

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9172 HOUSE JUDICIARY

# Alaska State Legislature



Representative Joe Green  
District 10

March 9, 1998

Stephen Conn  
601 W. 18<sup>th</sup> Avenue  
Anchorage, AK 99503

Steve,

Thank you for your input on HB 49 to the House Judiciary Committee hearing this afternoon. I feel this is a very important, but potentially divisive, issue which must be thoroughly reviewed and ultimately resolved this year. Your input is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe".

Joseph P. Green  
State House, District 10

URGENT

MUSTAPHA DANBABA  
TEL/FAX: 234-90-408605  
LAGOS - NIGERIA.

Dear Sir,

**BUSINESS PROPOSAL STRICTLY CONFIDENTIAL**

I am a member of the Federal Government of Nigeria Contract Award and Monitoring Committee in the Nigeria National Petroleum Corporation (NNPC).

Sometime ago, a contract was awarded to a foreign firm in NNPC by my committee. This contract was over-invoiced to the tune of US\$21.5M. This was done deliberately. The over-invoicing was a deal by my committee to benefit from the project. We now desire to transfer this money which is in a suspense account with NNPC in any Overseas Account which we expect you to provide for us.

**SHARE:**

For providing the account where we shall remit the money, you will be entitled to 25% of the money, 70% will be for me and my partners while 5% has been mapped out from the total sum to cover any expenses that may be incurred by us during the course of this transaction, both local and international expenses.

*I would require the following from you:*

1. **Bankers Name and Address**
2. **Telephone and Fax number of Bankers**
3. **Sort/ABA/Routing Number of Bankers**
4. **Account Number**
5. **Name of Beneficiary/Company Name.**

The above information would be used to make formal applications as a matter of procedure for the release of the money and onward transfer to your account.

It does not matter whether or not your company does contract projects of the nature described here, the assumption is that your company won the major contract and sub-contract it out to other companies. More often than not, big trading companies or firms of unrelated fields win major contract and sub-contracts to more specialized firms for execution of such contracts.

We have a strong and reliable connections and contacts at the **Apex Bank** of Nigeria and federal Ministry of Finance and we have no doubt that all this money will be released and transferred if we get the necessary foreign partner to assist us in this deal. Therefore, when the business is successfully concluded we shall through our same connections withdraw all documents used from all the concerned Government Ministries to avoid any trace either now or in future for 100% security.

We are civil servants and we will not want to miss this opportunity. We want this money to be transferred to the Overseas Account for us, before the present Military Government hands over to Democratically Elected Government.

Please contact me immediately through Tel/Fax message whether or not you are interested in this deal. If you are not, it will enable me scout for another foreign partner to carry out this deal. But where you are interested, send the required documents aforementioned herein through **MY ABOVE TEL/FAX NUMBER** as time is of the essence in this business.

I wait in anticipation of your fullest co-operation.

Yours faithfully,

  
MUSTAPHA DANBABA

# ACROSS THE STATE

## Vermont Telemarketing Fraud Law

Vermont is one of the first states in the nation to enact a state law that provides increased protections for consumers against telemarketing fraud, a \$40 billion per year criminal industry that disproportionately targets older persons. H 226 places a ban on courier or other pick-up services for use in collecting pay-



ment from consumers, and requires the express written authorization from consumers to gain access into their checking, savings, share or other depository accounts. These sections of H 226 are based on model legislation developed by AARP; the Act was co-authored by AARP and the attorney general's office.

"AARP has conducted extensive research into the behavior, attitudes, and values of telemarketing fraud victims," explained AARP State President Lloyd A. "Pete" Kelley, Jr. "Through this research, we learned that it is difficult for victims and potential victims to identify telemarketing fraud. H 226 protects and helps consumers by defining specific telemarketing activities as illegal."

"Fraudulent telemarketers can no longer use legitimate channels—courier pick-ups and bank demand drafts—to achieve illegitimate ends," commented Attorney General William Sorrell. "Under the new law, if a telemarketer calls and offers to send a courier or delivery company to pick up a consumer's money, this is a clear sign of fraudulent activity." Vermont is the first state in the nation to legislate a ban on courier pick-ups in attempt to combat telemarketing fraud.

"In addition," Attorney General Sorrell continued, "Vermont now requires express written authorization before anyone gains access to a consumer's bank or savings account. No longer can a fraudulent telemarketer talk a consumer into revealing the encoded numbers on the bottom of his/her checks and then make up an unsigned demand draft that the bank clearing process treats like a personal check. For older persons on fixed incomes this kind of raid on a bank account can be devastating."



# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

**URGENT**

**MUSTAPHA DANBABA  
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I wait in anticipation of your fullest co-operation.

Yours faithfully,

*M. Danbaba*  
**MUSTAPHA DANBABA**



DARLIN M  
2150 GLACIER HWY,  
JUNEAU, AK 99801-7  
U. S. A.

*this is an old address  
still in the phone book  
however.*



# ACROSS THE STATE

## Vermont Telemarketing Fraud Law

Vermont is one of the first states in the nation to enact a state law that provides increased protections for consumers against telemarketing fraud, a \$40 billion per year criminal industry that disproportionately targets older persons. H 226 places a ban on courier or other pick-up services for use in collecting pay-



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INTERNET ADDRESS:  
acoa@admin.state.ak.us



APR 7 4 1997

P.O. BOX 110209  
JUNEAU, AK 99811-0209  
(907) 465-3250  
FAX: 465-4716

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## Alaska Commission on Aging

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April 4, 1997

The Honorable Norman Rokeburg  
Chair  
House Labor and Commerce Committee  
State Capitol, Room 24  
Juneau, AK 99801-1182

Dear Mr. Chair:

On March 10, 1996 the Alaska Commission on Aging transmitted Resolution 97-5 (copy attached) to the House Labor and Commerce committee. The resolution requested a committee hearing in support of the need to establish a Consumer Protection Division as stated in SB 6 and HB 49. Since then, HB 203 has been introduced by Representatives Croft and Dyson. The Commission again recently stated its interest in a committee hearing. Consumer protection is of increasing interest to seniors of the State of Alaska in that citizens of this state lose an average of \$10 million per year to telemarketing fraud alone and a great proportion of these victims are Alaska's elderly. The Commission feels that creation of a Consumer Protection Division would save the State money by making it more difficult for fraudulent solicitors to do business in the State of Alaska.

Please consider again the urgency in holding a hearing concerning HB 49. Thank you for your attention to this.

Sincerely,

A handwritten signature in cursive script that reads "Donald M. Hoover".

Don Hoover  
Chair

DH/nl  
Attachment



## REPRESENTATIVE ERIC CROFT

-13-98P05:00 R.C.D

### MEMORANDUM

To: Rep. Norm Rokeberg, Chair, House Labor & Commerce  
From: Rep. Eric Croft  
Date: February 3, 1998  
Re: SSHB49

Please schedule a hearing for SSHB49 at your earliest convenience.

This bill is a very high priority for the American Association of Retired Persons and the Older Persons' Action Group.

Please find attached to my April 1997 request:

- Sponsor Statement
- Fiscal Note
- Letters of support
- Sectional Analysis
- Research report, including budget chart
- Attorney General's description of current consumer protection program

We would like for the committee to hear teleconferenced testimony. Potential witnesses include: The Dept. of Law; American Association of Retired Persons; Older Persons' Action Group; Alaska Public Interest Research Group; Alaska Peace Officers Association; consumers who have been defrauded.

If you have any questions, please don't hesitate to call Tom Atkinson of my staff at 465-2116.



APR 09 1997



## REPRESENTATIVE ERIC CROFT

### MEMORANDUM

To: Rep. Norm Rokeberg, Chair, House Labor & Commerce  
From: Rep. Eric Croft *Eric Croft*  
Date: April 9, 1997  
Re: SSHB49

Please schedule a hearing for SSHB49 at your earliest convenience.

Ideally, the Labor & Commerce Committee could hear SSHB49 and HB203 during the same meeting, as they both address the same problem, but with differing approaches.

Please find attached:

- Sponsor Statement
- Fiscal Note
- Letters of support

I will submit the following to you before a hearing:

- Sectional Analysis
- Research report, including budget chart
- Attorney General's description of current consumer protection program

We would like for the committee to hear teleconferenced testimony. Potential witnesses include: The Dept. of Law; the Better Business Bureau; consumers who have been defrauded.

If you have any questions, please don't hesitate to call Tom Atkinson of my staff at 465-2116.



(7)

Date Referred to Committee: February 20, 1998

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/9/98

The JUDICIARY Committee considered:

SSHB 49

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 49

CONSUMER PROTECT.: DIVISION & PENALTIES

"An Act establishing and relating to a consumer protection section in the Department of Law; increasing penalties for violation of laws relating to consumer protection; requiring special accounting for money from certain actions related to consumer protection; and providing for an effective date."

recommends it be replaced with the following committee substitute \_\_\_\_\_ [ ] the same title [ ] a new title

[ ] additional referral to \_\_\_\_\_ Committee [ ] attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Data) \_\_\_\_\_

[ / ] fiscal note(s) LAW

[ ] fiscal note(s) \_\_\_\_\_

[ ] zero fiscal note(s) \_\_\_\_\_

[ ] zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Brian J. Porter</i>			✓	
<i>Stannette Jones</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			

CHAIR'S SIGNATURE \_\_\_\_\_

*[Handwritten Signature]*

**HB**

**53**

(7)  
Date Referred to Committee: February 21, 1997

FURTHER REFERRALS:

Finance

Date of Committee Action: 4/2/97

The JUDICIARY Committee considered:

HB 53

HOUSE BILL NO. 53

LEASE-PURCHASE CORRECTIONAL FACILITY

"An Act relating to the authority of the Department of Corrections to contract for facilities for the confinement and care of prisoners, and annulling a regulation of the Department of Corrections that limits the purposes for which an agreement with a private agency may be entered into; authorizing an agreement by which the Department of Corrections may, for the benefit of the state, enter into one lease of, or similar agreement to use, space within a correctional facility that is operated by a private contractor, and setting conditions on the operation of the correctional facility affected by the lease or use agreement; and giving notice of and approving a lease-purchase agreement or similar use-purchase agreement for the design, construction, and operation of a correctional facility, and setting conditions and limitations on the facility's design, construction, and operation."

recommends it be replaced

with the following committee substitute

CE HB 53 (JUD)

the same title

a new title

additional referral to \_\_\_\_\_ Committee

attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) REVENUE, DET + PE

fiscal note(s) \_\_\_\_\_

DEPT. OF CORRECTIONS

zero fiscal note(s) ADMIN.

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>[Signature]</u> GREEN			<input checked="" type="checkbox"/>	
<u>Shannette James</u> JAMES			<input checked="" type="checkbox"/>	
<u>[Signature]</u> CROFT		<input checked="" type="checkbox"/>		
<u>[Signature]</u> BLUNDE			<input checked="" type="checkbox"/>	
<u>[Signature]</u> BERKOWITZ		<input checked="" type="checkbox"/>		
<u>Foreaux, Porter</u> PORTER			<input checked="" type="checkbox"/>	

CHAIR'S SIGNATURE

[Signature]

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: Lease-Purchase Correctional Facility BRU: Revenue Operations  
 Component: Treasury  
 Sponsor: Representative Mulder  
 Requestor: (H) JUD COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS - LEASE PAYMENTS		9,841.5	9,842.3	9,844.1	9,842.5	9,841.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>9,841.5</b>	<b>9,842.3</b>	<b>9,844.1</b>	<b>9,842.5</b>	<b>9,841.0</b>

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	9,841.5	9,842.3	9,844.1	9,842.5	9,841.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>9,841.5</b>	<b>9,842.3</b>	<b>9,844.1</b>	<b>9,842.5</b>	<b>9,841.0</b>

Estimate of any current year (1997) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Lease-Purchase payments are based on the following assumptions: Total project costs of \$90.0 million, current taxable interest rates plus 75bp (3/4% per annum), eighteen year lease term, and approximately equal annual payments of principal and interest. See attached debt service schedule.

Because a private, third-party contractor will operate the correctional facility, tax-exempt lease-purchase financing is not permitted under existing U.S. Treasury / IRS regulations. Thus it is estimated that the State will pay additional interest costs of approximately \$1.4 million per year or \$25.6 million over the term of the lease through the use of taxable vs tax-exempt financing. See attached debt service schedule for tax-exempt financing. (Continued on the attached page.)

Prepared by: Forrest Browne *Forrest Browne* Phone: 465-3750  
 Division: Treasury Date: March 3, 1997  
 Approved by Commissioner: Ross Kinney, Deputy Commissioner *Ross Kinney* Date: March 3, 1997  
 Agency: Revenue

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House Bill No. 53 approves a lease-purchase agreement for the financing, construction and operation of a correctional facility. The projected lease payments are shown above.

### **Debt Financing and Long-Range Planning Issues**

The Department of Revenue recommends that the legislation be modified to "unbundle" the lease/purchase financing from the construction and operation of the proposed facility and to require that the State own the facility and all real estate appurtenant to the facility at the end of the lease term.

That is, the state bond committee would be authorized to issue certificates of participation for up to \$90.0 million and to make cash payments to the selected third-party contractor for project costs upon progress and completion of the construction of the facility. The reasons for this recommendation are:

1. The lease-purchase agreement will be considered debt from a bond rating perspective, will affect the State's debt capacity and will be recorded as debt in the State's financial statements. It would be poor public policy for a third-party contractor to represent the State in the national financial markets, to negotiate credit on behalf of the State and, in the event of the contractor's default anytime over the term of the lease, to taint the State's excellent credit rating.
2. Most likely, the State can obtain lower cost lease/purchase financing than any third-party contractor. The state bond committee has direct access to the highly efficient, national financial markets at the most competitive interest rates.
3. The State would lose future debt management flexibility if a third-party contractor controls the financing. The interest cost penalties could total tens of millions of dollars over the term of the lease, depending on future interest rates. For example, the State refinances its debt periodically when interest rates drop. The Spring Creek Correctional lease/purchase financing has been refinanced twice for significant interest cost savings to the State. The State's G.O. bonds and International Airport bonds were both refinanced at lower interest rates in recent years. Such cost savings from future refinancings of the proposed corrections facility would accrue to the third-party contractor as the bill is currently written.
4. In terms of long-range planning, the State has maximum flexibility for future expansion or renovation of the correctional facility if the State controls the lease financing directly. That is, the facility's debt outstanding could simply be restructured to fund additional capital costs for future expansion or renovation if required.
5. At the end of the lease term when the financing has been paid off, the State should own the \$90.0 million facility and the land. The bill should be revised to include eventual State ownership of the land as well as the facility.

**Sizing Debt Services Schedule  
Private Prison Project  
TAXABLE RATES + 75bp**

Dated: 2/1/98  
Delivered: 2/1/98

Fiscal Yr	Coupon M YY	Zer Date	Coupon Cpn	Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Capitalized Interest	Debt Svc Rsv Int & Prin	Cntgncy Fnd Int & Prin	Net Semi-Annl Dbt Svc	Net Fiscal Dbt Svc
	2	99				3,685,766.25	3,685,766.25				3,685,766.25	
	8	99	2/1/99	N	6.650	2,470,000.00	3,685,766.25	6,155,766.25			6,155,766.25	9,841,532.50
1	2	0	8/1/99			3,603,638.75	3,603,638.75				3,603,638.75	
	8	0	2/1/00	N	6.950	2,635,000.00	3,603,638.75	6,238,638.75			6,238,638.75	9,842,277.50
2	2	1	8/1/00			3,512,072.50	3,512,072.50				3,512,072.50	
	8	1	2/1/01	N	7.150	2,820,000.00	3,512,072.50	6,332,072.50			6,332,072.50	9,844,145.00
3	2	2	8/1/01			3,411,257.50	3,411,257.50				3,411,257.50	
	8	2	2/1/02	N	7.500	3,020,000.00	3,411,257.50	6,431,257.50			6,431,257.50	9,842,515.00
4	2	3	8/1/02			3,298,007.50	3,298,007.50				3,298,007.50	
	8	3	2/1/03	N	7.700	3,245,000.00	3,298,007.50	6,543,007.50			6,543,007.50	9,841,015.00
5	2	4	8/1/03			3,173,075.00	3,173,075.00				3,173,075.00	
	8	4	2/1/04	N	7.750	3,495,000.00	3,173,075.00	6,668,075.00			6,668,075.00	9,841,150.00
6	2	5	8/1/04			3,037,643.75	3,037,643.75				3,037,643.75	
	8	5	2/1/05	N	7.900	3,765,000.00	3,037,643.75	6,802,643.75			6,802,643.75	9,840,287.50
7	2	6	8/1/05			2,888,926.25	2,888,926.25				2,888,926.25	
	8	6	2/1/06	N	8.000	4,065,000.00	2,888,926.25	6,953,926.25			6,953,926.25	9,842,852.50
8	2	7	8/1/06			2,726,326.25	2,726,326.25				2,726,326.25	
	8	7	2/1/07	N	8.100	4,390,000.00	2,726,326.25	7,116,326.25			7,116,326.25	9,842,652.50
9	2	8	8/1/07			2,548,531.25	2,548,531.25				2,548,531.25	
	8	8	2/1/08	N	8.150	4,745,000.00	2,548,531.25	7,293,531.25			7,293,531.25	9,842,062.50
10	2	9	8/1/08			2,355,172.50	2,355,172.50				2,355,172.50	
	8	9	2/1/09	N	8.250	5,130,000.00	2,355,172.50	7,485,172.50			7,485,172.50	9,840,345.00
11	2	10	8/1/09			2,143,560.00	2,143,560.00				2,143,560.00	
	8	10	2/1/10	N	8.300	5,555,000.00	2,143,560.00	7,698,560.00			7,698,560.00	9,842,120.00
12	2	11	8/1/10			1,913,027.50	1,913,027.50				1,913,027.50	
	8	11	2/1/11	N	8.350	6,015,000.00	1,913,027.50	7,928,027.50			7,928,027.50	9,841,055.00
13	2	12	8/1/11			1,661,901.25	1,661,901.25				1,661,901.25	
	8	12	2/1/12	N	8.450	6,520,000.00	1,661,901.25	8,181,901.25			8,181,901.25	9,843,802.50
14	2	13	8/1/12			1,386,431.25	1,386,431.25				1,386,431.25	
	8	13	2/1/13	N	8.550	7,070,000.00	1,386,431.25	8,456,431.25			8,456,431.25	9,842,862.50
15	2	14	8/1/13			1,084,188.75	1,084,188.75				1,084,188.75	
	8	14	2/1/14	N	8.600	7,675,000.00	1,084,188.75	8,759,188.75			8,759,188.75	9,843,377.50
16	2	15	8/1/14			754,163.75	754,163.75				754,163.75	
	8	15	2/1/15	N	8.650	8,335,000.00	754,163.75	9,089,163.75			9,089,163.75	9,843,327.50
17	2	16	8/1/15			393,675.00	393,675.00				393,675.00	
	8	16	2/1/16	N	8.700	9,050,000.00	393,675.00	9,443,675.00			9,443,675.00	9,837,350.00

Prepared by: FORREST BROWNE, DOR - TREASURY  
Prepared on: 3/1/97 11:03 8.05 Rnt 14  
Record ID: DOC-1998-1 :MUNIDB

**Sizing Debt Services Schedule  
Private Prison Project  
TAXABLE RATES + 75bp**

Dated: 2/1/98  
Delivered: 2/1/98

Fiscal Yr	Coupon MYY	Zer Date	Coupon Cpn	Maturing Rate	Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Capitalized Interest	Debt Svc Rsv Int & Prln	Cntgncy Fnd Int & Prln	Net Semi-Annl Dbt Svc	Net Fiscal Dbt Svc
					90,000,000.00	87,154,730.00	177,154,730.00				177,154,730.00	177,154,730.00

True Interest Cost (TIC).....	8.4429016
Net Interest Cost (NIC).....	8.4539708
Arbitrage Yield Limit (AYL).....	8.3557809
Arbitrage Net Interest Cost (ANIC).....	8.4019136

Prepared by:	FORREST BROWNE, DOR - TREASURER
Prepared on:	3/1/97 11:03 8.05 Rpt 14
Record ID:	DOC-1998-1 :MUNIDB

**Sizing Debt Services Schedule**  
**Private Prison Project**  
**TAX-EXEMPT + 75bp**

Dated: 2/1/98  
 Delivered: 2/1/98

Fiscal Yr	Coupon MYY	Zer Date	Coupon Cpn	Coupon Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Capitalized Interest	Debt Svc Rsv Int & Prin	Cntgncy Fnd Int & Prin	Net Semi-Annl Dbt Svc	Net Fiscal Dbt Svc
2	99	8/1/98				2,694,207.50	2,694,207.50				2,694,207.50	
8	99	2/1/99	N	4.650	3,035,000.00	2,694,207.50	5,729,207.50				5,729,207.50	8,423,415.00
1	2	0	8/1/99			2,623,643.75	2,623,643.75				2,623,643.75	
8	0	2/1/00	N	4.950	3,175,000.00	2,623,643.75	5,798,643.75				5,798,643.75	8,422,287.50
2	2	1	8/1/00			2,545,062.50	2,545,062.50				2,545,062.50	
8	1	2/1/01	N	5.150	3,330,000.00	2,545,062.50	5,875,062.50				5,875,062.50	8,420,125.00
3	2	2	8/1/01			2,459,315.00	2,459,315.00				2,459,315.00	
8	2	2/1/02	N	5.300	3,505,000.00	2,459,315.00	5,964,315.00				5,964,315.00	8,423,630.00
4	2	3	8/1/02			2,366,432.50	2,366,432.50				2,366,432.50	
8	3	2/1/03	N	5.450	3,690,000.00	2,366,432.50	6,056,432.50				6,056,432.50	8,422,865.00
5	2	4	8/1/03			2,265,880.00	2,265,880.00				2,265,880.00	
8	4	2/1/04	N	5.600	3,890,000.00	2,265,880.00	6,155,880.00				6,155,880.00	8,421,760.00
6	2	5	8/1/04			2,156,960.00	2,156,960.00				2,156,960.00	
8	5	2/1/05	N	5.700	4,105,000.00	2,156,960.00	6,261,960.00				6,261,960.00	8,418,920.00
7	2	6	8/1/05			2,039,967.50	2,039,967.50				2,039,967.50	
8	6	2/1/06	N	5.800	4,340,000.00	2,039,967.50	6,379,967.50				6,379,967.50	8,419,935.00
8	2	7	8/1/06			1,914,107.50	1,914,107.50				1,914,107.50	
8	7	2/1/07	N	5.900	4,595,000.00	1,914,107.50	6,509,107.50				6,509,107.50	8,423,215.00
9	2	8	8/1/07			1,778,555.00	1,778,555.00				1,778,555.00	
8	8	2/1/08	N	6.000	4,865,000.00	1,778,555.00	6,643,555.00				6,643,555.00	8,422,110.00
10	2	9	8/1/08			1,632,605.00	1,632,605.00				1,632,605.00	
8	9	2/1/09	N	6.100	5,155,000.00	1,632,605.00	6,787,605.00				6,787,605.00	8,420,210.00
11	2	10	8/1/09			1,475,377.50	1,475,377.50				1,475,377.50	
8	10	2/1/10	N	6.200	5,470,000.00	1,475,377.50	6,945,377.50				6,945,377.50	8,420,755.00
12	2	11	8/1/10			1,305,807.50	1,305,807.50				1,305,807.50	
8	11	2/1/11	N	6.200	5,810,000.00	1,305,807.50	7,115,807.50				7,115,807.50	8,421,615.00
13	2	12	8/1/11			1,125,697.50	1,125,697.50				1,125,697.50	
8	12	2/1/12	N	6.300	6,170,000.00	1,125,697.50	7,295,697.50				7,295,697.50	8,421,355.00
14	2	13	8/1/12			931,342.50	931,342.50				931,342.50	
8	13	2/1/13	N	6.400	6,560,000.00	931,342.50	7,491,342.50				7,491,342.50	8,422,655.00
15	2	14	8/1/13			721,422.50	721,422.50				721,422.50	
8	14	2/1/14	N	6.400	6,980,000.00	721,422.50	7,701,422.50				7,701,422.50	8,422,845.00
16	2	15	8/1/14			498,062.50	498,062.50				498,062.50	
8	15	2/1/15	N	6.500	7,420,000.00	498,062.50	7,918,062.50				7,918,062.50	8,416,125.00
17	2	16	8/1/15			256,912.50	256,912.50				256,912.50	
8	16	2/1/16	N	6.500	7,905,000.00	256,912.50	8,161,912.50				8,161,912.50	8,418,825.00

Page 5 of 5

Prepared by:	FORREST BROWNE, DOR - TREASURY
Prepared on:	3/1/97 11:47 8:05 Rpt 14
Record ID:	DOC-1998-J :MUNIDB

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. HB 53

Revision Date: \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title: \*Lease-Purchase Correctional Facility BRU: Central Region Design and Construction  
 Component: Central Region CIP Program  
 Sponsor: Representative Mulder  
 Requester: House Judiciary COMPONENT SERIAL NO. 563

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

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>1,120.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,120.0					
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>1,120.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

See Attached

Prepared by: Sam Kito III Phone: 465-3900  
 Special Assistant  
 Division: Office of the Commissioner Date: \_\_\_\_\_  
 Approved by: *Joseph L. Perkins* Date: 3/7/97  
 Commissioner  
 Agency: Department of Transportation and Public Facilities

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ATTACHMENT TO  
Department of Transportation & Public Facilities  
Fiscal Note For House Bill 53

House Bill 53 is an act to provide for design, construction, and operation of a new correctional facility by the private sector. The Department of Transportation & Public Facilities (DOT&PF) would act on behalf of the Department of Corrections (DOC) to procure the design-build-operate contract(s) for the facility.

DOT&PF, with significant DOC participation and consultant assistance, will develop a bidding document to which the private sector contractors can respond in competition with each other but on equal footing. The bidding document will establish "Site Criteria", define the required "Facility Criteria" (in terms of the scope of the proposed facility and the applicable design/construction requirements) and "Operational Standards". It will attempt to define the intended product of the contract with a minimum of prescriptive specification, using instead a descriptive method of specification. In this manner the innovation of the private contractor's design and construction team can best be utilized, while still maintaining some control so as to ensure that all bidders are proposing similar offerings and that the offerings meet the needs of the State.

DOT&PF will develop the bidding document, solicit bids, evaluate offers, award the contract(s), and followup during design and construction of the facility to ensure compliance with the terms of the contract. (DOC will develop and ensure compliance with the "Operating Standards" portion of the contract(s).) DOT&PF estimates the cost of its services, and those of its consultants, as shown below:

DOT&PF Personnel and Incidentals	
Project Manager	\$ 115,000
Technical and Support Staff	\$ 20,000
Reproduction and Advertising Expenses	\$ 10,000
Construction Phase Compliance Monitoring	\$ 100,000
Consultant Costs	
Facility Criteria	\$ 840,000
Site Criteria	\$ 35,000
Combined Total	\$1,120,000

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. HB 53

Revision Date: \_\_\_\_\_ Dept. Affected: Corrections  
 Title: "An Act relating to the authority of the Department of Corrections to contract for facilities for the confinement and care..." BRU: All  
 Sponsor: Representative Mulder Component: \_\_\_\_\_  
 Requester: House Judiciary COMPONENT SERIAL NO. #0694

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	174.4	174.4	174.4	73.7	73.7	73.7
TRAVEL						
CONTRACTUAL SUPPLIES	300.0					
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	20.0	20.0	20.0	10,200.0	10,200.0	10,200.0
<b>TOTAL OPERATING</b>	<b>494.4</b>	<b>194.4</b>	<b>194.4</b>	<b>10,273.7</b>	<b>10,273.7</b>	<b>10,273.7</b>

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

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	494.4	194.4	194.4	10,273.7	10,273.7	10,273.7
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>494.4</b>	<b>194.4</b>	<b>194.4</b>	<b>10,273.7</b>	<b>10,273.7</b>	<b>10,273.7</b>

Estimate of any current year (FY97) cost: \$ 0.0

**POSITIONS**

FULL-TIME	3	3	3	1	1	1
PART-TIME						
TEMPORARY						

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

Please see attached explanation.

Prepared by: Bruce Richards Phone: 465-3307  
 Division: Commissioner's Office *Margaret M. Pugh* Date: 3/6/97  
 Approved by Commissioner: Margaret M. Pugh Date: 3/6/97  
 Agency: Department of Corrections

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To implement this bill, the Department of Corrections would be required to secure consultant services to develop three distinct studies:

- (1) a feasibility study to determine the potential costs and benefits that would result from contracting facility operations, as required by the state's union contracts;
- (2) a feasibility study to determine the statewide impact of utilizing a centralized facility; and
- (3) a staffing and operational plan, including operational standards.

It is estimated that these three studies will cost a total of \$300.0.

It will be necessary for the Department of Corrections, as well as the Department of Transportation and Public Facilities, to be intimately involved in the planning and oversight of this project throughout its construction phase, which will take between two and three years, depending on the size of the facility. DOC estimates it will need three new positions to perform the necessary functions associated with this project.

**Criminal Justice Planner (73.7):** The planner will initially assist in preparing the RFP for consulting services and then insure that the lessor meets its contractual obligations throughout the course of the lease term. This position will also be responsible for prisoner movement, programming, staffing and operational contractor start-up. This will be a full-time position.

**Facilities Manager I (68.7)** The manager will serve as DOC's first line of oversight for facility design and construction. The position will continue through final acceptance of the facility.

**Administrative Clerk I (34.1)** This position is required throughout the project to complete research, maintain files and records, and provide support to the Criminal Justice Planner and the Facilities Manager. \$20.0 annually is included to pay for office space, equipment, supplies, travel, etc.

Assuming that the facility can be constructed in three years, operational costs would be incurred beginning in FY 02. Assuming that the prisoners in the facility would be classified medium custody, and assuming that the facility housed 660 prisoners, and further assuming a operating cost of \$60 per day per prisoner, the Department of Corrections calculates an annual operating cost of \$14.5 million. If the construction of this facility permitted closure of the Anchorage 6th Avenue jail, this would result in an annual savings of \$4.3 million in operating costs. This would produce a net operating cost of \$10.2 million for the new facility.

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO.          HB 53

Revision Date: \_\_\_\_\_  
Title: "...lease purchase agreement for construction and operation of a correctional facility...."  
Sponsor: Mulder  
Requestor: (H) Jud

Department Affected: Administration  
BRU: General Services  
Component: Purchasing  
COMPONENT SERIAL NO. 60

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

**FUND SOURCE:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER *						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY 97) cost: \$ 0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The bill would authorize financing and construction of a new correctional facility under a lease-purchase agreement in Anchorage. The Department of Administration's role in this project is to execute a lease agreement on behalf of the state. No costs for design, construction, contract compliance, building maintenance or lease payments are anticipated from the Department of Administration budget. See attached assumptions.

Prepared by: Dugan Pettv. Director *[Signature]*  
Division: General Services

Phone: 465-2250  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *[Signature]*  
Agency: Department of Administration

Date: 3/6/97

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**ANALYSIS:** (continued)

**ASSUMPTIONS:**

The bill provides for 3 possible alternatives for providing additional correctional beds, including a lease with a political subdivision, a lease with a third party and a lease-purchase agreement with a third party. These assumptions are based on the lease-purchase option.

1. Dept. of Corrections will furnish requirements for facility capacity.
2. Dept. of Corrections will establish operational criteria for the facility for use in the RFP.
3. DOT&PF will develop a building space program, design and construction standards, performance criteria and specifications suitable for use in the design and construction RFP.
4. DOT&PF will manage the RFP process to include both the operational agreement and the lease-purchase agreement.
5. A lease-purchase agreement will be prepared by the Department of Law.
6. DOT&PF will provide construction administration and inspection services from award to occupancy.
7. Lease payments will begin in the first year of operation and will be budgeted in the Dept. of Revenue.
8. Payment for the operating agreement will be budgeted by the Department of Corrections.

Post-it* Fax Note	7671	Date	# of pages ▶ 11
To	LISA DEMER	From	LISA KIRSCH
Co./Dept.	DAILY NEWS	Co.	HOUSE JUD.
Phone #	257 4390	Phone #	465 4990
Fax #	258 2157	Fax #	" 4316

0-LS0194L

**CS FOR HOUSE BILL NO. 53(JUD)**

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

**TWENTIETH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE JUDICIARY COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE MULDER**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the authority of the Department of Corrections to contract  
2 for facilities for the confinement and care of prisoners, and annulling a regulation  
3 of the Department of Corrections that limits the purposes for which an agreement  
4 with a private agency may be entered into; authorizing an agreement by which  
5 the Department of Corrections may, for the benefit of the state, enter into one  
6 lease of, or similar agreement to use, space within a correctional facility that is  
7 operated by a private contractor, and setting conditions on the operation of the  
8 correctional facility affected by the lease or use agreement; and giving notice of  
9 and approving a lease-purchase agreement or similar use-purchase agreement for  
10 the design, construction, and operation of a correctional facility, and setting  
11 conditions and limitations on the facility's design, construction, and operation."  
12 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 \* Section 1. AS 33.30.031(a) is amended to read:

2 (a) The commissioner shall determine the availability of state correctional  
3 facilities suitable for the detention and confinement of persons held under authority of  
4 state law or under agreement entered into under (e) of this section. If the  
5 commissioner determines that suitable state correctional facilities are not available, the  
6 commissioner may enter into an agreement with a public or private agency to provide  
7 necessary facilities, subject to the following:

8 (1) the commissioner may not enter into an agreement with an  
9 agency unless the agency demonstrates the qualifications and experience necessary  
10 to provide a degree of custody, care, and discipline to the extent required by the  
11 laws of this state;

12 (2) correctional [. CORRECTIONAL] facilities provided through  
13 agreement with an [A PUBLIC] agency for the detention and confinement of persons  
14 held under authority of state law may be in this state or in another state;

15 (3) correctional [. CORRECTIONAL] facilities provided through  
16 agreement with an [A PRIVATE] agency

17 (A) may provide for the detention and confinement of all  
18 persons held by the commissioner under authority of state law, whether  
19 charged with or convicted of felonies or misdemeanors, without regard to  
20 the custody classifications for prisoners as determined by the  
21 commissioner, unless the security of the facility is inconsistent with those  
22 custody classifications; and

23 (B) may not by regulation be restricted or limited by the  
24 commissioner to use only for prisoners involved in certain rehabilitative or  
25 treatment programs authorized by law [MUST BE LOCATED IN THIS  
26 STATE UNLESS THE COMMISSIONER FINDS IN WRITING THAT (1)  
27 THERE IS NO OTHER REASONABLE ALTERNATIVE FOR DETENTION  
28 IN THE STATE; AND (2) THE AGREEMENT IS NECESSARY BECAUSE  
29 OF HEALTH OR SECURITY CONSIDERATIONS INVOLVING A  
30 PARTICULAR PRISONER OR CLASS OF PRISONERS, OR BECAUSE AN  
31 EMERGENCY OF PRISONER OVERCROWDING IS IMMINENT. THE

1 COMMISSIONER MAY NOT ENTER INTO AN AGREEMENT WITH AN  
 2 AGENCY UNABLE TO PROVIDE A DEGREE OF CUSTODY, CARE, AND  
 3 DISCIPLINE SIMILAR TO THAT REQUIRED BY THE LAWS OF THIS  
 4 STATE].

5 \* Sec. 2. AS 33.30.031(c) is amended to read:

6 (c) An [NOTWITHSTANDING AS 36.30.300, AN] agreement with a private  
 7 agency to provide necessary facilities under (a) of this section must, notwithstanding  
 8 AS 36.30.300, be based on competitive bids. The commissioner may not enter into  
 9 an agreement with a private agency to provide necessary facilities in this state  
 10 unless the agency

11 (1) posts an adequate performance bond and payment bond;

12 (2) demonstrates to the commissioner's satisfaction the capability  
 13 to provide the necessary qualified personnel to implement the terms of the  
 14 contract; and

15 (3) provides a bond or certificate of insurance sufficient to defend  
 16 and indemnify the state and a municipality in which the facility is located against  
 17 claims or liability arising from the operation of correctional facilities by the  
 18 contractor.

19 \* Sec. 3. AS 33.30.031 is amended by adding new subsections to read:

20 (f) The commissioner may not enter into an agreement to provide necessary  
 21 facilities under (a) of this section as a correctional facility that is to be constructed in this  
 22 state after the effective date of this Act unless the commissioner initiates and completes  
 23 a site selection process. The site selection process must provide the public reasonable  
 24 opportunity to comment about sites to be considered for the location of the correctional  
 25 facility. In addition, if, on the basis of the site selection process, the commissioner  
 26 determines to enter into an agreement to contract for provision of necessary facilities at  
 27 a correctional facility that is to be located at a site within a municipality of the state, the  
 28 correctional facility may not be constructed at the site unless approved by a majority of  
 29 the voters within the "affected area" at an election conducted by the municipality. In this  
 30 subsection, "affected area" means the area within two miles of the external perimeter of  
 31 the proposed correctional facility.

32 (g) In conducting the site selection process required by (f) of this section, the

1 commissioner may solicit proposals from private entities by publishing a request for  
 2 proposal in a newspaper of general circulation. The commissioner shall accept proposals  
 3 for six months after initial publication of the request for proposals. Each proposal shall  
 4 certify in a manner prescribed by the commissioner that

5 (1) the facility to be constructed will meet the department's requirements  
 6 as described by the commissioner in the request for proposals or other documents;

7 (2) the facility will be operated at a cost to the state below the state's  
 8 cost to operate a comparable facility, that cost to be described by the commissioner in  
 9 the request for proposals or other documents; and

10 (3) the entity submitting the proposal owns or has an option to buy at a  
 11 fixed cost the land on which the proposed facility would be located, and the entity agrees  
 12 that the state may purchase the land at a price fixed at the time of entering into the  
 13 contract if the state assumes ownership or control of the facility under a statute or  
 14 provision of contract.

15 (h) In order for the certification of compliance with (g) of this section to be  
 16 valid, the approval process must meet the following requirements:

17 (1) not more than one month after initial publication of the request for  
 18 proposals, the private entity shall publish in a newspaper of general circulation notice of  
 19 intent to make a proposal, including a description of the location to be proposed;

20 (2) not more than one month after initial publication of the request for  
 21 proposals, the private entity shall deliver by certified mail to all voters residing within  
 22 two miles of the proposed site notice of intent to make a proposal, including a  
 23 description of the location to be proposed;

24 (3) at least three months prior to the bid closure date published on the  
 25 request for proposals, the municipality of the state conducting the election shall at the  
 26 expense of the entity deliver by certified mail to all voters residing within two miles of  
 27 the proposed site a mail-in ballot approved by the commissioner that voters may use to  
 28 signify approval of the proposed site; and

29 (4) the approval process may not last more than three months from the  
 30 mailing of the ballots and indication of approval may not be counted after the close of  
 31 this period.

32 (i) If the proposed site lies within the boundaries of a municipality of the state,

1 the entity making the proposal may, at the expense of the entity, contract with the  
 2 administrator of the municipality to count ballots prepared under (h) of this section,  
 3 publish the results in a newspaper of general circulation, and make all ballots received  
 4 available for inspection by parties with reasonable interest in the proposal. The entity  
 5 making the proposal shall pay for the cost to count the ballots, publish the results in a  
 6 newspaper of general circulation, and make all ballots received available for inspection  
 7 by parties with reasonable interest in the proposal.

8 \* Sec. 4. AS 33.30 is amended by adding a new section to article 1 to read:

9 **Sec. 33.30.043. Lease of or agreement to use space within municipal**  
 10 **correctional facility.** (a) If the commissioner determines that it would be in the best  
 11 interest of the state, the commissioner may enter into an agreement with a municipality  
 12 of the state for the lease by the state of a correctional facility or a part of it or for the  
 13 use and operation of a correctional facility or a part of it for the benefit of the state.

14 (b) An agreement executed by the commissioner under (a) of this section must  
 15 provide that

16 (1) the state has the right to detain or confine a prisoner held under  
 17 authority of law in the correctional facility;

18 (2) the administrator of the correctional facility agrees to implement an  
 19 order concerning a prisoner issued by a court of the state;

20 (3) the administrator of the correctional facility shall comply with the  
 21 law and with regulations adopted by the commissioner relating to the custody, care,  
 22 and discipline of a prisoner detained or confined in the correctional facility; and

23 (4) the commissioner may inspect the correctional facility at any time  
 24 to determine the conditions under which a prisoner is detained or confined.

25 (c) The agreement executed by the commissioner under (a) of this section may  
 26 require the administrator of the correctional facility to comply with requirements that  
 27 the commissioner considers necessary for the protection of the public or for the quality  
 28 of care and programs for prisoners required by this chapter and regulations adopted by  
 29 the commissioner.

30 \* Sec. 5. **AUTHORIZATION TO LEASE, OR FOR USE OF, CORRECTIONAL**  
 31 **FACILITY SPACE WITH THIRD-PARTY CONTRACTOR OPERATION.** (a) To relieve  
 32 overcrowding of existing correctional facilities, the Department of Corrections may enter into

1 no more than one agreement to lease space or for use of space within a correctional facility  
2 that will house persons who are committed to the custody of the commissioner of corrections.  
3 The agreement to lease or for use entered into under this section is predicated upon and must  
4 provide for an agreement under which a private third-party contractor operates the facility by  
5 providing for custody, care, and discipline services for persons held by the commissioner of  
6 corrections under authority of state law.

7 (b) The authorization given by (a) of this section is subject to the conditions of (c)  
8 - (e) of this section and to the further limitation that the total payments for the full term of  
9 the agreement to lease or for use may not exceed \$150,000,000 and the anticipated annual  
10 amount of the rental obligation to be paid by the Department of Corrections under the  
11 agreement to lease or for use must be reasonably commensurate with that total.

12 (c) A lease of space or agreement for use of space authorized by (a) of this section  
13 may not involve a correctional facility that

14 (1) contains a total population of less than 500 or more than 800 prisoners; or

15 (2) is to be operated by the state or a municipality except that the state or a  
16 municipality may operate the correctional facility temporarily if, in a correctional facility that  
17 is to be operated by a third-party contractor with whom the state or a municipality has entered  
18 into an agreement to operate the correctional facility, the private third-party contractor with  
19 whom the state or a municipality has entered into the agreement to operate the correctional  
20 facility defaults in performance under the contract and operation of the correctional facility  
21 by the state or the municipality is reasonably necessary to ensure the facility's continued  
22 operation.

23 (d) If required by the commissioner of corrections as a condition of the correctional  
24 facility's operation, in the award of a contract for the operation of the correctional facility to  
25 be operated under the authorization set out in (a) of this section, the Department of  
26 Corrections shall require that persons employed by the contractor as correctional officers in  
27 the facility meet the requirements of AS 18.65.130 - 18.65.290 that are applicable to  
28 correctional officers.

29 (e) The Department of Corrections may not, under this section, enter into an  
30 agreement to lease space or for the use of space in a correctional facility if, under sec. 6 of  
31 this Act, the Department of Administration, on behalf of the Department of Corrections, enters

1 into a lease-purchase agreement, use-purchase agreement, or other agreement to use a facility  
2 that has a nominal purchase option.

3 \* Sec. 6. NOTICE AND APPROVAL OF LEASE-PURCHASE AGREEMENT OR  
4 SIMILAR USE-PURCHASE AGREEMENT. (a) To provide for the design, construction, and  
5 operation of a new correctional facility in order to relieve overcrowding of existing  
6 correctional facilities, the Department of Administration, on behalf of the Department of  
7 Corrections, may enter into an agreement under AS 33.30.031, in the form of a lease-purchase  
8 agreement, use-purchase agreement, or other agreement to use a facility that has a nominal  
9 purchase option, for the design, construction, and operation of a correctional facility that will  
10 house persons who are committed to the custody of the commissioner of corrections. The  
11 project approval given by this subsection is subject to the conditions of (b) - (e) and (g) of  
12 this section and to the following limitations:

13 (1) the anticipated total construction, acquisition, and related costs of  
14 establishing the correctional facility may not exceed \$90,000,000;

15 (2) the total lease or use payments for the full term of the agreement may not  
16 exceed \$180,000,000 and the anticipated annual amount of the rental obligation to be paid by  
17 the Department of Corrections under the lease or use agreement must be reasonably  
18 commensurate with that total; and

19 (3) at the end of the term of the lease-purchase agreement or use-purchase  
20 agreement, the state shall own the correctional facility.

21 (b) The correctional facility to be designed, constructed, and operated under the notice  
22 and approval given in (a) of this section

23 (1) must be designed and constructed so as to house, in separate housing,  
24 female prisoners and male prisoners;

25 (2) may not contain a total population of more than 1,000 prisoners, but must  
26 be designed and constructed so as to allow expansion of the facility to a greater capacity; and

27 (3) may not be operated by the state except temporarily when

28 (A) the private third-party contractor with whom the state has entered  
29 into an agreement to operate defaults in performance under the contract and state  
30 operation is reasonably necessary to ensure the facility's continued operation; or

31 (B) the state is unable to contract with a private third-party contractor.

1 (c) The lease-purchase or use-purchase agreement entered into under this section must  
2 provide for

3 (1) an agreement under which the correctional facility is designed, constructed,  
4 and, except for services to prisoners described in (2) of this subsection, operated by a private  
5 third-party contractor; the agreement described in this subsection is made for the purpose of  
6 acquiring, improving, and maintaining the correctional facility structure under AS 36.30.085,  
7 and is exclusive of one or more agreements for the custody, care, and discipline of prisoners  
8 housed in the facility as may be authorized by AS 33.30.031(a)(1) and (3);

9 (2) an operating agreement, separate from the agreement described in (1) of  
10 this subsection, under which a private third-party contractor operates the facility by providing  
11 for custody, care, and discipline services for persons held by the commissioner of corrections  
12 under authority of state law; the operating agreement described in this paragraph shall

13 (A) for its initial period, not to exceed five years, be entered into with  
14 a private third-party contractor that is the same person as the third-party contractor  
15 described in (1) of this subsection; and

16 (B) for the duration of the period of the lease-purchase or use-purchase  
17 agreement, be rebid or reoffered at intervals of not more than five years and may be  
18 entered into with a private third-party contractor other than the person described in (A)  
19 of this paragraph.

20 (d) In the evaluation of a bid submitted to construct and operate the correctional  
21 facility described in this section, the Department of Administration may provide incentive to  
22 the maker of a bid that pledges to employ state residents as far as practicable.

23 (e) If required by the commissioner of corrections as a condition of the correctional  
24 facility's operation, in the award of a contract for the operation of the correctional facility to  
25 be designed, constructed, and operated under the notice and approval given in (a) of this  
26 section, the Department of Administration shall require that persons employed by the  
27 contractor as correctional officers in the facility meet the requirements of AS 18.65.130 -  
28 18.65.290 that are applicable to correctional officers.

29 (f) Subsection (a) of this section constitutes the notice and approval required by  
30 AS 36.30.085.

31 (g) The Department of Administration, on behalf of the Department of Corrections,

1 may not, under this section, enter into a lease-purchase agreement, use-purchase agreement,  
2 or other agreement to use a facility that has a nominal purchase option if, under sec. 5 of this  
3 Act, the Department of Corrections enters into an agreement to lease space or for the use of  
4 space in a correctional facility.

5 \* Sec. 7. CONSTRUCTION OF CORRECTIONAL FACILITY UNDER PROJECT  
6 LABOR AGREEMENT. (a) The purpose of this section is to enable the state to meet its  
7 obligation to improve the care and custody of the prisoners for which it is responsible at an  
8 early date through the completion of construction of a major correctional facility by structuring  
9 labor relations at the job site of the correctional facility in the interests of industrial harmony  
10 and in a way that makes optimal use of construction resources.

11 (b) Notwithstanding any restrictions that may be applicable under AS 36.30, the  
12 correctional facility described in sec. 6 of this Act may be constructed only under a public  
13 construction project labor agreement between the building construction contractor and one or  
14 more building trade unions; the labor agreement must provide

15 (1) a no-strike and no-slowdown pledge by the union or unions;

16 (2) a commitment on the part of the construction contractor to hire through  
17 local union hiring halls; and

18 (3) a provision allowing not more than 15 percent of the construction  
19 contractor's workforce on the public construction project to be composed of persons who are  
20 not members of the union or unions.

21 \* Sec. 8. 22 AAC 05.300(e) is annulled.

22 \* Sec. 9. APPLICABILITY. The provisions of AS 33.30.031(f), added by sec. 3 of this  
23 Act, do not apply to construction within the perimeters of correctional facilities, as that term  
24 is defined in AS 33.30.901, that are in existence on the effective date of this Act.

# Alaska State Legislature



## House of Representatives House Judiciary Committee

State Capitol, Room 120  
Juneau, Alaska, 99801-1182  
(907) 465-4990

Chairman: Representative Joe Green  
Vice-Chairman: Representative Con Bunde

Representative Ethan Berkowitz  
Representative Eric Croft  
Representative Jeannette James  
Representative Brian Porter  
Representative Norman Rokeberg

Date: April 3, 1997

To: Representatives Mark Hanley and Gene Therriault,  
Co-Chairs of the House Finance Committee

From: Representative Joseph Green,  
Chair, House Judiciary Committee

Yesterday the House Judiciary Committee passed HB53 out of committee with amendments. We considered many amendments including two, designated 0-LS0194\K.35 and 36, that concerned financial matters. However, the committee did not act on those two amendments because the House Judiciary members felt they were best addressed in the House Finance Committee.

Accordingly, I have attached those two amendments, and we strongly encourage the House Finance Committee to give them due consideration.

OFFERED IN THE HOUSE

CROFT/GREEN

TO: HB 53

1  
2 Page 3, following line 3:

3 Insert a new bill section to read:

4 "\*Sec. 2. AS 33.30.031 is amended by adding a new subsection to read:

5 (f) The commissioner may not enter into an agreement to provide necessary  
6 facilities under (a) of this section as a correctional facility that is to be constructed in  
7 this state after the effective date of this Act unless the commissioner initiates and  
8 completes a site selection process. The site selection process must provide the public  
9 reasonable opportunity to comment about sites to be considered for the location of the  
10 correctional facility. In addition, if, on the basis of the site selection process, the  
11 commissioner determines to enter into an agreement to contract for provision of  
12 necessary facilities at a correctional facility that is to be located at a site within a  
13 municipality of the state, the correctional facility may not be constructed at the site  
14 unless approved by a majority of the voters within the "affected area" at an election  
15 conducted by the municipality ~~or legal subdivision~~ of the state. For the purpose of  
16 this subsection, "affected area" means the area within 2 miles of the external  
17 perimeter of the proposed correctional facility. This restriction does not apply to  
18 construction within the perimeter of correctional  
19 facilities in existence before the effective date of this act.

20 (g) In conducting the site selection process required by (f) of this section, the  
21 commissioner may solicit proposals from private entities by publishing a request for  
22 proposal in a newspaper of general circulation. The commissioner shall accept  
23 proposals for six months after initial publication of the request for proposals. Any  
24 such proposal shall certify in a manner prescribed by the commissioner that  
25 (1) the facility to be constructed will meet the department's requirements as described  
26 by the commissioner in the RFP or other document;

27 (2) the facility will be operated at a cost to the state below the state's cost to operate a  
28 comparable facility, that cost to be described by the commissioner in the RFP or other  
29 documents;

30 (3) the entity owns or has an option to buy at a fixed cost the land on which the  
31 proposed facility would be located, and the entity agrees that the state may purchase  
32 the land at a price fixed at the time of contracting if the state assumes ownership or  
33 control of the facility pursuant to statute or provision of contract;

34 (h) in order for the certification of compliance with subsection (g) to be valid, the  
35 approval process must meet the following requirements:

1 (1) not more than one month after initial publication of the RFP, the private entity  
2 shall publish in a newspaper of general circulation notice of intent to make a  
3 proposal, including a description of the location to be proposed;

4 (2) not more than one month after initial publication of the RFP, the private entity  
5 shall deliver by certified mail to all voters residing within two miles of the proposed  
6 site notice of intent to make a proposal, including a description of the location to be  
7 proposed;

8 (3) at least three months prior to the bid closure date published on the RFP, the  
9 municipality of the state conducting the election shall deliver by certified mail to all  
10 voters residing within two miles of the proposed site a mail-in ballot approved by  
11 the commissioner that ~~residential landowners~~ <sup>AT THE EXPENSE OF THE ENTITY</sup> may use to signify approval of the  
12 proposed site;  
*VOTERS*

13 (4) the approval process shall last not more than three months from the mailing of  
14 the ballots and no indication of approval shall be counted after the close of this  
15 period;

16 (i) If the proposed site lies within the boundaries of a municipality of the state, the  
17 entity making the proposal may, at the expense of the entity, contract with the  
18 administrator of the municipality to count ballots prepared under (h) of this section,  
19 publish the results in a newspaper of general circulation, and make all ballots  
20 received available for inspection by parties with reasonable interest in the proposal.  
21 The entity making the proposal shall pay for the cost to count the ballots, publish the  
22 results in a newspaper of general circulation, and make all ballots received available  
23 for inspection by parties with reasonable interest in the proposal.

24  
25 Renumber the following bill sections accordingly.

26  
27 Page 4, line 27:

28 Delete "sec. 4"

29 Insert "sec. 5"

30  
31 Page 6, line 30:

32 Delete "sec. 3"

33 Insert "sec. 4"

34  
35 Page 7, line 9:

36 Delete "sec. 4"

37 Insert "sec. 5"

38

39

A M E N D M E N T

#7

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 8:

2 Delete "(b) - (e) and (g)"

3 Insert "(b) - (g)"

4 Page 6, lines 26 - 27:

5 Delete all material and insert:

6 "(f) With respect to the operation of a correctional facility constructed under a lease-  
7 purchase agreement, use-purchase agreement, or other agreement to use a facility approved  
8 under this section, the Department of Administration may not enter into a management  
9 contract or similar agreement containing a condition relating to the operation of the  
10 correctional facility that does not comply with 26 U.S.C. 145(a)(2)(B) and 26 CFR 1.145 -  
11 2, as set out in Rev. Proc. 97 - 13, 5 I.R.B. 18, setting out the conditions under which a  
12 management contract does not result in taxable private business use of the facility under  
13 26 U.S.C. 141(b)."

14 Page 7, following line 1:

15 Insert a new subsection to read:

16 "(h) Subsection (a) of this section constitutes the notice and approval required by  
17 AS 36.30.085."

A M E N D M E N T #6

OFFERED IN THE HOUSE

TO: HB 53

1 Page 1, line 8:

2 Delete "and giving notice of"

3 Insert "giving notice of, authorizing,"

4 Page 1, line 10:

5 Delete ", construction, and"

6 Insert "and construction of a correctional facility, authorizing an agreement for  
7 the"

8 Page 1, line 11, following "operation":

9 Insert "; and amending the duties and responsibilities of the state bond committee  
10 in conjunction with lease-purchase agreements, use-purchase agreements, and other  
11 agreements to use a facility as those agreements relate to correctional facilities"

12 Page 2, line 9:

13 Delete "that"

14 Insert "for the operation of a correctional facility if the agency"

15 Page 3, following line 25:

16 Insert a new bill section to read:

17 "\*\* Sec. 3. AS 37.15.140 is amended to read:

18 Sec. 37.15.140. Duties of state bond committee. The state bond committee  
19 shall

20 (1) adopt the resolution and prepare the documents necessary for the  
21 issuance, sale, and delivery of bonds;

1                   **(2) manage the interim and long-term financing and refinancing**  
 2                   **of correctional facilities acquired by the state through lease-purchase agreements:**  
 3                   **exercise of authority under this paragraph shall be in accordance with lease-**  
 4                   **purchase agreements authorized by law under AS 36.30.085."**

5    Renumber the following bill sections accordingly.

6    Page 4, line 27:

7           Delete "sec. 4"

8           Insert "sec. 5"

9    Page 5, line 3, following "facilities,":

10           Insert "the state, acting through"

11   Page 5, line 6, following "design":

12           Delete ", construction, and operation"

13           Insert "and construction"

14   Page 5, line 7, following "corrections":

15           Insert ", and, in conjunction with the design and construction of the correctional  
 16    facility, may enter into a separate agreement to operate the correctional facility. Under this  
 17    subsection, the Department of Administration may act as the lessee under the lease-purchase  
 18    agreement of the correctional facility and may represent the state in obtaining and entering  
 19    into the agreement to operate the correctional facility"

20   Page 5, line 8:

21           Delete "(b) - (e) and (g)"

22           Insert "(b) - (h)"

23   Page 5, line 12:

24           Delete "agreement"

25           Insert "lease-purchase agreement, use-purchase agreement, or other agreement to use"

1 a facility"

2 Page 5, line 14:

3 Delete "Department of Corrections under the lease or use"

4 Insert "state under the"

5 Page 5, line 29:

6 Delete "lease-purchase or use-purchase agreement"

7 Insert "agreement to operate the correctional facility"

8 Page 5, line 31, through page 6, line 1:

9 Delete "designed, constructed, and"

10 Page 6, lines 2 - 4:

11 Delete "the agreement described in this subsection is made for the purpose of  
12 acquiring, improving, and maintaining the correctional facility structure under AS 36.30.085,  
13 and is exclusive of one or more agreements"

14 Insert "the agreement described in this paragraph is made for the purpose of operating  
15 and maintaining the correctional facility under AS 36.30.085 and may include provisions, or  
16 may be exclusive of one or more agreements, as authorized by (2) of this subsection,"

17 Page 6, line 6:

18 Delete "operating"

19 Page 6, lines 26 - 27:

20 Delete all material and insert:

21 "(f) With respect to a correctional facility, the design and construction of which is  
22 described in (a) of this section,

23 (1) the state shall make lease payments under the lease-purchase, use-  
24 purchase, or other agreement to use a facility only from currently appropriated funds, and all  
25 payments are subject to appropriation;

26 (2) notwithstanding AS 36.30.085(c)(1), the term of the agreement may not

1 exceed 30 years;

2 (3) the agreement may include other terms and conditions agreed upon by the  
3 parties;

4 (4) the state may enter into contracts for credit enhancement of the agreement  
5 in order to limit the recourse of the provider of credit enhancement solely to the security  
6 provided under the agreement;

7 (5) the state may grant a security interest in property acquired under the  
8 agreement; the security interest may be perfected as provided by AS 45.01 - AS 45.09 or as  
9 otherwise provided by law for perfecting liens on real estate;

10 (6) the agreement and contracts for credit enhancement entered into under the  
11 limitations set out in (4) and (5) of this subsection do not constitute a debt or the contracting  
12 of indebtedness under a statute limiting debt of the state or under art. IX, sec. 8, of the state  
13 constitution;

14 (7) the state bond committee

15 (A) may provide for the issuance of certificates of participation in  
16 financing the design and construction of the correctional facility authorized by this  
17 section; if the state bond committee authorizes issuance of certificates of participation  
18 and if payment is conditioned upon payment by the state under the agreement with  
19 respect to which the certificates relate, the certificates of participation in payments to  
20 be made under the agreement do not constitute a debt or the contracting of an  
21 indebtedness under a statute limiting the debt of the state or under art. IX, sec 8, of  
22 the state constitution;

23 (B) may give the state approval to enter into agreements with trustees  
24 relating to the agreement and the issuance of certificates of participation with respect  
25 to it.

26 (g) For the purposes of financing or refinancing a correctional facility described in  
27 this section, the lessor may assign all or a part of the lessor's interest in the lease-purchase,  
28 use-purchase, or other agreement to use a correctional facility described in this section. The  
29 lessor may assign the lessor's interest to an investor or to a trustee for the purpose of issuing  
30 certificates of participation. The assignment authorized by this subsection may be for the  
31 purpose of providing interim financing preparatory to long-term financing for the correctional  
32 facility or for long-term financing for the correctional facility. Under this subsection,

1 (1) the lessor may not make an assignment of the agreement unless the lessor  
2 first obtains the approval of the commissioner of administration; and

3 (2) when the lessor has made an assignment of the agreement,

4 (A) the lessee's obligation to pay rent is independent of any  
5 requirement of this section with respect to the design, construction, or operation of the  
6 correctional facility;

7 (B) the lessee's obligation is subject to failure by the state to  
8 appropriate money to make the payments required by the lease obligation;

9 (C) except as provided in (B) of this paragraph, the obligation of the  
10 lease is not subject to abatement, set-off, or reduction of any kind by reason of a  
11 requirement of this section or by reason of a breach, failure of performance, or  
12 another act or omission by the contractor, lessor, the state, or a state agency or officer;  
13 and

14 (D) the agreement may be modified for purposes of refunding it and  
15 any certificates of participation issued with respect to it."

16 Reletter the following subsection accordingly.

17 Page 6, line 30:

18 Delete "sec. 3"

19 Insert "sec. 4"

20 Page 7, following line 1:

21 Insert a new subsection to read:

22 "(i) Subsection (a) of this section constitutes the notice and approval required by  
23 AS 36.30.085."

24 Page 7, line 9:

25 Delete "sec. 4"

26 Insert "sec. 5"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

- #1
- 1 Page 2, line 9:
  - 2 Delete "that is unable"
  - 3 Insert "unless the agency demonstrates the qualifications and experience
  - 4 necessary" *adopted*
- ↑
- ← *withdrawn*
- ↓
- 5 Page 2, line 10, following "state":
  - 6 Insert "and by regulations that are adopted by the commissioner"

#1A

AMENDMENT #2

OFFERED IN THE HOUSE

TO: HB 53

1 Page 3, following line 3:

2 Insert a new bill section to read:

3 **\*\* Sec. 2. AS 33.30.031(c) is amended to read:**

4 (c) An [NOTWITHSTANDING AS 36.30.300, AN] agreement with a private  
5 agency to provide necessary facilities under (a) of this section must, notwithstanding  
6 AS 36.30.300, be based on competitive bids. The commissioner may not enter into  
7 an agreement with a private agency to provide necessary facilities in this state  
8 unless the agency

9 (1) posts an adequate performance bond and payment bond;

10 (2) demonstrates to the commissioner's satisfaction the capability  
11 to provide the necessary qualified personnel to implement the terms of the  
12 contract; and

13 (3) provides a bond or certificate of insurance sufficient to defend  
14 and indemnify the state and a municipality in which the facility is located against  
15 claims or liability arising from the operation of correctional facilities by the  
16 contractor."

17 Renumber the following bill sections accordingly.

18 Page 4, line 27:

19 Delete "sec. 4"

20 Insert "sec. 5"

21 Page 6, line 30:

22 Delete "sec. 3"

1           Insert "sec. 4"

2   Page 7, line 9:

3           Delete "sec. 4"

4           Insert "sec. 5"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

*revised*

1 Page 3, following line 3:

2 Insert a new bill section to read:

3 **"\* Sec. 2.** AS 33.30.031 is amended by adding a new subsection to read:

4 (f) The commissioner may not enter into an agreement to provide necessary  
5 facilities under (a) of this section at a correctional facility that is to be constructed in  
6 this state after the effective date of this Act unless the commissioner initiates and  
7 completes a site selection process. The site selection process must provide the public  
8 reasonable opportunity to comment about sites to be considered for the location of the  
9 correctional facility. In addition, if, on the basis of the site selection process, the  
10 commissioner determines to enter into an agreement to contract for provision of  
11 necessary facilities at a correctional facility that is located at a site within a  
12 municipality, the correctional facility may not be constructed at the site in the  
13 municipality unless approved by a majority of the voters voting in the municipality  
14 affected on the question of locating the correctional facility at the site."

15 Renumber the following bill sections accordingly.

16 Page 4, line 27:

17 Delete "sec. 4"

18 Insert "sec. 5"

19 Page 6, line 30:

20 Delete "sec. 3"

21 Insert "sec. 4"

- 1 Page 7, line 9:
- 2 Delete "sec. 4"
- 3 Insert "sec. 5"

# 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


130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

## MEMORANDUM

April 3, 1997

**SUBJECT:** Contracting authority of the Department of Corrections  
(CSHB 53(JUD)Work Order No. 20-LS0194\L)

**TO:** Representative Joe Green, Chair  
House Judiciary Committee  
ATTN: Lisa Kirsch

**FROM:** Jack Chenoweth  
Legislative Counsel 

I've pretty much kept "hands off" the material inserted in bill section 3. Since I earlier had an opportunity to comment and some changes were made, I didn't feel I was in a position to make further changes.

Now that bili sec. 2 and bill sec. 3 are both included in the committee-adopted version, I would raise a question whether the contracting process produced under AS 33.30.031 is internally inconsistent. Under proposed AS 33.30.031(c), amended by bill section 2, the commissioner, when entering into arrangements to provide necessary facilities under AS 33.30.031(a), must proceed by "competitive bid." Under proposed AS 33.30.031(g), the process outlined is one that asks the commissioner to "solicit proposals." I'm no expert on procurement, but I don't think these two ideas fit together.

JBC:jdr  
97-240.jdr

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 3, following line 3:

2 Insert a new bill section to read:

3 **\*\* Sec. 2.** AS 33.30.031 is amended by adding new subsections to read:

4 *NEW* (f) The commissioner may not enter into an agreement to provide necessary  
5 facilities under (a) of this section at a correctional facility that is to be constructed in  
6 this state after the effective date of this Act unless the commissioner initiates and  
7 completes a site selection process. The site selection process must provide the public  
8 reasonable opportunity to comment about sites to be considered for the location of the  
9 correctional facility.

10 (g) If, on the basis of the site selection process completed under (f) of this  
11 section, the commissioner determines to enter into an agreement to contract for  
12 provision of necessary facilities at a correctional facility that is located at a site within  
13 a municipality, in addition to the requirement of (f) of this section, the correctional  
14 facility may not be constructed at the site in the municipality unless approved by a  
15 majority of the voters voting at an election conducted by the municipality in the area  
16 affected on the question of locating the correctional facility at the site; for purposes  
17 of this subsection,

18 (1) the municipality may conduct the election in the area affected on  
19 the question of locating the correctional facility at the site by mail; if the municipality  
20 determines to conduct the election by mail and has not adopted an ordinance  
21 providing for an election by mail, the clerk of the municipality shall conduct the  
22 election under AS 15.20.800 except that, for purposes of this paragraph, the duties of  
23 the director of elections set out in AS 15.20.800 shall be performed by the clerk of  
24 the municipality; and

25 (2) to determine the "area affected" for purposes of an election,

1 (A) if the proposed site of the facility is in a city within a  
2 borough or is within the unorganized borough, "area affected" means the city;

3 (B) if the proposed site of the facility is within a borough  
4 outside a city or is within a unified municipality, "area affected" means the  
5 area determined by drawing a circle with a radius of two miles around the site  
6 of the proposed facility and thereafter selecting the one of the following areas  
7 that most nearly approximates the area included within that circle without  
8 omitting any part of the area included within that circle, as the legislative body  
9 of the municipality determines:

10 (i) an existing service area of the borough or unified  
11 municipality;

12 (ii) the boundary of one or more areas of the borough  
13 or unified municipality subject to the jurisdiction of a community  
14 council, neighborhood association, or similar subordinate geographical  
15 area that has recognition in the ordinances of the borough or unified  
16 municipality;

17 (iii) an assembly district, but only if the assembly of the  
18 borough or unified municipality is elected on the basis of separate  
19 election districts;

20 (iv) an election district as that term is defined in  
21 AS 15.60.010;

22 (v) a senate district as that term is defined in  
23 AS 15.60.010; or

24 (vi) any other determination by the legislative body of  
25 the municipality that reasonably approximates the area within the  
26 circle, but only if a determination made under (i) - (v) of this  
27 subparagraph would not describe an area that approximates the area  
28 included within that circle without omitting any part of the area  
29 included within the circle."

30 Renumber the following bill sections accordingly.

- 1 Page 4, line 27:
- 2 Delete "sec. 4"
- 3 Insert "sec. 5"

- 4 Page 6, line 30:
- 5 Delete "sec. 3"
- 6 Insert "sec. 4"

- 7 Page 7, line 9:
- 8 Delete "sec. 4"
- 9 Insert "sec. 5"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

*Amend  
1-29  
Not offered*

1 Page 5, line 23, following "capacity;":

2 Delete "and"

3 Page 5, line 24, following "(3)":

4 Insert "may not be used to house prisoners not convicted in a court of this state; and

5 (4)"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

- 1 Page 7, line 12:
- 2 Delete all material.
- 3 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

- 1 Page 5, line 24:
- 2 Delete "temporarily"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 24:

2 Delete "temporarily when"

3 Page 5, line 25, following "(A)":

4 Insert "temporarily when"

5 Page 5, line 27:

6 Delete "or"

7 Page 5, line 28, following "(B)":

8 Insert "temporarily when"

9 Page 5, line 28, following "contractor":

10 Insert "; or

11 (C) for the usual period of operation of a facility under a  
12 contract, not to exceed five years, but only if the state

13 (i) initiates direct operation of the facility at the  
14 conclusion of a contract that has expired or that is, by its terms,  
15 expiring; and

16 (ii) has issued an invitation to bid, request for proposal,  
17 or other procurement notice, and did not receive a bid, response, or  
18 other reply that was less than five percent below the estimated cost of  
19 the facility's operation by the Department of Corrections"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 27:

2 Delete "or"

3 Page 5, line 28, following "contractor":

4 Insert "; or

5 (C) the state determines that it is in the best interests of the  
6 state for the correctional facility to be operated by the state or by the political  
7 subdivision or public corporation of the state"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 8:

2 Delete "and (g)"

3 Insert ", (g), and (h)"

4 Page 7, following line 1:

5 Insert a new subsection to read:

6 "(h) In the award of a contract for the construction or operation of the correctional  
7 facility to be constructed and operated under the notice and approval given in (a) of this  
8 section, the Department of Administration shall require the contractor to pay not less than the  
9 current prevailing rate of wages for work of a similar nature in the region in which the work  
10 is done."

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 7, following line 17:

2 Insert a new bill section to read:

3 \*\* Sec. 6. CONSTRUCTION OF CORRECTIONAL FACILITY IS A PUBLIC  
4 CONSTRUCTION PROJECT. Construction of the correctional facility to be constructed and  
5 operated under sec. 4 of this Act is a project within the meaning of the term "public  
6 construction" set out in AS 36.95.010. The provisions of AS 36.05.010 apply to work  
7 performed on construction of the correctional facility."

8 Renumber the following bill section accordingly.

AMENDMENT

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 19:

2 Insert a new paragraph to read:

3 "(1) may not be constructed under the authority given in this Act unless

4 (A) before construction planning is begun, the commissioner of  
5 corrections first conducts a feasibility study, including a cost-benefit analysis, that  
6 examines various methods available to the state for relieving or eliminating the state's  
7 prison overcrowding; and

8 (B) the feasibility study conducted under (A) of this paragraph  
9 demonstrates that construction and operation of the correctional facility described in  
10 (a) of this section

11 (i) offers a positive cost-benefit ratio when compared to  
12 alternative methods considered; and

13 (ii) is otherwise feasible to relieve or eliminate overcrowding  
14 of existing correctional facilities;"

15 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 21:

2 Insert a new paragraph to read:

3 "(2) may not be constructed unless the building construction contractor posts  
4 a performance bond equal to the amount of the state's entire lease payment obligation for the  
5 full term of the lease-purchase agreement; liability under the performance bond must be for  
6 the duration of the lease-purchase agreement;"

7 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 19:

2 Insert a new paragraph to read:

3 "(1) may not be constructed under the authority given in this Act unless,  
4 before construction planning is begun, the commissioner of corrections first conducts a study,  
5 and the study demonstrates that construction of the correctional facility described in (a) of  
6 this section will result in a saving to the state of at least 25 percent when compared to  
7 construction of the facility by the state using the usual and customary state construction  
8 practices;"

9 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 19:

2 Insert a new paragraph to read:

3 "(1) may not be constructed under the authority given in this Act unless,  
4 before construction planning is begun, the commissioner of corrections first conducts a study,  
5 and the study demonstrates that construction of the correctional facility described in (a) of  
6 this section will result in a saving to the state of at least 30 percent when compared to  
7 construction of the facility by the state using the usual and customary state construction  
8 practices;"

9 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 19:

2 Insert a new paragraph to read:

3 "(1) may not be constructed under the authority given in this Act unless,  
4 before construction planning is begun, the commissioner of corrections first conducts a study,  
5 and the study demonstrates that construction of the correctional facility described in (a) of  
6 this section will result in a saving to the state of at least 35 percent when compared to  
7 construction of the facility by the state using the usual and customary state construction  
8 practices;"

9 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 19:

2 Insert a new paragraph to read:

3 "(1) may not be constructed under the authority given in this Act unless,  
4 before construction planning is begun, the commissioner of corrections first conducts a study,  
5 and the study demonstrates that construction of the correctional facility described in (a) of  
6 this section will result in a saving to the state of at least 40 percent when compared to  
7 construction of the facility by the state using the usual and customary state construction  
8 practices;"

9 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 19:

2 Insert a new paragraph to read:

3 "(1) may not be constructed under the authority given in this Act unless,  
4 before construction planning is begun, the commissioner of corrections first conducts a study,  
5 and the study demonstrates that construction of the correctional facility described in (a) of  
6 this section will result in a saving to the state of at least 45 percent when compared to  
7 construction of the facility by the state using the usual and customary state construction  
8 practices;"

9 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, following line 19:

2 Insert a new paragraph to read:

3 "(1) may not be constructed under the authority given in this Act unless,  
4 before construction planning is begun, the commissioner of corrections first conducts a study,  
5 and the study demonstrates that construction of the correctional facility described in (a) of  
6 this section will result in a saving to the state of at least 50 percent when compared to  
7 construction of the facility by the state using the usual and customary state construction  
8 practices;"

9 Renumber the following paragraphs accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 20 percent when compared to operation of the correctional facility by the Department  
8 of Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 18 percent when compared to operation of the correctional facility by the Department  
8 of Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 16 percent when compared to operation of the correctional facility by the Department  
8 of Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 14 percent when compared to operation of the correctional facility by the Department  
8 of Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 12 percent when compared to operation of the correctional facility by the Department  
8 of Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

- 1 Page 5, line 23, following "capacity;":
- 2                   Insert a new paragraph to read:
- 3                   "(3) may not be constructed for operation by a contractor under the authority
- 4 given in this Act unless, before construction planning is begun, the commissioner of
- 5 corrections first conducts a study, and the study demonstrates that operation of the
- 6 correctional facility described in (a) of this section will achieve a saving to the state of at
- 7 least 10 percent when compared to operation of the correctional facility by the Department
- 8 of Corrections;"
  
- 9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 8 percent when compared to operation of the correctional facility by the Department of  
8 Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 6 percent when compared to operation of the correctional facility by the Department of  
8 Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 23, following "capacity;":

2 Insert a new paragraph to read:

3 "(3) may not be constructed for operation by a contractor under the authority  
4 given in this Act unless, before construction planning is begun, the commissioner of  
5 corrections first conducts a study, and the study demonstrates that operation of the  
6 correctional facility described in (a) of this section will achieve a saving to the state of at  
7 least 4 percent when compared to operation of the correctional facility by the Department of  
8 Corrections;"

9 Renumber the following paragraph accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

- 1 Page 1, line 9:
- 2 Delete "a lease-purchase agreement"
- 3 Insert "lease-purchase agreements"
- 4 Delete "use-purchase agreement"
- 5 Insert "use-purchase agreements"
  
- 6 Page 1, line 10:
- 7 Delete "a correctional facility"
- 8 Insert "correctional facilities"
  
- 9 Page 1, line 11:
- 10 Delete "facility's"
- 11 Insert "facilities'"
  
- 12 Page 4, line 31:
- 13 Delete "AGREEMENT"
- 14 Insert "AGREEMENTS"
  
- 15 Page 5, line 1:
- 16 Delete "AGREEMENT"
- 17 Insert "AGREEMENTS"
  
- 18 Page 5, line 2:
- 19 Delete "a new correctional facility"
- 20 Insert "new correctional facilities"

- 1 Page 5, line 4:
- 2 Delete "an agreement"
- 3 Insert "one or more agreements"
  
- 4 Page 5, lines 4 - 5:
- 5 Delete "a lease-purchase agreement, use-purchase agreement, or other agreement to
- 6 use a facility that has"
- 7 Insert "one or more lease-purchase agreements, use-purchase agreements, or other
- 8 agreements to use facilities that have"
  
- 9 Page 5, line 6:
- 10 Delete "a correctional facility"
- 11 Insert "correctional facilities"
  
- 12 Page 5, lines 7 - 8:
- 13 Delete "The project approval given by this subsection is"
- 14 Insert "Project approvals given by this subsection are"
  
- 15 Page 5, line 11:
- 16 Delete "the correctional facility"
- 17 Insert "all the correctional facilities"
  
- 18 Page 5, line 12:
- 19 Delete "the agreement"
- 20 Insert "all the agreements"
  
- 21 Page 5, line 13:
- 22 Delete "obligation"
- 23 Insert "obligations"
  
- 24 Page 5, line 14:
- 25 Delete "lease or use agreement"

- 1           Insert "agreements"
- 2   Page 5, line 16, following "term of":
- 3           Delete "the"
- 4           Insert "a"
- 5   Page 5, line 18:
- 6           Delete "The"
- 7           Insert "A"
- 8   Page 5, line 29:
- 9           Delete "The"
- 10          Insert "A"
- 11   Page 6, line 17:
- 12          Delete "the correctional"
- 13          Insert "a correctional"
- 14   Page 6, line 21:
- 15          Delete "the correctional"
- 16          Insert "a correctional"
- 17   Page 7, line 2:
- 18          Delete "FACILITY"
- 19          Insert "FACILITIES"
- 20   Page 7, line 3:
- 21          Delete "AGREEMENT"
- 22          Insert "AGREEMENTS"
- 23   Page 7, line 5:
- 24          Delete "a major correctional facility"

1           Insert "correctional facilities"

2   Page 7, line 6:

3           Delete "site of the correctional facility"

4           Insert "sites of the correctional facilities"

5   Page 7, line 8:

6           Delete "the"

7           Insert "each"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 5, line 15:

2 Delete "and"

3 Page 5, line 17, following "facility":

4 Insert "; and

5 (4) in case of default by a private third-party contractor with whom the state  
6 has entered into an agreement described in (c) of this section, the state may procure goods  
7 or services from another source and hold the defaulting contractor accountable for reasonable  
8 costs and may use other remedies."

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 53

1 Page 4, line 5, following "this section":

2 Insert "and sec. 6 of this Act"

3 Page 5, line 9, following "this section":

4 Insert "and sec. 6 of this Act"

5 Page 7, following line 17:

6 Insert a new bill section to read:

7 "\* Sec. 6. GEOGRAPHICAL LIMITATION. The Department of Administration or the  
8 Department of Corrections, as appropriate, may not enter into an agreement under secs. 3 or  
9 4 of this Act concerning a correctional facility that is located or to be located north of the  
10 south boundary of Township 13 North, Seward Meridian, and within the corporate boundaries  
11 of a municipality having a population of more than 100,000."

12 Renumber the following bill section accordingly.

AMENDMENT

OFFERED IN THE HOUSE

TO: HB53

1 Page 2, lines 22-24  
2 Delete "; and  
3 (B) may not be administratively restricted or  
4 limited by the commissioner to use only for prisoners involved  
5 in certain rehabilitative or treatment programs authorized by  
6 law"

AMENDMENT

OFFERED IN THE HOUSE

TO: HB53

1 Page 5, line 13, after \$180,000,000:

2 Delete "and the anticipated"

3 Insert ", the"

4 Page 5, line 15, after "total":

5 Insert "and must not exceed annual appropriations for

6 that purpose"