

**SB**

**215**

**HFIN**

**FILE**

**HOUSE COMMITTEE REPORT**

(11)

Date Referred to Committee: May 20, 2003

FURTHER REFERRALS:

Date of Committee Action: 5/20/03

The FINANCE Committee considered:

CSSB 215(STA)

CS FOR SENATE BILL NO. 215(STA)

SEAFOOD AND FOOD SAFETY LABORATORY

"An Act relating to a lease-purchase agreement for, the construction and equipping of, and the financing of a seafood and food safety laboratory facility to be operated by the Department of Environmental Conservation, including the issuance of certificates of participation, and the use of certain investment income for certain construction and equipping costs and providing for an effective date."

Recommends it be replaced with  HCS or  CS for \_\_\_\_\_ (\_\_\_\_\_)  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
ADM		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero
REV	3	✓		
DEC	2	✓		

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>Kim Meyer</i>	Meyer	✓			
<i>M.D. Hawker</i>	Hawker			✓	
<i>Bill Stortz</i>	STORTZ		<del>✓</del>		
<i>Mike Chénault</i>	Chénault			✓	
<i>A. Williams</i>	Williams			✓	
Chair: <i>W. Williams</i>	Williams				✓
Chair: <i>R. Williams</i>	Williams	✓			

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB215  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
Title An Act...for a lease-purchase agreement for a BRU Leases  
seafood and food safety laboratory facility.... Component Leases  
Sponsor Rules by Request of the Governor  
Requester (S) State Affairs Component No. 81

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual		(60.0)	(120.0)	(123.0)	(123.0)	(123.0)
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>(60.0)</b>	<b>(120.0)</b>	<b>(123.0)</b>	<b>(123.0)</b>	<b>(123.0)</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		(50.8)	(101.7)	(104.2)	(104.2)	(104.2)
1005 GF/Program Receipts						
1037 GF/Mental Health						
1007 I/A Receipts		(9.2)	(18.3)	(18.8)	(18.8)	(18.8)
<b>TOTAL</b>	<b>0.0</b>	<b>(60.0)</b>	<b>(120.0)</b>	<b>(123.0)</b>	<b>(123.0)</b>	<b>(123.0)</b>

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill would authorize financing and construction of a new laboratory facility that would replace the current leased location in Palmer. The Division will execute a lease purchase agreement for the lease purchase of a new seafood and food safety laboratory in Anchorage.

Lease savings would begin mid way through (January) FY2005 when we anticipate occupying the new facility. Annual costs for the Palmer lease in FY2004 are budgeted in the Department of Administration's (DOA) Leases component as \$99.1 of General Funds and in the Department of Environmental Conservation's (DEC) operating budget and paid to DOA via a \$17.9 RAS. Future years estimated lease savings have been adjusted to reflect the January 2005 occupancy date.

Costs for the design, construction, acquisition and construction contract compliance are not included in this fiscal note as those costs and associated work will be borne by other state departments.

Prepared by: Vern Jones, Chief Procurement Officer  
Division: General Services  
Approved by: Mike Miller, Commissioner  
Agency: Administration

Phone 465-5684  
Date/Time 5/12/03 10:53 AM  
Date 5/12/2003

FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. SB215a

ANALYSIS CONTINUATION

Current Palmer Laboratory Lease

Lease #: 2359

Location/Property: Palmer/Palmer Lab

Sq Ft: 9,252

Term: Firm Term thru 1/31/03, W/ 3 One Year Renewal Options (extended expiration = 12/31/06)

FY2004:

Total Cost per Year (annual): \$117.0

RAS (amount paid by DEC) Amount (annual): \$17.9

DOA Budget Amount (annual): \$99.1

FY2005:

Total Cost per Year (annual): \$120.0

DOA Reduction (1/2 year): \$50.8

RAS (amount paid by DEC) Amount (1/2 Year): \$9.2

FY2006:

Total Cost per Year (annual): \$120.0

DOA Reduction (annual): \$101.7

RAS (amount paid by DEC) Amount (annual): \$18.3

FY2007 (increased by 5% replacement factor):

Total Cost per Year (annual): \$123.0

DOA Reduction (annual): \$104.2

RAS (amount paid by DEC) Amount (annual): \$18.8

FY2008 & 2009:

Lease costs estimated to be the same as the FY2007 rate.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 3  
 Bill Version: SB 215  
 (S) Publish Date: 5/14/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Seafood and Food Safety Lab BRU Revenue Operations  
 Component Treasury Division  
 Sponsor Rules Committee  
 Requester Senate State Affairs Component No. 121

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	10.0					
Contractual	190.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		1,362.8	1,362.8	1,362.8	1,362.8	1,362.8
<b>TOTAL OPERATING</b>	<b>200.0</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF		1,362.8	1,362.8	1,362.8	1,362.8	1,362.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
COP proceeds	200.0					
<b>TOTAL</b>	<b>200.0</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>

Estimate of any current year (FY2003) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

SB215 authorizes the sale of \$14.145 million in certificates of participation (COPs) for a lease-financing to finance construction of a new seafood and food safety lab for the Department of Environmental Conservation. The COPs would be issued by the State Bond Committee. Construction costs and issuance costs are expected to total \$14.285 million, which is the amount of the COP sale proceeds plus \$140,000 in estimated construction fund earnings. The \$200.0 in Fiscal 2004 expenses are bond counsel and financial adviser expenses, and the costs of credit ratings and printing for the COP prospectus.

Financing assumptions are 15-year level debt service beginning in FY05 and a 5% interest rate/true interest cost. The actual interest rate is very likely to be lower.

Prepared by: Tom Boutin, Deputy Commissioner Phone 465-3669  
 Division Department of Revenue Date/Time 5/11/03 11:26 AM  
 Approved by: Landa Baily, Special Assistant to the Commissioner Date 5/11/2003  
 Agency Department of Revenue

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: SB 215  
 (S) Publish Date: 5/14/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Environmental Conservation  
 Title: Seafood/Food Safety Lab Facility Construction BRU: Environmental Health  
 Component: Laboratory Services  
 Sponsor: Rulas  
 Requester: Senate State Affairs Committee Component No. 2065

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	98.6	197.2	197.2	197.2	197.2
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>98.6</b>	<b>197.2</b>	<b>197.2</b>	<b>197.2</b>	<b>197.2</b>

<b>CAPITAL EXPENDITURES</b>	<b>14,285.0</b>					
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	98.6	197.2	197.2	197.2	197.2
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1163 Certificates of Participation	14,145.0	0.0	0.0	0.0	0.0	0.0
1173 Miscellaneous Earnings	140.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>14,285.0</b>	<b>98.6</b>	<b>197.2</b>	<b>197.2</b>	<b>197.2</b>	<b>197.2</b>

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

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

The bill would authorize financing and construction of a new Seafood and Food Safety Laboratory to be operated by the Department of Environmental Conservation (DEC).

The Department of Administration (DOA) pays the current lease costs for the lab. DEC reimburses DOA for a portion of these costs through an RSA. DEC will directly pay for all of the utilities and maintenance costs for the new building. These new costs are shown in the contractual line. Annual lease savings partially offset these new utility and maintenance costs as shown on the attached chart.

Prepared by: Kristin Ryan, Director Phone (907) 269-7645  
 Division: Environmental Health Date/Time 5/14/03 9:15 AM  
 Approved by: Kurt Fredriksson, Deputy Commissioner Date 5/14/2003  
 Agency: Department of Environmental Conservation

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

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 (S) Publish Date: 5/14/03

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 Title Seafood and Food Safety Lab BRU Revenue Operations  
 Component Treasury Division  
 Sponsor Rules Committee  
 Requester Senate State Affairs Component No. 121

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	10.0					
Contractual	190.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		1,362.8	1,362.8	1,362.8	1,362.8	1,362.8
<b>TOTAL OPERATING</b>	<b>200.0</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>	<b>1,362.8</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

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Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

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Financing assumptions are 15-year level debt service beginning in FY05 and a 5% interest rate/true interest cost. The actual interest rate is very likely to be lower.

Prepared by: Tom Boutin, Deputy Commissioner Phone 465-3669  
 Division Department of Revenue Date/Time 5/11/03 11:26 AM  
 Approved by: Landa Baily, Special Assistant to the Commissioner Date 5/11/2003  
 Agency Department of Revenue

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May 8, 2003

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 107  
Juneau, AK 99801-1182

Dear President Therriault:

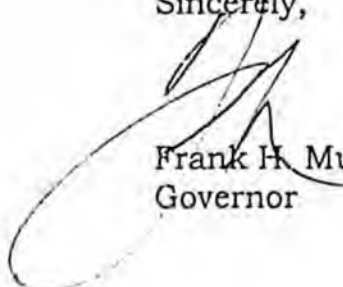
Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to issuing certificates of participation to fund a new seafood and food safety laboratory.

The state's food safety laboratory plays a vital role in protecting the health of Alaskans. The seafood and food safety laboratory tests crabs, geoducks, and other shellfish for toxins, a service not offered in the private sector. Local dairy products must be tested by a state laboratory before they can be sold to schools and the military. Federal law also requires a state laboratory to certify private laboratories to perform drinking water compliance testing for public water systems. Additionally, the new laboratory will have an area designated as bio safety level III for testing of anthrax or other bio-terrorism agents. The new laboratory would not duplicate existing laboratories in the state.

The current lease will soon expire, requiring the facility to be relocated. Building a state-owned facility is cheaper than leasing a privately-owned facility, and the state owns a parcel of land ready for development. The Alaska State Legislature has recognized the need for replacement through previous planning and design appropriations. The bill I transmit today is the next and final step in providing Alaskans with a worthwhile facility by setting up a bonding structure for its construction. The proposed method is the issuance of certificates of participation for a lease-purchase agreement.

In the interests of public health for Alaskans and consumers of Alaskan food, fish and dairy products, as well as the economic health of these industries, I urge your prompt and favorable action on this measure.

Sincerely,



Frank H. Murkowski  
Governor

Senate Bill 215/ House Bill 312  
DEC Seafood and Food Safety Laboratory

Tom Bontin

Ernesta Bullard

465-3669  
321-5548

Using Certificates of Participation, the Department will build a new Seafood and Food Safety Laboratory in Anchorage that is prepared to respond to unanticipated outbreaks of disease or presence of a contaminant in food, water or animals; and

**Protects Alaskans by**

- Preventing disease through sanitation and sanitary practices.
- Providing essential risk screening services.
- Monitoring animals for zoonotic diseases--transferred from animals to humans—such as Brucellosis.
- Testing food products for Salmonella, Listeria and fecal coliforms to ascertain they are safe to eat.
- Testing public drinking water for Giardia and Cryptosporidium.

**Supports industry by**

- Working with industry to pre-certify areas for safe harvesting of geoducks so that a more valuable product can be sold live.
- Testing geoducks, oysters and mussels for PSP contamination prior to sale.
- Analyzing seafood samples for contaminants such as mercury and pesticides through its seafood-monitoring program.
- Testing dairy products so they can be sold to the military and schools.

**Supports Alaska's private laboratories by**

- Conducting on-site evaluations of, and certifying drinking water laboratories and water system operators for bacteriological monitoring as required by Safe Drinking Water Act.
- Training 190 private lab staff a year in EPA approved procedures for testing drinking water.
- Making available its expertise, knowledge, and resources.

Based on lab functions, proximity to a major airport, sample movement, cost of utilities, and access to Alaska's Public Health Laboratory, Anchorage was chosen as the best site for the new facility.

**For further information contact:**

Kristen Ryan, Director  
Division of Environmental Health  
Cell: 632-2557  
Phone: 269-7644

Melanie Lesh, Legislative Liaison  
Commissioner's Office/DEC  
Phone: 465-5290  
Cell: 321-5489