

HB

463

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 4, 1998

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/19/98

The STATE AFFAIRS Committee considered:

HB 463

HOUSE BILL NO. 463

ESTABLISH ALASKA PUBLIC BUILDING FUND

"An Act establishing the Alaska public building fund; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ 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) _____

zero fiscal note(s) GOV

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Jeanette James</i>	<input checked="" type="checkbox"/>			
<i>Ken [unclear]</i>			<input checked="" type="checkbox"/>	
<i>[unclear]</i>			<input checked="" type="checkbox"/>	
<i>[unclear]</i>			<input checked="" type="checkbox"/>	
<i>Fred [unclear]</i>			<input checked="" type="checkbox"/>	
<i>Mark [unclear]</i>			<input checked="" type="checkbox"/>	

CHAIR'S SIGNATURE Jeanette James

Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381



House of Representatives
HOUSE STATE AFFAIRS

MEMBERS:
REPRESENTATIVES
IVAN IVAN
AL VEZEY
FRED DYSON
MARK HODGINS
KIM ELTON
ETHAN BERKOWITZ

Sponsor Statement

HB 463

Establishing the Alaska Public Building Fund

This bill would create the Alaska Public Building Fund. The fund would be used for the deposit of rent payments for state facilities, and for appropriating for maintaining these facilities.

This fund is an essential part of a rental structure for state facilities. Establishing the fund will allow money to be accumulated to pay for long-term facilities renewal and renovation costs that now are not adequately funded. This will in turn help avoid the future accumulation of hundreds of millions of dollars of deferred maintenance, as has occurred in the past. The legislature's Deferred Maintenance Task Force recognized that in addition to dealing with our current deferred maintenance needs, we must take action to avoid repeating the problem in the future.

The Alaska Public Building Fund is an important step in improving the management and maintenance of state facilities, and in avoiding future deferred maintenance problems.

STATE FACILITY RENTS PROCESS DESCRIPTION

The Elements of Rent

- **Maintenance & Operations**
The costs of utilities, janitorial, repairs and other costs associated with keeping a facility ready for the use of its occupants.
- **Renewal & Replacement (Depreciation)**
The scheduled replacement of worn-out major building components and the replacement or retrofitting of obsolete or inefficient building systems in order to maintain or extend the life of a building or facility.
- **The cost of an administrative organization**
Resources to pay bills, account for and budget the costs of the maintenance effort, manage and report on the work.

Rent Implementation

- **Create and Internal Service Fund**
An Internal Service Fund (ISF) would be created in law to receive and expend the agencies rent payments.
- **Transfer GF Facility Cost**
The General Funds currently budgeted to pay for facility costs would be transferred to the occupant agencies for their use in paying rent.
- **Leverage Non-GF Funds**
Adjust agency budgets to maximize non-GF participation in rent payments.

Rent Process

- **Agencies Make Rent Payments**
Agencies would pay the ISF for services.
- **ISF Spends and Accounts for Facility Expenditures**
All facility expenditures would be made from the ISF based on legislative appropriations from the fund.
- **Rate Setting**
Rates would be set in accordance with a "rent methodology" approved by the appropriate federal agencies to insure federal reimbursement. ISF would "true-up" costs at year end and adjust future rates up or down based on desired service levels.

First Year Assumptions

- Start with a limited number of facilities, priority is multi-agency office buildings.
- DOA provides administrative oversight of ISF and contracts with DOT&PF for facility services.

Alaska State Legislature

CHAIR:
REPRESENTATIVE
JEANNETTE JAMES

State Capitol
Room 102
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381



House of Representatives
HOUSE STATE AFFAIRS

MEMBERS:
REPRESENTATIVES
IVAN IVAN
AL VEZEY
FRED DYSON
MARK HODGINS
KIM ELTON
ETHAN BERKOWITZ

Fiscal notes for the following bills were requested via email on 3/12/98.

None had been received as of noon on 3/18/98.

Subject: fiscal notes
Author: Barbara_Cotting@legis.state.ak.us ("Barbara Cotting") at CC2MHS1
Date: 3/12/98 12:55 PM

I need fiscal notes for the following bills which are scheduled in House State Affairs for Thursday, March 19, 1998:

HB 463	Establish Alaska Public Building Fund
HB 466	Campaign Misconduct: False Information
HB 468	Damage Awards Human Rights Commission
HB 408	Seismic hazards Safety Commission
SB 307	U.S. Senate Vacancies

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 463

Revision Date (Note if correction) _____	Dept. Affected <u>All departments</u>
Title <u>An Act establishing the Alaska public building fund.</u>	BRU _____
Sponsor <u>House State Affairs Committee</u>	Component _____
Requester <u>House State Affairs Committee</u>	Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
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)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would establish a fund for the deposit of state facility rent payments, and for appropriations from the fund for maintaining these facilities.

Establishing the fund would not in itself have a direct fiscal impact on any state agency. However, the purpose of the fund and the related facilities rent structure is to improve the management and maintenance of state facilities. Improved management and maintenance will reduce overall facilities costs over the long term. Although these cost reductions may be substantial, there are many variables involved and the cost reductions cannot be accurately projected at this time.

Prepared by <u>Jack Kreinhedar</u> <i>Jack Kreinhedar</i>	Phone <u>465-4676</u>
Division <u>Office of Management and Budget</u>	Date <u>3/18/98</u>
Approved by Commissioner <u>Jim Ayers, Chief of Staff</u> <i>J. Ayers</i>	Date _____
Agency <u>Office of the Governor</u>	

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

*Rec'd
3/18/98
4:30 PM*