

SB

65

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/17/03

REPORTED OUT
APR 9 2004
SENATE FINANCE
COMMITTEE
SENATE BILL NO. 65

FURTHER:

DATE TURNED IN TO OFFICE: 29 April 2004

Finance Committee considered

SB 65 CORRECTIONAL FACILITY EXPANSION

"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."

and recommends:

- be replaced with _____ CS SB 65 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Corrections	4/29/04	2600		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Tom Hoff</i>	✓			
<i>Michael C. Elton</i>			✓	
<i>Ben Stearns</i>	✗			
<i>Paul Ryan</i>	✓			
COCHAIR: <i>Lynne Brun</i>	✓			
COCHAIR: <i>Gary Hill</i>	✓			

REPORTED OUT

APR 29 2004

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: CSSB65(e)-DOC-04-29-(
() Publish Date: _____

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	4,435.3	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 ()						
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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	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

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

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB65(e)-DOC-04-29-C

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.

Attention: Traci/Deb/Kim

Of Senator Green's office

RE: CS SB 65 (FIN)

Date: 4/30/04 Time: 8:20 AM

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be forwarded to the Senate Secretary.

The CS is your copy.

Amend #7

Thanks,

Senate Finance Secretary

Mindy #4935

Robin #2618

Approved: KHC

(please initial)

Return ASAP

1 Department of Corrections, not later than July 1, 2006, is authorized to enter into an
2 agreement with the City of Whittier for the purpose of acquiring correctional facility space for
3 ~~a minimum of 25~~ term not to exceed years and services for contractual periods of not greater than five years for
4 persons who are committed to the custody of the commissioner of corrections. Before
5 entering into any contract for correctional space or services with the City of Whittier under
6 this section, the Departments of Corrections and Administration shall first conduct a
7 feasibility study to determine whether the state can provide these services for the same or less
8 cost than a third-party operator. An agreement may be entered into under this section only if
9 the feasibility study determines that the state cannot provide these services for the same or
10 less cost.

11 (b) The agreement entered into under this section is predicated on and must provide
12 for an agreement between the City of Whittier and one or more private third-party contractors
13 under which private, for profit or nonprofit third-party contractors construct and operate the
14 facility by providing for custody, care, and discipline services for persons committed to the
15 custody of the commissioner of corrections under authority of state law. In an agreement with
16 the City of Whittier, the commissioner of corrections shall require that the city procure one or
17 more private third-party operators through a competitive bid process. The City of Whittier
18 shall follow state procurement procedures for procurement of land, design, construction, and
19 operation of a facility. The commissioner of corrections shall approve the facility design
20 before entering into an agreement.

21 (c) The authorization given by (a) of this section is subject to the following
22 conditions:

23 (1) the agreement must cover a minimum of 1200 beds and a maximum of
24 2,251 prison beds, and, subject to (2) of this subsection, the payments by the Department of
25 Corrections must be sufficient to cover all capital and operating costs, not including inmate
26 transportation, based on per diem operating charges for a minimum 1,200 prison beds;

27 (2) the agreement must provide that the obligation of the Department of
28 Corrections to make payments under the agreement is subject to annual appropriation of funds
29 by the legislature;

30 (3) the agreement must contain terms providing that the commissioner of
31 corrections may direct the City of Whittier, after notice and reasonable opportunity to cure, to

SENATE FINANCE COMMITTEE
~~4/29/2003~~ COMMITTEE ACTION

Bill Number	SB 65		
Amendment	#7		
Motion	adopt		
<u>Motion by</u>	Green		
<u>Objection by</u>	none		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stevens			
Senator Bunde			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 29 April 2004 TIME: 3:20 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 2

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please!

CS SB 65 (FIN) 23-LS0392\ E

Luckhaupt 4/28/04

Plus one amendment - attached (#7)

Call if any questions

Thx
Mindy

CS FOR SENATE BILL NO. 65(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS GREEN, Therriault, Seelins, Guess, Hoffinan, Ellis, French

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to correctional officers, parole officers, and probation officers;
2 authorizing the Department of Corrections to enter into agreements with municipalities
3 for new or expanded public correctional facilities in the Fairbanks North Star Borough,
4 the Matanuska-Susitna Borough, Bethel, the Municipality of Anchorage, and the City of
5 Seward; relating to the development and financing of privately operated correctional
6 facility space and services; authorizing the Department of Corrections to enter into an
7 agreement with the City of Whittier for the confinement and care of prisoners in
8 privately operated correctional facility space if the state cannot provide those services
9 for the same or less cost; giving notice of and approving, and authorizing the entry into
10 and issuance of certificates of participation for, the upgrade, expansion, and
11 replacement of certain jails in Dillingham and Kodiak; and providing for an effective
12 date."

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

2 * Section 1. AS 18.65.290(2) is amended to read:

3 (2) "correctional officer" means a person

4 (A) appointed by the commissioner of corrections whose
5 primary duty under AS 33.30 is to provide custody, care, security, control, and
6 discipline of persons charged or convicted of offenses against the state or held
7 under authority of state law; or

8 (B) employed in a correctional facility in this state whose
9 primary duty is to provide custody, care, security, control, and discipline
10 of persons charged or convicted of offenses or held under authority of law;

11 * Sec. 2. AS 18.65.290(5) is amended to read:

12 (5) "parole officer" means a person appointed by the commissioner of
13 corrections or employed by a correctional facility in this state to perform the duties
14 of supervising the parole of prisoners under AS 33.16;

15 * Sec. 3. AS 18.65.290(7) is amended to read:

16 (7) "probation officer" means a person appointed by the commissioner
17 of corrections or employed by a correctional facility in this state to perform the
18 duties of a probation officer under AS 33.05.

19 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 **AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH**
22 **MUNICIPALITIES.** (a) To relieve overcrowding of existing correctional facilities in the
23 state and the extensive use of out-of-state correctional facilities, the Department of
24 Corrections, not later than July 1, 2009, may enter into agreements with the following
25 municipalities for new or expanded correctional facilities:

26 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80
27 beds;

28 (2) Matanuska-Susitna Borough - construction of new facility with a minimum
29 of 1,200 beds up to a maximum of 2251 beds;

30 (3) Bethel - expansion of existing facility by up to 120 beds;

31 (4) Municipality of Anchorage - expansion of Anchorage Jail by up to 200

1 beds;

2 (5) City of Seward - expansion of existing Spring Creek Correctional Center
3 by up to 144 beds.

4 (b) The authorizations given by (a) of this section are subject to the following
5 conditions:

6 (1) the average capital cost for all beds may not exceed \$135,000 a bed for
7 (a)(1), (2), (4), and (5) of this section and \$155,000 a bed for (a)(3) of this section, adjusted
8 for inflation each year at a rate equal to the percentage increase in the Consumer Price Index
9 for urban wage earners and clerical workers for Anchorage, Alaska, during the previous
10 calendar year as determined by the Bureau of Labor Statistics, United States Department of
11 Labor;

12 (2) if construction of a new facility is authorized, the municipality shall own
13 the facility, and the state may enter into a long-term lease not to exceed 25 years with the
14 municipality to operate the facility; the annual lease payment for a new facility may not
15 exceed \$11,600 a bed;

16 (3) if expansion of an existing facility is authorized, the state shall enter into a
17 joint ownership agreement with the municipality of the expanded facility, enter into a long-
18 term lease not to exceed 25 years of the municipality's interest in the facility, and operate the
19 facility; payments under the lease may not exceed \$16,700 a bed for the Bethel facility and
20 \$14,600 a bed for the Fairbanks, Anchorage, and Seward facilities;

21 (4) the agreement to lease must contain terms providing that the commissioner
22 of corrections may terminate for cause any contract for operating the facility;

23 (5) the commissioner may not enter into an agreement under (a) of this section
24 if any bonds issued for projects under (a) of this section are rated below investment grade.

25 (c) The authorization given by (a)(4) of this section is subject to the following
26 condition: expansion of the facility may only occur if the expansion is funded by up to
27 \$30,000,000 in federal receipts.

28 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 **AUTHORIZATION TO CONTRACT FOR CORRECTIONAL FACILITY SPACE**
31 **AND SERVICES WITH THIRD-PARTY CONTRACTOR FOR OPERATION.** (a) The

1 Department of Corrections, not later than July 1, 2006, is authorized to enter into an
 2 agreement with the City of Whittier for the purpose of acquiring correctional facility space for
 3 a term not to exceed 25 years and services for contractual periods of not greater than five
 4 years for persons who are committed to the custody of the commissioner of corrections.
 5 Before entering into any contract for correctional space or services with the City of Whittier
 6 under this section, the Departments of Corrections and Administration shall first conduct a
 7 feasibility study to determine whether the state can provide these services for the same or less
 8 cost than a third-party operator. An agreement may be entered into under this section only if
 9 the feasibility study determines that the state cannot provide these services for the same or
 10 less cost.

11 (b) The agreement entered into under this section is predicated on and must provide
 12 for an agreement between the City of Whittier and one or more private third-party contractors
 13 under which private, for profit or nonprofit third-party contractors construct and operate the
 14 facility by providing for custody, care, and discipline services for persons committed to the
 15 custody of the commissioner of corrections under authority of state law. In an agreement with
 16 the City of Whittier, the commissioner of corrections shall require that the city procure one or
 17 more private third-party operators through a competitive bid process. The City of Whittier
 18 shall follow state procurement procedures for procurement of land, design, construction, and
 19 operation of a facility. The commissioner of corrections shall approve the facility design
 20 before entering into an agreement.

21 (c) The authorization given by (a) of this section is subject to the following
 22 conditions:

23 (1) the agreement must cover a minimum of 1200 beds and a maximum of
 24 2,251 prison beds, and, subject to (2) of this subsection, the payments by the Department of
 25 Corrections must be sufficient to cover all capital and operating costs, not including inmate
 26 transportation, based on per diem operating charges for a minimum 1,200 prison beds;

27 (2) the agreement must provide that the obligation of the Department of
 28 Corrections to make payments under the agreement is subject to annual appropriation of funds
 29 by the legislature;

30 (3) the agreement must contain terms providing that the commissioner of
 31 corrections may direct the City of Whittier, after notice and reasonable opportunity to cure, to

Amend #7

1 terminate its contract with a private third-party contractor operating the facility in accordance
2 with the provisions of (b) of this section, and to procure a replacement third-party contractor
3 if the commissioner finds that the private third-party contractor has failed to provide or cause
4 to be provided the degree of custody, care, and discipline required by terms of the agreement
5 and that the private third-party contractor has been given notice and reasonable opportunity to
6 cure as provided in the third-party contractor's agreement with the city;

7 (4) the commissioner's authority to enter into the agreement is subject to the
8 condition that the contract between the City of Whittier and the operator requires the operator
9 to provide culturally relevant reformation services to incarcerated Alaska Natives;

10 (5) the commissioner may not enter into the agreement if any bonds issued for
11 the project are rated below investment grade.

12 (d) Nothing in this section is intended to prevent the City of Whittier from issuing
13 bonds as permitted for municipalities under state law, including AS 29.47.390, to finance
14 construction of the facility. The bonds may be secured by and payable from revenues of the
15 facility, including those described in (c) of this section. Revenues of the facility are not
16 revenues of the City of Whittier for purposes of AS 29.47.390.

17 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 NOTICE OF THE ISSUANCE OF CERTIFICATES OF PARTICIPATION AND
20 OTHER FINANCING. (a) The state bond committee is authorized to provide for the
21 issuance of certificates of participation in one or more series in the aggregate principal
22 amount of \$4,000,000, plus costs of required reserves and costs of issuance, to pay for the
23 costs for expansion of municipal jails described in sec. 7 of this Act. The estimated total cost
24 of construction, acquisition, and equipping the projects is \$4,000,000, which shall be paid
25 from the proceeds of the certificates of participation issued under this section. The estimated
26 aggregate annual amount of rental obligations under the lease-financing agreements is
27 \$400,000. The total payments for the full term of the certificates of participation are
28 estimated to be \$6,000,000. In this subsection, "cost of construction" includes credit
29 enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial
30 advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings
31 used for lease payments, and other costs of issuance, and costs of required reserves.

1 (b) The state bond committee may contract for credit enhancement, underwriting,
2 credit ratings, bond counsel, financial advisor, printing, advertising fees, and trustee services
3 that the committee considers necessary in financing the projects described in sec. 7 of this
4 Act.

5 (c) The state bond committee may not authorize the issuance of certificates of
6 participation as provided in (a) of this section if the issuance lowers the state's credit and the
7 certificates are rated below investment grade.

8 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to
11 receive \$2,000,000 of the proceeds of the certificates of participation authorized under sec. 6
12 of this Act, on condition that the municipality in which the project is located contributes a
13 matching share of at least \$1,500,000, to be used for the upgrade, expansion, or replacement
14 of the jail facilities:

15 (1) Dillingham Community Jail in the Municipality of Dillingham to replace
16 the existing 8-bed facility with a new 25-bed facility;

17 (2) Kodiak Community Jail in the Municipality of Kodiak to replace the
18 existing 16-bed facility with a new 22-bed facility.

19 (b) Subject to appropriation, the Department of Corrections is authorized to pay the
20 annual operating costs associated with the addition of new beds at the municipal jail facilities
21 to the municipalities listed in (a) of this section. The anticipated annual operating costs for
22 the new beds authorized in (a) of this section are:

23 (1) Dillingham Community Jail - \$750,000 (17 new beds);

24 (2) Kodiak Community Jail - \$188,000 (6 new beds).

25 * Sec. 8 The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 APPROVAL. This Act constitutes the notice and approval of the projects described in
28 sec. 6 of this Act required by AS 36.30.085.

29 * Sec. 9. Sections 1 - 3, ch. 32, SLA 2001, are repealed.

30 * Sec. 10. This Act takes effect July 1, 2004.

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

23-LS0392\AE
Luckhaupt
4/28/04

CS FOR SENATE BILL NO. 65(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS GREEN, Therriault, Seekins, Guess, Hoffman, Ellis, French

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to correctional officers, parole officers, and probation officers;**
2 **authorizing the Department of Corrections to enter into agreements with municipalities**
3 **for new or expanded public correctional facilities in the Fairbanks North Star Borough,**
4 **the Matanuska-Susitna Borough, Bethel, the Municipality of Anchorage, and the City of**
5 **Seward; relating to the development and financing of privately operated correctional**
6 **facility space and services; authorizing the Department of Corrections to enter into an**
7 **agreement with the City of Whittier for the confinement and care of prisoners in**
8 **privately operated correctional facility space if the state cannot provide those services**
9 **for the same or less cost; giving notice of and approving, and authorizing the entry into**
10 **and issuance of certificates of participation for, the upgrade, expansion, and**
11 **replacement of certain jails in Dillingham and Kodiak; and providing for an effective**
12 **date."**

1 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**2 * **Section 1.** AS 18.65.290(2) is amended to read:

3 (2) "correctional officer" means a person

4 (A) appointed by the commissioner of corrections whose
5 primary duty under AS 33.30 is to provide custody, care, security, control, and
6 discipline of persons charged or convicted of offenses against the state or held
7 under authority of state law; **or**8 (B) employed in a correctional facility in this state whose
9 primary duty is to provide custody, care, security, control, and discipline
10 of persons charged or convicted of offenses or held under authority of law;11 * **Sec. 2.** AS 18.65.290(5) is amended to read:12 (5) "parole officer" means a person appointed by the commissioner of
13 corrections or employed by a correctional facility in this state to perform the duties
14 of supervising the parole of prisoners under AS 33.16;15 * **Sec. 3.** AS 18.65.290(7) is amended to read:16 (7) "probation officer" means a person appointed by the commissioner
17 of corrections or employed by a correctional facility in this state to perform the
18 duties of a probation officer under AS 33.05.19 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:21 **AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH**
22 **MUNICIPALITIES.** (a) To relieve overcrowding of existing correctional facilities in the
23 state and the extensive use of out-of-state correctional facilities, the Department of
24 Corrections, not later than July 1, 2009, may enter into agreements with the following
25 municipalities for new or expanded correctional facilities:26 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80
27 beds;28 (2) Matanuska-Susitna Borough - construction of new facility with a minimum
29 of 1,200 beds up to a maximum of 2251 beds;

30 (3) Bethel - expansion of existing facility by up to 120 beds;

31 (4) Municipality of Anchorage - expansion of Anchorage Jail by up to 200

1 beds;

2 (5) City of Seward - expansion of existing Spring Creek Correctional Center
3 by up to 144 beds.

4 (b) The authorizations given by (a) of this section are subject to the following
5 conditions:

6 (1) the average capital cost for all beds may not exceed \$135,000 a bed for
7 (a)(1), (2), (4), and (5) of this section and \$155,000 a bed for (a)(3) of this section, adjusted
8 for inflation each year at a rate equal to the percentage increase in the Consumer Price Index
9 for urban wage earners and clerical workers for Anchorage, Alaska, during the previous
10 calendar year as determined by the Bureau of Labor Statistics, United States Department of
11 Labor;

12 (2) if construction of a new facility is authorized, the municipality shall own
13 the facility, and the state may enter into a long-term lease not to exceed 25 years with the
14 municipality to operate the facility; the annual lease payment for a new facility may not
15 exceed \$11,600 a bed;

16 (3) if expansion of an existing facility is authorized, the state shall enter into a
17 joint ownership agreement with the municipality of the expanded facility, enter into a long-
18 term lease not to exceed 25 years of the municipality's interest in the facility, and operate the
19 facility; payments under the lease may not exceed \$16,700 a bed for the Bethel facility and
20 \$14,600 a bed for the Fairbanks, Anchorage, and Seward facilities;

21 (4) the agreement to lease must contain terms providing that the commissioner
22 of corrections may terminate for cause any contract for operating the facility;

23 (5) the commissioner may not enter into an agreement under (a) of this section
24 if any bonds issued for projects under (a) of this section are rated below investment grade.

25 (c) The authorization given by (a)(4) of this section is subject to the following
26 condition: expansion of the facility may only occur if the expansion is funded by up to
27 \$30,000,000 in federal receipts.

28 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 AUTHORIZATION TO CONTRACT FOR CORRECTIONAL FACILITY SPACE
31 AND SERVICES WITH THIRD-PARTY CONTRACTOR FOR OPERATION. (a) The

1 Department of Corrections, not later than July 1, 2006, is authorized to enter into an
2 agreement with the City of Whittier for the purpose of acquiring correctional facility space for
3 a minimum of 25 years and services for contractual periods of not greater than five years for
4 persons who are committed to the custody of the commissioner of corrections. Before
5 entering into any contract for correctional space or services with the City of Whittier under
6 this section, the Departments of Corrections and Administration shall first conduct a
7 feasibility study to determine whether the state can provide these services for the same or less
8 cost than a third-party operator. An agreement may be entered into under this section only if
9 the feasibility study determines that the state cannot provide these services for the same or
10 less cost.

11 (b) The agreement entered into under this section is predicated on and must provide
12 for an agreement between the City of Whittier and one or more private third-party contractors
13 under which private, for profit or nonprofit third-party contractors construct and operate the
14 facility by providing for custody, care, and discipline services for persons committed to the
15 custody of the commissioner of corrections under authority of state law. In an agreement with
16 the City of Whittier, the commissioner of corrections shall require that the city procure one or
17 more private third-party operators through a competitive bid process. The City of Whittier
18 shall follow state procurement procedures for procurement of land, design, construction, and
19 operation of a facility. The commissioner of corrections shall approve the facility design
20 before entering into an agreement.

21 (c) The authorization given by (a) of this section is subject to the following
22 conditions:

23 (1) the agreement must cover a minimum of 1200 beds and a maximum of
24 2,251 prison beds, and, subject to (2) of this subsection, the payments by the Department of
25 Corrections must be sufficient to cover all capital and operating costs, not including inmate
26 transportation, based on per diem operating charges for a minimum 1,200 prison beds;

27 (2) the agreement must provide that the obligation of the Department of
28 Corrections to make payments under the agreement is subject to annual appropriation of funds
29 by the legislature;

30 (3) the agreement must contain terms providing that the commissioner of
31 corrections may direct the City of Whittier, after notice and reasonable opportunity to cure, to

1 terminate its contract with a private third-party contractor operating the facility in accordance
2 with the provisions of (b) of this section, and to procure a replacement third-party contractor
3 if the commissioner finds that the private third-party contractor has failed to provide or cause
4 to be provided the degree of custody, care, and discipline required by terms of the agreement
5 and that the private third-party contractor has been given notice and reasonable opportunity to
6 cure as provided in the third-party contractor's agreement with the city;

7 (4) the commissioner's authority to enter into the agreement is subject to the
8 condition that the contract between the City of Whittier and the operator requires the operator
9 to provide culturally relevant reformation services to incarcerated Alaska Natives;

10 (5) the commissioner may not enter into the agreement if any bonds issued for
11 the project are rated below investment grade.

12 (d) Nothing in this section is intended to prevent the City of Whittier from issuing
13 bonds as permitted for municipalities under state law, including AS 29.47.390, to finance
14 construction of the facility. The bonds may be secured by and payable from revenues of the
15 facility, including those described in (c) of this section. Revenues of the facility are not
16 revenues of the City of Whittier for purposes of AS 29.47.390.

17 * Sec. 6. The uncoded law of the State of Alaska is amended by adding a new section to
18 read:

19 NOTICE OF THE ISSUANCE OF CERTIFICATES OF PARTICIPATION AND
20 OTHER FINANCING. (a) The state bond committee is authorized to provide for the
21 issuance of certificates of participation in one or more series in the aggregate principal
22 amount of \$4,000,000, plus costs of required reserves and costs of issuance, to pay for the
23 costs for expansion of municipal jails described in sec. 7 of this Act. The estimated total cost
24 of construction, acquisition, and equipping the projects is \$4,000,000, which shall be paid
25 from the proceeds of the certificates of participation issued under this section. The estimated
26 aggregate annual amount of rental obligations under the lease-financing agreements is
27 \$400,000. The total payments for the full term of the certificates of participation are
28 estimated to be \$6,000,000. In this subsection, "cost of construction" includes credit
29 enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial
30 advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings
31 used for lease payments, and other costs of issuance, and costs of required reserves.

1 (b) The state bond committee may contract for credit enhancement, underwriting,
2 credit ratings, bond counsel, financial advisor, printing, advertising fees, and trustee services
3 that the committee considers necessary in financing the projects described in sec. 7 of this
4 Act.

5 (c) The state bond committee may not authorize the issuance of certificates of
6 participation as provided in (a) of this section if the issuance lowers the state's credit and the
7 certificates are rated below investment grade.

8 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to
11 receive \$2,000,000 of the proceeds of the certificates of participation authorized under sec. 6
12 of this Act, on condition that the municipality in which the project is located contributes a
13 matching share of at least \$1,500,000, to be used for the upgrade, expansion, or replacement
14 of the jail facilities:

15 (1) Dillingham Community Jail in the Municipality of Dillingham to replace
16 the existing 8-bed facility with a new 25-bed facility;

17 (2) Kodiak Community Jail in the Municipality of Kodiak to replace the
18 existing 16-bed facility with a new 22-bed facility.

19 (b) Subject to appropriation, the Department of Corrections is authorized to pay the
20 annual operating costs associated with the addition of new beds at the municipal jail facilities
21 to the municipalities listed in (a) of this section. The anticipated annual operating costs for
22 the new beds authorized in (a) of this section are:

23 (1) Dillingham Community Jail - \$750,000 (17 new beds);

24 (2) Kodiak Community Jail - \$188,000 (6 new beds).

25 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 APPROVAL. This Act constitutes the notice and approval of the projects described in
28 sec. 6 of this Act required by AS 36.30.085.

29 * Sec. 9. Sections 1 - 3, ch. 32, SLA 2001, are repealed.

30 * Sec. 10. This Act takes effect July 1, 2004.

Attention:

Kim

Of Senator Green's office

RE: ~~Bill~~ SB 65

Date: 4/28 Time: 8:30 am

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be ~~forwarded to the Senate Secretary.~~ distributed

The CS is your copy.

Thanks,

~~Senate Finance Secretary~~

Mindy #4935

Robin #2618

Approved: KHC

(please initial)

Return ASAP

Attention: Sheila
Of Senator Wilken's office
RE: SB 65
Date: 4/28 Time: 8:30am

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be ~~forwarded to the Senate Secretary.~~ distributed

The CS is your copy.

Thanks,
Senate Finance Secretary
Mindy #4935
Robin #2618

AP

Approved: _____
(please initial)

Return ASAP

1 aggregate annual amount of rental obligations under the lease-financing agreements is
 2 \$400,000. The total payments for the full term of the certificates of participation are
 3 estimated to be \$6,000,000. In this subsection, "cost of construction" includes credit
 4 enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial
 5 advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings
 6 used for lease payments, and other costs of issuance, and costs of required reserves.

7 (b) The state bond committee may contract for credit enhancement, underwriting,
 8 credit ratings, bond counsel, financial advisor, printing, advertising fees, and trustee services
 9 that the committee considers necessary in financing the projects described in sec. 4 of this
 10 Act.

11 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
 12 read:

13 MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to
 14 receive ~~\$1,500,000~~ ^{\$2,000,000} of the proceeds of the certificates of participation authorized under sec. 3
 15 of this Act, on condition that the municipality in which the project is located contributes a
 16 matching share of at least \$1,500,000, to be used for the upgrade, expansion, or replacement
 17 of the jail facilities:

- 18 (1) Dillingham Community Jail in the Municipality of Dillingham to replace
 19 the existing 8-bed facility with a new 25-bed facility;
- 20 (2) Kodiak Community Jail in the Municipality of Kodiak to replace the
 21 existing 16-bed facility with a new 22-bed facility.

22 (b) Subject to appropriation, the Department of Corrections is authorized to pay the
 23 annual operating costs associated with the addition of new beds at the municipal jail facilities
 24 to the municipalities listed in (a) of this section. The anticipated annual operating costs for
 25 the new beds authorized in (a) of this section are:

- 26 (1) Dillingham Community Jail - \$750,000 (17 new beds);
- 27 (2) Kodiak Community Jail - \$188,000 (6 new beds).

28 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
 29 read:

30 APPROVAL. This Act constitutes the notice and approval of the projects described in
 31 sec. 3 of this Act required by AS 36.30.085.

SENATE FINANCE
COMMITTEE

ADOPTED

Amendment Number: #3
Bill Number: SB 65
Sponsor: Green Date: 4/27/04
Logged In By: Mindy

23-LS 1392\C.1
Lu'haupt
4/27/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 65(), Draft Version "C"

1 Page 1, line 1, following "An Act":

2 Insert "relating to correctional officers, parole officers, and probation officers;"

3

4 Page 1, following line 12:

5 Insert new bill sections to read:

6 *** Section 1.** AS 18.65.290(2) is amended to read:

7 (2) "correctional officer" means a person

8 (A) appointed by the commissioner of corrections whose
9 primary duty under AS 33.30 is to provide custody, care, security, control, and
10 discipline of persons charged or convicted of offenses against the state or held
11 under authority of state law; or

12 (B) employed in a correctional facility in this state whose
13 primary duty is to provide custody, care, security, control, and discipline
14 of persons charged or convicted of offenses or held under authority of law;

15 *** Sec. 2.** AS 18.65.290(5) is amended to read:

16 (5) "parole officer" means a person appointed by the commissioner of
17 corrections or employed by a correctional facility in this state to perform the duties
18 of supervising the parole of prisoners under AS 33.16;

19 *** Sec. 3.** AS 18.65.290(7) is amended to read:

20 (7) "probation officer" means a person appointed by the commissioner
21 of corrections or employed by a correctional facility in this state to perform the
22 duties of a probation officer under AS 33.05."

23

1 Renumber the following bill sections accordingly.

2

3 Page 2, line 25:

4 Delete "\$14,600"

5 Insert "\$11,600"

6

7 Page 4, line 29:

8 Delete "sec. 4"

9 Insert "sec. 7"

10

11 Page 5, line 9:

12 Delete "sec. 4"

13 Insert "sec. 7"

14

15 Page 5, line 14:

16 Delete "sec. 3"

17 Insert "sec. 6"

18

19 Page 5, line 31:

20 Delete "sec. 3"

21 Insert "sec. 6"

Amended & adopted

SENATE FINANCE
COMMITTEE

Amendment Number: #5
Bill Number: SB 65
Sponsor: Ben Stevens Date: 4/27/04
Logged In By: Mindy

AMENDMENT #

OFFERED IN THE SENATE FINANCE COMMITTEE

Sponsored by
Sen. Ben Stevens

TO: CS for SB 65 version 23-LS0392\C

On Page 1, line 3, delete the word:

"and"

Page 1, line 4, is amended to read:

following "Anchorage" insert:
"~~Anchorage~~ and the City of Seward; relating to the development and
~~financing of privately operated correctional~~"

On Page 2, line 15, insert:

City of
"(5) Seward - expansion of the existing Spring Creek Correctional
Center by up to 144 beds."

Re-number accordingly

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

23-LS0392C
Luckhaupt
4/26/04

CS FOR SENATE BILL NO. 65()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): SENATORS GREEN, Therriault, Seekins, Guess, Hoffman, Ellis, French

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the Department of Corrections to enter into agreements with
2 municipalities for new or expanded public correctional facilities in the Fairbanks North
3 Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of
4 Anchorage; relating to the development and financing of privately operated correctional
5 facility space and services; authorizing the Department of Corrections to enter into an
6 agreement with the City of Whittier for the confinement and care of prisoners in
7 privately operated correctional facility space if the state cannot provide those services
8 for the same or less cost; giving notice of and approving, and authorizing the entry into
9 and issuance of certificates of participation for, the upgrade, expansion, and
10 replacement of certain jails in Dillingham and Kodiak; and providing for an effective
11 date."

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

1 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
2 to read:

3 AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH
4 MUNICIPALITIES. (a) To relieve overcrowding of existing correctional facilities in the
5 state and the extensive use of out-of-state correctional facilities, the Department of
6 Corrections, not later than July 1, 2009, may enter into agreements with the following
7 municipalities for new or expanded correctional facilities:

8 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80
9 beds;

10 (2) Matanuska-Susitna Borough - construction of new facility with a minimum
11 of 1,200 beds up to a maximum of 2251 beds;

12 (3) Bethel - expansion of existing facility by up to 120 beds;

13 (4) Municipality of Anchorage - expansion of Anchorage Jail by up to 200
14 beds.

15 (b) The authorizations given by (a) of this section are subject to the following
16 conditions:

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

22 (2) if construction of a new facility is authorized, the municipality shall own
23 the facility, and the state may enter into a long-term lease not to exceed 25 years with the
24 municipality to operate the facility; the annual lease payment for a new facility may not
25 exceed \$14,600 a bed;

26 (3) if expansion of an existing facility is authorized, the state shall enter into a
27 joint ownership agreement with the municipality of the expanded facility, enter into a long-
28 term lease not to exceed 25 years of the municipality's interest in the facility, and operate the
29 facility; payments under the lease may not exceed \$16,700 a bed for the Bethel facility and
30 \$14,600 a bed for the Fairbanks and Anchorage facilities;

31 (4) the agreement to lease must contain terms providing that the commissioner

1 of corrections may terminate for cause any contract for operating the facility.

2 (c) The authorization given by (a)(4) of this section is subject to the following
3 condition: expansion of the facility may only occur if the expansion is funded by up to
4 \$30,000,000 in federal receipts.

5 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
6 read:

7 AUTHORIZATION TO CONTRACT FOR CORRECTIONAL FACILITY SPACE
8 AND SERVICES WITH THIRD-PARTY CONTRACTOR FOR OPERATION. (a) The
9 Department of Corrections, not later than July 1, 2006, is authorized to enter into an
10 agreement with the City of Whittier for the purpose of acquiring correctional facility space for
11 a minimum of 25 years and services for contractual periods of not greater than five years for
12 persons who are committed to the custody of the commissioner of corrections. Before
13 entering into any contract for correctional space or services with the City of Whittier under
14 this section, the Departments of Corrections and Administration shall first conduct a
15 feasibility study to determine whether the state can provide these services for the same or less
16 cost than a third-party operator. An agreement may be entered into under this section only if
17 the feasibility study determines that the state cannot provide these services for the same or
18 less cost.

19 (b) The agreement entered into under this section is predicated on and must provide
20 for an agreement between the City of Whittier and one or more private third-party contractors
21 under which private, for profit or nonprofit third-party contractors construct and operate the
22 facility by providing for custody, care, and discipline services for persons committed to the
23 custody of the commissioner of corrections under authority of state law. In an agreement with
24 the City of Whittier, the commissioner of corrections shall require that the city procure one or
25 more private third-party operators through a competitive bid process. The City of Whittier
26 shall follow state procurement procedures for procurement of land, design, construction, and
27 operation of a facility. The commissioner of corrections shall approve the facility design
28 before entering into an agreement.

29 (c) The authorization given by (a) of this section is subject to the following
30 conditions:

31 (1) the agreement must cover a minimum of 1200 beds and a maximum of

1 2,251 prison beds, and, subject to (2) of this subsection, the payments by the Department of
2 Corrections must be sufficient to cover all capital and operating costs, not including inmate
3 transportation, based on per diem operating charges for a minimum 1,200 prison beds;

4 (2) the agreement must provide that the obligation of the Department of
5 Corrections to make payments under the agreement is subject to annual appropriation of funds
6 by the legislature;

7 (3) the agreement must contain terms providing that the commissioner of
8 corrections may direct the City of Whittier, after notice and reasonable opportunity to cure, to
9 terminate its contract with a private third-party contractor operating the facility in accordance
10 with the provisions of (b) of this section, and to procure a replacement third-party contractor
11 if the commissioner finds that the private third-party contractor has failed to provide or cause
12 to be provided the degree of custody, care, and discipline required by terms of the agreement
13 and that the private third-party contractor has been given notice and reasonable opportunity to
14 cure as provided in the third-party contractor's agreement with the city;

15 (4) the commissioner's authority to enter into the agreement is subject to the
16 condition that the contract between the City of Whittier and the operator requires the operator
17 to provide culturally relevant reformation services to incarcerated Alaska Natives.

18 (d) Nothing in this section is intended to prevent the City of Whittier from issuing
19 bonds as permitted for municipalities under state law, including AS 29.47.390, to finance
20 construction of the facility. The bonds may be secured by and payable from revenues of the
21 facility, including those described in (c) of this section. Revenues of the facility are not
22 revenues of the City of Whittier for purposes of AS 29.47.390.

23 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 NOTICE OF THE ISSUANCE OF CERTIFICATES OF PARTICIPATION AND
26 OTHER FINANCING. (a) The state bond committee is authorized to provide for the
27 issuance of certificates of participation in one or more series in the aggregate principal
28 amount of \$4,000,000, plus costs of required reserves and costs of issuance, to pay for the
29 costs for expansion of municipal jails described in sec. 4 of this Act. The estimated total cost
30 of construction, acquisition, and equipping the projects is \$4,000,000, which shall be paid
31 from the proceeds of the certificates of participation issued under this section. The estimated

1 aggregate annual amount of rental obligations under the lease-financing agreements is
2 \$400,000. The total payments for the full term of the certificates of participation are
3 estimated to be \$6,000,000. In this subsection, "cost of construction" includes credit
4 enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial
5 advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings
6 used for lease payments, and other costs of issuance, and costs of required reserves.

7 (b) The state bond committee may contract for credit enhancement, underwriting,
8 credit ratings, bond counsel, financial advisor, printing, advertising fees, and trustee services
9 that the committee considers necessary in financing the projects described in sec. 4 of this
10 Act.

11 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to
14 receive \$1,500,000 of the proceeds of the certificates of participation authorized under sec. 3
15 of this Act, on condition that the municipality in which the project is located contributes a
16 matching share of at least \$1,500,000, to be used for the upgrade, expansion, or replacement
17 of the jail facilities:

18 (1) Dillingham Community Jail in the Municipality of Dillingham to replace
19 the existing 8-bed facility with a new 25-bed facility;

20 (2) Kodiak Community Jail in the Municipality of Kodiak to replace the
21 existing 16-bed facility with a new 22-bed facility.

22 (b) Subject to appropriation, the Department of Corrections is authorized to pay the
23 annual operating costs associated with the addition of new beds at the municipal jail facilities
24 to the municipalities listed in (a) of this section. The anticipated annual operating costs for
25 the new beds authorized in (a) of this section are:

26 (1) Dillingham Community Jail - \$750,000 (17 new beds);

27 (2) Kodiak Community Jail - \$188,000 (6 new beds).

28 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 APPROVAL. This Act constitutes the notice and approval of the projects described in
31 sec. 3 of this Act required by AS 36.30.085.

- 1 * **Sec. 6.** Sections 1 - 3, ch. 32, SLA 2001, are repealed.
- 2 * **Sec. 7.** This Act takes effect July 1, 2004.

23-LS0392VZ
Luckhaupt
4/27/04

CS FOR SENATE BILL NO. 65(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS GREEN, Therriault, Seekins, Guess, Hoffman, Ellis, French

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to correctional officers, parole officers, and probation officers;
2 authorizing the Department of Corrections to enter into agreements with municipalities
3 for new or expanded public correctional facilities in the Fairbanks North Star Borough,
4 the Matanuska-Susitna Borough, Bethel, the Municipality of Anchorage, and the City of
5 Seward; relating to the development and financing of privately operated correctional
6 facility space and services; authorizing the Department of Corrections to enter into an
7 agreement with the City of Whittier for the confinement and care of prisoners in
8 privately operated correctional facility space if the state cannot provide those services
9 for the same or less cost; giving notice of and approving, and authorizing the entry into
10 and issuance of certificates of participation for, the upgrade, expansion, and
11 replacement of certain jails in Dillingham and Kodiak; and providing for an effective
12 date."

Amend #3

#5

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

2 * Section 1. AS 18.65.290(2) is amended to read:

3 (2) "correctional officer" means a person

4 (A) appointed by the commissioner of corrections whose
5 primary duty under AS 33.30 is to provide custody, care, security, control, and
6 discipline of persons charged or convicted of offenses against the state or held
7 under authority of state law; or

8 (B) employed in a correctional facility in this state whose
9 primary duty is to provide custody, care, security, control, and discipline
10 of persons charged or convicted of offenses or held under authority of law;

11 * Sec. 2. AS 18.65.290(5) is amended to read:

12 (5) "parole officer" means a person appointed by the commissioner of
13 corrections or employed by a correctional facility in this state to perform the duties
14 of supervising the parole of prisoners under AS 33.16;

15 * Sec. 3. AS 18.65.290(7) is amended to read:

16 (7) "probation officer" means a person appointed by the commissioner
17 of corrections or employed by a correctional facility in this state to perform the
18 duties of a probation officer under AS 33.05.

19 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 **AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH**
22 **MUNICIPALITIES.** (a) To relieve overcrowding of existing correctional facilities in the
23 state and the extensive use of out-of-state correctional facilities, the Department of
24 Corrections, not later than July 1, 2009, may enter into agreements with the following
25 municipalities for new or expanded correctional facilities:

26 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80
27 beds;

28 (2) Matanuska-Susitna Borough - construction of new facility with a minimum
29 of 1,200 beds up to a maximum of 2251 beds;

30 (3) Bethel - expansion of existing facility by up to 120 beds;

31 (4) Municipality of Anchorage - expansion of Anchorage Jail by up to 200

1 beds;

2 (5) City of Seward - expansion of existing Spring Creek Correctional Center #5
3 by up to 144 beds.

4 (b) The authorizations given by (a) of this section are subject to the following
5 conditions:

6 (1) the average capital cost for all beds may not exceed \$135,000 a bed for
7 (a)(1), (2), (4), and (5) of this section and \$155,000 a bed for (a)(3) of this section, adjusted
8 for inflation each year at a rate equal to the percentage increase in the Consumer Price Index
9 for urban wage earners and clerical workers for Anchorage, Alaska, during the previous
10 calendar year as determined by the Bureau of Labor Statistics, United States Department of
11 Labor;

12 (2) if construction of a new facility is authorized, the municipality shall own
13 the facility, and the state may enter into a long-term lease not to exceed 25 years with the
14 municipality to operate the facility; the annual lease payment for a new facility may not
15 exceed \$11,600 a bed; #3

16 (3) if expansion of an existing facility is authorized, the state shall enter into a
17 joint ownership agreement with the municipality of the expanded facility, enter into a long-
18 term lease not to exceed 25 years of the municipality's interest in the facility, and operate the
19 facility; payments under the lease may not exceed \$16,700 a bed for the Bethel facility and
20 \$14,600 a bed for the Fairbanks, Anchorage, and Seward facilities;

21 (4) the agreement to lease must contain terms providing that the commissioner
22 of corrections may terminate for cause any contract for operating the facility.

23 (c) The authorization given by (a)(4) of this section is subject to the following
24 condition: expansion of the facility may only occur if the expansion is funded by up to
25 \$30,000,000 in federal receipts.

26 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 AUTHORIZATION TO CONTRACT FOR CORRECTIONAL FACILITY SPACE
29 AND SERVICES WITH THIRD-PARTY CONTRACTOR FOR OPERATION. (a) The
30 Department of Corrections, not later than July 1, 2006, is authorized to enter into an
31 agreement with the City of Whittier for the purpose of acquiring correctional facility space for

1 a minimum of 25 years and services for contractual periods of not greater than five years for
2 persons who are committed to the custody of the commissioner of corrections. Before
3 entering into any contract for correctional space or services with the City of Whittier under
4 this section, the Departments of Corrections and Administration shall first conduct a
5 feasibility study to determine whether the state can provide these services for the same or less
6 cost than a third-party operator. An agreement may be entered into under this section only if
7 the feasibility study determines that the state cannot provide these services for the same or
8 less cost.

9 (b) The agreement entered into under this section is predicated on and must provide
10 for an agreement between the City of Whittier and one or more private third-party contractors
11 under which private, for profit or nonprofit third-party contractors construct and operate the
12 facility by providing for custody, care, and discipline services for persons committed to the
13 custody of the commissioner of corrections under authority of state law. In an agreement with
14 the City of Whittier, the commissioner of corrections shall require that the city procure one or
15 more private third-party operators through a competitive bid process. The City of Whittier
16 shall follow state procurement procedures for procurement of land, design, construction, and
17 operation of a facility. The commissioner of corrections shall approve the facility design
18 before entering into an agreement.

19 (c) The authorization given by (a) of this section is subject to the following
20 conditions:

21 (1) the agreement must cover a minimum of 1200 beds and a maximum of
22 2,251 prison beds, and, subject to (2) of this subsection, the payments by the Department of
23 Corrections must be sufficient to cover all capital and operating costs, not including inmate
24 transportation, based on per diem operating charges for a minimum 1,200 prison beds;

25 (2) the agreement must provide that the obligation of the Department of
26 Corrections to make payments under the agreement is subject to annual appropriation of funds
27 by the legislature;

28 (3) the agreement must contain terms providing that the commissioner of
29 corrections may direct the City of Whittier, after notice and reasonable opportunity to cure, to
30 terminate its contract with a private third-party contractor operating the facility in accordance
31 with the provisions of (b) of this section, and to procure a replacement third-party contractor

1 if the commissioner finds that the private third-party contractor has failed to provide or cause
2 to be provided the degree of custody, care, and discipline required by terms of the agreement
3 and that the private third-party contractor has been given notice and reasonable opportunity to
4 cure as provided in the third-party contractor's agreement with the city;

5 (4) the commissioner's authority to enter into the agreement is subject to the
6 condition that the contract between the City of Whittier and the operator requires the operator
7 to provide culturally relevant reformation services to incarcerated Alaska Natives.

8 (d) Nothing in this section is intended to prevent the City of Whittier from issuing
9 bonds as permitted for municipalities under state law, including AS 29.47.390, to finance
10 construction of the facility. The bonds may be secured by and payable from revenues of the
11 facility, including those described in (c) of this section. Revenues of the facility are not
12 revenues of the City of Whittier for purposes of AS 29.47.390.

13 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 NOTICE OF THE ISSUANCE OF CERTIFICATES OF PARTICIPATION AND
16 OTHER FINANCING. (a) The state bond committee is authorized to provide for the
17 issuance of certificates of participation in one or more series in the aggregate principal
18 amount of \$4,000,000, plus costs of required reserves and costs of issuance, to pay for the
19 costs for expansion of municipal jails described in sec. 7 of this Act. The estimated total cost
20 of construction, acquisition, and equipping the projects is \$4,000,000, which shall be paid
21 from the proceeds of the certificates of participation issued under this section. The estimated
22 aggregate annual amount of rental obligations under the lease-financing agreements is
23 \$400,000. The total payments for the full term of the certificates of participation are
24 estimated to be \$6,000,000. In this subsection, "cost of construction" includes credit
25 enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial
26 advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings
27 used for lease payments, and other costs of issuance, and costs of required reserves.

28 (b) The state bond committee may contract for credit enhancement, underwriting,
29 credit ratings, bond counsel, financial advisor, printing, advertising fees, and trustee services
30 that the committee considers necessary in financing the projects described in sec. 7 of this
31 Act.

1 * **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to
4 receive \$2,000,000 of the proceeds of the certificates of participation authorized under sec. 6
5 of this Act, on condition that the municipality in which the project is located contributes a
6 matching share of at least \$1,500,000, to be used for the upgrade, expansion, or replacement
7 of the jail facilities:

#2

8 (1) Dillingham Community Jail in the Municipality of Dillingham to replace
9 the existing 8-bed facility with a new 25-bed facility;

10 (2) Kodiak Community Jail in the Municipality of Kodiak to replace the
11 existing 16-bed facility with a new 22-bed facility.

12 (b) Subject to appropriation, the Department of Corrections is authorized to pay the
13 annual operating costs associated with the addition of new beds at the municipal jail facilities
14 to the municipalities listed in (a) of this section. The anticipated annual operating costs for
15 the new beds authorized in (a) of this section are:

16 (1) Dillingham Community Jail - \$750,000 (17 new beds);

17 (2) Kodiak Community Jail - \$188,000 (6 new beds).

18 * **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 APPROVAL. This Act constitutes the notice and approval of the projects described in
21 sec. 6 of this Act required by AS 36.30.085.

22 * **Sec. 9.** Sections 1 - 3, ch. 32, SLA 2001, are repealed.

23 * **Sec. 10.** This Act takes effect July 1, 2004.



Alaska State Senate

Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 27 April 2004 TIME: 6:35 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 5

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Work draft Please
CS SB 65 (FIN) 23-LS0392/C
Luckhaupt 4/26/04

Plus 3 amendments: #2, #3, #5
attached

Call if any questions
6:45pm called Lynn to
request CS by 8:00am 4/28
Thx Mindy

split into ~~Failed~~ 6A & 6B

SENATE FINANCE COMMITTEE

Amendment Number: #10

Bill Number: SB 65

Sponsor: B. Stevens Date: 4/27/04

Logged In By: Mindy

6A FAILED

AMENDMENT #

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: CS for SB 65 version 23-LS0392\C

Sponsored by Sen. Ben Stevens

On Page 5, lines 13-17, delete all material and insert:

6A

"MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to receive \$3,000,000 of the proceeds of certificates of participation authorized under sec. 3 of this Act, on the condition that the municipality, in which the project is located, provides all funds over this amount needed for the upgrade, expansion or replacement of the jail facilities"

6B

Page 5, line 21, is amended to read:

existing 16-bed facility with a new facility up to 22 beds.

SENATE FINANCE COMMITTEE
4/27/2005 COMMITTEE ACTION

Bill Number	SB 65		
Amendment	6A		
Motion	to adopt		
<u>Motion by</u>	Stevens		
<u>Objection by</u>			
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Dyson			✓
Senator Hoffman			✓
Senator Olson			✓
Senator Stevens	✓		
Senator Bunde			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	FAILED		

LOB
FAILED

SENATE FINANCE
COMMITTEE

Amendment Number: #10
Bill Number: SB 65
Sponsor: B. Stevens Date: 4/27/04
Logged In By: Mindy

AMENDMENT #

OFFERED IN THE SENATE FINANCE COMMITTEE

TO: CS for SB 65 version 23-LS0392\C

Sponsored by
Sen. Ben Stevens

On Page 5, lines 13-17, delete all material and insert:

#6A

"MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to receive \$3,000,000 of the proceeds of certificates of participation authorized under sec. 3 of this Act, on the condition that the municipality, in which the project is located, provides all funds over this amount needed for the upgrade, expansion or replacement of the jail facilities"

#6B

Page 5, line 21, is amended to read:

existing 16-bed facility with a new facility up to 22 beds.

SENATE FINANCE COMMITTEE
4 12712003 COMMITTEE ACTION

Bill Number	SB 65		
Amendment	LeB		
Motion	to adopt		
<u>Motion by</u>	Steven		
<u>Objection by</u>	Green		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Hoffman			✓
Senator Olson	✓		✓
Senator Stevens	✓		
Senator Bunde	✓		
Senator Dyson			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	FAILED		

1 aggregate annual amount of rental obligations under the lease-financing agreements is
2 \$400,000. The total payments for the full term of the certificates of participation are
3 estimated to be \$6,000,000. In this subsection, "cost of construction" includes credit
4 enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial
5 advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings
6 used for lease payments, and other costs of issuance, and costs of required reserves.

7 (b) The state bond committee may contract for credit enhancement, underwriting,
8 credit ratings, bond counsel, financial advisor, printing, advertising fees, and trustee services
9 that the committee considers necessary in financing the projects described in sec. 4 of this
10 Act.

11 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 MUNICIPAL JAIL FACILITIES. (a) Each of the following projects is approved to
14 receive \$1,500,000 of the proceeds of the certificates of participation authorized under sec. 3
15 of this Act, on condition that the municipality in which the project is located contributes a
16 matching share of at least \$1,500,000, to be used for the upgrade, expansion, or replacement
17 of the jail facilities:

18 (1) Dillingham Community Jail in the Municipality of Dillingham to replace
19 the existing 8-bed facility with a new ~~25-bed~~ facility; of up to 25 beds

20 (2) Kodiak Community Jail in the Municipality of Kodiak to replace the
21 existing 16-bed facility with a new ~~22-bed~~ facility. of up to 22 beds

22 (b) Subject to appropriation, the Department of Corrections is authorized to pay the
23 annual operating costs associated with the addition of new beds at the municipal jail facilities
24 to the municipalities listed in (a) of this section. The anticipated annual operating costs for
25 the new beds authorized in (a) of this section are:

26 (1) Dillingham Community Jail - \$750,000 (17 new beds);

27 (2) Kodiak Community Jail - \$188,000 (6 new beds).

28 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 APPROVAL. This Act constitutes the notice and approval of the projects described in
31 sec. 3 of this Act required by AS 36.30.085.

SENATE FINANCE COMMITTEE
4 / 27 / 2003 COMMITTEE ACTION

Bill Number	SB 65		
Amendment	A #6B		
Motion	amend		
<u>Motion by</u>	Stevens Hoffman		
<u>Objection by</u>	Wilken		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	Vote	N
Senator Stevens	✓		
Senator Bunde			✓
Senator Dyson			✓
Senator Hoffman	✓		
Senator Olson	—		—
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	FAILED		

SENATE FINANCE
COMMITTEE

Not offered

Amendment Number: #4

Bill Number: SB 65

23-LS0392\C.2

Sponsor: Green Date: 4/27/04

Luckhaupt

Logged In By: Mindu

4/27/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 65(), Draft Version "C"

- 1 Page 1, line 3:
- 2 Delete "and"
- 3
- 4 Page 1, line 4, following "Anchorage":
- 5 Insert ", and Seward"
- 6
- 7 Page 2, line 14, following "beds":
- 8 Insert ";
- 9 (5) Seward - expansion of existing facility by up to 350 beds"
- 10
- 11 Page 2, line 18:
- 12 Delete "and (4)"
- 13 Insert "(4), and (5)"
- 14
- 15 Page 2, line 30:
- 16 Delete "and Anchorage"
- 17 Insert ", Anchorage, and Seward"

Superseded
by Amend #3
(adopted)

SENATE FINANCE
COMMITTEE
Amendment Number: #1
Bill Number: SB 65
Sponsor: Green Date: 4/11/03
Logged In By: Cindy

ADOPTED

23-LS0392\S.1
Luckhaupt
4/11/03

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR GREEN

TO: CSSB 65(), Draft Version "S"

1 Page 2, line 19:

2 Delete "\$14,600"

3 In "....."

Sheila doesn't know whether
this bill will report out
today -

Amend #1 adopted last year
is not incorporated into
new CS - ~~Kranz is looking~~
~~into whether it needs~~
~~to be~~ → should be

Sen. Green will offer
technical amendment to
make change to incorporate
amend #1

→ Amend #3 incorporates #1

SENATE FINANCE COMMITTEE
4/16/2003 COMMITTEE ACTION

Bill Number	#1 SB65		
Amendment			
Motion	adopt		
<u>Motion by</u>	Green		
<u>Objection by</u>	Wilken		
<u>Rcmoved</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Hoffman			
Senator Olson			
Senator Stevens			
Senator Taylor			
Senator Bunde			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	Pass		

adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

23-LS0392\S
Luckhaupt
3/27/03

CS FOR SENATE BILL NO. 65()

Sen. C. Green

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION**

*"5" is a
little change*

BY

**Offered:
Referred:**

Sponsor(s): SENATORS GREEN, Therriault, Seekins, Guess, Hoffman, Ellis, French

A BILL

FOR AN ACT ENTITLED

1 **"An Act authorizing the Department of Corrections to enter into lease-purchase**
2 **agreements with municipalities for new or expanded public correctional facilities in the**
3 **Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the**
4 **Municipality of Anchorage."**

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

6 *** Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
7 to read:

8 **AUTHORIZATION TO ENTER INTO LEASE-PURCHASE AGREEMENTS WITH**
9 **MUNICIPALITIES FOR NEW OR EXPANDED CORRECTIONAL FACILITIES.** (a) To
10 relieve overcrowding of existing correctional facilities in the state and the extensive use of
11 out-of-state correctional facilities, the Department of Corrections, not later than July 1, 2006,
12 may enter into lease-purchase agreements with the following municipalities for new or
13 expanded correctional facilities:

14 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80

adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

23-LS0392AS
Luckhaupt
3/27/03

Sen. C. Green

CS FOR SENATE BILL NO. 65()

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

*"5" is a
title change*

BY

Offered:
Referred:

Sponsor(s): SENATORS GREEN, Therriault, Seekins, Guess, Hoffman, Ellis, French

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the Department of Corrections to enter into lease-purchase
2 agreements with municipalities for new or expanded public correctional facilities in the
3 Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the
4 Municipality of Anchorage."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 * Section 1. The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 AUTHORIZATION TO ENTER INTO LEASE-PURCHASE AGREEMENTS WITH
9 MUNICIPALITIES FOR NEW OR EXPANDED CORRECTIONAL FACILITIES. (a) To
10 relieve overcrowding of existing correctional facilities in the state and the extensive use of
11 out-of-state correctional facilities, the Department of Corrections, not later than July 1, 2006,
12 may enter into lease-purchase agreements with the following municipalities for new or
13 expanded correctional facilities:

14 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80

1 beds;

2 (2) Matanuska-Susitna Borough - construction of new public facility with up
3 to 1,250 beds;

4 (3) Bethel - expansion of existing facility by up to 120 beds;

5 (4) Municipality of Anchorage - expansion of Anchorage Jail by up to 200
6 beds.

7 (b) The authorizations given by (a) of this section are subject to the following
8 conditions:

9 (1) the average capital cost for all beds may not exceed \$135,000 a bed for
10 (a)(1) and (4) of this section, \$110,000 a bed for (a)(2) of this section, and \$155,000 a bed for
11 (a)(3) of this section, adjusted for inflation each year at a rate equal to the percentage increase
12 in the Consumer Price Index for urban wage earners and clerical workers for Anchorage,
13 Alaska, during the previous calendar year as determined by the Bureau of Labor Statistics,
14 United States Department of Labor;

15 (2) if construction of a new facility is authorized, the municipality shall
16 initially own the facility, and the state shall enter into a long-term lease-purchase not to
17 exceed 25 years with the municipality to operate the facility and to receive ownership of the
18 facility at the end of the lease; the annual lease payment for a new facility may not exceed
19 \$14,600 a bed;

20 (3) if expansion of an existing facility is authorized, the state shall initially
21 enter into a joint ownership agreement with the municipality of the expanded facility, enter
22 into a long-term lease-purchase not to exceed 25 years of the municipality's interest in the
23 facility, operate the facility, and receive ownership of the facility at the end of the lease;
24 payments under the lease may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a
25 bed for the Fairbanks and Anchorage facilities;

26 (4) the lease-purchase agreement must contain terms providing that the
27 commissioner of corrections may terminate for cause any contract for operating the facility.

28 (c) The authorization given by (a)(4) of this section is subject to the following
29 condition: expansion of the facility may only occur if the expansion is funded by up to
30 \$30,000,000 in federal receipts.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB65-DOC-04-26-04
Publish Date: _____

DRAFT

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

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						
----------------------	--	--	--	--	--	--

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

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	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

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, Seward and Anchorage 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 4/28/04 8:40 AM
Approved by: Portia C.K. Parker, Deputy Commissioner Date 4/28/2004
Agency Department of Corrections

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. CSSB65-DOC-04-26-04

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 and Mat-Su facilities not to exceed \$135,000 per bed, and cost of annual lease payments not to exceed \$14,600 per bed. For the Bethel facility, costs of construction not to exceed \$155,000 per bed, and cost of annual lease 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

DRAFT

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.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

DRAFT

Fiscal Note Number: _____
 Bill Version: CSSB65-DOC-04-26-04
 () Publish Date: _____

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	2,015.6	13,380.6	22,604.2	23,305.8
Travel	7.0	8.0	140.7	221.8	301.8	301.8
Contractual	5.0	5.0	1,672.0	688.4	(300.2)	(300.2)
Supplies	6.0	7.0	929.0	2,486.1	4,041.7	4,041.7
Equipment	7.0	0.0	16.1	16.1	16.1	16.1
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	85.8	442.8	799.7	799.7
Miscellaneous	0.0	0.0	2,929.0	15,627.0	13,101.0	13,101.0
TOTAL OPERATING	260.0	263.2	7,788.2	32,862.8	40,564.3	41,265.9

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

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

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	260.0	263.2	7,788.2	32,862.8	40,564.3	41,265.9
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	7,788.2	32,862.8	40,564.3	41,265.9

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

Full-time	3	3	27	311	311	311
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 and Anchorage for up to a total of 1,600 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 \$40,564,300 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 \$27,789,300.

(continued on page 2 of 2).

Prepared by: Jerry D. Burnett, Director
 Division Administrative Services
 Approved by: Portia C.K. Parker, Deputy Commissioner
 Agency Department of Corrections

Phone (907) 465-3339
 Date/Time 4/27/04 8:34 AM
 Date 4/27/2004

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

DRAFT

BILL NO. CSSB65-DOC-04-26-04

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 and Mat-Su facilities not to exceed \$135,000 per bed, and cost of annual lease payments not to exceed \$14,600 per bed. For the Bethel facility, costs of construction not to exceed \$155,000 per bed, and cost of annual lease 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*

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 1,600 new prisoner beds in Alaska is based on about 5 prisoners per 1 staff. Thus, 311 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.

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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 at least 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 (\$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.

CSSB 65 Version E Project Cost Comparison

	Total Capital Costs	Annual Capital Costs (lease debt service)	Additional positions	Annual Operating Costs	Total Annual Costs
Fairbanks 80 Bed Expansion	\$10,800.0	\$1,076.0	11	\$1,329.2	\$2,405.2
Bethel 120 Bed Expansion	\$18,600.0	\$1,853.0	11	\$2,222.9	\$4,075.9
Seward 144 Bed Expansion	\$10,800.0	\$1,076.0	16	\$1,942.1	\$3,018.1
1200 Bed Facility *	\$137,166.0	\$10,172.0	286	\$37,745.1	\$47,917.1
2251 Bed Facility**	\$204,712.7	\$15,261.2	450	\$49,390.1	\$64,651.3
Kodiak Jail 22 Bed Facility (6 bed expansion)	\$2,000.0	\$149.1		\$188.0	\$337.1
Dillingham Jail 25 Bed Facility (17 bed expansion)	\$2,000.0	\$149.1		\$750.0	\$899.1

*Public or Private Option, Private Option would not go forward unless it was shown to be less costly.

**Public or Private Option, 2251 bed option would be built if savings from other facility closures and/or contract reductions make total cost to state less than 1,200 bed option.

*** 3 positions (not included in counts above) are shown in the fiscal note for facility planning activities for all projects.

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SENATOR LYDA GREEN
SENATE DISTRICT G

CSSB 65(FIN) SPONSOR STATEMENT

"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; relating to the development and financing of privately operated correctional facility space and services; authorizing the Department of Corrections to enter into an agreement for the confinement and care of prisoners in privately operated correctional facility space with the City of Whittier if the state cannot provide those services 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 conversations 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) SUPPORTING MATERIAL

The State of Alaska suffers from serious overcrowding in our prison facilities. There has been a 120% population increase in inmates in the last 20 years and this number will continue to increase. 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 conversations 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, guarantees open and fair competition and creates a level playing field between the public and private sectors. It 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.

Section 1. Authorizes the Department of Corrections to enter into agreements with the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel and the Municipality of Anchorage for new or expanded correctional facilities. This section provides a date certain by which agreements must be made, sets a maximum capital cost and provides the term length and maximum payments for the lease arrangement. Further it requires that the Commissioner of Corrections retain the authority to terminate the contract for cause.

Section 2 Authorizes the Department of Corrections to enter into an agreement for correctional facility space and services with a third-party contractor. This section provides a date certain by which agreements must be made, requires a feasibility study to determine whether the state can provide these services for the same or less cost than a third-party operator, and provides the term length for the agreement. This section requires a competitive bid process, mandates adherence to the state procurement procedures for land, design, construction, and operation, and approval of the facility design by the Commissioner of Corrections prior to entering into an agreement. This section also sets the size parameters and payment terms for the facility, and requires culturally relevant information services to incarcerated Alaska Natives. The Commissioner of Corrections retains authority to terminate the contract.

Section 3 Authorizes the state bond committee to issue certificates of participation and other financing for cost of construction and annual rental obligations of municipal jail facilities.

Section 4 Approves municipal jail facilities to receive proceeds of the certificates of participation authorized under sec. 3 if the municipality is able to provide their share of the matching funds 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 5 Provides notice and approval of the projects described in sec. 3

Section 6 repeals existing statute.

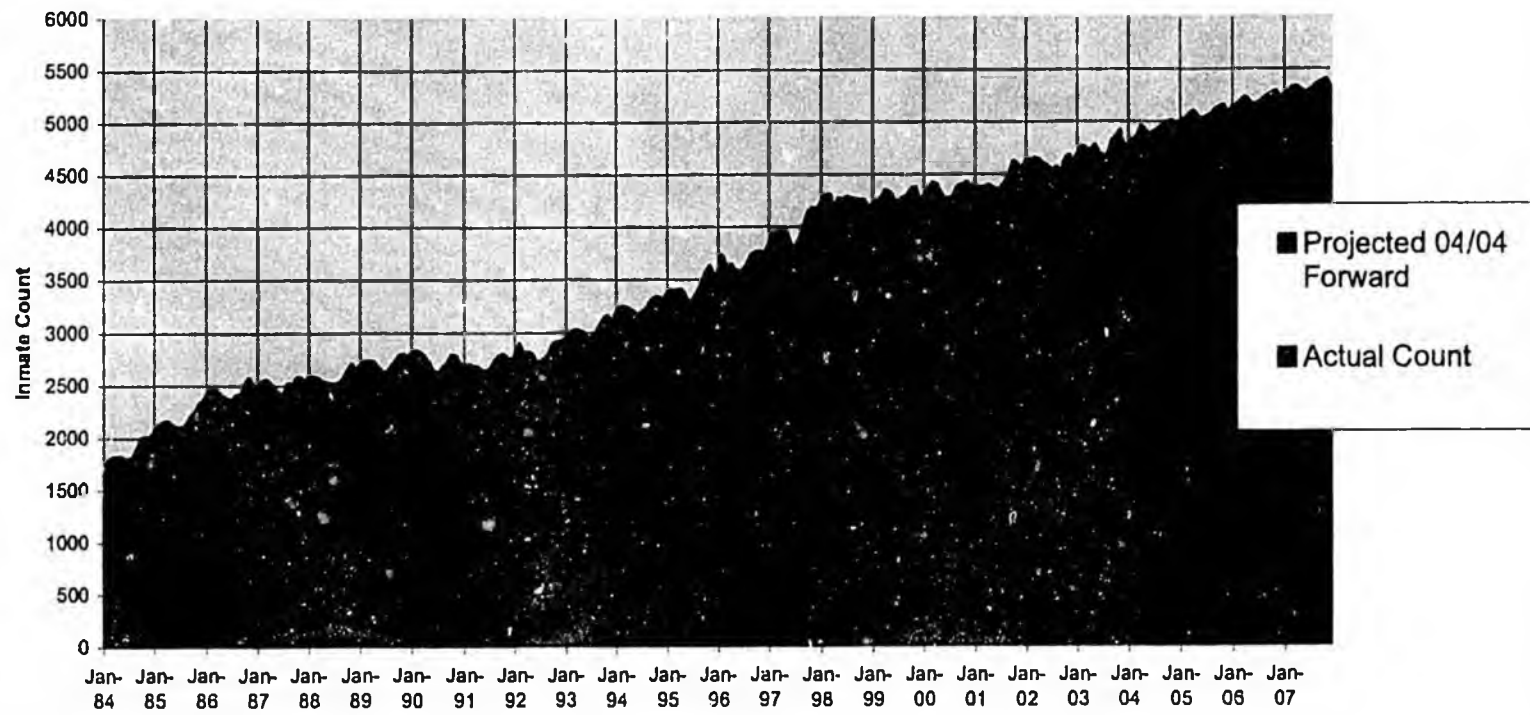
Section 7 provides an effective date of July 1, 2004.

This is greatly needed legislation to solve a very real problem facing our state. I ask for your support in this endeavor.

Prison Cost Summary
(DRAFT for Discussion Purposes only)

	Total Capital Costs	Annual Capital Costs	Annual Operating Costs	Total Annual Costs
Fairbanks 80 Bed Expansion	\$10,800.0	\$1,076.0	\$1,329.2	\$2,405.2
Bethel 120 Bed Expansion	\$18,600.0	\$1,853.0	\$2,222.9	\$4,075.9
1200 Bed Facility	\$137,166.0	\$10,172.0	\$37,745.1	\$47,917.1
2251 Bed Facility	\$204,712.7	\$15,261.2	\$49,390.1	\$64,651.3
New proposal for CS for SB65:				
Kodiak Jail 22 Bed Expansion	\$2,000.0	\$149.1	\$188.0	\$337.1
Dillingham Jail 25 Bed Expansion	\$2,000.0	\$149.1	\$750.0	\$899.1

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	5137	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

Instate Inmate Count -- Alaska Department of Corrections --April-2004

	416	104	403	211	233	58	170	85	78	214	176	112	486	255	113	92	Emer Cap		3206
	388	102	397	200	225	52	164	82	78	207	176	112	466	249	112	88	Max Cap		3098
Day	AJ	AMCC	CIPT	FCC	HMCC	KCC	LCCC	MSPT	MCCC	PCC Mod	PCC Min	PT Mac	SCCC	WCC	WV	YKCC	Emer Cap	Totals	%
1	394	118	394	199	238	58	167	92	77	220	176	93	498	247	108	132	3206	3211	100%
2	396	119	387	200	235	60	166	98	75	223	176	93	496	247	108	136	3206	3213	100%
3	406	113	385	194	231	59	165	98	78	202	176	93	496	247	108	132	3206	3181	99%
4	418	116	404	201	231	62	167	98	77	210	176	93	496	245	106	118	3206	3218	100%
5	411	123	405	199	229	62	166	102	77	214	176	93	495	247	107	124	3206	3230	101%
6	398	122	411	206	225	59	172	102	77	215	176	93	495	248	108	117	3206	3224	101%
7	397	126	404	201	223	61	165	98	76	209	176	98	494	246	114	113	3206	3201	100%
8	416	129	402	202	220	63	170	95	76	207	175	98	493	248	107	114	3206	3215	100%
9	404	131	396	211	219	62	164	100	76	198	176	98	493	246	108	111	3206	3203	100%
10	409	131	405	214	220	62	164	90	78	207	176	103	493	246	108	112	3206	3218	100%
11	412	128	410	215	220	64	164	88	78	207	178	103	493	240	107	115	3206	3222	100%
12	415	129	409	210	216	66	164	93	78	216	176	103	493	238	115	114	3206	3235	101%
13	397	130	414	212	219	65	164	95	76	214	175	103	491	240	114	104	3206	3213	100%
14	406	114	409	204	216	65	167	91	77	216	176	103	491	243	115	105	3206	3198	100%
15	403	110	414	205	217	61	172	91	78	216	176	103	491	243	109	103	3206	3192	100%
16	424	104	405	206	215	66	169	87	77	223	176	103	489	244	110	102	3206	3200	100%
17	419	108	409	207	214	62	169	85	76	218	176	105	487	243	110	104	3206	3190	100%
18	404	108	413	218	213	59	165	93	78	221	176	105	487	243	106	113	3206	3203	100%
19	411	106	412	222	212	60	158	84	78	221	175	105	485	243	103	114	3206	3199	100%
20	423	106	406	218	217	60	157	84	78	219	176	103	485	242	107	111	3206	3202	100%
21	418	108	408	215	214	63	161	93	78	221	176	103	484	241	106	111	3206	3200	100%
22	398	106	403	214	218	61	162	93	78	218	176	103	482	239	112	112	3206	3175	99%
23	403	106	400	214	214	61	162	90	78	212	176	105	482	236	110	115	3206	3165	99%
24	410	103	397	215	213	60	167	86	77	221	176	104	481	237	105	109	3206	3161	99%
25	417	103	403	226	217	61	163	89	77	220	175	104	481	236	103	104	3206	3179	99%
26	414	102	408	221	214	62	160	93	77	217	174	104	481	235	103	106	3206	3171	99%
27																	3206	0	0%
28																	3206	0	0%
29																	3206	0	0%
30																	3206	0	0%
31																	3206	0	0%
Avg	408.58	115.35	404.35	209.82	220	61.692	165	93.231	77.154	214.73	175.81	100.54	489.69	242.77	108.35	113.5	3206	3200	100%
10 dy	0	0	1	9	0	25	0	9	0	3	0	0	0	0	0	54			
30.00	33	70	41	59	44	80	33	81	1	43	1	0	58	6	35	90			

Community Residential Program - Treatment Beds							April 26, 2004			
							Safe			
	G.H.S.	Clithron	Akeela	FCAOA	YKHC	Harbor	Manilaq			
Total Contract Beds							1/2/2004			
	2	13	5	4	1	1	1	Allotted:	27	
Institutional Beds										
Beds Assigned		11	5	3	1	1	1	Allotted:	22	
Furlough	0	1	7	0	0	1	1	10		
Confined Misd	0	0	0	0	0	0	0	0		
Restitution	0	0	0	0	0	0	0	0		
Unsentenced	0	0	0	2	0	0	0	2		
3rd Party	0	0	0	0	0	1	0	1		
Total Filled	0	1	7	2	0	2	1	Filled:	13	
Field Beds										
Beds Assigned	2	2		1				Allotted:	5	
Probation	1	9	0	3	7	1	0	21		
Parole	0	1	0	0	0	0	0	1		
Total Filled	1	10	0	3	7	1	0	Filled:	22	
JAIL ALTERNATIVE SERVICES										
Jail Alt. Serv.	0	0	0	0	0	0	0	Total	0	
TOTAL TREATMENT BEDS										
Total Filled	1	11	7	5	7	3	1	Total Filled:	35	

Community Residential Center Beds April 26, 2004											
	Cordova	Parkview	Midtown	Glennwd	N.S.	Tundra	Glacier	Aulla	Seaside		
Total Contract Beds											
	140*27=167	85*17=112	27*5*32	74*14=86	81*6*21=122	72*13*85	64*11*75	4*2*6	41*7*48		608(735)
Institutional Beds											
Assigned	150	95	27	62	69	65	65	4	28	Abolled	565
Furlough	56	68	0	24	42	11	42	5	11	259	
Conf Msd	43	35	30	3	19	17	0	0	30	177	
Restitution	3	4	0	1	5	0	3	0	2	18	
Unsent	31	0	0	5	10	35	0	0	2	83	
3rd Party	17	0	0	4	0	15	0	0	1	37	
Filled Beds	150	107	30	37	76	78	45	5	46	Filled	574
Field Beds											
Assigned	0	0	0	14	15	10	10	0	6	Abolled	55
Probation	0	0	0	11	15	5	16	1	0	48	
Parole	0	0	0	39	6	1	14	0	0	59	
Filled Beds	0	0	0	49	21	6	30	1	0	Filled	107
TOTAL CRC BEDS											
Total Filled:	150	107	30	86	97	84	75	6	46	Filled:	681
TOTAL CRC SUPERVISION-OSP											
		12*8=20		13*7=20	10		11*4=15			48*19=65	
Furlough	0	5	0	5	7	0	0	0	0	17	
Probation	0	0	0	0	1	0	0	0	0	1	
Parole	0	0	0	0	0	0	3	0	0	3	
TTL SUPV	0	5	0	5	8	0	3	0	0	Total	21
Trk. 1,2											
	0	0	0	4	0	0	3	0	0	Total	7
Summary											
					3171	INSTITUTIONAL					
					698	CADC					
					21	OTHER: OUT OF STATE					
					681	CRC					
					35	TREATMENT BEDS FILLED					
					21	CRC OFF SUP					
EM	EM	EM			160	EM					
Anchorage	Fairbanks	Ketchikan			0	INST TENTS					
135	20	5									
				Total	4767						

* Per Diem Slots

Department of Corrections

Daily Totals

Institution	MEN	MEN	WOMEN	WOMEN	TOTAL
	Sent.	Unsent	Sent.	Unsent	
Anchorage Jail	122	268	2	22	414
Anvil Mt. (Nome)	49	43	2	8	102
Cook Inlet PT	98	310	0	0	408
Fairbanks CC	54	142	6	19	221
Hiland Mt. CC	0	0	137	77	214
Ketchikan CC	28	26	2	6	62
Lemon Creek CC	116	34	6	4	160
MatSu Pre-Trial	6	78	1	8	93
Meadow Creek	77	0	0	0	77
Palmer Med. CC	195	22	0	0	217
Palmer Min. CC	174	0	0	0	174
Pt. Mac	101	3	0	0	104
Spring Creek CC	480	1	0	0	481
Wildwood CC	202	33	0	0	235
Wildwood PT	35	58	1	9	103
YKCC (Bethel)	18	84	0	4	106
Total	1755	1102	157	157	3,171
		Unsent		Sent.	
Total		1259		1912	3,171
		40%		60%	

ALASKA STATE LEGISLATURE



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SENATOR LYDA GREEN SENATE DISTRICT G

Sponsor Statement SB 65

The need for additional prison beds in Alaska has been recognized by the Legislature for a number of years. Currently, there are about 650 Alaskan prisoners being held in facilities outside of Alaska.

Senate Bill 65 provides legislative authorization for the expansion of state prisons by local governments. Under the provisions of SB 65, local governments would finance the construction of new prison facilities and additional beds at facilities currently owned by the state. The State of Alaska would then enter into long-term leases and operate the facilities as part of the state correctional system. This financing mechanism allows the state to acquire facilities with no up-front capital costs. It benefits both the state and local economies with construction jobs and long-term jobs in the facilities.

The need for additional prison beds in Alaska is virtually uncontested. However, the location of facilities, the method of financing the construction and who will operate the new facilities all raise issues. In 1998, the Legislature authorized the construction of a privately constructed and operated prison with a minimum of 800 beds in Delta Junction. The prison was not built. In 2001, the Legislature passed HB 149, which provided for construction of a minimum of 800 private prison beds on the Kenai Peninsula. Again, the prison was not built. I believe it is time to go in a new direction in order to finally address this chronic and increasing prison bed space problem.

SB 65 provides a long-term solution to Alaska's prison bed space problem. The proposed expansions to existing facilities in Bethel, Fairbanks and Anchorage (federal prisoner unit expansion) will provide relief to the most chronically overcrowded regional hubs. The new 1,200-bed facility will provide the most cost-effective in-state solution to bringing Alaska's prisoners home from Arizona, relieving prison bed overcrowding issues in other regions of the state, as well as providing additional bed space for the state's projected prisoner population increases.

I ask for your support and swift passage of SB 65.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 20, 2003

SUBJECT: Sectional Summary - SB 65

TO: Senator Lyda Green

FROM: Gerald P. Luckhaupt *GPL*
Legislative Counsel

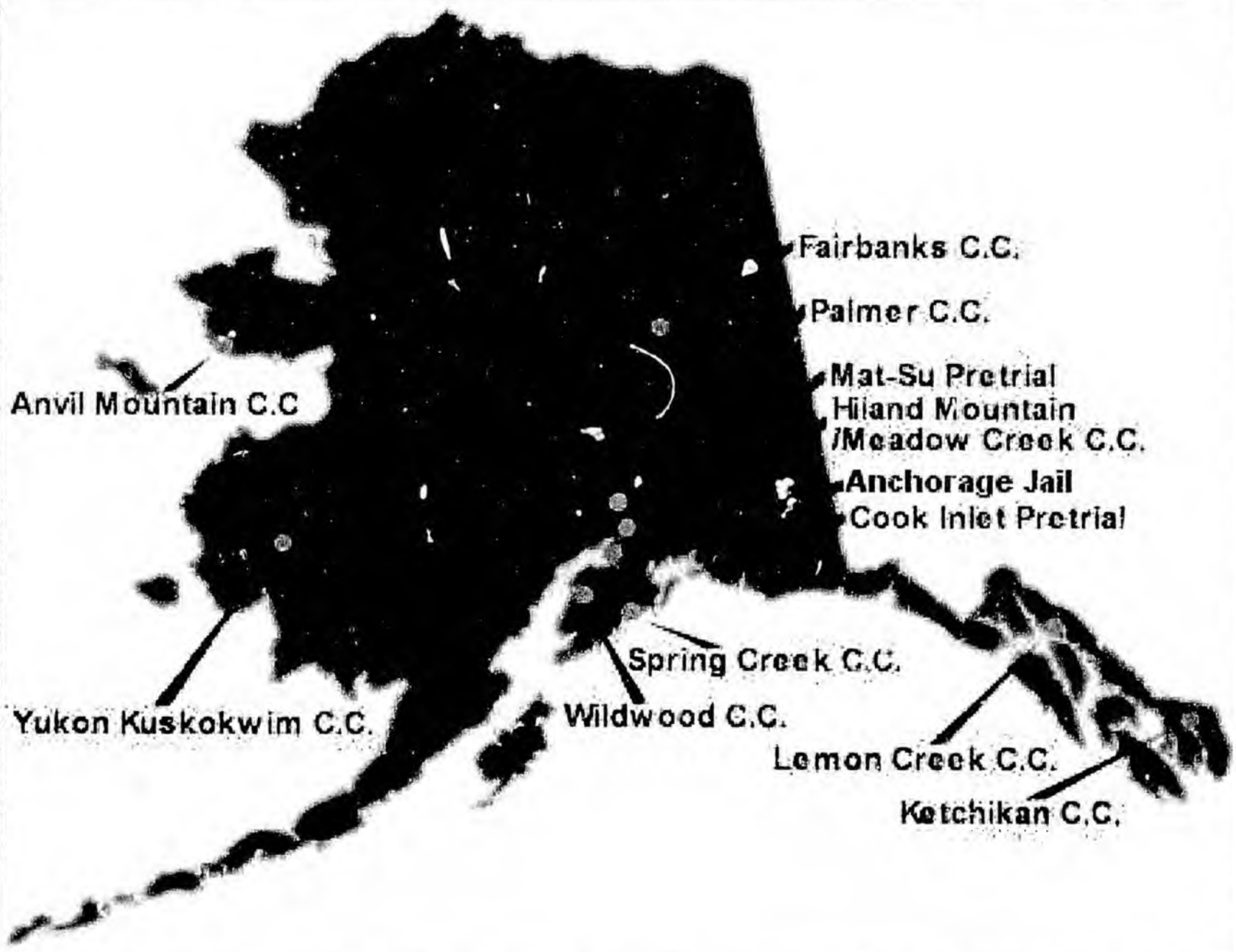
You have requested a sectional summary of the above-described bill. As a preliminary matter, please note that a sectional summary of a bill is not an authoritative interpretation of a bill - the bill itself is the best statement of its contents.

Section 1. Authorizes the Department of Corrections to enter into agreements with various municipalities for new or expanded correctional facilities and provides conditions on the authorization.

GPL:lmb
03-038.lmb

*Department
of
Corrections*





Fairbanks C.C.

Palmer C.C.

Mat-Su Pretrial

Hiland Mountain

Meadow Creek C.C.

Anchorage Jail

Cook Inlet Pretrial

Anvil Mountain C.C

Spring Creek C.C.

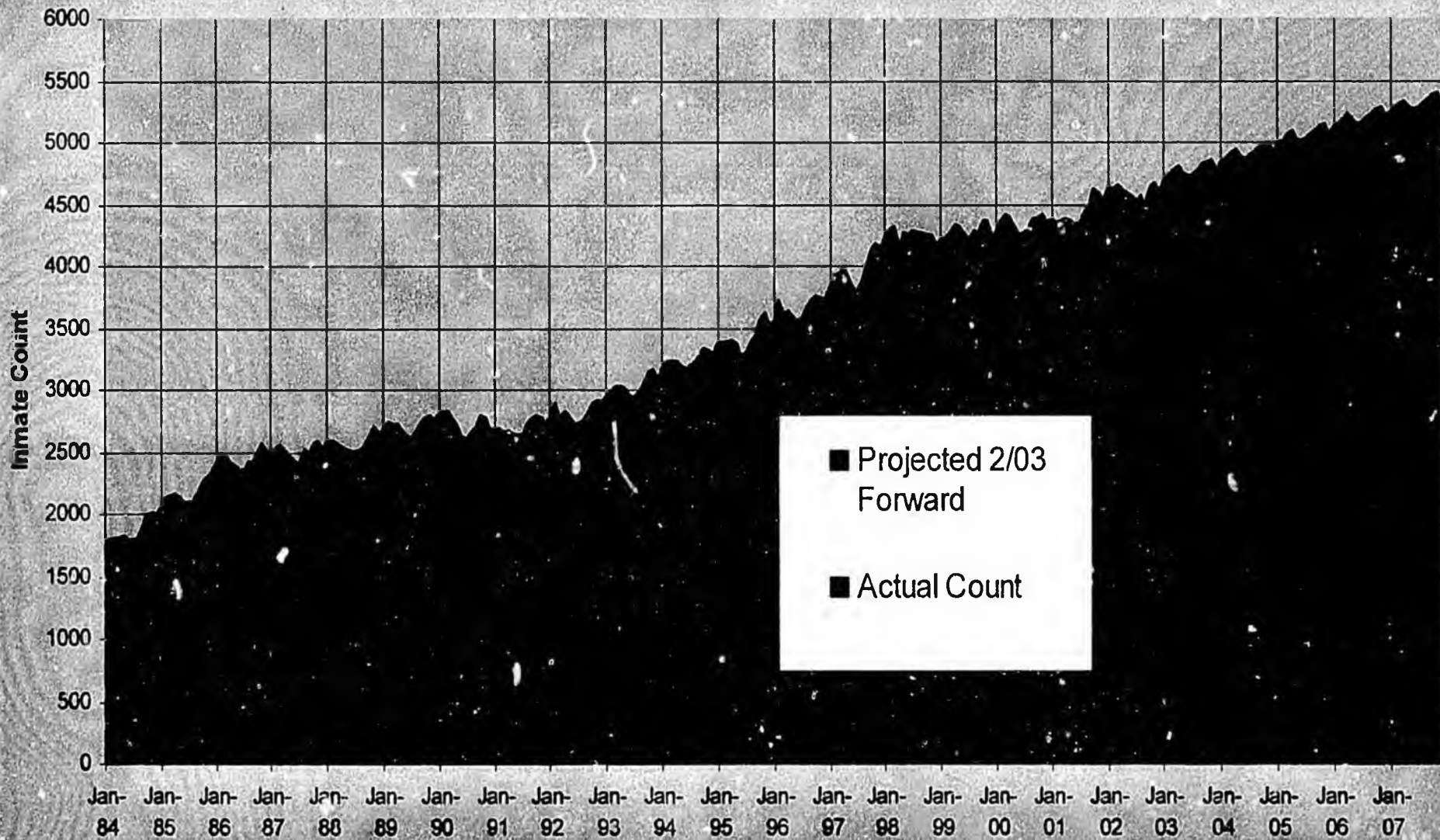
Wildwood C.C.

Lemon Creek C.C.

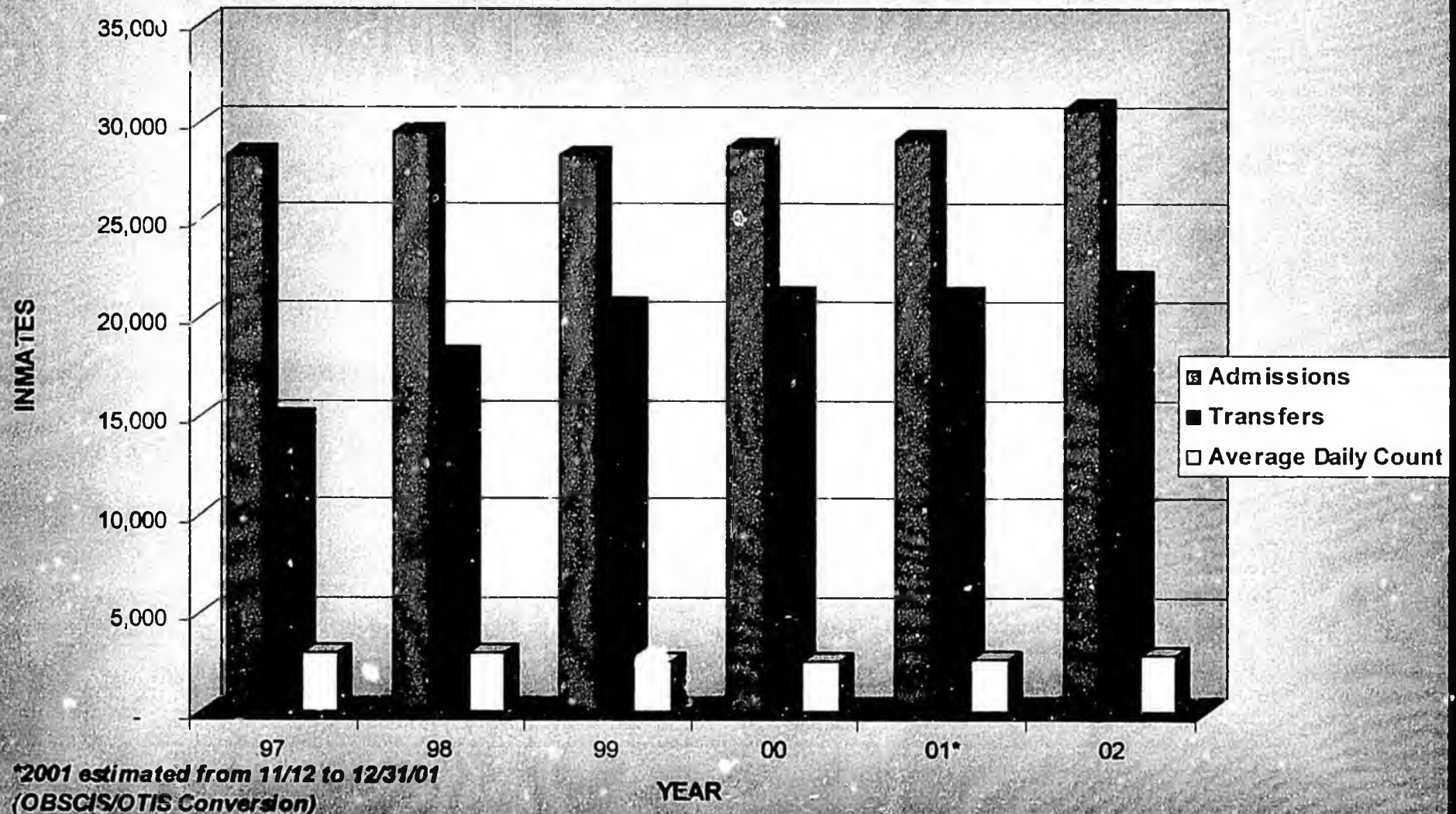
Ketchikan C.C.

Yukon Kuskokwim C.C.

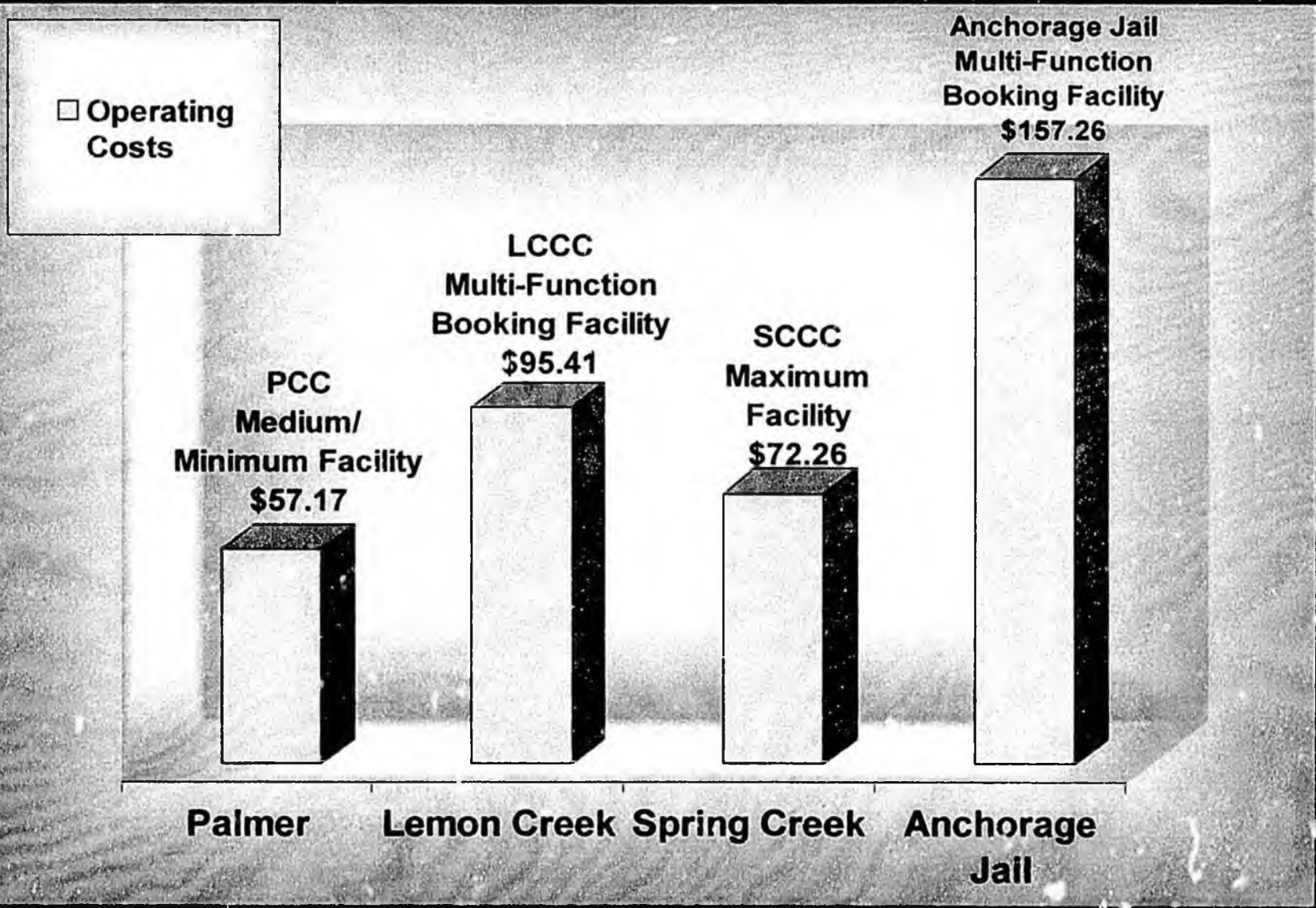
Inmate Population Statistics



Institution Activity 1997-2002



Comparison of Facilities with Varying Missions



General Specs

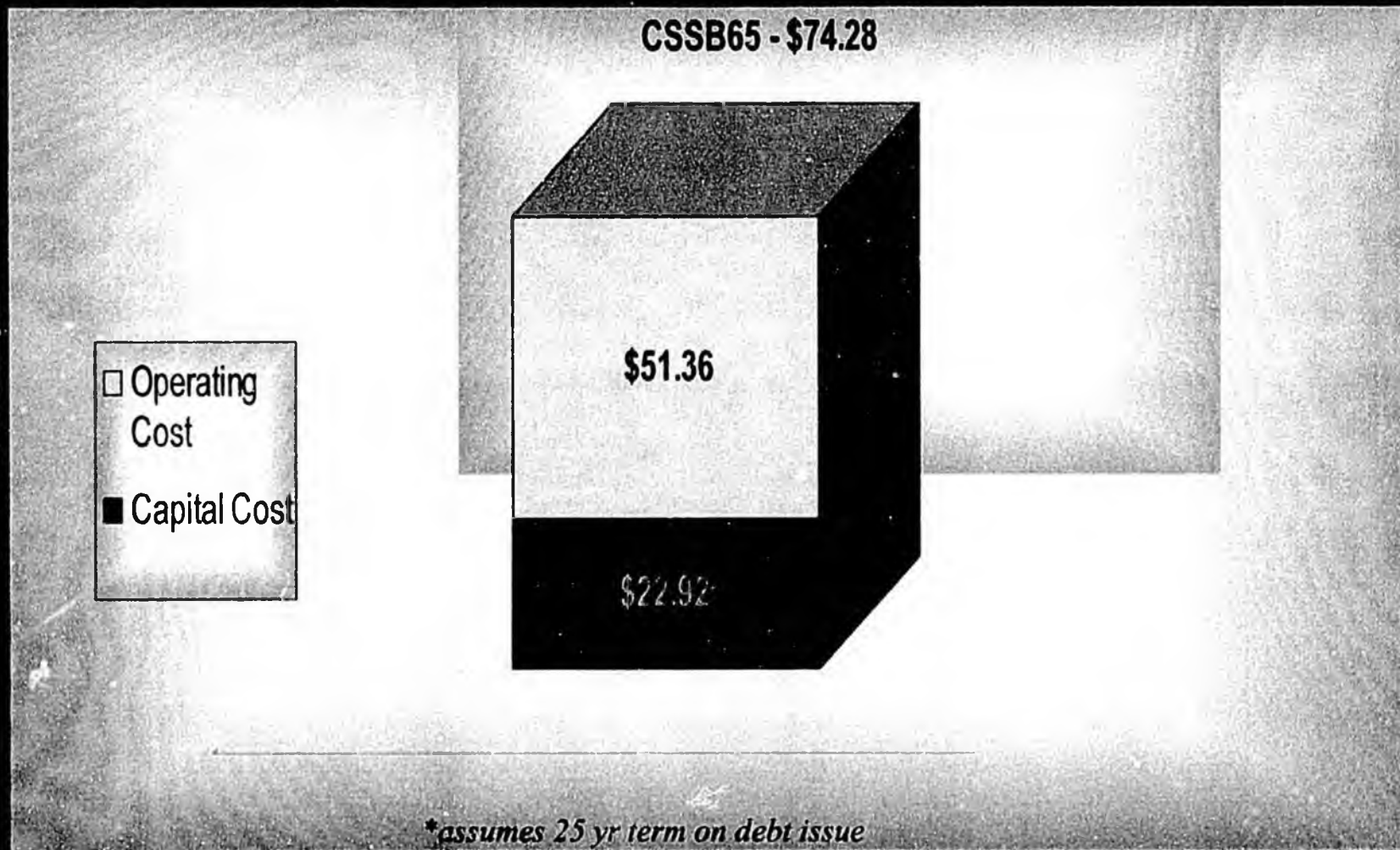
Draft CSSB65



- ★ 1250 beds
- ★ 1000 medium custody beds (est.)
- ★ 190 close custody beds (est.)
- ★ 60 maximum/segregation beds

Draft CSSB65

(daily operating & capital cost)



Draft CSSB65 Total Daily Cost

CSSB65
\$94.94



- Other Direct Cost
- Operating Cost
- Capital Cost

**assumes 25 yr term on debt issue*

Draft CSSB65 Estimated Construction Costs

- ★ Up to \$110,000 construction cost per bed
- ★ Up to \$132m construction cost
- ★ Estimated annual lease payment per bed = \$8,364

★ (25 year, 5.5% interest)



Estimated Debt Service

4.75% interest (Dept. of Revenue)

TERM	ANNUAL PER BED COST	DAILY PER BED COST
15 years	\$ 10,627.71	\$ 29.12

5.5% interest (AIDEA)

TERM	ANNUAL PER BED COST	DAILY PER BED COST
25 years	\$ 8,364.44	\$ 22.92
20 years	\$ 9,388.82	\$ 25.72
15 years	\$ 11,177.99	\$ 30.62



Bethel Expansion

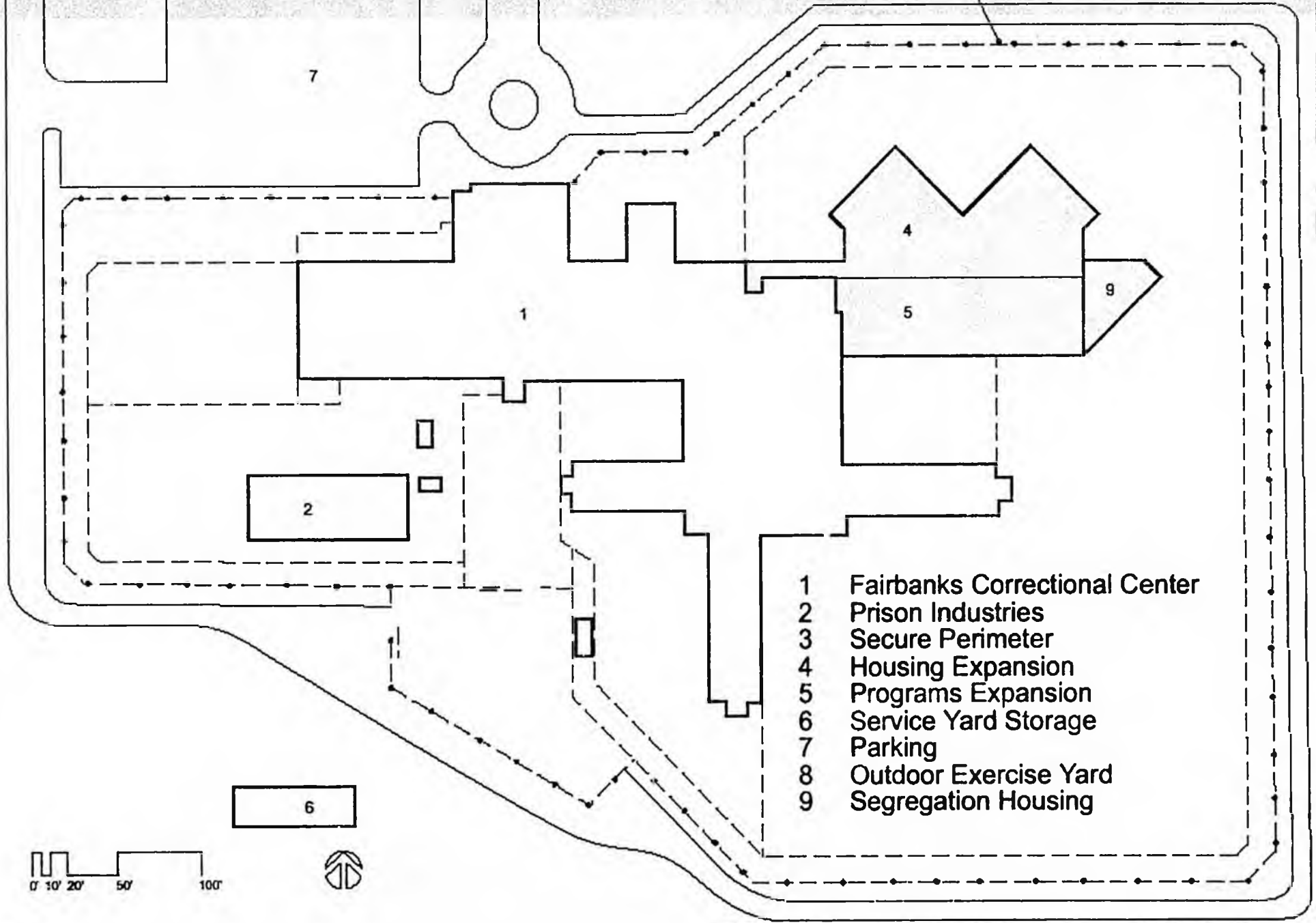
- ★ Yukon-Kuskokwim Correctional Center would be expanded by 120-beds
- ★ Bethel serves as a regional hub
- ★ 60,000 people in the area
- ★ There is a Superior Court in Bethel
- ★ The facility is currently at capacity or overcrowded 95% of the time and 90% of the population is pre-trial. Corrections and Public Safety have to transport prisoners out of the facility frequently to make room for in-coming pre-trial prisoners
- ★ Reduce the need for transports
- ★ Staffing: 11 staff (2 security posts @ 5.5 for a total of 11)



Fairbanks Expansion

- ★ Fairbanks Correctional Center would be expanded by 80 beds
- ★ Fairbanks serves as a regional hub for the area and points north
- ★ 90% of the population is pre-trial
- ★ Large numbers of prisoners have to be transported out of Fairbanks to make room for in-coming prisoners
- ★ Staffing: 11 staff (2 security posts @ 5.5 for a total of 11)

Fairbanks Correctional Center



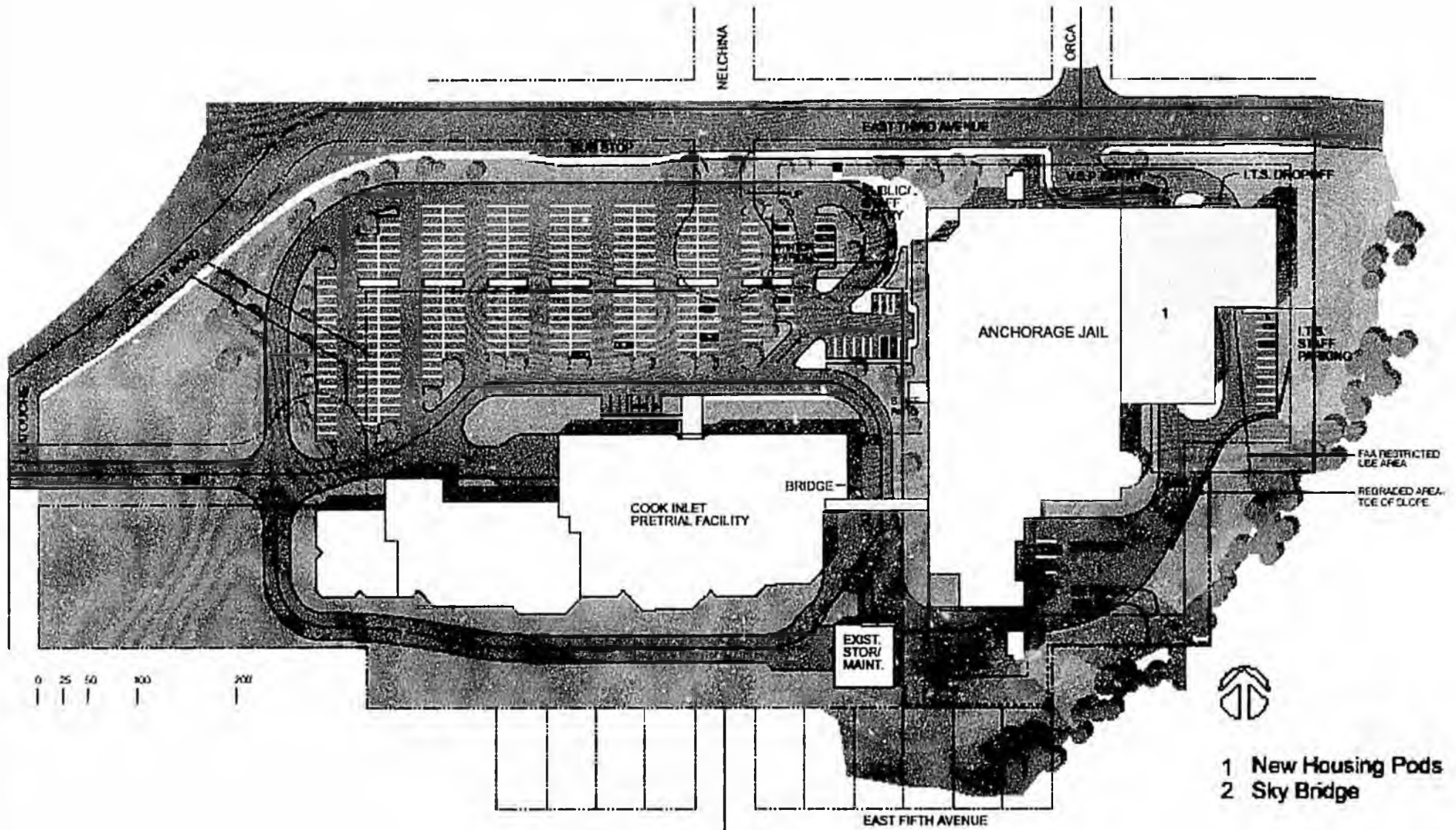
- 1 Fairbanks Correctional Center
- 2 Prison Industries
- 3 Secure Perimeter
- 4 Housing Expansion
- 5 Programs Expansion
- 6 Service Yard Storage
- 7 Parking
- 8 Outdoor Exercise Yard
- 9 Segregation Housing



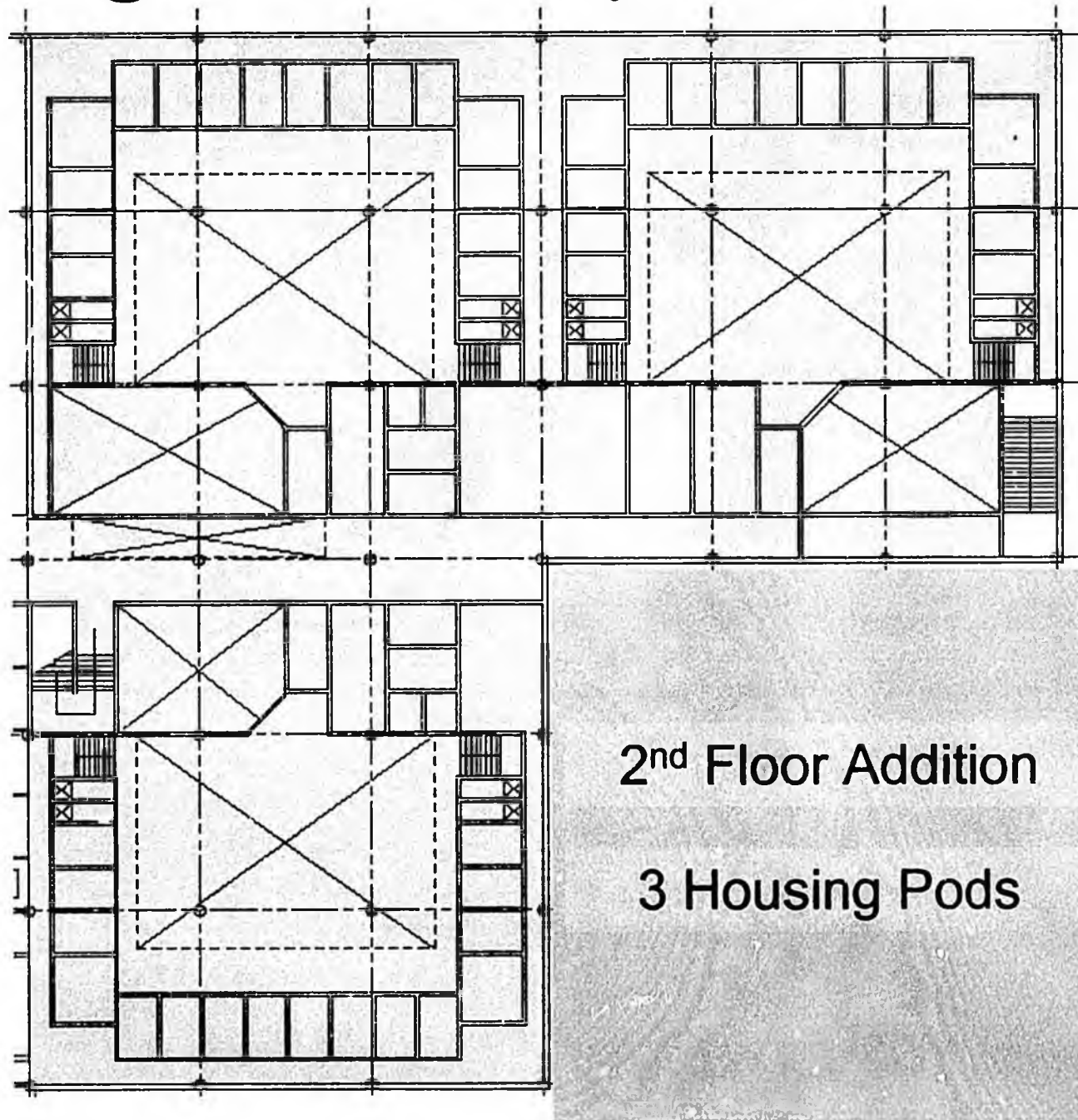
Anchorage Expansion

- ★ **U.S. Marshals Service - contract with DOC to house federal detainees. That contract is met or exceeded at all times currently.**
- ★ **The Marshals are expanding operations in Alaska.**
 - ★ primarily in Anchorage and Juneau
 - ★ need the additional capacity throughout the system to house the prisoners this increased law enforcement activity will produce.
- ★ **The expansion of the Anchorage Jail of 200-beds will meet those increased needs. The project will be paid for with federal funds.**
- ★ **Staffing: will be paid for through added receipt authority to receive additional federal billing.**

Anchorage Jail



Anchorage Jail Expansion Detail



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

Prepared for the

Matanuska-Susitna Borough

March 2003

Prepared by

northernconomics inc.

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Provided by Sen Green

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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 over-reliance on 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	\$63.41
Total Value Added (\$ Millions)	\$60.02	\$3.88	\$3.47	\$13.76	\$81.13
Local/State Revenues (\$ Millions)	\$4.07	\$0.26	\$0.23	\$0.93	\$5.49

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	\$68.73
Employment (# of Jobs)	596	42	52	98	788
Labor Income (\$ Millions)	\$14.88	\$1.15	\$1.25	\$2.98	\$20.26
Total Value Added (\$ Millions)	\$24.85	\$1.89	\$2.16	\$4.80	\$33.70
Local/State Revenues (\$ Millions)	\$2.81	\$0.21	\$0.28	\$0.53	\$3.83

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	20
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.

4 References

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State of Alaska, Legislature. Senate Bill No. 65: *An Act authorizing the Department of Correction 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*". Available at <http://www.legis.state.ak.us>.

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
FY 2008
Prison Bed Cost Comparison

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

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

SB65 Line Item Detail

FY06		Operations		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		Operations		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		\$1,808.8	Hospitalization & Other Professional Medical/Dental/Lab & Ophthalmology Contracts	\$593.5	DOA DP Chargebacks & Other DOA Chargebacks - some small contracts	\$505.9	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
FY08		Operations		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 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	\$32,533.7		\$3,613.5		\$1,187.0		\$1,011.8		\$3,236.8			\$41,582.8
FY09		Operations		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	\$16,616.0											\$16,616.0
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		\$3,613.5		\$1,187.0		\$1,011.8		\$3,236.8			\$41,798.6

\$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 Mandays	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		

**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 medicals etc. (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 Overhead (FY01 Maximus Cost Allocation Report)	\$15,525.9 \$920.7
Adjusted Budget FY2008	\$44,716.3

Provided by Sen. Green



Alaska Native Brotherhood Camp 2

April 29, 2004

Senator Lyda Green
State Capitol, Room
Juneau, AK 99801

RE: Senate Bill 65

Dear Senator Green:

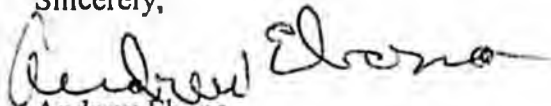
The Alaska Native Brotherhood Camp #2 is in support of SB 65 due to the fact that native-based counseling programs are included in the bill. We are not in support faith-based programs because we feel that our traditional family values and counseling along with other programs will benefit our people much 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

320 W. Willoughby Suite 100* Juneau, Alaska 99801* 907-586-2049* Fax: 586-3301
Email: anbju2@acsalaska.net

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!

Authorize Expansion Of Correctional Facility	+	Culturally Responsive Rehabilitation	=	Max. Use of All DOC \$\$\$ (Lowers Costs Supporting Recidivism)
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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 FACSIMILE: (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

A handwritten signature in cursive script that reads "Steve M. Thompson".

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 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;

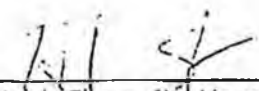
WHEREAS, The Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions and address statewide and regional construction needs, and;

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.

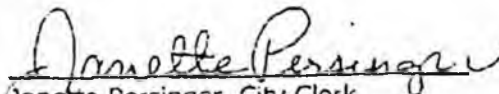
BE IT FURTHER RESOLVED THAT the City of Bethel Council supports Senate Bill 56, an Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities including Bethel.

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.

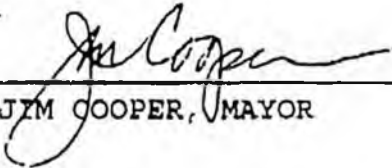
NOW, THEREFORE, BE IT RESOLVED, the City of Palmer supports the general concept of a comprehensive statewide approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

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

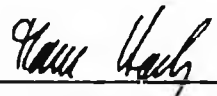
Resolution No. 1264 - Continued

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

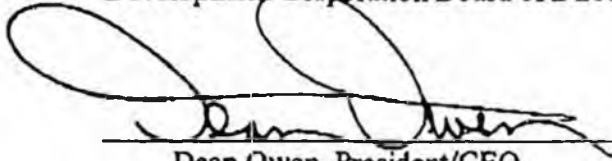
THEREFORE BE IT RESOLVED that the Fairbanks Economic Development Corporation requests that the Greater Fairbanks Chamber of Commerce, Fairbanks North Star Borough, City of Fairbanks, and the City of North Pole support the significant expansion of the number of inmate beds in Interior Alaska where the 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

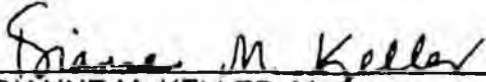
WHEREAS, if expansion of an existing facility is authorized, the state shall enter into a joint ownership agreement with the municipality of the expanded facility, enter into a long-term lease not to exceed 25 years of the municipality's interest in the facility, and operate the facility; payments under 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.

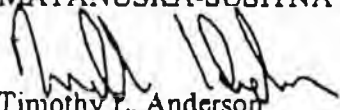
I would nevertheless like to share in writing with you the message from Mat-Su Manager John Duffy and myself. We want to convey to you the following:

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

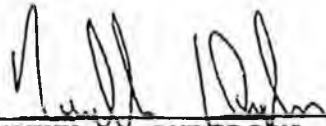
WHEREAS, the state of Alaska, Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions, and

address statewide and regional correction needs.

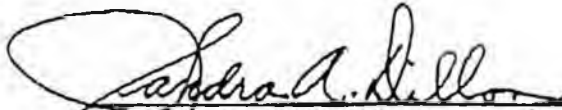
NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly supports the concept of a comprehensive approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

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

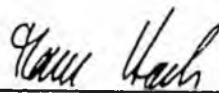
Resolution No. 1264 - Continued

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, CITY 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 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 constructing new prisons; and

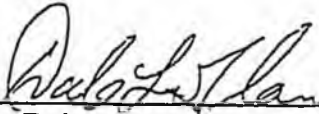
WHEREAS, the State of Alaska Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to government transactions and address statewide and regional correction needs.

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

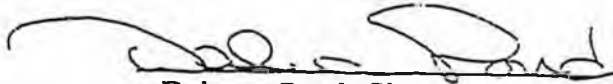
municipalities and operated by the State of Alaska Department of Corrections under a long-term lease with the relevant municipalities including the City of Houston, Alaska.

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





Alaska State Legislature

Please enter into the record my testimony to the Sen Finance
 committee name
 committee on SB65, dated 4/16/03
 bill/subject

Please pass this legislation -
 It is supported by the Nat-Su
 Borough - it will help our
 residents, our economy -

To continue the transportation
 of prisoners to keep facilities under
 the required capacity limit is
 expensive and waste of staff time
 and transportation money.

It's not my line but
 "Just do it!"

Signed: Mary Kussman
 Testifier

Self
 Representing (Optional)

1001 F PULLMAN WASILLA 99654
 Address

(907) 376-5742
 Phone No.

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 2/10/03

FURTHER: Finance

Date of 5-Day Notice: 3/16/03 2/13/03 BASIS
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 3/14/03

State Affairs Committee considered SENATE BILL NO. 65

SB 65 CORRECTIONAL FACILITY EXPANSION

"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."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOC	2/19/03	✓		1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		Do PASS	Do NOT PASS	NO REC	AMEND
Staff		✓			
Guest		✓			
Super.					✓
Cowling				✓	
3 Senators	CHAIR:			✓	

SENATE FINANCE COMMITTEE

SIGN-IN

SB 65-CORRECTIONAL FACILITY EXPANSION

✓ NAME: GREG PENSE Subject/Bill No: SB 65
Am President of People Assoc.
Co./Dept./Title: GASTINORIAN HUMAN SERVICES Phone: 780-3061
Address: 5597 AUSEN ST. Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

4/27/04 PM

SENATE FINANCE COMMITTEE

SIGN-IN

SB 65-CORRECTIONAL FACILITY EXPANSION

NAME: Tom Rati Subject/Bill No: SB 65
 Co./Dept./Title: Dept of Revenue Phone: _____
 Address: _____ Zip: _____
 Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____
 Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____
 Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
 Co./Dept./Title: _____ Phone: _____
 Address: _____ Zip: _____
 Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 65-CORRECTIONAL FACILITY EXPANSION

NAME: Marc Autrain Subject/Bill No: _____

Co./Dept./Title: DOC - Commissioner Phone: 465-4652

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: DEE HUBBARD Subject/Bill No: _____

Co./Dept./Title: _____ Phone: 252-3155

Address: PO Box 88 STERLING Zip: 991672

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond To Questions

