

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

SB 415

128 128

SB

4/5

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2/19/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

FISCAL NOTE(S) ATTACHED Approp. B1
IN ACCORDANCE WITH AS 24.08.035
(see below)

2/11/88
Mr. President:

DATE TURNED INTO OFFICE 3/18/88

Finance Committee considered SB 415

special appropriation to the Alaska Court System; efd

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

[Handwritten signature]

OTHER RECOMMENDATIONS

[Handwritten signature] DO NOT PASS
LET THE PEOPLE VOTE ON THIS!

[Handwritten signature] (Do not pass
unless amended)

[Handwritten signature] - do not
pass - unless space is cut
in half!

[Handwritten signature] - DO NOT PASS
AT PROPOSED SIZE + COST!

[Handwritten signature]
Chairman signature and recommendation

Committee Backup Attached

Introduced: 2/11/88
Referred: Finance

go00608s

Funding Information
General Fund \$1,500,000
Other Funds -0-
\$1,500,000

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 415

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation to the Alaska

7

Court System; and providing for an effective date."

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

9 * Section 1. The sum of \$1,500,000 is appropriated from the general
10 fund to the Alaska Court System for planning and designing an expanded
11 court facility in Anchorage.

12 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 328

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act authorizing three Alaska State Building
7 Authority public building projects, and lease-
8 financing agreements for the projects; and providing
9 for an effective date."

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

11 * Section 1. The Alaska State Building Authority may acquire the Seward
12 Student Service Center in Seward and provide financing for the acquisition.

13 * Sec. 2. The Alaska State Building Authority may provide financing
14 for, and enter into agreements with the Alaska Court System to design,
15 construct, or acquire, the court facility in Fairbanks authorized by sec.
16 2, ch. 92, SLA 1986.

17 * Sec. 3. The Alaska State Building Authority may provide financing
18 for, and enter into agreements with the Alaska Court System to design,
19 construct, or acquire the court facility in Anchorage authorized by sec. 2,
20 ch. 78, SLA 1984.

21 * Sec. 4. Sections 1, 2, and 3 of this Act give the approval referred
22 to in AS 18.55.100(d).

23 * Sec. 5. The Department of Administration may enter into a lease-
24 financing agreement with the Alaska State Building Authority for the Seward
25 Student Service Center in Seward.

26 * Sec. 6. Section 5 of this Act gives the approval referred to in
27 AS 36.30.080(c).

28 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

303 K Street
Anchorage, Alaska 99501

KIT DUKE
Project Manager

(907) 264-8238

March 17, 1988

Senator Rick Halford
Co-Chairman, Senate Finance Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Halford:

During a meeting of the Senate Finance Committee on March 16, 1988, you requested that I provide the committee with an estimate for an architectural/engineering fee for the professional services required to redesign a court expansion of 200,000 square feet.

This estimate assumes that the only useable products produced to date will be the seismic and soils reports, the seismic design criteria and the Boney building seismic upgrade report, and furniture inventory report.

The estimated cost for all fees necessary to complete a project prior to sale of bonds is: \$3,900,000.

Sincerely,

A handwritten signature in black ink, appearing to read "Kit Duke", is written over a vertical line. The signature is stylized and cursive.

Kit Duke

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701-4679

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600

March 17, 1988

Hon. Rick Halford, Co-chairman
Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: Specific authority for ASBA to
finance Anchorage court facility

Dear Senator Halford:

During a meeting of the Senate Finance Committee on March 16, 1988, you requested our opinion concerning the necessity to obtain specific approval for Alaska State Building Authority (ASBA) involvement in the Anchorage court facility project. AS 18.55.100(d) requires ASBA to receive legislative review and approval before it may "proceed" with a lease-purchase financing under AS 18.55.100(a)(15). The author of this memorandum offered the opinion that the approval given to the supreme court in sec. 3, ch. 78, SLA 1984 was adequate to satisfy the review and approval requirements of AS 18.55.100(d).

We regret that there was not more time to reflect on the basis for the opinion before it was given orally to the committee. Upon careful review and consultation with others, we wish to express substantial reservations concerning the wisdom of proceeding without specific approval of ASBA as lessor of the court facility project. Foremost, our reservations are based on consideration of the reaction of bond counsel and underwriters to any departures from the review and approval process set out in AS 18.55. They may balk at giving an unqualified approval for a project unless a new approval specific to ASBA is granted. Our concern is also based on the fact that the earlier approval given for the project in ch. 78, SLA 1984 was enacted before the review and approval requirement set out in AS 18.55.100(d) was added to ASBA's enabling Act.

The willingness to accept the approval granted in 1984 was based in part on our long-held opinion that a legislative veto of specific projects violates the separation of powers doctrine. It is also significant that the requirement of legislative review and approval of ASBA projects is the more recent enactment. We have successfully maintained in a lawsuit involving the Alaska State Housing Authority (ASHA), ASBA's predecessor

Hon. Rick Halford, Co-chairman
Senate Finance Committee
Re: Specific authority for ASBA

March 17, 1
Page

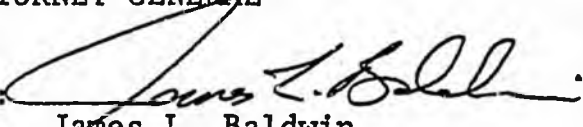
agency, that the legislature may not reserve approval power over specific projects proposed by ASHA. However, the legislature may by law enact specific standards for the exercise of the power of ASHA to lease public buildings. The decision in the case involving ASHA was not appealed to the supreme court. Based on the superior court's decision, we believe that a legislative approval required by statute is not a valid requirement and should not prevent ASBA from proceeding with the project. However, as mentioned earlier, potential investors usually are very cautious to explore the legal authority for this type of financing and will require adequate assurances that ASBA has the power to proceed and the blessings of the legislature.

In our opinion, it would be prudent to provide a new authorization for the Anchorage court facility by enacting the provisions of sec. 3 set out in SB 328. That bill is currently pending consideration in the State Affairs Committee. Rather than provide the committee with a letter of intent with the terms you requested, we suggest that the committee consider adding to the bill under consideration an effective date which states: "* Sec. __. This Act takes effect on the effective date of an Act authorizing the Alaska State Building Authority to proceed with the Anchorage court facility pursuant to AS 18.55.100(d)."

We regret the change in position and any inconvenience it may have caused the committee. However, this inconvenience is necessary to assure that the financing will not be bogged down by the uncertainty of potential investors in any bonds issued by the financing authority.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By: 
James L. Baldwin
Assistant Attorney General

JLB/pjg

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

RECEIVED MAR 16 1988

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701-4679

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600

March 16, 1988

Hon. Rick Halford, Co-chairman
Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: ASBA authority to finance pro-
posed Anchorage court facility

Dear Senator Halford:

During a meeting of the Senate Finance Committee on March 15, 1988, you asked me whether the Alaska State Building Authority (ASBA) has the power under existing law to finance the proposed Anchorage court facility. I have reviewed AS 18.55 and find that ASBA has express authority to finance public buildings through lease-purchase transactions. AS 18.55.100(a)(15) provides:

(a) The authority has all powers necessary to carry out the purposes of AS 18.55.010 -- 18.55.290, including but not limited to the following:

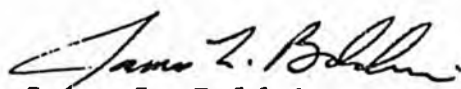
(15) arrange or contract for the financing, design, construction and acquisition of public buildings for lease to the state in accordance with AS 18.55.010 -- 18.55.290.

The term "public building" is defined in AS 18.55.228(3) as follows: "'public buildings' means a publicly owned structure leased to the state for governmental, public, or educational use."

I hope this memorandum answers your question.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By: 
James L. Baldwin
Assistant Attorney General

JLB/pjg

Capital Project Expenditures (Cash Flow)	Total	Budget Year	Budget Year Plus 1	Budget Year Plus 2	Budget Year Plus 3	Budget Year Plus 4	Remaining Cost
Planning and Engineering	2521	2521					
Land	2500	2500					
Construction	4636		2318	1391	927		
Equipment							
Administration and Other	312				312		
Total Annual Expenditure (Capital Cost)	9969	5021	2318	1391	1239		

Project Justification

Project Need Statement: The existing Anchorage Court Complex is near its maximum capacity. Within five (5) years, the Complex will be overcrowded to such an extent as to impair the delivery of judicial services. The need is eminent to plan, design and construct a new facility to provide for the longer-term operational needs of the Court System in Anchorage.

The Court System proposes a New Addition to the present complex which will provide for expansion space needs through the year 2010. The proposed building will provide 199,455 gross square feet of space. This new space will provide not only for the Court System's operations but also for the expansion needs of the Attorney General, Public Defender, Public Safety and the Judicial Council.

Major remodeling of the existing buildings is necessary in order to make the present structures compatible with the proposed structure.

Acquisition of land adjacent to the present complex is necessary to provide parking for Court System employees. The proposed new addition would be built atop the present State-owned parking lot thus eliminating the use of this major facility. The acquisition of this land would also provide space for the Court System to expand its central Court Complex in the future to meet very long-range space needs.

Increases in court personnel (both judicial officers and support staff) are determined primarily by the growth in cases filed within the Court System. It is assumed that the existing positive correlation between population growth and cases filed (i.e., an increase in population is likely to result in an increase in cases filed) will continue into the future.

Project Type

- Building Construction (C)
- Other Improvement (I)
- Equipment (E)
- Land (L)
- Professional Services (P)
- Other (O)

Project Characteristics

- Totally New Facility
- Addition to Existing Facility
- Renovation of Existing Facility
- Major Maintenance or Repair
- Supplement Previously Authorized
- Funds to Enable Completion
- One of Several Phases
- Major External Funding Source
- Other

Site Features

NO YES

- Site Currently Owned?
- All Utilities Available?
- Access Already Available?

Anchorage Court Addition:

PROJECT TITLE Planning & Remodeling CATEGORY Administration of Justice

AGENCY Alaska Court System

PROGRAM Due Process

Page _____ of _____
Revised Date _____

FY 82

PROJECT JUSTIFICATION
35b PROPOSED CAPITAL PROJECT

(Snowden)
3/16/88

ALASKA COURT SYSTEM
ANCHORAGE COURTHOUSE EXPANSION PROJECT
3/15/88

FY 82 CAPITAL APPROPRIATION

Appropriation Amount	\$ <u>9,969,000</u>
Expenditures: (paid)	
Site Acquisition, Demolition and Permits	\$ 3,258,662
Programming	665,941
Facilities Design and Seismic Investigation	3,942,165
Remodeling Existing Buildings	1,151,787
Utilities Relocation	925,120
Warehouse Costs	20,485
Rental Property Costs	<u>4,840</u>
TOTAL	\$ <u>9,969,000</u>

PUBLIC FACILITIES PLANNING FUND LOAN

Loan Amount	\$ <u>750,000</u>
Expenditures:	
Facilities Design (paid)	\$ 532,734
Facilities Design (obligated)	<u>217,266</u>
TOTAL	\$ <u>750,000</u>

SENATE BILL 415 APPROPRIATION REQUEST

Appropriation Request	\$ <u>1,500,000</u>
Expenditures: (Proposed)	
Completion of Construction Documents	\$1,223,596
Review and Permit Fees	143,404
Bidding Costs	<u>133,000</u>
TOTAL	\$ <u>1,500,000</u>

(Snowden)
3/16/88



Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

303 K Street
Anchorage, Alaska 99501

ROBERT G. FISHER
Manager of Fiscal Operations

March 16, 1988

Senator Rick Halford
Co-Chairman, Senate Finance Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Halford:

During the Senate Finance Committee hearing on Senate Bill 415, the committee requested an update on the status of the funding for the Anchorage courthouse expansion project. As was discussed, the court has utilized two sources of funding during the pre-construction period: (1) a capital appropriation of \$9,969,000 and (2) a loan of \$750,000 from the Public Facilities Planning Fund.

A summary of expenditures for the project, both paid and obligated, is attached. This summary updates the information provided to you in the project overview of February 22, 1988. The loan from the Public Facilities Planning Fund was mentioned on page 2 of the overview and during testimony before the Senate Finance Committee in November 1987 on the Court's operating budget. The overview also provided a summary of expenditures charged to the original appropriation. Please refer to Appendix Two for this information.

If you or the other committee members would like additional information, please let me know.

Sincerely,

Robert G. Fisher

c: Senate Finance Committee Members

3/16/88

ALASKA COURT SYSTEM
ANCHORAGE COURTHOUSE EXPANSION PROJECT

Project Budget

Construction Cost	\$67,570,000
Construction Contingency	6,652,000
Furnishings and Equipment	6,000,000
Construction Administration Costs, including permits, construction management fees, etc.	4,000,000
Art-in-Public-Places	<u>665,000</u>
Total Project Budget	<u>\$84,887,000</u>

Repayment of Public Facilities Planning Fund Loan \$ 750,000

Project Financing Options

30-year Lease-Revenue Bonds:

Estimated Total Debt Service	\$229,600,000
Estimated Annual Debt Service (1991-2018)*	8,503,700
Estimated Annual Operations & Maintenance Costs (1991-2041 estimated life of building)	1,260,000
Estimated Average Monthly Cost per Square Foot over Full 50-year Life of Building	\$1.21

20-year Lease-Revenue Bonds:

Estimated Total Debt Service	\$178,051,800
Estimated Annual Debt Service (1991-2008)*	10,473,600
Estimated Annual Operations & Maintenance Costs (1991-2041 estimated life of building)	1,260,000
Estimated Average Monthly Cost per Square Foot over Full 50-year Life of Building	\$1.03

10-year Lease-Revenue Bonds:

Estimated Total Debt Service	\$122,363,700
Estimated Annual Debt Service (1991-1998)*	17,480,500
Estimated Annual Operations & Maintenance Costs (1991-2041 estimated life of building)	1,260,000
Estimated Average Monthly Cost per Square Foot over Full 50-year Life of Building	\$0.82

*Dept service is not paid during three year construction period.

Memorandum

Alaska Court System

TO:

Arthur H. Snowden, II
Administrative Director

DATE : March 7, 1988

FROM:

Kit Duke
Project Director

SUBJECT: Anchorage Courthouse
Expansion Project

For your information the space being provided by the expansion project will be allocated as follows:

Total Space Available 350,000 sq. ft.

Parking (Basement)	51,670 sq. ft.
Commercial (Main Floor)	7,500 sq. ft.
Assigned to DA and OSPA	24,550 sq. ft.
MOA Warrants Division	4,635 sq. ft.
DOT/PF Maintenance	3,735 sq. ft.
Judicial Services (including sallyport holding cells, prisoner circulation)	25,815 sq. ft.

TOTAL 117,905 sq. ft. 117,905 sq. ft.

Space Available for ACS Use 232,095 sq. ft.

Current Space Deficit	115,000 sq. ft.
Space Required to Replace District Court	58,085 sq. ft.

TOTAL 173,085 sq. ft. 173,085 sq. ft.

Space Available for Growth/Expansion 59,015 sq. ft.

KD:bh

3/7/88-2

Attachment B

(JB)
3/15/88



Coffman Engineers, Inc.

March 8, 1988

Mrs. Kit Duke
Project Manager
Alaska Court System
310 "K" Street
Anchorage, Alaska 99501

Reference: EXISTING STATE COURTHOUSE IN ANCHORAGE

Dear Mrs. Duke:

The existing State Courthouse at the corner of Fourth Avenue and "K" Street in Anchorage was designed in 1962. The Courthouse as-built drawings indicate that the building was designed for seismic forces in accordance with Uniform Building Code (UBC) requirements that were in effect at that time.

Since 1962, major advancements have been made in the area of seismic design. The design force level for Anchorage buildings has greatly increased. Under the criteria established for the new Courthouse Expansion, the UBC seismic design forces are more than 100% greater than the code forces used to design the existing courthouse.

While it is theoretically possible to upgrade the building to current code levels, major structural modifications would be required. In addition, the modifications could adversely affect the functional space utilization of the building.

The design criteria for the new Courthouse Expansion includes site-specific criteria developed by Shah and Zsutty of Stanford University. The criteria for the Courthouse Expansion exceeds code requirements and includes design requirements for seismically-induced ground failures which are not addressed in the UBC. It is not possible to modify the existing courthouse structure to meet, or even approach, the criteria established for the new Courthouse Expansion.

Attachment D

(Snowden)
3/15/88

Alaska Court System
March 8, 1988
Page 2

In summary, the existing courthouse does not meet current code requirements by a factor of two and cannot be upgraded to meet existing standards. It is our opinion that renovation of the building to improve its seismic performance is not a practical alternative to new construction.

Please contact me if I can be of further assistance.

Sincerely,

COFFMAN ENGINEERS, INC.



Neil T. Person, P.E.
Project Manager

80308.1/L1/wp/t

c: 87118-60

RECEIVED
DEC 1 1987



McCOOL-McDONALD
OF ALASKA INC. ARCHITECTS

ANCHORAGE COURTHOUSE EXPANSION PROJECT
FIELD REPORT
December 3, 1987

Office of Administrative Director
Alaska Court System

Site Visit to Original Courthouse Building
Joel Chamberlain, Architect

CODE RELATED ITEMS:

- A. **Exit Stairs: Not True Enclosures.** Southwest stair (main) is completely open from first floor corridor to second floor corridor. A pair of doors separates the stairs up from the second floor to the third floor. However, these doors are blocked open and the closers are in place with arms disconnected. A single 3'-0" door, top and bottom, with closers separates the basement from the first floor.

Other stairs are typically open at first floor with door and closer at second floor.

- B. **Corridors:** Building was constructed with hollow metal door frames and a mix of hollow metal and s.c. walnut doors, no closers and gaskets were originally specified. Approximately 80% of all doors which open to the corridor now have closers installed. All courtroom doors have some type of gasketing (mixed types), most appear to be sound gaskets. Most others had closer with no gaskets. Some doors have no closers.

- C. **Ceilings:** Typical suspended acoustic lay-in 2'x4' ceiling tile, suspension not for seismic, light fixtures and conduit not wired up.

We pulled acoustic tiles down in four or five places on the second floor and observed no indication of space above corridor being used as return air plenum. All walls either side went solidly to structure.

OTHER ITEMS ON BUILDING'S CONDITION:

The following information was either observed firsthand or was provided verbally to us from Tim the Building Maintenance Individual.

- A. There are several places where the hollow metal frames are separating at the head from the jamb which has dropped down.
- B. We observed a buckled wall surface at door head/jamb intersection.
- C. In one courtroom at the second floor near where a frame was separating from the wall at it's head, the floor appears to be settling. The bottom of the rubber base is some 1/4" to 3/8" above the vat flooring.
- D. Maintenance man stated that after every light tremor he gets calls from office personnel complaining that their doors no longer close right or have suddenly started to close properly.

Attachment E

(Snowden)
3/15/88

**Anchorage Courthouse
Field Report
Original Courthouse Building
December 3, 1987
Page 2 of 2**

- E.** The third floor open office floor has a noticeable sag with upturns near columns.
- F.** Main exhaust stack radiates excessive amounts of heat. At the first floor level corridor wall is nearly too hot to touch. One can still feel radiating heat as you walk past some areas on the upper floor.
- G.** Fire alarm system is antique and practically non-functional, maintenance man struggling to keep it working at all.

END OF REPORT



Alaska Court System

State of Alaska

303 "K" STREET
ANCHORAGE, ALASKA
99501

ARTHUR H. SNOWDEN II
ADMINISTRATIVE DIRECTOR

(907) 274-8611

March 14, 1988

Arthur H. Snowden, II
Administrative Director
Alaska Court System
303 K Street
Anchorage, Alaska 99501

Re: McCool-McDonald of Alaska, Inc.

Dear Mr. Snowden:

Attached is a letter from John McCool which will answer the questions asked on Friday, March 11, at the Senate Finance committee meeting regarding McCool's corporate ownership status.

Mr. McCool has contacted the Department of Commerce requesting that the public record be updated to reflect this change.

Sincerely,


Kit Duke
Project Manager

Attachment

Attachment F

3/15/88

March 11, 1988



McCOOL-McDONALD
OF ALASKA INC. ARCHITECTS

Mrs. Kit Duke
Architect, Project Manager
Alaska Court System
310 "K" Street
Suite 220
Anchorage, Alaska 99501

Dear Kit;

On December 26, 1986, John McCool, Michael Carlson and Douglas Green entered into an agreement with Allen McDonald to purchase all of his interest in the corporation of McCool-McDonald of Alaska, Inc. Mr. McDonald's outstanding stock is currently being held in escrow pending final payment and cannot be voted.

John McCool moved to Alaska in the late 60's and has lived in Anchorage since then. Michael Carlson moved to Alaska in 1975 and has lived in Anchorage since 1976. Douglas Green was born in Anchorage and except for the years spent in College has lived in Alaska his entire life. The rest of McCool-McDonald's eleven employees all live in the Anchorage area.

I hope this clarifies your questions regarding the ownership of McCool-McDonald of Alaska, Inc. We are currently corresponding with the Department of Commerce to clear up any misunderstandings.

Sincerely,

John E. McCool, President
McCool-McDonald of Alaska, Inc.

STATE OF ALASKA
DEPARTMENT OF REVENUE

TREASURY DIVISION

ELEVENTH FLOOR
STATE OFFICE BUILDING
P.O. BOX 58
JUNEAU, ALASKA 99811-0400

March 10, 1988

The Honorable John Binkley
Co-Chairman
Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Binkley:

I would like to offer the Department of Revenue's comments on the credit implications of the Anchorage court building financing, as you have requested. They are:

1. the financing would be lease-purchase obligation (either lease revenue bonds or certificates of participation in rent); as such,
 - a. it will be considered by the rating agencies as part of the State's debt burden, generally in the same light as State general obligation bonds, because repayment of the debt comes from the State's general fund; please see the enclosed letter of December 29, 1983 from Richard P. Larkin of Standard & Poor's;
 - b. recognition may be given by the rating agencies to the fact that, in some cases, the additional debt service burden may be partially or entirely offset by reductions in rent of other facilities under true operating leases; nevertheless, the shift to a lease-purchase obligation does change the character of the State's obligation as Mr. Larkin's letter indicates;
 - c. the rating on the debt generally will be one full grade below the State's general obligation bond rating, due to the fact that the lease payments are subject to appropriation and do not carry the full faith and credit pledge of a general obligation bond; see the enclosed excerpt on lease obligations from Standard & Poor's "Debt Ratings Criteria"; this means the interest costs will be as much as 30

basis points, or .3 percent higher, than if the financing was through general obligation bonds;

2. the effect on the State's debt burden resulting from the financing would be considered by the rating agencies both in magnitude and duration:
 - a. the State's capacity to issue debt at its current Aa/AA- ratings has generally been measured by the guideline that debt service should not exceed 5 percent of unrestricted revenues; this includes all debt which is paid from the State's general fund (general obligation bonds, lease-purchase obligations, municipal school debt reimbursement, and University of Alaska revenue bonds); as the enclosed table and graphs indicate, the State debt burden significantly exceeds this level (14.4 percent for FY 88 using September 1987 30th percentile revenue estimates), even if only general obligation debt is considered (7.6 percent); few states with Aa ratings exceed 5 percent; if issuance of additional debt was likely to cause a rating downgrade, such issuance would have to be evaluated from the standpoint of issuers of moral obligation, municipal, and other State and State agency debt whose ratings and interest costs are tied to the State's general obligation rating;
 - b. the agencies have displayed much concern with debt which extends beyond the Prudhoe curve; as a result, a maximum maturity of 10 years or so might have to be considered; this could noticeably increase debt service requirements.

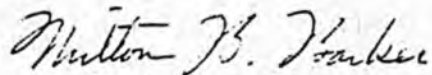
In conclusion, Alaska has many strengths which offset its high debt levels. These are cited in the enclosed rating reviews. It is not clear that issuance of the courthouse financing would raise a serious risk of a rating adjustment. Yet, it would use up some of the State's debt capacity, even though such capacity cannot be precisely measured and would add to the State's fixed costs.

The rating agencies are aware of the authorization for the Anchorage court financing. However, their analysis is based on debt issued. Issuance of financing for the courthouse would likely trigger yet another review of the State's credit by the rating agencies. The State has been under close scrutiny by

The Honorable John Binkley
March 10, 1988
Page 3

the rating agencies (as witnessed by the enclosed reviews)
since the drop in oil prices and will probably remain so, in
any event, with the approaching decline of the Prudhoe curve.

Yours truly,



Milton B. Barker
Deputy Commissioner

MBB/gb
88-72

Enclosures

Standard & Poor's Corporation

25 Broadway, New York, New York 10004



December 29, 1983

RECEIVED

JAN 03 1984

ALASKA DEPARTMENT OF REVENUE
TREASURY DIVISION
JUNEAU

Mr. Milt Barker
Deputy Commissioner
Department of Revenue
11th Floor State Office Bldg.
Pouch, SB
Juneau, Alaska 99811

Dear Mr. Barker:

I would like to respond to your letter of December 13, regarding our views on lease obligations.

Lease Payments are viewed in essentially the same light as debt service on general obligation bonds, regardless of whether the obligation is cancellable due to non-appropriation. In fact, debt obligations secured by lease payments are included in our computations for overall debt burden.

Many states do not consider lease rental debt under debt limitation laws, primarily because legal interpretations view the obligations to pay rent as an annual budget item, and not a long term debt with a continuing appropriation. The fact remains, however, that the debt is still outstanding, and payable for as long as the property is being used by the lessee. While many leases permit non-payment of rent and cancellation of lease obligations, Standard & Poor's would be very concerned about an issuer's general obligation rating, in those cases where leases were cancelled as a ploy to avoid paying debt obligations.

I've enclosed some information regarding our approach to rating lease-rental debt obligations. If you have any further questions, feel free to contact Vladimir Stadnyk or myself at (212) 201-1767.

Very Truly Yours,
A handwritten signature in cursive script, appearing to read 'Richard P. Larkin'.

Richard P. Larkin
Managing Vice President
Municipal Finance Department

cc: V. Stadnyk
T. Arthur

LEASE OBLIGATIONS

Lease obligation criteria

This policy statement updates and expands S&P's tax-exempt lease obligation criteria. Over the years, S&P has rated numerous lease transactions both of the instalment-sales and leveraged-lease types, for both real and personal property. Although the basic rating approach remains unchanged, some new innovations in the field, such as "master" leases and lease pools, have required some additional criteria implementation.

Lease-secured ratings differ depending on the lease provisions and the strength of the repayment source. Because constitutional and statutory laws regarding leases vary, few generalizations can be made about them. However, lease obligations generally fall into two categories:

- (1) Leases resembling long-term debt.
- (2) Higher risk obligations requiring annual appropriations and having limited legal remedies.

Ratings for the first category emphasize the long-term and binding nature of certain leases regardless of whether they are considered debt for other purposes such as debt limits or voting requirements. In cases where the lease is long-term, where the lessee covenants to budget and appropriate, where failure to appropriate constitutes an event of default, and where the legal recourse of a holder is similar to that of a long-term debt holder, ratings may be as high as the lessee's senior debt rating, depending on the capacity to make lease payments.

The second category involves leases which depend on budgetary appropriations (fiscal funding) by the lessee, and where legal remedies are limited in the event of nonappropriation. Owing to the risk that lease payments may be terminated before the obligation is repaid, ratings on these transactions are lower than the lessee's full faith and credit rating. Typically the lease rating is one full category below.

To rate a lease transaction requiring an annual appropriation, S&P evaluates the following:

- General creditworthiness of the lessee.
- Essentiality of the leased property.
- Security features in the lease agreement.

In addition, an opinion from a recognized bond counsel is necessary stating that the agreement is a net lease without the right of offset. A second opinion from lessee's counsel is also required stating that the lease transaction is valid, legal, binding, and enforceable.

Rating approach

S&P will rate a lease upon receipt of a formal application. If the entity appropriating the lease payments is rated, a meeting with S&P may be optional. However, the nature of the leased property or lessee may make a meeting advisable. All documentation is due at least two weeks before the rating date. If additional information is needed, the process may take longer.

Lease ratings reflect the credit qualities of the lessee and, therefore, the analysis begins with a review of the lessee's long-term creditworthiness. Since the lease payments are generally not a direct and continuing obligation, the lease rating is lower than the lessee's senior debt rating unless additional credit strengths are present.

After assessing the lessee's general credit strengths, the analysis focuses on the potential for an event of nonappropriation. Since leases must generally be renewed annually or biannually, nonappropriation is a major risk for the lessor and, by assignment, the certificate holder. Whether or not funds will be appropriated often depends on the importance of the leased property in providing essential services such as police and fire protection, general government or courthouse facilities or utility services. In addition, personal property leases for telecommunication systems, fleet purchases of rolling stock (such as police and fire vehicles), and centralized computer equipment are usually considered essential. The use of the property is more important

than its potential for technological obsolescence. However, the lease term should be matched to the property's useful life. S&P, therefore, gives greater weight to leased properties fulfilling essential roles. Leases for less than essential, real or personal property are viewed as weaker credits unless the lessee demonstrates—usually via a certificate of essential use—the need for the leased property. In all cases, the risk of nonappropriation may be reduced by the presence of a non-substitution provision which precludes the lessee from using the same or functionally similar property for at least 30 days in the event of nonappropriation. For property such as seasonal equipment, a longer period may be more suitable.

The history of legislative authorizations for lease financings, prior leasing experience, and the "intent" of the lessee (indicated, for example, by an equity interest in the leased property) are all important in determining lease ratings. These factors, however, are not substitutes for adequate legal protections. In some states, owing to constitutional or political limitations, lease debt is the only financing option. This tends to enhance these financings. For those leases where the effective date depends on successful completion or acceptance of the property, the rating is "provisional." For a master lease, when the lessee uses one agreement for multiple leased property, S&P requests that acceptance and the effective date of lease payments be tied to the receipt of the major lease component. The lessee can also substitute other leased property to assure timely payments. Particularly for state level master-leases where numerous operating departments may be involved, a simplified appropriation process helps assure the timely payment of obligations. A debt-service reserve can provide additional strength.

A rating is assigned for each issue accepted for review, whether or not it is of investment grade quality. Applications which do not meet S&P's basic criteria may not be accepted.

The following structural elements are viewed positively. Their absence or significant variation may adversely affect the rating:

- The term of the lease matches the term of the issue. This avoids exposure on renegotiation; if state law prohibits long-term leases, renewal should be automatic.
- The lessee unconditionally agrees to make rental or purchase-option payments as agreed. Such payments are not subject to counterclaim or offset pending the outcome of possible litigation over the leased property, the lease agreement, or any other aspect of the transaction.
- The lessee agrees to request appropriations for lease payments in its annual budget.
- The lease has a nonsubstitution provision of at least 30 days in the event of a nonappropriation.
- In the event of a nonappropriation, the lessee agrees to make the specified purchase-option payment or to return the leased property to the lessor at its own expense.
- The lessee agrees to maintain the leased prop-

erty in good repair and to insure it against loss or damage in an amount at least equal to the purchase-option value or replacement costs, if repair and replacement are mandated by the lease agreement. If applicable, the lessee maintains business interruption insurance and a special hazard policy. Self-insurance for these risks is permitted, so long as adequate reserve levels are maintained.

- For corporate lessors, there must be a sale and absolute assignment of lease rental payments to the trustee. This assures timely payment to the certificate holders if the lessor becomes insolvent. Other methods of "insolvency-proofing" the lessor must be provided for leveraged lease transactions.
- A security interest in the leased property is provided.
- Potential taxability exposure to the certificate holders should be addressed.
- Permitted investments for "trusteed funds" should meet applicable guidelines.

Documentation requirements

The following documentation is required:

- A completed rating application.
- A bond ordinance or trust agreement.
- An official statement or private placement memorandum.
- Authorizing resolution of the governing body.
- The lease agreements.
- An assignment agreement.
- The lease payment schedule with principle and interest components and the end payment in each year.
- A description of the lessee, its functions, services, management, and budgeting process, particularly as it concerns the lease payments.
- A general description of the leased property.
- A certificate of essential use describing the purpose and function of the leased property, focusing on its importance to the performance of the lessee's services for the duration of the lease term.
- If applicable, a delivery and installation schedule and a copy of the acceptance certificate.
- The opinion of a recognized bond counsel that the lease agreement is a net lease without the right of offset, and an opinion from lessee's counsel that it is valid, legal, binding, and enforceable in accordance with its terms.

Additional documentation may be requested if needed.

Ratio of Debt Service to Unrestricted Revenues
September 1987
(\$ Millions)

Fiscal Year	(1)	(2)		(3)		Certificates of Participation		(4)		Total Debt Service			
	Unrestricted Revenue	State COB's	%	UA	%	ASBA	%	School Debt	%	Service	%		
77	874.3	41.9	4.8%	1.5	.2%	9.9	1.1%	0	0 %	9.0	1.0%	62.3	7.1%
78	764.9	50.0	6.5	1.7	.2	10.1	1.3	0	0	11.4	1.5	73.2	9.6
79	1133.0	60.0	5.3	1.7	.2	10.1	.9	0	0	22.3	2.0	94.1	8.3
80	2501.2	75.1	3.0	1.8	.1	10.1	.4	0	0	24.1	1.0	111.1	4.4
81	3718.2	97.6	2.6	2.2	.1	10.0	.3	0	0	38.4	1.0	148.2	4.0
82	4108.4	97.5	2.4	2.3	.1	10.0	.2	0	0	38.3	.9	148.1	3.6
83	3631.0	143.6	4.0	2.3	.1	9.9	.3	0	0	36.2	1.0	192.0	5.3
84	3590.1	166.3	4.9	2.0	.1	9.9	.3	0	0	91.2	2.7	269.4	7.9
85	3260.0	169.5	5.2	2.0	.1	9.9	.3	.8	0	92.8	2.8	275.0	8.4
86	3075.0	163.2	5.3	1.8	.1	9.9	.3	.5	0	105.3	3.4	280.7	9.1
87	1798.7	154.9	8.6	1.8	.1	6.5	.4	.7	0	132.5	7.4	296.4	16.5
88	1934.2	147.9	7.6	1.7	.1	6.5	.3	3.7	.2	118.1	6.1	277.9	14.4
89	1784.3	135.5	7.6	1.8	.1	6.5	.4	4.8	.3	115.8	6.5	264.4	14.8
90	1925.1	120.3	6.2	1.7	.1	6.5	.3	5.2	.3	110.2	5.7	243.8	12.7
91	1870.5	95.5	5.1	1.7	.1	6.5	.3	5.2	.3	102.9	5.5	211.7	11.3
92	1834.5	68.2	3.7	1.7	.1	6.5	.4	5.2	.3	100.9	5.5	182.5	9.9
93	1829.0	59.7	3.3	1.7	.1	5.9	.3	5.2	.3	98.9	5.4	171.3	9.4
94	1757.5	33.9	1.9	1.5	.1	3.1	.2	5.2	.3	89.1	5.1	132.8	7.6
95	1682.5	23.1	1.4	1.5	.1	1.5	.1	5.2	.3	78.6	4.7	109.9	6.5
96	1631.7	21.5	1.3	1.5	.1	0	0	5.2	.3	69.5	4.3	97.7	6.0
97	1610.3	16.7	1.0	1.5	.1	0	0	5.2	.3	42.1	2.6	65.5	4.1
98	1577.0	14.4	.9	1.5	.1	0	0	5.2	.3	41.1	2.6	62.2	3.9
99	1522.0	9.0	.6	1.5	.1	0	0	5.2	.3	39.2	2.6	54.9	3.6
00	1484.2	2.6	.2	1.5	.1	0	0	4.3	.3	28.6	1.9	37.0	2.5
01	1452.1	0	0	1.0	.1	0	0	4.3	.3	26.7	1.8	32.0	2.2
02	1423.5	0	0	.4	0	0	0	4.3	.3	9.1	.6	13.9	1.0
03	1393.1	0	0	.3	0	0	0	4.3	.3	4.6	.3	9.2	.7
04	1397.4	0	0	.2	0	0	0	4.3	.3	3.4	.2	8.0	.6
05	1400.8	0	0	.1	0	0	0	4.3	.3	2.6	.2	7.1	.5

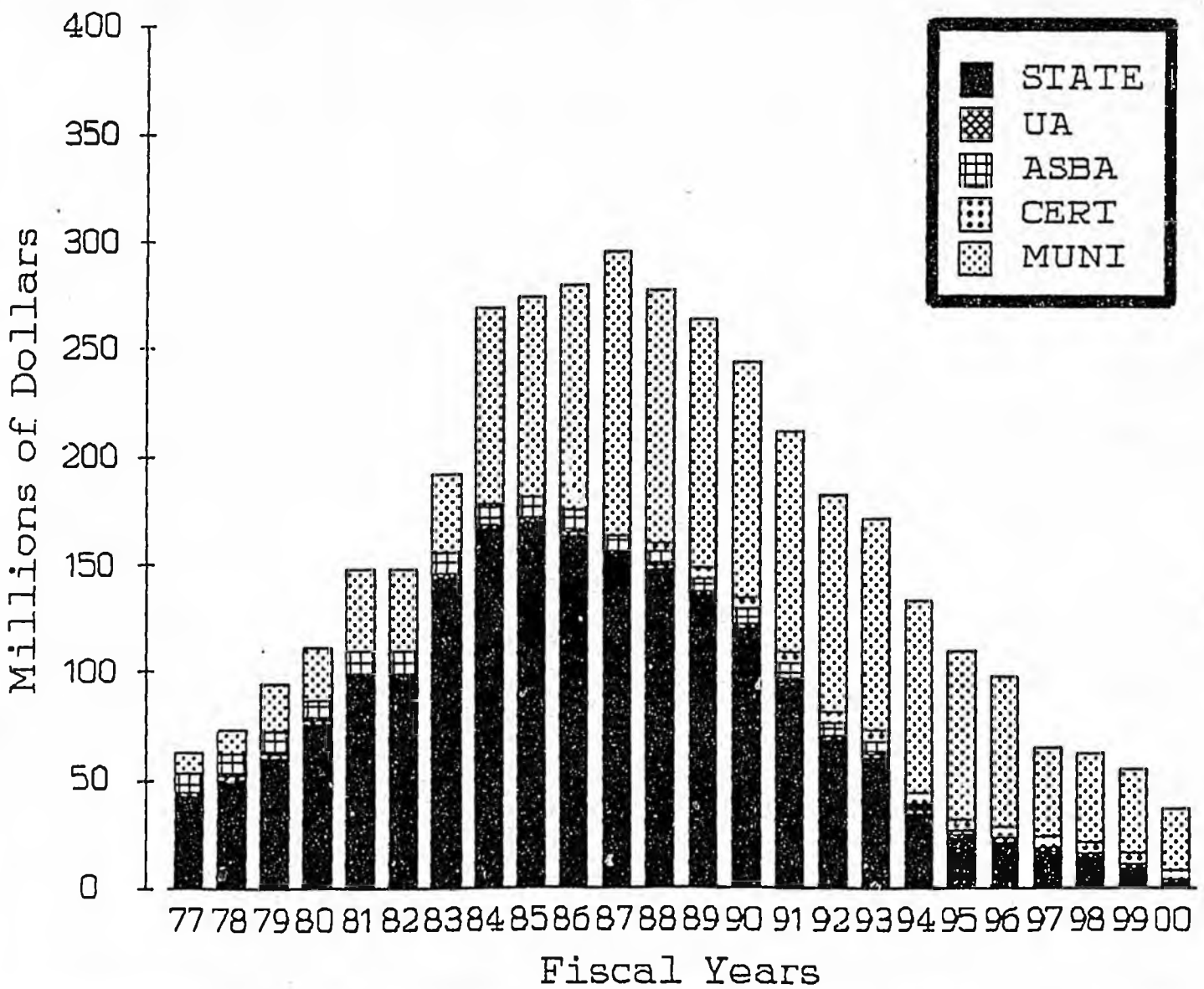
(1) September 1987 Department of Revenue revenue estimates, 30th percentile.

(2) University of Alaska bonds.

(3) Alaska State Building Authority lease revenue bonds.

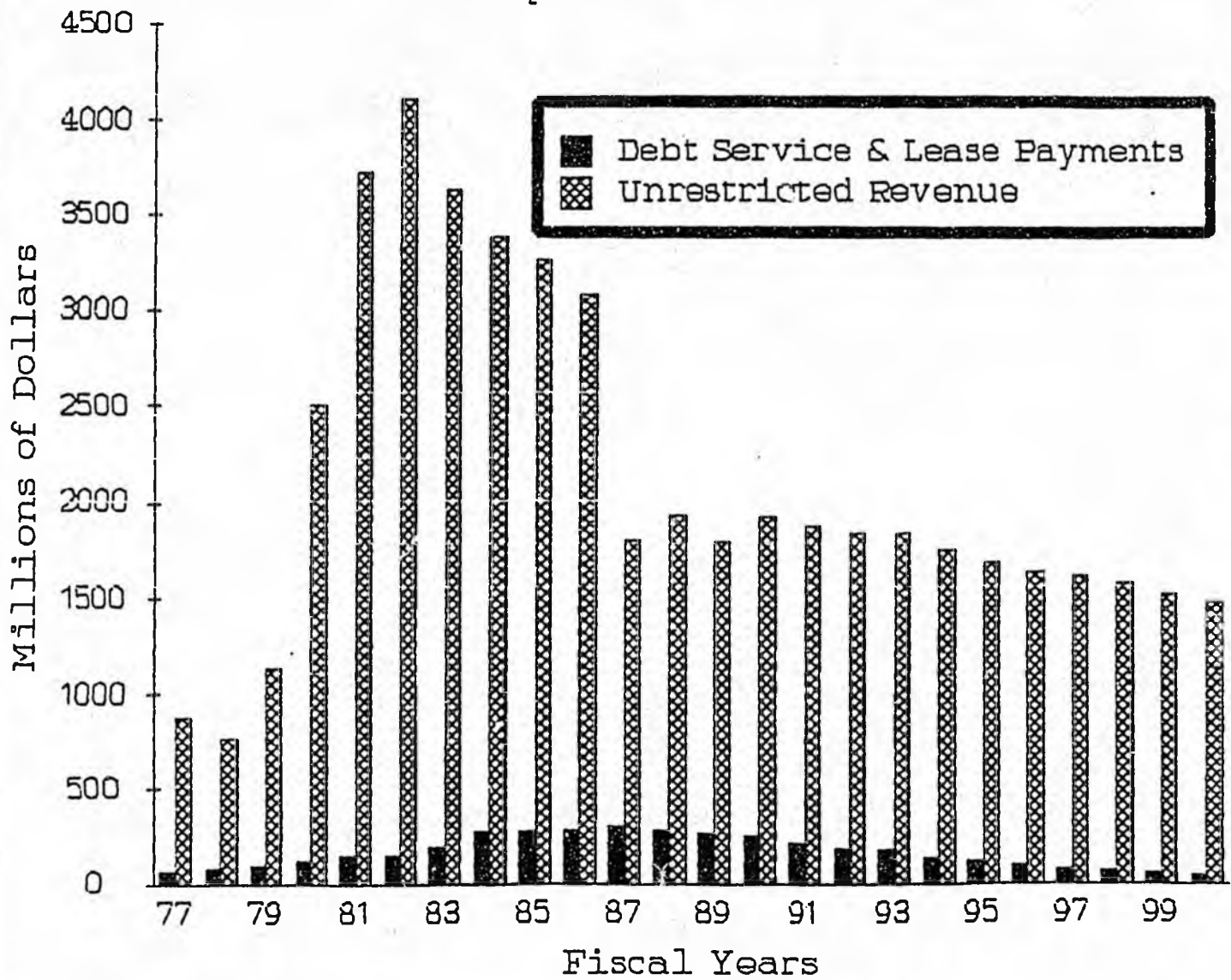
(4) Includes State reimbursement of municipal school debt issued through June 30, 1987.

Total Debt Service & Lease Payments



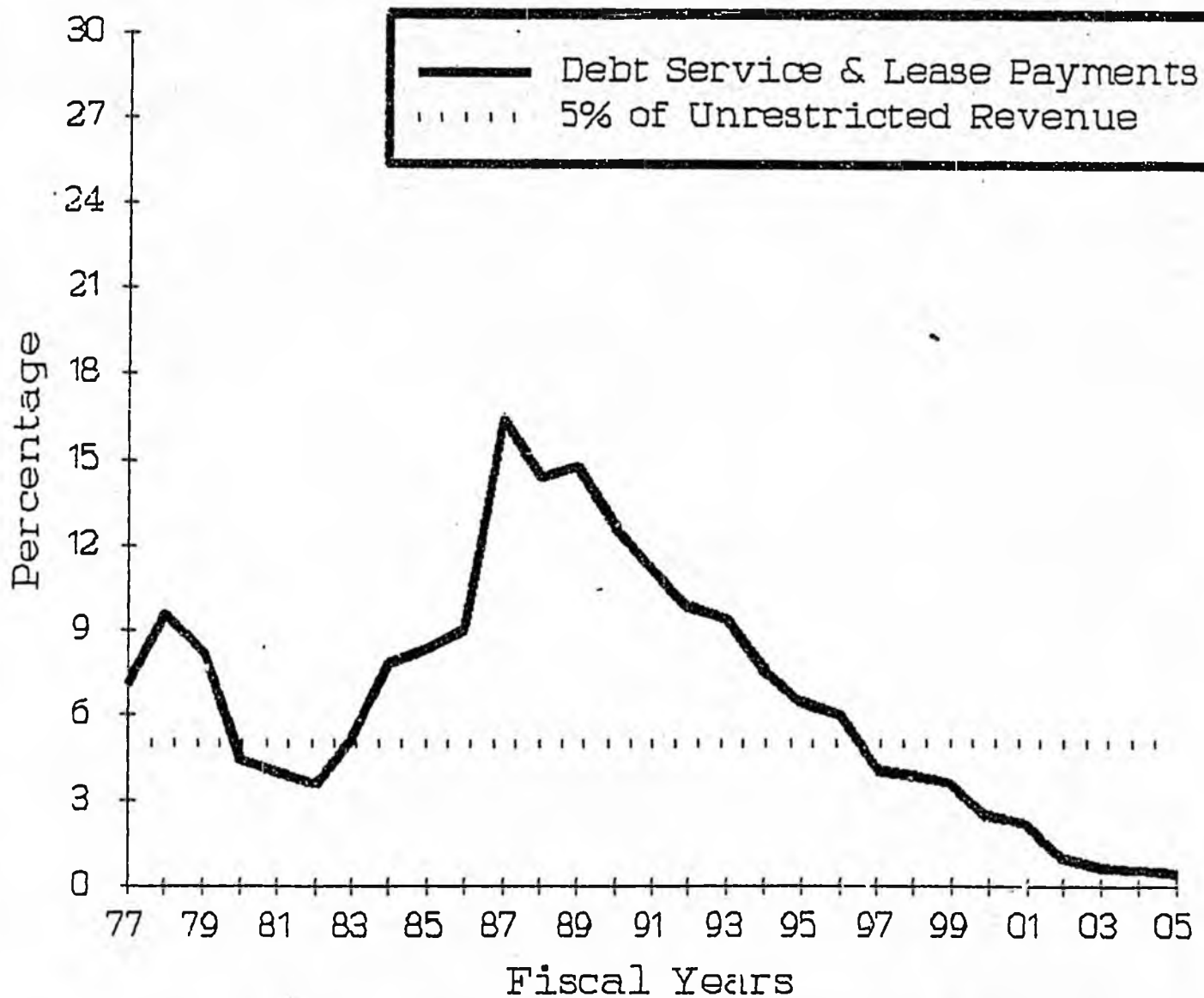
Debt Service vs. Unrestricted Revenue

September 1987



Debt Service as % of Revenue

September 1987



Alaska

Reviewed: rating affirmed

Rationale: Alaska's 'AA-' rating is affirmed on \$660 million of outstanding general obligation bonds. The rating reflects the state's continuing dependence on petroleum revenues, the slow process of stabilization and continuing volatility of the world oil market, and the state's conservative approach to petroleum revenue projections. Financial performance is commensurate with the rating, as evidenced by a good cash and fund balance position and substantial permanent fund earnings available for general fund appropriation. In the economy, there are signs of improvement in the secondary industries of timber, fishing, tourism, and minerals. Debt remains manageable, and is declining as the state continues to meet capital needs on a pay-as-you-go basis. Overall, the state's economy reflects growth in population, employment, and personal income and development in trade and services sectors.

Debt: The issuance of state debt historically has been high, due to the state's commitment to its capital improvement programs. Since the implementation of a debt management policy in 1983, the state has not issued bonds to meet infrastructure requirements, but rather has relied on pay-as-you-go financing. Depletion of oil-related revenues has sharply reduced appropriations to the capital budget. These appropriations fell to \$337.6 million in fiscal 1987 from a high \$1.2 billion in fiscal 1985, a decline of \$904 million or 72.8%. The fiscal 1988 budget projects another sharp drop in the capital appropriation to \$100.7 million, or a 70.2% fall. State G.O. debt declined from 67% of all Alaska public debt in 1972 to 31% in 1982, and 7% in 1986. Maximum annual debt service on all bonds is \$147.0 million, due in 1987. As currently structured, debt service requirements will decrease steadily through 1990 and accelerate through 2000.

Economy: Alaska's economic base remains primarily extractive, with major dependence upon oil and gas production, aided by the supportive industries of fishing, timber, tourism, and minerals. In 1986, approximately 86% of state revenues came from royalties and taxes paid on state-owned oil and gas leases. In

1987, this dependence declined to 77% and is projected to be 81% in 1988. Surveys indicate a declining production level for both the Cook Inlet fields and the Prudhoe Bay. Crude production at Prudhoe Bay is approximately 560 million barrels annually or 1.53 million barrels per day. Total statewide production is expected to peak at 1.85 million barrels per day and decline to about 775,000 barrels per day by fiscal 2000. This drop will be partially arrested by a miscible gas tertiary recovery project which will add approximately 115 million barrels to total Prudhoe reserves, and by production of 222,000 barrels per day from two new fields. These projects are expected to add one and a half to five years to the life of the Prudhoe Bay field. The Alaska Oil & Gas Conservation Commission has estimated the state's remaining recoverable reserves to be 6.6 billion barrels of oil and 30.9 trillion cubic feet of gas. The fishing and timber industries are still important contributors to Alaska's economy. Total revenues to fishermen from catch sold in Alaska for fiscal 1986 totaled \$885.6 million compared to \$700 million in fiscal 1985 and \$602.3 million in fiscal 1984. In 1986, the wholesale value of fish production was estimated at \$1.7 billion. While salmon catches have improved, the shellfish industry, a major revenue contributor, continues to be depressed with the decline of Alaskan king crab and shrimp stocks. Fish processing, which historically had been seasonal, is now a year-round enterprise, due largely to demand for certain products, like surimi, a fish paste used in the manufacture of imitation crab legs. The timber industry continues to be a significant contributor to the Alaskan economy; however, its share of export earnings has been declining since 1980. Exports of forest products have fallen at an average annual rate of 10% due to foreign competition and the strong U.S. dollar. In 1985, forest product exports from Alaska totaled \$213 million or 21% of all state exports. Given future depletion of oil reserves, some focus of attention has been shifted to minerals and mineral deposits. Shipments of coal to Korea from the Usibelli mine began in 1984, and totaled 640,000 tons in 1986. Eleven million tons will be shipped over the life of the

STANDARD & POOR'S CREDITWEEK

contract. Development of a world-class molybdenum mine by U.S. Borax & Chemical Co. has been postponed due to price deterioration. Developmental activities are continuing with the Red Dog and Greens Creek zinc and lead mines. The Red Dog deposit is estimated at 29% of total U.S. deposits and is the world's second largest zinc mine. Tourism contributes significantly to the economy, but is not expected to exceed 1986 levels. In 1986, approximately 783,000 visitors spent over \$1 billion.

Following completion of the Trans Alaska Pipeline System in mid-1977, the population declined to 402,000 from 411,000. Meanwhile, state unemployment rose to 11.1% from 9.3% between 1977-1978. Due to recent weakness in oil and gas prices, 1986 annual unemployment rates have climbed to 10.9% from 9.5% in 1985. The population has grown 25% between 1980-1984. The current estimated population is 527,000. Government employment, historically high in Alaska, accounted for 29% of total income in 1980-1984. State per capita money income rose 9.8% between 1981-1983 to \$12,991, equaling 136.9% of the U.S. average.

Finances: Despite price fluctuations in the world oil market, the state has maintained a good financial posture. Petroleum revenues account for approximately 85% of general fund unrestricted revenues. Based on forecasted declines in petroleum revenues, fiscal 1986 ended with an unreserved fund balance deficit of \$196 million. To offset this deficit in fiscal 1987, \$427.3 million was transferred from the budget reserve fund into the general fund, making it possible for the general fund to end the year with a \$1.8 million deficit. Preliminary figures for fiscal

1988 indicate that as a direct result of a decline in projected petroleum revenues, a \$520 million unreserved fund balance deficit has been identified. It includes a \$250 million appropriation from the general fund to the budget reserve fund to assist in offsetting the deficit for fiscal 1988. Current information points to increased revenues in September which would eliminate the need for appropriating the funds, and at the same time minimizing or completely eliminating any deficit. Otherwise, the state could access \$799 million comprised of permanent fund earnings (\$569 million) and the Raibell Energy Fund (\$230 million) in available funds to correct the deficit. Permanent fund earnings and a proposed \$1 billion budget and reserve fund will be an integral part of the state's plan for softening the volatile petroleum generated revenues. Recognition of the weakened revenue posture is mirrored in the state's operating budget for fiscal 1988. The total operating budget of \$2.1 billion for fiscal 1988 is \$707 million (25.4%) less than fiscal 1986, and \$294.8 million (12.4%) less than fiscal 1987. The June 1987 revenue estimate for fiscals 1987-1989 shows flat growth. Petroleum revenues were an estimated 77% of general fund revenues in 1987, 81% in 1988, and 83% in 1989. These estimates indicate the continued dominance of petroleum revenues as the major contributor to the general fund. Total permanent fund assets for 1987 are \$8.8 billion. Approximately \$363 million of investment earnings from this fund in fiscal 1987 are available for dividend payments to each Alaskan resident. Anticipated payout is \$721 per person. The permanent fund earnings available for appropriation in fiscal 1988 will be approximately \$569 million.

Anthony H. Arthur
(212) 208-1777

State of Alaska

March 17, 1987

Comment

Moody's has been informed that both the senate and the house of representatives of the State of Alaska have passed, by a two-thirds vote, legislation which allows use of the Budget Reserve Fund by the General Fund. Signature by the governor is expected within the next few days. The bill will be effective immediately. This measure should allow the state to finish its fiscal year without further cash shortages.

The legislature is considering various measures which would draw on reserves to erase the undesignated General Fund deficit. The governor intends to balance the budget for 1987-88, but no definitive action has been taken by the legislature to date.

analyst: C. Coher

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State of Alaska

February 27, 1987

Comment

State of Alaska

The State of Alaska is facing a potentially serious cash shortage by the end of March unless corrective action is taken in the interim. General Fund revenues have been sharply reduced following the 1986 break in oil pricing, with unrestricted revenues to the fund in 1985-86 about 11% below the level of the previous year. It has been estimated that the General Fund will need about \$315 million in cash over and above expected receipts for the remainder of the 1986-87 fiscal year. At the present time, state officials expect that additional cash will be needed in the period between March 26, when a payroll is due, and April 1, when a debt service payment is due.

While Alaska has a liquidity problem, it also has substantial funded reserves. The General Fund contains a budget reserve which holds \$431 million and a railbelt energy reserve which holds \$280 million. In addition, about \$171 million of Permanent Fund earnings are generally available to the General Fund. However, use of these funded reserves requires legislative authorization.

One of two courses of action is considered likely. The first is that the legislature will appropriate sufficient monies from the budget reserve. Such legislation has been passed by the house and is pending in the senate but its usefulness is moot as house passage was only by simple majority, delaying effectiveness for 90 days, which is subsequent to the expected pressure date. It is possible that the senate could pass the legislation by a two-thirds vote and return it to the house; approval by that margin allows immediate effectiveness.

The second course of action available is use of the executive power of impoundment. The governor has indicated that if necessary he will invoke that power. In August 1986, the governor used his impoundment power to reduce appropriations. Fairbanks North Star Borough and the borough school district in November 1986 filed suit seeking to enjoin the governor from exercising impoundment powers.

Moody's will continue to monitor this situation and further developments will be reported.

analyst: C. Cohen

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Alaska copes with volatile oil markets

Alaska continues to be subjected to revenue pressures created by the world oil market's volatility. January 1987 estimates projected a 62% decline in petroleum revenues in the fiscal year ending June 30, 1987, which would have led to a \$1.06 billion unreserved fund balance deficit. Only two months later, the situation changed for the better. March 1987 estimates reflect an improving revenue trend which—along with certain remedial actions taken by the state—will eliminate the deficit. Alaska will restrict capital, loan program, and general spending appropriations and will use budget reserves and revenues that exceeded the January estimate.

In light of the corrective actions and the financial cushion provided by earnings from Alaska's permanent fund, the 'AA-' rating is affirmed on the state's approximately \$656 million in outstanding general obligation debt. However, S&P will continue to monitor Alaska's financial performance, due to concerns over oil market volatility and its effect on the state's revenue performance. It is projected that 77% of fiscal 1987's general fund revenues will come from unrestricted petroleum revenues.

The January 1987 forecast revealed sharp declines in petroleum-related revenues for fiscals 1987-1989, with concurrent declines in the total general fund unrestricted revenues. Major declines were in the severance tax and royalties. When compared to fiscal 1986 actuals, severance tax revenues were estimated to decline 58% in fiscal 1987, 59% in fiscal 1988, and 55% in fiscal 1989. Also versus fiscal 1986's actuals, royalties were expected to decrease 68% in fiscal 1987, 54% in fiscal 1988, and 47% in fiscal 1989.

As the oil market firmed, March 1987's forecast portrayed a much better trend. Severance tax revenues are projected to increase 30% for fiscal 1987, 21% for fiscal 1988, and 21% for fiscal 1989. As for royalties, gains are expected to be 51% in fiscal 1987, 22% in fiscal 1988, and 18% in fiscal 1989.

Governor Steve Cowper plans to address fiscal 1987's revenue pressures and eliminate the potential deficit by restricting spending, tapping the budget reserve fund, and drawing on permanent fund earnings. The state's financial plan projects deficits for fiscals 1988-1991, and proposes draws on permanent fund earnings during those years to the extent needed after other revenue enhancement possibilities are applied. The draws on the permanent fund range from a high of \$368.6 million in fiscal 1987 to a low of \$15.5 million in fiscal 1991. S&P believes that the availability of the permanent fund's earnings will provide a cushion to soften adverse impacts from petroleum revenue declines. Total permanent fund balance is \$8.2 billion, while the unencumbered earnings reserve fund from which draws will be made is projected to be \$510 million.

Governor Cowper has submitted to the legislature a fiscal 1988 budget which takes into consideration reduction in petroleum-related revenue. The budget, which totals \$1.89 billion and includes a \$1.56 billion operating budget, reflects a reduction in state spending of approximately 26% over the level authorized in fiscal 1987 and 34% less than in fiscal 1986. To ensure a budget that would sustain state spending, the governor made four proposals: reimposition of the state income tax, increased fees and license costs, suspension of the economic limit factor affecting oil taxes (a state tax incentive designed to encourage the oil industry to produce marginal fields), and use of a portion of permanent fund earnings. The individual income tax is not likely to receive early approval.

Hyman C. Grossman (212) 209-1752

Vladimir Stadnyk (212) 209-1760

Anthony Arthur (212) 209-1777

Alaska adjusts to falling oil prices

In response to sharply declining world oil prices, Alaska recently reduced revenue projections and will adjust its expenditure levels accordingly. These timely actions are in keeping with the state's conservative approach to dealing with possible fluctuations in its main revenue source, oil and gas extraction taxes.

S&P affirms the 'AA-' rating on Alaska's \$752.7 million in outstanding general obligation debt. The rating is based on a continuing strong financial position, a manageable debt position, and an economy that continues to evidence population growth, employment gains, and maturation in the trade and services sectors. S&P believes that over the next several years, the availability of approximately \$2 billion of unrestricted funds will soften the impact on state revenues created by unfavorable fluctuations in world oil prices. The situation will be continuously monitored with a view to identifying the longer-term impact on state operations. (For analysis on Alaska, see Mar. 3 *Credit-Week*.)

In January 1986, Alaska forecast revenue levels at \$3,125 million in fiscal 1986, \$2,719 million in 1987, and \$2,258 million in 1988. To reflect lower oil prices and declining North Slope production, projections made in March reduce fiscal 1986's revenues by \$404 million, 1987's by \$641 million, and 1988's by \$643 million. Despite the cuts, Alaska still will achieve a surplus of \$280 million in fiscal 1986. Although current revenue projections are more conservative than those prepared in January, state forecasters acknowledge that the downside risk exceeds any perceived upside potential given the instability of the oil markets.

Included in the March numbers are favorable adjustments for the Trans Alaska Pipeline System (TAPS) tariff of approximately \$85 million, \$170 million, and \$83 million for fiscal 1986, 1987, and 1988, respectively. Fiscal 1986's revenue projections may be adjusted again, up to \$3,180 million from \$2,721 million, due to a \$243 million Arco Alaska Inc. settlement and \$216 million in refunds and legal expenses from the TAPS settlement.

Controlling expenditures

In addressing the new revenue projections, Governor Bill Sheffield proposed a plan designed to control expenditures. Internal controls on state spending for the remainder of fiscal 1986 will be tightened, including a hiring freeze, travel restrictions, and contract controls. State employee contracts will be reopened for negotiation and reexamined to save money and preserve jobs. To minimize the impact of budget reductions on local taxpayers and the economy, the governor has submitted a proposal to the legislature which would reduce some operating expenses, capital construction, pass-through funds to local governments and school districts, and loan programs. The governor has also proposed the immediate implementation of a budget reserve fund, in which the fiscal 1986 surplus can be deposited for use to offset the current decline in revenues. Efforts are being made to increase the public's awareness of the situation.

The impact of reduced revenues on spending is softened by available and unrestricted cash totaling approximately \$2 billion. Of that, \$515 million is composed of a settlement of the Arco tariff case, refunds for past TAPS throughput and legal fees, and a resolution of the outer continental shelf issue with the federal government. Other available funds are \$200 million in an unrestricted account for the Susitna power project, which will not proceed, and a rainy day fund of approximately \$298 million in fiscal 1986, \$284 million in 1987, and \$270 million in 1988. A last resort is the permanent fund, which now totals approximately \$7 billion, use of which would require a constitutional change. Projections for this fund are \$8.5 billion in fiscal 1990 and \$16.6 billion in 2000.

Anthony H. Arthur
(212) 208-1777

Alaska State Building Authority
State Lease Revenue Bonds
Debt Service to Maturity

FY	Bond #	Bond #	Bond #	Bond #	Bond #	Bond #	Bond #	Bond #	Bond #	Bond #	Bond #	Bond #	Total
	01-A	01-B	03	04-1	04-2	06	07-1	07-2	08-2	09	10-2	11	State Lease Revenue Bonds
<u>PRINCIPAL</u>													
88	\$ 245,000.00	\$ 270,000.00	\$ 225,000.00	\$ 175,000.00	\$ 80,000.00	\$ 270,000.00	\$ 70,000.00	\$ 545,000.00	\$ 615,000.00	\$ 475,000.00	\$ 945,000.00	\$ 660,000.00	\$ 4,575,000.00
89	250,000.00	285,000.00	240,000.00	185,000.00	85,000.00	290,000.00	75,000.00	580,000.00	650,000.00	505,000.00	1,000,000.00	705,000.00	4,850,000.00
90	265,000.00	300,000.00	255,000.00	195,000.00	90,000.00	310,000.00	80,000.00	620,000.00	690,000.00	535,000.00	1,060,000.00	750,000.00	5,150,000.00
91	275,000.00	315,000.00	270,000.00	205,000.00	95,000.00	330,000.00	85,000.00	660,000.00	735,000.00	565,000.00	1,120,000.00	795,000.00	5,450,000.00
92	285,000.00	330,000.00	285,000.00	220,000.00	100,000.00	355,000.00	90,000.00	705,000.00	780,000.00	605,000.00	1,190,000.00	840,000.00	5,785,000.00
93	-	345,000.00	305,000.00	230,000.00	105,000.00	-	95,000.00	750,000.00	830,000.00	640,000.00	1,260,000.00	900,000.00	5,460,000.00
94	-	-	325,000.00	250,000.00	110,000.00	-	-	-	-	-	1,335,000.00	955,000.00	2,975,000.00
95	-	-	345,000.00	-	115,000.00	-	-	-	-	-	-	1,015,000.00	1,475,000.00
	<u>1,320,000.00</u>	<u>1,845,000.00</u>	<u>2,250,000.00</u>	<u>1,460,000.00</u>	<u>780,000.00</u>	<u>1,555,000.00</u>	<u>495,000.00</u>	<u>3,860,000.00</u>	<u>4,300,000.00</u>	<u>3,325,000.00</u>	<u>7,910,000.00</u>	<u>6,620,000.00</u>	<u>35,720,000.00</u>
<u>INTEREST</u>													
88	58,378.37	89,707.50	128,250.00	77,955.00	42,052.50	87,437.50	25,902.50	201,338.75	217,015.00	164,027.50	408,995.00	396,455.00	1,898,114.62
89	46,312.75	75,206.25	114,300.00	67,828.75	37,411.25	69,517.50	21,715.00	169,450.00	180,962.50	138,057.50	355,980.00	354,293.75	1,631,035.25
90	33,759.64	59,850.00	99,450.00	57,093.75	32,467.50	50,162.50	17,220.00	134,650.00	142,600.00	110,230.00	298,800.00	308,825.00	1,345,108.39
91	20,597.15	43,706.25	83,700.00	45,742.50	27,217.50	29,362.50	12,435.00	97,530.00	101,631.25	80,530.00	237,760.00	260,543.75	1,040,755.90
92	6,947.16	26,775.00	67,050.00	33,630.00	21,660.00	9,318.75	7,360.00	57,945.00	61,000.00	48,637.50	172,485.00	209,240.00	722,048.41
93	-	9,056.25	49,350.00	20,805.00	15,817.50	-	2,375.00	18,750.00	20,750.00	16,000.00	102,660.00	154,430.00	409,993.75
94	-	-	30,450.00	7,125.00	9,690.00	-	-	-	-	-	33,375.00	95,520.00	176,160.00
95	-	-	10,350.00	-	3,277.50	-	-	-	-	-	-	32,480.00	46,107.50
	<u>165,995.07</u>	<u>304,301.25</u>	<u>582,900.00</u>	<u>310,180.00</u>	<u>189,593.75</u>	<u>245,798.75</u>	<u>87,007.50</u>	<u>680,263.75</u>	<u>723,958.75</u>	<u>557,482.50</u>	<u>1,610,055.00</u>	<u>1,811,787.50</u>	<u>7,269,323.82</u>
<u>TOTAL DEBT SERVICE (Including \$5,000 Per Annum ASBA Fee)</u>													
88	308,378.37	364,707.50	358,250.00	257,955.00	127,052.50	362,437.50	100,902.50	751,938.75	837,015.00	644,027.50	1,358,995.00	1,061,455.00	6,533,114.62
89	301,312.75	365,206.25	359,300.00	257,828.75	127,411.25	364,517.50	101,715.00	754,450.00	835,962.50	648,057.50	1,360,980.00	1,064,293.75	6,541,035.25
90	303,759.64	364,850.00	359,450.00	257,093.75	127,467.50	365,162.50	102,220.00	759,650.00	837,600.00	650,230.00	1,363,800.00	1,063,825.00	6,555,108.39
91	300,597.15	363,706.25	358,700.00	255,742.50	127,217.50	364,362.50	102,435.00	762,530.00	841,631.25	650,530.00	1,362,760.00	1,060,543.75	6,550,755.90
92	296,947.16	361,775.00	357,050.00	258,630.00	126,660.00	369,318.75	102,360.00	767,945.00	846,000.00	658,637.50	1,367,485.00	1,054,240.00	6,567,048.41
93	-	359,056.25	359,350.00	255,805.00	125,817.50	-	102,375.00	773,750.00	855,750.00	661,000.00	1,367,660.00	1,059,430.00	5,919,993.75
94	-	-	360,450.00	252,125.00	124,690.00	-	-	-	-	-	1,373,375.00	1,055,520.00	3,176,160.00
95	-	-	360,350.00	-	123,277.50	-	-	-	-	-	-	1,052,480.00	1,536,107.50
	<u>\$1,510,995.07</u>	<u>\$2,179,301.25</u>	<u>\$2,872,900.00</u>	<u>\$1,805,180.00</u>	<u>\$1,009,593.75</u>	<u>\$1,825,798.75</u>	<u>\$612,007.50</u>	<u>\$4,570,263.75</u>	<u>\$5,053,958.75</u>	<u>\$3,912,482.50</u>	<u>\$9,555,055.00</u>	<u>\$8,471,787.50</u>	<u>\$43,379,323.82</u>

3/15/88
MB (DOR)

STATE FACILITIES UNDER BONDED INDEBTEDNESS

BOND # 01-A 1966 ISSUE

FACILITY NAME	LOCATION
ELEMENTARY SCHOOL HOUSING	ANGOON
ELEMENTARY SCHOOL	ANGOON
GENERATOR/POWER BUILDING	ANGOON
COMBINED FACILITY	DELTA JUNCTION
HIGHSCHOOL ADDITION	DELTA JUNCTION
COMBINED FACILITY	DILLINGHAM
EMPLOYEE HOUSING UNIT	DILLINGHAM
HIGHWAY MAINTENANCE SHOP	GIRDWOOD
COMBINED FACILITY	GLENNALLEN
HIGHSCHOOL ADDITION	GLENNALLAN
MANUAL TRAINING SHOP	GLENNALLEN
WAREHOUSE AND GARAGE	GLENNALLAN
HIGHWAY MAINTENANCE SHOP	NELCHINA
HIGHWAY MAINTENANCE SHOP	NENANA
HIGHWAY MAINTENANCE SHOP	PAXSON
HIGHWAY WARM STORAGE	SOLDOTNA
EMPLOYEE HOUSING	TELLER
WAREHOUSE	TELLER
CLASSROOM & LIVING QUARTERS	TENAKEE SPRINGS
COMBINED FACILITY	TOK JUNCTION
EMPLOYEE HOUSING (8PLEX)	TOK JUNCTION
SCHOOL ADDITION	TOK JUNCTION
EMPLOYEE HOUSING (8PLEX)	VALDEZ
EMPLOYEE HOUSING (8PLEX)	VALDEZ
EMPLOYEE HOUSING (8PLEX)	VALDEZ

BOND # 01-B 1967 ISSUE

FACILITY NAME	LOCATION
HIGHWAY MAINTENANCE SHOP	BERNICE LAKE
COMBINED FACILITY	BETHEL
HIGHWAY MAINTENANCE SHOP	CENTRAL
HIGHWAY POWER HOUSE	CENTRAL
HIGHSCHOOL ADDITION	GLENNALLAN
HIGHWAY MAINTENANCE SHOP	HEALY
HIGHWAY MAINTENANCE SHOP	HOMER
S.E. CORRECTIONAL FACILITY	JUNEAU
COMBINED FACILITY	KODIAK
HIGHWAY MAINTENANCE SHOP	KODIAK
HIGHWAY MAINTENANCE SHOP	NINILCHIK
HIGHWAY MAINTENANCE SHOP	

BOND # 03 1969 ISSUE

COURT AND OFFICE BUILDING	ANCHORAGE
COURT AND OFFICE BUILDING	FAIRBANKS

BOND # 04-1 1968 ISSUE

HIGHWAY MAINTENANCE HOUSING	CHULITNA
HIGHWAY MAINTENANCE SHOP	CHULITNA
FISH & GAME HEADQUARTERS BUILDING	COLD BAY
FISH & GAME HEADQUARTERS BUILDING	CORDOVA
HIGHWAY COMPLEX:	FAIRBANKS
LARGE VEHICLE/WARM STORAGE BUILDING	
MAINTENANCE SHOP	
MATERIAL TEST LABORATORY	
PUMPHOUSE	
SMALL VEHICLE STORAGE BUILDING	

FACILITY NAME	LOCATION
SUPPLY BUILDING	FAIRBANKS
HIGHWAY MAINTENANCE SHOP	KETCHIKAN
HIGHWAY MAINTENANCE SHOP	TAZLINA

BOND # 04-2 1968 ISSUE

HIGHWAY COMPLEX/OFFICE BUILDING	FAIRBANKS
FISH & GAME COMPLEX:	KING SALMON
HEADQUARTERS OFFICE BUILDING	
DORMITORY BUILDING	
WAREHOUSE/SHOP BUILDING	
FUEL STORAGE BUILDING	

BOND # 05-1 1970 ISSUE

ALCANTRA YOUTH CAMP	WASILLA
ALCANTRA WATER TREATMENT FACILITY	WASILLA
HIGHWAY COMPLEX:	ANCHORAGE
OFFICE BUILDING	
SMALL VEHICLE STORAGE BUILDING	
SUPPLY BUILDING	
TESTING LABORATORY	
LARGE VEHICLE STORAGE BUILDING	
HIGHWAY MAINTENANCE SHOP	CORDOVA
COMBINED FACILITY	FORT YUKON
HIGHWAY MAINTENANCE SHOP	PETERSBURG
DUPLEX/OFFICE	SAND POINT

BOND # 05-2 1970 ISSUE

FACILITY NAME	LOCATION
COURT AND OFFICE BUILDING	ANCHORAGE
COURT AND OFFICE BUILDING	KETCHIKAN

BOND # 05-3 1970 ISSUE

STATE OFFICE BUILDING	JUNEAU
-----------------------	--------

BOND # 06 1971 ISSUE

COURT AND OFFICE BUILDING # 2	ANCHORAGE
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BOND # 07-1 1972 ISSUE

DOUGLAS ISLAND BUILDING	DOUGLAS (JUNEAU)
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BOND # 07-2 1972 ISSUE

COMMUNITY BUILDING	JUNEAU
COURT AND OFFICE BUILDING	JUNEAU

BOND # 08-2 1972 ISSUE

AVIATION BUILDING	ANCHORAGE
PIONEER HOME ADDITION #2	FAIRBANKS
ARCHIVES AND RECORDS BUILDING	JUNEAU
PUBLIC SAFETY BUILDING	SITKA

BOND # 09 1973 ISSUE

<u>FACILITY NAME</u>	<u>LOCATION</u>
REGIONAL OFFICE BUILDING	FAIRBANKS
REGIONAL OFFICE BUILDING	KODIAK
PIONEER HOME	PALMER

BOND # 10-2 1973 ISSUE

COMMUNICATION BUILDING	ANCHORAGE
PIONEER HOME	ANCHORAGE
PARKING STRUCTURE	ANCHORAGE
HIGHSCHOOL ADDITION #4	DELTA JUNCTION
COURT AND OFFICE BUILDING	KENAI
PIONEERS HOME	KOTZEBUE
COURT AND OFFICE BUILDING	VALDEZ

BOND # 11 1974 ISSUE

PARKING STRUCTURE	FAIRBANKS
PARKING STRUCTURE	JUNEAU
COURT AND OFFICE BUILDING	SITKA

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

RECEIVED MAR 17 1988

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701-4679

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600

March 17, 1988

Hon. Rick Halford, Co-chairman
Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: Specific authority for ASBA to
finance Anchorage court facility

Dear Senator Halford:

During a meeting of the Senate Finance Committee on March 16, 1988, you requested our opinion concerning the necessity to obtain specific approval for Alaska State Building Authority (ASBA) involvement in the Anchorage court facility project. AS 18.55.100(d) requires ASBA to receive legislative review and approval before it may "proceed" with a lease-purchase financing under AS 18.55.100(a)(15). The author of this memorandum offered the opinion that the approval given to the supreme court in sec. 3, ch. 78, SLA 1984 was adequate to satisfy the review and approval requirements of AS 18.55.100(d).

We regret that there was not more time to reflect on the basis for the opinion before it was given orally to the committee. Upon careful review and consultation with others, we wish to express substantial reservations concerning the wisdom of proceeding without specific approval of ASBA as lessor of the court facility project. Foremost, our reservations are based on consideration of the reaction of bond counsel and underwriters to any departures from the review and approval process set out in AS 18.55. They may balk at giving an unqualified approval for a project unless a new approval specific to ASBA is granted. Our concern is also based on the fact that the earlier approval given for the project in ch. 78, SLA 1984 was enacted before the review and approval requirement set out in AS 18.55.100(d) was added to ASBA's enabling Act.

The willingness to accept the approval granted in 1984 was based in part on our long-held opinion that a legislative veto of specific projects violates the separation of powers doctrine. It is also significant that the requirement of legislative review and approval of ASBA projects is the more recent enactment. We have successfully maintained in a lawsuit involving the Alaska State Housing Authority (ASHA), ASBA's predecessor

Hon. Rick Halford, Co-chairman
Senate Finance Committee
Re: Specific authority for ASBA

March 17, 1988
Page #2

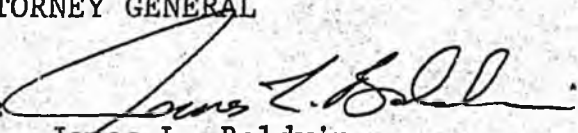
agency, that the legislature may not reserve approval power over specific projects proposed by ASHA. However, the legislature may by law enact specific standards for the exercise of the power of ASHA to lease public buildings. The decision in the case involving ASHA was not appealed to the supreme court. Based on the superior court's decision, we believe that a legislative approval required by statute is not a valid requirement and should not prevent ASBA from proceeding with the project. However, as mentioned earlier, potential investors usually are very cautious to explore the legal authority for this type of financing and will require adequate assurances that ASBA has the power to proceed and the blessings of the legislature.

In our opinion, it would be prudent to provide a new authorization for the Anchorage court facility by enacting the provisions of sec. 3 set out in SB 328. That bill is currently pending consideration in the State Affairs Committee. Rather than provide the committee with a letter of intent with the terms you requested, we suggest that the committee consider adding to the bill under consideration an effective date which states: "* Sec. _____. This Act takes effect on the effective date of an Act authorizing the Alaska State Building Authority to proceed with the Anchorage court facility pursuant to AS 18.55.100(d)."

We regret the change in position and any inconvenience it may have caused the committee. However, this inconvenience is necessary to assure that the financing will not be bogged down by the uncertainty of potential investors in any bonds issued by the financing authority.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By: 
James L. Baldwin
Assistant Attorney General

JLB/pjg

SB 115



Alaska Court System

State of Alaska

303 "K" STREET
ANCHORAGE, ALASKA
99501

ARTHUR H. SNOWDEN II
ADMINISTRATIVE DIRECTOR

(907) 274-8611

February 22, 1988

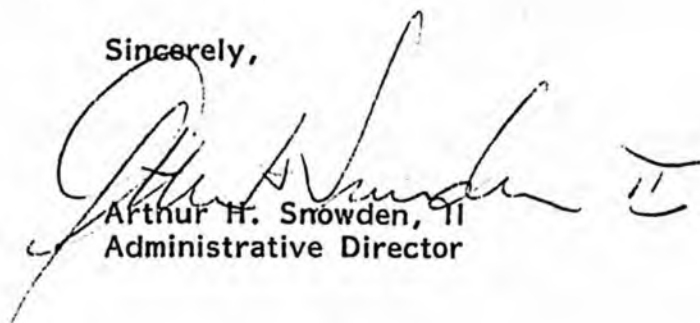
Senator Rick Halford
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Halford:

Enclosed is the project overview that you requested on behalf of the Senate Finance Committee.

The report documents our findings as to need for the expansion project, the history of project development, the project budget including the architect's current estimate for construction cost, and a record of expenses to date indicating the need for \$1,500,000 to complete the initial project development prior to sale of the bonds.

Sincerely,



Arthur H. Snowden, II
Administrative Director

AHS:bh

Encl.

2/22/88-2

PROJECT OVERVIEW
ANCHORAGE COURTHOUSE EXPANSION PROJECT

FEBRUARY 22, 1988

**OFFICE OF ADMINISTRATIVE DIRECTOR
ALASKA COURT SYSTEM
303 K STREET
ANCHORAGE, ALASKA 99501
(907) 264-0547**

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III. EVALUATION OF NEEDS FOR EXPANSION PROJECT	5
IV. APPENDICES	9
A. APPENDIX ONE - Project Budget	
B. APPENDIX TWO - Expenditures to Date, Additional Funds	

February 22, 1988

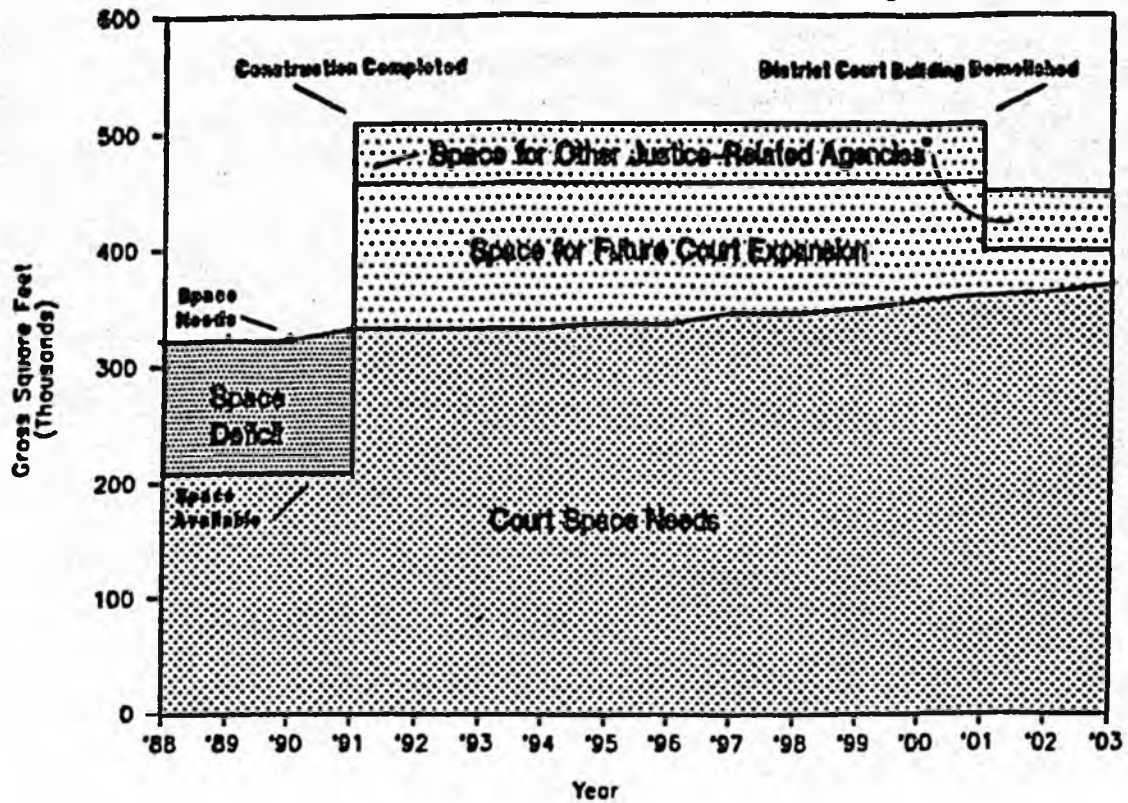
I. PROJECT DESCRIPTION

The court currently occupies two adjacent buildings in the downtown business district. The older building fronts on Fourth Avenue and borders on K Street, and constituted the court's facilities from 1964 until 1973. In 1973, the court took occupancy of the newly-constructed, adjacent Boney Memorial court building at Third Avenue and K Streets. Together these buildings provide the Anchorage court with 208,000 square feet of floor space.

Our current facilities are deficient in a number of ways. One of the most significant is that both buildings permit serious breaches of security. Prisoners are circulated through public corridors and lobbies and the potential for escape and/or hostage situations is great. Split departments and the resultant disruption of work flow and public inconvenience is impossible to correct without extensive and costly remodeling to both buildings. Existing jury assembly facilities are substandard with respect to providing adequate space to instruct jurors and to allow appropriate space for waiting. The existing district court building is significantly deficient with respect to current fire code and seismic requirements, and the mechanical and electrical systems are inadequate and difficult to remodel.

The new facility will correct deficiencies in the existing court buildings, will consolidate court offices and court-related agencies and will provide space for future growth. (See Graph 1) To enhance security the new design allows for three separate circulation patterns: general public circulation; private circulation for court system staff; and secured prisoner circulation. The circulation patterns, in conjunction with an easily operated card security system, will provide a level of security that is impossible to achieve in the present facilities and is needed to protect the public and judicial staff from the heightened risks associated with prisoner escapes. The new facility also provides for a secured sallyport for prisoner movement to and from the courthouse. The new facility will also eliminate the current space rental costs for departments housed in leased space. The training center will eliminate the cost of renting space for magistrate, judicial and clerk conferences. The expanded and redesigned jury assembly facilities reflect current model standards for jury management. Other necessities are provided as well.

**Alaska Court System
Office Space Needs - 1988 through 2003**



Graph 1

Fiscal Impact

Estimated Costs from Present to Completion of Alternative	
Design Costs	\$ 1,500,000
Construction Costs	82,500,000
Reimbursement of Public Facilities Planning Fund (1)	750,000
 Project Costs Incurred to Date Not Applicable to Alternative	
Contract Termination Costs	\$ 0
Non-recoverable Project Costs	0
 Estimated Annual Operating Costs	
Debt Service (2)	\$8,880,000
Operations and Maintenance Costs (3)	1,683,300
Other Justice-Related Agency Rent Offsets (4)	(870,500)

Notes:

- (1) Repayment of loan for design costs.
- (2) Construction financed with 30-year, lease-revenue bonds.
- (3) Costs estimated at \$.40 per square foot per month for new space.
- (4) Savings from current rental costs (48,360 square feet at \$1.50 per foot per month).

II. PROJECT HISTORY

In FY 1982, the Alaska State Legislature appropriated funds to the Alaska Court System for land acquisition, and planning and design of new court facilities in Anchorage.

Space Management Consultants, a nationally recognized judicial space management firm, was hired to develop a plan for the facility. Based on design guidelines, space standards, and interviews with department heads to determine staff needs, Space Management Consultants developed a program document projecting personnel requirements and space requirements to the year 2005. This document formed the starting point for the architect's design work.

The court system purchased the land across I Street between 4th and the alley for an expansion of court facilities. The firm of McCool-McDonald of Alaska, Inc., was chosen to design the new building. The new facility was planned to provide an additional 350,000 square feet of space, in order to meet the court's projected needs to the year 2005.

The Anchorage court expansion project has had a long history of interaction with Anchorage municipal governmental agencies over the past several years. In January 1982, court administrative staff met with municipal planners to discuss the proposed project. Later in 1982, meetings were held with the mayor and the municipal assembly. The project architect met with representatives from municipal engineering, planning, traffic and fire protection agencies. Four design schemes were created. Meetings continued throughout 1982, on a variety of subjects relating to the proposed project.

In October 1982, the court system filed a Conditional Use Application with the Municipal Planning and Zoning Commission, requesting final approval of the design which had been preferred by municipal staff. However, in December 1982 the Planning and Zoning Commission denied the court's application. The court system appealed the decision of the Planning and Zoning Commission. The Board of Adjustment granted portions of the court system's appeal in August 1983.

In 1984 the Alaska State Legislature authorized the court system to enter into a lease/purchase agreement for construction of a court facility in Anchorage. The Municipality of Anchorage (MOA) has indicated a willingness to finance the expansion project through the issuance of municipal revenue bonds.

On August 23, 1984, the Alaska Court System again filed a request to the Planning and Zoning Commission for final approval of its conditional use application. The court system was required to meet with the Urban Design Commission and the Geotechnical Commission prior to any Planning and Zoning Commission action.

Seismic risk to buildings in Anchorage generally is considered to be quite high. Recognizing this fact, and considering the public nature of the judicial function, the court system engaged seismic design experts H. C. Shah and T. C. Zsutty of Stanford University to develop seismic design criteria for the new facility. In conjunction with Shah and Zsutty's recommendations, a geotechnical investigation and report was completed by

Woodward-Clyde Consultants. Following completion of the seismic criteria and the geotechnical report, a structural design narrative was prepared by Coffman Engineers, Inc. of Anchorage, Alaska. The purpose of the narrative was to present a preliminary structural design that would satisfy the seismic design criteria established by the two previously mentioned reports. This material was presented to the Geotechnical Commission.

Throughout 1985 and 1986 Dr. Shah continued to work with representatives from Woodward-Clyde and Coffman Engineers, to devise detailed seismic design criteria to address any seismic concerns brought by the MOA commissions relating to construction of the court facility on the proposed site.

On June 30, 1986 the Planning and Zoning Commission granted the Alaska Court System a conditional use permit after almost four years of unanticipated delay. The delay has significantly increased the up-front costs associated with the project. Interim remodelling projects were pursued in the existing facility to allow overcrowded departments to continue to function. Professional fees mounted as completed tasks had to be reviewed and updated due to the long passage of time. The result of this delay is that the court lacks \$1.5 million in budgeted funds to complete the planning and design process for this project. (See Appendix Two)

In April 1987 the architect's consultant team completed the schematic design phase and in November 1987 the work on the design development phase was completed. The consultant team is now in the construction documents phase which will be complete in May 1988. The project is scheduled to go to bid in early June, with a target completion date of March 1991.

During this time the court system and the municipality have also come to an out-of-court settlement on a case that had been in litigation since 1978. The settlement reached in December 1987 provides \$350,000 for employee and juror parking at the 6th and H parking garage, to be used by February 1, 1993.

In order to prepare the land purchased for expansion, the existing buildings along 4th Avenue were demolished in the fall of 1987.

III. EVALUATION OF NEED FOR EXPANSION PROJECT

A. Estimation of Needs

The future space needs of the Anchorage court facility were derived from a model which forecasts court staffing levels and resultant space needs based on changes in trial court caseloads and changes in general economic conditions. The model forecasts space needs for the period 1988 through 2003.

The model is based on multiple regression analysis of historical caseloads, population and economic data. Multiple regression analysis is used to determine the mathematical importance of several independent variables in predicting the value of a dependent variable. In the present model, the independent variables of state population, state non-agricultural/civilian employment, and state operating budget are used to predict the dependent variable of trial court case filings. With the inclusion of statewide oil production as an independent variable, the model also predicts appellate court and administrative office staffing. Regression analysis is one of the most widely used "curve fitting" techniques and is appropriate for intermediate and long-term forecasts. The regression analysis produces an equation which can be used to predict future values of the dependent variable based on estimated values of the independent variables. The historical data for the model was obtained from the court system's annual report and from various publications of the state's Department of Labor.

Regression analysis, as well as other historical-based forecasting techniques, suffers from a number of limitations. This method of forecasting assumes that past mathematical relationships will continue to be valid in the future. Additionally, it is not possible to construct a model that adequately reflects all real world factors that affect caseloads and staffing. Further, historical caseload and staffing statistics are difficult to obtain and the statistics that are available may not have been reported on the same basis over the analysis period. The regression analysis was based on only 15 years of data. To evaluate the Anchorage courthouse expansion project required a 15-year forecast of space needs. The model may not have had sufficient data to forecast such a long period. In view of these limitations, the model's projections should be used with caution.

The future economic data used in the regression formulas was obtained from the Institute of Economic and Social Research's Alaska Economy and Housing Market report, dated October 1987. This report provides projections of economic and population data from the present through the year 2010 under several economic scenarios. The report's base economic forecast was used in the model. Oil production data was obtained from a report from the Department of Labor.

B. Caseload Forecasting

The model contains four caseload/staffing forecasting components. The four components are non-traffic filings/staffing, traffic filings/staffing, appellate courts staffing, and administration staffing. Separate components are required to forecast staffing needs for each unique caseload/personnel-space-requirements category. For example, clerical staff is allotted 70 square feet of floor space while superior court judges and related support staff are allocated a combined 2,320 square feet. Personnel-space standards are discussed in a later section.

To develop the first component of the model, the relationship of Anchorage non-traffic case filings to state population, statewide non-agricultural/civilian employment, and the state operating budget was analyzed for the period of 1973 to 1987. Separate analyses were performed for Anchorage superior court, district court, and total non-traffic case filings. Regression formulas were developed for each category of case filings.

To translate the forecasted non-traffic caseloads into staffing requirements, historical staffing patterns for the Anchorage trial courts were reviewed. Workload standards were developed for each personnel-space-requirement category affected by non-traffic filings. The workload standards used in the model are 868 case filings per superior court judge, 2,562 case filings per district court judge, and 300 case filings per clerical position. These figures are the workload averages for fiscal year 1987. The 1987 figures appear to be representative long-term productive capabilities. The forecasted case filings were divided by these standards to estimate future staffing levels for the three categories of employees.

The second forecasting component of the model was developed based on the relationship of Anchorage traffic filings to state population, statewide non-military employment and the state operating budget. A regression formula was developed to correlate traffic caseloads to the identified data. The forecasted traffic filings were converted to staffing requirements by dividing the forecasted caseloads by the workload standard of 3,000 case filings per traffic clerical staff, which is the long-term standard. Other trial court staffing was estimated at 12 percent of the total of judicial, non-traffic and traffic clerical staffing, which is a long-term average of this ratio.

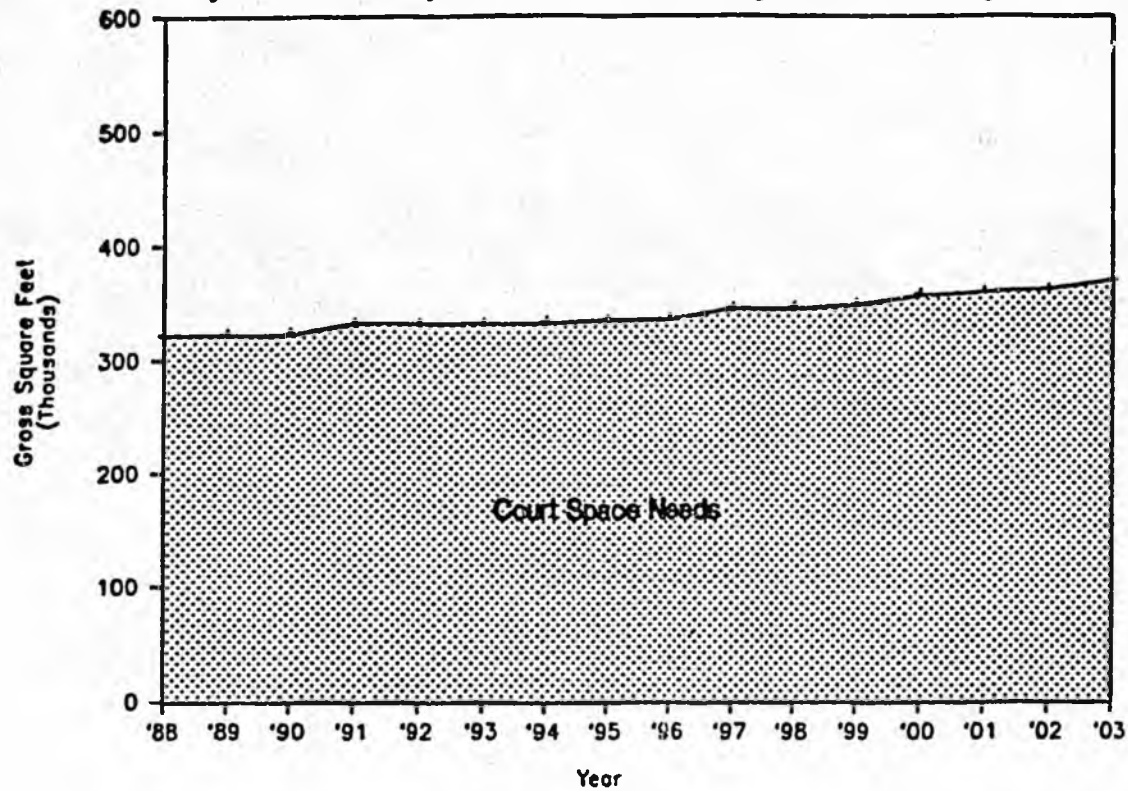
The third and fourth components of the model were developed by separately correlating historical appellate courts and administrative office staff levels for the period of 1974 to 1987 to state population, statewide non-agricultural, civilian employment, the state operating budget, and oil production data. Regression formulas were developed for each category and were used to predict staffing levels based on future changes in the economic and population factors. In addition to court system offices, the Anchorage facility will house the Alaska State Troopers Judicial Services, the Anchorage Alcohol Safety Action Program, the Department of Transportation and Public Facilities Courthouse Maintenance Section, and the Municipality of Anchorage Warrants Section.

Staffing requirements for these entities were obtained from the study prepared by Space Management Consultants.

C. Space Requirement Estimation

Space requirements for the Anchorage court facility were determined by applying standard personnel-space allocation factors (see Appendix One) to the forecasted staffing levels for each year of the forecast period as depicted in Graph No. 1. Specialized space needs, such as courtrooms, hearing rooms and deliberation rooms, were added to judicial employee space needs. The estimated total personnel-space-requirements were multiplied by a factor to compute building gross square footage needs. A multiplier factor of 3.4 was used to calculate building gross square footage from net square footage. Net square footage is here defined to be that space which relates to personnel space needs. This multiplier makes provision for the following types of spaces: circulation, clerical and other work areas, public lobbies, reception and waiting areas, library facilities, judicial services other than personnel areas (holding cells, prisoner circulation, control center, toximeter room, etc.), all forms of storage, equipment rooms, public counter areas, duplication rooms, freight delivery, refuse storage and pickup docks, jury assembly areas and training center areas. The multiplier method differs from the method used by Space Management Consultants (SMC) in the original program. The multiplier factor used in the model was calculated to approximate the gross square footage determined by the SMC method. Sufficient time was not available to replicate the model used by SMC. A preliminary comparison of the two methods indicates the multiplier method predicts a slightly higher current gross square footage need than the SMC model. However, the combination of court system staffing estimates and the multiplier predicted slightly lower future space needs than the SMC method.

**Alaska Court System
Projected Office Space Needs In Anchorage - 1988 through 2003**



Graph 2

Estimated Staffing and Space Requirements

<u>Year</u>	<u>Trial Courts</u>	<u>Apl Cts & Admin</u>	<u>AASAP</u>	<u>Judl Svc</u>	<u>MOA Warr</u>	<u>DOT Maint</u>	<u>Total Staff</u>	<u>Estimated Space Needs</u>
1987	209	119	11	5	6	4	354	322,473
1988	202	112	11	5	6	4	340	322,473
1989	200	115	11	6	6	4	342	322,711
1990	200	116	12	7	6	4	345	323,187
1991	206	117	12	8	6	4	353	331,551
1992	206	118	13	9	7	4	357	332,265
1993	207	117	13	10	7	4	358	332,503
1994	209	122	13	11	7	4	366	333,693
1995	212	123	14	12	8	4	373	334,883
1996	214	121	14	13	8	4	374	335,359
1997	221	129	15	14	9	4	392	345,627
1998	224	132	15	15	9	4	399	347,293
1999	227	132	16	16	9	4	404	348,721
2000	233	133	16	17	9	4	412	357,561
2001	236	132	17	18	10	4	417	358,989
2002	241	137	17	19	10	4	428	361,063
2003	244	140	18	20	10	4	436	370,022

APPENDICES

APPENDIX ONE
PROJECT BUDGET

Construction Cost	\$67,570,000
Furnishings and Equipment	6,000,000
Construction Contingency	6,652,000
Art-in-Public-Places Amount	665,000
Construction Administrative Costs, Including Permits, Construction Management Fees, etc.	4,000,000

APPENDIX TWO
ALASKA COURT SYSTEM
ANCHORAGE COURTHOUSE EXPANSION PROJECT

EXPENDITURES to 2/15/88

Site Acquisition, Demolition, and Permits	\$3,258,661.60
Programming	665,940.97
Facilities Design, Seismic Investigation	3,478,460.34
Remodeling Existing Buildings	1,151,786.66
Utilities Relocation	925,119.91
Warehouse Costs	17,621.24
Rental Property Costs	4,840.41
Financing Costs	3,089.80
	<hr/>
TOTAL	\$9,069,672.03

**Funds Needed to Complete Design
Phases Prior to Sale of Bonds**

Completion of Construction Documents	\$1,223,596.00
Review and Permit Fees	143,404.00
Bidding Costs	133,000.00
	<hr/>
TOTAL	\$1,500,000.00

February 22, 1988

Senate floor debate on May 11, 1984 on CSHB 653

Halford: Thank you Mr. President. Throughout this session, we've looked at various proposals for lease-purchases and their effect on future debts of the State in light of Constitutional Article Section 9 (Attached File) dealing with State debt. Section 2 of this bill allows the Supreme Court to enter into a lease-purchase agreement for construction of a court facility in Anchorage. Of course, a lease-purchase agreement is a contract which then would require payments in the future of State funds. There's no revenue base, its not a revenue bond or its not a revenue issue. It appears to be a general obligation of the State once that lease purchase agreement is started and as I read Article 2, Section 8, it says "no state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the State who vote on the question." I think this is the same kind of question we've dealt with with regard to a lot of other lease purchase proposals only this one would be extremely interesting as one to end up in the Court system in trying to decide what the constitutional provision really means.

Rodey: Mr. President, if I could respond to the question that was raised by my colleague from Eagle River. This doesn't fall under the constitutional prohibition of a general obligation. The money has to be appropriated each year by the legislature. It is a contract as many contracts that the state enters into large and small. I think its desirable from the point of view one, it provides my constituents, indeed our constituency with a court building which we very desperately need. We have many agencies of the court scattered throughout town. It doesn't promote the efficiency in justice and it doesn't serve the public. Also, the Court has a very good track record in terms of cost savings and efficiency. Their savings have been approximately 15% over similar DOT work and that's the kind of efficiency I like to see in government, particularly when it meets a need that we have in Anchorage. I think this is a very serious need.

Halford: Thank you Mr. President. I certainly have no problem with the facility or with the Court System's ability to operate their own leasing program. My concern is what is the difference in this action versus action to authorize a lease purchase of a building in Juneau, another building in Anchorage, or any other building? What is the effect on both the power of the legislature, and I think we've dealt with the power of the legislature here because the legislature is approving it. But what is the effect on the safeguard that the people

(JB)
3/15/88

have to vote on those issues? I think we're making a very serious policy mistake here although I don't disagree with the purposes for which we're doing it.

Fischer (vic): Mr. President, I believe Senator Rodey responded to this. This is not a general obligation beyond one year. The annual lease purchase agreement entered into by the Court will be subject to appropriation of the funds by the legislature so that if after seven years, after one year, the legislature says no, the lease will have to be terminated and its really as simple as that.

Ray: I'm glad its simple to my colleague from Anchorage and its very simply not correct what he's saying because this is legislative approval written, ceded to and passed by the legislature giving the Court System the right to enter into lease purchase agreements for construction. So its, you're just handing them a check saying you go ahead and build you a court house in Anchorage. I don't doubt that a court house in Anchorage in needed but I still believe if you're going to do this, then you should allow the other branch of government, Administration, which is the one that really enters into lease purchase agreements for a considerable a vast amount of buildings throughout the State. Why do you pick out. because its Anchorage. I wonder if it said Juneau if it would get the same consideration by this body.

Halford: I think the point still remains although the legislature could fails to appropriate the second year of lease, if in fact there is any value there, any portion of the purchase portion of the first year lease that is then lost, lost to the State, or if there is any penalty. That would also require an appropriation and by the fact that it requires an appropriation, which could be enforceable through the Court System, it is a debt of the State not approved by the people of the State.

Rodey: Mr. President, I can't resist rising to the comment by my good colleague from Juneau whom I sure made the remarks tongue-in-cheek. The Juneau Court House, which we see as we leave the capitol building here was funded through various mechanisms due to the great skill of the good Senator from Juneau when the ... in fact, it wasn't even approved by a bill, it was a mere resolution, actually an amendment to a resolution that did approve the Court House and one of the methods of funding was ASHA bonds. I think the court house in Juneau was needed, I think it received legislative scrutiny

at that time and I certainly would not have opposed it had I been in the legislature because I think it was needed and was a good project. On the other hand, I think we're doing this the proper way and it provides a great service to the people of Alaska.

Ray: Well, my colleague just validates what I said. Just a mere resolution was a lease purchase agreement and it said court facilities in Anchorage and Juneau and just by the adoption of the resolution, it confirmed and obligated the State to build it and they had to build it. That's the reason its there.

Kerttula: The ASHA situation versus the lease purchase under a different formula too is slightly separate program, gentlemen.

Josephson (?): Mr. President, it may be that the issue is how the contracts and leases are written. If they are written so that the court system's obligations to pay the owner for the annual occupancy fee is subject to appropriation from the legislature and neither the court as an agency nor the State is liable unless those appropriations are made, then there is no constitutional problem. If on the other hand, there is some right of the lessor to command payment whether there is an appropriation or not, then perhaps there is a problem but I don't think on its face a problem exists. It depends on how the documents are written.

Halford. Well then the question arises, is someone going to build a multi-million dollar building with the first year lease payment and nothing else? There is going to be some other consideration there, be it the effect of the political process, the effect of the legal process that may follow if the political process doesn't respond. But there's certainly got be some other considerations other than that simple first year appropriation.

Ray: Mr. President, I hope I'm not being naive, although my colleague thinks I'm being here. A lease-purchase signed by the court, the supreme court and if it ever came to a court case, whose going to try it? The legislature, are we going to try it? I don't think so and I think you would find that the court would find it was a valid agreement entered into and approved by the legislature through the passage of CSHB 653.

Sturgulewski: Mr. President, just a question to perhaps Senator Fischer might know on this. Under Section 1(a) where it allows

Supreme Court having authority over leasing, we just passed a bill dealing with certain leases having to come to the legislature for special action in \$1 million and excess and I'm wondering if this exempts then the system from having to conform to that bill should it pass.

Fischer: Mr. President, I don't think that would exempt the court system from falling under that legislation which hasn't moved anyway. But the principal part of that bill that we had before the State Affairs committee that the supreme court present any major lease or lease purchase agreement to the legislature which is in effect what they are doing here so that I believe they would be conforming to the intent and the letter of that bill.

Ray: There is agreement like that. There is no portion in law that says the supreme court has to do anything like what was just expressed by my colleague. I wonder if there is a fiscal note attached to this, an expected fiscal note, or a probably fiscal note or is it just make believe?

Josephson: The anchorage Court House, when it was first occupied after Statehood was on a lease basis and was subsequently acquired through a lease-purchase arrangement with the owner of that facility. I just mention that because the first legislature that was ever created which included some people who wrote this constitution, more people than we have now...

Kerttula: The second legislature

Josephson: The second legislature approved that arrangement and that's how we had the court house at 4th and K which later got expanded to include the Boney wing. What I'm saying is that this is not the first time this procedure has been done. This was done by the, some of the very people who wrote the Constitution and was how we got the State court house in the first place.

Kerttula: I was the only vote against it.

Ray: You mentioned very prominently Mr. President about ASHA bonds and that's how that building got built was through ASHA bonds and the second part of it and the major portion of it was built through ASHA bonds as was the one in Juneau which again, avoided the vote of the people, did not allow for the vote of the people either.

Halford: Well Mr. President, the fact that it was done before I still don't think really carries that kind of weight. I think the former governor was right when he stopped that process and forced those issues to go back to the voters. I think this one is particularly dangerous just because of the nature of the conflicts it brings up if we ever do find ourselves in (tape ends)

Halford (continued)... system on that question. I think that loads the question very poorly for the people of Alaska.

Ray: May I suggest that we hold this over to Mondays calendar....

Monday, May 14

Halford: I just want to restate my objection to authorizing lease-purchase agreements. It has the potential of resulting in a debt of the State not approved by the voters as required by the Constitution.

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Legal debate has surrounded the meaning of the phrase "proceeds of any state tax or license," in the first sentence. Did the authors of the constitution use the phrase to mean all state revenue, or did they want to exclude from the prohibition against dedication those state revenues that are not derived from a tax or license? The question became important when Alaska began to receive substantial income from oil lease bonuses and royalties, which are not proceeds from a tax or license.

An opinion of the attorney general of an early administration said that oil lease royalty income was outside the prohibition against earmarking in this section. A later opinion reversed this interpretation and held that the historical record of the convention made it clear that the delegates intended to bar the dedication of all state revenue, whether or not they derive strictly from a tax or license. Consequently, a constitutional amendment was required to create the Alaska Permanent Fund.

Note that the last sentence of Section 15 seems to permit the legislature to dedicate earnings of the Permanent Fund.

Section 8. State Debt

No state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective.

(Amended in 82 to allow bonding for VA homes)

Except for meeting emergencies and paying public debts incurred during the territorial period, the legislature may incur debt only for capital improvements, and then only after approval by the voters. In the first twenty years of statehood, eighty-three bonding propositions have gone before the voters; seventy-four of these were ratified and nine rejected.

Section 9. Local Debts

No debt shall be contracted by any political subdivision of the State, unless authorized for capital improvements by its governing body and ratified by a majority vote of those qualified to vote and voting on the question.

Local governments are also required by the constitution to limit their debt to capital projects and to secure prior approval by the voters. Capital improvements are public works of a permanent character, such as streets, sewers, schools, libraries, and public utilities.



RECEIVED JAN 25 1988

Alaska Court System

State of Alaska

303 "K" STREET
ANCHORAGE, ALASKA
99501

ARTHUR M. SNOWDEN II
ADMINISTRATIVE DIRECTOR

(907) 274-8611

January 22, 1988

Governor Steve Cowper
State of Alaska
P. O. Box A
Juneau, AK 99811-0101

Dear Governor Cowper:

I am writing to ask your assistance in a matter of utmost urgency for the Alaska Court System.

As you know, the court system has been planning and designing an expanded court facility in Anchorage. Under the current time line for the project, a request for construction bids would be issued in May or June of this year, and construction would begin this summer. However, because of a projected shortfall of budgeted funds to complete the design phase of the project, we may not be able to proceed as planned.

Let me outline the background of this project and our current dilemma. The 1981 legislature appropriated \$9,969,000 for acquisition of land, remodeling of the existing courthouse, and for the planning and design of an addition to the Anchorage Court Complex (SLA81/HB50). At the time the appropriation was made, it was envisioned construction would start during FY 83 and would finish in FY 86. In October, 1981, land was acquired for the project. Planning and design for the project and remodeling of the existing courthouse started in 1981.

The 1984 legislature authorized the court to enter into a lease-purchase agreement for the construction of the facility. Presently, the court is working with the Municipality of Anchorage and the Department of Revenue on financing the project with municipal lease revenue bonds.

As previously noted, construction was slated to begin in FY 1983. The project was delayed significantly by the municipal planning and zoning approval process. The delay and a significant increase in costs were caused by the unanticipated seismic studies required by the Municipality of Anchorage. Concern about the propriety of the courthouse site due to its proximity to land

Governor Steve Cowper
January 22, 1988
Page 2

which experienced significant movement in the 1964 earthquake precipitated a lengthy process involving on-site testing, expert reports and a multitude of municipal hearings. The resulting delay aggravated other costs associated with the project. Interim remodeling projects had to be pursued in the existing building to allow for some temporary breathing room for overcrowded departments. Professional fees mounted as completed tasks had to be reviewed and updated due to the long passage of time.

Because of the delay, we find ourselves in the unenviable position of lacking \$1.5 million in budgeted funds to complete the planning and design process. Funds are needed for completion of the construction documents, peer review, permit fees and utilities relocations. I am asking that you assist us by submitting a capital project request on behalf of the judiciary for this amount. If no additional funding is appropriated, I will have to close down the project as of the third week of March since, as you know, I cannot encumber funds which are not properly appropriated. This means that I will have to give notice of termination on our professional service contracts by March 1.

The situation is further aggravated by the tight project time line. Any delay will prevent us from breaking ground this summer, and will result in our missing one complete construction cycle. Thus, waiting until the end of the session is not a viable alternative.

I don't want to leave you with the impression that the court is ignoring the obvious changes that the State of Alaska has experienced since this project was first approved in 1981. The supreme court is currently reviewing its caseload statistics and a variety of demographic indicators to determine whether the pursuit of this project is still necessary. We recognize fully our responsibilities in this regard, and we will certainly modify our plans should such a modification appear to be appropriate. Nevertheless, even with a reaffirmance of the need for this project at the supreme court level, we cannot proceed under current circumstances.

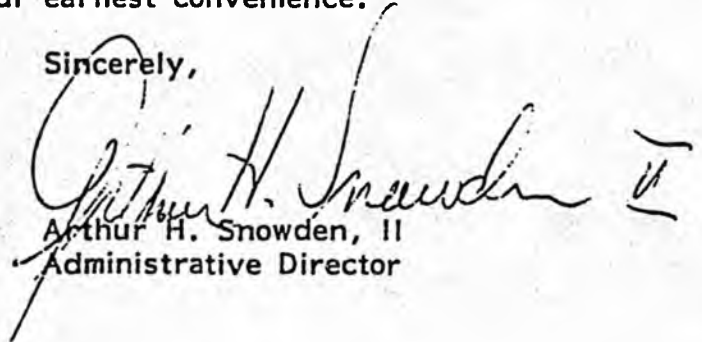
I am therefore asking for some assurance from you that a \$1.5 million appropriation will be requested on behalf of the court system and supported by you in the immediate future to allow this project to continue on track. Enclosed please find a capital project request. (Similar information about our needs was forwarded to the Department of Transportation and Public Facilities on December 22 for possible inclusion in your "jobs" bill.)

Should your conclusion be in the opposite direction, I would appreciate being advised of same as soon as possible, so that I can take all necessary actions to minimize the costs that will be associated with terminating this project.

Governor Steve Cowper
January 22, 1988
Page 3

I would appreciate hearing from you at your earliest convenience.

Sincerely,



Arthur H. Snowden, II
Administrative Director

AHS:bh

Att.

cc: Alaska Supreme Court (w/o att.)
Members, Alaska Senate (w/o att.)
Members, Alaska House of Representatives (w/o att.)
Garrey Peska, Chief of Staff (w/att.)
Tom Fink, Mayor, Municipality of Anchorage (w/o att.)
Stephanie J. Cole, Deputy Administrative Director (w/o att.)
Robert G. Fisher, Manager, Fiscal Operations (w/o att.)
Kit Duke, Project Manager (w/o att.)

1/21/88-7

File

MEMORANDUM

DATE: February 4, 1988

TO: Governor Steve Cowper

FROM: Lee Gorsuch, Director, ISER

SUBJECT: The Impacts of Constructing the Anchorage Courthouse Expansion

BACKGROUND

The Alaska Court System (ACS) proposes to build a major, 134,00 sq.ft., addition to the existing Boney Building and a new, 222,000 sq.ft., east "wing". These proposed additions would expand the 250,00 sq.ft. of space ACS' Anchorage and its participating agencies currently occupy to about 566,000 sq.ft.. To date, \$143,000 has been expended to acquire and clear the building site and an additional \$2-2.5m has been expended to date to conduct extensive seismic research, to develop the program requirements, and to prepare the construction design. Approximately \$1.5m of direct legislative appropriation is needed immediately if the construction design work is to be completed and be "bid ready" by the end of this May. Actual construction is planned to begin this September and run 30 months, with project completion scheduled for March, 1991. The total cost of the project is estimated to be about \$90m.

Currently ACS occupies 150,000 sq.ft. in the Boney Building, 60,000 sq.ft. in the old district courthouse, and leases 12,000 sq.ft. of commercial office space. Under the proposed project, two other state agencies who currently occupy about 31,000 sq.ft. of commercial office space would vacate their leased office space to become part of the reconfigured ACS complex.

The proposed project would have four major impacts. First, the project will impact the court system's performance by alleviating current space deficiencies, correcting operational inefficiencies, and providing for future expansion. Second, it would impact the local economy by increasing employment during the 30 month construction phase of the project and subsequently by adding to the local workforce workers who will be required to operate and maintain the new facility. Third, it would impact state government by adding to the cost of the court system as a result of lease/bond costs, the expense of operating and maintaining the new facility, and the costs associated with expanded court services. And fourth, the project would increase the supply of downtown Anchorage commercial office space by eliminating the office space which ACS currently leases.

ACS staff are currently: 1) revising their long term projections for needed court related space, 2) preparing financial projections of lease, o/m. and programmatic costs of the project, and 3) developing options to proceeding with the proposed project this year. This information is not yet available. Until it is, only a very preliminary assessment of the current proposal can be prepared. Similarly, assessing the impact of alternative approaches to meeting ACS space requirements, other than simply delaying construction, can only be prepared after ACS has identified and developed realistic space alternatives.

ANALYSIS

The Alaska Court System

The proposed project would have a major impact on the efficiency of services provided by ACS. It would alleviate current overcrowding and physical plant deficiencies. It would provide for sperate and secure circulation systems for prisoners and court officials. It would expand the number of courtrooms and hearing rooms fro 28 to 40. It would provide for public waiting areas and assembling and training areas for prospective jurors. And it would provide for the currently projected needs of ACS over the next two decades.

The Anchorage Economy

The impact of the project on the Alaska economy is straight forward. The project's construction costs are estimated to be \$65m of which about 40% is likely to go toward employment. Spreading this amount over the 30 month duration of the project results in an annual payroll of approximately \$10.4m annually. Despite state labor laws not all of this payroll will go to current Alaska residents, but if we were to assume 80% of it would, then about \$8.3m would be added to the local payroll. Using an economic multiplier of 1.4, the direct and indirect impact would then be about 300 jobs annually and about \$11.6 m of additional personal income for the two and one half year construction period.. Some additional value added will also result directly from project construction. The additional permanent employment created by the new facility is difficult to estimate without having the program development plans of the agency. Nonetheless, jobs related to building maintenance will increase as will jobs related to program operations, however some job expansion within ACS would likely occur independently of the new facility.

The State Budget

To achieve the above described economic impact requires the expenditure of state funds which could have been spent on other projects or programs. Assuming the total cost of the project is \$90m and that it is financed by a lease/bond sale, the annual lease

cost to the state would be approximately \$9m for the balance of the lease bond period (likely to be 30 years). This expense would be partially offset by the \$900,000 of current lease payments which would be saved once the building is occupied. In addition, the maintenance of the facility, including insurance, utilities, janitorial services, etc..., could cost between 5-10% of the \$65m construction cost. Thus, an additional annual expenditures of \$3.5-6.5m would be required to maintain the proposed facility. A third, and potentially substantial, budgetary impact could result from programmatic services ACS is able to provide because the facility is built which it could not provide without it. However, to place an estimate on this would be conjectural.

What impact this additional expenditure of \$15.5m will have on the state budget is also conjectural. However, it is clear that the state's revenue forecasts are showing declines rather than increases in state revenues. If these forecasts are reliable, all additional state expenditures, including those associated with the ACS project, will require either new revenue resources or a reallocation of state spending priorities. In either case, the \$15.5m has a very real opportunity cost. It could be spent on other state programs, services, or facilities, some of which may have larger public benefits or greater economic impacts than the ACS project.

The Anchorage Real Estate Market

The Anchorage commercial office space market is unstable due to a serious excess supply. Realtors estimate downtown office vacancies to be in excess of 500,000 sq.ft.. Class A office lease rates have fallen from a high of about \$2.40 per sq.ft. two years ago to about \$1.55 currently. Although most realtors do not expect Class A office lease rates to fall much further, they do expect that the total amount of vacant space could increase, but primarily in Class B and C properties.

The ACS project would displace approximately 45,000 sq.ft. of leased office space as of March, 1991. Given the projected rate of economic recovery for Anchorage, it is very unlikely the current surplus of downtown office space will be reduced significantly by 1991, thus, this displacement will add to the already large surplus of vacant office space. However, because the ACS leased office space represents a relatively small proportion of total downtown office space, its price impacts will be relatively negligible. Nonetheless, they will have a depressing impact on prices and add to an already large surplus. Vacancy rates in the buildings currently leased by ACS average an estimated 25% and would be directly impacted by the displacement.

Page 4

THE COST OF POSTPONEMENT

Postponing the ACS project would:

- *adversely impact the efficient operation of the court system.
- *delay the economic impact on the Anchorage economy unless equivalent money were spent in Anchorage by the state.
- *not likely have an appreciable impact on the commercial office space market.
- *delay the impacts of an additional \$11.5-14.5m on the state budget.

Anchorage Court Building Financing
 \$85,000,000 Issue Size

	<u>True Interest Cost</u>	<u>Annual Debt Service</u>	<u>Total Debt Service</u>
10 year maturity, A rated	7.25%	\$12,242,320	\$122,423,200
20 year maturity, A rated	7.95	8,625,250	172,505,002
30 year maturity, A rated	8.65	8,018,044	240,541,307
10 year maturity, AA rated	6.95%	\$12,074,132	\$120,741,320
20 year maturity, AA rated	7.60	8,401,349.	168,026,978
30 year maturity, AA rated	8.20	7,693,257	230,797,697

DUKE

Table 1
FACILITY PROGRAM - Summary
Prepared: June, 1987.

7/9/87

1,4285

(JB)
3/15/88

COURT/DEPARTMENT	PERSONNEL			PERSONNEL SPACES		SHARED SPACES		TOTAL NET SQUARE FEET		TOTAL NSF X 1.2 (Internal Circ.)		TOTAL GROSS SQUARE FEET	
	EXISTING	1995	2005	1995	2005	1995	2005	1995	2005	1995	2005	1995	2005
✓ Supreme Court	30	27	37	5,470	7,490	7,590	7,640	13,060	15,130	15,670	18,155	22,385	25,935
Court of Appeals	13	26	26	5,110	5,110	3,615	3,665	8,725	8,775	10,470	10,530	14,955	15,045
Appellate Court Clerk's Office	12	15	20	1,580	2,030	1,095	1,170	2,675	3,200	3,210	3,840	4,585	5,485
Superior Court	54	59	70	10,100	11,920	28,650	32,340	38,750	44,260	46,500	53,112	66,430	75,875
✓ District Court	28	29	36	6,120	7,510	21,695	25,200	27,815	32,710	33,380	39,250	47,685	56,070
✓ Probate	5	5	8	550	960	1,300	2,660	2,350	3,620	2,820	4,345	4,030	6,205
✓ Family Court	11.5	13	21	1,680	2,520	5,395	7,270	7,075	9,790	8,490	11,750	12,130	16,785
Area Court Administration and Calendaring	7	10	12	1,160	1,300	890	970	2,050	2,270	2,460	2,725	3,515	3,895
✓ Traffic Court Clerks	16	21	28	1,520	2,010	1,220	1,345	2,740	3,355	3,290	4,025	4,700	5,750
✓ Traffic/Committing Magistrates	2	4	4	480	480	2,025	2,350	2,505	2,830	3,005	3,395	4,295	4,850
✓ Trial Court Clerk's Office	65	76	102	5,450	6,680	12,200	14,715	17,650	21,395	21,180	25,675	30,255	36,680
Transcript	7	8	10	910	1,100	1,945	2,370	2,855	3,470	3,425	4,165	4,895	5,950
Jury Assembly	3	4	5	310	380	3,730	3,970	4,040	4,350	4,850	5,220	6,930	7,455
Grand Jury	-	-	-	-	-	1,950	1,950	1,950	1,950	2,340	2,340	3,345	3,345
Coroner/Public Administration	6	7	9	740	880	3,325	3,475	4,065	4,355	4,880	5,225	6,970	7,465
✓ Court Security & Bailiffs	11	13	17	240	390	395	520	635	910	760	1,090	1,085	1,555
A.A.S.A.P.	10	13	17	1,260	1,640	850	975	2,110	2,615	2,530	3,140	3,615	4,485
Judicial Services	26	33	42	2,300	2,850	4,280	4,670	6,580	7,520	7,895	9,025	11,280	12,895
✓ Municipal Warrant Section	17	19	22	1,070	1,200	1,420	1,510	2,490	2,710	2,990	3,250	4,270	4,645
✓ State Court Administration	65	75	86	6,995	7,725	17,270	18,980	24,265	26,705	29,120	32,045	41,600	45,780
✓ Law Library	8	11	14	740	930	12,010	14,370	12,750	15,300	15,300	18,360	21,860	26,230
✓ Building Amenities	-	-	-	-	-	5,350	5,050	5,050	5,050	6,360	6,060	8,655	8,655

Table 1, Continued
 FACILITY PROGRAM - Summary
 Prepared: June, 1987

7/9/87

NOT moving in.

oll

COURT/DEPARTMENT	PERSONNEL			PERSONNEL SPACES		SHARED SPACES		TOTAL NET SQUARE FEET		TOTAL NSF X 1.2 (Internal Circ.)		TOTAL GROSS SQUARE FEET	
	EXISTING	1995	2005	1995	2005	1995	2005	1995	2005	1995	2005	1995	2005
① Attorney-General	61	75	92	7,980	9,630	2,260	2,700	10,240	12,330	12,290	14,795	17,555	21,135
District Attorney	45	53	63	5,640	6,740	3,290	3,750	8,930	10,490	10,715	12,590	15,305	17,985
② Office of Special Prosecutions and Appeals	15	19	25	2,080	2,700	1,580	2,100	3,660	4,800	4,390	5,760	6,270	8,230
③ Public Defender	38	45	53	4,980	5,750	3,010	3,330	7,990	9,080	9,590	10,895	13,700	15,565
④ Office of Public Advocacy	22	29	37	3,480	4,290	1,180	1,220	4,660	5,510	5,590	6,610	7,985	9,445
Adult Probation	39	42	50	4,820	5,760	1,310	1,510	6,130	7,270	7,355	8,725	10,505	12,465
Judicial Council	9	12	15	1,320	1,580	930	1,010	2,250	2,590	2,700	3,110	3,855	4,445
TOTAL PERSONNEL	625.5	743	921	-	-	-	-	-	-	-	-	-	-
TOTAL NET SQUARE FEET				84,085	101,555	151,960	172,785	236,045	274,340	283,495	329,207		
TOTAL GROSS SQUARE FEET												404,645	470,305
1982 FACILITY PROGRAM COMPARISON										290,515	348,007	415,021	497,153
DIFFERENCE										-7,020	-18,800	-10,376	-26,848

① ATT: GENL OFFICE L SE. BLDG. & D.A.

1 Block Away

IT WOULD SPLIT-UP THE DEPT. OF LAW CRIMINAL IN ONE BLDG & CIVIL IN ANOTHER

②

③ PUBLIC DEF. 1031 W. 4TH

④ O. OF PUBLIC ADVOCACY & PUBLIC DEF. 900 W. 5TH



Alaska Court System

State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

303 K Street
Anchorage, Alaska 99501

KIT DUKE
Project Manager

(907) 264-8238

March 17, 1988

Senator Rick Halford
Co-Chairman, Senate Finance Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Halford:

Attached is the Facility Program Summary chart updated in February 1988 that was requested by the committee in yesterday's meeting.

Sincerely,


Kit Duke

3/17/88

MUNICIPALITY OF ANCHORAGE
PLANNING AND ZONING COMMISSION RESOLUTION NO. 82-135D

A RESOLUTION GRANTING FINAL APPROVAL OF A CONDITIONAL USE WITHIN THE B-2B ZONE TO ALLOW EXPANSION OF THE EXISTING STATE OF ALASKA COURTHOUSE (GOVERNMENT OFFICE BUILDING) ON BLOCKS 29 AND 30 OF THE ANCHORAGE ORIGINAL TOWNSITE.

WHEREAS, a petition has been received from the Alaska Court System for a final conditional use to permit expansion of the existing State of Alaska Courthouse (government building within a B-2B zone) located on Blocks 29 and 30 of Anchorage Original Townsite, generally bounded by 3rd and 4th Avenues and "H" and "K" Streets, and

WHEREAS, notices were published, posted and mailed and a Public Hearing was held, and

WHEREAS, the petitioner received concept approval for an expansion in March of 1983, and

WHEREAS, the request includes the addition of 300,000+ sq. ft. of floor space including 7,000 sq. ft. of retail area along 4th Avenue between "H" and "I" streets; 2 skywalks over "I" Street, pedestrian and landscaping improvements; and additional underground parking spaces, and

WHEREAS, the two-story private skybridge is justified as it provides the necessary safety and security needed for judges and jurors as well as the internal circulation desirable for confidential documents, and

WHEREAS, the three-story public skybridge is also justified as it will serve the general public by lessening circulation confusion and providing the public convenience of a climate controlled environment from building to building, and

WHEREAS, both skybridges are designed to allow the maximum amount of view and light through and will not negatively impact the view corridor, and

WHEREAS, the proposal will not have a permanent negative impact upon public services and facilities, area development patterns nor environmental concerns, and

WHEREAS, the submitted Traffic Impact Analysis indicates no adverse traffic impacts will be created that cannot be mitigated through the recommended measures, and

WHEREAS, the petitioner has supplied proof to the satisfaction of the Planning and Zoning Commission that all geotech-

3/17/88

nical concerns will be adequately addressed through the development of the structural design criteria and subsequent municipal reviews of the matching geotechnically designed engineering for the structure, and

WHEREAS, the proposal complies with the intent of the Central Business District Comprehensive Development Plan and is compatible with the surrounding area.

NOW, THEREFORE, BE IT RESOLVED, by the Municipal Planning and Zoning Commission that the requested final conditional use for the Courthouse expansion on the above noted property be GRANTED subject to the following conditions:

1. Prior to the issuance of any building permits a "Notice of Zoning Action" will be filed with the District Recorder's Office. Proof of such shall be submitted to the Community Planning Department.
2. This conditional use is subject to compliance with all applicable Conditional Use standards and the submitted application and narratives.
3. All construction and improvements related to this approval shall be substantially in compliance with the following submitted plans except as modified herein:

Anchorage Courthouse Expansion - Sheets III-5, 7, 9-11, 14-18 dated April 23, 1986; Sheets III-7 & 8, 12 & 13, Revised dated June 18, 1986; Drawn by McCool-McDonald of Alaska, Inc., Architects.

4. Prior to the issuance of any building permits a revised detailed landscaping plan shall be submitted to the Urban Design Commission for approval incorporating:
 - a. specification of size, quantity, and type of plantings;
 - b. additional plantings along "H" & "I" Street and 3rd Avenue;
 - c. details of proposed pedestrian lighting;
 - d. any areas within the 4th Avenue ROW which need to be modified as a result of coordination

with Capital Projects on the "4th Avenue
Pedestrian Amenities Plan."

Three copies of the above final detailed landscaping plan shall be submitted to the Community Planning Department.

5. Prior to the issuance of any building permits, specific details of the pedestrian amenities and landscaping along 4th Avenue between "H" & "K" Streets shall be resolved with the Municipal Capital Projects Office. Financing and construction will be the responsibility of the petitioner.
6. Prior to the issuance of any building permits, the petitioner shall have obtained any necessary variances for reduction of the required 10.5 foot sidewalk widths and a bulk variance. Proof of such shall be submitted to the Community Planning Department.
7. Prior to the issuance of any building permits, the petitioner shall submit final detailed foundation plans, structural design criteria and skybridge plans to the Geotechnical Advisory Commission for review and recommendations. Such recommendations shall be forwarded to the Public Works Building Safety Division and their consultants for their use in reviewing plans for building permits. Proof of such shall be submitted to the Community Planning Department.
8. Prior to the issuance of any building permits, the petitioner shall resolve with and receive any necessary encroachment permits and aerial and subterranean leases from Property Management and Public Works regarding the use of the "I" Street right-of-way. Proof of such shall be submitted to the Community Planning Department.
9. Prior to the issuance of any building permits the petitioner shall resolve final details of the bus stop zones and pull out area with the Transit Department. In addition, the Alaska Court System shall provide evidence of a carpooling program with preferential parking for carpoolers, an employer sponsored pass program for transit and other transit/parking mitigation measures prior to the

issuance of a Certificate of Occupancy. Proof of such shall be submitted to the Community Planning Department.

10. Prior to the issuance of any building permits, the modified traffic impact analysis shall be reviewed and approved by Traffic Engineering including any necessary mitigation measures. Proof of such shall be submitted to the Community Planning Department.
11. Prior to the issuance of any building permits, a site drainage plan will be submitted to Public Works Engineering for approval.
12. Prior to the issuance of any building or demolition permits, the petitioner shall offer the historic Lathrop Building to the public for removal from the site. This shall be accomplished by an RFP to ascertain if the private sector is interested in moving the building, with financial assistance from the State for the building removal to a relocated site. If no interest is found within 3 months from the date of this approval, the building may be demolished.
13. Construction shall begin by September 1, 1987, and be completed by December 31, 1989.
14. Prior to the issuance of any building permits the petitioner, shall provide proof of financial capability for the construction of the proposed expansion to the Community Planning Department.

*extended 1 year
to Dec 31, 1990*

FACILITY PROGRAM - Summary

COURT/DEPARTMENT	PERSONNEL			PERSONNEL SPACES		SHARED SPACES		TOTAL NET SQUARE FEET		TOTAL NSF X 1.2 (Internal Circ.)		EXISTING	TOTAL GROSS SQUARE FEET		
	EXISTING	1995	2005	1995	2005	1995	2005	1995	2005	1995	2005		1995	2005	2/88 Rev.
Supreme Court	30	27	37	5,470	7,490	7,590	7,840	13,080	16,130	15,870	18,186	16,450	22,385	25,935	16,915
Court of Appeals	13	26	26	5,110	5,110	3,815	3,665	8,726	8,776	10,470	10,530	3,005	14,955	15,045	10,830
Appellate Court Clerk's Office	12	15	20	1,580	2,030	1,095	1,170	2,875	3,200	3,210	3,840	1,715	4,585	5,485	3,450
Superior Court	34	59	70	10,100	11,920	28,650	32,340	38,750	44,260	46,500	53,112	38,990	66,430	75,875	52,380
District Court	28	29	36	6,120	7,510	21,695	25,200	27,815	32,710	33,380	39,250	20,415	47,685	56,070	46,270
Probate	3	3	8	530	760	1,800	2,660	2,350	3,620	2,820	4,345	2,560	4,030	6,205	6,165
Family Court	11.5	13	21	1,680	2,520	5,395	7,270	7,076	9,790	8,490	11,750	7,360	12,130	16,785	17,760
Area Court Administration and Calendaring	7	10	12	1,160	1,300	890	970	2,050	2,270	2,460	2,725	2,330	3,515	3,895	3,900
Traffic Court Clerks	16	21	28	1,520	2,010	1,220	1,345	2,740	3,355	3,290	4,025	5,000	4,700	5,750	9,450
Traffic/Committing Magistrates	2	4	4	480	480	2,025	2,350	2,605	2,830	3,005	3,395		4,295	4,850	
Trial Court Clerk's Office	63	76	102	5,450	6,680	12,200	14,715	17,650	21,385	21,180	25,675	17,550	30,255	36,680	31,965
Transcript	7	8	10	910	1,100	1,845	2,370	2,855	3,470	3,425	4,165	2,300	4,895	5,950	4,260
Jury Assembly	3	4	3	310	380	3,730	3,970	4,040	4,360	4,850	5,220	2,780	6,930	7,455	10,150
Grand Jury	-	-	-			1,950	1,950	1,950	1,950	2,340	2,340	865	3,345	3,345	2,244
Coroner/Public Administration	6	7	9	740	880	3,325	3,475	4,065	4,355	4,880	5,225	3,300	6,970	7,465	5,608
Court Security & Bailiffs	11	13	17	240	390	395	520	635	910	760	1,090	*	1,085	1,655	*
A.A.S.A.P.	10	13	17	1,260	1,640	850	975	2,110	2,616	2,630	3,140	3,120	3,615	4,485	4,260
Judicial Services	26	33	42	2,300	2,830	4,280	4,870	6,580	7,520	7,895	9,025	6,490	11,280	12,895	25,815
Municipal Warrants Section	17	19	22	1,070	1,200	1,420	1,510	2,490	2,710	2,990	3,250	1,080	4,270	4,645	4,635
State Court Administration	63	75	86	6,995	7,725	17,270	18,980	24,285	28,708	29,120	32,045	21,160	41,600	45,780	39,575
Law Library	8	11	14	740	930	12,010	14,370	12,750	15,300	15,300	18,360	14,000	21,860	26,230	23,560
Building Amenities	-	-	-			5,050	5,060	6,050	6,060	6,060	8,080	4,765	8,655	8,655	51,470

FACILITY PROGRAM - Summary

COURT/DEPARTMENT	PERSONNEL			PERSONNEL SPACES		SHARED SPACES		TOTAL NET SQUARE FEET		TOTAL NSF X 1.2 (Internal Circ.)		EXISTING	TOTAL GROSS SQUARE FEET		
	EXISTING	1995	2005	1995	2005	1995	2005	1995	2005	1995	2005		1995	2005	2/88 Rev.
District Attorney	43	33	63	5,640	6,740	3,280	3,750	8,930	10,490	12,465	10,715	12,590	15,305	17,985	
Office of Special Prosecutions and Appeals	15	19	23	2,080	2,700	1,580	2,100	3,660	4,800	6,181	4,390	5,760	6,270	8,230	
Public Defender	38	43	53	4,980	5,750	3,010	3,330	7,990	9,080	8,000	9,590	10,895	13,700	15,565	
Office of Public Advocacy	22	29	37	3,400	4,290	1,180	1,220	4,060	5,510	5,340	5,590	6,610	7,985	9,445	
TOTAL PERSONNEL	516.5	614	764												
TOTAL NET SQUARE FEET				69,965	84,305	147,460	167,565	217,425	252,150	207,221	260,910	302,577			
TOTAL GROSS SQUARE FEET													372,730	432,260	370,482

10/19/88

JFC-88
3/11/88

1986

FA 1

Chapter 92

AN ACT

Relating to a court facility in Fairbanks; and providing for an effective date.

* Section 1. The legislature finds that a need exists for a new court facility in Fairbanks and that the needed facility must be acquired in as economical manner as possible. In acquiring the necessary court facility the supreme court should

- (1) investigate the feasibility of using state land in the Fairbanks area as a site for a court facility;
- (2) investigate the feasibility of contracting with the Alaska State Housing Authority or with a local government utilizing municipal revenue bonds to provide the space necessary for a Fairbanks court facility; and
- (3) coordinate space acquisition in Fairbanks with other state agencies.

* Sec. 2. The supreme court may enter into a lease-purchase agreement not to exceed a cost of \$29,900,000 for construction and all other related costs of a court facility in Fairbanks, if

- (1) a private licensed day-care facility for the use of employees, jurors, witnesses and the public is included in the project, and the space is rented to the private licensed day-care provider at a market rate;
- (2) 15 percent of parking spaces for the court facility are reserved for the public.

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THE
Anchorage Times

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ALASKA AIRLINES

anchorage times

MONDAY EVENING, MARCH 7, 1988

25c

'Fast track' cuts court time in half

By Sue Cross
Associated Press

JUNEAU — File a lawsuit in Anchorage and chances are you will have the judge's answer in a little over a year.

That's pretty good time for state courts that have been clogged with a backlog of cases, says Alaska Supreme Court Chief Justice Warren Matthews.

Under an experimental "fast track" system initiated in Anchorage in 1986, the time it takes for resolving a lawsuit has been

cut roughly in half. Preliminary indications are (that) 65-70 percent of all civil cases, excluding domestic relations cases, that are filed with the Anchorage Superior Court are being processed to a conclusion within 14 months or less," Matthews said.

Court administrator Art Snowden said the system involves sorting out relatively simple cases — those with few witnesses and an expected trial time of less

See Courts, page A-8

U.S. helicopters dodge gunfire

By Richard Pyle
Associated Press

MANAMA, Bahrain — U.S. Navy helicopters dodged heavy machine-gun fire in the Persian Gulf and Iran today claimed responsibility for the attack which

there was no connection between the helicopter incident and the movement of six U.S. warships up the gulf today.

The ships' appearance off Dubai triggered speculation that the United States was planning to



task force could never see at the end of the road. "The heart of the matter is an honest assessment of the policy options available to us."

that he can get mad," Manheim said. The Gephardt campaign, which started out scoring Dukakis's farm and tax positions, has a new ad saying Dukakis smeared Sen. Joseph Biden with an attack video, spied on Sen. Paul Simon and now "is trying to smear Dick Gephardt." The target: the basic Dukakis theme of honesty and competence. Dukakis is taking similarly sharp aim with ads questioning the sincerity of Gephardt's popu-

The latest says Gephardt voted against raising the minimum wage and for Reaganomics. Dukakis has no foreign policy experience and Jackson has never worked in government. Gore, Gephardt and Dole, all trailing in Super Tuesday polls, were taking the aggressive posture typical of campaigns in jeopardy — "a desperation effort. You run negative ads when nothing else works," said Bob Lichter, co-director of the Center for Media and Public Affairs.

Melbourne, Australia, was 39th.

Courts

Continued from page A-1

than two weeks — and putting them on a stringent time schedule. It has fostered big improvements from the old system which handled all cases the same way, Snowden said.

"We were up at one point to more than two years, maybe approaching 2½ (for resolution)," Snowden said.

Matthews said he hopes to expand the system to other courts.

On the criminal side, judges are catching up with past increases in caseload.

Trial court filings increased less than 2 percent each of the last two years and are expected to hold steady in 1988.

In 1985, there were 14 percent more cases filed than disposed of by state superior courts.

Last year, superior court filings outnumbered conclusions by only 6 percent.

In district courts, the ratio of filings to dispositions improved from 91 percent in 1985 to 98 percent last year.

The state Supreme Court also is making headway on civil appeals, which increased 21 percent in 1987 because of record numbers of cases initiated in the trial courts two years before, Matthews said.

"Average time from submission of a case to the time of publication of the decision has improved steadily from nearly 10 months in (fiscal year) 1981 when the court of appeals began to relieve us from a crushing workload, to a current figure of just over five months," Matthews said.

Helicopters: No return fire

A-1
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craft (unit) detected the two helicopters on its radar and warned them to stay out of the Iranian zone. However, the Iranian navy fired warning shots after the U.S. helicopters violated the Iranian zone.

Shortly after midnight Friday, U.S. officials said the missile frigate John A. Moore fired at what were believed to be Iranian speedboats seen on the radar screen before they disappeared.

Also Sunday, thousands of Iranians marched through central Tehran to the Soviet Embassy, claiming Moscow had supplied Iraq with long-range missiles, Iran's Islamic Republic News Agency said in a report monitored in Nicosia.

IRNA said a number of students entered the embassy grounds by scaling a wall, but were thrown out by "alert policemen." Iran said it first learned about Iraq's new missiles seven months ago and had warned the Soviets that any use of the rockets would harm relations between Tehran and Moscow, IRNA said.

In Moscow, the Soviet news agency Tass said a mob besieged the embassy, pelted it with rocks

and tried to set fires, threatening the lives of Soviet diplomats and their families. Similar "hostile actions" were directed Sunday at the Soviet Consulate in Isfahan, Iran, Tass said without elaborating.

Tass said the Soviet leadership "rejects any allegations about the Soviet Union's involvement in the missile attacks against Tehran."

In the so-called "war of the cities," Iran's official Islamic Republic News Agency said 12 civilians, including women and children, were killed and 30 wounded when an Iraqi missile exploded in Tehran today. It said a clinic, several houses and 30 vehicles were destroyed in the blast. The missile was one of two Iraq said its army lobbed into Tehran early today.

IRNA said another 61 civilians were killed and 427 wounded Sunday in Iraqi air raids on 16 Iranian cities and towns.

It reported that Iranian Revolutionary Guards fired a missile at a "military center" in Baghdad around midnight. The official Iraqi News Agency said the missile exploded in a residential area of the capital.

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Monday	9:15 a.m.	12:10 p.m.	4:15 p.m.	5:30 p.m.	
Tuesday	9:15 a.m.	12:10 p.m.		5:30 p.m.	7:15 p.m.
Wednesday	9:15 a.m.	12:10 p.m.	4:15 p.m.	5:30 p.m.	



ANCHORAGE COURTHOUSE EXPANSION

QUARTERLY LABOR REPORT

PREPARED FOR: MC COOL MC DONALD AIA
 PREPARED BY: ALASKA CONSTRUCTION MANAGEMENT INC.

DATE: MARCH 3, 1988
 OWNER: ALASKA COURT SYSTEM

DESCRIPTION	MANDAYS	QTR 1	QTR 2	QTR 3	QTR 4	QTR 5	QTR 6	QTR 7	QTR 8	QTR 9	QTR 10
GENERAL CONDITIONS	4200	8	8	8	8	8	8	8	8	8	8
EXCAVATION	1000	15	15	15							
GARAGE CONSTRUCTION	400	10	10								
CONCRETE WORK	10500	35	35	35	35	35				6	
STRUCTURAL STEEL	9000		20	20	25	25	25	10	5	5	5
MASONRY	1750				10	15	15	15	4		
ROOFING	1400					15	15	15			
WATERPROOFING	800	5	5	5	5	5					
FIREPROOFING	1100			7	7	7	7				
DOORS	1100			6	6	6	6	6	2	2	2
WINDOWS	1000				8	8	8	8	2	2	2
GWE SYSTEMS	6700			10	15	25	25	20	8	8	8
TILE WORK	1000				3	7	7	7	3	3	3
ACOUSTIC WORK	1400					8	8	8	3	3	3
FLOOR COVERING	800					6	6	6	2	2	2
PAINTING	1600				8	8	8	8	3	3	3
EQUIP & FURNISHINGS	400					6	6	6	3	3	3
ELEVATORS	3000				10	10	10	10	4	4	4
MECHANICAL WORK	13700	4	4	12	16	20	20	20	12	8	8
ELECTRICAL WORK	7300	4	4	6	8	10	10	10	6	4	4
TOTAL MANDAYS LABOR	63150										
TOTAL ONSITE LABOR FORCE		81	101	132	164	224	184	157	65	61	55