

**SB**

**304**

**SENATE COMMITTEE REPORT**  
FIRST COMMITTEE OF REFERRAL

DATE: 2/11/94

FURTHER: State Affairs  
Finance

Date of 5-Day Notice: 4/24/94  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/26/94

HES Committee considered SB 304

Issuance and authorizing bonds by the Alaska Housing Finance Corporation to pay for the costs of repair and rehabilitation of student housing facilities of the University of Alaska; amending powers of the Alaska Housing Finance Corporation; amending the definition of "public building"; relating to Alaska debt retirement fund; etc.  
and recommends:

replace with \_\_\_\_\_ CS SB 304 (HES)

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

attaches amendment(s)

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

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

do pass

do not pass

no recommendation

individual recommendations

**FISCAL NOTE INFORMATION**

Department	Date	Zero	Fiscal
Dept of Revenue	2/11/94	✓	
Office of Governor	2/11/94	✓	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

**DO PASS:**

**OTHER RECOMMENDATIONS:**

Mike Miller  
Duncan  
Jay Ellis  
Bob May

Joseph E. Balo (No Rec)  
Ronan J. Lerman Note  
~~\_\_\_\_\_~~

Alone Rec No Recommendation

**HB 466/SB 304 — Bonding for repair and rehabilitation of UA facilities**

**The Background**

After years of inadequate funding, the backlog of deferred maintenance projects now totals more than \$150 million for the University of Alaska system. Over the past decade, the university has sought nearly \$180 million for maintenance projects, and received less than one third of that amount. The result is that the facilities on every campus, particularly the oldest campuses in Fairbanks and Ketchikan, are in dangerous states of disrepair.

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**Colleges and universities**

around the country face similar problems. In 1988, inadequate funding forced U.S. colleges and universities to defer \$4 of needed maintenance for every dollar spent. The combination of flat funding and increasing enrollments continue to force institutions of higher education to "spend down" plant assets to meet these conflicting demands. The associated costs of these efforts are considerable. In addition to obvious problems of health and safety, there is a major loss of program flexibility, energy efficiency, and optimum space utilization in deteriorating facilities.

The Board of Regents has made capital improvement maintenance its highest priority and the university wants the problem resolved this year either through passage of bonding legislation or direct appropriation. Further, to avoid slipping backwards, the regents are requiring a three-to-four year plan to increase the amount of funds directed to ongoing maintenance.

**Current Status**

The governor and the legislature have a strong commitment to protecting the state's investment in its infrastructure. At the request of Governor Hickel, House Bill 466 and Senate Bill 304 have been introduced to

address \$75 million of the problem. The bills call for the Alaska Housing Finance Corporation to issue \$30 million in bonds for student housing, and the university to issue another \$45 million in bonds for repair of classroom, office and laboratory facilities throughout the system.

Anchorage campus	\$ 7,408,300
Kodiak Campus	230,300
Kenai Peninsula Campus	65,000
Mat-Su Campus	465,000
Prince William Sound Community Coll.	900,000
Fairbanks Campus	26,524,500
Bristol Bay Campus	300,000
Chukchi Campus	372,000
Kuskokwim Campus	1,047,100
Northwest Campus	756,700
AFES Palmer	402,000
AFES Mat Su	822,500
Juneau Campus	462,600
Ketchikan Campus	319,300
Sitka Campus	300,000

Bonds make sense this year because the state's outstanding debt service is declining, and bond interest rates last year were the lowest since the 1960s.

Position Paper

**contact:**

Wendy Redman 474-4782, Fairbanks  
463-3085, Juneau

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

No. 1  
Bill Version: SB 304  
(S) Publish Date: 2-11-94

Revision Date: \_\_\_\_\_

Department Affected: Office of the Governor

Title: "An Act authorizing issuance of bonds..."

BRU: Elective Operations

Sponsor: House Rules Committee

Component: General & Primary

Requestor: Governor

COMPONENT SERIAL NO. 0022

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

IND SOURCE	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY94) cost: 0

ANALYSIS: (Attach a separate page if necessary.)  
Should bond sale require approval of the voters, the fiscal impact will be 2.2 or 53.4 if additional ballot required.

Prepared by: Joe Swanson, Director  
Division: Division of Elections

Phone: 465-4611  
Date: 2/10/94

Approved by Commissioner: Lt. Governor John B. Coogan  
Office: Office of the Lt. Governor

Date: 2/10/94

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# FISCAL NOTE

No. 2

Bill Version: SB 304

(S) Publish Date: 2-11-94

**STATE OF ALASKA  
1994 LEGISLATIVE SESSION**

Revision Date: February 11, 1994

Dept. Affected: Department of Revenue

Title: An Act authorizing the issuance of bonds by AHFC to pay for

(IRU): Alaska Housing Finance Corp

the costs of repair and rehabilitation of student housing facilities of U of A

Component: Operations

Sponsor: \_\_\_\_\_

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 0110

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY85	FY86	FY87	FY88	FY89	FY90
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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

**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
1008 GF/MHTIA	0	0	0	0	0	0
1022 Corporation Receipts	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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: 5 0

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

Alaska Housing Finance Corporation does not anticipate any increased cost with the proposed amendments to AS 18.55.100, AS 18.55.288 and AS 37.15.011. The fiscal note indicates no incremental costs to the AHFC. There are expected to be expenses, costs and reserve funds associated with the issuance of the bonds and servicing of debt. Reserve funds, while not a cost or expense, will reduce the loan amount available to the University of Alaska. The costs and expenses associated with the financing will be taken into consideration in determining the payment obligations of the University of Alaska.

Prepared by:

Judith DeSpain

Phone: (907) 561-1900

Division:

Alaska Housing Finance Corporation

Date: February 11, 1994

Approved by:

[Signature]

Date: 2/11/94

Agency:

REVENUE

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**FISCAL NOTE**

**STATE OF ALASKA  
1994 LEGISLATIVE SESSION**

**BILL NO. SB304**

Revision Date: \_\_\_\_\_ Department Affected: **University of Alaska**  
 Title: **Authorizing issuance of bonds by Ak. Housing** BRU:  
**Finance and UA for deferred maintenance** Component: **all**  
 Sponsor: **Governor**  
 Requestor: **(S)HESS** **COMPONENT SERIAL NO.**

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

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>						
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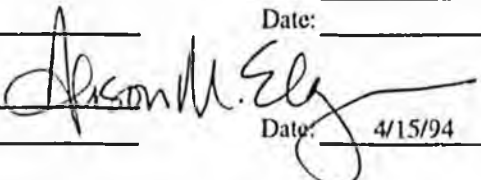
<b>REVENUE FD SOURCE</b>						
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<b>FUNDING: (Thousands of Dollars)</b>						
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
<b>TOTAL FUNDING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>POSITIONS:</b>						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

**ANALYSIS: (Attach a separate page if necessary.)**  
 The correction of deferred maintenance problems existing with University facilities is anticipated to reduce operations and maintenance costs of the facilities. The University is currently significantly underfunded for facility maintenance needs. Any realized savings will be reinvested in the maintenance of all University facilities to reduce deferred maintenance accrual.

Prepared by: Wendy Matheny, Budget Analyst Phone: 463-3086  
 Division: Statewide Budget Office Date: \_\_\_\_\_  
 Approved by: Alison Elgee, Director   
 Agency: Statewide Budget Office Date: 4/15/94

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

## Analysis of Debt Retirement Needs

	\$45 million Facilities Repair & Rehabilitation	\$30 million Student Housing Repair & Rehabilitation
Construction	\$40,376,100	\$26,917,400
Issuance Expenses	\$900,000	\$600,000
	\$41,276,100	\$27,517,400
Financed Acquisition Cost	\$41,276,100	\$27,517,400
Required Debt Reserve (1 year payment)	\$3,723,900	\$2,482,600
	\$45,000,000	\$30,000,000
<b>Total Project Cost</b>	<b>\$45,000,000</b>	<b>\$30,000,000</b>
Term (years)	20	
Payments per year	4	
Interest rate	5.50%	
First payment due 1 year after issue		
Anticipated Annual Amount of Rental Obligatio	\$3,723,900	\$2,482,600
<b>Total Lease Payments for 20 year term</b>	<b>\$74,478,084</b>	<b>\$49,652,058</b>

\*Bonds represent a three year construction program. Debt retirement for the second and third years of the program would be required for only those bonds issued and sold. Annual cost of debt service once all bonds have been sold will be \$6,206.5 utilizing a 5.5% Interest rate assumption.

**University of Alaska  
Repair and Rehabilitation Bond Package  
Student Housing Projects**

**UA Anchorage**

Anchorage Campus		\$2,455,000
Student housing complex	\$1,728,000	
Templewood Condominiums	\$727,000	
Prince William Sound Community College		\$664,000
Copper Basin Hall	\$40,000	
Cordova Hall	\$60,000	
Student Housing	\$394,000	
Valdez Hall	\$170,000	
Total UA Anchorage	\$3,119,000	

**UA Fairbanks**

Fairbanks Campus		\$22,793,700
Bartlett Hall	\$2,303,400	
Garden Apartments I & II	\$52,000	
Harwood Hall	\$1,534,500	
Hess Commons	\$294,200	
Hess Village	\$4,418,000	
Lathrop Hall	\$2,209,200	
McIntosh Hall	\$1,157,300	
Moore Hall	\$2,562,500	
Nerland Hall	\$1,117,200	
Skarland Hall	\$1,346,100	
Stevens Hall	\$1,068,000	
Student Apartment Complex	\$1,875,100	
Tilly Commons	\$1,381,000	
Wickersham Hall	\$1,475,200	
Kuskokwim Campus		\$75,000
Sackett Hall	\$75,000	
Total UA Fairbanks	\$22,868,700	

**UA Southeast - Juneau Campus**

Student Housing Complex	\$929,700	\$929,700
Total UA Southeast	\$929,700	

**University of Alaska Total**

\$26,917,400

	G	H	I
508	<b>University of Alaska Deferred Maintenance</b>		
509	<b>Non-Residential Projects - by Campus, by Building</b>		
510			
511	Arts Building		23,000
512	Auto/Diesel Building		35,000
513	Aviation Tec. Ctr.		19,000
514	Campus		2,904,435
515	Campus Center		175,000
516	College of Arts & Science		246,100
517	Cuddy Center		110,700
518	Downtown Center		337,950
519	Hartlieb		152,000
520	Buliding K		626,300
521	Library		440,000
522	McDonald		277,450
523	Monserud		604,500
524	Science Building		86,800
525	Short Buliding		564,000
526	Sports Center		412,265
527	Student Center		295,000
528	Williamson		98,800
529		<b>Anchorage Campus Total</b>	<b>7,408,300</b>
530			
531	Campus, KOC		194,800
532	Voc-Ed, KOC		35,500
533		<b>Kodiak Campus Total</b>	<b>230,300</b>
534			
535	Homer, KPC		65,000
536		<b>Kenai Penninsula Campus Total</b>	<b>65,000</b>
537			
538	Campus, MSC		240,000
539	Kertula, MSC		225,000
540		<b>Mat-Su Campus Total</b>	<b>465,000</b>
541			
542	PWSCC		900,000
543		<b>PWSCC Total</b>	<b>900,000</b>
544			
545	<b>University of Alaska Anchorage</b>		<b>9,068,600</b>
546			
547			
548	AIIRC		740,000
549	Brooks Building		427,414
550	Bunnell Building		1,910,000
551	Bunnell House		10,000
552	Coal Lab		25,000
553	Consitution Hall		180,000
554	Duckering Building		2,112,000
555	Elvey Building		400,000

	G	H	I
556	Fine arts		1,430,000
557	Geist Museum		1,039,350
558	Gruening Building		70,000
559	Irving I		1,803,000
560	Irving II		385,000
561	O'Neill Building		4,438,000
562	Patty Center		6,100,000
563	Patty Ice Arena		850,000
564	Physical Plant		170,000
565	Rasmuson		570,000
566	UAF Campus Wide		2,909,736
567	Utilities		765,000
568	Wood Center		190,000
569		<b>Fairbanks Campus Total</b>	<b>26,524,500</b>
570			
571	Dillingham		300,000
572		<b>Bristol Bay Campus Total</b>	<b>300,000</b>
573			
574	Admin/Classroom		347,837
575	MAU-WIDE		24,963
576		<b>Chukchi Campus Total</b>	<b>372,800</b>
577			
578	All		150,000
579	Phase I (YLC)		26,000
580	Phase I-II		10,000
581	Phase I-III		30,000
582	Phase III		756,138
583	Sackett Hall		74,962
584		<b>Kuskokwim Campus Total</b>	<b>1,047,100</b>
585			
586	Bookstore		80,000
587	Brown		225,648
588	CES/Storage		41,000
589	Classroom		90,000
590	MAU-WIDE		105,052
591	Nagozruk		115,000
592	Sats A-D		100,000
593		<b>Northwest Campus Total</b>	<b>756,700</b>
594			
595	HSG 1-8		110,008
596	Main Office/Lab		291,992
597		<b>AFES Palmer Total</b>	<b>402,000</b>
598			
599	AG Lab		150,000
600	All		300,000
601	North Garage		9,961
602	Sewage Treat		125,000
603	Straw Mix Facility		37,539

	G	H	I
604	Water Reservoir		200,000
605		AFES Mat-Su Farm Total	822,500
606			
607	University of Alaska Fairbanks		30,225,600
608			
609			
610	Anderson		78,005
611	Bill Ray		12,095
612	Child Care		9,333
613	Child Center		6,667
614	Egan		93,900
615	Lee Street		46,600
616	Marine Tech		14,666
617	Mourant		41,333
618	Novatney		24,000
619	UAS Site		20,000
620	Soboleff		33,334
621	Welding Lab		60,000
622	Whitehead		22,667
623		Juneau Campus Total	462,600
624			
625	Hamilton		16,000
626	Paul/Ziegler/Robert		216,800
627	Ziegler		86,500
628		Ketchikan Campus Total	319,300
629			
630	Hangar 332		300,000
631		Sitka Campus Total	300,000
632			
633	University of Alaska Southeast Total		1,081,900
634			
635	Total Non-Residential Deferred Maintenance Projects		40,376,100
636			
637		Bond Issuance Costs	900000
638		Required Debt Reserve	3723900
639	Total Bond Issue		45,000,000

A M E N D M E N T

TO: SB 304

Page 1, line 3, after "University of Alaska":

Insert "and for the construction of new student housing facilities at the University of Alaska Anchorage and the University of Alaska Southeast"

Page 2, line 23:

Delete "\$30,000,000

Insert "64,500,000. Of the bonds authorized by this section, bonds in an amount not to exceed \$30,000,000 may be issued"

Page 2, line 26, after "bonds":

Insert", bonds in an amount not to exceed \$28,500,000 may be issued for the planning, design, construction, and furnishing of new student housing facilities at the Anchorage campus of the University of Alaska and to pay related costs, including costs of issuing the bonds, and bonds in an amount not to exceed \$6,000,000 may be issued for the planning, design, construction, and furnishing of new student housing facilities at the University of Alaska Southeast and to pay related costs, including costs of issuing the bonds"

UNIVERSITY OF ALASKA ANCHORAGE  
STUDENT HOUSING DEVELOPMENT PHASE II  
FY 95

project need:

The University of Alaska, Anchorage needs and can support operationally additional STUDENT HOUSING. UAA's Housing Master Plan projects housing growth to 1,436 beds in 1995, today there are 384 beds. Today, the UAA housing office gives preference to those students living beyond the greater Anchorage area. The housing office maintains substantial waiting lists throughout the semester for any available housing openings and today can provide housing to only 2.6% of its students. Local students are seldom able to derive benefits from an on-campus living experience.

UAA today needs 600 additional beds. Dorm style housing is the most cost effective and efficient method to provide this number of beds. Additionally, dorm style housing will provide UAA with a mix of housing types, that of new dormitory rooms and existing apartments.

This facility will include shared dorm rooms with associated compartmentalized bathrooms, accessory spaces for study, lounge, laundry etc. and food service. A food service plan will be a part of the housing program for dorm and apartment students and is an essential part of a campus residential life program.

An alternative that would meet a portion of the demand would be the reduction to a 300 bed facility with food service.

project budget: \$28,500,000

A capital appropriation of \$28.5 million, will fund planning, design and construction costs. This facility would be constructed adjacent to the existing student housing facilities on University land.

If bond indebtedness were to fund the 600 bed Phase II Housing Project, then the total cost would be \$57,150,000. This reflects a debt term of 15 years at an annual debt service cost of \$3,810,000 per year.

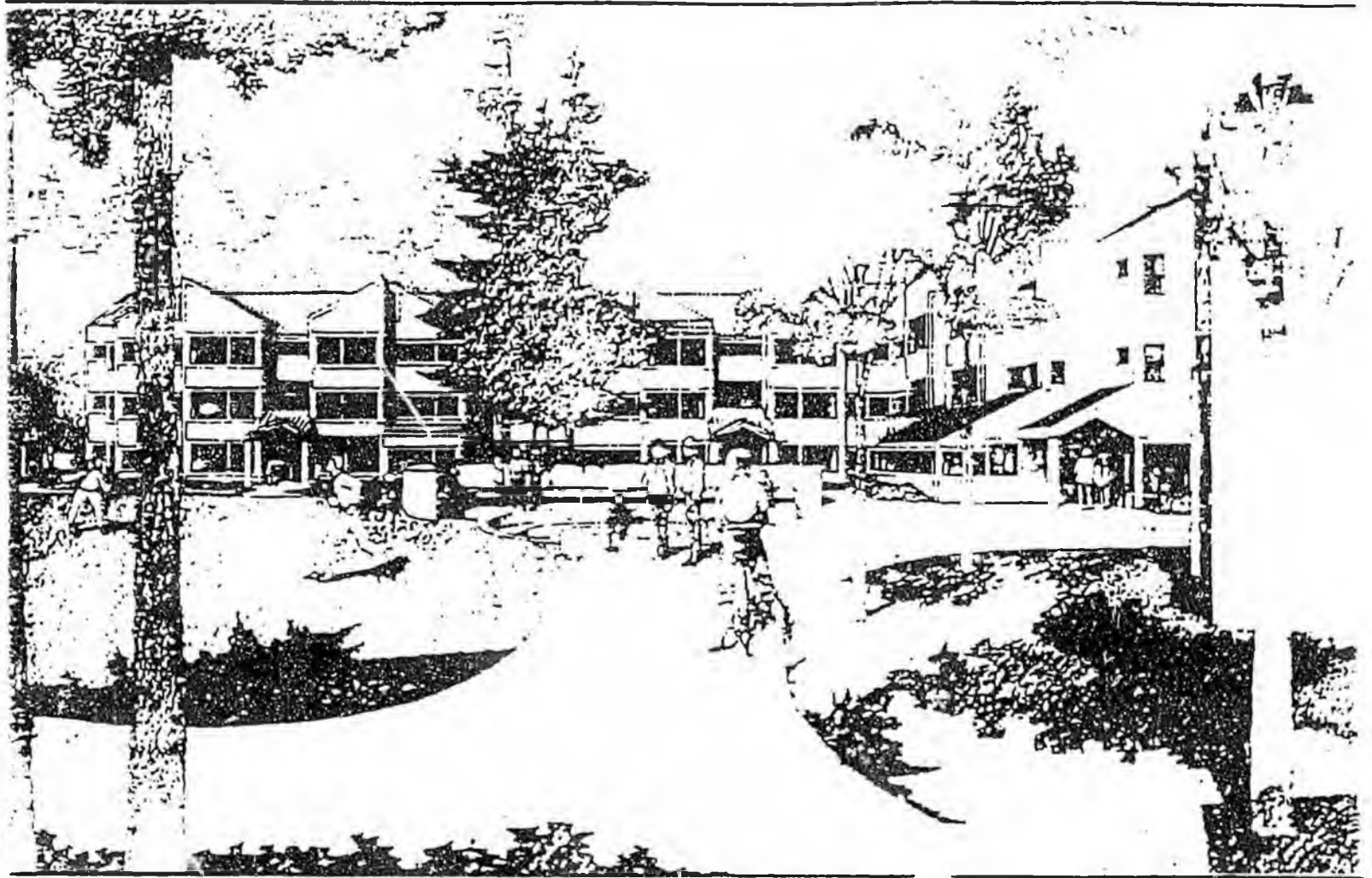
The cost for a 300 bed Phase II Housing Project would be capital cost of \$19 million, with a bond indebtedness cost of \$38,100,000 with a debt term of 15 years with annual debt service cost of \$2,540,000 per year.

project benefit:

This additional student housing will benefit the University of Alaska Anchorage with additional beds, affording more students a residential campus-life experience. Additional benefits will accrue to the Municipality of Anchorage and State of Alaska with more students spending money in the community for goods and services, creating an economic benefit for those business. This would provide additional tax revenue in the community.

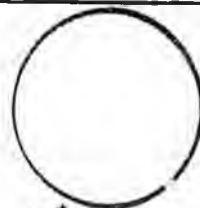
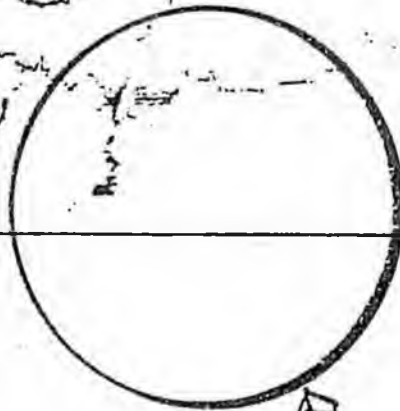
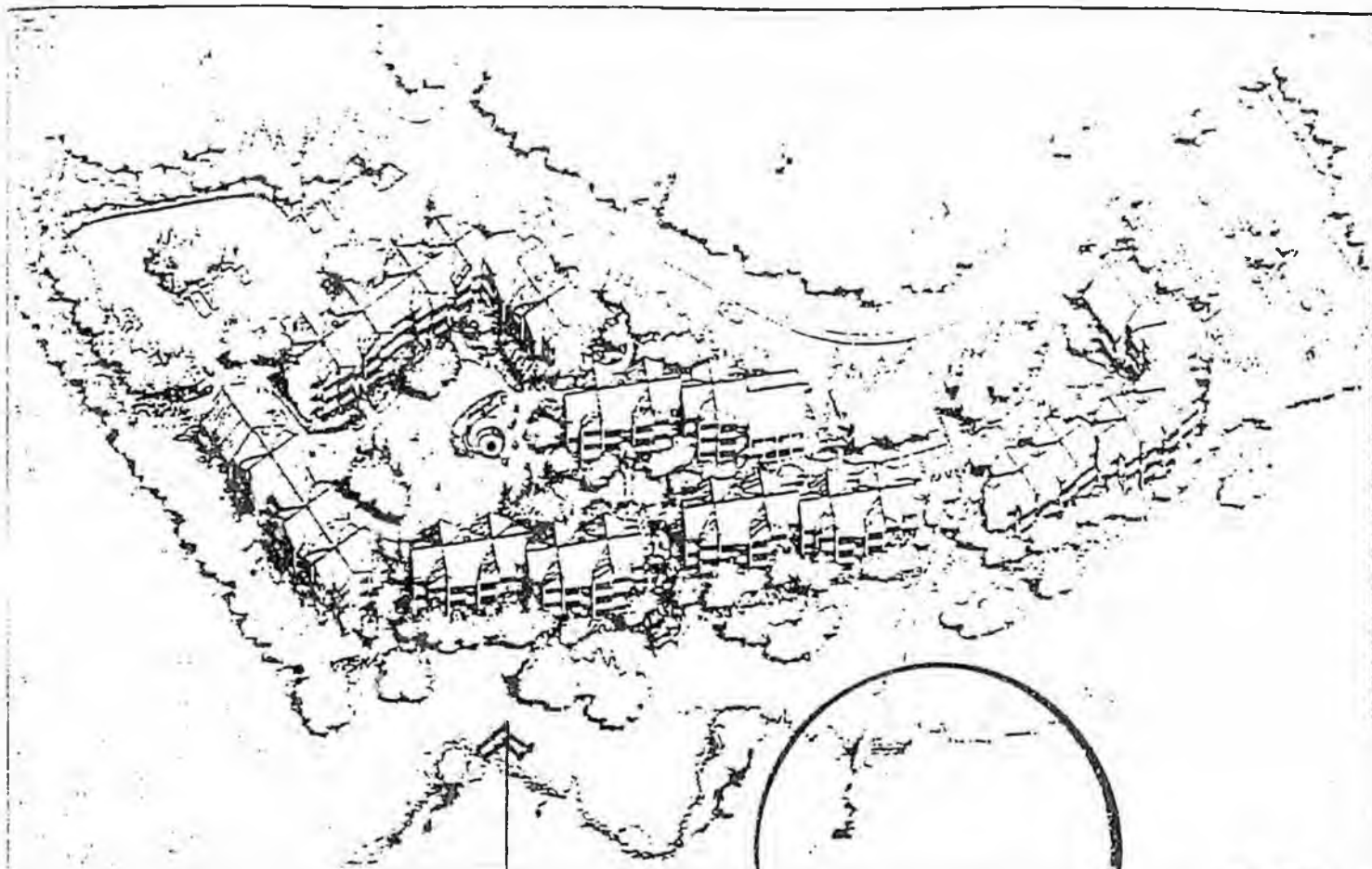
The additional beds will also provide the University of Alaska Anchorage a greater opportunity for summer educational conferences, which will bring educators from across the country to our city, which also translates into additional revenue to our community and the State of Alaska.





## UNIVERSITY OF ALASKA STUDENT HOUSING

Anchorage, Alaska



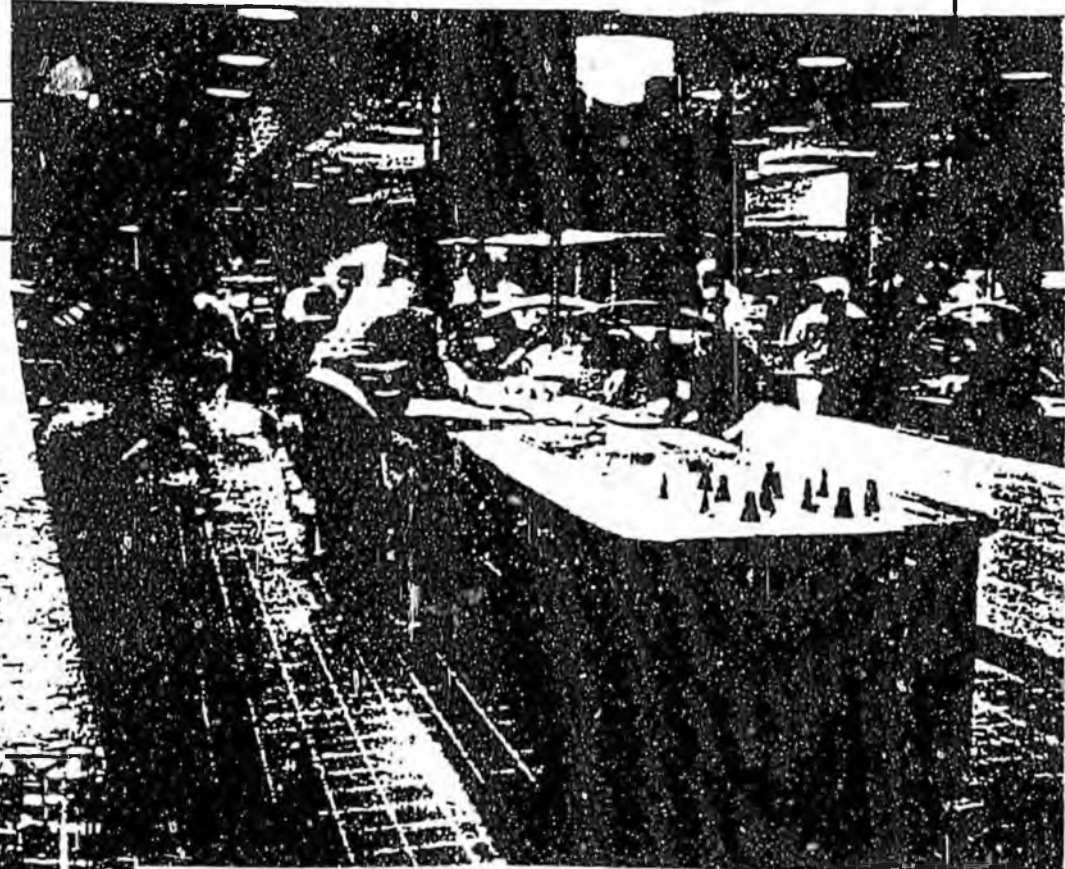
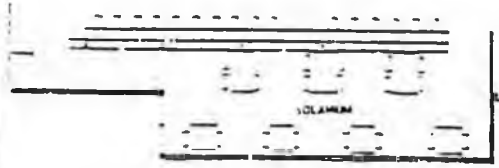
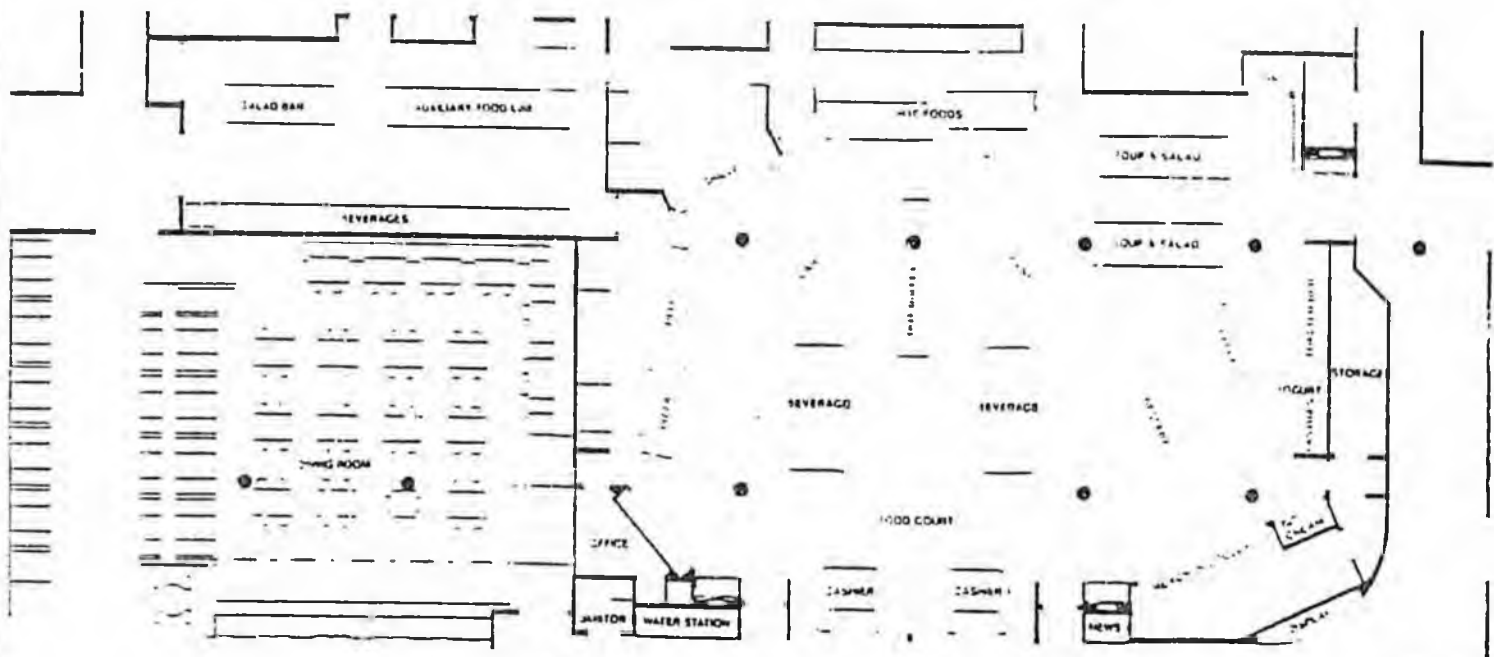
Existing Housing  
Gagnon Lane

Student Housing Phase II

Existing Templewood Housing

STUDENT HOUSING PHASE II will support both existing and new housing with food service.

FOOD SERVICE - an essential part of a campus residential life program



	300 Beds Plus Food Service	600 Beds Plus Food Service
<b>Project Costs</b>		
Food Service for 600 300 Beds	\$7,500,000	\$7,500,000
600 Beds	\$11,500,000	N/A
	N/A	\$21,000,000
<b>Total Project Cost</b>	<b>\$19,000,000</b>	<b>\$28,500,000</b>
<b>Bond Issuance Costs</b>		
Fees	\$100,000	\$100,000
Issuer Discount	\$243,000	\$364,500
Capitalized Interest	\$2,756,600	\$4,134,900
Required Debt Service Reserve	\$2,641,250	\$3,961,375
Interest Earned during Construction	(\$451,385)	(\$677,323)
Rounding	\$1,035	\$1,555
<b>Total Bonds Issued</b>	<b>\$24,290,000</b>	<b>\$36,385,000</b>
<b>Debt Term</b>	<b>15 years</b>	<b>15 years</b>
<b>Annual Debt Service</b>	<b>\$2,540,000</b>	<b>\$3,810,000</b>
<b>TOTAL BOND PAYBACK</b>	<b>\$38,100,000</b>	<b>\$57,150,000</b>

TABLE IV.12: \*\*

Expected Occupancy of Students

<u>Phase</u>	<u>Occupancy By Phase *</u>	<u>Accumulated Occupancy *</u>	<u>Demand for Occupancy</u>	<u>Occupancy Year</u>
1	224	224	950	1985
2	224	448	1,060	1987
3	224	672	1,162	1989
4	448	1,120	1,436	1995
5	448	1,568	1,634	2000
6	248	1,816	1,813	2005

\* = Expected occupancy per construction schedule

The recommendation is for the purpose of facility programming rather than just demand for student housing.

\*\* Information from Campus Housing Feasibility Study/Market Analysis by Leonard Lane Associates.

TABLE IV.13: \*

Applications and Placement in Housing  
As a Percentage of Full-Time Enrollment,  
By Control and Type of Institution,  
Fall 1980

Control and Type of Institution	Housing Applications as a Percentage of Full-time Enrollment	Students Placed in Housing as a Percentage of	
		Housing Applications	Full-time Enrollment
All Institutions	46	35	39
Universities	40	34	33
4-year Colleges	51	37	45
2-year Colleges	43	75	32
Public Institutions	38	33	32
Universities	36	36	31
4-year Colleges	43	79	34
2-year Colleges	28	36	24
Private Institutions	61	88	53
Universities	53	79	42
4-year Colleges	62	95	59
2-year Colleges	76	66	50

UAA % of students placed in housing is 2.6%

\* Information from Campus Housing Feasibility Study/Market Analysis by Leonard Lane Associates.