

**HB**

**313**

# ALASKA STATE LEGISLATURE

Rep. Eldon Mulder, Co-Chair  
Rep. Kim Elton  
Rep. Richard Foster  
Rep. Jeannette James  
Rep. Beverly Masek  
Rep. Gail Phillips



Sen. Tim Kelly, Co-Chair  
Sen. Loren Leman  
Sen. Georgianna Lincoln  
Sen. Robin Taylor  
Sen. Gary Wilken  
Sen. Mike Miller

## DEFERRED MAINTENANCE TASK FORCE

Capitol Building, Room 501 • Juneau, Alaska 99801 • Phone (907) 465-2647 • FAX (907) 465-3518

### Sponsor Statement

#### House Bill 313 *Finance Committee Substitute*

### Required Preventive Maintenance Programs

HB 313 requires that every agency and school district have in place a preventive maintenance program prior to it being able to receive any funding for deferred maintenance, renovation or replacement funds from the state.

The preventive maintenance plan would include:

- a computerized maintenance management program, or other organized preventive maintenance program
- energy management,
- custodial care,
- training of facility managers and employees, and
- renewal and replacement schedules.

The Deferred Maintenance Task Force determined that the best way to prevent a reoccurrence of deferred maintenance was be proactive in maintenance. It recommended that the carrot for accomplishing this goal was withholding funds identified as needed by the Task Force until the preventive maintenance programs are in place and working.

Section 1 requires school districts and regional education attendance areas must have preventive maintenance programs in place prior to receiving maintenance or construction funds. The district is required to provide evidence to the Department of Education that the plan is in place and operating

Section 2 requires that a municipality must have a preventive maintenance program in place before it draws any state funds. The

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municipality is required to provide evidence of the preventive maintenance program to the Department of Administration.

Section 3 requires that an unincorporated community must have a preventive maintenance program in place before it can receive capital matching grant programs. The unincorporated community is required to provide evidence of the preventive maintenance program to the Department of Community and regional affairs.

Section 4 provides for an effective date of July 1, 1999.



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# BUILDING ALASKA FOR THE 21ST CENTURY

## REPORT TO THE GOVERNOR AND THE LEGISLATURE

### HOUSE MEMBERS

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KIM ELTON  
RICHARD FOSTER  
JEANNETTE JAMES  
BEVERLY MASEK  
GAIL PHILLIPS

### SENATE MEMBERS

TIM KELLY, CO-CHAIR  
LOREN LEMAN  
GEORGIANNA LINCOLN  
ROBIN TAYLOR  
GARY WILKEN  
MIKE MILLER

### LEGISLATIVE STAFF:

DENNIS DEWITT, CHIEF-OF-STAFF  
TIM BENINTENDI, MATT GILL, LARRY LABOLLE, AND SHEILA PETERSON

JANUARY 10, 1998

## CHAPTER TWO

# SUMMARY OF RECOMMENDATIONS

The Deferred Maintenance Task Force adopted the following recommendations.

1. Provide Funding over a Six Year Period for \$1,420,000,000 of Identified Deferred Maintenance Needs
2. Financing Plan
  - a) Create a Public Facilities Financing Corporation with a Build Alaska Fund
  - b) Appropriate \$1.5 billion from the Constitutional Budget Reserve to the Build Alaska Fund
  - c) Make interest on the Build Alaska Fund and the dedicated tobacco tax available to the general fund to increase funds available for annual appropriation to service bonds sold to finance deferred maintenance needs.
3. Authorize a November 1998, Statewide Advisory Vote to Approve the Plan and the New Corporation
4. Require Local School District Financial Participation in School Construction
  - a) 2% to 35% based on AS 14.11.008
5. Require Routine and Preventive Maintenance Programs
  - a) Require Preventive Maintenance Programs be in place prior to receiving funding from this program
  - b) Require Separate operating budget appropriations for routine and preventive maintenance
6. Encourage the Use of Prototypical Designs for Schools
7. Transfer Certain State Owned Harbors to Local Governments

3. Authorize A November 1998, Statewide Advisory Vote To Approve The Plan And The New Corporation

The Task Force feels that the creation of a new corporation and expenditure of \$1.4 billion dollars to repair and renovate public facilities needs to be considered by the voters of Alaska. The Task Force recommends the Legislature authorize an advisory vote asking approval of the plan and movement of funds from the Constitutional Budget Reserve to the Build Alaska Fund in a new Public Facilities Financing Corporation. (The proposed legislation is found in Appendix G)

4. Require Local School District Financial Participation In School Construction

The Task Force found that local sharing in the cost of school construction and renovation is important to the long term maintenance of facilities. The Task Force recommends that the cost sharing formula currently in statute for the school district participation in grant programs (AS 14.11.008) be used for all grants for schools under this funding proposal. The cost share for a school district ranges from 2% to 35%, depending on the district's full value per its average daily membership.

5. Require Routine and Preventive Maintenance Programs

The Task Force determined that many of the assets funded by the state have not been properly maintained. If routine and preventive maintenance were performed on a timely basis most facilities would not be in the level of need they are currently found. The Task Force, understanding that finger pointing will not change current status, determined a need to ensure that state supported assets will be maintained in the future. Maintenance will prolong the useful life of an asset and reduce unnecessary deferred maintenance costs.

To assure routine and preventive maintenance in the future, the Task Force recommends that every agency be required to have a maintenance program in place prior to receiving funds from this program. Those agencies and districts that have programs in place will be allowed to receive funding. Those without maintenance programs will be required to establish programs. This may delay the receipt of funding. The Task Force feels this is an important "carrot" that will save the state over the long term. (The proposed legislation is found in Appendix G)

Every funding request for computerized maintenance programs is recommended to be funded in Fiscal Year 1999. These funds should be released without reference to a maintenance program as they are to establish the program in the state agencies.

The Task Force found that there were many reasons that state agencies were not funding maintenance. A difference between the legislature and administration in understanding the intent of Legislative appropriations seems to drive much of the problem. The Task Force feels that greater specificity in budgeting would resolve the differences in understanding about the level of funding directed to maintenance. Therefore, the Task Force recommends the budget process be changed to provide for separate appropriations for routine and preventive maintenance (The proposed legislation is found in Appendix G)

The Task Force recognizes that the successful maintenance of our state buildings will require a single dedicated unit (Division or Department) to administer the buildings. The unit would focus on facility operation, rather than program operation. The Task Force encourages the Administration to continue its work on creating a single unit with building operations responsibility. The rent concept discussed in item 8 is helpful in achieving this goal.

6. Encourage The Use Of Prototypical Designs For Schools

The Task Force visited prototypical schools in Fairbanks and listened to testimony about prototypical schools in Anchorage. The Department of Education has done some work in designing prototype for various regions in Alaska. Historically, the state has used prototypical plans for housing and found it to be efficient, effective, and easier to maintain. The state's positive experience with prototype housing is similar to that reported by the Fairbanks' School District for its prototype schools.

One of the tasks assigned to the Task Force is to prevent future problems with deferred maintenance. Clearly the use of a prototypical design that includes structural and major systems will reduce the cost of construction, maintenance, and repair. Having all units using the same type of heating and water system allows a reduction in inventory of parts. It allows better training and reduces "trouble shooting" time. (The proposed Resolution is found in Appendix G)

The Task Force understands that Alaska needs to recognize at least three distinct regions and several educational variables in the prototypical designs. Nonetheless, it believes that three basic regional prototypes can be designed with significant long term savings for the state. The Task Force included \$3,900,000 in the Fiscal Year 1999 funding recommendations to begin design work prototypical schools. The Task Force hopes the Department of Education will use these funds, along with assistance from the Fairbanks and Anchorage School Districts, to accomplish the goal.

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## DEFERRED MAINTENANCE TASK FORCE

### Sponsor Statement

### House Bill 315 *Finance Committee Substitute*

## Separate Appropriation for Maintenance

The Deferred Maintenance Task Force repeatedly heard from facility managers that they felt the legislature had not adequately funded the maintenance component of the budget. It also heard from Finance Committee members and staff that agencies were moving funds intended for maintenance to increase program operations in defiance of legislative intent. As long as both facility maintenance and program operations are funded in the same line item appropriation, this debate will continue. This debate has resulted in poor maintenance of public assets.

This bill requires a separate appropriation for maintenance. That will limit the use of those funds to maintenance. Agencies will need to determine the need for maintenance funding. The budget subcommittees will need to consider and decide the amount of funding that will be allocated to maintenance.

This bill will require debate at the appropriation stage of funding. It will eliminate the current finger pointing exercise when assets are not cared for.

Section 1 amends the executive budget act to require the proposed budget will present, separately, the annual appropriation for maintenance, repair, renewal and replacement for components of public buildings and facilities.

Section 2 adds definitions of "facility operations", "maintenance and repair" and "renewal and replacement".

Section 3 provides an effective date of July 1, 1998.

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