

ALASKA LEGISLATURE

2236

HOUSE and SENATE FINANCE COMMITTEE FILES, 2001 - 2002



First National Bank
of Anchorage

D.H. Cuddy
President

August 17, 2000


George Wright
Kenai Natives Association, Inc.
215 Fidalgo Avenue, Suite 101
Kenai, Alaska 99611

Dear Mr. Wright,

I was pleased to learn of the Kenai Natives Association's project of taking over the Wildwood Prison property. It has been a shame that this facility has gone vacant for so many years when the need for such facilities is so great in our state. Certainly it will be a materialized benefit to the State of Alaska and your Association should you renovate and operate this prison facility.

My best wishes to you.

Sincerely,


D.H. Cuddy
President & Chairman



RESOLUTION 2000-15
Council of the Native Village of Tyonek
An Indian Chartered Corporation

WHEREAS, Native Alaskan men comprise 35 percent of Alaska's prison; and

WHEREAS, Native Alaskan men comprise only 7 percent of the Alaska general population; and

WHEREAS, The disproportionate incarceration of Native Alaskan men has been recognized as the most critical challenge to the Alaska System of Criminal Justice; and

WHEREAS, Large number of Native Alaskan and Alaskan men are incarcerated in Arizona, far from the support systems necessary for rehabilitation; and

WHEREAS, The State Department of Corrections' plan to return prisons to a privately built and operated prison on Fort Greely in 2003 appears to be failing; and

WHEREAS, The Kenai Natives Association, Inc., is developing a plan to build and operate a 1,000 bed private prison adjacent to the existing, state operated, Wildwood Correctional Center; and

WHEREAS, The Kenai Peninsula Borough has agreed to contact with the Kenai Natives Association, Inc., to sell the prison services to the State of Alaska, Department of Correction through an intergovernmental agreement; and

WHEREAS, the Kenai Natives Association, Inc., has in turn, agreed to cooperate with the Kenai Peninsula Borough to expand the Kenai Airport across KN land; and

WHEREAS, The prison project and airport expansion will substantially benefit the economy of the Kenai Peninsula Borough with hundreds of construction related and permanent jobs; and

WHEREAS, The prison is intended to offer the highest standards of security and correctional programs, as well as special remedial programs for Native Alaskan offenders not currently offered in Alaska State Prisons; and

WHEREAS, The proposed prison will benefit all incarcerated Alaskan Offenders of every race, creed, and religion by providing enough beds to serve sentences in the State of Alaska;

NOW, THEREFORE, BE IT RESOLVED BY THE Native Village of Tyonek IRA Council.

SECTION 1: The Native Village of Tyonek IRA Council, supports the Kenai Natives Association, Inc., and Kenai Peninsula Boroughs' proposal to build and operate a private prison on KNA lands adjacent to the Wildwood Correctional Center.

SECTION 2: The Native Village of Tyonek IRA Council, urges Governor Tony Knowles to enter into an intergovernmental agreement to purchase prison services that result from the Kenai Natives Association, Inc., and effort to build a private prison on KNA lands.

CERTIFICATION

For	<u>5</u>
Against	<u>0</u>
Abstain	<u>0</u>
Present	<u>6</u>
Absent	<u>3</u>

BY Angela Sandstol on September 15, 2000.

Peter Merryman
Peter Merryman, President

Angela Sandstol
Angela Sandstol, IRA Secretary

Kenaitze Indian Tribe I.R.A.

P.O. BOX 988
KENAI, ALASKA 99611
(907) 283-3633
Fax (907) 283-3052

July 30, 2000

Richard Segura, President
Kenai Native Association, Inc.
215 Fidalgo, Suite #1
Kenai, Alaska 99611

Dear Mr. Segura:

Ref: Letter of Support

Please be advised that the Executive Committee/Tribal Council of the Kenaitze Indian Tribe, IRA, after careful consideration, strongly supports the efforts of the Kenai Native Association, Inc. to build a State Prison on its properties located at Wildwood, Kenai, Alaska. We believe this project would alleviate the overcrowding situation that now exists within the state system and would allow those relocated Alaskan Prisoners to return to Alaska to complete their sentencing.

Sincerely,



Rosalie Tepp
Tribal Chairperson
Kenaitze Indian Tribe, IRA

NINILCHIK TRADITIONAL COUNCIL

P.O. BOX 39070
NINILCHIK, ALASKA 99639
PH.: (907) 567-3313 • FAX: (907) 567-3308



August 18, 2000

Richard Segura, President/CEO
Kenai Native Association, Inc.
215 Fidalgo Ave., S. 101
Kenai, AK 99611

Dear President Segura:

We were pleased to hear that the Kenai Natives Association, Inc. is developing a private prison project and we would like to express our support for your efforts.

An inordinate amount of Native people compromise the general prison population. That they be incarcerated in their Native land seems preferable to the current alternative.

The economic boost to the Peninsula is very much needed in light of the current fishing, oil, and logging industries.

We consider this a very worthwhile project and respectfully request the Governor to offer his full support.

Thank you.

dlis for Sincerely,
Jack Kvasnikoff, Jr.
Jack Kvasnikoff, Jr.
President/Chairman

c: file

SALAMATOF TRIBAL COUNCIL

August 4, 2000

Richard Segura,
President
Kenai Natives Association, Inc.
215 Fidalgo Avenue, Suite 101
Kenai, AK 99611

Re: Letter of Support

Dear Mr. Segura,

The Salamatof Tribal Council gratefully acknowledges your letter of support for the Kenai Natives Association, Inc. for establishing a privately operated prison on your Wildwood property. We believe this prison project will go a long way toward improving the overcrowding that exists in Alaska prisons today.

It is a sad fact that over 85% of the total prison population in the Alaska system are Natives and a number of these prisoners are currently housed out of state in Arizona. Hopefully this will help bring our Alaska Natives back to the state. Your efforts will surely make this situation better.

We applaud your efforts and support this project completely.

Sincerely,


Penny Carby
President
Salamatof Tribal Council

150 N Willow St. Suite 29 Kenai, Alaska 99611

Printed on recycled paper



HB

149

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/19/01

FURTHER:

DATE TURNED IN TO OFFICE: 27 April 01

Finance Committee considered

CS FOR HOUSE BILL NO. 149(FIN)(title am)

PRIVATE PRISON IN KENAI

"An Act expressing legislative intent regarding correctional facility space; relating to correctional facility space; authorizing the Department of Corrections to enter into an agreement to lease facilities for the confinement and care of prisoners within the Kenai Peninsula Borough; and providing for an effective date."

and recommends:

be replaced with S CS HB 149 (FIN)

adopt previous CS CS ()

attached amendment(s) forthcoming

adopt Letter of Intent by _____ Committee

further referral to _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Revenue	4/10/01	20.0		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Corrections	7/14/01	165.5		#2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>			✓	

APR 26 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 149 (FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Private Prison in Kenai BRU: Revenue Operations
Component: Treasury
Sponsor: Representative Chenault
Requester: House Finance Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel	20.0	10.0				
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	10.0	0.0	0.0	0.0	0.0

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

1002 Federal Receipts						
1003 GF Match	20.0	10.0				
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	20.0	10.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
Division: Treasury Date/Time April 10, 2001, 5 p.m.
Approved by: Larry Persily, Deputy Commissioner Date 04/10/2001
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Department of Revenue

Fiscal Note for CSHB 149 (FIN) April 10, 2001

This legislation authorizes the Department of Corrections to enter into an agreement with the Kenai Peninsula Borough to lease facilities for the confinement and care of prisoners. The lease would be for at least 20 years and provide at least 800 prison beds with no statutory limitation on cost of the facility or cost of prisoner care. The lease must provide for an agreement between the Kenai Peninsula Borough and a private third-party contractor to construct and operate the facility. The legislation provides no requirement in statute to use tax-exempt financing, no maximum lease term, no maximum annual lease payment amount, and no maximum project size in either dollars or number of prisoners to be housed at the facility.

Additional concerns that should be addressed in the legislation:

- No maximum capital expenditure for the facility is established.
- No maximum lease term is specified.
- No maximum lease payments are identified.

While the state's lease payments will be the security for the bonds, there is no specific provision in this legislation for the State Bond Committee to participate in structuring the financing. The state's credit is involved as purchasers of the bonds look to the underlying source of revenues for bond payments when determining risk. As the source of revenues will be the lease payments of the state to the borough, the "credit trail" leads to the state and its ability to make future lease payments. The foundation upon which the state has built credit ratings has been the centralized control of the state's credit through the State Bond Committee. To the extent we deviate from this policy, continued strong ratings of the state become more difficult to retain.

Accordingly, similar to the Anchorage jail transaction, it is anticipated that the State Bond Committee will actively participate in structuring the transaction with the Kenai Peninsula Borough. In addition to the staff travel costs stated in the fiscal note, it is anticipated that between \$50,000 and \$80,000 of bond proceeds (depending upon the size of the bond issue) would be used to pay the state's financial adviser, bond counsel and other expenses in this transaction.



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 26 April 01 TIME: 8:55 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

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

NOTES: Final Finance SCS for HB 149

22-LS0436\W 4/26/01

no changes

Thanks

Mindy

22-LS0436\W
Luckhaupt
4/26/01

SENATE CS FOR CS FOR HOUSE BILL NO. 149()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHENAULT, Scalzi

A BILL

FOR AN ACT ENTITLED

1 "An Act expressing legislative intent regarding correctional facility space; relating to
2 correctional facility space; authorizing the Department of Corrections to enter into an
3 agreement to lease facilities for the confinement and care of prisoners within the Kenai
4 Peninsula Borough; and providing for an effective date."

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

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

8 LEGISLATIVE INTENT. It is the intent of the legislature to secure additional
9 correctional facility space through a privately operated correctional facility in Alaska. The
10 legislature expects the Department of Corrections to contract with the Kenai Peninsula
11 Borough for private prison services similar to those currently purchased for medium-security
12 Alaska prisoners in a private prison outside the state. The legislature anticipates a privately
13 operated correctional facility will bring competitive management styles and operations to
14 Alaska. The legislature expects that the initial per diem cost at a private facility (excluding

1 costs related to major medical, prescription medication, and transportation of prisoners and
2 other services excluded in contracts for Alaska prisoner care and custody in private facilities
3 outside the state but including the capital costs for construction of the facility, including debt
4 service) will be 18 - 20 percent less than the current average per diem rate for all state
5 facilities as reported to the federal government for reimbursement purposes; should be
6 approximately \$89 in current dollars; and, from the passage of this Act, should be adjusted
7 annually for changes in the cost of operations as measured by an appropriate cost-of-living
8 index.

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

11 AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH
12 THIRD-PARTY CONTRACTOR OPERATION. (a) The Department of Corrections may
13 enter into an agreement with the Kenai Peninsula Borough to lease space within a correctional
14 facility located within the Kenai Peninsula Borough that will house persons who are
15 committed to the custody of the commissioner of corrections. The agreement must provide
16 that the state agrees to lease the space for a minimum of 20 years.

17 (b) The agreement to lease entered into under this section is predicated on and must
18 provide for an agreement between the Kenai Peninsula Borough and one or more private
19 third-party contractors under which private, for profit or nonprofit third-party contractors
20 construct and operate the facility by providing for custody, care, and discipline services for
21 persons held by the commissioner of corrections under authority of state law. The
22 commissioner of corrections shall require in the agreement with the Kenai Peninsula Borough
23 that the Kenai Peninsula Borough procure one or more private third-party operators through a
24 competitive procurement process. A municipality exercising its powers under
25 AS 29.35.010(15) for procurement of land, design, construction, and operation of a facility,
26 that follows its municipal ordinances and resolutions and procurement procedures, satisfies
27 the procurement requirements of this subsection.

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

30 (1) the lease must have a minimum of 800 prison beds, and the lease payments
31 must be sufficient to cover

1 (A) the cost for the development and construction of the facility; and
2 (B) the operating costs for a minimum of 800 prison beds in the
3 facility for a period of five years, less a reasonable period to achieve full occupancy;

4 (2) the agreement to lease must contain terms providing that the commissioner
5 of corrections may direct the Kenai Peninsula Borough to terminate its contract with a private
6 third-party contractor operating the facility in accordance with the provisions of (b) of this
7 section if the commissioner finds that the private third-party contractor has failed to provide
8 or cause to be provided the degree of custody, care, and discipline required by terms of the
9 lease agreement;

10 (3) the commissioner may not enter into the lease if the commissioner finds
11 that the Kenai Peninsula Borough is unable to provide or cause to be provided a degree of
12 custody, care, and discipline similar to that required by the laws of the state.

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

15 **APPLICABILITY.** The provisions of AS 33.30.031(a) do not apply to an agreement
16 to lease a correctional facility in accordance with the provisions of sec. 2 of this Act. This
17 applicability section does not affect the authority of the commissioner of corrections to
18 designate the correctional facility to which a prisoner is assigned.

19 * Sec. 4. Section 4, ch. 15, SLA 1998, and sec. 6, ch. 35, SLA 1999, are repealed.

20 * Sec. 5. This Act takes effect June 1, 2001.

AMENDMENT

OFFERED IN THE SENATE
To: CSHB 149(FIN)(title am)

By: Sen. Olson

Page 1, line 13, following "facility":

Insert "procured by competitive bids open to private, for profit or nonprofit contractors"

Page 2, line 23:

Delete "operators"
Insert "contractors"

Page 2, lines 24 - 28:

Delete "similar to the procedures established in AS 36.30 (State Procurement Code). The adoption, by the Kenai Peninsula Borough exercising its powers under AS 29.35.010(15), of ordinance No. 2000-59, for procurement of land, design, construction, and operation of a facility on a request-for-qualification basis satisfies the procurement requirements of this subsection."

Insert "in which bids are submitted so that a comparison of costs can be made and the low qualified bidder is then selected on the basis of those bids."

SENATE FINANCE COMMITTEE
~~2000~~ COMMITTEE ACTION

4/26/01

Bill Number	HB 149		
Amendment	#1		
Motion	adopt		
<u>Motion by</u>	Olson		
<u>Objection by</u>	Ward		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Senator Austerman			
Senator Green			
Senator Hoffman			
Co-Chair Donley			
Co-Chair Kelly			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	WITHDRAWN		

SENATE FINANCE
COMMITTEE

Amendment Number: #2

Bill Number: HB 149

Sponsor: Olson Date: 4/26/01

Logged In By: Mindy

AMENDMENT

NOT
OFFERED

By Olson

OFFERED IN THE SENATE

To: CSHB 149(FIN) draft W

Page 1, line 13, following "facility":

Insert "procured by competitive bids open to private, for profit or nonprofit contractors"

Page 2, line 23:

Delete "operators"

Insert "contractors"

Page 2, lines 24, after "process":

Insert "in which bids are submitted so that a comparison of costs can be made and the low qualified bidder is then selected on the basis of those bids."

Page 2, lines 24 - 27:

Delete "A municipality exercising its powers under AS 29.35.010(15) for procurement of land, design, construction, and operation of a facility, that follows its municipal ordinances and resolutions and procurement procedures, satisfies the procurement requirements of this subsection."

LEGAL SERVICES

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

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


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

MEMORANDUM

April 17, 2001

SUBJECT: Review by the Attorney General of CSHB 149(FIN)
(CSHB 149(FIN))

TO: Representative Mike Chenault
Attn: Sue Wright

FROM: Gerald P. Luckhaupt 
Legislative Counsel

You have provided me with a review of CSHB 149(FIN) by Assistant Attorney General Marjorie L. Vandor addressed to the chair and members of the House Rules Committee and have asked me to comment on the review. Having just received the review and considering the time limitations placed upon me, my comments will be brief and not as definitive as I would like.

The review raises two issues: (1) that the CS(FIN) may violate the prohibition against local and special legislation; and (2) that the CS(FIN) may unconstitutionally intrude on the powers of the executive branch to execute the laws. Both issues relate to a provision of the CS(FIN) that the commissioner of corrections shall require in an agreement with the Kenai Peninsula Borough for the construction and operation of a prison that the borough select an operator through the prison by a competitive process. The CS(FIN) then declares that the procurement requirements are satisfied by the borough's actions in adopting a particular ordinance that addressed the "procurement of land, design, construction, and operation of a facility on a request-for-qualification basis." I will examine the latter issue first.

Frankly, I am not impressed with the opinion expressed in the review on this issue. I do not necessarily have any quibbles with the law cited in the review, but I fail to discern how the provision amounts to a constitutional violation as alleged. While the questioned provisions of the bill are odd or unusual at best, I do not see it amounting to the legislature performing the separate powers of the executive. The legislature is merely setting the conditions under which the executive may exercise its authority and appears to have found that the actions of the borough have satisfied the requirement that must be placed in the agreement. The executive branch still retains the authority to decide whether to enter into an agreement with the Kenai Peninsula Borough.¹ While it may

¹ Bill sec. 2(a) provides:

Representative Mike Chenault
April 17, 2001
Page 2

have been less awkward for the legislature to have noted the actions of the Kenai Peninsula Borough and then not included competitive process requirements (at least as to any initial agreement with the borough), the fact that the legislature proceeded as it did, in my opinion, does not amount to an infringement of the powers of the executive.

The local and special legislation issue causes me some consternation but my unease does not amount to a belief that the CS(FIN) may violate the constitution as alleged in the review. Again I have no complaints with the law cited in the review. But the reviewer is bothered by the legislature's reference to the ordinance passed by the borough apparently believing that this specificity violates Art. II, § 19, Constitution of the State of Alaska. Since the legislation only allows the executive branch to enter into an agreement with the Kenai Peninsula Borough, I fail to see why the language crafted by the legislature relating to whether the competitive process requirements have been met must be neutral as the reviewer apparently believes. The legislature could have omitted the competitive process requirement language and observed that the borough has already engaged in a competitive process through the passage of the ordinance. Stating things as done in the CS(FIN), while cumbersome, in my opinion does not make the bill any more likely to be struck down as local and special legislation.

GPL:jhb
01-044.jhb

The Department of Corrections may enter into an agreement with the Kenai Peninsula Borough to lease space . . ."

DEPARTMENT OF CORRECTIONS
Cost of Care
Arizona private vs. Kenal private
vs. Kenal state prison

DESCRIPTION	See Notes	ARIZONA OUT OF STATE COST OF CARE	See Notes	Kenal Bcrough Private Operated COST OF CARE		See Notes	Kenal Prison State Operated COST OF CARE	
				Private Cost	Private Cost		State Cost	State Cost
Design and Construction Cost				\$70,000,000.00	\$100,000,000.00	*1	\$77,000,000.00	\$110,000,000.00
Per-Diem Capitalization Cost				Capitalization Cost \$21.40	Capitalization Cost \$30.44		Capitalization Cost \$23.51	Capitalization Cost \$33.48
Per Diem Operating Cost		\$54.57		\$67.80	\$58.56	*2	\$65.92	\$65.92
Subtotal:		\$54.57		\$89.00	\$89.00		\$89.43	\$89.40
Inmate Programs		Incl. In Contract		Incl. In Contract	Incl. In Contract		\$2.96	\$2.96
Inmate Medical	*3	\$2.79	*4	\$10.99	\$10.99	*4	\$10.99	\$10.99
Transportation	*3	\$1.76	*5	\$1.59	\$1.59	*5	\$1.59	\$1.59
Gratuities		\$1.85		\$1.85	\$1.85		\$1.85	\$1.85
Probation Staff		\$0.77		\$0.77	\$0.77		Incl. In Per Diem	Incl. In Per Diem
Misc. Other Expenditures		\$0.37		\$0.37	\$0.37		Incl. In Per Diem	Incl. In Per Diem
Contract Monitor		\$0.31		\$0.31	\$0.31		N/A	N/A
Estimated Comprehensive Cost of Care for Institution		\$62.42		\$104.88	\$104.88		\$106.82	\$116.79

*1 Assumes all bonds issued at 6% and assumes 10% increase for State build

*2 This is a speculative number, based on the actual \$65.92 FY00 per prisoner costs for Wildwood (capacity of 370). The institutional costs for the new Anchorage Jail will be \$88.00 per prisoner (400 bed capacity).

*3 Based on FY 00 actuals for Arizona

*4 Based on FY 00 Medical Costs in-state less administration and mental health

*5 Based on FY00 average of statewide actuals

*6 Does not include a CPI adjustment, which has been 1-2% annually in Anchorage; at 1%, this would add an approximate \$300,000 a year increase to the contract costs.

Alaska State Legislature

Interim:

Legislative Affairs Agency, LIO
145 Main St. Loop, Second Floor
Kenai, AK 99611
Phone: (907) 283-7223



Session:

State Capitol, Room 432
Juneau, AK 99801-1182
Phone: (907) 465-3779
Fax: (907) 465-2833

Representative Mike Chenault District 9

SPONSOR STATEMENT FOR HOUSE BILL 149

House Bill 149 was introduced simply to transfer the authority to construct a private prison from Ft. Greely/Glennallen area to the Kenai Peninsula Borough.

This will create a construction project worth an estimated *67 Million Dollars*, (this is a sponsor staff estimate) and will provide the Kenai/Nikiski area with an additional stable economic base. In addition the State of Alaska has been supplementing the economy of Florence, Arizona upwards of 20 million dollars per year. It would only make sense to bring those dollars back to Alaska.

Currentiy I am putting together the specific cost multiplier benefits that will occur when the facility is constructed in Kenai. Future direct economic impacts as a result of stable economic development will be an important portion of the study that will be available in a few days.

Thank you for your time and consideration. If you have any questions please call Sue in my office at 465-3779.

REVISED 03/03 10 A.M.

SECTIONAL ANALYSIS

HOUSE BILL 149

An Act relating to correctional facility space and to authorizing the Department of Corrections to enter into an agreement to lease facilities for the confinement and care of prisoners within the Kenai Peninsula Borough.

Section 1: This section states the purpose of the bill as it relates to authorization for the Kenai Peninsula Borough and the Department of Corrections to enter into an agreement for leased correctional space. It also imposes a minimum time for the lease.

Section 1 (b) specifies the conditions which the Kenai Peninsula Borough may enter into an agreement with a private third-party contractor using a competitive procurement process.

Section 1 (c) allows for certain criteria to be met in the lease agreement.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 149
() Publish Date: 2/26/01

Title: An Act relating to correctional facility space and to authorize the DOC to enter into agreement.....
Sponsor: _____
Requester: State Affairs/ Finance

Dept. Affected: CORRECTIONS
BRU: Administration and Operations
Component: Office of the Commissioner
Component Number: 694

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	71.0	71.0	71.0	326.0	255.0	255.0
Travel	5.0	5.0	5.0	5.0	0.0	0.0
Contractual	85.0	75.0	75.0	95.0	90.0	90.0
Supplies	1.5	1.5	1.5	1.5	0.0	0.0
Equipment	3.0	0.0	45.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous				1,210.4	477.5	477.5
TOTAL OPERATING	165.5	152.5	197.5	1,637.9	822.5	822.5

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	165.5	152.5	197.5	1,637.9	822.5	822.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	165.5	152.5	197.5	1,637.9	822.5	822.5

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time	1	1	1	10	10	10
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill allows the Commissioner of the Department of Corrections to enter into a Ten-Year agreement predicated on an agreement with a private third-party contractor who will construct and operate the facility by providing for custody, care, and discipline for persons held by the commissioner of corrections under authority of state law. The agreement must be for a minimum of 800 prison beds and contain terms providing the commissioner of corrections may terminate for cause, and the commissioner may not enter into an agreement with an agency unable to provide or cause to be provided a degree of custody, care, and discipline similar to that required by the laws of Alaska.

DOC will require a Long-term Project position- Facilities Manager I to interface with the local government project during design and construction phases and through 1st year operations. Position costs \$71.0 per year through FY2005 and requires an additional \$14.5 of support costs for FY2002 and \$11.5 for FY2003-2005.

(CONTINUED ON PAGE 2 of 2)

Prepared by: Candace Brower Phone 465-4652
Division: Administrative Services Date/Time 3/14/2001 3:45PM
Approved by: Margaret M. Pugh, Commissioner Date 3/14/01
Agency: Department of Corrections

For distribution information, call the Governor's Legislative Office

House Bill 149

"An Act relating to correctional facility space and to authorize the DOC to enter into agreement..."

Publish Date: 2/26/01

Page 2

As Corrections Group North has noted, "Management problems in private prisons are the result of poorly drafted contracts [and] lack of oversight." The Department of Corrections (DOC) requires funds to enable the Agency to hire a professional who will negotiate the necessary prisoner care and operational contracts with the Kenai Peninsula Borough and its third party Representative. These contracts are to ensure they provide a degree of custody, care, and discipline similar to that required by the laws of this state. Estimate approximately \$185 per hour X 430 hours = \$79,950 or \$80.0. This is the estimated amount that the Municipality of Anchorage spent on their contract negotiations for the New Anchorage Jail. The Department assumes that all necessary contracts would be completed in FY2002.

The DOC also requires funds to enter into a professional service agreement for contract compliance monitoring services for the new Kenai Jail. The DOC must be assured that the Third-Party Operator of the facility complies with all of its contractual requirements to prevent and defend against potential litigation and/or liability for the State of Alaska. Monitoring services would include development of the monitoring instrument to include all aspects of correctional practice, on-going monthly monitoring, and reporting requirements. The Department estimates approximately \$100 per hour X 700 hours per year = \$70.0 per year beginning in FY2003.

State oversight of the new Kenai Facility will require the following additional 4 Permanent full-time state staff in the Department's budget for the life of the contract: (Assume that staff will begin work FY2005)

Two Probation Officer II's @ \$65.0 per year = \$130.0
1 Nurse II @ \$65.0 per year
1 Internal Auditor II @ \$60.0 year
Support costs for 4 Positions @ \$5.0 per position = \$20.0

Data processing equipment will be needed to support DOC oversight staff and to interface with the new Kenai Jail with the Department's Management Information System. Data processing PC's, office equipment, miscellaneous equipment including the WAN/LAN connection. \$45.0 in FY2004

The DOC Transportation Section will require: four (4) additional Prisoner Transportation Officers based at the Kenai Jail (\$65.0 each X 4 = \$260.0) and one Officer in the Anchorage Central Office (\$60.0); safety and operating equipment for the five officers (\$14.9 Total One-Time); a new Van to transport prisoners back and forth from the Kenai Jail (\$30.0 one-time); travel and transportation funds to move prisoners from out of state to Kenai (one-time expenses of \$688.0); travel and transportation costs to handle routine needs at the facility (annual expenses estimated at \$12,500 per month X 12 months = \$150.0); and contractual services funds for miscellaneous equipment to support new officers, such as radios and weapons. (\$7.5).

Cost: \$1,210.4 (\$477.5 Annually starting in FY2005 and \$732.9 One-Time in FY2005.)

The DOC cannot presently calculate the new contractual service funds that will be needed to pay for the prisoner beds at the new Kenai Jail because sufficient information is not yet available. HB 149 only addresses the need for 800 beds for a minimum of 20 years agreement. We cannot speculate what the costs per day would be for each of the 800 beds. Thus, we can only submit an indeterminate amount for these services.

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 149
(H) Publish Date: 3/22/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title: Private Prison in Kenai BRU: Revenue Operations
Component: Treasury
Sponsor: Representative Chenault
Requester: House State Affairs Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
Division: Treasury Date/Time March 14, 2001, 1 p.m.
Approved by: Larry Persily, Deputy Commissioner Date 03/14/2001
Agency: Department of Revenue

For distribution information, call the Governor's Legislative Office

Department of Revenue
Fiscal Note for HB 149

This legislation authorizes the Department of Corrections to enter into an agreement with the Kenai Peninsula Borough to lease facilities for the confinement and care of prisoners. The lease would be for at least 20 years and provide at least 800 prison beds with no limitation on cost of the facility or cost of prisoner care. The lease must provide for an agreement between the Kenai Peninsula Borough and a private third-party contractor to construct and operate the facility. The legislation provides no requirement to use tax-exempt financing, no maximum lease term, no maximum annual lease payment amount, and no maximum project size in either dollars or number of prisoners to be housed at the facility.

The bill as drafted would make it quite unlikely that the facility could be financed on a tax-exempt basis. This means that any financing will carry interest rates approximately 2% higher than rates the state normally pays for financing public facilities. Based on the project estimates of \$60 million to \$125 million, paying a taxable rate of interest would increase the cost of the project financing from \$16 million to \$32 million. In order to minimize the cost to the state (reducing interest expense), the legislation should be redrafted in a way that would permit the use of tax-exempt financing. The current draft does not sufficiently circumscribe the role of the private third-party contractor to permit the borough to comply with "private use" and "management contract" guidelines of the Internal Revenue Service.

Additional concerns that should be addressed:

- No maximum capital expenditure for the facility is established.
- No maximum lease term is specified.
- No maximum lease payments are identified.

While the state's lease payments will be the security for the bonds, there is no specific provision in this legislation for the State Bond Committee to participate in structuring the financing. The state's credit is involved as purchasers of the bonds look to the underlying source of revenues for bond payments when determining risk. As the source of revenues will be the lease payments of the state to the borough, the "credit trail" leads to the state and its ability to make future lease payments. The foundation upon which the state has built credit ratings has been the centralized control of the state's credit through the State Bond Committee. To the extent we deviate from this policy, continued strong ratings of the state become more difficult to retain.

Accordingly, similar to the Anchorage jail transaction, it is anticipated that the State Bond Committee will actively participate in structuring the transaction with the Kenai Peninsula Borough. While costs are not specified in this fiscal note, it is anticipated that between \$50,000 and \$100,000 of bond proceeds (dependent upon size) would be used to pay the state's expenses in this transaction.



TONY KNOWLES
GOVERNOR
governor@alaska.gov

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU
October 30, 2000

P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532
www.gov.state.ak.us

The Honorable Dale Bagley
Mayor of the Kenai Peninsula Borough
144 North Binkley
Soldotna, AK 99669

Dear Mayor Bagley:

Thank you for your letter regarding the private prison proposed near Kenai. I know you have begun meetings with Commissioner Margaret Pugh on this matter, and I appreciate your interest in learning more about the possibilities and the issues involved.

Early on, my Administration developed an approach to prison expansion based on five principles:

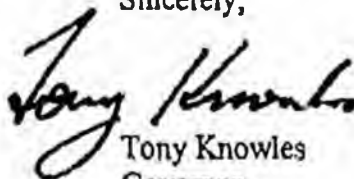
- Protecting the public's safety;
- Addressing statewide and regional needs;
- Consistency with best correctional practices;
- Community participation through government-to-government transactions; and
- Cost-effectiveness.

The Kenai private prison idea may meet those important objectives. I'm sure there is plenty of discussion to come, and I hope you will keep Commissioner Pugh informed of the latest developments. I know she has offered to facilitate meetings with state experts to discuss bonding and other financial matters. Those discussions also are important.

In the meantime, it is clear the Legislature's intent in House Bill 53 was to develop a private prison at the Fort Greely site. The state has been working to do so ever since. There is no doubt any change of focus or development of a new private prison plan will involve legislative action.

My Administration looks forward to further discussion of Alaska's prison needs.

Sincerely,


Tony Knowles
Governor

cc: Commissioner Margaret Pugh, Department of Corrections ✓

POM for Representative Chenault



From: Mr. Roger C Laber
319 Riverside Dr

Telephone: -

Soldotna, AK 99669

NON Constituent

Registered Voter: V

Email:

Bill: HB 149 Title: PRIVATE PRISON IN KENAI

Message:

Please support HB 149. The Soldotna City Council is opposed to the private prison. This does not reflect the views of most citizens of Soldotna who overwhelmingly support the private prison concept. Could we also agree that the community college be tasked to train local citizens to work at the new prison industry?

Entered in SOL on 4/16/01 POMID: 1220

Distribution: 5

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Message 1 out of 20.

Subject: Private Prison Project

Date: Thu, 22 Mar 2001 21:46:41 -0900

From: "Susan Wells" <susiewells@pci.net>

To: <Representative_Mike_Chenault@legis.state.ak.us>

Dear Representative Chenault,

I am in support of, and would like to thank you for your support of, the private prison project that the Kenai Peninsula Borough is working on. It will provide an economic boost to the Peninsula, providing jobs and a quality facility for those Alaskans who are serving their time out of State. I believe it will save the State of Alaska money in the longrun.

I believe it is possible for the private sector to build and operate a safe and secure prison that the State can be proud of. When I hear the opposition to "private prisons" I have to wonder, if private prisons are so bad, why does the State contract with a private prison in Arizona to house our prisoners?

Please support HB 149.

Thank you,

Susan Wells
37305 Cetacea Lane
Kenai, Alaska 99611

Subject:

Date: Fri, 06 Apr 2001 07:32:33 -0000

From: "Michael Carpenter" <mwcarpenter59@hotmail.com>

To: Representative_Mike_Chenault@legis.state.ak.us

Dear Representative Chenault,

I'm writing in support of the proposed private prison for Kenai. I believe it will:

- benefit the residence of the Peninsula, directly and indirectly;
-
- will reduce the cost of incarceration of Alaskan inmates;
-
- bring those who are housed in the Lower 48 private prisons home and optimize the rehabilitation for those Alaskans;
-
- provide the needed beds for prisoners in the State of Alaska;
-
- provide meaningful jobs for Alaskan and Peninsula residents;
-
- will be the means to provide top quality training at the local college;
-
- provide an industry to supplement the fishing and tourism industries;
-
- provide an additional base for new retail businesses in the area;
-
- will bring additional professionals to the area;

I believe the proposed site on Wildwood is the most logical place to put a new prison and will compliment the existing facility.

Please support the HB 149 to build a private prison on the Kenai Peninsula.

Thank you,

Michael W. Carpenter

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Anchorage Daily News

Michael J. Sexton
President and Publisher

Patrick Dougherty
Editor

Steve Lindbeck
Associate Editor

Founded in 1946 by Norman C. Brown

Fuller A. Cowell, Publisher, 1993-1999 Katherine Fanning, Editor and Publisher, 1971-1983
Gerald E. Gilly, Publisher, 1984-1993 Lawrence Fanning, Editor and Publisher, 1967-1971

COMPASS: *Points of view from the community*

Prison plan warrants backing

By FRANK PREWITT

In uncharacteristically blunt fashion, Byron Mallot recently condemned acts of violence against Alaska Natives and the failure of state policymakers to look directly into the face of racism in Alaska. It seems most Alaska Natives have patiently trusted that equal distribution of justice and resources would eventually find its way to the Native community. Finally, in the shadow of violence, the sleeping giant of self-determination appears to be waking.

Frozen paint balls of bias first burst in the face of the Kenai Natives Association last summer, when the skeleton of inequality tumbled from a closet in the state justice system. Rick Segura, president and CEO of the Kenai Natives Association, was exploring business opportunities for his small Native corporation, when he discovered that only 7 percent of Alaska's general population are Native males, but 37 percent of Alaska's prison population are Native men. A few phone calls later, Rick learned that over 300 Alaska Natives are imprisoned in the desert of Arizona, far from the cultural and behavioral support systems necessary for rehabilitation, victims of a stop-gap measure to relieve in-state prison overcrowding, now inexcusably in its seventh year.

While these men have committed serious crimes, Rick found that few Alaska Native prisoners fit conventional patterns of criminal behavior and most do not respond to conventional correctional programs. His research confirmed what Rick had always suspected: Except for the ravage of alcohol, most Native prisoners would have led and can, again, lead productive lives.

How tragic to commit a violent crime, harbor little or no recollection of the event, and live in exile with only pain and remorse as your cellmates.



The economic benefits for all Alaskans are many: local consumption of materials, goods and services associated with a major construction project; over 300 construction jobs; roughly 250 permanent prison jobs; and over \$20 million annually spent in Alaska, rather than Arizona.

Rick doesn't excuse his brothers' behavior, but he is concerned that the state seems ill-equipped or unable to break the cycle of destruction. The Alaska Judicial Council and University of Alaska Justice Center have repeatedly reported on cultural bias in our judicial system. Yet, simply put, we Alaskans continue to incarcerate more of our indigenous neighbors, per capita, than any other state, by overwhelming margins.

The Kenai Natives Association cannot fix the state justice system, but their board of directors has decided that they can commit their limited resources to reducing recidivism among Alaska Natives.

This month the Kenai Natives Association teamed with Cornell Companies and the Kenai Peninsula Borough to offer the state an alternative to out-of-state incarceration. The borough intends to sell bonds to finance a privately built and operated prison on Kenai Natives Association land adjacent to the existing, state-operated, Wildwood Correctional Center. The prison will be built to the highest standards of the industry and meet, or exceed, the security standards of the state Department of Corrections. Beyond conventional programs offered by the state, KNA's vision is to offer the Alaska Native community the opportunity to take responsibility for programs designed to target and eliminate the re-

volving door of Native incarceration.

The economic benefits for all Alaskans are many: local consumption of materials, goods and services associated with a major construction project; over 300 construction jobs; roughly 250 permanent prison jobs; and over \$20 million annually spent in Alaska, rather than Arizona.

The social benefits for all Alaskans are even more compelling: empowering Alaska Natives as stakeholders in the healing of their fathers, sons and brothers, as well as returning all Alaskan offenders imprisoned in Arizona nearer to the support systems necessary to effect life changing behavior.

On Dec. 19, 2000, the board of directors of the Alaska Federation of Natives passed a resolution which states, in part: "The AFN Board of Directors does fully endorse and support the Kenai Natives Association Inc. in the development of their private prison project."

As neighbors, we can all take a small step toward reconciliation by supporting the Kenai Natives Association. As a society, we have nothing to lose and everything to gain by seeking new solutions to old problems.

■ Frank Prewitt is an Anchorage attorney and former commissioner of the Department of Corrections under Walter J. Nickel. He consults for Cornell Corrections and the Kenai Natives Association.

ALASKA FEDERATION OF NATIVES, INC.

1577 C Street, Suite 300, Anchorage, Alaska 99501
907-274-3611 Fax 907-276-7989

**Board of Directors
Board Resolution 00-07**

TITLE: IN SUPPORT OF A PRIVATE PRISON ON KENAI NATIVE ASSOCIATION, INC. (KNA) WILDWOOD PROPERTY

WHEREAS: the Kenai Native Association, Inc. (KNA) has undertaken the development of a private prison to be located on their Wildwood property; and

WHEREAS: the State of Alaska has a critical need for prison beds to alleviate the current overcrowding in the prison system; and

WHEREAS: the State is currently sending Alaska prisoners to serve their time at a private prison in Arizona because of the overcrowding situation; and

WHEREAS: Alaska Native males comprise 37% of the male prison population and of the 1,500+ prisoners sent to Arizona approximately 37% of these individuals are Alaska Natives; and

WHEREAS: having Alaska Native males so far from their homes and villages place an undue hardship upon their families and deprives them of cultural considerations while serving their sentences; and

WHEREAS: the State of Alaska spends over \$18 million per year to keep these prisoners in Arizona when the funds would be better spend supporting a private Alaskan prison at Wildwood; and

WHEREAS: the proposed private prison facility being developed by KNA would be more adept at meeting the cultural and rehabilitative needs of the Alaska Native prisoners; and

WHEREAS: the completion of this facility will assist in the effort to bring our people home from confinement in Arizona;

NOW THEREFORE BE IT RESOLVED that the Alaska Federation of Natives Board of Directors does fully endorse and support the Kenai Native Association, Inc. in the development of their private prison project.

Adopted this 19th day of December, 2000.

Corporate Seal:



Julie E. Kitka
Julie E. Kitka, President

NINILCHIK TRADITIONAL COUNCIL

P.O. BOX 39070
NINILCHIK, ALASKA 99639
PH.: (907) 567-3313 • FAX: (907) 567-3308



August 18, 2000

Richard Segura, President/CEO
Kenai Native Association, Inc.
215 Fidalgo Ave., S. 101
Kenai, AK 99611

Dear President Segura:

We were pleased to hear that the Kenai Natives Association, Inc. is developing a private prison project and we would like to express our support for your efforts.

An inordinate amount of Native people compromise the general prison population. That they be incarcerated in their Native land seems preferable to the current alternative.

The economic boost to the Peninsula is very much needed in light of the current fishing, oil, and logging industries.

We consider this a very worthwhile project and respectfully request the Governor to offer his full support.

Thank you.

ds for Sincerely,
Jack Kvasnikoff, Jr.
Jack Kvasnikoff, Jr.
President/Chairman

c: file

Kenai Peninsula Borough Private Prison Proposal

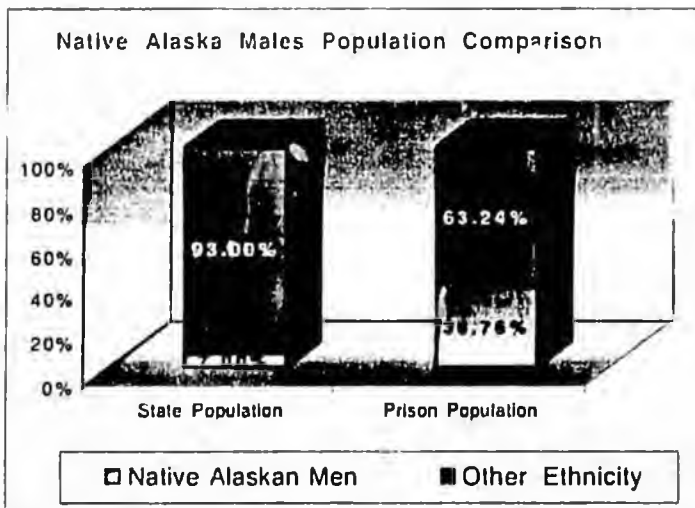
LEGISLATIVE HISTORY

In 1995 all of Alaska's prisons and jails were at, or over emergency capacity. The State was found in contempt of court and the Department of Corrections was ordered to reduce inmate populations to court approved levels. As a stopgap measure, the Department entered into a contract to house Alaska prisoners in a privately owned and operated prison in Arizona. Today, more than 900 Alaska prisoners are housed in Arizona, resulting in an annual loss to the Alaska economy of \$18 million in operating funds and roughly 250 jobs.

The social cost to Alaska is even more significant. More than 300 of the prisoners housed in Arizona are Alaska Natives. Many of these offenders are from remote regions of Alaska, far removed from the cultural support systems necessary for rehabilitation.

This hardship affects all Alaskan prisoners housed "outside", but the disparate impact upon Native Alaskans calls into question a problem of grave social consequence: Alaska Native males make up only seven percent of Alaska's general population, yet Alaska Native men comprise a tragic thirty-seven percent of Alaska's prison population. These offenders do not fit conventional patterns of criminality and they do not respond to standard correctional programs. Except for the ravages of alcohol, most Alaska Native offenders could lead productive lives.

The problem of out-of-state incarceration is compounded by the extraordinarily high cost of building and staffing State operated prisons and jails. The Alaska Legislature confronted these issues head on in 1998 and 1999 by authorizing the construction and operation of a private prison



in Alaska, on Fort Greely, near Delta Junction (HB53, SB 141). The enabling legislation was intended to bolster the economy of that region, after base closure, by returning the prisoners housed in Arizona.

The Delta prison plan enabled the Department of Corrections to petition the Superior Court for relief from monitoring imposed by the Cleary Final Settlement Agreement. The Department submitted a plan citing the Delta Junction prison as the centerpiece of its prison population management strategy. The court approved the Department's plan to return the prisoners held in Arizona to Alaska by 2003. The court released the Department from Cleary oversight after seventeen continuous years of monitoring and litigation.

Fort Greely will officially close in July 2001, but complications associated with the transition of the base facilities as well as uncertainties associated with the proposed National Missile Defense System have derailed any hope of developing a prison on Fort Greely for the foreseeable future.

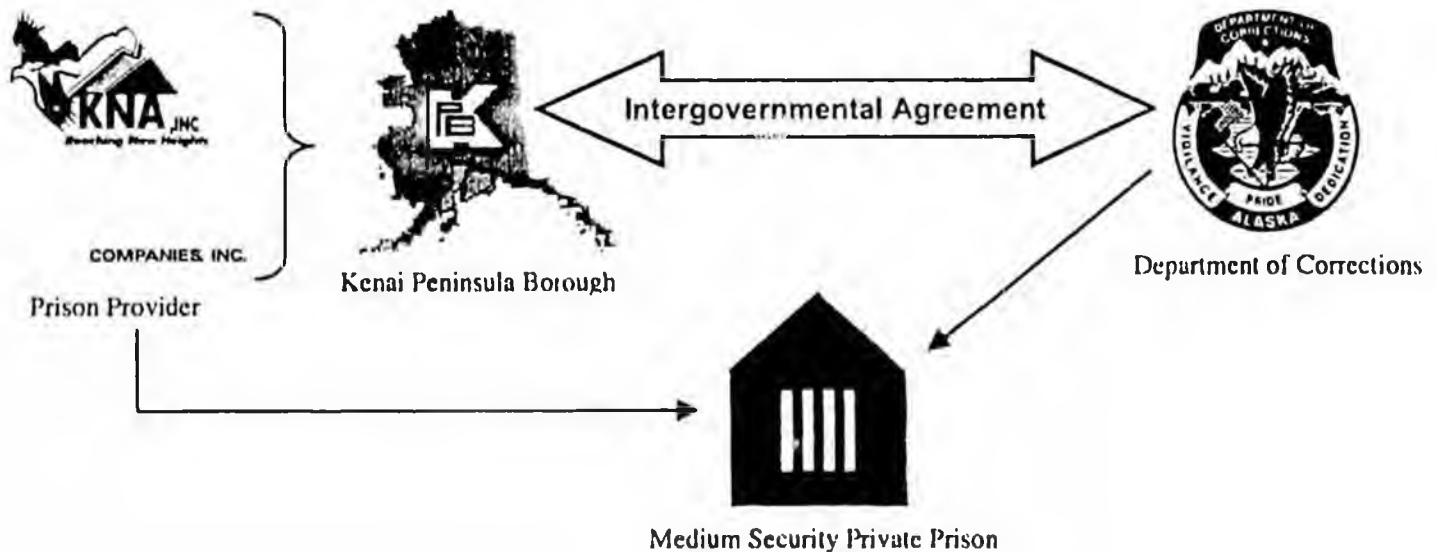
The Issue

Failure of the Delta Junction prison leaves serious matters of social and economic policy unresolved and exposes the State of Alaska to the possible, if not probable, risk of:

- ★ Renewed court monitoring of the Department of Corrections.
- ★ Renewed court sanctions for prison overcrowding.
- ★ Class action or individual lawsuits for impairing the rehabilitation rights of Alaska prisoners housed in Arizona.
- ★ Class action or individual lawsuits for disparate treatment of Alaska Native prisoners.

The Proposal

The Kenai Natives Association and their partner Cornell Companies have teamed with the Kenai Peninsula Borough to offer the State Department of Corrections a viable alternative to the Delta Junction prison plan.



The Plan

The Kenai Peninsula Borough (KPB) has completed a competitive procurement similar to the procedures established in the State Procurement Code to select a private, third party contractor to promote, design, build and operate the prison for the first five years.

Having one private entity provide the design, construction and operation of the prison

minimizes the financial risk to the State. Design/build contracts avoid the risk of contractor claims arising from cost overruns by

transferring the responsibility for design and construction to one private entity. Having the same entity responsible for operation ensures that the private party bears the risk of operating the prison under the reimbursement budget created by the intergovernmental agreement between the State and the Borough. Allocating

that risk to one developer imposes proper market incentives to make cost effective decisions in design and construction that will lower operating expense (e.g. maintenance, staffing efficiency, materials).

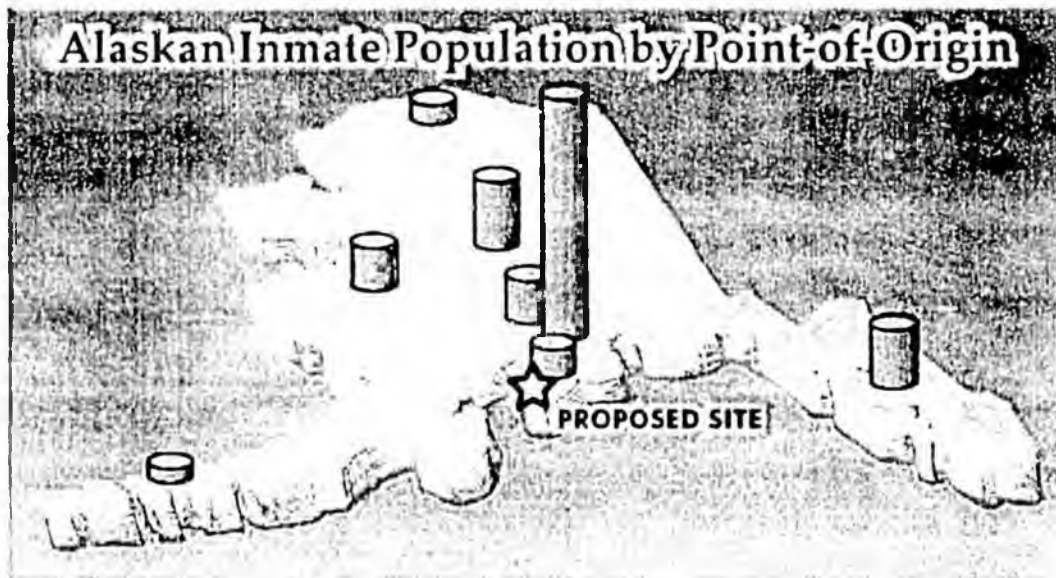
The KPB will finance construction through the sale of tax exempt bonds. The bonds will be secured by an intergovernmental agreement to

lease eight hundred prison beds for a period of twenty years.

The prison will be located on Kenai Natives Association land adjacent

to the existing state operated Wildwood Correctional Center. Cornell Companies of Alaska will operate the prison during the first five-year term with indigenous, culturally relevant programs augmented by the Kenai Natives Association in cooperation with other Native corporate and tribal stakeholders.

When one private company is responsible for designing, building and operating a prison, financial risk to the State is minimized.



Located in the Kenai / Soldotna area, the site provides convenient and readily accessible resources for medical care, rehabilitation programs, transportation, food/goods, and services. These efficiencies will provide further savings to the State.

The Mission

The proposed prison will be built and operated to the highest standards of the correctional industry, as well as existing standards unique to the Alaska Department of Corrections. But the guiding intent and mission of this facility is to

exceed the general security and program requirements of the DOC by offering the Alaska Native community the opportunity to take responsibility for programs designed to reduce recidivism among Alaska Native peoples.

Economic and Social Benefits

- ★ Materials, goods and services for an 800 bed prison construction project;
- ★ 300-400 prevailing wage construction jobs;
- ★ 250 ± permanent Alaska prison jobs;
- ★ \$18 million per year returned to the Alaska economy;
- ★ Diminished State exposure to legal liability;
- ★ Alaska Native Empowerment;
- ★ Economic and social benefits of reduced recidivism among Alaska Natives; and
- ★ Enhanced opportunity for rehabilitation of all Alaska prisoners returned from Arizona.

ALASKA FEDERATION OF NATIVES, INC.

1577 C Street, Suite 300, Anchorage, Alaska 99501
907-274-3611 Fax 907-276-7989

Board of Directors
Board Resolution 00-07

TITLE: IN SUPPORT OF A PRIVATE PRISON ON KENAI NATIVE ASSOCIATION, INC. (KNA) WILDWOOD PROPERTY

WHEREAS: the Kenai Native Association, Inc. (KNA) has undertaken the development of a private prison to be located on their Wildwood property; and

WHEREAS: the State of Alaska has a critical need for prison beds to alleviate the current overcrowding in the prison system; and

WHEREAS: the State is currently sending Alaska prisoners to serve their time at a private prison in Arizona because of the overcrowding situation; and

WHEREAS: Alaska Native males comprise 37% of the male prison population and of the 1,500+ prisoners sent to Arizona approximately 37% of these individuals are Alaska Natives; and

WHEREAS: having Alaska Native males so far from their homes and villages place an undo hardship upon their families and deprives them of cultural considerations while serving their sentences; and

WHEREAS: the State of Alaska spends over \$18 million per year to keep these prisoners in Arizona when the funds would be better spend supporting a private Alaskan prison at Wildwood; and

WHEREAS: the proposed private prison facility being developed by KNA would be more adept at meeting the cultural and rehabilitative needs of the Alaska Native prisoners; and

WHEREAS: the completion of this facility will assist in the effort to bring our people home from confinement in Arizona;

NOW THEREFORE BE IT RESOLVED that the Alaska Federation of Natives Board of Directors does fully endorse and support the Kenai Native Association, Inc. in the development of their private prison project.

Adopted this 19th day of December, 2000

Corporate Seal

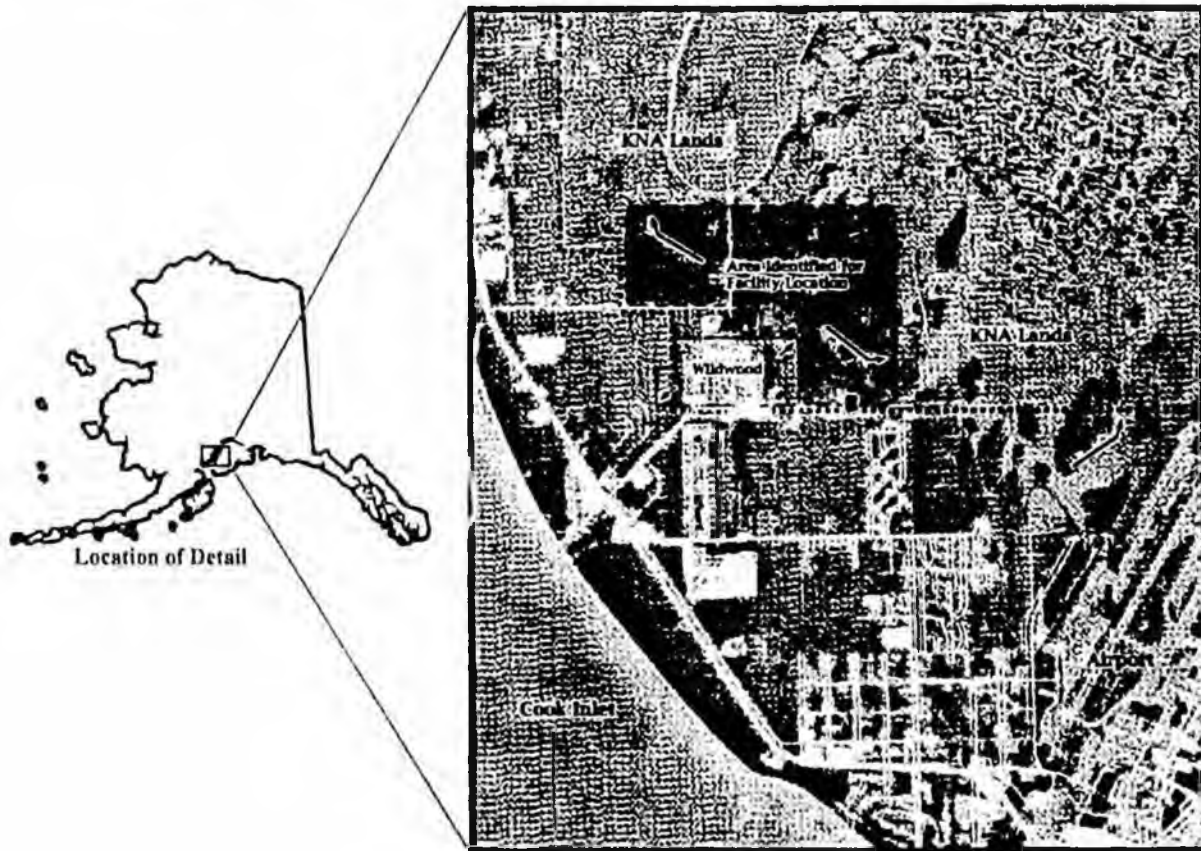


J. E. Kitka
Julie E. Kitka, President

The Site

The Kenai Natives Association owns several hundred acres of land abutting the Kenai Airport and Wildwood Correctional Center. Sixty to one hundred acres near the Wildwood Correctional Center will be used for the new prison. The Kenai Natives Association land has been identified as meeting and, in many cases exceeding, State and national site criteria for

prisons. If a proposed road from the airport to the site is approved, inmates can be transported to and from Wildwood and the new facility without entering the City of Kenai. Co-locating the new facility in close proximity to the existing State operated facility will facilitate program, operational and security efficiency.



Site Advantages

Adjacent to Wildwood Correctional Center

- Public Acceptance
- Potential Sharing of Services with WCC
- Security Back-up

Existing Utilities

Close to Community Services

Accessibility

- Secure Access to Airport
- Easy Highway Access

Readily Developable Site

Large Parcel Allows Optimum Security

The Operator

Cornell Companies of Alaska will operate the proposed prison for the initial first five-year term of the contract with the State. Cornell is the largest private company currently providing correctional services in Alaska. Cornell is one of the top three private corrections companies in the United States and the only company offering

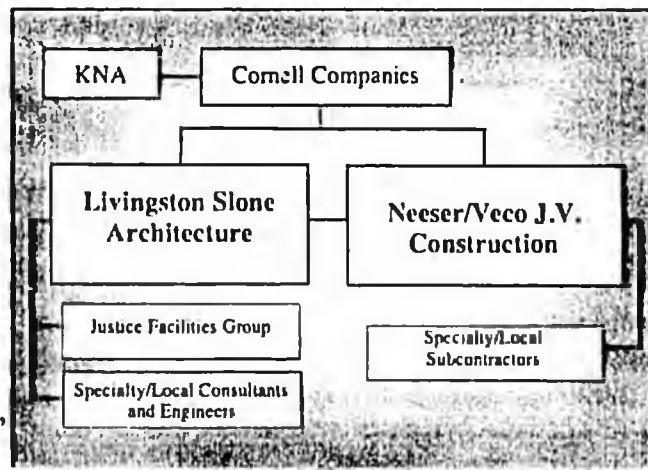
juvenile and adult secure, pre-release and treatment programs.

Cornell operates 72 facilities in 13 states and the District of Columbia with a total service capacity of 14,845 prison, jail, pre-release and treatment beds



The Design and Construction Team

The principal design and construction contractors will be three Alaska corporations: Livingston Slone Inc., VECO Alaska, Inc. and Neeser Construction, Inc. Each company has individually, and through joint ventures, participated in the design, construction and project management of many of



Alaska's largest public projects including the new Anchorage Jail, The Elmendorf Military Mall and the Alaska SeaLife Center. The prime contractors will subcontract services from local companies as well as correctional facility design specialists Justice Facilities Group of Olympia, Washington.



Elmendorf Military Mall

The New Anchorage Jail

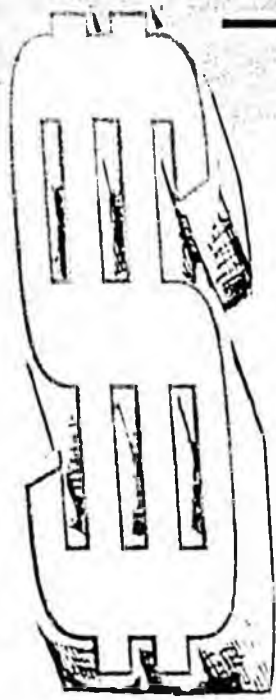
The Alaska SeaLife Center

The Cost

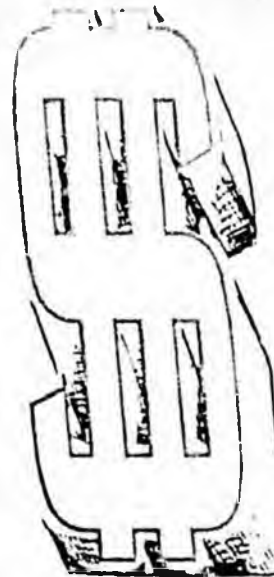
The savings in a private facility includes debt service, a cost never factored into the average daily operating cost of State prisons and jails. A publicly financed, privately built and

operated facility will save the State from fifteen to twenty percent of the cost of similar facilities operated by the State.

Inmate Costs Per Bed, Per Day



State Run Facility



Private Prison

15% -
20%
SAVINGS
TO STATE

Debt Service is included in the savings of a private prison facility. Debt Service is never factored into the average daily operating cost of State prisons and jails.

Kenai Peninsula Borough Private Prison Proposal

March 9, 2001



Produced by:

**LIVINGSTON
SLONE**

ALASKA FEDERATION OF NATIVES, INC.

1377 C Street, Suite 300, Anchorage, Alaska 99501
907-274-3611 Fax 907-276-7989

**Board of Directors
Board Resolution 00-07**

TITLE: IN SUPPORT OF A PRIVATE PRISON ON KENAI NATIVE ASSOCIATION, INC. (KNA) WILDWOOD PROPERTY

WHEREAS: the Kenai Native Association, Inc. (KNA) has undertaken the development of a private prison to be located on their Wildwood property; and

WHEREAS: the State of Alaska has a critical need for prison beds to alleviate the current overcrowding in the prison system; and

WHEREAS: the State is currently sending Alaska prisoners to serve their time at a private prison in Arizona because of the overcrowding situation; and

WHEREAS: Alaska Native males comprise 37% of the male prison population and of the 1,500+ prisoners sent to Arizona approximately 37% of these individuals are Alaska Natives; and

WHEREAS: having Alaska Native males so far from their homes and villages place an undue hardship upon their families and deprives them of cultural considerations while serving their sentences; and

WHEREAS: the State of Alaska spends over \$18 million per year to keep these prisoners in Arizona when the funds would be better spend supporting a private Alaskan prison at Wildwood; and

WHEREAS: the proposed private prison facility being developed by KNA would be more adept at meeting the cultural and rehabilitative needs of the Alaska Native prisoners; and

WHEREAS: the completion of this facility will assist in the effort to bring our people home from confinement in Arizona.

NOW THEREFORE BE IT RESOLVED that the Alaska Federation of Natives Board of Directors does fully endorse and support the Kenai Native Association, Inc. in the development of their private prison project.

Adopted this 19th day of December, 2000.


John E. Kirka, President.

Corporate Seal:



ALASKA FEDERATION OF NATIVES
BOARD OF DIRECTORS

Revised 7/1/00

ALBERT KOOKESH, CO-CHAIR

Alaska State Legislature
State Capitol, Room 114
Juneau, AK 99801-1182
W 465-6835 Fax: 465-2827 Office Cell: 723-2495
In Angoon: PO Box 91, Angoon 99820
H 788-3615 Cell: 723-8477 Fax: 788-3176
E-mail (In Angoon): kookesh@ptialaska.net

DARRYL JORDON

AHTNA, Inc.
PO Box 649
Glennallen, AK 99588
822-3476 Fax: 822-3495
ANCH: 522-3638 FAX: 522-6228
E-mail: darryl@takas.com

ALMA UPICKSOUN

Arctic Slope Regional Corporation
301 Arctic Slope Avenue, Suite 300
Anchorage, AK 99518
349-2369 Fax: 349-5476
E-mail: aupicksoun@asrc.com

TREFON ANGASAN

Bristol Bay Native Corporation
800 Cordova Street, Suite 200
Anchorage, AK 99501-6299
278-3602 Fax: 278-3924
E-mail: tang@hbnc.net

FLORENCE CARROLL

Doyon Limited
3330 Fritz Cove
Juneau, AK 99801
Home & Fax: 790-2243 Cell: 360-0942
Home E-mail: fmcarroll@hotmail.com

CHARLIE CURTIS

NANA Regional Corporation
PO Box 24
Kiana, AK 99749
475-2287 Fax: 475-2287
E-mail: charlie.curtis@nana-reg.com
Alternate: Don Sheldon, NANA 442-3301
Hm: 626-2198 Fax 626-2183

MATTHEW NICOLAI

Calista Corporation
301 Callista Court, Suite A
Anchorage, AK 99518-3028
279-5516 Fax: 272-5060
E-mail: mnicolai@callistacorp.com
Alternate: Arthur Heckman, POB 60
PO Box Pilot Station, AK 99650

ROY HUHNDORF, CO-CHAIR

R.M. Huhndorf & Company
301 Northern Lights, Suite 444
Anchorage, AK 99503
W 272-7997 Fax: 272-8531 Cell: 223-2019
Home Address: PO Box 111109, Anchorage 99511
348-8186 Fax: 348-8189
E-mail: dsknim@pobox.alaska.net

VINCENT TUTIAKOFF, SR.

The Aleut Corporation
4000 Old Seward, Suite 300
Anchorage, AK 99503
561-4300 Fax: 563-4328
E-mail: vtutlakoff@aleutcorp.com

TIMOTHY TOWARAK

Bering Straits Native Corporation
PO Box 1008
Nome, AK 99762
W 443-5252 Fax: 443-2985
E-mail: tim@beringstraits.com

CARL MARRS

Cook Inlet Region, Inc.
PO Box 93330
Anchorage, AK 99509-3330
274-8638 Fax: 279-8836
Secty Pat Oneill's E-mail: poneill@ciri.com

SHERI BURETTA

Chugach Alaska Corporation
580 E. 34th Avenue, Suite 200
Anchorage, AK 99503-4198
563-8866 Fax: 563-8402
E-mail: sburetta@chugach-ak.com

ROSITA WORL

Sealaska Corporation
11120 Glacier Hwy
Juneau, AK 99801-8671
H 384-3872 Fax: 463-5012
Cell: 723-8521 W 465-6395 Fax: 586-9266
E-mail: rosita.worl@sealaska.com
CC: Robert Loescher/Sealaska

DEBBIE LUKIN

KONIAG, INC.
4300 B Street, Suite 407
Anchorage, AK 99503
561-2668 Fax: 562-5258
E-mail: dlutkin@konlag.com

NORMAN L. REAM

13th Regional Corporation
631 Strander Blvd., #8
Seattle, WA 98188
206-575-6229 Fax: 206-575-6283
E-mail: the13threg@earthlink.net

Revised 10/30/00

AFN Board of Directors
- Page 3 -

ELEANOR DEMENTI

(AHTNA Villages)
PO Box 14
Cantwell, AK 99729
Home & Fax: 788-2382 Cell: 360-7010
In Anch: 277-7199

RONALD BROWER

(ARCTIC SLOPE Villages)
PO Box 75
Barrow, AK 99723
W 852-4594 FAX: 852-4224
Home & Fax: 852-5903
E-mail:

THOMAS TILDEN

(BRISTOL BAY Villages)
PO Box 786
Dillingham, AK 99576
W 842-2320 H 842-2259 Fax: 842-2198
E-mail: tilden@nushtel.com

LYDIA ROBART

(CHUGACH Villages)
PO Box 5583
Port Graham, AK 99603
Home: 284-2236 Village Council: 284-2227
c/o Village Council Fax: 284-2222

DARRELL VENT

(DOYON Villages)
PO Box 88
Huslia, AK 99748
829-2294 Fax: 829-2214

CHRISTINA WESTLAKE

(NANA Villages)
PO Box 110
Kiana, AK 99749
W 475-2145 FAX: 475-2241

GILDA SHELLIKOFF

(ALEUT Villages)
False Pass Tribal Council
PO Box 29
False Pass, AK 99583
W 548-2227 Fax: 548-2256

STEVE IVANOFF

(BERING STRAITS Villages)
PO Box 235
Unalakleet, AK 99684
H 624-3068 Fax: 624-3805

WILLIE KASAYULIE

(CALISTA Villages)
PO Box 29
Akiachak, AK 99551
W 825-4065/4626 Fax: 825-4029

THOMAS HUHNDORF

(COOK INLET Villages)
PO Box 2895
Valdez, AK 99686
835-3711 Fax: 835-9099
E-mail: huhndorf@alaska.net

FRED CHRISTIANSEN

(KONIAG Villages)
PO Box 8
Old Harbor, AK 99643
W 286-9246 H 286-2241 Fax: 286-2303

KIM STRONG

(SEALASKA Villages)
PO Box 284
Haines, AK 99827
H 787-5586 Fax: 767-5687

AFN Board of Directors

- Page 2 -

EBEN HOPSON, JR.

Arctic Slope Native Association
PO Box 1232
Barrow, AK 99723
852-2782 Fax: 852-2763
E-mail: ebenh@barrow.com

ARTHUR LAKE

Assn of Village Council Presidents
PO Box 219
Bethel, AK 99559
543-3521 Fax: 543-3598
E-mail:

MARK JACOBS, JR.

Central Council of Tlingit
& Haida Indian Tribes
PO Box 825
Sitka, AK 99835
H 747-8168 Fax: 747-2678
E-mail: keet_hit@yahoo.com

LARRY EVANOFF

Chugachmiut, Inc.
4201 Tudor Centre, Suite 210
Anchorage, AK 99508
562-4155 Fax: 563-2891
E-mail: lora@chugachmiut.com

KEN JOHNS

Copper River Native Association
Drawer H
Copper Center, AK 99573
822-5241 Fax: 822-8801
E-mail: radigan@alaska.net

RITA STEVENS

Kodiak Area Native Association
3449 E. Rezanof Drive
Kodiak, AK 99615
486-9800 Fax: 486-9898
E-mail: rstevens@kodiak.alaska.ihg.gov

DIMITRI PHILEMONOF

c/o MARGARET GALOVIN
Aleutian/Pribilof Islands Association
201 E 3rd Ave
Anchorage, AK 99501
276-2700 Fax: 279-4351
E-mail: margaretg@aplai.com

DONALD NIELSEN

Bristol Bay Native Association
PO Box 70151
South Naknek, AK 99670
H 246-6552 Fax: 246-3567
Alternate: Ida Roehl, POB 434,
Dillingham, AK 99576, Phone: 842-4181
CC: Terry Hoeffler / BBNA
E-mail: terryh@bbna.com

GLORIA O'NEILL

Cook Inlet Tribal Council
670 W. Fireweed Lane
Anchorage, AK 99503
265-5900 Fax: 265-5996
E-mail: goneill@citcl.com

LORETTA BULLARD

Kawerak, Inc.
PO Box 948
Nome, AK 99762
443-5231 Fax: 443-3708
E-mail: lbullard@kawerak.org

JAKE WELLS

Maniilaq Association
PO Box 266
Kotzebue, AK 99752
442-3311 Fax: 442-2381
E-mail: jwells@maniilaq.org

STEVE GINNIS

Tanana Chiefs Conference
122 First Avenue
Fairbanks, AK 99701
452-8251 Fax: 459-3850
E-mail: nfulten@tananachiefs.org

4

August 10, 2000

Governor Tony Knowles
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles,

As you are aware, the State of Alaska's prison overcrowding problem is also a problem for the U.S. Marshalls and Immigration and Naturalization Service. While I have proposed \$7.9 million to plan for a federal facility to address this need, I have recently been made aware of the Kenai Natives Association, Inc.'s., plan to privately finance, build and operate a prison on KNA land adjacent to the existing Wildwood Correctional Center.

Since it would be more cost effective to satisfy the limited Federal need for beds as part of a larger project, I would like to redirect the \$7.9 million to support the KNA prison, guaranteeing Federal prison bed space.

Because of the uncertainty associated with the proposed prison at Fort Greely and the immediate need for State and Federal prison beds, I urge the State to support the Kenai Natives Association and Kenai Peninsula Borough's timely prison plan.

Sincerely,

Senator Tod Stevens
United States Senate

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SALAMATOF TRIBAL COUNCIL

August 4, 2000

Richard Segura,
President
Kenai Natives Association, Inc.
215 Fidalgo Avenue, Suite 101
Kenai, AK 99611

Re: Letter of Support

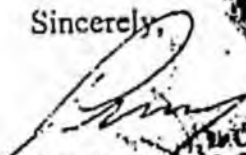
Dear Mr. Segura,

The Salamatof Tribal Council offers our sincere letter of support for the Kenai Natives Association, Inc. for your efforts to build a prison on your Wildwood property. We believe this is a significant step toward improving the overcrowding that exists in the Alaska system.

It is a sad fact that many of the inmates in the Alaska system are Natives and a number of them are currently housed out of state in Arizona. Hopefully this will help bring them back to the state. Your efforts will surely make this a more humane system.

We applaud your efforts and wish you success in this project completely.

Sincerely,



Penny Carly
President
Salamatof Tribal Council

150 N Willow St. Suite 29 Kenai, Alaska 99611

Printed on recycled paper 

NINILCHIK TRADITIONAL COUNCIL

P.O. BOX 39070
NINILCHIK, ALASKA 99639
PH.: (907) 567-3313 • FAX: (907) 567-3308



August 18, 2000

Richard Segura, President/CEO
Kenai Native Association, Inc.
215 Fidalgo Ave., S. 101
Kenai, AK 99611

Dear President Segura:

We were pleased to hear that the Kenai Natives Association, Inc. is developing a private prison project and we would like to express our support for your efforts.

An inordinate amount of Native people compromise the general prison population. That they be incarcerated in their Native land seems preferable to the current alternative.

The economic boost to the Peninsula is very much needed in light of the current fishing, oil, and logging industries.

We consider this a very worthwhile project and respectfully request the Governor to offer his full support.

Thank you.

Ali for Sincerely,
Jack Kvasnikoff, Jr.

Jack Kvasnikoff, Jr.
President/Chairman

c: file

8



Alaska Native Brotherhood Camp 2

12 December 2000

The Honorable Tim Navarre, President
Kenai Peninsula Borough Assembly
144 North Binkle Street
Soldotna, AK 99669

Dear Honorable Navarre:

This is to encourage you and the Assembly to approve the proposal provided by the Kenai Native Association, Inc. to construct, administer and operate a medium security private prison to be located on the Kenai Peninsula.

I understand the question "Why would an organization located in Juneau support a proposed project in Kenai?" This is a good question and here is why?

First, the Alaska Native Brotherhood Camp 2, received a grant from the United States, Department of Health and Human Services for a project titled "Cultural Justice Spirit Camp and Healing Center." The project is to develop a culturally oriented corrections program in Hoonah, Alaska.

Second, our research has shown that when the native community takes responsibility for restoration and rehabilitation, recovery is successful and recidivism is reduced. We know that the proposed private prison is not for Native inmates only but we also know that approximately 800 prisoners are sent to Arizona with a majority of those being sent to this private facility are Native without any understanding of culture, traditions or customs of Native people. The primary prisons all have culturally oriented projects and programs helping self-acceptance.

Third, the benefit of providing culturally related corrections, (1) acceptance of oneself; (2) respecting oneself; (3) respecting your fellow-man and nature; (4) taking responsibility for your own actions; and (5) making amends for the wrong done to a victim (s) places a person on a healthy road of healing. Using the cultural approach provides an objective way of addressing conflicts and wrongdoing. These values apply to all people not only Natives.

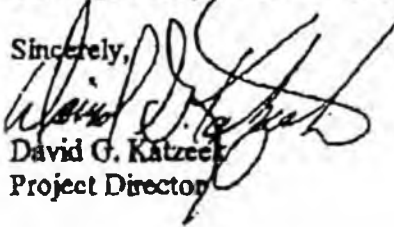
Finally, documentation is being established on the success of Native people taking the responsibility of working with the offender and victim. The community of Kake is an example. Their community worked with their own people using the culture to correct problems that kept offenders on a repetitive "gerbil wheel" of offenses.

We realize that what is being proposed is the construction of a medium security private prison, however, we strongly believe that the Kenai Native Association, Inc. will be positive toward programs that will not only save money for the State of Alaska but also help the inmate.

In conclusion we encourage you to support the Kenai Native Association's proposal because it is logical for the State of Alaska and the Kenai Peninsula. The economics are positive with construction, with employment (construction, administrative and operations). This includes an increase in consumer sales (purchases of commodities by inmates) and an increase in property values.

Thank you for your consideration.

Sincerely,



David G. Katzev
Project Director

Cc: Rick Sequra, President
Mike Slegak, COO
Kenai Native Association



RESOLUTION 2000-15
Council of the Native Village of Tyonek
An Indian Chartered Corporation

WHEREAS, Native Alaskan men comprise 35 percent of Alaska's prison; and

WHEREAS, Native Alaskan men comprise only 7 percent of the Alaska general population; and

WHEREAS, The disproportionate incarceration of Native Alaskan men has been recognized as the most critical challenge to the Alaska System of Criminal Justice; and

WHEREAS, Large number of Native Alaskan and Alaskan men are incarcerated in Arizona, far from the support systems necessary for rehabilitation; and

WHEREAS, The State Department of Corrections' plan to return prisons to a privately built and operated prison on Fort Greely in 2003 appears to be failing; and

WHEREAS, The Kenai Natives Association, Inc., is developing a plan to build and operate a 1,000 bed private prison adjacent to the existing, state operated, Wildwood Correctional Center; and

WHEREAS, The Kenai Peninsula Borough has agreed to contact with the Kenai Natives Association, Inc., to sell the prison services to the State of Alaska, Department of Correction through an intergovernmental agreement; and

WHEREAS, the Kenai Natives Association, Inc., has in turn, agreed to cooperate with the Kenai Peninsula Borough to expand the Kenai Airport across KNA lands; and

WHEREAS, The prison project and airport expansion will substantially benefit the economy of the Kenai Peninsula Borough with hundreds of construction related and permanent jobs; and

//

WHEREAS, The prison is intended to offer the highest standards of security and correctional programs, as well as special remedial programs for Native Alaskan offenders not currently offered in Alaska State Prisons; and

WHEREAS, The proposed prison will benefit all incarcerated Alaskan Offenders of every race, creed, and religion by providing enough beds to serve sentences in the State of Alaska;

NOW, THEREFORE, BE IT RESOLVED BY THE Native Village of Tyonek IRA Council.

SECTION 1: The Native Village of Tyonek IRA Council, supports the Kenai Natives Association, Inc., and Kenai Peninsula Boroughs' proposal to build and operate a private prison on KNA lands adjacent to the Wildwood Correctional Center.

SECTION 2: The Native Village of Tyonek IRA Council, urges Governor Tony Knowles to enter into an intergovernmental agreement to purchase prison services that result from the Kenai Natives Association, Inc., and effort to build a private prison on KNA lands.

CERTIFICATION

For	<u>5</u>
Against	<u>0</u>
Abstain	<u>0</u>
Present	<u>6</u>
Absent	<u>3</u>

BY Angela Sandstul on September 15, 2000.

Peter Meryman
Peter Meryman, President

Angela Sandstul
Angela Sandstul, IRA Secretary

TONY KNOWLES, GOVERNOR

DEPARTMENT OF CORRECTIONS
*Commissioner's Office*240 Main Street, Suite 700
Juneau, AK 99801
PHONE: (907) 465-4852
FAX: (907) 465-3390

July 31, 2000

Richard Segura
President, Kenai Natives Association, Inc.
215 Fidalgo Ave, Suite 101
Kenai, Alaska 99611

Dear Mr. Segura:

Thank you for your interest in working with the State of Alaska to meet our need for prison facilities within the state. The Governor's Office asked me to respond to your letter, in which you indicate that the Kenai Peninsula Borough and the Kenai Natives Association want to explore the feasibility of developing a privately operated prison on Native land near the existing Wildwood Correctional Center.

During his first term in office, Governor Knowles presented the legislature and Alaskans with his plan to address our statewide lack of adequate prison and jail facilities. His plan included the construction of a new jail in Anchorage, as well as the expansion of existing regional facilities.

In 1998, the Legislature took a first step in implementing the Governor's plan by passing HB 53. This legislation authorized the construction of a new jail in Anchorage, which is now well underway; indeed, the jail is anticipated to open in early 2002. Recognizing the state's lack of adequate prison space, HB 53 also authorized the Department of Corrections to enter into a government-to-government relationship with the City of Delta Junction to convert the existing buildings at Fort Greely into a privately operated prison. This was done as an alternative to the Governor's plan of expanding existing facilities.

The Department of Corrections appreciates your concern that the Fort Greely project may not come to fruition; however, that decision is far from final and the Department is committed to remaining on the road to "yes" as mandated by the legislature with the passage of HB 53.

Even with a prison at Fort Greely, the state would continue to need additional jail and prison beds. If you would like, we would be pleased to meet with you to discuss the Governor's statewide plan and how your proposal might fit within it. As we have stated

Kenai Natives Association, Inc. President
July 31, 2000

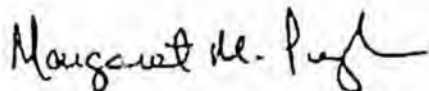
Page 2 of 2

in many forums, all proposals for the expansion or new construction of jail and prison facilities in Alaska must be measured on the basis of five crucial factors. These are:

- Safety,
- Comprehensively meeting statewide and regional needs,
- Consistency with best correctional practices,
- Involving community participation (government to government), and
- Cost-effectiveness.

We appreciate your interest in this important area. Please feel free to contact me at any time.

Sincerely,



Margaret M. Pugh
Commissioner

Cc: Bruce Scandling, Office of the Governor
Dale Bagley, Kenai Peninsula Borough Mayor

14



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA • 99669-7599
BUSINESS (907) 262-4441 FAX (907)262-1892

August 16, 2000

DALE BAGLEY
MAYOR

Mr. Richard Segura
President and CEO
Kenai Native Association, Inc.
215 Fidalgo Avenue, Suite 101
Kenai, Alaska 99611

Dear Rick:

I would once again like to affirm the Kenai Peninsula Boroughs support in the private prison project that you brought to our attention recently. We look forward to a strong working relationship for many years ahead.

During the meeting with Mike Slezak, I mentioned that people have concerns with the float plane operators that are conducting flight operations from the many lakes scattered throughout the Borough. There have also been numerous discussions and meetings with assembly members and concerned property owners.

Sometime in the future, I would like to see a major expansion at the current float plane basin, as well as an east-west pond, which would extend on Kenai Natives Association land. This would provide a central location for commercial flight operations as well as private float plane operators. This is where we need the help of the Kenai Natives Association, Inc., and the City of Kenai.

I will be talking with the City of Kenai soon, and if you are receptive to this project I would like to commence preliminary discussions in the near future.

Sincerely,

Dale Bagley
KPB Mayor

DB/bd

cc: Mayor John Williams
KPB Assembly

**KENAI PENINSULA BOROUGH**

144 N. BINKLEY • SOLDOTNA, ALASKA • 99669-7599
BUSINESS (907) 262-4441 FAX (907) 262-1892

DALE BAGLEY
MAYOR

September 21, 2000

The Honorable Tony Knowles
Office of the Governor
Post Office Box 110001
Juneau, Alaska 99811-0001

Dear Governor Knowles:

We have only briefly had the opportunity to speak regarding the private prison proposal near Kenai. We are still very interested in the project. I am sending you this letter with some additional information.

Recently, Borough Assembly President Bill Popp and I had the opportunity to discuss the private prison proposal with Commissioner Pugh and several of her staff. At that meeting, the Department of Corrections raised two problems they felt mitigate moving our proposal forward:

1. The Commissioners office felt it was the legislatures intent to use Delta Junction and is still proceeding with the Delta Junction proposal.
2. The Kenai Peninsula Borough/Kenai Natives Association proposal was different than the Delta Junction proposal in that we did not anticipate State or Borough ownership of the prison.

I have taken the time to reflect on the Department's concerns and offer the following observations:

The Commissioner is authorized to purchase prison beds from the city of Delta Junction after converting the Fort Greely facilities into a prison. The language of the legislation appears discretionary rather than obligatory by use of the word "may" rather than "shall". Circumstances have also changed in Delta Junction since you signed HB 53 into law. The City is now embroiled in a lawsuit with its contractor. They have asked the Army for another year to develop their plan. The City Council and Mayor have expressed reservations about proceeding under current conditions. Finally, the National Missile Defense System has placed an indefinite cloud over Fort Greely's availability. It seems clear that there will be a long delay in a prison

Governor Knowles
Re: Kenai Peninsula Prison Project

September 21, 2000
Page 2 of 2

proposal from Delta Junction, or no prison proposal at all. In the meantime, we send nearly 750 prisoners and \$20 million to Arizona each year.

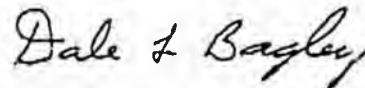
With regard to the government question, the Kenai Peninsula Borough would prefer that the State contract directly with the Kenai Natives Association. The Kenai Natives Association would build and run a privately owned prison in the true sense of the word. If, however, government ownership is a requisite to a government-to government relationship with the State, we are optimistic that we can come up with a plan. The Kenai Peninsula Borough wants the jobs and economic advantages currently being enjoyed by Arizona, as well as returning Alaskan offenders to be nearer their families and support systems.

The advantage our proposal has over Delta Junction is that we can deliver the beds to the State faster. The military base closure process does not encumber our project. We offer a superior, central location that can serve the Department of Corrections more effectively with the efficiencies and security associated with new construction.

Governor, I would deeply appreciate it if you would assign someone in your office to help facilitate a 'problem solving' dialogue concerning our proposal. This project is very important to the Kenai Peninsula Borough and the Kenai Natives association, as well as beneficial to the state as a whole. I hope that you agree.

I look forward to hearing from you as soon as your schedule allows.

Sincerely,



Dale Bagley
Borough Mayor

Cc: Kenai Natives Association
City of Kenai
KPB Assembly



First National Bank
of Anchorage

D.H. Cuddy
President

August 17, 2000

George Wright
Kenai Natives Association, Inc.
215 Fidalgo Avenue, Suite 101
Kenai, Alaska 99611

Dear Mr. Wright,

I was pleased to learn of the Kenai Natives Association's project of taking over the Wildwood Prison property. It has been a shame that this facility has gone vacant for so many years when the need for such facilities is so great in our state. Certainly it will be a materialized benefit to the State of Alaska and your Association should you renovate and operate this prison facility.

My best wishes to you.

Sincerely,

D.H. Cuddy
President & Chairman

18



Kenai Chamber of Commerce
402 Overland
Kenai, Alaska 99611

(907) 283-7989
(907) 283-7183 (Fax)

September 7, 2000

Richard Segura
Kenai Native Association, Inc.
215 Fidalgo Ave., Suite 101
Kenai, AK 99611

Dear Mr. Segura,

Thank you for your letter dated August 9, 2000 requesting the support of the Kenai Chamber of Commerce for the private prison project you are developing at the Wildwood Facility.

Based on the limited information we have available today, the Chamber Board supports the concept of developing an expanded prison facility at the Wildwood location in Kenai that has the support of the community. The Board applauds your effort to expand our local economy with a project that appears to have great potential for adding long term jobs to our area. As your project develops, the Chamber Board would appreciate learning more about the specifics of your proposal.

On behalf of the Chamber, I would also like to extend an invitation to present your project proposal to the Chamber membership at our weekly member luncheon. The meetings are held every Wednesday from 12PM - 1PM at Paradisos Restaurant. Please contact Ms. Amy Favretto, Executive Director of the Chamber, and she will work with you to arrange a suitable time that meets your schedule.

I look forward to learning more about your proposal as you move forward.

Sincerely,

Fred Braun, President
Kenai Chamber of Commerce

AFFIDAVIT OF RON BLOOMSTRAND

STATE OF ARIZONA)
 : ss
PINAL COUNTY)

I, Ron Bloomstrand, first being duly sworn upon oath, deposes and states the following:

1. I have personal knowledge of the facts set forth herein.

2. I am an Alaskan prisoner housed here at Corrections Corporation of America ("CCA"), doing business as, Central Arizona Detention Center ("CADC") under a contract that CCA/CADC has with Alaska Department of Corrections ("DOC").

3. At all times relevant to the incident described in this affidavit, said incidents took place at CCA/CADC.

4. On November 9th, 2000, at about 10:00 am, I went to the prison library to make photo-copies of legal paperwork that I need to litigate my present and future claims.

5. At this time I was instructed by CCA/CADC employee FIORINI that I could not make photo-copies of my legal paperwork and that I would have to come back the following week.

6. On November 14th, 2000, at approximately 10:00 am, I went back to the prison library to make my needed photo-copies of my legal paperwork.

7. At this time I was once again told by CCA/CADC employee Fiorini that I could not make this needed photo-copies and was told to come back the following week on my library day.

8. I went back to the prison law library and on my way, I saw Mr Samberg and explained my problem to him. Mr Samberg told me that he had not heard of such a rule and further told me to take my legal paperwork to my Case Manager and have him copy it for me.

9. On November 21st, 2000, at approximately 10:00 am, I once again went to the prison library to make photo-copies of other legal paperwork concerning litigation of my present and future claims.

10. At this time I was told by CCA/CADC employee Fiorini that I would only be allowed to make my legal copies on my scheduled library day which is Wednesday of each week.

11. At this time I told CCA/CADC employee Fiorini that I would come back tomorrow which would have been November 22nd, 2000.

12. CCA/CADC employee Fiorini informed me that Wednesday, November 22nd, 2000, the library would be closed for the holidays and that I would have to come back next week after the holidays since every thing would be closed until November 28th, 2000.

13. On Tuesday, November 27th, 2000, at approximately 10:00 am, I went back to the prison library in hopes of being able to make phot-copies of my greatly needed legal paperwork because I was not able to make these legal copies for over ten (10) days at this time and for the fact that my scheduled library day for the week prior was closed for the holidays.

14. At this time CCA/CADC employee Fiorini informed me that I would have to come back on Wednesday, November 29th, 2000.

15. On Wednesday, November 29th, 2000, at approximately 9:00 am, I went back to the prison law library to try to make my legal copies since this was my scheduled library day.

16. At that time I was informed by CCA/CADC employee Fiorini that the library was closed and that I would have to come back at 1:00 pm.

17. On Wednesday, November 29th, 2000, at approximately 1:00 pm, I again went back to the prison law library to try and make photo-copies of my legal paperwork.

18. At that time, I was informed by CCA/CADC employee Fiorini that the library was still closed and that I would have to come back next week on my scheduled library day to get my legal paperwork photo-copies.

19. Since I was sent to CCA/CADC in March of 1998, as a general rule, the policy for prisoners to make legal photo-copies was that the prisoner was allowed to make these copies when the prison library was open.

20. In the affiant's belief, on November 14th, 2000, at approximately 10:00 am when I was returning from being denied my legal photo-copies, I had a conversation with Mr Samberg, who is Warden of CCA/CADC, about the policy at CCA/CADC in regards to the photo-copying of legal paperwork.

21. I brought to Mr Samberg's attention the fact that CCA/CADC employee Fiorini had been denying me access to make my legal photo-copies unless it was my library day.

22. I asked Mr Samberg if there had been a change in the policy on how legal photo-copies are made to where I can only go make them on my scheduled library day?

23. Mr Samberg stated that he was not aware of any policy change in this matter.

24. Mr Samberg also asked me who my Case Manager was and told me to have the legal papers that I needed to make photo-copies of to have my Case Manager make the legal photo-copies for me.

25. Mr Carrier is my Case Manager. I told him what Mr Samberg said and at that time he went and made the legal photo-copies that I needed at that time.

26. Because of the conflicting views on the policy here at CCA/CADC at this time about the photo-copying of legal paperwork, I submitted three (3) prisoner information request ("copout") form to find out what the policy and procedure that is to be followed in this matter.

27. On November 29th, 2000, I submitted these three (3) "Copouts" to Michael Samberg, Warden of CCA/CADC, Ms Judy Gette, Alaska Probation Officer, and the Chief of Security, CCA/CADC.

28. Because of the copout submitted to the Chief of Security, CCA/CADC, I was threaten by an employee of CCA/CADC, Lt Grammer.

29. This took place on November 30th, 2000, at the noon meal because I was not able to eat my meal since I was told to report immediately to the Security Office in 700 Unit.

30. When I arrived (700 Unit, Security Office) there I looked into the the office, at which time I observed Lieutenant Grammer in the office, I asked if this was the Chief of Security's office? (Here is what transpired to the best of my memory).

Lieutenant Grammer (hereafter Lt Grammer)

"What is your name?"

Ron Bloomstrand (hereafter affiant)

"Bloomstrand"

Lt Grammer

"Ya, you come in here!"

Affiant

"What is this all about?"

Lt Grammer

"Is this your copout?"

Affiant looked at copout

"Yes"

Lt Grammer looks at copout

"This is about the library isn't it?"

Affiant

"Yes it is about my legal copies that I need to have copies at the library."

Lt Grammer

"When is your library day?"

Affiant

"Wednesday"

Lt Grammer

"That is when you make your legal copies, Wednesday, every Wednesday."

Affiant

"Well I have been going on Monday, Tuesday, Wednesday, Thursday, and Friday to get my legal copies. You know, whenever I needed to make legal copies. When did they change all of this? I have seen no memo to this effect."

Lt Grammer (Yells)

"Who the fuck do you think you are?! We are suppose to jump because you want copies now?! That doesn't work like that around here!! Where in the hell do you come off insulting us like this, you son of a bitch!!!"

Affiant

"What do you mean, I am not trying to insult anybody."

Lt Grammer (Yells)

"Shut your God Damn mouth!!" (Points to copout)

"It's right here, PRIVATE CITIZEN!!"

"Who the fucking hell do you think you are to insult us like that?!!"

Affiant

"Under Arizona Public Safety Board, you have to have a badge number."

Lt Grammer (Yells)

"We are certified correctional officers, you son of a bitch!!"

"From now on to you we are correctional officers or C.O.s"

And don't forget that!!"

Affiant

"In Alaska I have a case going in court."

Lt Grammer (Before I could finish my sentence, Yelled)

"You ain't got fuck all going in Alaska!!"

"All you Alaskans got your case dismissed!!"

"We didn't ask you fucking Alaskans to come down here. But we're stuck with you, and you will address us as correctional officers or C.O.s from now on!!"

31. At this point I thought Lt Grammer was going to beat me up because He was standing up yelling at me this whole time and sticking his finger in my face.

32. I was extremely fearful because I remember Lt Grammer from the yard incident that happened on August 30th, 1998, when I watched Lt Grammer beating Alaskan prisoners. There was also another CCA/CADC employee in the room while this exchange was taking place. I do not know this employee's name but he was standing behind and off to my left side throughout this whole incident. This is why I was in fear for my life at this time.

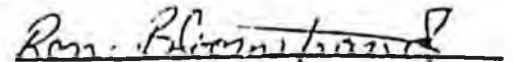
Affiant

"The same copout you got in your hand. Warden Samberg has one, and Judy Gette, the Alaskan P.O. has one."

Lt Grammer (Looks at copout, then throws it back at me)

"It is verbally answered, get the fuck out!!"

33. I understand that a false statement in this affidavit will subject me to the penalties of perjury.



Ron Bloomstrand

I declare under the penalty of perjury pursuant to Title 28, U.S.C. § 1746, and Alaska Statute 09.63.020, that the foregoing information contained herein this affidavit is true and correct to the best of my belief and knowledge, and that a Notary Public or other official empowered to administer oaths is unavailable.

Executed at Florence, Arizona on this 5th day of
December, 2000.

Ron Bloomstrand

Ron Bloomstrand

Alaska Prisoners
Complaint Summary

Alexia Bernie

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Edward Bruce

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. Found labels indicating that they were fed meat, which was sold for test purposes only. Employment was terminated because of this.

Ernest Baker

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Ron Bloomstrand

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. Believes he is being mistreated by the staff, also being denied his prisoner rights, complains about rotten food, and how the correctional officers treat him.

Eddie Barr

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Mitch Carlo

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Kevin Scott Charlie

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Andrew Dayton

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Jayson Dennis

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. Complains about being served rotten uncooked food, and being allowed only two rolls of toilet paper per week.

Larry Frey

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Robert Flemming

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

William Howarth

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Joseph Placide

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Bobby John

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. Complains about not getting enough to eat, breathing recirculated air, and not getting the correct medical treatment.

Milford Knight

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. Also had two eagle feathers taken away that were used for religious purposes.

Adam Kochutin

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Ben Lozano

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Edward Nicholai

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

James Price

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. He was also diagnosed with psoriasis of the liver and needs to go back to go through preparation to get a liver transplant when his liver fails.

Harry Pavila

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Dean Painter

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

John Charles Richart

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. Also complains about being attacked for no reason, and not receiving the proper medical treatment.

Richard Silas

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Max Sovalik

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Jonah Talcak

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture. Also complains that he has been discriminated by the medical staff, and has been served bad food.

Andrew Thane

complaint: Was sent out of Alaska against his will. Being housed out of Alaska prevents or hinders personal contact with family, and separates him from his Alaskan Native culture.

Alaskan Natives who didn't send a form

Josepl. Hunt	Paul Ivanoff	Daniel Kiyuklook
Mathew Melton	Johnny Ningeok	Floyd Okpeaha
Hugh Tazruk	Alfred Tuckle	Hoover Adams
Whitlam Adams	James Ankivgak	Peter Ballot
Walter Sacceus	Paul Herbert	John Iyapana Jr.
Ryan Peetook	Pete Bernard	Dwayne Ekak
Harold Saker	Edward Smith	Peter Quick
Folger Andrew	Gregory Gross	Oliver Gregory
Raymond Smallwood	Bobby Leffe	Timothy Joseph
Ostlund William	Leo Pritchard	Alexie Salcar
Walter Fields	Joe Mark	Pete Zaukar
Charles Fawcett	Andrew Adams	Frederick Loon
Johnny Joseph	Kevin Slats	Clinton Williams
George Martin	Alec Ansoak	Charles Samuel
James Alkiugak	Frederick Johnson	Allen Downey
Robert Keelick	Bryan Joseph	Peter Moses
Robert Kaskatok	James Anderson	Johnny Waters
Wilson Downey		



Alaska Native Brotherhood Camp 2

320 W. Willoughby Avenue, Suite 100*Juneau, AK 99801* 907-586-2049*fax: 586-3301*email anbcamp2@gci.net

April 2, 2001

Kenai Native Association
Attn: Rick Segura, Pres.
215 Fidalgo
Kenai, Alaska 99611

Dear Rick:

As you are aware, Alaska Native Brotherhood Camp #2 has been inquiring as to the health and safety of our people incarcerated at the prison in Florence Arizona. We have found that the basic living conditions are deplorable.

We had our legal personnel go to Arizona and interview some of our Alaska Native prisoners. They found that there is a high rate of physical abuse, mistreatment, very bad drinking water; food is very bad (please see the attached). Alaska Native Brotherhood is receiving over 100 letters & phone calls from families and prisoners about wanting to file a class action lawsuit to bring our people home. Duke Law University published a law review article that supports a foundation for such a class action. "More Than Just a Private Affair: Is the Practice of Incarcerating Alaska Prisoners in Private out-of-state prisons unconstitutional." Cited 17 Alaska L. Rev. 319. Alaskan Natives who are sent out of the state receive virtually no visitation with family members and even the cost of phone contact is prohibitively high for these families. Most experts seem to agree that visitation is the most important factor to any possibility of effective rehabilitation.

It is our belief that this issue should be addressed and that the President of the AFN should include the complaints in her federal investigation of hate crimes and human rights.

Prisoners' were being mistreated has been a concern with the Dept. of Corrections. Alaskan Natives compose of 52% of the inmate deaths that occurred while in prison. However, Alaskan Natives compose only 37% of the whole prison population. Alaska Native prisoners have been largely forgotten and we pray to bring their plight to the attention of our leaders.

Sincerely,

Ralph Knudson, V.P.

Alaska Native Brotherhood Camp Nos. 2, Inc.

**Alaska State Legislature
Public Opinion Messages**

Is. Judith C Wright,
O Box 61617
airbanks, AK 99706
Phone: 479-9012
E-mail: judiwright@mosquitonet.com

Subject/Bill HB 149 Supports

We believe this bill should be passed. Overcrowding and out-of-state inmate issues will be solved in a timely and economically manner by this approach.

Date Sent: 04/17/2001

Constituency: N
Distribution: 60
Affiliation:
Reg Voter: Y

**Alaska State Legislature
Public Opinion Messages**

Mr. Don Wright,
O Box 61617
airbanks, AK 99706
Phone: 479-9012
E-mail: judiwright@mosquitonet.com

Subject/Bill HB 149 Supports

We believe this bill should be passed. Overcrowding and out-of-state inmate issues will be solved in a timely and economically manner by this approach.

Date Sent: 04/17/2001

Constituency: N
Distribution: 60
Affiliation:
Reg Voter: Y



First National Bank
of Anchorage

D.H. Cuddy
President

August 17, 2000

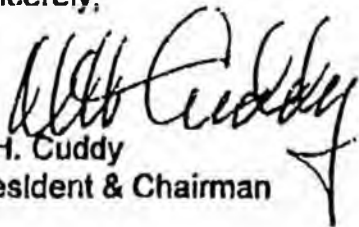
George Wright
Kenai Natives Association, Inc.
215 Fidalgo Avenue, Suite 101
Kenai, Alaska 99611

Dear Mr. Wright,

I was pleased to learn of the Kenai Natives Association's project of taking over the Wildwood Prison property. It has been a shame that this facility has gone vacant for so many years when the need for such facilities is so great in our state. Certainly it will be a materialized benefit to the State of Alaska and your Association should you renovate and operate this prison facility.

My best wishes to you.

Sincerely,


D.H. Cuddy
President & Chairman

Dear Representatives,

I'm writing in support of the proposed private prison for Kenai. I believe it will:

- benefit the residence of the Peninsula, directly and indirectly;
- will reduce the cost of incarceration of Alaskan inmates;
- bring those who are housed in the Lower 48 private prisons home and optimize the rehabilitation for those Alaskans;
- provide the needed beds for prisoners in the State of Alaska;
- provide meaningful jobs for Alaskan and Peninsula residents;
- will be the means to provide top quality training at the local college;
- provide an industry to supplement the fishing and tourism industries;
- provide an additional base for new retail businesses in the area;
- will bring additional professionals to the area;

I believe the proposed site on Wildwood is the most logical place to put a new prison and will compliment the existing facility.

Please support the HB149 to build a private prison on the Kenai Peninsula.

Thank you,
Michael W. Carpenter
Kenai, Alaska

24

American Correctional Association offers reliable prison comparison

I write in response to Mr. James Price's recent letter criticizing Cornell Companies and the private delivery of correctional services. Mr. Price states "the private prison industry has a much higher level of serious deficiencies than our public system." Mr. Price is philosophically opposed to privatization.

While he is entitled to his opinion, the only reliable sources for public and private sector comparison is the American Correctional Association and the annually published Corrections Yearbook. We invite the public to

consult these sources.

Cornell Companies operates 71 adult and juvenile correctional facilities with a total bed capacity of 14,845 (twice as many prison beds as the Alaska Department of Corrections). Cornell has a proven history of successful partnerships with local, state and the federal government.

Managing prisons is a complex undertaking. American Correctional Association publications and the Corrections Yearbook report little distinction between private prison management and their public counterparts. The key is a solid working relationship with the state Department of Corrections and being a responsible neighbor; Cornell is committed to both.

Mr. Price from a philosophical perspective is willing to forgo the economic opportunity that a private prison could bring to this community. Local businesses and people who are looking for full-time employment may have a different perspective. What this community needs is jobs, jobs, jobs!

Regarding economic impact, the private prison means a capital construction project in excess of \$80 million with 300 construction jobs. It means up to 300 permanent jobs with starting wages and benefits comparable to those provided by oil service companies.

There is another public hearing scheduled at 7 p.m. Tuesday at the Kenai Senior Center. I urge you to participate in the public process and tell the Kenai Peninsula Borough Assembly that you support the economic development that this private prison project will bring to the community.

**Blaine D. Gilman
Kenai**

Support House Bill 149

Fax

To: All Alaska State Senators From: SANDRA ANDERSON

Fax: Date:

Phone: Pages: 1

Re: House Bill 149 CC:

Urgent For Review Please Comment Please Reply Please Recycle

Dear Senators:

I SUPPORT the efforts of the Kenai Peninsula Borough in their project to build and operate a private prison in our area. I believe this project will be of great economical benefit to the Borough, as well as the State of Alaska.

I urge you to VOTE YES on HB 149 as it is written.

Thank you for your support.

Name: Sandra Anderson

Address: 2905 Park Street View #11

City: Kenai Alaska 99611

Phone: 907 536 0944

Support House Bill 149

Fax

To: All Alaska State Senators From: MICHAEL CLARK
Fax: Date:
Phone: Pages: 1
Re: House Bill 149 CC:
 Urgent For Review Please Comment Please Reply Please Recycle

Dear Senators:

I SUPPORT the efforts of the Kenai Peninsula Borough in their project to build and operate a private prison in our area. I believe this project will be of great economical benefit to the Borough, as well as the State of Alaska.

I urge you to VOTE YES on HB 149 as it is written.

Thank you for your support.

Name: ~~Michael Clark~~ Michael Clark

Address: PO Box 2607

City: Kenai AK 99611

Phone: 776-8537

Support House Bill 149

Fax

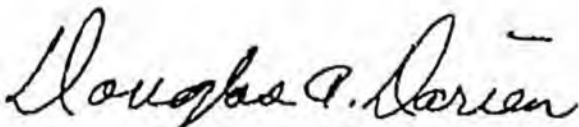
To: All Alaska State Senators	From: Douglas Darien
Fax:	Date: April 20, 2001
Phone:	Pages: 1
Re: House Bill 149	CC:
<input checked="" type="checkbox"/> Urgent <input type="checkbox"/> For Review <input type="checkbox"/> Please Comment <input type="checkbox"/> Please Reply <input type="checkbox"/> Please Recycle	

Dear Senators:

I SUPPORT Kenai Peninsula Borough's building and operating a private prison in our area. I believe this project will benefit the Borough economically as well as the State.

I urge you to VOTE YES on HB 149 as it is written and thereby, support the Kenai Peninsula Borough's efforts in this project.

Thank you for your support.



Douglas Darien

Anchorage, Alaska

279-2645