, organizations, and institutions for services furthering the educational  
9 objectives of the council's programs;

10 (3) enter into contracts, within the limit of funds available, with local  
11 and regional associations for cooperative endeavors furthering the educational  
12 objectives of the council's programs;

13 (4) accept gifts, contributions, and bequests of unrestricted funds from  
14 individuals, foundations, corporations, and other organizations or institutions for the  
15 purpose of furthering the educational objectives of the council's programs; and

16 (5) make and sign agreements and to do and perform any acts  
17 necessary to carry out the purposes of AS 44.27.040 - 44.27.058 [AS 44.27.040 -  
18 44.27.060].

19 \* **Sec. 3.** AS 44.35.030 is amended to read:

20 **Sec. 44.35.030. CONSTRUCTION OF MEMORIALS TO ALASKA**  
21 **VETERANS.** The Department of Military and Veterans' Affairs may construct  
22 memorials to Alaska veterans. A memorial constructed under this section is not  
23 subject to AS 35.15 [OR AS 35.27].

24 \* **Sec. 4.** AS 35.27; AS 44.27.050(6), and 44.27.060 are repealed.

25 \* **Sec. 5. APPLICATION.** (a) Notwithstanding the repeal of AS 35.27 by sec. 4 of this  
26 Act, AS 35.27 continues in effect for the purpose of the design, construction, mounting, and  
27 administration of a work of art if a contract for the design, construction, mounting, or  
28 administration of the work of art is entered into under AS 35.27 before the effective date of  
29 sec. 4 of this Act.

30 (b) Notwithstanding the amendment of AS 44.27.052(a)(5) by sec. 2 of this Act and  
31 the repeal of AS 44.27.050(6) and 44.27.060 by sec. 4 of this Act, AS 44.27.052(a)(5), as it

1 reads before the effective date of this Act, and AS 44.27.050(6) and 44.27.060 continue in  
2 effect for the purpose of the design, construction, mounting, administration, commission, or  
3 loan of a work of art if a contract for the design, construction, mounting, administration,  
4 commission, or loan of the work of art to be funded in whole or in part under AS 44.27.060  
5 is entered into before the effective date of sec. 4 of this Act.

6 \* **Sec. 6.** AS 35.50.010(a)(4), 35.50.020(a)(4), and 35.50.090, added by sec. 1 of this Act,  
7 take effect July 1, 1995. The other provisions of this Act take effect immediately under  
8 AS 01.10.070(c).

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 369

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: An Act relating to the maintenance of and art BRU: General Services  
requirements for certain public buildings and facilities Component: Purchasing  
 Sponsor: Senate Finance Committee  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 60

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	122.0	122.0	122.0	122.0	122.0	122.0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	273	0	0	0	0	0
SUPPLIES	20	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>151.3</b>	<b>122.0</b>	<b>122.0</b>	<b>122.0</b>	<b>122.0</b>	<b>122.0</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	151.3	122.0	122.0	122.0	122.0	122.0
<b>TOTAL</b>	<b>151.3</b>	<b>122.0</b>	<b>122.0</b>	<b>122.0</b>	<b>122.0</b>	<b>122.0</b>

POSITIONS

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: \$ -0-

ANALYSIS: (attach a separate page if necessary.)  
 See attachment.

Prepared By: Dugan Petty, Director Phone: 465-2250  
 Division: General Services Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Usura Date: 3/30/94  
 Agency: Department of Administration

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## FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 369  
PAGE 2 of 2

While much of the existing efforts of the Office of Management and Budget, Alaska State Facilities Administrators and agencies will be utilized to meet the requirements of the bill, work is needed to develop forms, procedures and methodology to review projects and prepare required reports between passage of the bill and the next legislative session. This work will have fiscal impact paid from the major maintenance fund.

If sufficient funding is available in the major maintenance project fund for FY95, we believe expenses would be as outlined below. If funding is unavailable, the committee duties outlined in section 35.50.060 would be met to the extent resources permit.

### Anticipated Costs for Expert Staff:

Project Manager	75.5
Administrative Assistant I	<u>46.5</u>
	122.0

### Anticipated Contractual Services:

• Establish criteria for major maintenance needs assessment and submittal development	8.0
• Cost estimating of projects and developing estimating criteria	11.3
• Assist development six year plan	5.0
• Develop life cycle cost criteria and approach	<u>3.0</u>
TOTAL	27.3

Anticipated Cost of Software & Supplies: 2.0

**FISCAL NOTE**

Revision Date:  
Title: State Bldg. Maintenance; Repeal Art Program

Department Affected: DOT&PF  
BRU: E&OS, D&C

Sponsor: Senate Finance  
Requestor:

Component: D&C  
Component Serial Number: #547

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING:</b>	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL FUNDING:</b>	0	0	0	0	0	0

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: \$0

**ANALYSIS: (Attach a separate page if necessary)**

There will be some impact and costs to DOT/PF associated with this bill. These costs should be covered and available from the major maintenance fund.

Prepared by: Mal Linthwaite, Director

Phone: 465-6978

Division: Engineering & Operations Standards

Date: March 30, 1994

Approved by Commissioner: B.A. Campbell

Phone: 465-3901

Agency: Department of Transportation and Public Facilities

Date: April 5, 1994

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## FY95

Agency Request (as found in budget backup)*	Gov Request to the Legislature
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Agency

Governor (ADA only)	4500.0	2000.0
Administration	00.0	00.0
DCRA	00.0	00.0
Commerce	00.0	00.0
Corrections	3075.0	1000.0
Education (excluding schools)	00.0	00.0
Environmental Conservation	00.0	00.0
Fish & Game	2991.0	650.0
Health & Social Services	2568.6	888.9
Labor	00.0	00.0
Law	00.0	00.0
Military & Veterans Affairs	5767.9	765.0
Natural Resources	00.0	00.0
Public Safety	00.0	00.0
Revenue	00.0	00.0
Transportation & Public Facilities	2550.0	1250.0
U of A	00.0	00.0
Judicial	00.0	00.0

\* - This worksheet refers only to those capital requests which can be identified based on the Governor's Capital Budget submission.

One may reasonably assume that other departments with large deferred maintenance needs requested an amount which was not forwarded for legislative consideration.



OFFICIAL BUSINESS

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### Sectional Analysis CS SB 369

**"An Act relating to the maintenance of and art requirements for certain public buildings and facilities and to the art in public places fund; and providing for an effective date."**

#### Section 1.

- 35.50.010. **STATE BUILDING MAJOR MAINTENANCE FUND.** Creates the State Building Major Maintenance Fund consisting of appropriations, bond proceeds, 1% of construction costs, annual major maintenance assessment fees, federal funds, and interest on the fund.
- 35.50.020. **UNIVERSITY BUILDING MAJOR MAINTENANCE FUND.** Creates the University Building Major Maintenance Fund is parallel in nature to the State Building Major Maintenance Fund but applies only to university buildings.
- 35.50.025. **NONLAPSING APPROPRIATIONS.** Appropriations are not one-year appropriations.
- 35.50.030. **REQUIRED DEPOSIT.** An amount equal to one percent of construction costs of a state building are deposited to the fund, subject to appropriation.
- 35.50.040. **REVIEW COMMITTEE ESTABLISHED.** A review committee is created consisting of the commissioners of Administration, Transportation and Public Facilities, and three other departments selected by the governor on a two-year rotating basis. The commissioner of administration serves as the chair. This committee reviews projects for all covered entities except the university. There are two non-voting members: Administrative Director of Courts and the Executive Director, Legislative Affairs or their designees.
- 35.50.050. **EXPERT ASSISTANCE.** The committee or the Board of Regents may employ or contract for the expertise needed to accomplish the required duties.

- 35.50.060. **COMMITTEE DUTIES.** The committee identifies and prioritizes the major maintenance needs, prepares and maintains a six-year plan, compiles a complete and prioritized list each year of the major maintenance needs, reviews life cycle costs and develops annual maintenance and operating strategies.
- 35.50.070. **BOARD OF REGENTS DUTIES.** These parallel 35.50.060, except that they apply to university buildings.
- 35.50.080. **REPORTS TO LEGISLATURE.** By January 15 each year, the commissioner of administration gives the legislature the committee's list of all current major maintenance needs, a report of the committee's activities for the previous fiscal year, and a prioritized list of projects recommended for the next fiscal year. Nothing prohibits the non-voting members of the committee from submitting their prioritized recommendations separately by the January 15 deadline. Parallel requirements exist for the Board of Regents.
- 35.50.090. **MAJOR MAINTENANCE ASSESSMENT FEE.** Subject to appropriation, a state agency that occupies a state building pays an annual fee intended to pay for major maintenance of state buildings. The annual rate is established by the committee each year for each square foot occupied by the state agency. Parallel requirements exist for the Board of Regents. The rate per square foot is used by the governor to prepare the annual budget.
- 35.50.900. **DEFINITIONS.** Includes definitions for Board of Regents, building, committee, department, state agency, state building, state fund, university, university building, university fund. The definition for construction costs is included in 35.50.030(c).

## Section 2.

- 44.27.052. The Alaska State Council on the Arts remains in effect. However, the council's authority over the Art in Public Places Fund is deleted.

## Section 3.

44.35.030. Memorials constructed under this statute are no longer subject to the art works in public buildings and facilities statute.

**Section 4.**

Repeals statutes relating to Art Works in Public Buildings and Facilities, the responsibility of the Alaska State Council on the Arts to manage the art in public places fund, and the fund itself.

**Section 5.**

Art Works in Public Buildings and Facilities continues in effect for works under contract if the contract is entered into before the effective date of Section 4.

**Section 6.**

All provisions are effective immediately except for the payment of the major maintenance assessment fee, which becomes effective 7/1/95.



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### Sponsor Statement Senate Bill 369

The State of Alaska owns 1,717 buildings, which have a combined value of \$2.3 billion. This amount is equivalent to one-fifth of the value of Alaska's Permanent Fund. Like the Permanent Fund, these facilities are an investment and require care and maintenance.

The average age of state-owned buildings is approximately 20.7 years and the documented deferred maintenance backlog is about \$251.4 million, or more than 10% of the building value. Through the years, insufficient funds have been appropriated for the scheduled, routine maintenance of our buildings. Deferred maintenance resulted from our inattention to this publicly-owned asset base.

Through our failure to perform scheduled, routine maintenance, small problems became large problems. The leaking roof that could have been repaired for a few thousand dollars became the roof replacement project costing a million dollars.

The sponsor believes it is the duty of the state to preserve and protect existing public buildings. To that end, the sponsor offers SB 369 as the means to ensure that adequate funding is available for the repair of facilities as well as scheduled, routine maintenance

The Facilities Major Maintenance Fund is created in the Department of Administration\*. Money into the fund will come from:

- 1% of construction costs on one-time basis  
This bill also repeals the statutes affecting the 1% for art program. The rationale is "the buildings are falling down around us; we can't afford the luxury of art when the roof is leaking."
- annual maintenance assessment fee
- proceeds of G.O and revenue bonds (*Not part of this bill*)

- federal funds
- additional appropriations
- interest on the fund

A committee\* composed of the commissioners of administration, transportation and public facilities and three others to be named by the governor are responsible to develop a criteria and to recommend annually which maintenance projects will be funded. Costs of gaining the needed expertise will come from the fund.

Another feature of SB 369 is an annual maintenance assessment fee charged to all state agencies that occupy state-owned buildings. Besides the obvious advantage of paying for on-going maintenance rather than waiting for big-ticket deferred maintenance items, this assessment fee, established annually by the committee, will further link the perceived need for space by a state agency to a real cost for occupying that space.

- **Effective Dates:** Bill becomes effective immediately except for the payment of the Major Maintenance Assessment Fee, which becomes effective 7/1/95 (allows for a full budget cycle).

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\* University of Alaska buildings are included in the provisions of this bill, but all provisions regarding the University are parallel and separate. Schools and international airport facilities are not included in this bill.

The State of Alaska, through twelve different state agencies and the University of Alaska, owns, operates and manages 1,717 buildings which have a combined value of \$2.3 billion; an amount equivalent to one-fifth of the value of Alaska's Permanent fund.

Like the permanent fund, these facilities are an investment in Alaska's future and represent a "Building Trust" requiring the same degree of care and maintenance as the permanent fund if they are to continue to contribute to the development of Alaska's future economy. How well the "Building Trust" serves Alaska's future needs is directly related to the degree of attention these facilities receive today.

The ability of state agencies to carry out public programs and provide public services depends upon the serviceability of its facilities. Buildings that are not kept in good condition and have deferred maintenance, due to either inadequate capital or general funding, will eventually and mandatorily require extensive repair work. This cost in turn will reduce the funding available for operating the programs served by the building.

This updated report documents that State buildings are an extremely valuable public asset. It identifies the basic costs required to maintain the value of these assets. Without adequate operations, maintenance, repair and building renewal funding, the buildings will deteriorate, interfering with the operation of the occupying agencies and develop into a liability rather than an asset. The report has four sections:

**Alaska's Building Trust  
Funding Requirements  
Deferred Maintenance  
Conclusions**

This update to the 1990 State-owned Buildings Inventory and Assessment was prepared by the Alaska State Facilities Administrators (ASFA). ASFA is an ad hoc interdepartmental organization of facilities managers, whose goal is to improve building management within their respective agencies through cooperative problem solving. ASFA has identified adequate levels of maintenance funding as one of Alaska's greatest facility needs. The report's statistics were provided by the state agencies to ASFA. Facilities which are owned by the state, but not maintained with general funds, such as international airports, are not addressed within this analysis.

**Agencies currently participating in ASFA include:**

Alaska Court System  
Alaska State Building Authority  
Department of Administration  
Department of Commerce and Economic  
Development  
Department of Community and Regional Affairs  
Department of Corrections  
Department of Education

Department of Fish and Game  
Department of Health and Social Services  
Department of Military and Veterans Affairs  
Department of Natural Resources  
Department of Public Safety  
Department of Transportation and Public  
Facilities  
University of Alaska

# MEMORANDUM

State of Alaska

Department of Military & Veterans Affairs  
Facilities Management Division

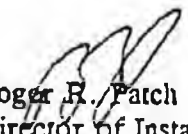
SB 369

TO: Senator Steve Frank  
Senate Finance Co-Ch.

Date: March 30, 1994

File Id: 033094SF.MEM

Telephone No.: 428-6770

FROM:  Roger R. Patch  
Director of Installations

Subject: Operating Shortfalls  
Lead to Deferred  
Maintenance in the  
Capital Budget

Thank you for your interest in DMVA's capital budget. The following information is submitted in response to your question about the departments backlog of deferred maintenance. As the Director of Installations for this department and the President of the Alaska State Facility Administrators, I have had a great deal of exposure with the states backlog of deferred maintenance. Research for the past fifteen years indicates that when there is a shortfall in the operating budget, which forces an agency to curtail routine and preventative maintenance, it will lead to a backlog of deferred maintenance which will then have to be addressed in the capital budget. As an example, during our routine preventative maintenance, we inspect our roofs and make minor repairs in flashing and surface cracks as they are detected. If the operating budget is reduced to the point where I cannot do all of my preventative maintenance, failure to accomplish these minor repairs lead to roof leaks which if not corrected in time will spread and then require a roof replacement.

The attached chart shows you the shortfalls that DMVA has experienced from 1990 through 1994. In 1993, our shortfall was \$399,300.00 and this total shortfall reduced the amount of maintenance that we were able to perform by 50%. As you know, we must first meet our fixed expenses i.e. utilities, administrative overhead, premiums for risk management, etc., before we can apply money to maintenance. These maintenance tasks that were not accomplished often times develop into major projects that then have to be funded out of the capital budget. If that were not bad enough by itself, failure to do P.M. reduces the efficiency of our heating systems which then consume higher levels of fuel, increasing our utility expenses and again decreasing the amount of money available for maintenance.

I hope the information provided answers your questions. Please feel free to contact me if I can be of any further assistance either by phone or during my next visit to Juneau.

Attachment

## Operating Shortfalls

An example of one department's experiences with operating budget requests versus actual appropriations.

**\*\*SHORTFALLS IN OPERATING BUDGET REQUESTS LEADS TO AN INCREASE IN THE BACKLOG OF DEFERRED MAINTENANCE.\*\***

**DMVA ARMY GUARD OPERATING BUDGET REQUESTS - FY1890 THRU FY1994**

FY	AGENCY REQUEST		GOVERNOR AMENDED		PERCENTAGE OF DIFFERENCE		CONFERENCE COMMITTEE		PERCENTAGE OF DIFFERENCE		TOTAL FUNDING SHORTFALL**
	GF	GFM	GF	GFM	GF	GFM	GF	GFM	GF	GFM	GF&GFM
1994	\$2,234,700	\$402,200	\$2,149,900	\$390,400	-3.78%	-2.93%	\$2,149,900	\$390,400	-3.78%	-2.93%	(\$96,600)
1993	\$2,633,500	\$402,200	\$2,633,500	\$402,200	0.00%	0.00%	\$2,234,200	\$402,200	-15.16%	0.00%	(\$399,300)
1992	\$2,761,000	\$428,000	\$2,472,600	\$389,500	-11.09%	-9.00%	\$2,448,200	\$389,500	-12.04%	-9.00%	(\$373,300)
1881	\$1,483,600	\$323,100	\$1,384,700	\$323,100	-6.67%	0.00%	\$1,348,700	\$323,100	-9.09%	0.00%	(\$134,900)
1990	\$1,517,400	\$258,000	\$1,273,500	\$258,000	-16.07%	0.00%	\$1,214,700	\$258,000	-19.35%	0.00%	(\$302,700)