

**SB**

**195**

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 4/24/03

FURTHER: Finance

Date of 5-Day Notice: 4/24/03  
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 5/2/03

State Affairs Committee considered SENATE BILL NO. 195

### SB 195 CERTIFICATES OF PARTICIPATION FOR JAILS

"An Act 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; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 195 (STA)
- 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#
DOR	4/20/03	✓		1
DOC	4/20/03	✓		2

**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>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>	✓			

23-LS1016/D  
Luckhaupt  
4/28/03

**CS FOR SENATE BILL NO. 195( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATORS GARY STEVENS, Olson**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act giving notice of and approving, and authorizing the entry into and issuance of**  
2 **certificates of participation for, the upgrade, expansion, and replacement of certain**  
3 **jails; and providing for an effective date."**

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

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

7 **NOTICE OF THE ISSUANCE OF CERTIFICATES OF PARTICIPATION AND**  
8 **OTHER FINANCING.** (a) The state bond committee is authorized to provide for the  
9 issuance of certificates of participation in one or more series in the aggregate principal  
10 amount of \$16,000,000, plus costs of required reserves and costs of issuance, to pay for the  
11 costs for expansion of municipal jails described in sec. 2 of this Act. The estimated total cost  
12 of construction, acquisition, and equipping the projects is \$16,000,000, which shall be paid  
13 from the proceeds of the certificates of participation issued under this section. The estimated  
14 aggregate annual amount of rental obligations under the lease-financing agreements is

1 \$1,600,000. The total payments for the full term of the certificates of participation are  
2 estimated to be \$24,000,000. In this subsection, "cost of construction" includes credit  
3 enhancement and underwriting expenses, rating agency fees, bond counsel fees, financial  
4 advisor fees, printing fees, trustee fees, advertising fees, capitalized interest, interest earnings  
5 used for lease payments, and other costs of issuance, and costs of required reserves.

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

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

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

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

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

21 (3) Kotzebue Community Jail in the Municipality of Kotzebue to add 26 new  
22 beds to its existing 14-bed facility for a total of 40 beds;

23 (4) North Slope Borough Community Jail in the North Slope Borough to  
24 replace the existing 9-bed facility with a new 20-bed facility.

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

29 (1) Dillingham Community Jail - \$850,000 (17 new beds);

30 (2) Kodiak Community Jail - \$350,000 (4 new beds);

31 (3) Kotzebue Community Jail - \$1,100,000 (26 new beds);

- 1 (4) North Slope Borough Community Jail - \$1,000,000 (11 new beds).
- 2 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
- 3 read:
- 4 APPROVAL. This Act constitutes the notice and approval of the projects described in
- 5 sec. 1 of this Act required by AS 36.30.085.
- 6 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB195  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Certificates of Participation for Jails BRU Revenue Operations  
 Component Treasury Division  
 Sponsor Senator Gary Stevens  
 Requester Senate State Affairs Component No. 121

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	10.0					
Contractual	6.0	5.0	5.0	5.0	5.0	5.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		1,570.4	1,571.2	1,570.8	1,568.6	1,571.1
<b>TOTAL OPERATING</b>	<b>16.0</b>	<b>1,575.4</b>	<b>1,576.2</b>	<b>1,575.8</b>	<b>1,573.6</b>	<b>1,576.1</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	16.0	1,575.4	1,576.2	1,575.8	1,573.6	1,576.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>16.0</b>	<b>1,575.4</b>	<b>1,576.2</b>	<b>1,575.8</b>	<b>1,573.6</b>	<b>1,576.1</b>

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This legislation authorizes the issuance of \$16,000,000 in Certificates of Participation (COPs) for the upgrade, expansion or replacement of community jails in Dillingham, Kodiak, Kotzebue and the North Slope Borough. The bill also authorizes the issuance of COPs in an amount required to pay costs of issuance. As the legislation allows up to four series of COPs, the cost of issuance could be \$160,000 for one series of COPs or about \$600,000 total for four series of COPs

Assuming an interest cost of 4.9% (about 50 basis points above current rates), and a 15-year term, the annual debt service would be approximately \$1.6 million beginning in Fiscal Year 2005 with a total repayment of approximately \$24 million.

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750  
 Division Treasury Division Date/Time 4/30/03 2:21 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 4/30/2003  
 Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. SB195

ANALYSIS CONTINUATION

The COPs' structure will require the communities to provide a title interest in the facilities being improved to a trustee as security for the COPs.

The proceeds of the COPs sale will be held by the trustee bank to ensure they are spent on the described projects. Proceeds will be reinvested and produce earnings that will be available for appropriation in the future for the projects or debt service on the COPs.

The COPs issue(s) authorized by this bill is small enough that if coupled with a projected FY04 draw on the Constitutional Budget Reserve of less than \$400 million for the FY04 budget, and additional fiscal management trending toward matching ongoing revenues with ongoing expenditures, the COPs' issuance itself would not be expected to precipitate a downgrade in the Alaska credit rating by any of the three credit rating agencies that rate Alaska public debt.

# FISCAL NOTE

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

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 195  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Department of Corrections  
 Title Certificates of Participation for Jails BRU Administration & Operations  
 Component \_\_\_\_\_  
 Sponsor Senator Stevens & Senator Olson  
 Requester \_\_\_\_\_ Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	3,300.0	3,300.0	3,300.0	3,300.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>3,300.0</b>	<b>3,300.0</b>	<b>3,300.0</b>	<b>3,300.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	3,300.0	3,300.0	3,300.0	3,300.0
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
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>3,300.0</b>	<b>3,300.0</b>	<b>3,300.0</b>	<b>3,300.0</b>

Estimate of any current year (FY2003) cost: 0.0

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

**POSITIONS**

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

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

The fiscal impact to the Department of Corrections is specified in section 2 of Senate Bill 195. Senate Bill 195 provides the authorization for 58 new community jail beds. The FY 02 cost of care for Community Jails was \$182.32 per prisoner, per day. Based on that amount, 58 additional jail beds would cost \$3,859,714, including all departmental overhead allocated to community jails. The department would not, however, increase overall overhead as a result of this 58 expansion, so assuming completion of the 58 additional beds by FY 06, the \$3,300,000 is the full cost to the state. The additional beds may have the effect of reducing transportation costs and relieving overcrowding at state correctional facilities in Nome and Bethel.

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

Phone: 465-3339  
 Date/Time: 4/30/03 2:52 PM  
 Date: 4/30/2003

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**Senator Gary Stevens**  
**Alaska State Legislature**

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**SPONSOR STATEMENT – SB 195**

*SB 195, "An act 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; and providing for an effective date, will provide a funding mechanism to take care of four community jails that are in dire need of expansion or replacement.*

We have 15 community jails located in rural communities that do not have state Department of Corrections correctional facilities. These community jails provide short-term detention and confinement for persons held under state law awaiting court services, serving short sentences, waiting for transport to state facilities, or held under non-criminal substance abuse and mental health protective custody.

Of the 15 community jails located throughout the state, four are in critical need of expansion or replacement. The Dillingham and Kotzebue Community Jails are priorities due to the intensity of demand for their services. The North Slope Borough Community Jail needs more beds and has no room to expand at its current 2<sup>nd</sup> floor location, and the Kodiak Community Jail needs to be replaced due to its age and current condition.

This bill would provide for the issuance of Certificates of Participation (COP). Each of the four municipalities would receive \$4,000,000 from the proceeds of the COP's upon the condition that they provide a matching share of at least \$4,000,000.

Passage of this bill will address the most critical Community Jail facilities. I urge your support.

# Alaska Department of Corrections COMMUNITY JAILS INFORMATION

2003



North Slope  
Borough

Kotzebue

Valdez

Cordova

Haines

Dillingham

Seward

Homer

Bristol Bay

Petersburg

Wrangell

Kodiak

Sitka

Unalaska

Craig

### *Community Jails Assessment*

- DOC contract costs have increased 2.7% over the last 7 years, while Community Jails costs of services rose by 14.1% (CPI), and the inmate population grew by 22%.
- Community Jails Chiefs and local communities need funding for operations, training and capital investment.
- Community Jails facilities are overcrowded and under-maintained, especially at Kodiak, North Slope Borough, Kotzebue and Dillingham. These facilities need to be replaced or expanded.
- Systemwide overflow from Community Jails pressure points impacts state DOC institutions: Kodiak Community Jail on Anchorage; Kotzebue Community Jail on Nome; North Slope Borough Community Jail on Fairbanks; Dillingham Community Jail on Anchorage.
- Level of service in rural Alaska does not always meet state corrections standards.
- Community Jails Chiefs and staff are isolated and not well integrated with the DOC system and resources.
- Local and state liability is increasing with deterioration of facilities and level of service.
- Parallel studies support the need for change: CJAC Report (May 2000); Commonwealth North Report on Justice Services and Urban-Rural Unity (September 2000); UAA Justice Center Report (April 2000); DOC Long-term Plan (June 1999); DOC Strategic Plan for Trust Beneficiaries (1999); Governor's Task Force on Community Jails (1994). See Resources List.



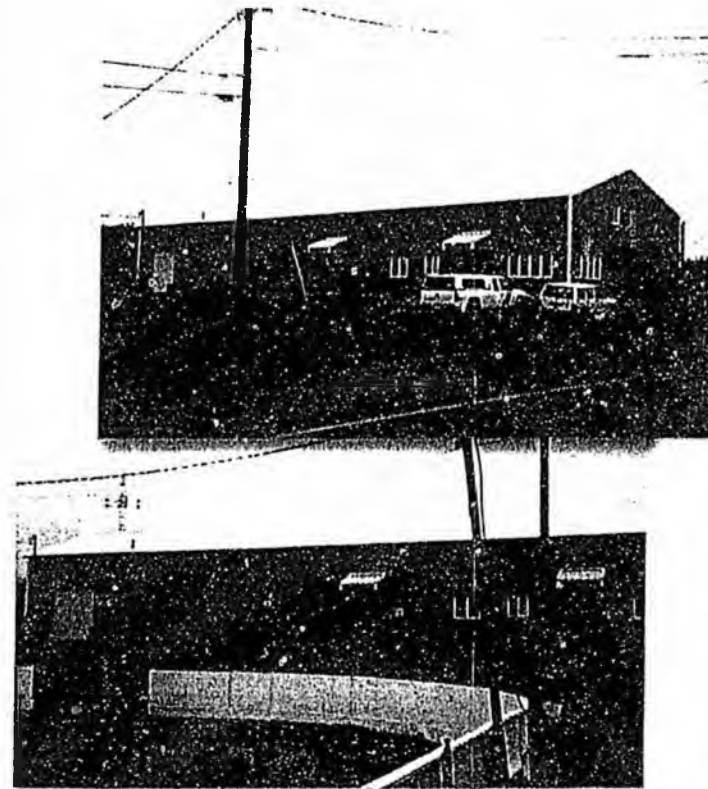
## *Dillingham Jail*

*Built in 1989, 2,323 square feet, 6 cells*

During the recent June 2000 audit of the Dillingham Community Jail, several issues were found to be in need of attention. Overall, the facility works well, considering the high number of prisoners and arrests. With the addition of the Superior Court in Dillingham, the jail is used extensively for pre-trial holding.

With a FY00 average of 136% capacity, or 3,942 prisoner man-days, the facility is not large enough for the number of pretrial prisoners, and short-term sentenced prisoners. Public Safety must transport the unsentenced, and any sentenced prisoners because of a maximum capacity in the jail of 8 prisoners. The prisoners are transported to Anchorage, and then must be returned to Dillingham for court, or upon release, must be returned to their place of arrest. Some unsentenced prisoners may be transported back and forth several times. Weather and limited resources, (manpower and equipment) often delay transports, contributing to facility overcrowding.

The CJ facility HVAC system is in need of repair. Currently temperature controls are sporadic, and work intermittently. Some intake and exhaust ducts in the tanks were missing the finish grill covers. Prisoners have access to the ducts.



## *Community Jails Information*

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Plumbing repairs are needed on all the cell fixtures. The boiler is in need of overhaul, and the back-up generator requires maintenance.

Prisoners currently can only take recreation in the tier/dayroom. An outdoor recreation yard could be attached to the facility at a reasonable cost to accommodate recreational needs.

In the years 1995 - 2000, prisoner man-days doubled to 3,942, or 135% of maximum capacity. No increase in funding occurred to offset the increase in costs. An increase in the contract amount is needed to keep pace with inflation and the increase in man-days.

For the amount of arrests being made in the region, and the number of prisoners being held for superior court cases, an addition, or replacement of the existing 8-bed facility would better serve the needs of the region, and reduce the number of prisoner transports. Any addition would require a recreation area, and food service area. An increase of beds would support system efficiency, greatly reduce the overcrowding, and prisoner transports to and from Anchorage.



## *Kodiak Jail*

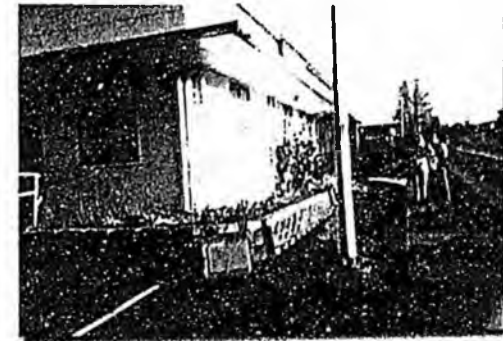
The Kodiak Jail has the distinction of being the only community jail that has been consistently recommended for closure and replacement by DPS, the Governors 1994 task force, and DOC.

The Kodiak Jail is located within the confines of the Kodiak Police Department. The building was constructed in the early 40's. While the building has been occupied over the years by a variety of different government entities, it is believed that it has been used in its current capacity since 1964. Kodiak Jail is potentially one of the oldest jails in Alaska.

The catchment areas for the Kodiak Jail consist of the City and Borough of Kodiak and the surrounding regions of Afognak, Trinity, and Sitkalidak Islands, and the communities of Ouzinkie, Port Lions, Larsen Bay, Karluk, Akhiok, and Old Harbor.

The Kodiak Jail can accommodate up to 16 adult prisoners in the following manner: three single cells to house males, one 2-bed cell for females, one single cell for females, and one 10-bed dorm for same sex general population. Kodiak Jail accepts federal inmates, but does not accept juveniles, unless they have been adjudicated as an adult.

An audit conducted by DOC in October 2000 noted several deficiencies at Kodiak Jail. Capital funds were received the following year to correct some of the minor deficiencies noted in the audit. The major deficiencies such as poor lighting, severely pitted floors and the overall poor condition of the jail remain unchanged.

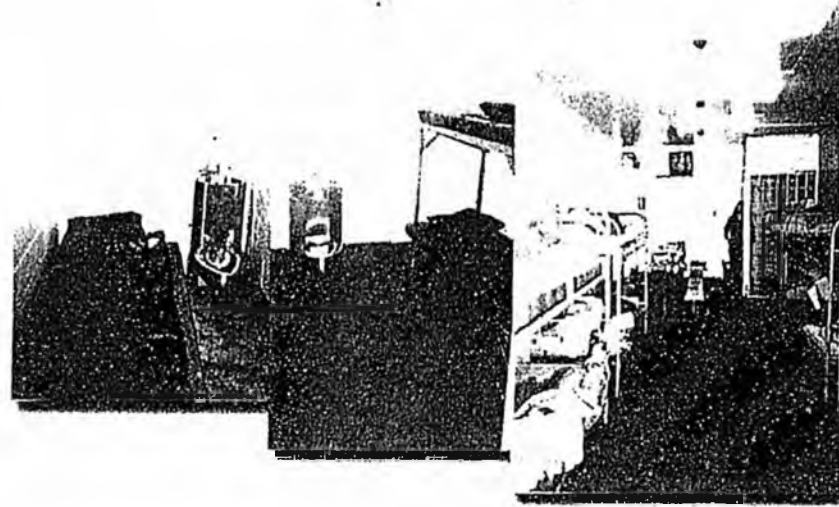


## *Community Jails Information*

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The poor condition of the jail continues to prevent the jail from obtaining a State Health permit to prepare meals. Meal service is provided through several contractual agreements with local restaurants. Meals must be picked up by jail officers, leaving the prisoners unsupervised, or, in some cases by the on-duty police officers, for delivery to the jail. Laundry service is minimal

The Kodiak Jail must be replaced with a facility, which meets the needs of the community, and must be appropriately funded to meet the service provided.





## *Kotzebue Jail*

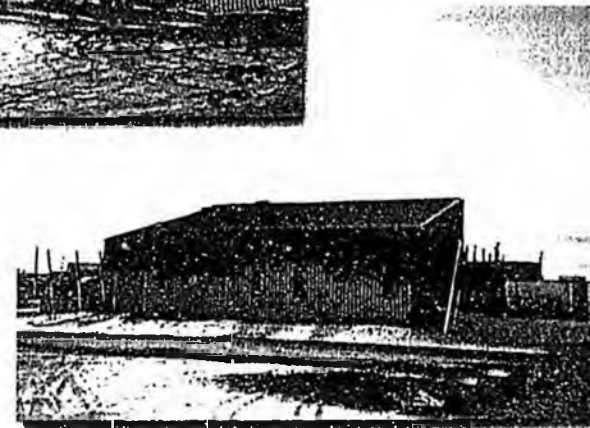
DOC audited this facility in December 1999. The Kotzebue jail has 12 available beds. Any female or juvenile hold limits the use of available beds for male prisoners. The area served by the jail is approximately 35,000 square miles. There is a Superior Court in Kotzebue. The jail is in need of maintenance and upkeep. Because of the high prisoner counts, even painting and routine maintenance cannot be accomplished.

Prisoners are transported between Kotzebue and Nome by air. DPS transports prisoners twice a week to relieve overcrowding and to return people to Kotzebue for court proceedings. FY00 man-days totaled 5,626, or 110% maximum capacity. A cap on the jail went into effect in 2002. There were 103 air charter transports between Nome and Kotzebue for 2002. DPS moved 631 prisoners to Nome, and moved 256 back to Kotzebue for court. Any sentenced prisoners in Nome were provided transportation to the place of arrest upon release. An increase in the size of the Kotzebue jail would greatly reduce the number of return prisoner transports required for court proceedings. Any addition to the facility would require an adequate recreation area, as well as an adequate kitchen area for meal service. Currently, a contractor provides all meal service. An expansion would require additional staffing. Correctional officers also are responsible for dispatch duties. An increase in the contract amount is required to support the existing level of operations.



*The Kotzebue Jail is in need of 20-30 additional long term beds.*

*However, this addition would require the doubling of staff, and a fully functional kitchen.*



## Community Jails Information

### North Slope Borough Jail

Built in 1980, 2,300 square feet, 9 cells

#### Barrow Jail

The Barrow jail has shown a 100% increase in prisoner man-days since FY95. There are only 9 beds available in the jail, requiring frequent prisoner overflow transport to Fairbanks, more than 160 for the year, and subsequent return to Barrow for court proceedings. The Fairbanks Correctional Center averages approximately 35 prisoners waiting for court in Barrow.

Prisoner man-days were 1,498 in FY97, and at a peak of 3,456 in FY99. FY00 man-days were 2,794 and 3289 for FY02. The DPS does a good job of transporting prisoners to control overcrowding in this facility.

The jail is located on the second floor of the NSB Public Safety building, and recently installed automatic doors for fire evacuation, in compliance with the Fire Marshal's office. The addition of more beds to the existing facility is not possible. Plumbing fixtures are in need of replacement.

Construction of a new regional facility is recommended.

