

HB

281

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 3, 1995

FURTHER REFERRALS:

Date of Committee Action: 5/7/95

The FINANCE Committee considered:

HB 281

HOUSE BILL NO. 281

AHFC TRANSFERS TO GENERAL FUND; BONDS

"An Act ratifying an agreement between the Alaska Housing Finance Corporation and the commissioner of revenue and making certain pledges to obligees of the corporation regarding that agreement; relating to the authorization for and the issuance of 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; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 281 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) REV 3/24/95

zero fiscal note(s) _____

zero fiscal note(s) statewide Budget of 3/24/95
REV 3/24/95

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Foster</i>	Foster	X			
<i>Mark Mulder</i>	Mulder			X	
<i>Gerry Martin</i>	Martin	X			
<i>Wes Kohring</i>	Kohring			X	
<i>Jim Grussendorf</i>	Grussendorf	X			
<i>Julie Navarre</i>	Navarre			X	
<i>Ian Brown</i>	Brown	X			
<i>John Kelly</i>	Kelly	X			
<i>Gerry Theriault</i>	Theriault	X			

CO-CHAIR'S SIGNATURE _____

Richard Foster
 Foster

FISCAL NOTE

3

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: HB 291
(4) Publish Date: 3/24/95

Revision Date:
Financing U of A Maintenance projects through AHFC

Department Affected: University of Alaska
BRU: All
Component: All

Sponsor:
Requestor:

COMPONENT SERIAL NO.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FD SOURCE						
-------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)						
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTLA						
OTHER						
TOTAL FUNDING	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Wendy Matheny, Budget Analyst
Division: Statewide Budget Office

Phone: 463-3000
Date: 3/14/95

Approved by: Marylou Burton, Director
Agency: Statewide Budget Office

Date: 3/14/95

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

FISCAL NOTE

No. 2
 Bill Version: HB 281
 (H) Publish Date: 3/24/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act to provide for the orderly transfer of BRU: Revenue Operations
certain assets of AHFC Component: Treasury Management
 Sponsor: _____
 Requester: _____ COMPONENT SERIAL NO. 121

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	(see note)	(see note)	(see note)	(see note)	(see note)	(see note)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

NOTE: The transfer of funds from AHFC to the General Fund will result in an increase in annual safekeeping fees in the amount of 1 basis point (or .01%) of the amount transferred.

Prepared by: Betty Martin, Comptroller
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: _____

Phone: 465-2350
 Date: 3/20/95
 Date: 3/20

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FISCAL NOTE

No. i
 Bill Version: HB 281
 (H) Publish Date: 3/24/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue/AHFC
 Title: An Act to provide for the orderly transfer of BRU: _____
certain assets of AHFC and issuance of bonds Component: _____
 Sponsor: _____
 Requester: _____ COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS - Bond Servicing	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2
MISCELLANEOUS						
TOTAL OPERATING	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
AHFC/Program Receipts	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2
1006 GF/MHTIA						
Other						
TOTAL	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2	3,974.2

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

NOTE: Assumes \$30 million in bonds issued at 5 7/8% with total payments over 10 years of \$39,741,775. Ten percent is to be held in reserve, 2% is to be used to cover bond issuance costs and the remaining \$26.4 million is to be paid to U of A for their use. Funding source will be from program receipts of AHFC.

As regards Section 2 of this bill, AHFC will not recognize investment income on funds transferred to the General Fund. The amount of these lost earnings cannot be quantified until actual amounts transferred are determined.

Prepared by: Betty Martin, Comptroller
 Division: Treasury
 Approved by Commissioner: _____
 Agency: _____

Phone: 465-2350
 Date: 3/20/95
 Date: 3/20/95

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(Rev 10/94) 95fnsno.xjs/DBF

9-GH0045V ✓
Chenoweth
5/7/95

R/O

CS FOR HOUSE BILL NO. 281()

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

**Offered:
Referred:**

Sponsor(s): HOUS: RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing an agreement between the Alaska Housing Finance
2 Corporation and the commissioner of revenue relating to transfer of assets of the
3 corporation, and making certain pledges to obligees of the corporation regarding
4 that agreement; relating to the authorization for and the issuance of bonds by
5 the Alaska Housing Finance Corporation to pay for the costs of repair and
6 rehabilitation of student housing facilities of the University of Alaska; and
7 providing for an effective date."

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

9 * Section 1. PURPOSE. (a) The purpose of this Act is to provide for the orderly transfer
10 of certain assets of the Alaska Housing Finance Corporation to the general fund through a
11 transfer agreement between the corporation and the commissioner of revenue. The Alaska
12 Housing Finance Corporation has served an important public purpose by helping to remedy
13 the shortage of adequate housing throughout the state. The corporation has assisted in

1 providing Alaskans with rural housing and sewer and water systems, senior housing, special
 2 needs housing, and low and moderate income housing through its various programs. The
 3 corporation's resources must remain strong in order to continue progress in meeting these
 4 housing needs, both directly and through borrowing in capital markets. In particular, capital
 5 markets require assurances that payments by the corporation to the general fund are fixed at
 6 a prudent and predictable level.

7 (b) It is the purpose of this Act

8 (1) to fix payments to the general fund at a prudent and predictable level for
 9 the next five fiscal years through a formal transfer agreement; and

10 (2) to authorize the corporation to issue bonds to enable the University of
 11 Alaska to repair and rehabilitate student housing facilities.

12 * Sec. 2. TRANSFER AGREEMENT AUTHORIZED. The Alaska Housing Finance
 13 Corporation and the commissioner of revenue may enter into a transfer agreement that
 14 provides for annual transfer of certain assets of the corporation to the state general fund from
 15 July 1, 1995, to June 30, 2000. The commissioner of revenue shall immediately notify the
 16 governor and the legislature when the agreement has been signed. The agreement must
 17 provide

18 (1) for the transfer from the corporation to the state of each of the following
 19 amounts in each of the following state fiscal years:

20	FY 1996	\$70,000,000
21	FY 1997	50,000,000
22	FY 1998	50,000,000
23	FY 1999	50,000,000
24	FY 2000	50,000,000;

25 (2) that the amounts to be transferred under (1) of this section will be

26 (A) available for transfer from the net liquid assets of the general
 27 account of the revolving fund of the corporation; and

28 (B) reduced as the board of directors of the corporation determines may
 29 be necessary to maintain compliance with existing financing agreements and to meet
 30 the following payment conditions of the corporation that, when made by the board of
 31 directors of the corporation before each transfer, are positive determinations that

1 (i) the corporation is not in default as to payments of any
2 required amounts;

3 (ii) the transfer to the state of the payment is not expected to
4 impair the corporation's ability to meet financial requirements, including debt
5 service and program costs associated with debt, and will not cause the
6 corporation to be in default under the terms of financial agreements or disable
7 the corporation from meeting any financial covenant;

8 (iii) the amount of the transfer does not exceed the corporation's
9 net income as reflected in its audited financial statements for the immediately
10 preceding fiscal year; and

11 (iv) the corporation's fund equity subsequent to the transfer will
12 remain at a level that the board of directors of the corporation reasonably
13 believes adequate to prevent existing debt ratings from being reduced,
14 withdrawn, or suspended; and

15 (3) that the conditions described in (2)(B) of this section must be met by the
16 corporation before payments are made in any state fiscal year set out in (1) of this section.

17 * Sec. 3. PLEDGE OF THE STATE. If, before the date of adjournment of the First
18 Regular Session of the Nineteenth Alaska State Legislature, an agreement between the Alaska
19 Housing Finance Corporation and the commissioner of revenue in a form substantially as
20 described in sec. 2 of this Act is executed by those parties, the state pledges to obligees of the
21 corporation that during the term of the transfer agreement

22 (1) the state will not alter the power of the corporation to fulfill the terms of
23 any other agreement with an obligee of the corporation; or

24 (2) the state will not cause assets of the corporation to be transferred from the
25 corporation in excess of the amount set out in the transfer agreement.

26 * Sec. 4. BOND AUTHORIZATION. The Alaska Housing Finance Corporation may issue
27 bonds under AS 18.56 in an aggregate principal amount not to exceed \$35,000,000 to provide
28 amounts to the University of Alaska to pay costs of a project to repair and rehabilitate student
29 housing facilities owned by the University of Alaska and to pay related costs, and to provide
30 amounts for the Alaska Housing Finance Corporation to pay costs of issuing the bonds. The
31 Alaska Housing Finance Corporation and the University of Alaska may enter into an

1 agreement with respect to the transfer and expenditure of the bond proceeds for these purposes
2 by the University of Alaska. The Alaska Housing Finance Corporation shall pay the principal
3 and interest on the bonds from Alaska Housing Finance Corporation funds and the bonds
4 shall be general obligations of the Alaska Housing Finance Corporation.

5 * Sec. 5. Section 3 of this Act takes effect only if the transfer agreement described in
6 sec. 2 of this Act is signed on or before the date of adjournment of the First Regular Session
7 of the Nineteenth Alaska State Legislature. The commissioner of revenue shall immediately
8 notify the governor, the legislature, and the revisor of statutes when the transfer agreement has
9 been signed.

10 * Sec. 6. If sec. 3 of this Act takes effect, it takes effect on the later of the date of
11 execution of the agreement described in sec. 2 of this Act, or the effective date of secs. 1, 2,
12 and 4 of this Act.

13 * Sec. 7. Sections 1, 2, and 4 of this Act take effect immediately under AS 01.10.070(c).

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 281
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

March 24, 1995

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill regarding the orderly transfer of certain assets of the Alaska Housing Finance Corporation (AHFC) to the general fund. This process will make available to the state a substantial portion of AHFC's reserves while at the same time providing capital markets with the degree of certainty necessary to assure AHFC continued access to money at reasonable rates in order to meet the housing needs of Alaska's families. Additionally, the bill would authorize AHFC to issue bonds to finance student housing maintenance projects at various University of Alaska (university) campuses.

AHFC is a self-supporting public corporation with a mission to develop and implement innovative programs that meet statewide housing needs. It provides home mortgages to Alaskans at reasonable rates, finances special needs and multi-family housing in partnerships with housing agencies and profit and non-profit organizations, and operates the state's rural housing programs. AHFC also operates the state's public housing programs, which include operating public housing units in 13 communities and providing rental assistance for more than 2,400 families statewide.

AHFC leverages its financial resources by borrowing from a variety of lenders to finance various housing programs. Since its inception, AHFC has issued in excess of \$10 billion in long-term debt to meet the residential financing needs of Alaskans. As of December 31, 1994, AHFC had \$2.3 billion in outstanding long-term debt representing a general obligation of AHFC secured by its full faith and credit above and beyond the pledge of any specific assets.

The Honorable Gail Phillips

March 24, 1995

Page 2

AHFC has been able to attract billions in outside capital to meet Alaska's housing needs because the capital markets have relied on its strong financial condition. The importation of outside money to meet Alaska's housing needs is too important to put at risk. Any transfers of corporate assets to the state must take place as part of a comprehensive long-term plan that reassures capital markets of AHFC's continued financial strength. This bill will demonstrate that we are taking a prudent long-term approach to the management of AHFC's resources and will protect AHFC's ability to borrow for essential programs and projects and to address the future housing needs of Alaskans, including the elderly, disadvantaged, and rural residents.

Under the provisions of the bill, AHFC and the commissioner of revenue would enter into an agreement providing for the transfer of a sizeable portion of AHFC's unrestricted reserves to the general fund over the next five fiscal years. This agreement would continue the corporation's policy of providing the people of Alaska with a return on their equity investment in AHFC. Under that policy, adopted in 1991, AHFC will have transferred \$314,324,000 in cash payments to the state by the end of this fiscal year.

The agreement would be signed no later than May 1, 1995 and immediately will be made available to the legislature. It would establish a detailed schedule providing for the transfer of specific amounts to the general fund during each of the next five fiscal years. My state operating budget, which I recently submitted to you, includes an expected first installment under that agreement of \$70 million.

Passage of this bill would ratify the transfer agreement soon to be reached, and would pledge that the state will not transfer assets from AHFC in amounts that exceed those set out in the transfer agreement. This would assure lenders that payments to the state over the next five fiscal years would take place in a prudent and predictable manner.

Maintaining the credit of the AHFC will increase Alaskans' access to the nation's capital markets to help meet certain special and crucial housing needs. As stated above, the purpose of this bill is to provide the kind of long-range financial stability and predictability necessary to protect the credit of the AHFC. There may be other avenues available to establish a suitable long-range plan for managing the assets of the AHFC. I know that the legislature will be particularly sensitive to any provisions which appear to invade the appropriation powers and responsibilities of the legislature. If the approach taken in this bill does not meet with your approval, I am open to any constructive alternatives that will preserve the programs of the AHFC.

The Honorable Gail Phillips


March 24, 1995

Page 3

Finally, the bill is part of my plan to begin addressing the long-deferred maintenance needs of the university. It will provide financing for overdue and much needed repair and rehabilitation of student housing facilities at the university's three main campuses. The bill authorizes AHFC to issue \$30,000,000 in bonds to finance this project. Under AS 18.56, these bonds are general obligations of the corporation.

I urge your early and favorable consideration of this legislation or a suitable alternative.

Sincerely,



Tony Knowles
Governor

CLIFFORD J. GROH, SR.
KENNETH P. EGGERS, P. C.
MICHAEL W. PRICE
SALLY J. KUCKO
DENNIS G. FENERTY
DAVID A. DEVINE, P. C.
RICK L. OWEN
TODD J. TIMMERMANS
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April 11, 1995

Representative Mark Hanley
Co-Chairman House Finance Committee
Alaska State Legislature
Pouch V, State Capitol
Juneau, AK 99801-1182

RE: Alaska Housing Finance Corporation's Contribution to the
State's General Fund, HB 281 and SB 143

Dear Mark:


We urge you to support the passage of HB 281 and SB 143 which provide for the orderly transfer of funds from the Alaska Housing Finance Corporation (AHFC) to the General Fund. We believe that it is essential to the future of AHFC to retain the confidence of the Wall Street bond houses and that AHFC preserve the financial stability necessary to issue future bonds. The proposed legislation or comparable legislation provides a method to assure that the credit ranking of AHFC is preserved.

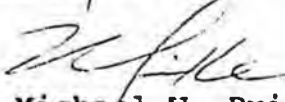
Our firm has for a number of years represented AHFC as outside counsel on special projects. We appreciate the significant contribution that AHFC has made in providing affordable and better housing for Alaska's citizens. That contribution can continue if the monetary strength of AHFC is preserved by providing for an orderly transfer of funds to the General Fund.

Thank you for your consideration and we would be pleased to respond to any questions or to testify on the proposed legislation.

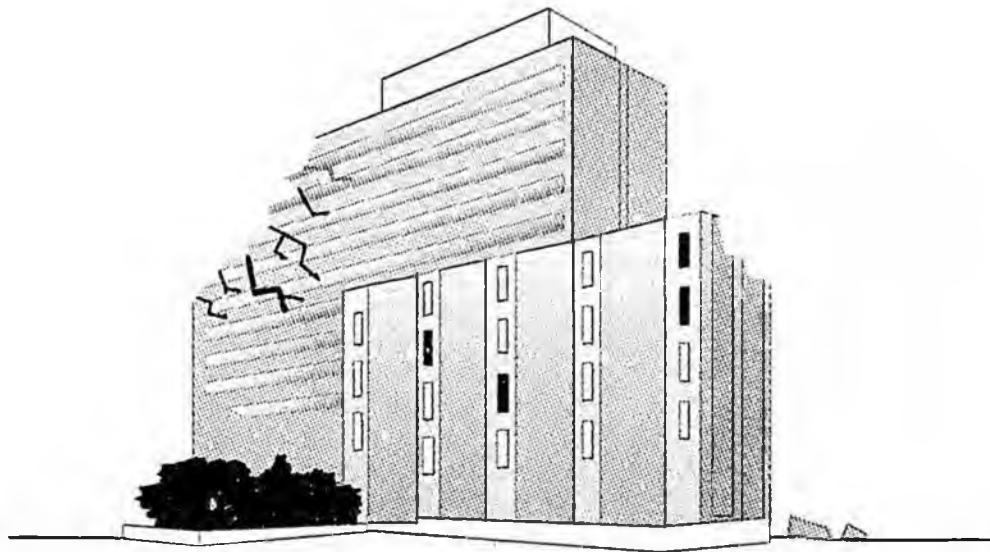
Very truly yours,

GROH, EGGERS & PRICE


Clifford J. Groh, Sr.


Michael W. Price

CJG/jr



University of Alaska Deferred Maintenance

Prepared by
Statewide Office of Facilities
January 1995

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B. Expenditure of FY94 Deferred Maintenance as of August 1994	7
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F. UAS Bond Request by Campus by Building	17
G. Summary of All Deferred Maintenance by MAU	19

Position Paper
on
Deferred Maintenance
University of Alaska

The University of Alaska Board of Regents continues to have deferred maintenance as its top funding priority. Years of inadequate maintenance budgets have resulted in numerous facility system failures that are disrupting programs, increasing operational expenses and jeopardizing safety. Premature facility failure will result if these conditions are not addressed. The state of Alaska has invested hundreds of millions of dollars in university infrastructure, representing over 40 percent of all state facilities. If the state does not move quickly to resolve the growing maintenance problems, the value of this significant investment will be lost and replacement unfeasible.

The University of Alaska's first capital request using the title "Deferred Maintenance" was in FY91, wherein the university requested \$3.8 million and received \$2.3 million. Prior to that time, there were numerous requests for repair, deferred maintenance, remodeling, renovation and code compliance. In the eleven years between FY83 and FY94, \$338.0 million was requested, but only \$99.0 million was received, through the legislative appropriation process.

The causes of the deferred maintenance backlog are as follows:

1. From 1980 to 1994, the university's total plant asset increased by 243 percent and increased in size by 145 percent in terms of square footage. During this period of rapid expansion, the operating budgets for building operation, maintenance and renewal remained relatively flat. There were few incremental increases in operating budgets for new structures coming on-line. This reduced the amount available for maintenance and renewal and replacement. The result is a current shortfall in building maintenance systemwide of \$3.8 million and for building renewal and replacement, \$5.8 million.
2. Utility rates increased, from 1980 to 1994, approximately 3 percent per year. Increments to budgets, as a rule, did not keep pace with these increases.
3. University buildings have continued to age. As buildings pass the 20-year mark, the amount needed for building system renewal and replacement climbs rapidly. A 20-year old building with a replacement cost of \$10.0 million needs twice as much for renewal and replacement retrofitting as a 10-year old building valued at \$10 million. The Fairbanks campus, with an average building age of 24.4 years, has 157 buildings 20 years of age or older. The UAA Anchorage campus has seven buildings that are 20 years or older; the Juneau campus has three buildings past 20 years; and the Ketchikan campus has two buildings past 20 years. If renewal and replacement is not funded annually, systems wear out, then become deferred maintenance problems.

4. In FY86, approximately \$1.4 million was removed from the maintenance category and put into maintaining the academic programs at UAF. This was quickly rectified. By FY87 maintenance budget was back to pre-86 levels in absolute dollars. There has only been one major increase to plant maintenance since: at UAF in FY94, approximately \$1.0 million was added to plant maintenance.
5. The methods of quantifying deferred maintenance and operating budget needs for maintenance and renewal and replacement have just been developed in the last five years. At this point in time, it is still an emerging discipline. National expert Dr. Harvey Kaiser reports that there is very little consistency nationally on how campuses budget for maintenance and renewal and replacement. In summary, the federal government did a study, and the results were that the total operations and maintenance for facilities cost from 2 to 4 percent of the plant value. Nationally, colleges and universities have a plant value estimated at \$300.0 billion, but deferred maintenance is estimated to be a \$60.0 billion problem, of which \$20.0 billion is judged critical, i.e., 20 percent of replacement value is deferred maintenance backlog; 7 percent of replacement value is critical. At UA, \$157.5 million, or 19 percent, of replacement value is viewed as critical deferred maintenance.

Plant Valuation

The university has used a method of plant valuation based on the original capital investment as well as other major capital investments that have been added to the facility over the years. An escalation factor derived from the Means Cost Data is applied each year to escalate the value of the buildings to today's replacement value. Infrastructure has been included in the calculation only if it was part of the original building construction. Complete historical records of stand-alone infrastructure investments are not available. Attachment A shows the value of UAF, UAA and UAS, based on new construction for each building type. The results show a slightly higher value. For operating budget calculations, it has been agreed to continue using the original values escalated to current year.

Past Funding

In FY94, the university received \$14,239,600. It was distributed as follows:

UAA	\$ 1,714,600
UAS	\$ 450,000
UAF	\$ 12,075,000

Attachment B shows the projects that have been accomplished with these funds.

Summary

The University of Alaska is aggressively pursuing allocating operating funds to prevent deferred maintenance from growing. Policies are drafted so that in three years the operating budget will have sufficient funds to maintain the buildings according to the formula requirement. A six-year plan for full funding of renewal and replacement operating funds is also drafted. If this plan is realized, sufficient funds will be in place to replace buildings systems on a scheduled basis by 2001. This will be accomplished through reallocation and appropriation.

National experts predict that approximately 5 years are needed from the identification of the funding source to the completion of the backlog of deferred maintenance. Phased funding, with a guaranteed source of funding future phases is essential and a logical solution to funding the backlog.

The current deferred maintenance backlog is \$157,455,382. The previous total of \$153.8 million, reported in the spring of 1993, did not include the infrastructure in all cases. Recognition of the need for upkeep of infrastructure has resulted in part of the increase. Causes of deferred maintenance shown in Items 1, 2, 3 and 4 above contributed to this increase as well. With such underfunding, more systems have worn out and new projects have been identified. Attachment C shows the projects submitted by MAUs for proposed bond funding. Summaries of projects by MAU by campus by building are shown in Attachments D through F.

Action

After many years of failure in securing a cash solution to the deferred maintenance problem, the university is seeking a bonding option that would involve the issuance of University of Alaska and AHFC bonds. While a cash solution would be best, current state finances suggest this is not a likely option. The proposed legislation authorizes the issuance of \$75 million in bonds with the expectation that the balance of the deferred maintenance backlog will be addressed in future years. With AHFC's mandate to provide financing for state housing projects, they are charged in the legislation with the issuance of \$30 million for the university's housing facilities. The balance of the bonds, \$45 million, would be issued as university bonds for use on non-housing projects. While the legislation anticipates general fund appropriations for the annual debt service, there is no obligation that such appropriations be made. The university bonds will be secured by a pledge of non-general fund university receipts. In the event appropriations for annual debt service are not made in future years, the university will make debt payments from university receipts and adjust other university programs appropriately.

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Campus Value Based on New Construction by Building Type

	Fairbanks Campus						Anchorage Campus						Juneau Campus										
	Area	Percent of Assgn.	Distribution of		Total Area	Value Per Sq. Foot	Current Value	Area	Percent of Assgn.	Distribution of		Total Area	Value Per Sq. Foot	Current Value	Area	Percent of Assgn.	Distribution of		Total Area	Value Per Sq. Foot	Current Value		
			Non-Assgn.	Assgn.						Non-Assgn.	Assgn.						Non-Assgn.	Assgn.					
Assignables																							
Classrooms	52,017	3.1%	27,571	79,580	200	15,917,592	65,915	7.5%	31,231	97,140	200	19,429,109	18,418	7.9%	5,386	23,804	200	4,780,813					
General Use	171,282	10.3%	80,775	282,037	200	52,407,455	83,145	8.5%	39,395	122,540	200	24,507,938	11,490	4.9%	3,360	14,850	200	2,970,015					
Health Care	3,400	0.2%	1,634	5,294	300	1,588,179	805	0.1%	410	1,275	300	302,453	150	0.1%	44	194	300	58,100					
Laboratory Fac	307,571	18.8%	103,024	470,595	300	141,170,544	194,440	22.1%	82,130	286,570	300	85,972,788	48,031	20.5%	14,040	82,077	300	18,823,080					
Offices	288,210	17.4%	152,782	440,872	200	88,194,418	215,159	24.5%	101,844	317,103	200	63,420,572	34,294	14.6%	10,029	44,323	200	8,804,551					
Residential	301,101	23.0%	202,040	583,221	150	87,483,181	120,211	13.7%	56,957	177,160	150	26,575,174	73,585	31.4%	21,513	95,078	150	14,201,894					
Special Use	174,304	10.5%	82,388	286,692	250	68,672,912	78,120	8.9%	37,014	115,134	250	28,783,453	1,153	0.5%	327	1,480	250	372,544					
Study	110,517	6.7%	58,578	189,095	200	33,818,030	87,900	7.7%	32,209	100,189	200	20,037,881	34,080	14.5%	8,988	44,048	200	8,809,235					
Support	180,284	8.7%	84,857	245,241	200	49,040,104	49,240	5.6%	23,334	72,582	200	14,510,410	13,285	5.7%	3,885	17,170	200	3,433,999					
Unclassified	6,045	0.4%	3,204	8,249	200	1,849,815	3,355	0.4%	1,590	4,945	200	988,925		0.0%	0	0	200	0					
Total Assignable	1,054,951						878,444						234,488										
Non-Assignables																							
Rldg Serv Area	54,184						27,390						7,232										
Circulation Area	374,398						239,910						22,080										
Mechanical Area	187,988						49,800						14,527										
Structural Area	200,585						128,113						24,727										
Total Non-Assignable	877,133						416,213						68,566										
Total	2,531,904		877,133	2,531,904			1,294,657			1,294,657			303,032			303,032							
Current Value Calc.						538,159,230						284,814,773						52,154,091					
Infrastructure						87,722,247						28,481,477						5,818,381					
Total Current Campus Value						605,881,477						313,076,250						67,772,472					
Current Value -DB*						485,050,547						211,160,260						54,214,522					
Infrastructure						87,722,247						28,481,477						5,818,381					
Total Current Campus Value						532,772,794						239,621,737						59,832,903					

* Current values calculated using R.S. Means Index and investment cost listed in the university's spaco database.

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**DEFERRED MAINTENANCE EXPENDITURES
AS OF
AUGUST 1994**

**UNIVERSITY OF ALASKA ANCHORAGE
FY94 DEFERRED MAINTENANCE (CAPITAL)**

	<i>PROJECT TITLE</i>	<i>BUDGET</i>	<i>EXPENDED/ OBLIGATED</i>	<i>STATUS</i>
551451	AI FUME HOOD EXHAUST MODIFICATIONS	83,607.00	83,607.00	Complete 8/30/94
551453	AI KPC BOILER REPLACEMENT MCLANE BLDG.	383,840.00	27,396.00	Award in Process
551466	AI PRIMARY POWER	487,600.00	487,600.00	Complete 8/30/84
551457	AI BLDG. K INTERIOR REPLACEMENT	835,933.00	835,900.00	Complete 8/30/84
551459	AI SHIRT BLDG. REVISIONS	184,045.00	184,045.00	Complete 8/30/84
		<u>1,714,833.00</u>	<u>1,378,347.00</u>	

**UNIVERSITY OF ALASKA FAIRBANKS
FY94 DEFERRED MAINTENANCE (CAPITAL)**

	<i>PROJECT TITLE</i>	<i>BUDGET</i>	<i>EXPENDED/ OBLIGATED</i>	<i>STATUS</i>
	AHRC HV SWITCHGEAR	360,000.00	300,344.32	In construction
	ROOF RECONSTRUCTION PHASE II	8,080,604.00	8,710,700.00	In construction
	MUSEUM CHILLER	175,000.00	175,383.04	Complete
	GRUENING FLOOR	100,000.00	626.47	Re-Bid October 1994
	HAZMAT EXTERIOR	100,000.00	88,807.03	Project in Final Close-Out
	MOORE/BARTLETT/SKARLAND UPGRADE	825,000.00	649,710.15	Project in Final Close-Out
	UTIL LATHROP VAULT	50,000.00	40,603.14	Complete
	UTIL BOILER 2 ID FAN	127,438.00	12,438.81	Complete
	UTIL HV UPGRADE	193,000.00	192,843.82	Complete
	UTIL ASH SYSTEM	218,000.00	214,832.01	Complete
	UTIL VENT PHASE I	18,000.00	14,082.05	Complete
	UTIL BOILER ID FAN	125,000.00	124,743.17	Complete
	WOOD CENTER EXTERIOR	75,000.00	0.00	Project to Bid Feb. 1995
	CAMPUS-WIDE ALARM REPORTING	300,000.00	39,048.85	Project in Design
	CAMPUS-WIDE ROADWAY/PARKING	23,000.00	22,600.00	Complete
	CAMPUS-WIDE LUST	175,000.00	17,812.63	Project on-going as identified
	HEADBOLT HEATERS	40,000.00	30,740.84	Complete
	AFES AG HVAC	75,000.00	48,852.44	second project in design
	PALMER HOUSING HEATING	30,000.00	29,810.93	Complete
	BETHEL WINDOW/DOOR	55,000.00	48,823.99	Complete
	NORTHWEST ELECTRICAL UPGRADE	135,000.00	122,777.91	Complete
	TV - BUNNELL HOUSE FLOORING	8,000.00	8,845.44	Complete
		<u>12,076,000.00</u>	<u>10,832,011.60</u>	

**UNIVERSITY OF ALASKA JUNEAU
FY94 DEFERRED MAINTENANCE (CAPITAL)**

	<i>PROJECT TITLE</i>	<i>BUDGET</i>	<i>EXPENDED/ OBLIGATED</i>	<i>STATUS</i>
	KETCHIKAN, ROBERTSON BLDG BOAT SHOP ROOF & CORRIDOR RECONSTRUCTION	93,200.00	88,300.00	Complete
	FIRE MARSHALL MANDATES		18,380.00	Complete
	UNDERGROUND TANKS, TESTING/REPLACEMENT	18,800.00	0.00	Tanks Tested OK
	HAMILTON PARKING LOT REPAIRS	1,800.00	950.00	Complete
	KETCHIKAN, HEAT. ELEC. VENT. REPAIR, REPLACE HAMILTON & ROBERTSON CODE EMERGENCY LIGIT & ELECTRICAL REPAIR	335,000.00	20,568.00	Broken into smaller projects Under Construction
	PAUL, ZIEGLER, HAMILTON, ROBERTSON MECH. REPAIRS			152,480 est. To be Re-Bid
	PAUL, ZIEGLER, ELECTRICAL			22,000 est. To be Re-Bid
		<u>460,000.00</u>	<u>124,188.00</u>	

ATTACHMENT B

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University of Alaska Deferred Maintenance

	Non-Residential Projects	Residential Projects
Anchorage Campus	8,172,400	3,100,533
Kodiak College	696,200	
Kenai Peninsula Campus	713,000	
Mat-Su Campus	753,200	
PWS Community Campus	752,000	53,000
University of Alaska Anchorage	11,086,800	3,153,533 *
Fairbanks Campus	26,717,687	22,878,522
Bristol Bay Campus	79,500	
Chukchi Campus	122,000	
Interior Campus	549,000	
Kuskokwim Campus	350,000	150,000
Northwest Campus	71,000	
AFES Fairbanks	665,000	
AFES Mat-Su	225,000	
Palmer Research Center	365,000	
Seward Marine Center	240,000	
University of Alaska Fairbanks	29,384,187	23,028,522 *
Juneau Campus	1,058,300	542,800
Ketchikan Campus	383,800	
Sitka Campus	300,000	
University of Alaska Southeast	1,742,100	542,800 *
Total Deferred Maintenance	42,213,097	26,724,855 *
Bond Issuance Costs	750,000	525,000 *
Required Debt Reserve	2,036,913	2,750,145 *
Total Bond Issue	45,000,000	30,000,000

* Pending final agreement with AHFC on issuance costs and reserve requirements.

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**University of Alaska Anchorage
FY95 Deferred Maintenance
Bond Request By Campus By Building**

Campus	Building Name	Non-Residential Projects	Residential Projects	Cumulative by Campus
AC	K	2,654,050		2,654,050
AC	SHORT	1,677,650		4,331,700
AC	CAS	3,840,700		8,172,400
AC	STUDENT HOUSING NO. 1		849,357	9,021,757
AC	STUDENT HOUSING NO. 2		433,127	9,454,884
AC	STUDENT HOUSING NO. 3		416,827	9,871,711
AC	STUDENT HOUSING NO. 4		414,827	10,286,538
AC	STUDENT HOUSING NO. 5		414,827	10,701,365
AC	STUDENT HOUSING NO. 6		400,408	11,101,773
AC	TEMPLEWOOD A		72,060	11,173,833
AC	TEMPLEWOOD B		41,140	11,214,973
AC	TEMPLEWOOD C		14,490	11,229,463
AC	TEMPLEWOOD D		14,490	11,243,953
AC	TEMPLEWOOD E		14,490	11,258,443
AC	TEMPLEWOOD F		14,490	11,272,933
	Anchorage Campus Totals	8,172,400	3,100,533	11,272,933
KOC	BENNY BENSON	440,100		440,100
KOC	VO-TECH	256,100		696,200
	Kodiak Campus Totals	696,200		696,200
PWSCC	SITE, PWSCC	105,000		105,000
PWSCC	GROUDEN-HARRISON	647,000		752,000
PWSCC	SITE, PWSCC HOUSING		53,000	805,000
	Prince William Sound Comm. College Totals	752,000	53,000	805,000
MSC	KERTTULA	753,200		753,200
KPC	MCLANE	713,000		713,000
	Total University of Alaska Anchorage	11,086,800	3,153,533	14,240,333

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**University of Alaska Fairbanks
FY95 Deferred Maintenance
Bond Request By Campus By Building**

Campus	Building Name	Non-Residential Projects	Residential Projects	Cumulative By Campus
FC	AHRC	1,400,000		1,400,000
FC	ATKINSON	110,000		1,510,000
FC	BALLAINE PARKING LOT	960,000		2,470,000
FC	BARTLETT HALL		2,504,856	4,974,856
FC	BUNNELL BUILDING	1,940,000		6,914,856
FC	CHANCELLOR'S RESIDENCE		40,660	6,955,516
FC	CHANDALAR 714		176,069	7,131,585
FC	CHANDALAR 715		104,482	7,236,067
FC	CHANDALAR 716		159,127	7,395,194
FC	CHANDALAR 717		104,482	7,499,676
FC	CHATANIKA 707		116,789	7,616,465
FC	CHAPMAN YUKON DRIVE	40,000		7,656,465
FC	COAL LAB	25,000		7,681,465
FC	COLUMBIA CIRCLE SEWER MAIN	255,000		7,936,465
FC	COLVILLE 709		72,884	8,009,349
FC	COLVILLE 710		95,609	8,104,958
FC	COLVILLE 711		118,855	8,223,813
FC	COMMONS PLAZA	41,000		8,264,813
FC	DUCKERING	1,386,000		9,650,813
FC	ELVEY	1,878,000		11,528,813
FC	FINE ARTS (FS311, FS312, FS313)	2,014,000		13,542,813
FC	GEIST MUSEUM	1,137,000		14,679,813
FC	GRUENING	1,442,000		16,121,813
FC	GARDEN APARTMENTS I		34,588	16,156,401
FC	GARDEN APARTMENTS II		43,562	16,199,963
FC	HARWOOD HALL		1,563,510	17,763,473
FC	HESS VILLAGE 753		435,198	18,198,671
FC	HESS VILLAGE 754		852,695	19,051,366
FC	HESS VILLAGE 755		506,260	19,557,626
FC	HESS VILLAGE 756		226,220	19,783,846
FC	HESS VILLAGE 757		347,438	20,131,284
FC	HESS VILLAGE 758		527,531	20,658,815
FC	HESS VILLAGE 759		283,477	20,942,292
FC	HESS VILLAGE 760		502,236	21,444,528
FC	HESS VILLAGE 761		283,477	21,728,005
FC	HESS VILLAGE 762		347,438	22,075,443
FC	IRVING I	1,237,000		23,312,443
FC	IRVING II	948,952		24,261,395
FC	LATHROP HALL		2,070,348	26,331,743
FC	MCINTOSH HALL		1,016,906	27,348,649
FC	MOORE HALL		2,443,777	29,792,426
FC	NERLAND HALL		1,363,459	31,155,885

**University of Alaska Fairbanks
FY95 Deferred Maintenance
Bond Request By Campus By Building**

Campus	Building Name	Non-Residential Projects	Residential Projects	Cumulative By Campus
FC	O'NEILL	2,276,000		33,431,885
FC	PATTY CENTER	844,000		34,275,885
FC	PLAZA	76,000		34,351,885
FC	RASMUSON LIBRARY	1,570,000		35,921,885
FC	SAC 774		349,756	36,271,641
FC	SAC 775		161,757	36,433,398
FC	SAC 776		293,111	36,726,509
FC	SIGNERS' HALL	340,000		37,066,509
FC	SKARLAND HALL		1,289,550	38,356,059
FC	STEVENS HALL		1,153,208	39,509,267
FC	STUART HALL		897,991	40,407,258
FC	TANANA DRIVE ROADWAY	983,000		41,390,258
FC	TILLY COMMONS	2,488,056		43,878,314
FC	SOUTH UPPER DORMS	107,000		43,985,314
FC	UTILITIES	610,000		44,595,314
FC	WALSH HALL		927,019	45,522,333
FC	WHITTAKER	274,286		45,796,619
FC	WICKERSHAM HALL		1,464,197	47,260,816
FC	WOOD CENTER	2,167,393		49,428,209
FC	YUKON DRIVE	168,000		49,596,209
	Fairbanks Campus Totals	26,717,687	22,878,522	49,596,209
AF	AFES FAIRBANKS	665,000		665,000
BB	BRISTOL BAY CAMPUS (FS006)	79,500		79,500
CC	CHUKCHI CAMPUS (CC101)	122,000		122,000
IC	RED BUILDING	209,000		209,000
IC	SWINE/GREENHOUSE	90,000		299,000
IC	DOWNTOWN CENTER	250,000		549,000
	Interior Campus Totals	549,000		549,000
KU	VOC-TECH BUILDING	164,000		164,000
KU	KU101-104	150,000		314,000
KU	KU104	36,000		350,000
KU	JOHN SACKETT HALL		150,000	500,000
	Kuskokwim Campus Totals	350,000	150,000	500,000
MV	MATSU AFES	225,000		225,000

**University of Alaska Fairbanks
 FY95 Deferred Maintenance
 Bond Request By Campus By Building**

Campus	Building Name	Non-Residential Projects	Residential Projects	Cumulative By Campus
NW	BOOKSTORE (NW009)	5,000		5,000
NW	EMILY BROWN BLDG (NW008)	20,000		25,000
NW	BOAT SHOP/STORAGE BLDG (NW014)	6,000		31,000
NW	ARTHUR NAGOZUK BLDG (NW001)	15,000		46,000
NW	SATELLITE B	25,000		71,000
	Northwest Campus Totals	71,000		71,000
PL	OFFICE/LAB (PL101)	365,000		365,000
SE	DOCK	30,000		30,000
SE	YELLOW LAB (SE102)	60,000		90,000
SE	DONALD W HOOD (SE105)	50,000		140,000
SE	MARINE SCIENCES (SE103)	30,000		170,000
SE	HOOD/K M RAE (SE105, SE106)	50,000		220,000
SE	K M RAE CENTER (SE106)	20,000		240,000
	Seward Marine Center Totals	240,000		240,000
Total University of Alaska Fairbanks		29,384,187	23,028,522	52,412,709

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**University of Alaska Southeast
FY95 Deferred Maintenance
Bond Request By Campus By Building**

Campus Building Name		Non-Residential Projects	Residential Projects	Cumulative by Campus
JC	Soboleff	22,700		22,700
JC	Marine Core	240,000		262,700
JC	Whitehead	30,000		292,700
JC	Hendrickson	165,000		457,700
JC	Student Housing		542,800	1,000,500
JC	Anderson	157,300		1,157,800
JC	Auke Lake	133,300		1,291,100
JC	Bill Ray	107,200		1,398,300
JC	Jones (Day Care)	125,000		1,523,300
JC	Stover (Physical Plant Offices)	19,000		1,542,300
JC	Juneau	58,800		1,601,100
	Juneau Campus Totals	1,058,300	542,800	1,601,100
KET	Ziegler	20,000		20,000
KET	Paul	147,000		167,000
KET	Paul/Ziegler/Robertson	216,800		383,800
	Ketchikan Campus Totals	383,800		383,800
SC	332	300,000		757,700
	Total University of Alaska Southeast	1,742,100	542,800	2,284,900

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**FY95 Deferrred Maintenance
MAU Summary**

	Non-Residential Projects	Residential Projects	Total Projects
University of Alaska Anchorage	35,687,661	4,127,485	39,815,146
University of Alaska Fairbanks	82,580,500	30,782,714	113,363,214
University of Alaska Juneau	3,710,222	566,800	4,277,022
University of Alaska Deferred Maintenance Total	<u>121,978,383</u>	<u>35,476,999</u>	<u>157,455,382</u>