

SB

65

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 65(FIN)
(S) Publish Date: 5/1/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Corrections
Title Correctional Facility Expansion RDU Administration & Operations
Component _____
Sponsor Senator Green
Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	235.0	243.2	3,052.2	14,448.3	23,703.9	24,438.5
Travel	7.0	8.0	154.7	235.8	315.8	315.8
Contractual	5.0	5.0	1,960.1	976.5	(12.1)	(12.1)
Supplies	6.0	7.0	1,382.6	2,939.7	4,495.3	4,495.3
Equipment	7.0	0.0	34.0	34.0	34.0	34.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	154.6	511.6	868.5	868.5
Miscellaneous	0.0	0.0	4,005.0	16,703.0	14,177.0	14,177.0
TOTAL OPERATING	260.0	263.2	10,743.2	35,848.9	43,582.4	44,317.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts	0.0	0.0		0.0	0.0	0.0
1003 GF Match	0.0	0.0		0.0	0.0	0.0
1004 GF	260.0	263.2	10,743.2	35,848.9	43,582.4	44,317.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	260.0	263.2	10,743.2	35,848.9	43,582.4	44,317.0

Estimate of any current year (FY2004) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

	2005	2006	2007	2008	2009	2010
Full-time	3	3	43	327	327	327
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)
This bill authorizes the Department of Corrections to enter into twenty-five year lease agreements with the Fairbanks North Star Borough, Matanuska-Susitna Borough, Bethel, Municipality of Anchorage, and the City of Seward for up to a total of 1,744 beds at state correctional facilities and a new state correctional facility.

The above contractual line has been reduced by the current cost of the Out of State Contract. The \$43,582,400 increased annual costs of incarceration and lease payments can be further offset by moving any remaining prisoners housed at the out of state contract facility (Florence Correctional Center) back to Alaska and housing them in the new beds created by this bill. Assuming that in FY09, 500 additional prisoners, at \$70.00 per day x 365 days = \$12,775,000 of savings that can be applied to the cost of new beds. The FY2009 estimated annual net cost of these projects is \$30,807,400.
(continued on page 2 of 2).

Prepared by: Jerry D. Burnett, Director Phone (907) 465-3339
Division: Administrative Services Date/Time 4/29/04 3:13 PM
Approved by: Portia C.K. Parker, Deputy Commissioner Date 4/29/2004
Agency: Department of Corrections

FISCAL NOTE #2

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB 65(FIN)

ANALYSIS CONTINUATION

Assume that the local government agencies will fund the costs of the new or expanded correctional facilities construction through local/AIDEA bond sales backed by the state leases. Costs of construction for Fairbanks, Anchorage, Seward, and Mat-Su facilities not to exceed \$135,000 per bed. Annual lease payments not to exceed \$14,600 per bed for Fairbanks, Anchorage, and Seward and not to exceed \$11,600 for Mat-Su. The Bethel facility costs of construction are not to exceed \$155,000 per bed and annual lease costs payments not to exceed \$16,700.

DOC will require three project management positions during the planning and construction phase.

Annual Lease Costs, by Facility (shown in miscellaneous line):

Fairbanks Correctional Center: 80 new beds = \$1,076,000

Matanuska-Susitna Borough: 1,200 new beds = \$10,172,000

**Matanuska-Susitna Borough alternate option of 2,251 new beds = \$15,261,200*

Spring Creek Correctional Center: 144 beds = \$1,076,000

Yukon-Kuskokwim Correction Center: 120 beds = \$1,853,000

Anchorage Jail: no lease payment (if appropriated, federal funds used for construction)

Dillingham Community Jail expansion of 17 beds = \$149,100

Kodiak Community Jail expansion of 6 beds = \$149,100

Additionally, security and life/safety staff and institutional staffing necessary to support the 1,744 new prisoner beds in Alaska is based on about 5 prisoners per 1 staff. Thus, 327 new staff will be needed to support these additional prisoner beds statewide.

The bill provides for federal receipt authority for up to \$30,000,000. The authorization to expand the Anchorage Jail facility by 200 beds may only occur if federal funds are received and the Alaska State Legislature appropriates the funds.

For the purposes of this fiscal note, it is assumed that a private option would only be built if less costly than the public option. It is also assumed that the 2251 bed facility would be built only if operating costs reduced from other facilities would allow for the option to be built without total departmental costs exceeding the 1200 bed option.

End.

Interim:
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SENATOR LYDA GREEN
SENATE DISTRICT G

CSSB 65(FIN) SPONSOR STATEMENT

"An Act relating to the qualifications of correctional officers, parole officers, and probation officers; authorizing the Department of Corrections to enter into lease-purchase agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, the Municipality of Anchorage, and the City of Seward; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into a lease-purchase agreement with the City of Whittier for the confinement and care of prisoners in privately operated correctional facility space if the state cannot provide the same level of services required in state law or regulation for the same or less cost; giving notice of and approving, and authorizing the entry into and issuance of certificates of participation for, the upgrade, expansion, and replacement of certain jails in Dillingham and Kodiak; and providing for an effective date."

The State of Alaska suffers from serious overcrowding in our prison facilities. We need a responsible solution to address the serious issues that arise from overcrowding, deteriorating physical plants, and anticipated growth in prisoner population. CSSB 65 is the result of numerous consultations that revealed a need for compromise in order to pass a comprehensive, long-term correctional facility plan that adequately addresses public safety this session.

This bill ensures local involvement in the process and guarantees open and fair competition; creates a level playing field between the public and private sectors; requires the use of the state procurement process, a feasibility study, and approval of facility designs by the Commissioner of Corrections. The end result is consistency in facility design and operation.

This bill will allow the State of Alaska to bring its prisoners back from Arizona and will direct this money into the state economy, thereby providing jobs to hundreds of Alaskans.

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SENATOR LYDA GREEN
SENATE DISTRICT G

CSSB 65(FIN) SECTIONAL ANALYSIS

Section 1, Section 2, and Section 3. Requires correctional officers, parole officers, and probation officers working in all correctional facilities in the State of Alaska to have a valid certificate issued by the Alaska Police Standards Council.

Section 4. Authorizes the Department of Corrections (not later than July 1, 2009) to enter into agreements with the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, Municipality of Anchorage and City of Seward for new or expanded correctional facilities. The authorization is subject to 5 conditions:

- (1) Average capital cost per bed may not exceed \$135,000 in the Fairbanks North Star Borough (up to 80 beds), Matanuska-Susitna Borough (1,200 to 2,251 beds), Municipality of Anchorage (up to 200 beds) and City of Seward (up to 144 beds); and must not exceed \$155,000 a bed for Bethel. These costs are adjusted for inflation.
- (2) For new facility construction, the municipality will own the facility and the state will operate the facility. The state will lease the facility for a term of not more than 25 years with annual lease payment not exceeding \$11,600 a bed. (Similar to Anchorage Jail and Spring Creek Correctional Center in Seward)
- (3) For expansion of existing facilities, there will be a joint ownership agreement between the municipality and the state and the state will operate the facility. The state will lease for not more than 25 years and payments may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a bed for the Fairbanks, Anchorage and Seward facilities. The state will own these expanded facilities at the end of the lease period. (The state already owns these facilities, so will own the newly expanded parts as well).
- (4) Lease agreements must allow the Commissioner of Corrections to terminate the contract for cause.
- (5) The Commissioner may not enter into an agreement if bonds issued for the new or expanded facilities are below investment grade. (Investment grade is a term of art that means single A or better—see Alaska Permanent Fund Statute: Investment responsibilities of the board AS 37.13.120 (g)(7))

Further, expansion of the Anchorage jail may only occur if it is funded by up to \$30,000,000 in federal receipts.

Section 5. Authorizes the Department of Corrections (not later than July 1, 2006) to enter into an agreement with the City of Whittier to acquire correctional facility space for a period not to exceed 25 years and facility operational services for not more than five years. Before entering into a contract, Department of Corrections and Administration must conduct a feasibility study to determine whether the state can provide these services

for the same or less cost than a third-party operator. An agreement with the City of Whittier cannot be made unless the state cannot provide these services for the same or less cost.

Further, an agreement between the state and the City of Whittier requires an agreement between the City of Whittier and a 3rd party contractor to construct and operate the facility. The agreement between the City of Whittier and the 3rd party contractor must be based on a competitive bid process. The City of Whittier must follow state procurement procedures. The commissioner of corrections also must approve the facility design before the agreement.

Authorization for the agreement is subject to 5 further conditions:

- (1) Must be a minimum of 1200 beds and a maximum of 2251 beds and payments by DOC must be sufficient to cover all capital and operating costs, not including inmate transportation.
- (2) The obligation of DOC to make payments is subject to annual appropriation of funds by the legislature.
- (3) The Commissioner of corrections retains the authority to terminate the contract with the third party.
- (4) The contract between the City of Whittier and the third party must require culturally relevant reformation services to incarcerated Alaska Native offenders.
- (5) No agreement can be made if the bonds issue are rated below investment grade (single A or lower)

The City of Whittier may issue bonds to finance construction of the facility.

Section 6. Authorizes the state bond committee to issue certificates of participation to provide state matching funds to assist with the cost of construction of community jail facilities in Kodiak and Dillingham (\$4 million for both). The annual rental obligations for the certificates (estimated at \$400,000) will be paid by the state on an annual basis. The total estimated cost to the state to pay off the certificates is \$6 million (the estimate includes total payments, credit enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings, and other costs of issuance and required reserves). The state bond committee may not authorize the issuance of certificates of participation if the issuance lowers the state's credit and the certificates are rated below investment grade.

Section 7. Approves community jail facilities to receive proceeds of the certificates of participation authorized under sec. 6 if the community is able to provide their share of the matching funds (\$1.5 million each) to be used for the upgrade, expansion, or replacement of the jail facilities at Dillingham Community Jail and Kodiak Community Jail. Subject to appropriation, the Department of Corrections is authorized to pay the annual operating costs associated with the addition of new beds at those two facilities.

Section 8. Provides notice and approval of the projects described in sec. 6

Section 9. Repeals existing statute.

Section 10. Provides an effective date of July 1, 2004.

5/9/04

23-LS0392\NA.8
Luckhaupt
5/8/04

adopted w/o
as amended

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CSSB 65(FIN) am

1 Page 4, line 4:

2 Delete "The"

3 Insert "To relieve overcrowding of existing correctional facilities in the state and the
4 extensive use of out-of-state facilities, the"

5

6 Page 4, line 9:

7 Delete "any"

8 Insert "an initial"

9

10 Page 4, line 10, following "first":

11 Insert "contract with an independent entity to"

12

13 Page 4, line 12, following "operator":

14 Insert "in a facility of the same capacity" [The feasibility study shall be completed by

15 ~~October 1, 2004~~] ~~DELETE~~
January 1, 2005

16

17 Page 4, line 15, following "cost":

18 Insert "in a facility of the same capacity"

Page 4, line 5

delete 7/1/2006

insert 7/1/2007

5-9-04

withdrawn

AMENDMENT 2

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CSSB 65(FIN) am

1 Page 4, lines 16 - 26:

2 Delete all material and insert:

3 "(b) The lease-purchase agreement entered into under this section is predicated on and
4 must provide for an agreement between the City of Whittier and one or more third-party
5 contractors to design, construct, and operate the facility by providing for custody, care, and
6 discipline services for persons committed to the custody of the commissioner of corrections
7 under the authority of state law. The agreement must contain terms requiring that the
8 commissioner of corrections approve the facility design before construction begins. The
9 agreement must contain terms indicating whether the state or the City of Whittier will own the
10 facility at the end of the term of the agreement. The City of Whittier shall follow the
11 competitive procurement procedures required in its municipal ordinances for the procurement
12 of land, design, construction, and operation of the facility."

13

14 Page 7, line 3:

15 Delete "AS 36.30.085"

16 Insert "AS 36.30.080 and 36.30.085"

5-9-04

(NOT passed)
2-9

AMENDMENT

3

OFFERED IN THE HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE CROFT

TO: CS SB 65(FIN) am

Page 1, line 5 after "Seward;":

Delete: "relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into a lease-purchase agreement with the City of Whittier for the confinement and care of prisoners in privately operated correctional facility space if the state cannot provide the same level of services required in state law or regulation for the same or less cost;"

Page 4, line 1 through page 5, line 22:

Delete all material.

Page 7, line 3:

Delete: "1-5"

Insert: "1-4"

Re-number accordingly.

adopted

AMENDMENT

4

Stolte

OFFERED IN THE HOUSE

TO: CSSB 65(FIN) am

1 Page 2, following line 19:

2 Insert a new bill section to read:

3 **** Sec. 4.** AS 18.65.290 is amended by adding a new paragraph to read:

4 (8) "correctional facility" means a prison or jail owned, leased, or
5 operated by the state that is designated by the commissioner of corrections for the
6 custody, care, security, control, and discipline of prisoners."
7

8 Renumber the following bill sections accordingly.
9

10 Page 5, line 29:

11 Delete "sec. 7"

12 Insert "sec. 8"

13

14 Page 6, line 9:

15 Delete "sec. 7"

16 Insert "sec. 8"

17

18 Page 6, line 17:

19 Delete "sec. 6"

20 Insert "sec. 7"

21

22 Page 7, line 3:

23 Delete "secs. 1 - 5"

1

Insert "secs. 5 - 8"

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

23-LS0392\NA.11

Luckhaupt
5/9/04

withdraw 5-7-04

AMENDMENT 5

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CSSB 65(FIN) am

1 Page 4, lines 16 - 26:

2 Delete all material.

3 "(b) The lease-purchase agreement entered into under this section is predicated on and
 4 must provide for an agreement between the City of Whittier and one or more third-party
 5 contractors to design, construct, and operate the facility by providing for custody, care, and
 6 discipline services for persons committed to the custody of the commissioner of corrections
 7 under the authority of state law. The agreement must contain terms requiring that the
 8 commissioner of corrections approve the facility design before construction begins. The
 9 agreement must allow the state to negotiate, at the end of the term of the agreement, with the
 10 City of Whittier for purchase of the facility by the state. The City of Whittier shall follow the
 11 competitive procurement procedures required in its municipal ordinances for the procurement
 12 of land, design, construction, and operation of the facility."

13

14 Page 7, line 3:

15 Delete "AS 36.30.085"

16 Insert "AS 36.30.080 and 36.30.085"

(2-9) 5-7-04
bailed

23-LS0392\NA.6
Luckhaupt
5/7/04

AMENDMENT

#6

Craft

OFFERED IN THE HOUSE

TO: CSSB 65(FIN) am

1 Page 5, line 17:

2 Delete "grade."

3 Insert "grade;"

4

5 Page 5, following line 17:

6 Insert a new paragraph to read:

7 "(6) before entering into an agreement, the commissioner of corrections shall
8 first select a site for the facility; a site may not be selected unless all potential contractors have
9 equal access to the site on a nonpreferential basis."

23-LS1992A
Luckhaupt
5/4/04

HOUSE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Introduced:
Referred:

A RESOLUTION

1 Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State
2 Legislature, concerning Senate Bill No. 65, relating to corrections and correctional
3 institutions.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
6 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
7 changes to the title of a bill, are suspended in consideration of Senate Bill No. 65, relating to
8 corrections and correctional institutions.

Good morning, Mr. Chairman and Committee Members.

Thank you for the opportunity to testify in support of Senate Bill 65.

My name is Jody Simpson, and I am a member of the Mat-Su Borough Assembly.

On February 3, 2003, the Assembly unanimously adopted Resolution No. ~~09~~⁰⁷⁻⁰¹²-012, supporting the concept of establishing multiple municipal-owned, state-operated prisons for the following reasons, among others:

- That there is a pressing need to reduce over-crowding in Alaska's prisons and to bring home the 900-plus prisoners who are presently housed in out-of-state correctional facilities;
- That the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much-needed construction and permanent-year-round jobs;
- That maintaining prisoners in-state allows allows them to be closer to their families and culture, which enhances their potential for rehabilitation;

...and that..

- That the expansions of Alaska's existing prisons can be accomplished more cost-effectively than by constructing new prisons.

~~On February 3, 2003, the Assembly unanimously adopted Resolution No. 30-012, supporting the concept of establishing multiple municipal-owned, state-operated prisons for the many and varied reasons you have heard in testimony today.~~

Again, the Mat-Su Borough Assembly supports SB65 and I join others who have testified today in encouraging your favorable consideration of this Bill.

Thank you.

Charles Campbell 3020 Douglas Highway Juneau, Alaska
(905) 586-5793 cfc@gci

Representative Bill Williams
Co-Chair
Finance Committee
Alaska House of Representatives

May 7, 2004

Dear Representative Williams:

As some members of the Committee may know, I served under Governor Jay Hammond as Director of Corrections. Over a period of fifty years I have had experiences in virtually all phases of the correctional field. I write as a private citizen about SB 65. I support the bill as it stands. I have no vested interest in the bill or any of the matters it addresses, but I am deeply interested Alaska's having an effective and viable correctional system.

My understanding is that SB 65 is scheduled to be considered by the House Finance Committee today. I ask that this letter be considered written testimony in this matter.

I am opposed in principle to the idea of prison privatization, but I respect those who feel differently and I will not address my concerns about that question now. Instead, I write to commend Senator Lyda Green for the excellent work she has done over the past three or four years in the matter of Alaska's serious need for additional prison beds.

I commend Senator Green, her co-sponsors and her fellow members of Senate Finance for sending to the Senate floor such a thoughtful, well devised bill. It is a bill that offers hope that at long last an end might come to the egregious circumstance of our having so many young Alaskan offenders confined in a for-profit prison in Arizona. This situation is hugely expensive for the state and, in fact, a violation of the spirit of the State Constitution's requirement that correctional administration be based "*...on principles of reformation and protection of the public.*" It is grievously bad corrections and bad for the best interests of the state for us to have so many young Alaskans, many of them from remote villages, confined at such an impossible distance from their home communities

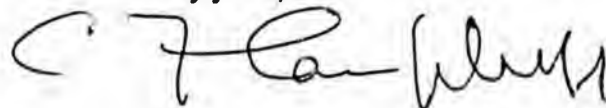
I urge the Committee to reject any effort to amend the bill in a way that would give special advantage to one particular private prison company. It is especially important that the requirement for training and full certification of prison employees be preserved. The feasibility study is also important.

Finally, as a long-time prison professional, with no axe to grind in the matter, let me express my adamant objection to any prison, private or public, being located in Whittier. Site selection is an important part of the correctional planning process. In the matter of site selection there are certain imperatives. Whittier, while certainly an interesting and unique little community, meets none of these imperatives. It would be a disastrous place to try to build and operate a large medium custody prison, indeed any kind of prison. My understanding is that Whittier was chosen by the company that proposes the site, not because it meets standard site selection criteria (It meets none of them) but because the municipality of Whittier was persuaded by the Texas-based private prison company to cooperate in the necessary bonding process.

I deeply hope the Committee will not allow anything to derail the current responsible plan that was first put forward in Senator Green's bill and was passed by the Senate earlier this week.

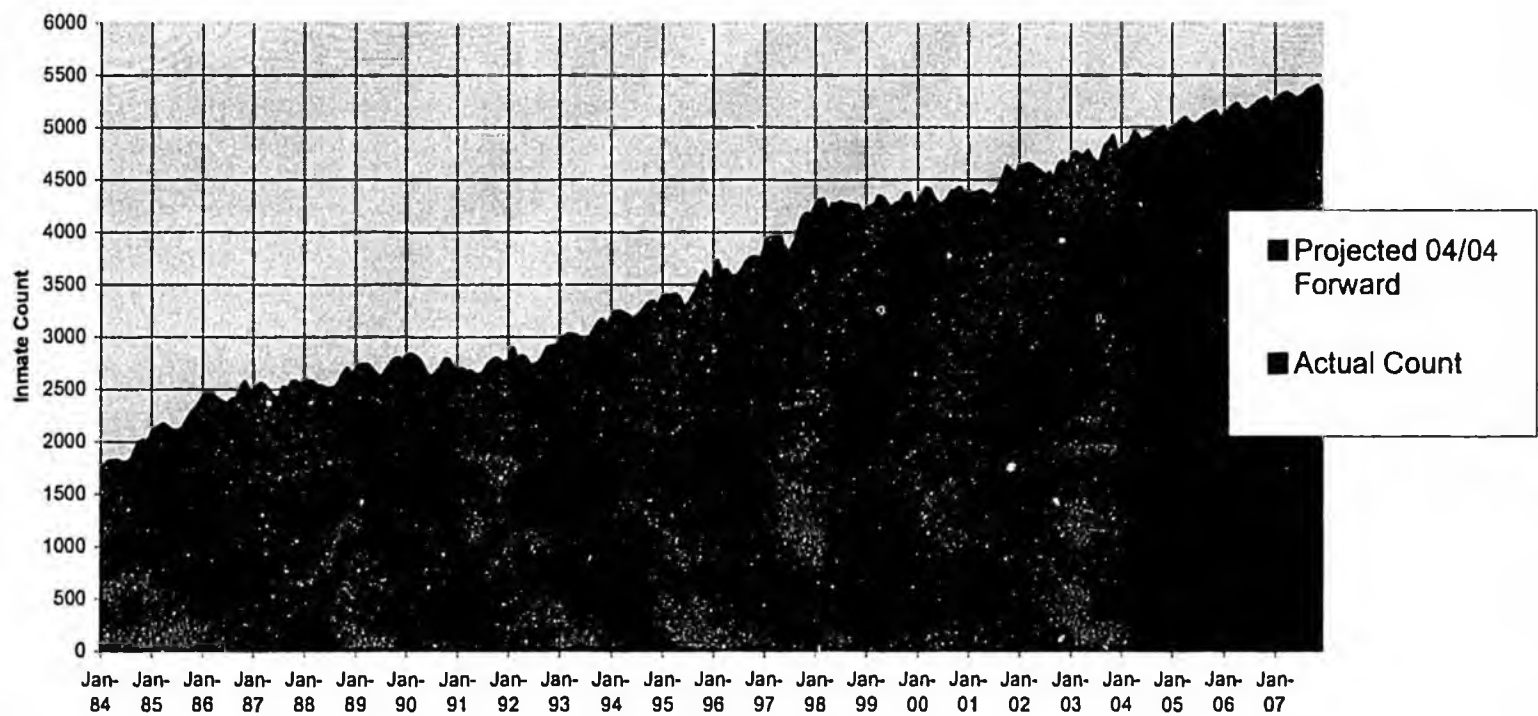
If I can be of any assistance I hope that you and all members of the Committee will feel free to get in touch with me.

Sincerely yours,



cc: Members, House Finance Committee

Inmate Population Statistics



Department of Corrections
Inmate Population
Monthly and Annual Averages

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
1984	1732	1791	1813	1818	1828	1798	1800	1814	1916	2001	2011	1995	1860
1985	2068	2130	2148	2168	2132	2103	2105	2109	2191	2254	2311	2344	2172
1986	2421	2486	2472	2424	2389	2376	2351	2417	2412	2516	2581	2506	2446
1987	2443	2545	2566	2516	2468	2426	2409	2526	2499	2573	2585	2527	2507
1988	2589	2585	2577	2538	2530	2512	2513	2519	2558	2643	2705	2637	2576
1989	2687	2741	2736	2733	2679	2642	2606	2666	2724	2785	2800	2765	2714
1990	2822	2833	2823	2778	2706	2632	2615	2666	2715	2797	2785	2699	2739
1991	2681	2699	2666	2682	2640	2636	2649	2725	2777	2800	2773	2730	2705
1992	2793	2906	2786	2824	2802	2726	2735	2759	2806	2903	2912	2918	2823
1993	2956	2999	3033	3026	3014	2949	2955	2993	3054	3145	3173	3084	3032
1994	3194	3243	3243	3232	3198	3167	3198	3231	3289	3335	3330	3295	3246
1995	3390	3395	3392	3409	3376	3274	3307	3380	3442	3558	3635	3532	3424
1996	3556	3732	3605	3642	3588	3567	3591	3655	3732	3756	3754	3733	3659
1997	3843	3934	3947	3996	3939	3827	3790	3885	3999	4136	4182	4157	3970
1998	4237	4300	4318	4135	4269	4260	4289	4264	4264	4252	4251	4168	4251
1999	4222	4243	4269	4343	4328	4249	4228	4284	4276	4365	4376	4232	4285
2000	4292	4348	4423	4400	4317	4261	4268	4301	4391	4386	4427	4362	4348
2001	4382	4364	4371	4398	4374	4342	4360	4424	4514	4631	4593	4530	4440
2002	4642	4630	4656	4635	4601	4575	4524	4570	4490	4638	4679	4614	4605
2003	4697	4771	4746	4719	4785	4711	4666	4668	4816	4860	4918	4740	4758
2004	4788	4830	4851	4956	4898	4871	4902	4927	4967	4985	5011	4913	4908
2005	4996	5021	5064	5100	5042	5012	5041	5067	5110	5130	5156	5063	5067
2006	5132	5154	5197	5234	5178	5149	5176	5201	5244	5265	5291	5212	5203
2007	5259	5282	5317	5335	5293	5272	5292	5322	5361	5384	5400	5320	5320

From March 2004 Forward are Projected Figures

Economic Impact Assessment of Proposed Expansion and New Construction of Correctional Facilities

Prepared for the

Matanuska-Susitna Borough

March 2003

Prepared by

northerneconomics inc.

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Provided by Sen Green

PROFESSIONAL CONSULTING SERVICES IN APPLIED ECONOMIC ANALYSIS

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Economists: Leah Cuyano, Ph.D., Ken Lemke, Ph.D., Tamer Khatib, M.A.	Policy Analyst: Nancy Mundy, Ph.D.
Associate Economist: Hart Hodges, Ph.D.	Senior Consultant, Planning Services: Caren Mallas, MCP, ACP
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1 Introduction

Senate Bill No. 65, a bill for an act entitled "An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage" was introduced to the twenty-third legislature on February 10, 2003 (Appendix A). This initiative is intended to address the overcrowding of existing correctional facilities in the state and the extensive use of out-of-state correctional facilities.

The Matanuska-Susitna Borough commissioned Northern Economics to conduct an economic impact analysis of proposed new and expanded correctional facilities within the state (Table 1-1). The purpose of this study is to provide the Matanuska-Susitna Borough with information needed to determine the direct and secondary impacts of the following projects:

- 1) A new 1,200-bed prison facility that will be located within the Matanuska-Susitna Borough;
- 2) An 80-bed expansion of the prison facility located in Fairbanks;
- 3) A 120-bed expansion of the prison facility located in Bethel; and
- 4) A 200-bed expansion of the prison facility located in the Municipality of Anchorage.

An input-output analysis using the IMPLAN™ software is conducted to generate the following economic parameters for the impacts of construction and operations of the facilities:

- 1) number of direct, indirect, and induced jobs,
- 2) direct, indirect, and induced labor income,
- 3) direct, indirect, and induced value-added (equivalent to the gross regional product),
- 4) direct, indirect, and induced economic output (total sales of goods and services); and
- 5) local and state government revenues.

Table 1-1. Proposed New and Expanded Correctional Facilities by Location

Facility Location	Region/Borough	Number of Beds
Sutton	Matanuska-Susitna Borough	1,200
Fairbanks	Fairbanks North Star Borough	80
Bethel	Bethel Census Area	120
Anchorage	Municipality of Anchorage	200

Source: Senate Bill No. 65

Estimates of the economic impacts of both the construction and operations of each of these prison facilities to their respective Boroughs or economic regions are summarized in this report. In addition, a combined statewide impact assessment is provided.

The economic impacts are estimated using the cost assumptions indicated in House Bill No. 65, as well as previous estimates of prison construction, and operations and maintenance costs by Northern Economics. Additional data were obtained from published articles on the "Mat-Su Bill" and the proposed prison facilities.

2 Approach and Data Sources

The input-output (IO) analysis is used to quantify the economic impacts of the construction and operations of the correctional facilities. Input-output (IO) analysis is a technique used to show the flow of goods and services within a regional economy. When money enters an economy, it affects more than the initial recipient. When a company operates a business in a community and makes payments to vendors, its employees, the local government, including payments for other factors of production, these entities become the direct beneficiaries (the payments are the direct effects). These direct beneficiaries, in turn, buy supplies from other local firms and hire workers. The shops selling the supplies make additional purchases, as do the workers or employees. The additional rounds of spending caused by the vendors, the local government, and employees' expenditures are part of the subsequent indirect and induced impacts, which are often called secondary impacts. It is typical that much of the secondary impact from a project occurs through expenditures by households and the government.

A large share of local purchases may be transferred to out-of-state suppliers. The money spent on the project flows through the economy until it is dissipated by these out-of-state purchases. The impacts of purchases from suppliers outside the state are excluded from the estimates. The IMPLAN software was used to create an input-output model for each of the regions: 1) Matanuska-Susitna Borough, 2) Fairbanks North Star Borough, 3) Bethel Census Area, and 4) Municipality of Anchorage.

Table 2-1 and Table 2-2 show the estimated construction costs and operations costs for each facility. The construction costs were based on the average capital construction costs of \$135,000 per bed for the MSB, Fairbanks, and Anchorage facilities and \$155,000 per bed for the Bethel facility (as stipulated in Senate Bill No. 65). The operations costs for each facility were based on previous information provided by the Borough and from a report cited in the Anchorage Daily News indicating a cost of \$110.39 per prisoner per day for the MSB facility. The operating costs for the other facilities were adjusted based on differences in logistics and availability of resources.

Table 2-1. Estimated Construction Costs for the Proposed Correctional Facilities

Facility Location	Number of Beds	Capital Cost (\$ Millions)
Sutton	1,200	\$162.00
Fairbanks	80	\$10.80
Bethel	120	\$18.60
Anchorage	200	\$27.00

Table 2-2. Estimated Annual Operating Costs by Facility

Facility Location	Number of Beds	Operating Cost (\$ Millions)
Sutton	1,200	\$48.35
Fairbanks	80	\$3.60
Bethel	120	\$5.68
Anchorage	200	\$8.06

3 Results of the Economic Impact Assessment

This section shows the results of the economic impact assessment of both construction activities and operations related to the new construction or expansion of the proposed correctional facilities in the state. The changes resulting from an increase in economic activity from these activities in each of the economic regions or Boroughs and/or Municipality are reported, particularly the potential changes in employment, total sales of goods and services, total value added (or gross regional product), and labor income in the region. The direct, indirect, and induced effects are reported. The direct effects include all the local expenses that the correctional facilities would incur in the region. The model eliminates the expenses that are paid outside of the region, and are treated as "leakages" to the regional economy. The indirect effects capture all the additional economic activity generated in the sectors that support the prison construction and operations (i.e., suppliers of building materials, food supplies, maintenance and repair services, transportation services, etc). The induced effects capture the additional economic activity brought about by local spending by households and government. As jobs are created in the region labor income increases. The additional personal income earned by the residents gets re-spent in the local economy and create induced effects. Most of the induced effects are felt in the retail sector, restaurants, amusement centers, or the services sectors.

Table 3-1 summarizes the total direct, indirect, and induced impacts of the construction activities associated with the new facility and the expanded facilities. If all the facilities are built, about 2,000 jobs will be created statewide during the construction phase of the facilities. These jobs will pay about \$84 million dollars in labor income. In terms of total sales of goods and services, about \$215 million dollars will be generated in the state during the construction phase.

Note that the total statewide estimate exceeds the sum of effects in the four areas, because the economic activities will extend to other regions in the state.

Table 3-1. Total Estimated Impacts of Construction of New and Expanded Correctional Facilities

Impacts	MSB	Fairbanks	Bethel	Anchorage	Total Statewide
Output (\$ Millions)	\$133.07	\$8.00	\$8.19	\$26.87	\$215.65
Employment (# of Jobs)	1,327	74	77	246	2,000
Labor Income (\$ Millions)	\$46.82	\$3.04	\$2.78	\$10.77	\$83.84
Total Value Added (\$ Millions)	\$60.02	\$3.88	\$3.47	\$13.76	107.29
Local/State Revenues (\$ Millions)	\$4.07	\$0.26	\$0.23	\$0.93	\$7.41

Table 3-2 shows the impacts of the operations of each correctional facility in each of the regional economies. These estimated impacts are based on full occupancy of the facilities. The first year of operation will most likely operate at 80 percent occupancy based on projections. Full occupancy will most likely be realized after five years of operations.

Table 3-2. Total Estimated Impacts of the Operations by Correctional Facility

Impacts	MSB	Fairbanks	Bethel	Anchorage	Total Statewide
Output (\$ Millions)	\$50.43	\$3.84	\$5.33	\$9.13	\$73.30
Employment (# of Jobs)	596	42	52	98	798
Labor Income (\$ Millions)	\$14.88	\$1.15	\$1.25	\$2.98	\$23.10
Total Value Added (\$ Millions)	\$24.85	\$1.89	\$2.16	\$4.80	\$37.51
Local/State Revenues (\$ Millions)	\$2.81	\$0.21	\$0.28	\$0.53	\$4.22

The following sections provide the estimated impacts of each facility on their respective economic regions.

3.1 Sutton Correctional Facility (Matanuska-Susitna Borough)

This facility is proposed to be a 1,200-bed new correctional facility in Sutton. The estimated capital costs amount to \$162 million dollars. The estimated annual operations cost amount to \$48.35 million. The impacts of the construction and operations of this 1,200-bed prison facility are presented in Table 3-3.

During the construction phase, an estimated 1,300 direct, indirect, and induced full-time and part-time jobs will be created in the Matanuska-Susitna Borough. The construction could potentially generate an estimated total labor income of \$47 million. The gross regional product of the region will increase by about \$60 million.

The operations of the facility could potentially support about 600 direct, indirect, and induced jobs annually, that will pay an estimated \$15 million dollars in labor income. The estimated change in gross regional product (or total value added) amounts to about \$25 million. These impacts are annual and are estimated based on a 100-percent occupancy rate, which most likely will be realized after five years of operations.

Table 3-3. Direct, Indirect, and Induced Impacts of the Construction and Operations of the Proposed New Correctional Facility in the Matanuska Susitna Borough

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$98.24	\$40.67
Indirect	\$18.09	\$1.95
Induced	\$16.74	\$7.81
Total	\$133.07	\$50.43
Employment (Number of Jobs)		
Direct	820	460
Indirect	260	70
Induced	240	110
Total	1,320	590
Labor Income (\$ Millions)		
Direct	\$34.21	\$11.50
Indirect	\$6.82	\$0.69
Induced	\$5.80	\$2.68
Total	\$46.82	\$14.88
Total Value Added (\$ Millions)		
Direct	\$38.89	\$18.88
Indirect	\$10.33	\$1.15
Induced	\$10.80	\$4.83
Total	\$60.02	\$24.85
Local/State Revenues (\$ Millions)	\$4.07	\$2.81

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

3.2 Fairbanks Correctional Facility

An 80-bed expansion is proposed for this facility. The estimated capital costs amount to \$10.8 million dollars. The estimated annual operations cost amount to \$3.6 million. The impacts of the construction and operations of this correctional facility on the Fairbanks North Star Borough are presented in the following table (Table 3-4).

Table 3-4. Direct, Indirect, and Induced Impacts of the Construction and Operations of the Proposed Expansion of the Fairbanks Correctional Facility

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$5.54	\$3.03
Indirect	\$1.34	\$0.18
Induced	\$1.12	\$0.63
Total	\$8.00	\$3.84
Employment (Number of Jobs)		
Direct	40	30
Indirect	20	2
Induced	20	8
Total	80	42
Labor Income (\$ Millions)		
Direct	\$2.13	\$0.86
Indirect	\$0.53	\$0.07
Induced	\$0.39	\$0.22
Total	\$3.04	\$1.15
Total Value Added (\$ Millions)		
Direct	\$2.42	\$1.40
Indirect	\$0.75	\$0.11
Induced	\$0.71	\$0.39
Total	\$3.88	\$1.89
Local/State Revenues (\$ Millions)		
	\$0.26	\$0.21

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

3.3 Bethel Correctional Facility

A 120-bed expansion is proposed for this facility. The estimated capital costs amount to \$18.6 million dollars. The estimated annual operations cost amount to \$5.68 million. The impacts of the construction and operations of this correctional facility on the Bethel Census Area are presented in the following table (Table 3-5).

Table 3-5. Direct, Indirect, and Induced Effects of the Construction and Operations of the Proposed Expansion of the Bethel Correctional Facility

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$6.94	\$4.78
Indirect	\$0.63	\$0.15
Induced	\$0.62	\$0.39
Total	\$8.19	\$5.33
Employment (Number of Jobs)		
Direct	60	45
Indirect	9	2
Induced	8	5
Total	77	52
Labor Income (\$ Millions)		
Direct	\$2.37	\$1.08
Indirect	\$0.22	\$0.05
Induced	\$0.19	\$0.12
Total	\$2.78	\$1.25
Total Value Added (\$ Millions)		
Direct	\$2.70	\$1.83
Indirect	\$0.35	\$0.08
Induced	\$0.41	\$0.24
Total	\$3.47	\$2.16
Local/State Revenues (\$ Millions)		
	\$0.23	\$0.28

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

3.4 Anchorage Correctional Facility

A 200-bed expansion is proposed for this facility. The estimated capital costs amount to \$27 million dollars. The estimated annual operations cost amount to \$8.06 million. The impacts of the construction and operations of this correctional facility on the Municipality of Anchorage are presented in the following table (Table 3-6).

Table 3-6. Direct, Indirect, and Induced Effects of the Construction and Operations of the Proposed Expansion of the Anchorage Correctional Facility.

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$17.63	\$6.78
Indirect	\$4.70	\$0.48
Induced	\$4.54	\$1.87
Total	\$26.87	\$9.13
Employment (Number of Jobs)		
Direct	129	70
Indirect	59	6
Induced	59	23
Total	246	98
Labor Income (\$ Millions)		
Direct	\$7.06	\$2.08
Indirect	\$2.02	\$0.20
Induced	\$1.69	\$0.71
Total	\$10.77	\$2.98
Total Value Added (\$ Millions)		
Direct	\$8.02	\$3.32
Indirect	\$2.77	\$0.29
Induced	\$2.97	\$1.19
Total	\$13.76	\$4.80
Local/State Revenues (\$ Millions)		
	\$0.93	\$0.53

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

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Alaska Construction Cost Comparison

4/8/03

2002 RS Means "Building Construction Cost Data"

Alaska Location Factors:

Location	Materials	Labor	Total
- Anchorage	1.295	1.137	1.243
- Fairbanks	1.326	1.172	1.236
- Juneau	1.326	1.137	1.235
- Ketchikan	1.439	1.137	1.293

(Recent contractor input: 1.35)

Base Year: 2002

Building Type	2002 Average Construction Cost / SF	2002 Adjusted Anchorage Cost @ 1.243
Apartment, Mid Rise	72.00	89.50
Banks	128.00	159.10
Colleges (Class)	112.00	139.22
Colleges (Science Lab)	164.00	203.85
Community Center	89.70	111.50
Court Houses	122.00	151.65
Dormitories, Mid Rise	120.00	149.16
Fire Stations	90.15	112.06
Hospitals	157.00	195.15
Jails	174.00	216.28
Libraries	103.00	128.03
Medical Clinics	98.20	122.06
Nursing Homes	92.10	114.48
Office, Mid Rise	80.80	100.43
Police Stations	129.00	160.35
Post Offices	95.30	118.46
Restaurants	116.00	144.19
Schools, Sr. High	83.95	104.35
Schools, Vocational	83.65	103.98
Town Halls	92.45	114.92

NOTES:

- 1 RS Means provides representative national averages, and do not include any contingencies. Alaskan construction costs tend to vary with local supply / demand conditions.
- 2 These estimates are for construction contract costs. They do not include design, project management permitting, artwork, FF&E or design / construction contingency allowances (typically 1.40 factor).
- 3 The estimates are based on 2002 data and have not been escalated for future years.
- 4 Input from a firm that recently constructed a prison in Idaho was that current Anchorage-area costs would be \$266.72 / SF (including a 5% scope contingency).

Provided by Sen. Green

Alaska Construction Cost Comparison

4/8/03

Comparable cost data recently developed for the Anchorage Museum project (provided by RISE Alaska):

Base Year: 2007 (Escalated Costs)

Elmendorf Hospital	364.00
ANC Court Building	272.00
Anchorage Jail	264.00
ANC Museum - 1985 Addition	320.00
Seward SeaLife Center	306.00
UAA Consortium Library	209.00
Fairbanks UAF Museum	305.00
Fairbanks Court House	236.00

NOTE: I believe these represent final contract price divided by total SF.

Facility Elements that Impact Correctional Facility Construction Costs:

- Security Walls - Multiple, Reinforced Concrete and/or Steel, Security Glazing
- Security Doors, Locks and Controls
- CCTV Surveillance Systems
- Security Control Rooms
- Perimeter Security Fences, Alarm Systems and Lighting
- Sophisticated Mechanical Systems
- Water, Sewer and Road Infrastructure at Isolated Sites

Department of Corrections
 Estimated Bed Costs for Increased Population
 FY 2008

	Total Increased Op Cost With No Construction (Arizona Contract) (1744 beds)	Annual Cost Per Bed		
		SB65 / HB134 (1600 beds)	HB55 (1653 beds)	SB99 (1200 beds)
Addl. Beds Required by 2008 = 1096	\$44,716.3	\$54,988.2	\$80,794.9	\$55,793.6

Detail of Out of State (AZ) Contract Bed Increases

FY2008 estimated bed cost for AZ Contract Bed = 60.87	\$24,350.4
Increase cost of \$7.94 per bed for current 648 beds	\$1,878.0
Gratuities for additional population	\$706.3
US Marshall Transports quarterly (in addition to current budget quarterly moves)	\$250.0
Inmate rotations for releases medica' (25 per month)	\$450.0
Expand AZ Probation Officers to meet AZ Inmate Population	\$635.0
Increase to AZ Costs	\$28,269.7
Current AZ Budget	\$15,525.9
Overhead (FY01 Maximus Cost Allocation Report)	\$920.7
Adjusted Budget FY2008	\$44,716.3

Provided by Sen. Green

Department of Corrections
FY 2008
Prison Bed Cost Comparison

Arizona Contractual Costs (1744 Beds)	Private Prison (1200 Beds)	Public Prison (1200 Beds)
\$44,716.3	\$44,399.5	\$41,582.8
Arizona Contract Detail	Private Prison Detail Costs	Public Prison Detail
FY2008 estimated bed cost for AZ Contract Bed = 60.87 Increase cost of \$7.94 per bed for current 648 beds Gratuities for additional population US Marshall Transports quarterly (in addition to current budget quarterly moves) Inmate rotations for releases medicals etc (25 per month) Expand AZ Probation Officers to meet AZ Inmate Population Increase to AZ Costs Current AZ Budget Overhead (based on FY01 Maximus Cost Allocation Report) Adjusted AZ Budget FY2008	Operating/Capital Costs @ \$94 State costs @ \$7.37 Medical Oversight @ \$0.27 Management & Administration @ \$4.22 Transportation & Probation @ \$2.88 Private Prison in AK Total	Operating Costs @ \$51.36 Capital Costs @ \$22.92 Overhead Costs @ \$20.66 Inmate Programs @ \$2.31 Medical Costs @ \$8.25 Administrative Costs @ \$2.71 Statewide Direct Costs @ \$7.39 Public Prison in AK Total
\$24,350.4 \$1,878.0 \$706.3 \$250.0 \$450.0 \$635.0 \$28,269.7 \$15,525.9 \$920.7 \$44,716.3	\$41,172.0 \$3,227.5 \$118.5 \$1,848.5 \$1,260.5 \$44,399.5	\$22,495.7 \$10,038.0 \$9,049.1 \$1,011.8 \$3,613.5 \$1,187.0 \$3,236.8 \$41,582.8
** \$44,716,300 divided by 1,744 beds divided by 365 days - \$70.25 per manday.	** \$44,399,500 divided by 1,200 beds divided by 365 days - \$101.37 per manday.	** \$41,582,800 divided by 1,200 beds divided by 365 days - \$94.94 per manday.

Provided by Sen. Green

FY06		Medical - Oversight Projections		Management & Administration		Transportation		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments		
PS								\$0.0
Travel								\$0.0
Contractual								\$0.0
Supplies								\$0.0
Equipment								\$0.0
Gratuities								\$0.0
TOTAL	\$0.0		\$0.0		\$0.0			\$0.0
FY07		Medical - Oversight Projections		Management & Administration		Transportation		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments		
PS								\$0.0
Travel								\$0.0
Contractual	\$59.3	Projected Medical Oversight costs for 6 months of the first year.	\$924.3	Projected Management & Administrative costs for 6 months of the first year.	\$630.3	Projected Transportation costs for 6 months of the first year.		\$1,613.8
Supplies								\$0.0
Equipment								\$0.0
Gratuities								\$0.0
Miscellaneous	\$59.3		\$924.3		\$630.3			\$1,613.8
FY08		Medical - Oversight Projections		Management & Administration		Transportation		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments		
PS								\$0.0
Travel								\$0.0
Contractual	\$118.5	Projected Annual Medical Oversight costs	\$1,848.5	Projected Annual Management & Administrative costs.	\$1,260.5	Projected Annual Transportation costs.		\$3,227.5
Supplies								\$0.0
Equipment								\$0.0
Gratuities								\$0.0
Miscellaneous								\$0.0
TOTAL	\$118.5		\$1,848.5		\$1,260.5			\$3,227.5
FY09		Medical - Oversight Projections		Management & Administration		Transportation		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments		
PS	0							\$0.0
Travel	0							\$0.0
Contractual	\$118.5	Projected Annual Medical Oversight costs	\$1,848.5	Projected Annual Management & Administrative costs.	\$1,260.5	Projected Annual Transportation costs.		\$3,227.5
Supplies	0							\$0.0
Equipment	0							\$0.0
Gratuities	0							\$0.0
Miscellaneous	0							\$0.0
TOTAL	\$118.5		\$1,848.5		\$1,260.5			\$3,227.5

\$3,227,500 divided by 1,200 beds divided by 365 days = \$7.37 per manday

Management & Administrative \$4.22
Transportation & Probation \$2.85
Medical \$0.27
Total Daily Cost \$7.37

Private Prison State Costs

Management & Administration

Actual Expenditures	FY02 Actuals	FY02 Mandays	Sub-Total	New Inmates	Days	Total
Institution Dir Office	\$969,679.34	1040831	\$0.93	1200	365	\$408,058.13
Commissioner's Office	\$1,246,260.00	1040831	\$1.20	1200	365	\$524,448.14
Information Technology	\$1,660,451.00	1040831	\$1.60	1200	365	\$698,747.00

Total Annual Prison Costs	Estimated Annual Cost	Total
2 - CO IV - Contracting / RFP etc...	\$67,854.00	2
Acct Tech II position	\$51,552.00	
Estimated Gate Funds @ 200 estimated annual releases @ \$150.00 per released inmate.		

\$1,848,513.27 Sub-Total
 1200 New Beds
 365 Days
 \$4.22 Total Costs

Transportation & Probation Projections

	Estimated Annual Cost	Total
Probation Officer II - 13 positions	\$58,908.00	13
Probation Officer III position	\$66,712.00	1
Transportation - PTO position - COII	\$55,616.00	
Transportation - PTO position - COIII	\$62,936.00	
Medivac estimated @ 60 annual trips @ \$5,000 per trip	\$5,000.00	60
Annual estimated gasoline costs 100m per day @ 20 miles per gallon @ \$2.10 per gallon		
Estimated annual Vehicle costs (1 van @ \$450 per month)		

\$1,260,468.00 Sub-Total
 1200 New Beds
 365 Days
 \$2.88 Total Costs

Medical - Projections

	Annual Cost	Projected Mandays	Sub-Total	New Inmates	Days	Total
Both Dr positions for oversight on FY02 Acts plus mandays of additional 1200 inmates	\$313,401.00	1478831	\$0.21	1200	365	\$92,823.07
Q&A Nurse for Federal inmate oversight	\$86,596.00	1478831	\$0.06	1200	365	\$25,647.99

\$118,471.07 Sub-Total
 1200 New Beds
 365 Days
 \$0.27 Total Costs

Cost of Care	
Management & Administration	\$4.22
Transportation Projections	\$2.88
Medical - Projections	\$0.27
	\$7.37

SB65 Line Item Detail

FY06			Medical - Non personal services		Administration - Non personal services		Inmate Programs - Non personal services		Statewide Direct Costs		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	
PS	\$180.9										\$180.9
Travel											\$0.0
Contractual											\$0.0
Supplies											\$0.0
Equipment											\$0.0
Gratuities											\$0.0
TOTAL	\$180.9		\$0.0		\$0.0		\$0.0		\$0.0		\$180.9
FY07			Medical - Non personal services		Administration - Non personal services		Inmate Programs - Non personal services		Statewide Direct Costs		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	
PS	\$8,944.4										\$8,944.4
Travel	\$81.0										\$81.0
Contractual	\$1,053.0		\$1,806.8	Hospitalization & Other Professional Medical/Dental/Lab & Ophthalmology Contracts	\$593.5	DOA DP Chargebacks & Other DOA Chargebacks - some small contracts	\$505.8	Education & Other Contracts	\$1,618.4	Broad assumptions made for distribution of costs to several various components that provide direct services - line items could fluctuate drastically.	\$5,577.6
Supplies	\$1,557.1										\$1,557.1
Equipment	\$0.0										\$0.0
Gratuities	\$119.0										\$119.0
Miscellaneous	\$1,830.9	Includes 1-time start up costs for supplies & equipment. This could fluctuate based on what is available in FF&E	\$1,806.8		\$593.5		\$505.9		\$1,618.4		\$1,830.9
Overhead (I	\$13,585.4										\$18,110.0
TOTAL											
FY08			Medical - Non personal services		Administration - Non personal services		Inmate Programs - Non personal services		Statewide Direct Costs		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	
PS	\$16,400.2										\$16,400.2
Travel	\$162.1										\$162.1
Contractual	\$2,106.0		\$3,613.5	Hospitalization & Other Professional Medical/Dental/Lab & Ophthalmology Contracts	\$1,187.0	DOA DP Chargebacks & Other DOA Chargebacks - some small contracts	\$1,011.8	Education & Other Contracts	\$3,236.8	Broad assumptions made for distribution of costs to several various components that provide direct services - line items could fluctuate drastically.	\$11,155.1
Supplies	\$3,114.2										\$3,114.2
Equipment	\$0.0										\$0.0
Gratuities	\$713.9										\$713.9
Miscellaneous	\$10,037.3	Cap Cost of \$22.92 per manday or \$8,364 per bed per year	\$3,613.5		\$1,187.0		\$1,011.8		\$3,236.8		\$10,037.3
TOTAL	\$32,533.7										\$41,582.8
FY09			Medical - Non personal services		Administration - Non personal services		Inmate Programs - Non personal services		Statewide Direct Costs		TOTAL
Line Item	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	Amount	Comments	
PS	\$16,816.0										\$16,816.0
Travel	\$162.1										\$162.1
Contractual	\$2,106.0		\$3,613.5	Hospitalization & Other Professional Medical/Dental/Lab & Ophthalmology Contracts	\$1,187.0	DOA DP Chargebacks & Other DOA Chargebacks - some small contracts	\$1,011.8	Education & Other Contracts	\$3,236.8	Broad assumptions made for distribution of costs to several various components that provide direct services - line items could fluctuate drastically.	\$11,155.1
Supplies	\$3,114.2										\$3,114.2
Equipment	\$0.0										\$0.0
Gratuities	\$713.9										\$713.9
Miscellaneous	\$10,037.3	Cap Costs of \$22.92 per manday or \$8,364 per bed per year	\$3,613.5		\$1,187.0		\$1,011.8		\$3,236.8		\$10,037.3
TOTAL	\$32,749.5										\$41,788.6

\$41,582,800 divided by 1,200 beds divided by 365 days = \$94.94 per manday

NOTE: During the opening year of FY2007, authorization In Out of State Contracts will be used to transport inmates returning from Florence to the new facility. For the first full year of operations in FY2008, the entire OOS authorization related to inmates housed in Arizona will be transferred to the new facility for operations. The total transfer will be \$15,180,000 General Fund. The DOC will only require additional GF for the difference between the 15 million and total operating costs.

\$11.88 X 438,000 Mandays	\$5,203,440
MEDICAL	
STAFFING	
1 Doctor	\$110,127
2 Health Practitioners	\$179,374
8 LPN's	\$415,536
10 RN's Nurse II's	\$585,820
1 RN Nurse III	\$66,337
3 Med. Recrds Asst.	\$119,847
1 Dental Hyg.	\$55,190
1 Mental Health Clin.	\$58,582
TOTAL	\$1,590,813
Average PD Cost less staff	\$3,612,627
Mandays for 1200 bed facility	438,000
PD Average less staff	\$8.25

\$3.12 X 438,000 Mandays	\$1,366,560
PROGRAMS	
STAFFING	
2 Chaplins	\$132,674
4 Ed. Coord.	\$220,760
TOTAL	\$353,434
Average PD Cost less staff	\$1,013,126
Mandays for 1200 bed facility	438,000
PD Average less staff	\$2.31

\$3.12 X 438,000 Mandays	\$1,366,560
Admin & Support	
STAFFING	
2 Pers. Spec. (payroll)	\$88,260
1 Accounting Clerk II	\$38,112
1 Network Tech Spec	\$51,942
TOTAL	\$178,314
Average PD Cost less staff	\$1,188,246
Mandays for 1200 bed facility	438,000
PD Average less staff	\$2.71

FY02 Total Mar.Jays	1040831	plus	438000 =	1478831 Total Mandays
Inmate Pgms	\$4,609,357.59		\$3.12	
Inmate Health	\$17,571,477.44		\$11.88	
Admin Costs	\$4,615,630.87		\$3.12	
Statewide Direct	\$10,925,350.54		\$7.39	
Total daily Cost of Care			\$25.51	

SB65 Adjusted Cost of Care based on additional Mandays less overhead costs			
	Beds =	1200	365 = Days
Inmate Pgms	\$2.31		\$1,011,780.00
Inmate Health	\$8.25		\$3,613,500.00
Admin Costs	\$2.71		\$1,186,980.00
Statewide Direct	\$7.39		\$3,236,820.00
Costs of Care	\$20.66		



Alaska Native Brotherhood Camp 2

April 29, 2004

Senator Lyda Green
State Capitol, Room
Juneau, AK 99801

RE: Senate Bill 65

Dear Senator Green:

The Alaska Native Brotherhood Camp #2 is in support of SB 65 due to the fact that native-based counseling programs are included in the bill. We are not in support faith-based programs because we feel that our traditional family values and counseling along with other programs will benefit our people much greater. For more than five years we have been trying to get the Department of Corrections in the State of Alaska to bring our people home from Arizona. It is difficult to rebuild self-esteem and self respect to stop the revolving door without having intervention by families.

We have a good working relationship with the Department of Corrections and other correction facilities like Gastineau Human Services in establishing Arts & Crafts and other programs in the institutions.

We realize that in a time of fiscal problems it is difficult to conceive such a large increase in facilities, however, it is very important that we address these issues. It is important that the expansion in the existing facilities be accomplished to meet the needs of the surrounding communities. It is our hope that the correctional facilities and administrations will work with the native communities to stop the recidivism rate with the Alaska Native people.

Attached are some statistical facts on the Alaska Native people in prisons.

Sincerely,

Andrew Ebona
President ANB Camp #2

Cc: ANB Grand Camp
Alaska Federation of Natives
Alaska Native Justice Center
Rural CAP
State of Alaska, Department of Corrections

Senate Bill No 65

It's a FACT!

- ✓ Statistically, Alaska Natives disproportionately represent: 67% of the total population held within In-State corrections institutions; 13.1% of out-of-State institutions; 17.9% of client rehabilitation centers; and 1.65 of clients assigned to special off-site monitoring programs.
- ✓ Out of the total population of Alaska Native offenders 78.5% are imprisoned for felonies and 21.5% are detained for misdemeanor offenses. Furthermore, it is recognized that up 90% of Alaska Native inmates are incarcerated due to crimes directly related to alcohol and drug abuse.
- ✓ The majority of Alaska Native offenders are between the ages of 20 and 44 years.
- ✓ Approximately 60% of all inmates released from state or federal correctional institutions will be incarcerated for repeat offenses within three years of their initial release. Alaska Native recidivism is as high as 87%.
- ✓ Alaska Natives arrested and convicted for drug and alcohol related offenses within rural communities receive longer prison sentences than Alaska Natives arrested and convicted within urban areas.
- ✓ American Indians and Alaska Natives experience greater psychological distress than the overall population ---- nearly 13% compared to 9% in the general population.

- ✓ American Indian and Alaska Native suicide rate is 1.5 times that of the national rate; and 2 to 3 times higher for males between the ages of 15 and 24; and Alaska Native males have the highest documented suicide rate in the world according to a 1997 analysis of Bureau of Vital Statistics death certificate data between 1979 and 1993.
- ✓ It is also important to note that violent deaths (unintentional injuries, homicide, and suicide) account for 75% of all mortality in the second decade of life for American Indians and Alaska Natives.

In review of statistics reflecting alcohol and drug related offense rates, incarceration rates, and inmate recidivism rates for Alaska Natives held within the State of Alaska Corrections System. There is good reason to suspect that the history of oppression, discrimination, and removal from traditionally utilized lands experienced by Alaska Native peoples have significantly magnified the socio-economic and educational factors which are commonly recognized as conditions that increase the potential for criminal behavior and long term incarceration.

More correctional beds alone will not provide socio-economic relief for the problems we are facing in rural Alaskan communities ----- prevention and intervention begins within the corrections system itself!





CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

RECEIVED

MAR 17 2003

March 10, 2003

VIA F/ ;SIMILE: (907) 465-3805

Senator Lyda Green
State Capitol, Room 516
Juneau, Alaska 99801-1182

Re: Senate Bill 65

Dear Senator Green:

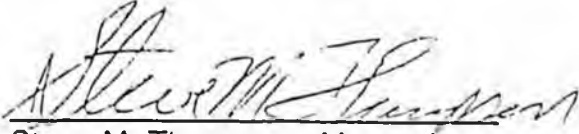
I salute your persistence in pursuing a solution for the state's future correctional facility needs. It has not been an easy route. Clearly, there is substantial debate, strident at times, throughout the state regarding the solution to the problem.

The regional approach taken in Senate Bill 65 makes a great deal of sense. There are many advantages of building new facilities in Sutton, Fairbanks, Bethel and Anchorage that outweigh the other "monolithic" approach of a single large facility.

Thank you again for your work.

Sincerely,

CITY OF FAIRBANKS


Steve M. Thompson, Mayor



Introduced by: City Manager Herron
Date: March 25, 2003
Action: *adopted*
Vote: *unanimous*

CITY OF BETHEL, ALASKA

RESOLUTION #03-12

A RESOLUTION OF THE BETHEL CITY COUNCIL IN SUPPORT OF LEGISLATION AUTHORIZING THE DEPARTMENT OF CORRECTIONS TO ENTER INTO AGREEMENTS WITH MUNICIPALITIES FOR NEW OR EXPANDED PUBLIC CORRECTIONAL FACILITIES

WHEREAS, The State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 600 plus prisoners that are presently housed in out-of-state correctional facilities, and;

WHEREAS, The State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds if expanded in the State of Alaska could significantly benefit state and local economies, and;

WHEREAS, The development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent year-round prison jobs, and;

WHEREAS, Maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation, and;

WHEREAS, Expansions of many of Alaska's existing prisons can be accomplished more cost-effectively than by constructing new prisons, and;

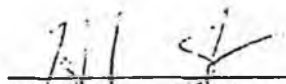
WHEREAS, The Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions and address statewide and regional construction needs, and;

WHEREAS, Because of over-crowding, the Yukon-Kuskokwim Correctional Facility has basically become a "pre-trial" facility" rather than a regional correctional facility for sentenced prisoners to be located near the respective families.

NOW, THEREFORE, BE IT RESOLVED that the City of Bethel Council supports the comprehensive statewide approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons.

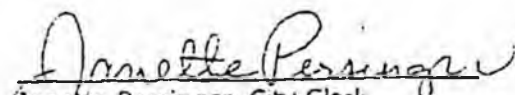
BE IT FURTHER RESOLVED THAT the City of Bethel Council supports Senate Bill 56, an Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities including Bethel.

PASSED AND APPROVED THIS 25th DAY OF MARCH 2003, by unanimous voice vote.



Hugh Short, Jr., Mayor

ATTEST:



Janette Persinger, City Clerk

CITY OF PALMER, ALASKA

RESOLUTION NO. 1264

A RESOLUTION OF THE CITY OF PALMER IN SUPPORT OF THE CONCEPT OF ESTABLISHING MULTIPLE, MUNICIPAL OWNED, STATE OPERATED PRISONS.

WHEREAS, the State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 800 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds if expended in the State of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs; and

WHEREAS, maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

WHEREAS, Alaska State Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions and address statewide and regional correction needs.

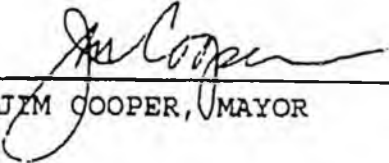
NOW, THEREFORE, BE IT RESOLVED, the City of Palmer supports the general concept of a comprehensive statewide approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

BE IT FURTHER RESOLVED, that new or expanded prisons be owned by the municipalities and operated by the Alaska State Department

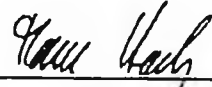
Resolution No. 1264 - Continued

of Corrections under a long-term lease with the relevant municipalities including the Matanuska-Susitna Borough.

Adopted by the City of Palmer this 26th day of February, 2002.



JIM COOPER, MAYOR



THOMAS HEALY, CITY CLERK



Fairbanks Economic Development Corporation

RESOLUTION

A RESOLUTION BY THE FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION IN SUPPORT OF ESTABLISHING A NEW CORRECTIONAL FACILITY WITHIN THE FAIRBANKS NORTH STAR BOROUGH

WHEREAS the Alaska correctional system is severely over-crowded; and

WHEREAS the State of Alaska recognizes the need to bring home the approximately 600 inmates incarcerated in Arizona prisons; and

WHEREAS the Fairbanks Correctional Facility (FCC) is the collection center for prisoners from Western, Northern, and Interior Alaska; and

WHEREAS the current FCC was constructed in 1965, and would require extensive renovation to provide necessary services if additional beds were added; and

WHEREAS a larger correctional facility in Fairbanks would provide an opportunity for cultural, social, and family support for a large percentage of the inmates; and

WHEREAS a larger correctional facility in the Fairbanks North Star Borough would provide considerable economic growth; and

WHEREAS the Fairbanks Economic Development Corporation encourages the Fairbanks North Star Borough to issue bonds to finance the construction of the facility; and

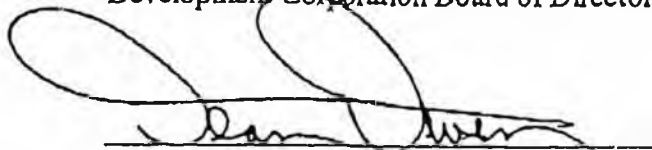
THEREFORE BE IT RESOLVED that the Fairbanks Economic Development Corporation requests that the Greater Fairbanks Chamber of Commerce, Fairbanks North Star Borough, City of Fairbanks, and the City of North Pole support the significant expansion of the number of inmate beds in Interior Alaska where the financial and clinical benefits of expanding the existing facility are equally considered with the development of a new facility; and

BE IT FURTHER RESOLVED that a new or expanded prison facility be owned by the municipalities and operated by the State of Alaska Department of Corrections under a long-term lease with the relevant municipalities including the Fairbanks North Star Borough.


BE IT FURTHER RESOLVED that this resolution be distributed to:
Governor Frank Murkowski
Commissioner Department of Corrections
Interior Delegation

Mayor Rhonda Boyles
Mayor Steve Thompson
Mayor Jeff Jacobson
Fairbanks North Star Borough Assembly
Fairbanks City Council
North Pole City Council

PASSED in Fairbanks, Alaska this nineteenth day of February, 2003 by the Fairbanks Economic Development Corporation Board of Directors.



Dean Owen, President/CEO



James Dodson, Chairman

Requested by: Mayor
Prepared by: Administration
Meeting date: February 24, 2003
Adopted: February 24, 2003
Vote: Unanimous; Lowe absent

CITY OF WASILLA
RESOLUTION SERIAL NO. 03-07

A RESOLUTION OF THE WASILLA CITY COUNCIL TO SUPPORT SENATE BILL NO. 65 FOR LEGISLATION TO AUTHORIZE THE DEPARTMENT OF CORRECTIONS TO ENTER INTO AGREEMENTS WITH MUNICIPALITIES FOR NEW OR EXPANDED PUBLIC CORRECTIONAL FACILITIES IN THE FAIRBANKS NORTH STAR BOROUGH, THE MATANUSKA-SUSITNA BOROUGH, BETHEL, AND THE MUNICIPALITY OF ANCHORAGE.

WHEREAS, to relieve overcrowding of existing correctional facilities in the state and the extensive use of out-of-state correctional facilities, the Department of Corrections, not later than July 1, 2006, may enter into agreements with the following municipalities for new or expanded correctional facilities:

- (1) Fairbanks North Star Borough – expansion of existing facility by up to 80 beds;
- (2) Matanuska-Borough Borough – construction of new facility with up to 1,200 beds;
- (3) Bethel – an expansion of exiting facility by up to 120 beds;
- (4) Municipality of Anchorage – expansion of Anchorage Jail by up to 200 beds, and

WHEREAS, the average capital cost for all beds may not exceed \$135,000 a bed for (1), (2), and (4) of above, and \$155,000 a bed for (3) above, adjusted for inflation each year at a rate equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers for Anchorage, Alaska, during the previous calendar year as determined by the Bureau of Labor Statistics, United States Department of Labor, and

WHEREAS, if construction of a new facility is authorized, the municipality shall own the facility, and the state may enter into a long-term lease not to exceed 25 years

with the municipality to operate the facility; the annual lease payment for a new facility may not exceed \$14,600 a bed; and

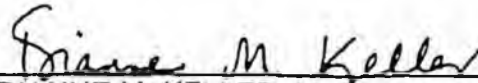
WHEREAS, if expansion of an existing facility is authorized, the state shall enter into a joint ownership agreement with the municipality of the expanded facility, enter into a long-term lease not to exceed 25 years of the municipality's interest in the facility, and operate the facility; payments under the lease may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a bed for the Fairbanks and Anchorage facilities;

WHEREAS, the agreement to lease must contain terms providing that the commission of corrections may terminate for cause any contract for operating the facility, and

WHEREAS, the agreement to lease must contain terms providing that the commissioner of corrections may terminate for cause any contract for operating the facility.

NOW THEREFORE BE IT RESOLVED by the Wasilla City Council that the authorization given by this legislation is subject to the following condition: expansion of the facility may only occur if the expansion is funded by up to \$30,000,000 in federal receipts.

ADOPTED by the Wasilla City Council on February 24, 2003.


DIANNE M. KELLER, Mayor

ATTEST:

KRISTIE L. SMITHERS, CMC
City Clerk

[SEAL]



MATANUSKA-SUSITNA BOROUGH

Borough Mayor

350 East Dahlia Avenue, Palmer, Alaska 99645-6488

Phone (907) 745-9682 FAX (907) 745-9669

February 18, 2003

Jim Clark, Chief of Staff
Office of the Governor
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Mr. Clark:

Please accept my apology for missing the 2:30 meeting Thursday. We had it on our schedule for 3:30.

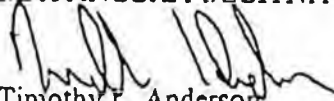
I would nevertheless like to share in writing with you the message from Mat-Su Manager John Duffy and myself. We want to convey to you the following:

1. The Mat-Su Borough wholeheartedly supports the Governor's position in support for public prisons.
2. Private prisons have been decisively rejected in south Anchorage, Delta, Wrangell, and the Kenai Peninsula.
3. The Borough supports SB 65, sponsored by Senator Green and others.
4. SB 65 will allow the state to bring home prisoners from Arizona and create jobs and economic benefits for Alaskans.
5. The Mat-Su Borough welcomes public correctional facilities and employees in the Valley.
6. Mat-Su voters and correctional officers overwhelmingly supported Governor Murkowski and his correctional policy during the last election.
7. The Mat-Su Borough is prepared to assist the administration in any way possible to construct public prisons in the Valley as it represents the most cost-effective locale for correctional facilities in the state.

Again, please accept our apology for missing our meeting. We look forward to working with you and the legislature on this important issue.

Sincerely,

MATANUSKA-SUSITNA BOROUGH


Timothy L. Anderson
Borough Mayor

Adopted: 02/18/03

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 03-012

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY SUPPORTING THE CONCEPT OF ESTABLISHING MULTIPLE, MUNICIPAL-OWNED, STATE-OPERATED PRISONS.

WHEREAS, the state of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 900 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the state of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds that if expended in the state of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs; and

WHEREAS, maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

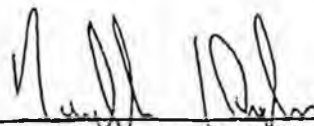
WHEREAS, the state of Alaska, Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions, and

address statewide and regional correction needs.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly supports the concept of a comprehensive approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

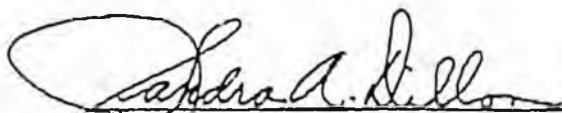
BE IT FURTHER RESOLVED, that new or expanded prisons be owned by the municipalities and operated by the state of Alaska, Department of Corrections under a long-term lease with the relevant municipalities including the Matanuska-Susitna Borough.

ADOPTED by the Matanuska-Susitna Borough Assembly this 18 day of February, 2003.



TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:



SANDRA A. DILLON, Borough Clerk

(SEAL)

5. **Expansion of Correctional Facilities.** The State currently transfers approximately \$20 million per year to the State of Arizona in order to house Alaska prisoners. This transfer of funds seriously compromises efforts to improve and diversify our economy. The State's Correctional Facilities located in the Borough have the lowest cost per bed within the state system and the facilities were originally built with expansions in mind. Hence, expansion costs will be lower than at other facilities. Expanding the correctional facilities within the Borough will create jobs and contracting opportunities and eliminate the out-of-state transfer of funds.



Matanuska-Susitna Borough

STATE LEGISLATIVE PRIORITIES

FEBRUARY 2003

ESTABLISH MUNICIPAL OWNED, STATE OPERATED PRISONS

By Resolution No. 1264, copy attached, the City of Palmer supported the concept of establishing multiple, municipal owned, state operated prisons. The City supports the expansion of existing prisons to meet the demands of the Department of Corrections.

At a meeting on February 11, 2003, the City Council reaffirmed its support of Resolution No. 1264.

This approach to prison expansion will save the State prisoner transport costs related to housing prisoners out of state. Funds spent in the state will benefit the state and local economies, and will provide temporary and permanent jobs in the state.

If you have any questions concerning these issues, please contact:

Tom Healy, City Manager
City of Palmer
745-3271
745-0930 (FAX)
city_mgr@palmerak.org

CITY OF PALMER, ALASKA

RESOLUTION NO. 1264

A RESOLUTION OF THE CITY OF PALMER IN SUPPORT OF THE CONCEPT OF ESTABLISHING MULTIPLE, MUNICIPAL OWNED, STATE OPERATED PRISONS.

WHEREAS, the State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 800 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds if expended in the State of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs; and

WHEREAS, maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

WHEREAS, Alaska State Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions and address statewide and regional correction needs.

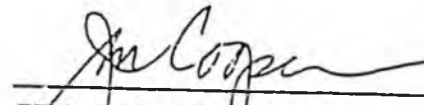
NOW, THEREFORE, BE IT RESOLVED, the City of Palmer supports the general concept of a comprehensive statewide approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

BE IT FURTHER RESOLVED, that new or expanded prisons be owned by the municipalities and operated by the Alaska State Department

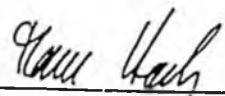
Resolution No. 1264 - Continued

of Corrections under a long-term lease with the relevant municipalities including the Matanuska-Susitna Borough.

Adopted by the City of Palmer this 26th day of February, 2002.



JIM COOPER, MAYOR



THOMAS HEALY, CTY CLERK



RECEIVED
FEB 24 2003

RESOLUTION 03-04

**A RESOLUTION OF THE COUNCIL FOR THE CITY OF HOUSTON, ALASKA
IN SUPPORT OF THE CONCEPT OF ESTABLISHING MULTIPLE,
MUNICIPAL OWNED, STATE OPERATED PRISIONS.**

WHEREAS, the State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 900 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of state facilities; funds that if expended in the State of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs;; and

WHEREAS, maintaining prisoners within the State allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and


WHEREAS, the State of Alaska Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to government transactions and address statewide and regional correction needs.

NOW, THEREFORE BE IT RESOLVED that the Council of the City of Houston, Alaska, supports the concept of a comprehensive approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

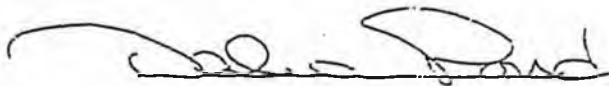
BE IT FURTHER RESOLVED that new or expanded prisons be owned by the

municipalities and operated by the State of Alaska Department of Corrections under a long-term lease with the relevant municipalities including the City of Houston, Alaska.

ADOPTED by a duly constituted quorum of the City Council for the City of Houston, Alaska on this 13th day of February, 2003.


Dale Adams, Mayor

ATTEST:


Daleann Pond, City Clerk

