

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 00/2

10196 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

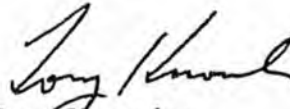
The Honorable Brian Porter  
January 15, 2001  
Page 2

alternate programs. This bill addresses this problem by providing for allocation of the responsibilities and coordination of the provision of special education services among the various educational agencies.

Present state law provides a combined program of services for gifted children and for children with disabilities. The detailed requirements of the federal IDEA and the federal program financing apply only to the state's educational programs for children with disabilities; federal money for the IDEA may not be used for programs for gifted children. To be consistent with federal requirements, this bill separates statutes regarding special education requirements for children with disabilities from those regarding requirements for gifted children. However, the bill maintains procedural safeguards for both programs.

As part of Alaska's commitment to quality education for all children, including children with disabilities and gifted children, I urge your prompt and favorable action on this bill.

Sincerely,



Tony Knowles  
Governor

HB 71

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 71  
 (H) Publish Date: 01/17/01

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Education & Early Dev.  
 Title: An act relating to special education... BRU: Teaching & Learning  
 Component: Special and  
 Sponsor: Rules Committee Supplemental Services  
 Requester: Governor Component Number: 166

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

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<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>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<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 (FY2001) cost: 0.0

**POSITIONS**

Full-time	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Part-time						
Temporary						

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

Currently, the department is charged, by state statute, to administer the state's Gifted Education program. This legislation clarifies the state's responsibilities relating to the Gifted Education program. Although the legislation does not add new responsibilities, the department has not had the resources to meet the requirements. Federal special education funds cannot be used for this purpose. The department has requested an increment of \$177,700 in general funds in the FY2002 budget for the Division of Teaching and Learning Support, Special and Supplemental Services Component to cover the costs for administering this program.

Prepared by: Barbara Thompson Phone 465-8727  
 Division: Teaching and Learning Support Date/Time 11/14/00 10:00 AM  
 Approved by: Bruce Johnson, Deputy Commissioner of Education Date 11/14/00  
 Agency: Dept. of Education & Early Development

For distribution information, call the Governor's Legislative Office



**HB**

**76/77**

# ALASKA STATE LEGISLATURE

## House of Representatives

COMMITTEE ASSIGNMENTS:

JUDICIARY COMMITTEE, CHAIRMAN  
LABOR & COMMERCE COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
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ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1182  
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### Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)


#### MEMORANDUM

**TO:** The Honorable Fred Dyson, Chairman  
House Health, Education and Social Services Committee Chairman

**FROM:** Representative Norman Rokeberg

**DATE:** February 19, 2001

**RE:** HB 76 and HB 77  
Alaska Psychiatric Institute



Please schedule HB 76 and HB 77 for a hearing before your committee.

Attached are:

1. Copy of HB 76
2. Copy of HB 77
3. Sponsor Statement
4. Municipality of Anchorage information re \$200,000 grant request

I would request that any hearing be teleconferenced and that off-net provisions be made for the following (if necessary):

Jeff Jesse, Alaska Mental Health Trust Authority, 269-7963  
Lee Gorsuch, Chancellor, University of Alaska at Anchorage, 786-1437  
Jewel Jones, Director, Municipality Department of Health and Human  
Services, 343-6718  
Randall Burns, Director, Alaska Psychiatric Institute, 269-7100

I would further request that any such hearing be teleconferenced to Anchorage, Fairbanks, and other locations that might wish to be added.

At the first hearing on this legislation, I think it might be useful, if you agree, for someone to present a history of API, its replacement project, and where we currently stand on this matter.

Thank you for your consideration.

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

API - Packet  
TONY KNOWLES, GOVERNOR

P.O. BOX 110601  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465-3030  
FAX: (907) 465-3068

March 15, 2001

The Honorable Lyda Green  
Alaska State Legislature  
State Capitol, Room 125  
Juneau, Alaska 99801

Dear Senator Green:

I am writing to respond to issues and questions raised by Committee members regarding the Alaska Psychiatric Institute (API) replacement project during the February 28 Senate HESS Committee hearing on SB 96. Members raised four key questions and several related issues. Those questions are re-stated below, followed by information responding to the questions.

### **Did DHSS explore the purchase of any other building in Anchorage besides the Charter North Hospital?**

In January 1998 the Department of Health and Social Services (DHSS) gave very public notice of its desire to purchase a facility within the Municipality of Anchorage to serve as a replacement for API. The Department issued letters to all known owners of potentially qualifying facilities and published a Request for Letters of Interest (copy attached) in the Anchorage Daily News. These efforts sought a response from any private entity with title to a facility qualified to serve as a replacement for API. Qualifying facilities were limited to those that met hospital level code, licensing, and accreditation standards because converting a facility to meet those standards would not be economically feasible.

Despite the broad public notice, DHSS received only one response – that was from Charter Behavioral Health Systems. We pursued purchase of Charter North Hospital because it met two out of our three most important criteria: 1) it was located near (right across the street from) a general (medical-surgical) hospital, and 2) purchase of the facility, expansion, renovation, and land acquisition could be substantially, although not fully, accomplished with the funds remaining in the API Replacement appropriation. The Charter facility was acceptable though far from ideal in meeting the third criteria - a therapeutic environment with appropriate types of treatment space.

As you know, strong community opposition and local planning and zoning decisions prevented DHSS from purchasing the Charter facility. In the wake of that experience we do not believe it would be possible to purchase a facility in Anchorage that could serve as a replacement for API. We believe this for several reasons:

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- No existing facility in Anchorage that could qualify as a replacement is available for purchase, as clearly indicated by response to our previous solicitation.
- We do not believe it would be possible to convert a facility built to non-hospital standards to serve the unique needs of an inpatient psychiatric hospital. Hospitals require special construction standards and API, because it is a locked facility, is held to a very high level of fire life safety construction and operational standards. Equal in importance is the need for a therapeutic environment. The Department could not simply purchase an office building, for example, and then attempt to renovate it to hospital standards and functionality at a reasonable cost.
- API must be located very near a general, medical-surgical hospital. A significant number of our patients must be medically screened prior to admission. The difficult mental states of many of our patients are often further complicated by their poor health, including: substance abuse effects, and many serious, chronic diseases such as diabetes, high blood pressure, seizure disorders, liver dysfunction, ulcerated stomachs, and other conditions. These conditions make immediate access to emergency hospital care essential. No suitable facility with an appropriate location is available for purchase as a replacement for API.
- Our experience in attempting to purchase Charter as a replacement for API clearly demonstrated that any attempt to relocate API in another neighborhood would be met with strong community opposition and would likely experience the same adverse zoning decisions preventing use of any replacement facility. This was confirmed by the resolution of the Anchorage Planning and Zoning Commission (copy attached), who voted in unanimous objection to the relocation. Local government decision-makers and the community in general were quite clear: stay put.

In summary, we believe it is virtually impossible for DHSS to purchase and use other buildings in Anchorage as a replacement for API. The unique construction and programmatic needs, the need to be very near a general hospital, the limited number of suitable facilities and their lack of availability for purchase, and the community's opposition to API's relocation make this impossibility clear.

#### **Why were Certificates of Participation (COPs) chosen as the mechanism to fund the API replacement hospital?**

COPs were chosen over General Obligation Bonds (GOBs) and AHFC capital project and governmental purpose bonds for several reasons.

- COPs are a very common method of financing for states when purchasing or constructing a building and are a good fit for this individual project. COPs have strong market acceptance and flexibility and a record of success with similar projects in Alaska and elsewhere.
- General Obligations Bonds (GOBs) have not historically been used for individual projects but rather for groups of projects, and no GOBs have been issued in Alaska for many years. GOBs must be authorized by law and ratified by the voters. This project is specific enough in nature

that it doesn't warrant taking the public process beyond the Legislature and Governor, and to do so would be a break from historical practice. Additionally, as there is no statewide election until 2002, waiting for general election approval would further delay the project by approximately two years, reducing the buying power of the existing appropriation and likely increasing the cost of the project.

- Financing through AHFC does not appear feasible. AHFC does not have current capacity to issue additional capital project or governmental purpose bonds. AHFC has issued \$603 million in governmental purpose and \$196.35 million in State capital project bonds since 1994. These bond issuances have funded capital projects throughout the State, and are paid for with revenues from AHFC as part of a multi-year agreement with the Legislature. As part of this agreement, AHFC provides the State \$102 Million, of which \$50 Million is available for payment of these classes of bonds. AHFC staff have indicated that the \$50 million portion of their dividend available to repay bonds is fully utilized for as long as rating agencies will allow. AHFC staff have indicated that if additional demands are placed on the Corporation, its credit ratings would likely be adversely affected.

**Did the Department consider a design/build approach to the new facility, and whether to privatize the operations of the hospital?**

#### Design/Build

The design/build approach was considered during the initial phase of work on this project. It was not selected because the hospital replacement project is complex and involves exceptional requirements for which the design/build approach is not well-suited. A design/build approach is generally understood to work well with straight-forward projects like simple office building structures. It does not offer advantages when applied to more specialized projects that have unique programmatic and design needs requiring much more complex programming, design, and construction. In fact, it has substantial drawbacks for such applications. The public input aspect of high profile public projects such as API, involving many key stakeholders and politicized as API has been, is not well-tolerated or accommodated by the design/build approach.

The State's success with this approach has been, at best, mixed. There are examples of projects with good outcomes (the Fairbanks Trooper Office) and bad outcomes (the University of Alaska Southeast's housing project, the DEC building/lab in Juneau). All of these projects were relatively straight-forward compared to the complexity of hospital construction.

Given the uniqueness of this project DOT&PF determined early on that maintaining maximum control of this project was important. Failure to have full control of such a complex project could delay the project if problems developed during the design or construction phases, or increase operating or remediation costs down the line because of flaws in design or construction.

The complexity of the project and need to maintain maximum control was borne out in the bids received in 1996. One of the contractors who bid on the hospital project indicated that a main reason that his and the other bids were so far above the DOT estimate was the lack of contractor familiarity with some of the construction requirements of this special project. In other words, they

marked up their construction bids to account for possible contingencies in this type of unusual hospital construction, to ensure that they were not left holding the bag if they encountered difficulties during the construction phase.

DHSS and DOT&PF have recently again discussed the potential of a design/build approach. DOT&PF believes that a modified design/build approach could be considered at this time using the existing design but requiring optimization through a "value engineering" effort to minimize construction costs. (Please see the attached memorandum from DOT&PF employee Jerry Watkins.)

### Should the State Attempt to Privatize Operations of the API?

The majority of Alaska's mental health system has been privatized. Since the early 1980's, when API's census was close to 225, the Department has actively privatized mental health services in Alaska through community mental health providers and local hospitals. Today API is only a 74 bed hospital, and community hospitals that are interested or able have assumed responsibility for local, acute psychiatric treatment through "Designated Evaluation and Treatment" (DET) or "Designated Evaluation and Crisis Stabilization" (DES) agreements with the Division of Mental Health and Developmental Disabilities (DMHDD) – providing evaluations and short-term treatment for up to 30 days.

Instead of relying on API, community hospitals in Juneau, Kodiak, Nome, and Fairbanks are presently well-reimbursed by the State for the inpatient psychiatric services these hospitals provide. In addition, many of the patients formerly treated at API, and present clients of community mental health centers (CMHCs) with similarly difficult illnesses, no longer need hospital-level care because of vast improvements in the medications available AND the significant efforts to increase local, community-based services.

We have already considered, pursued and successfully privatized those aspects of API's functioning that can be accomplished by private providers in those areas where providers are willing and able to take on those functions. We are pursuing additional privatization efforts in Anchorage where we are attempting development of DET beds, a single point of entry and other community alternatives to hospitalization at API.

The development of private community alternatives in Alaska certainly parallels what is occurring nationally. Nevertheless, *no state* has entirely eliminated public hospital capacity to serve the inpatient psychiatric needs of its residents. While the trend toward reduced use of inpatient hospitals is desirable it remains necessary for states to maintain state-operated psychiatric treatment beds as the last resort when private hospitals and community services are incapable or unwilling to meet the need.

This core function of government is a cornerstone of every state's mental health system. State hospitals provide acute and tertiary inpatient psychiatric care and treatment to patient populations that exceed community capacity. State hospitals must be available when private providers are unable or unwilling to provide the type of care needed. Such instances include care for individuals involuntarily hospitalized because of serious and chronic mental illness accompanied by complex

medical needs or very difficult or assaultive behavior, traumatic brain disorders, geriatric mental illnesses, pre-trial forensic evaluation and treatment, or because of their legal status as not guilty by reason of insanity (NGRI). As a group, the severity of these illnesses creates and presents treatment challenges that are expensive in terms of the intensity of service need and present potentially difficult and costly risk management issues, thus reducing private provider willingness to provide these services to these unique individuals.

Though most services can and have been privatized it would be imprudent to eliminate *all* state operated hospital capacity. If *all* state-operated inpatient capacity were eliminated the state could not assure needed care for the most vulnerable mentally ill patients in the face of a bankruptcy (such as Charter corporation experienced recently), a contract default or other event that left the state without inpatient capacity. We simply cannot eliminate the last resort in favor of a privately operated capacity. Therefore, while DHSS is opposed to the idea of entirely privatizing or eliminating API, it certainly continues its support for and commitment to the continued expansion of community-based mental health services, whether outpatient or inpatient, where ever possible

#### **Is the single-story design appropriate for API?**

The single-story design of the replacement hospital was the subject of considerable research, planning, and public input. It was determined to be both the most appropriate and clinically advantageous design, given the unique purpose of the facility and the needs of those persons suffering from mental disorders.

There are some potential cost savings possible with multistory construction, however, those do not actually accrue until a building is four stories or more. Re-designing the replacement facility would add substantially to the costs of replacing API and, given the size of the facility, there is no assurance that the additional redesign costs would be offset by reduced construction costs.

The single story design we have has several advantages:

- It has the maximum potential to accomplish the fundamental purpose of the hospital – patient recovery. It was designed to meet the unique and subtle needs of persons experiencing mental illness who are hospitalized for treatment
- It provides for efficient, low cost operation by locating staff on the patient units and by accommodating ease of maintenance and repair through ready access to support systems without disrupting patient care.
- Because the hospital is single story design all the costs of providing for patient safety and security are reduced enormously. The costs of purchasing, maintaining, and supervising elevators and stairs, and the concomitant costs and complications accruing from multilevel fire safety for a health/hospital occupancy are clearly reduced significantly.

Comparing multi-story vs. single story designs reveal several facts. Multistory buildings save on foundation and roof costs but they also bear the additional cost of vertical circulation space (stairs and elevators) and increased structural frame costs. Additionally, multistory buildings

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have less adaptability for changing treatment methodologies over the long term and may incur increases in staffing costs (depending on layout) due to that lessened adaptability. A multi-story facility also lacks flexibility and direct ground access for any physically disabled patients housed above the ground floor.

Multistory buildings are often the preferred design on smaller sites where space is at a premium. Single-story buildings are typically preferred where the site is less constrained and ready access to the grounds is desirable and/or reservation of land for future growth is required.

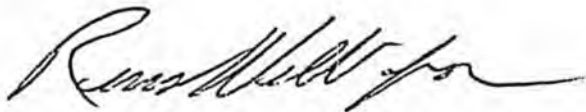
Comparing costs per square foot for single-story vs. two-story reveals a cost premium for two-story. The efficiencies of multistory really don't become notable until single-story is compared with multi-story construction exceeding four stories. An API replacement designed for the needed capacity would not reasonably be expected to achieve those cost efficiencies.

Given this project's programmatic requirements and the availability of adequate site area at the existing location, a single-story building is appropriate and probably most conducive to the purpose of the facility - patient recovery.

Finally, the design has already once received affirmation through the public review process, including final approval by the Anchorage Planning and Zoning Commission.

I hope this information responds fully to Committee members' questions and is helpful in considering SB 96.

Sincerely,



Karen Perdue  
Commissioner

Attachments

cc: Janet Clarke, Director, Admin. Services  
Randall Burns, Director, API  
Walter Majoros, Director, DMHDD

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**STATE OF ALASKA**  
**DEPARTMENT OF HEALTH & SOCIAL SERVICES**



**REQUEST FOR LETTERS OF INTEREST**

The Alaska Department of Health and Social Services (DH&SS) is interested in determining whether there is presently any private entity with title to a facility within the boundaries of the Municipality of Anchorage that meets current hospital-level construction, fire, and security codes and all appropriate JCAHO and HFCA hospital accreditation standards that would be interested in entering into negotiations with the State of Alaska, the conclusion of which would be the conveyance at an agreed upon time of either the ownership of that privately held facility or the undivided interest ownership to a physically separate, programmatically independent portion of that existing facility to the State of Alaska for DH&SS' direct operation of a psychiatric hospital.

This is not an offer to purchase such a facility. DH&SS is presently considering a number of potential alternatives for the replacement of Alaska Psychiatric Institute's facilities and may or may not enter into future negotiations based on any letter of interest provided in response to this request.

The facility (or the separate portion thereof) sought through this Request for Informant must 1) at a minimum, be able to provide a bed capacity that may range from 54 to 72 beds; 2) be accessible to major transportation hubs and near emergency medical facilities; and 3) be located on grounds that provide for appropriate private, patient outdoor access and activity.

DH&SS would operate a locked, secure, public, psychiatric hospital within this facility, and would treat a variety of patient populations, including acute and longer term adults, age 18 and above (including provision for the needs of the elderly), who are committed involuntarily for psychiatric treatment; a medium security forensic population (including persons accused of crimes and undergoing evaluation for competency or treatment for incompetency), as well as persons found not guilty by reason of insanity.

The facility is required no later than July 1, 2000 (but title may be conveyed earlier), in order that any necessary additional construction or necessary renovations and repairs could be completed prior to an anticipated state occupancy of October 1, 2001.

If you are interested in providing a facility to the State of Alaska, please provide a description of your facility or any other options you believe to be viable for DH&SS given their goal to obtain such a facility for the direct operation by DH&SS of a psychiatric hospital, along with a letter of interest, to the address below by 4:30 p.m. on February 11, 1998.

Thank you for your consideration of this request for information.

Darla Madden  
DH&SS Procurement Officer

**Mail the Letter of Interest to:**

**Darla Madden**  
**DH&SS Chief Procurement Officer Phone: 907-465-3005**  
**P. O. Box 110650 Fax: 907-463-3153**  
**Juneau, AK 99811-0650**

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*Posted: January 26, 1998*

NOTICE OF PROPOSED ACTION BY ALASKA PSYCHIATRIC INSTITUTE  
(DEPARTMENT OF HEALTH AND SOCIAL SERVICES)

The public is hereby notified, that the Alaska State Department of Health and Social Services (the Department) is considering action regarding construction of facilities to replace the existing API facilities in Anchorage, Alaska. The Department is considering various options including

1. Construction of a hospital on the same parcel of property that its existing hospital is located (south of Providence Drive); pursuant to architectural/engineering drawings developed for API, and pursuant to future bid specifications which may be let under applicable procurement code provisions;
2. Movement from API's present facilities to a location including part of and/or next to facilities presently owned and operated by Charter North Star Behavioral Health System (south of Debarr Avenue); an option considered by API following a response from Charter North Star Behavioral Health System to the Department's request for letters of interest published January 28, 1998;
3. Construction of facilities on land currently owned by the University of Alaska adjacent to Providence Hospital property or alternatively on Alaska Mental Health Trust land in a location to the south and west of API's present location. The facility so constructed may be leased in part to a local public procurement unit, including but not limited to Providence Hospital.

The authority for pursuing the foregoing options arises under (1) the Department's general authority to construct, operate, and acquire hospitals, including facilities for mental health care (AS 47.30), and (2) the Alaska procurement code, and exceptions provided by law to that code (AS 36.30). The Department will evaluate the most viable replacement proposal among these options for purposes of program execution consistent with appropriations which have been authorized or will be authorized by law. Assuming availability of funding, it is anticipated that acquisition and/or commencement of construction could begin during fiscal year 2000. It is also anticipated that acquisition or construction of appropriate facilities will be phased to promote security and minimize impact upon patients of API, and will result ultimately in demolition of part or all of the existing API facilities. Written comments regarding the foregoing process may be addressed to Darla Madden, Procurement Officer, Department of Health and Social Services, Division of Administrative Services, P.O. Box 110650, Juneau, Alaska 99811-0650.

DATED this 4<sup>th</sup> day of December, 1998.

DEPARTMENT OF HEALTH AND  
SOCIAL SERVICES

By Darla Madden

Darla Madden  
Procurement officer

API 2000  
031B

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

CENTRAL REGION - DIVISION OF CONSTRUCTION & OPERATIONS  
PUBLIC FACILITIES BRANCH

DOT&PF ANNEX BUILDING  
2200 EAST 42<sup>nd</sup>. AVENUE  
ANCHORAGE, ALASKA 99508  
(907) 269-0810 or 269-0819  
FAX (907) 269-0806 or 269-0805

November 2, 2000

RE: Alaska Psychiatric Institute  
Replacement Facility  
Project No. 51064

### Design/Build Procurement

Mr. Larry Streuber  
Chief, Facilities/Planning  
Alaska Department of Health & Social Services  
P.O. Box 110650  
Juneau, Alaska 99811-0650

Dear Mr. Streuber;

This is to respond to your request for comment upon the relative merits of using the Design/Build method of procurement to replace the existing API.

The Public Facilities Branch has utilized iterations of the Design/Build procurement method on several projects over many years. The earliest I can remember, and by far the most programmatically complicated was the procurement of a 100-Bed Prison near Sutton, Alaska, in 1981-82. This project utilized the purest form of Design/Build: the solicitation described the required spaces, gave the proximity relationships of the spaces, specified the required lighting levels and finishes in each room, etc, and the respondents furnished their qualifications and a schematic design submittal. The winning contractor was selected on the basis of a relative scoring matrix, which considered qualifications, desirability of the submitted design, and proposed price and schedule.

As a participant in that procurement, my assessment is that:

1. The State was unable to maintain the normal degree of control of the design process and the construction product. As a result, the long-term maintenance and operations costs have been higher than normal.
2. There was a real advantage in delivery time for the project by way of the Design/Build process. The facility was occupied within 11 months of the Using Agency's initial request, probably one year sooner than would have been possible with the more conventional process.

More recently, our Branch has executed several Design/Build procurements for relatively non-

complex facility types: sand storage buildings and aircraft rescue/fire fighting equipment buildings. These cases have utilized a more controlled process whereby we publish a conceptual/schematic design and solicit proposals to complete the design and build the project. Still, the qualifications of the design/build team are ranked in a scoring process and considered along with the proposed contract price. This has seemed to work well for these kinds of buildings. But I would not currently recommend even this more controlled iteration of the Design/Build procurement method for a new facility as programmatically complex as the State's only mental hospital.

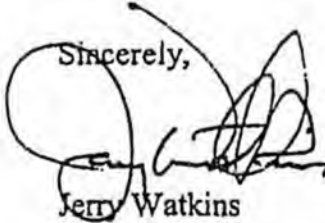
However, I'll mention an iteration of Design/Build that may be worth considering for the API Replacement Hospital. Under this iteration we would:

1. Issue a Design/Build solicitation based primarily on the already-completed design;
2. Allow respondents to confidentially propose "value engineering" design modifications (subject to State approval prior to submission of final offers);
3. Require the respondents' team members to assume the role of "Architect/Engineer of Record" if awarded the contract;
4. Award the contract to the respondent submitting the best offer considering qualifications, desirability of modified design, proposed schedule, and price.

Unfortunately, the currently available funds are inadequate to support such a contract award, even considering potential "value engineering" proposals. Also, cleanup and demolition of the existing hospital is a high priority in addition to procuring a new facility. And, finally, the Alaska Mental Health Trust has a fiduciary responsibility to secure revenue from its lands, which include this site.

Considering those factors, I would suggest a further evolution of the Design/Build process described above: Design/Build/Lease-Purchase (including demolition of the existing facility and purchase of the site). This proposal would have the developer finance all costs, to be recovered through a long-term lease to the State. The existing project funding could be applied as an initial payment upon completion, to lower the total lease-purchase payments.

Admittedly, such an arrangement is at the fringes of my experience and qualifications. But with appropriate assistance from the Departments of Administration, Law, and Revenue, I believe this would be a workable procurement approach.

Sincerely,  
  
Jerry Watkins  
Project Manager

cc: Steve Flodin, Chief, Public Facilities Branch

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS

JUDICIARY COMMITTEE CHAIRMAN  
LABOR & COMMERCE COMMITTEE MEMBER  
LEGISLATIVE COUNCIL MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM MEMBER

website: <http://www.akrepublicans.org/Rokeberg.htm>



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## Representative Norman Rokeberg

E-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

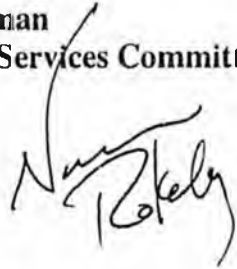
### MEMORANDUM

**TC:** Representative Fred Dyson, Chairman  
House Health, Education & Social Services Committee

**FROM:** Representative Norman Rokeberg

**DATE:** March 16, 2001

**RE:** House Bills 76 and 77



### Attached are:

1. Draft blank CS for SSHB 76, LS0349\L, Utermohle, 3/16/01. This proposal merges parts of the Governor's HB 130 and my SSHB 76 with one major change -- it proposes the use of general obligation bonds instead of certificates of participation. The draft CS retains my language concerning cooperation among various state and local entities and the requirement for a forensic unit for Department of Corrections. I realize that the forensic unit is a policy question that the committee will want to discuss.
2. Draft amendment providing for the use of certificates of participation instead of general obligation bonds. This amendment is provided as a courtesy in case the committee wishes to use that way of financing. This is another area of policy discussion by the committee.
3. Draft blank CS for SSHB 77, LS0350\J, Utermohle, 3/14/01. This drops the funding for the API replacement and retains the appropriation to the Municipality of Anchorage.

I have faxed these drafts to the Departments, the University and the Municipality for their review. I look forward to the committee meeting on Tuesday, March 27<sup>th</sup>.

**cc:** Elmer Lindstrom, Department of Health & Social Services, fax: 3068  
Candace Brower, Department of Corrections, fax: 3390  
Jewel Jones, Municipality of Anchorage, fax: 343-6740  
Lee Gorsuch, University of Alaska at Anchorage, fax: 786-6123

22-LS0349L  
Utermohle  
3/16/01

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 76( )**

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

**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE ROKEBERG**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act providing for and relating to the issuance of general obligation bonds to finance**  
2 **demolition of all or part of the existing facility known as the Alaska Psychiatric Institute**  
3 **and construction of a new facility to be known as the Alaska Psychiatric Institute;**  
4 **relating to construction of a facility to be known as the Alaska Psychiatric Institute; and**  
5 **providing for an effective date."**

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

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

9 **FINDINGS AND INTENT.** (a) The legislature previously appropriated money for  
10 the construction or the purchase of facilities to replace the existing Alaska Psychiatric  
11 Institute. Construction of a replacement within the appropriated amount proved impossible  
12 when all bids received for the designed replacement were substantially higher than estimated  
13 and exceeded the money available for the project. The attempt to replace the existing facility

1 through purchase of another existing facility failed when local zoning processes made it  
2 impossible to complete the purchase contract and ultimately use the other facility. At present,  
3 \$19,200,000 has been appropriated and is available for the purpose of replacing the existing  
4 Alaska Psychiatric Institute facility. It is the intent of the legislature that that money, along  
5 with the proceeds of general obligation bonds authorized by this Act, be used to construct a  
6 new facility to be known as the Alaska Psychiatric Institute.

7 (b) To assist in replacing the existing Alaska Psychiatric Institute facility, the Alaska  
8 Mental Health Trust Authority has set aside available money in the amount of \$3,000,000 that  
9 could be used for the construction of a new facility to be known as the Alaska Psychiatric  
10 Institute.

11 (c) It is the intent of the legislature that the amount of money to be used for  
12 construction of, acquisition of, and equipping a new facility to be known as the Alaska  
13 Psychiatric Institute is \$58,750,000. Of that amount, \$22,200,000 would be from sources  
14 described in (a) and (b) of this section and \$36,550,000 would be from the proceeds of  
15 general obligation bonds authorized by this Act.

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

18 REPLACEMENT OF THE ALASKA PSYCHIATRIC INSTITUTE. The  
19 commissioner of health and social services shall provide for the demolition of all or part of  
20 the existing facility known as the Alaska Psychiatric Institute and construction of a new  
21 facility to be known as the Alaska Psychiatric Institute. The replacement facility must include  
22 a forensic psychiatric unit ~~to be operated by the Department of Corrections~~ that is separate  
23 from other elements of the facility. In this section, "forensic psychiatric unit" means a facility  
24 for the assessment, treatment, custody, and confinement of mentally abnormal criminal  
25 offenders. The commissioner shall cooperate with the Department of Corrections, the  
26 University of Alaska Anchorage, Providence Hospital in Anchorage, Alaska Regional  
27 Hospital in Anchorage, and the Municipality of Anchorage in the design and construction of  
28 the replacement facility.

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

31 GENERAL OBLIGATION BONDS. For the purpose of paying the cost of

1 demolition of all or part of the existing facility known as the Alaska Psychiatric Institute and  
2 construction of a new facility to be known as the Alaska Psychiatric Institute, general  
3 obligation bonds of the state in the principal amount of not more than \$36,550,000, if  
4 authorized by the qualified voters of the state, shall be issued and sold. The full faith, credit,  
5 and resources of the state are pledged to the payment of the principal of and interest and  
6 redemption premium, if any, on the bonds. The bonds shall be issued under the provisions of  
7 AS 37.15 as those provisions read at the time of issuance.

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

10 ALASKA PSYCHIATRIC INSTITUTE FUND. If the issuance of the bonds is  
11 authorized by the qualified voters of the state, a special fund of the state to be known as the  
12 "Alaska Psychiatric Institute Fund" shall be established, to which shall be credited the  
13 proceeds of the sale of the bonds described in sec. 3 of this Act except for the accrued interest  
14 and premiums.

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

17 DEPARTMENT OF HEALTH AND SOCIAL SERVICES. The amount of  
18 \$36,550,000 is appropriated from the Alaska Psychiatric Institute Fund to the Department of  
19 Health and Social Services for demolition of all or part of the existing facility known as the  
20 Alaska Psychiatric Institute and construction of a new facility to be known as the Alaska  
21 Psychiatric Institute.

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

24 STATE BOND COMMITTEE. If the issuance of the bonds is authorized by the  
25 qualified voters of the state, the amount of \$127,925 or as much of that amount as is found  
26 necessary is appropriated from the general fund of the state to the state bond committee to  
27 carry out the provisions of this Act and to pay expenses incident to the sale and issuance of  
28 the bonds authorized in this Act. The amounts expended from the appropriation authorized by  
29 this section shall be reimbursed to the general fund from the proceeds of the sale of the bonds  
30 authorized by this Act.

31 \* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 ADVANCE PLANNING. The amount withdrawn from the public facility planning  
3 fund (AS 35.10.135) for the purpose of advance planning for the capital improvements  
4 financed under this Act shall be reimbursed to the fund from the proceeds of the sale of bonds  
5 authorized by this Act.

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

8 LAPSE; REDEMPTION; REIMBURSEMENT. The unexpended and unobligated  
9 balance of the appropriation made in sec. 5 of this Act lapses under AS 37.25.020 and is  
10 appropriated to the state bond committee to redeem bonds sold under this Act. The amounts  
11 expended from the general fund to pay the principal, interest, and redemption premium on  
12 bonds issued under this Act shall be reimbursed to the general fund from the appropriation  
13 made under this section to the extent that the money is not needed to redeem the bonds.

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

16 BALLOT QUESTION. The question whether the bonds authorized in this Act are to  
17 be issued shall be submitted to the qualified voters of the state at the next general election and  
18 shall read substantially as follows:

19 PROPOSITION

20 Alaska Psychiatric Institute Construction

21 Bonds \$36,550,000

22 Shall the State of Alaska issue its general obligation bonds in the  
23 principal amount of not more than \$36,550,000 for the purpose of  
24 paying the cost of demolition of all or part of the existing facility  
25 known as the Alaska Psychiatric Institute and construction of a new  
26 facility to be known as the Alaska Psychiatric Institute?

27 Bonds Yes [ ]

28 Bonds No [ ]

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

31 DEFINITION. In this Act, "construction" includes the cost of demolition of all or part

1 of the existing facility known as the Alaska Psychiatric Institute.

2 \* **Sec. 11.** This Act takes effect immediately under AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSSH B 76( ), Draft Version "L"

1 Page 1, line 1:

2 Delete "general obligation bonds"

3 Insert "certificates of participation"

4

5 Page 1, line 3, following "Institute;":

6 Insert "giving notice of and approving the entry into and the issuance of  
7 certificates of participation in a lease-purchase agreement for demolition of all or part of  
8 the existing facility known as the Alaska Psychiatric Institute and construction of a new  
9 facility to be known as the Alaska Psychiatric Institute;"

10

11 Page 2, line 5:

12 Delete "general obligation bonds authorized by"

13 Insert "certificates of participation to be issued by the state bond committee under sec.  
14 5 of"

15

16 Page 2, line 15:

17 Delete "general obligation bonds authorized by"

18 Insert "certificates of participation to be issued by the state bond committee under sec.  
19 5 of"

20

21 Page 2, line 29, through page 4, line 28:

22 Delete all material and insert:

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

1 DELEGATION OF AUTHORITY FOR LEASE-PURCHASE AGREEMENT. The  
2 Department of Health and Social Services is delegated the Department of Administration's  
3 authority under AS 36.30.085 to enter into a lease-purchase agreement for a new facility to be  
4 known as the Alaska Psychiatric Institute.

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

7 LEASE-PURCHASE PAYMENTS. The lease payments owed under a lease-purchase  
8 agreement executed under sec. 3 of this Act are subject to annual appropriation by the  
9 legislature.

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

12 NOTICE OF ENTRY INTO AND FINANCING OF LEASE-PURCHASE  
13 AGREEMENT. (a) Subject to annual appropriation, the Department of Health and Social  
14 Services is authorized to enter into a lease-purchase agreement for a facility to be known as  
15 the Alaska Psychiatric Institute.

16 (b) The state bond committee is authorized to provide for the issuance of certificates  
17 of participation in one or more series in the aggregate principal amount of \$36,550,000 for the  
18 construction of a facility to be known as the Alaska Psychiatric Institute, with the remaining  
19 balance of the construction costs, in the amount of \$22,200,000, to be paid from other money  
20 as described in sec. 1 of this Act. The estimated total cost of construction of, acquisition of,  
21 and equipping the project is \$58,750,000. The estimated annual amount of rental obligations  
22 under the lease-purchase agreement is \$3,700,000. The estimated total lease payments for the  
23 full term of the lease-purchase agreement is \$55,000,000. In this subsection, "cost of  
24 construction" includes demolition of all or part of the existing facility known as the Alaska  
25 Psychiatric Institute, credit enhancement and underwriting expenses, rating agency fees, bond  
26 counsel fees, financial advisor fees, printing fees, trustee fees, advertising fees, capitalized  
27 interest, and interest earnings used for lease payments.

28 (c) Under terms approved by the Department of Health and Social Services, upon the  
29 payment of all principal and interest payments under the certificates of participation, title to  
30 the new facility known as Alaska Psychiatric Institute shall vest in the State of Alaska.

31 (d) The state bond committee may contract for credit enhancement, underwriting,

1 credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that  
2 the committee considers necessary in financing the project described in this section.

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

5 NOTICE AND APPROVAL OF AGREEMENT. Section 5 of this Act constitutes the  
6 notice and approval required by AS 36.30.085."

7

8 Renumber the following bill sections accordingly.

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS:

JUDICIARY COMMITTEE, CHAIRMAN  
LABOR & COMMERCE COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM, MEMBER

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## Representative Norman Rokeberg

e-mail: [Representative\\_Norman\\_Rokeberg@legis.state.ak.us](mailto:Representative_Norman_Rokeberg@legis.state.ak.us)

### SPONSOR STATEMENT

#### SPONSOR SUBSTITUTE FOR HOUSE BILL 76 and SPONSOR SUBSTITUTE FOR HOUSE BILL 77

**An Act authorizing the commissioner of health and social services to provide for the design and construction of psychiatric treatment facilities to replace the facilities of the Alaska Psychiatric Institute**

**and**

**An Act relating to appropriations for the design and construction of a replacement facility or facilities for the Alaska Psychiatric Institute and for a grant to study the feasibility of locating certain health programs at the site of the Alaska Psychiatric Institute; and providing for an effective date**

SSHB 76 provides that the Commissioner of Health and Social Services shall work with the Department of Corrections, University of Alaska Anchorage, Providence Hospital in Anchorage, Alaska Regional Hospital in Anchorage, and the Municipality of Anchorage in the design and construction of the replacement facilities for the Alaska Psychiatric Institute ("API").

API was built in 1962 and contains 136,084 square feet. Originally constructed to house a maximum of 225 beds, API currently has a stated bed capacity of 74 beds. As a public facility, it cannot refuse civilly committed individuals or persons court-ordered for observations and evaluation. Therefore, API often exceeds that capacity on any given day. For January of 2001, the total admissions were 150 and the average daily capacity was at 66 persons.

Discussions about the need to replace the aging facility have been going on for many years.

SSHB 76 also requires that, as a part of any replacement of API, a forensic psychiatric unit be constructed. This unit would be operated by the Department of Corrections and would be a facility for the assessment, treatment, custody, and confinement of mentally abnormal criminal offenders.

Currently, the main "mental health unit" for the male prisoners is the "Mike Module" located at the Anchorage prison facility. This unit consists of 2068 square

**Sponsor Statement - SSHB 76 and SSHB 77  
Page Two**

feet and can house up to 28 beds. The average number of prisoners in Mike Module is 20 with an average length of stay ranging from one day to three years.

Other prisons having mental health facilities include the Hiland Mountain Correctional Center that has a women's treatment unit of 19 beds. The Palmer Correctional Center has an 18 bed special needs wing which has limited rehabilitation activities for mentally ill offenders with one year or less time to serve. The Spring Creek Correctional Center has one unit, Echo Module, housing approximately 65 mentally ill offenders with more than one year to serve. The remainder of the mentally ill offenders is handled in the open prison population modules/dorms or in segregated living modules dependent upon offender's level of security and functional capacities.

These facilities do not provide the necessary mental health treatment that many prisoners need. The forensic psychiatric unit at the replacement API facility would be able to offer more and better services to mentally abnormal criminal offenders.

The legislation encourages various state and local agencies to cooperate in the development of this replacement facility. With the cooperation of the local state government, local hospital facilities, and the local university campus, the development of the facility and the surrounding area will be geared not only to the facility but also to the opportunities for learning and overall medical services for many Alaskans.

SSHB 77, a companion bill to SSHB 76, would appropriate an additional \$12,000,000 from general funds for the construction of the replacement facility for API, including a forensic psychiatric unit. These funds would join the already appropriate \$28,961,922 for a total appropriation of \$40,961,922 for this facility -- an amount which will probably need to be increased.

SSHB 77 also appropriates \$200,000 from the general fund for a grant to the Municipality of Anchorage for a feasibility study and needs assessment for co-locating the Municipality's Department of Health and Human Services and the University of Alaska Anchorage health sciences program at or near the site of replacement facilities for the Alaska Psychiatric Institute. The current facility for the Municipality Health and Human Services Department is another aging facility from which the Department needs to move. It has been suggested that co-locating in the area of API would be of benefit to the Department and this grant would permit the necessary study and assessment.

**Sponsor Statement - SSHB 76 and SSHB 77**  
**Page Three**

**We need to encourage and begin the actual construction work on the replacement facility. Recently, the Alaska Mental Health Trust Authority transferred ownership**

**of property near API for expansion of that facility. This generous transfer includes about eight acres given to the State without compensation as the Trust's contribution to the API replacement facility. Another 13 acres of land, including land under the current facility, will be exchanged with the state for land of equal value. Now that the question of land title has been settled, we need to get on with the actual construction. Additionally about 18 acres of land will be transferred to the state at no cost for continued operation of McLaughlin Youth Center.**

**Your support of these legislative proposals would be appreciated.**

**ED1:02/13/01**

**MUNICIPALITY OF ANCHORAGE  
2001 LEGISLATIVE PROGRAM  
PRIORITY FUNDING ISSUES**

**CAPITAL BUDGET**

**TITLE: Co-location of UAA Health Sciences & Department of Health & Human Services Feasibility Study**

A grant in the amount of \$200,000 is requested to fund a study on the feasibility and needs assessment of constructing a building to co-locate the Department of Health and Human Services (DHHS) and UAA Health Sciences on or near the UAA Campus.

Co-location would have many mutually beneficial opportunities for collaboration and assistance. Examples include research, internships, education, training, expanded client and health services, and community partnerships.

As envisioned, the facility would function as a health department and a University teaching facility. It would improve service and increase efficiency for both institutions as well as the public they serve. It would provide a valuable and unique service and learning environment for customers, students and employees.

Funding of the facility is expected to be through a state and local partnership with possible federal support.

**Contact:** Jewel Jones  
Director, Department of Health & Social Services  
**Phone:** 343-4667

22-LS0350J  
Utermohle  
3/14/01

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 77( )**

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

**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE ROKEBERG**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act making an appropriation for a grant to study the feasibility of locating certain**  
2 **health programs at the site of the Alaska Psychiatric Institute; and providing for an**  
3 **effective date."**

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

5 **\* Section 1.** The sum of \$200,000 is appropriated from the general fund to the Department  
6 of Community and Economic Development for payment as a grant under AS 37.05.315 to the  
7 Municipality of Anchorage for a feasibility study and a needs assessment for co-locating the  
8 Municipality of Anchorage Department of Health and Human Services and the University of  
9 Alaska Anchorage health sciences program at the site of replacement facilities for the Alaska  
10 Psychiatric Institute.

11 **\* Sec. 2.** This Act takes effect July 1, 2001.

*Coalition for API*

Our Mission is to gather broad community based support for the prompt replacement of API

**Sam Dickey**

**Communities are continually faced with great opportunities brilliantly disguised as insoluble problems.**

Phone: 907-258-7224  
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Representative Norman Rokeberg  
State Capitol, Room 118  
Juneau, AK 99801-1182

Dear Representative Rokeberg;

I would first like to take this opportunity to thank you for your efforts on behalf of Alaskans in your efforts to get the Alaska Psychiatric Hospital (API) resolved. I would like to take a few minutes of your time to share some of my thoughts with you.

At the time the State DHSS was pursuing the Charter North Purchase option as a means of replacing the current API facility I was the president of the Airport Heights Community Council (APHCC). I was largely responsible for the drafting of the resolution of conditional acceptance of API as a neighbor. I felt that they could be a good neighbor. After almost a year and several public meetings a groups of neighbors who disagreed vehemently with the APHCC's previous position of acceptance and the issue became a very divisive one for the neighborhood.

I have since moved out of Airport Heights and into the University Community Council area where the current facility is located. My biggest regret in moving is that my current house was not located within Airport Heights a neighborhood we love.

In working toward the goal of finding API a new permanent home I have reached several conclusions and a possible compromise, which I would also like to present for your consideration.

I was quite happy when you introduced HB76 but find it to be somewhat problematic. The introduction of Department of Corrections (DOC) functions into the API facility would likely be a move objected to by neighbors of the current facility. The Forensic unit was a concern that contributed to the abandonment of the UAA/Providence option (option 3). I feel it likely that UAA would have strong objections to the proximity of such a facility.

HB77 provides for funding as needed but I am curious as to exactly what the intent of the feasibility study mentioned is.

Now onto a more conceptual discussion. . .

Randall Burns, CEO of API recently (March 13th) spoke to the HSS committee on the states current plan. I find this plan to be a bit problematic and would propose an alternate plan that would not only fulfill the objective of API replacement but make more land available for future use by UAA and/or Providence hospital, preserve the integrity of the "DSS Campus" setting and not compromise the Municipality's U-MED district plan. Additionally there could potentially be a secondary benefit to the adjoining neighborhood in terms of land valuations, but you would be more familiar with such things than I.

DHSS has several items at stake in the API rebuild:

- Replacement of an aging facility. Preservation of the DHSS campus setting between API and McLaughlin Youth Center .
- The campus is somewhat under threat by recommendations of the U-MED plan which would run Folkker street right through the middle of the campus.

UAA has a stake:

- UAA is in a desperately land-locked situation with little or no growth potential as long as the current API facility occupies it's current location.

Providence Hospital has a stake:

- Like UAA, Providence is also land-locked. More available land expands the possibilities of a future trade/swap/sale of land between Providence and UAA for further expansion.

Municipality of Anchorage has a stake;

- The Municipality has put a great deal of time and resources into the development of the U-Med district plan. The area in question truly is the center of learning and healing for Anchorage.
- The Municipality has plans for a new transit center to be located somewhere within the U-Med district.

The Anchorage Police Department has a stake:

- Police officers are often called upon to make medical decisions based upon their training and experience. Should this person go to the Hospital? Should they go to API? Should they go to Clitheroe center? South-central Counseling? Brother Francis shelter? The list goes on. These are decisions our police officers are not necessarily qualified to make nor should they be asked to.

The Mental Health Care Provider Community has a stake:

- API serves as the primary "Psychiatric Triage" Facility for Anchorage. None of the other providers in Anchorage including the hospitals are equipped to handle the types of patients served by API.

The Mental Health Consumer Community has a stake:

- The consumer community has time and again expressed the desire for treatment near their home, near their families.
- The consumer community objects to the building of a hospital without the placement of community based services at the same time.

I shall attempt to address all of the above points

From this point I shall be referring to the map provided that designates the lots around the current API facility using the Designators A, B, C, D, and E.

The state is currently pursuing what has come to be known as the "camel plan" or "One west" it calls for a phased construction, utilizing part of the existing structure and demolition of the current facility moving toward the west (lot C)

I would propose the building of API take place more toward the southwestern corner of Lot C for several reasons.

- Building in the southwestern corner would move API closer to South Central Counseling Center, a major secondary care provider for API patients.
- Folkker Street could NOT go through to Providence drive, thus preserving the integrity of the DHSS campus.
- A new facility could be designed to take full advantage of the surrounding topography.
- More land would be made available within Lot B. for future use of UAA and/or Providence Hospital . More land would be made available for possible use by the proposed transit center and/or the proposed HHS building of the Municipality.
- No Immediate action would be required for the destruction of the current facility. Thus destruction could potentially take place as either part of a construction project by the new occupants of the land or possible federal monies could be made available as in the case of ANMC on Third A venue.

A new building could open further possibilities for use. For example, New building design could be more modular in design allowing for reduction of inpatient facilities areas as the need for such services is reduced. Subsequently, if the need increases as population projections suggest, more space could be made available. Another possibility would be the Co-Location of something like a "Northern Psychological Studies Center" and/or nursing school, School of Psychiatry, or the School of Social work (who has already expressed an interest in such an arrangement). Thus making the facility not only an asset of DHSS but of UAA as well.

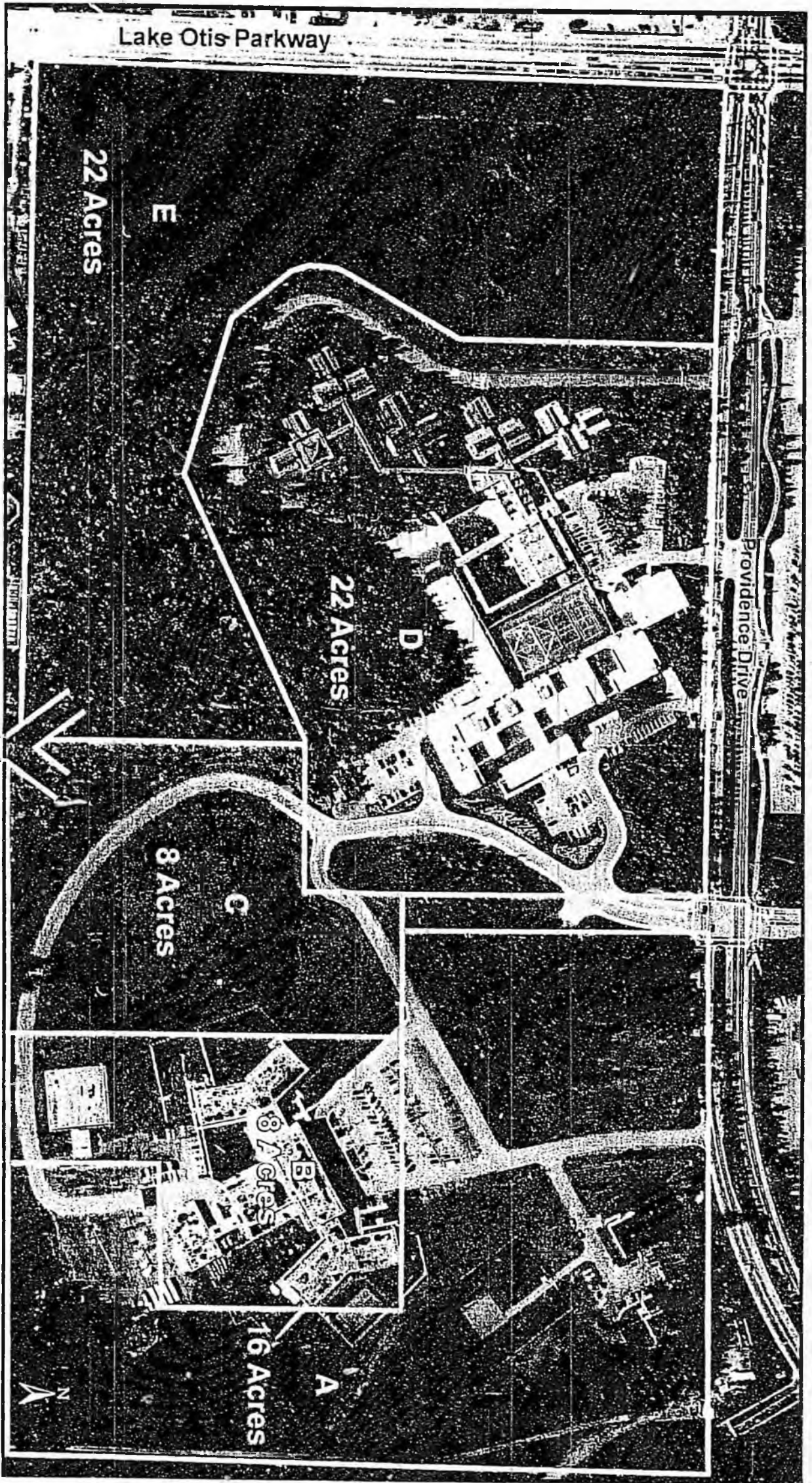
The state has had some difficulty in placing an SPE (Single Point of Entry) program as the lynch pin of community based services that are highly in demand by the consumer community. The City of Anchorage, and UAA are working on building a new health and human services building, as noted in HB77's section on the feasibility study. Were the state to enter into that partnership and pay for a portion of the building, it could occupy the first floor and launch the SPE itself as a state service, which could be easily privatized later. The SPE serves several purposes, among those are: A single point at which patients in Psychiatric emergency can go without checking into a hospital. A single place for police officers to take patients without trying to determine medical needs.

Under a plan such as I have presented here, API is replaced. DHSS keeps their campus intact. UAA gets access to more desperately needed land. The school of Social work gets a new home. Providence Hospital potentially gets access to land and, if they choose to take over the SPE program can do so without having to build, thus reducing their start up costs. The municipality's U-MED plan is not significantly altered. The Municipality gets additional funding for their new DHSS building (which they are asking the state for anyway). The Anchorage Police Department gets a single location to take those in crisis for care thus relieving them of trying to make medical type decisions. Mental health Provider community still has access to a facility to deal with critical "Psychiatric Triage" situations. Finally, Consumers get Community based program placement on track.

Once again I would like to thank you for your efforts on behalf of API and those Alaskans in need of the vital services that API provides, often as an institution of last resort for many.

I would welcome the opportunity to speak with you personally on these issues at your convenience. I have been working toward a resolution of this problem for a few years now and would like to see it come to a solution that fits all Alaskans and takes all their concerns into consideration. Please feel free to call me if you have any questions or if I can be of assistance somehow.

Sam Dickey  
Coalition for API  
sdickey@alaskalife.net  
907 -258- 7224 Home  
907 -271-4844 Office  
<http://www.apiak.com>



Trust Land Office  
January 2001

Note: Parcel Boundaries and Acreages are approximate

AMENDMENT

OFFERED IN THE HOUSE

TO: CSSSHB 76( ), Draft Version "L"

1 Page 2, lines 21 - 25:

2 Delete "The replacement facility must include a forensic psychiatric unit to be  
3 operated by the Department of Corrections that is separate from other elements of the facility.  
4 In this section, "forensic psychiatric unit" means a facility for the assessment, treatment,  
5 custody, and confinement of mentally abnormal criminal offenders."

6

7 Page 2, line 25:

8 Delete "the Department of Corrections,"

# ALASKA STATE LEGISLATURE

## House of Representatives

COMMITTEE ASSIGNMENTS:

JUDICIARY COMMITTEE, CHAIRMAN  
LABOR & COMMERCE COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM, MEMBER

website: <http://www.akrepublicans.org/Rokeberg.htm>



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### Representative Norman Rokeberg

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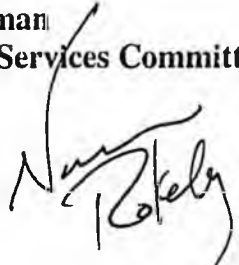
#### MEMORANDUM

**TO:** Representative Fred Dyson, Chairman  
House Health, Education & Social Services Committee

**FROM:** Representative Norman Rokeberg

**DATE:** March 16, 2001

**RE:** House Bills 76 and 77



Attached are:

1. Draft blank CS for SSHB 76, LS0349\L, Utermohle, 3/16/01. This proposal merges parts of the Governor's HB 130 and my SSHB 76 with one major change -- it proposes the use of general obligation bonds instead of certificates of participation. The draft CS retains my language concerning cooperation among various state and local entities and the requirement for a forensic unit for Department of Corrections. I realize that the forensic unit is a policy question that the committee will want to discuss.
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I have faxed these drafts to the Departments, the University and the Municipality for their review. I look forward to the committee meeting on Tuesday, March 27<sup>th</sup>.

cc: Elmer Lindstrom, Department of Health & Social Services, fax: 3068  
Candace Brower, Department of Corrections, fax: 3390  
Jewel Jones, Municipality of Anchorage, fax: 343-6740  
Lee Gorsuch, University of Alaska at Anchorage, fax: 786-6123

# Replacing Alaska Psychiatric Institute

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## API

Alaska Department of  
Health & Social Services



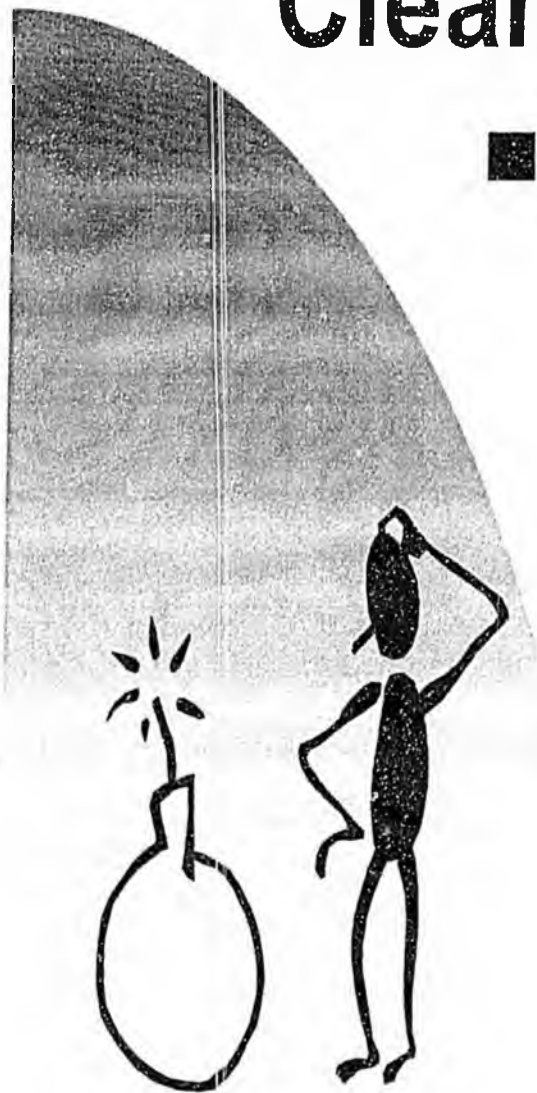
# The Problem: API has Reached the End of its Useful Life!

- API is permeated with hazardous material - asbestos
- Its fire life safety and mechanical support systems are worn out
- The roof needs replacement
- The structure doesn't meet current seismic code



# Clearly *API must* be replaced:

- It was not designed as a psychiatric hospital - its physical layout is not conducive to patient care & treatment
- The normal life span of a facility is 40 years
- API has had 39 years of hard use: open 24 hours a day, 7 days a week, 365 days a year
- The need to replace Old API was recognized long ago; replacement efforts have been ongoing 13 years





# Why not renovate instead of replace?

*Because studies have shown ....*

- It is cheaper to construct a replacement facility than to abate the asbestos and make the renovations needed to make API a modern, efficient psychiatric hospital

# What solutions have been tried in the past?

## ■ *Constructing a replacement facility*

- Implementation halted when construction bids substantially exceeded both engineering estimates and appropriated funding
- Only the lack of sufficient capital prevented success



# Solutions attempted (cont.)

- *Strategic partnerships with neighboring institutions*

- Proved unsuccessful when essential land swaps among partners could not be accomplished

- Partners withdrew





# Solutions attempted (cont.)

## ■ *Purchase a replacement*

- Charter North Hospital was the only real purchase alternative
- After two years, local planning and zoning decisions and strong neighborhood opposition made it impossible to complete the purchase and use the facility



**What should be done  
now?**

***Build the facility we planned!***

The only realistic option for replacing API is construction of a replacement hospital on the same parcel as the existing facility

# We have land for a new hospital!

The Trust is conveying the API parcels to DHSS



# And building on the dedicated parcels makes sense . . .

- The API parcels are zoned for this use
- API is a well-established, accepted and necessary institution on its present site
- UAA nursing students do their psych rotations at API each semester
- UAA social work and psychology students intern at API each semester
- WAMI medical students and U of W PA students rely on API as a teaching site

# And building on the present site makes sense because . . .



*AND:*

The Anchorage P&Z Commission recommended API remain at its present site in the U-Med District

- API must be located near an acute care hospital in case a person needs to be medically cleared before admission to API and when an API patient needs emergency medical care
- The University Community Council and area residents are supportive of API
- The Alaska Native Medical Center has stated that it has no plans within the next 10 years to provide inpatient psychiatric services and will continue to rely on API

# Solution: Finance Construction of a new API through Legislation

- HB 130 & SB 96 would finance construction of a new psychiatric hospital on the API site



- Certificates of Participation would fund the construction of a replacement hospital and the demolition of Old API

# What do these bills do?

- Build what was planned in 1996, and affirmed again in 1998:

*A hospital that is designed to accommodate from 54 to 72 beds.*

Given the State's current need for inpatient mental health treatment beds, DHSS intends to construct to the additional capacity.



# What do these bills do? (cont.)



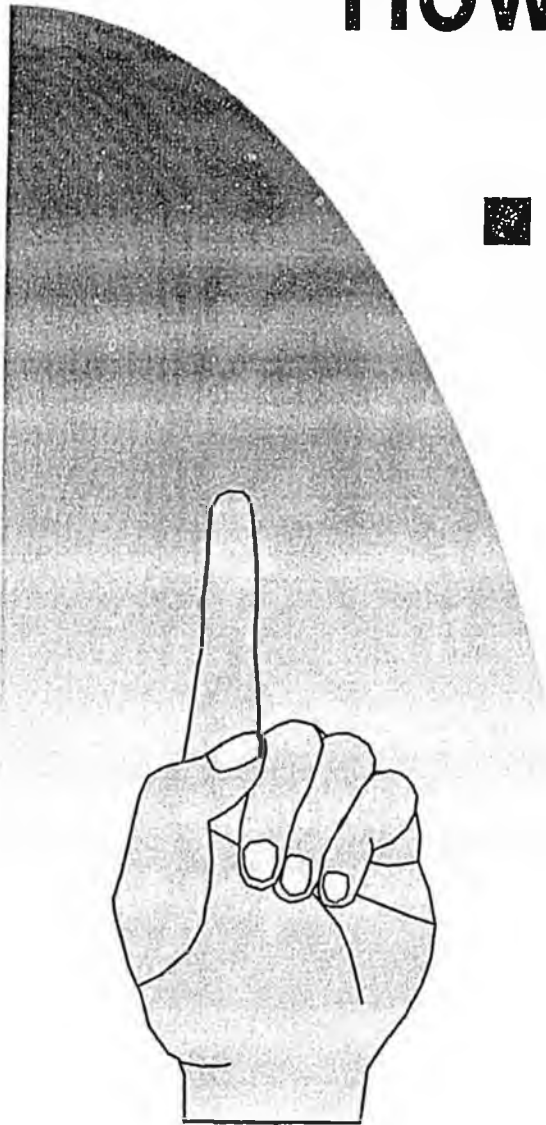
- Re-use a portion of the current building (the gymnasium and storage space beneath it) and demolish the remainder - eliminating Old API and its hazardous waste while freeing up space on the remainder of the Trust parcel for other development.

# How will the bills work?

■ Provide a total of \$58,750,000 for construction of a replacement API and demolition the majority of Old API

■ Use the existing \$22,200,000:

- \$19,200,000 remaining from the API 2000 Project appropriations, *and*
- \$3,000,000 from the Alaska Mental Health Trust Authority



# How will the bills work? (cont.)



- Remaining \$36,550,000 would be raised through Certificate of Participation (COP's) in a lease purchase agreement
- Availability of the existing \$22.2 Million in funds will lower lease payments to the State

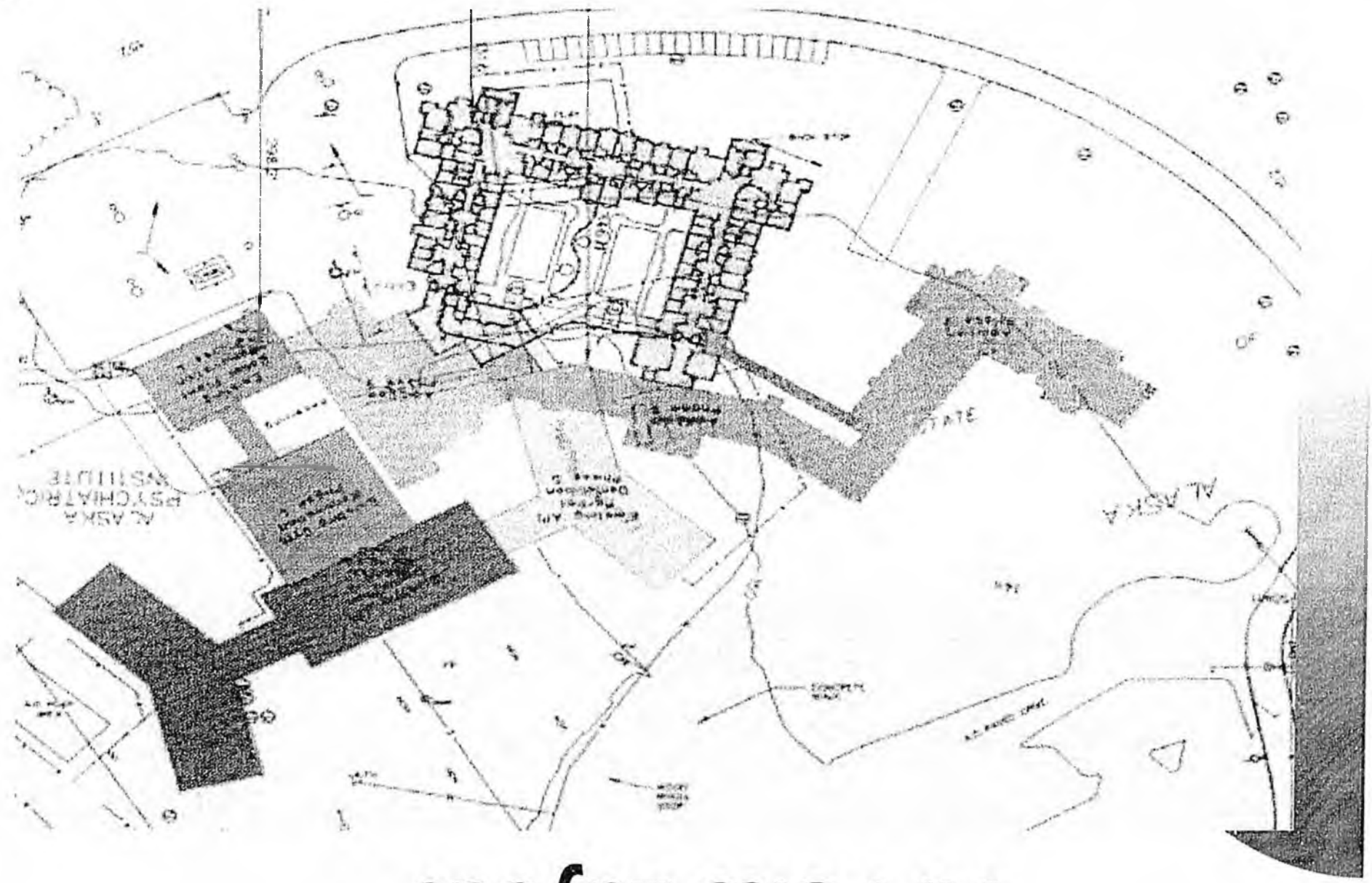
# How will the bills work? (cont.)

- The estimated total rental obligations under the State's lease purchase agreement will be \$3,700,000 annually for 15 years



# Replacement Cost & Financing

Description of Budget Component	Budget	Financing
Construction (per DOT/PF)		15 year financing period
Estimated Construction Cost	\$36,030,740	Use Existing GF, Finance Balance
Change Order Reserve	\$3,603,000	
Construction Permits	\$126,000	
1% Public Art Program	\$410,000	
Furnishings and Equipment	\$900,000	
Sub-Total for Construction	\$41,069,740	
Architecture/Engineering Consultants	\$2,710,000	
Administration/Management (DOT&PF)	\$1,620,000	
Administration/Management (DHSS Facilities)	\$500,000	
Overall Project Contingency	\$2,290,000	
<b>Total Construction Costs</b>	<b>\$48,189,740</b>	<b>\$48,189,740</b>
Plus Demolition of API Central Tower & East Wing (Project Cost):	\$9,720,000	\$9,720,000
Plus Interim Patient Relocation Costs:	\$500,000	\$500,000
Plus Cost of Financing:	\$250,000	\$250,000
<b>Total Project Costs – Rounded</b>	<b>\$58,659,740</b>	<b>\$58,750,000</b>
Less Balance of Prior Appropriations:	(\$22,200,000)	(\$22,200,000)
<b>Supplemental Capital Needed</b>	<b>\$36,459,740</b>	
	<b>Financed Amount (Principal) – Rounded</b>	<b>\$36,550,000</b>
	<b>Annual Payment Amount</b>	<b>\$3,700,000</b>
	<b>Total Payments in Addition to Current Funds:</b>	<b>\$55,000,000</b>



# API Site Layout

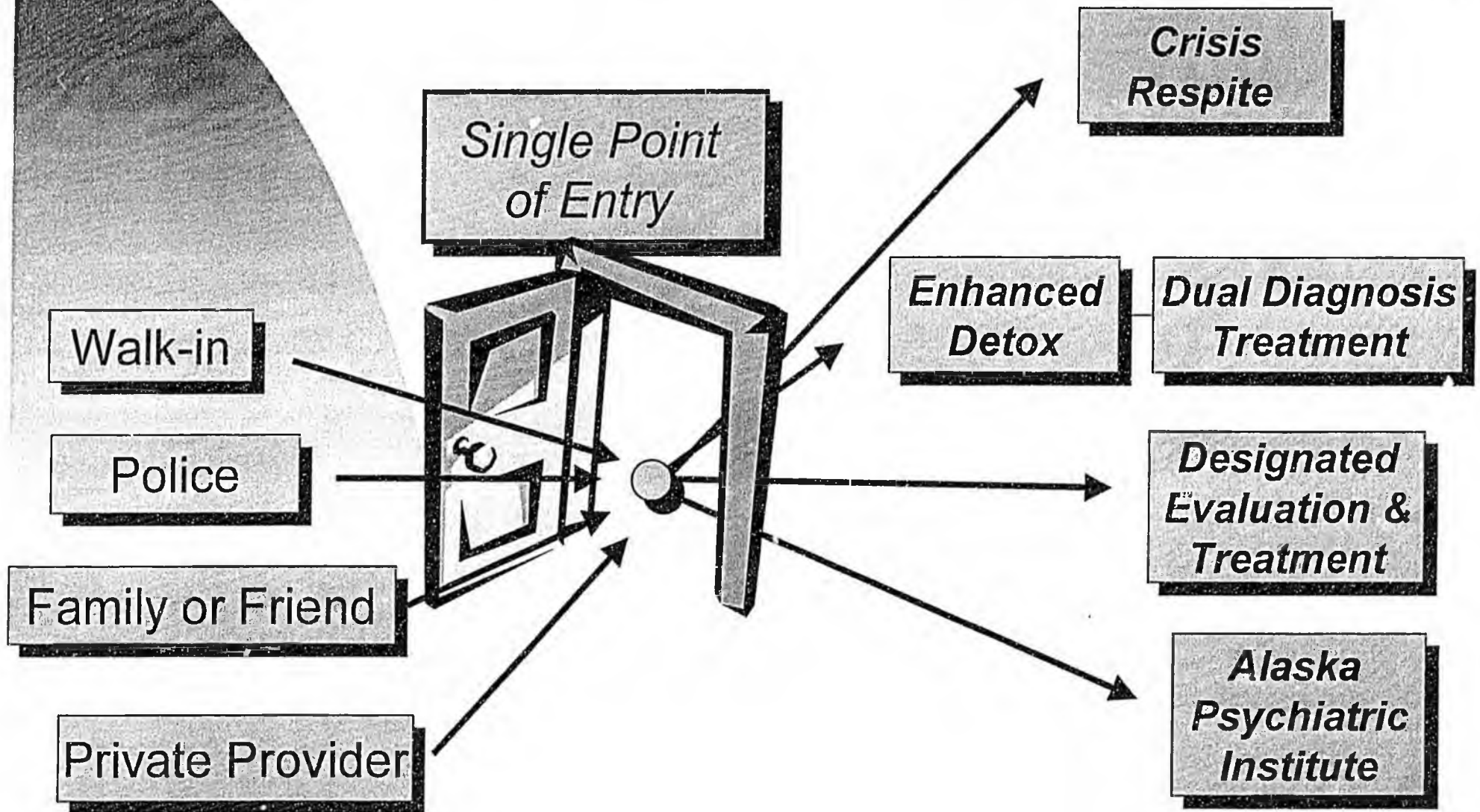
# Replacing API is key to a broader effort...

Develop private treatment alternatives to API hospitalization

Enhance the quality of care at API

Replace the API building

# Private community services in place & in development




# Why will API still be needed?



## *Because . . .*

- The service is a core function of government - API provides the services that private providers cannot or will not do
- Patient needs can exceed local private treatment options
- Inpatient treatment is nonexistent or uncertain in some communities
- API treats forensic and NGRI patients and provides competency evaluation services to courts

# Why build a hospital that can accommodate from 54 to 72 beds?

- 
- Successful operation at the lower end of the design capacity (54 beds) is contingent on a full array of private community services
  - Community services are not all in place
  - Future bed needs at API are not predictable with absolute precision
  - Irresponsible to build for an ideal situation without capacity to cope with emergencies or population growth

# Why build with flexible capacity in mind?

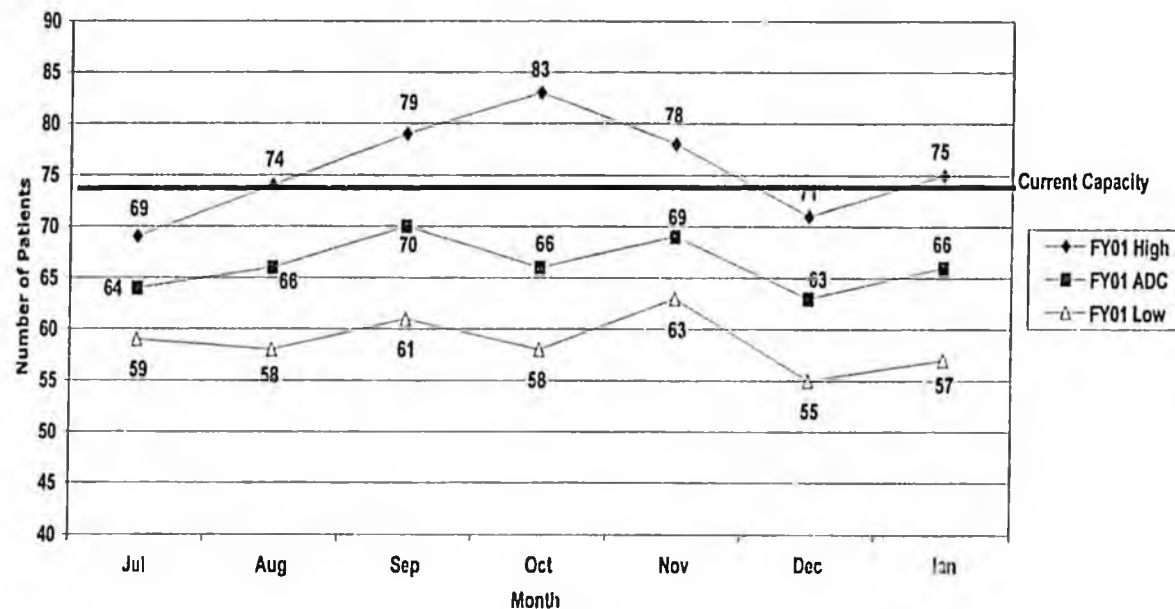
As the State's safety net - API must have a range of inpatient bed capacity

**AND HERE'S WHY:**

## The Bottom Line:

*API cannot close its doors - We must admit any person who is involuntarily committed or court-ordered to API for evaluation and/or treatment*

High, Low & Average Daily Census FY01  
Alaska Psychiatric Institute



# Who can solve this problem?

## *The Alaska Legislature!*



- By passing HB 130 or SB 96, this Legislature can finally solve this problem, and provide Alaska with a safe, modern, effective psychiatric hospital

# Construction Cost Comparisons

Hospital	Construction Cost	Beds / SF	Cost / Bed	Cost / SF
API Replacement Project	\$36 M	72 / 76,000 <u>24,600</u> <sup>1</sup> 100,760	\$.5 M	\$357
Elmendorf AFB	\$160 M	110 / 441,170	\$1.45 M	\$363
Bassett Army Hospital, Fairbanks	\$100 M	22 <sup>2</sup> / 259,500	NA	\$385
Alaska Native Medical Center	\$168 M	150 / 380,635	\$1.12 M	\$441

<sup>1</sup> Project also includes refurbishing 24,760 SF of existing facility for a total of 100,760SF.

<sup>2</sup> 22 inpatient beds plus extensive outpatient facilities.



# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS

JUDICIARY COMMITTEE, CHAIRMAN  
LABOR & COMMERCE COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM, MEMBER

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## Representative Norman Rokeberg

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### MEMORANDUM

**TO:** Representative Fred Dyson, Chairman  
House Health, Education & Social Services Committee

**FROM:** Representative Norman Rokeberg

**DATE:** March 16, 2001

**RE:** House Bills 76 and 77



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22-LS0350J  
Utermohle  
3/14/01

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 77( )**

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

**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVE ROKEBERG**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act making an appropriation for a grant to study the feasibility of locating certain**  
2 **health programs at the site of the Alaska Psychiatric Institute; and providing for an**  
3 **effective date."**

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

5 **\* Section 1.** The sum of \$200,000 is appropriated from the general fund to the Department  
6 of Community and Economic Development for payment as a grant under AS 37.05.315 to the  
7 Municipality of Anchorage for a feasibility study and a needs assessment for co-locating the  
8 Municipality of Anchorage Department of Health and Human Services and the University of  
9 Alaska Anchorage health sciences program at the site of replacement facilities for the Alaska  
10 Psychiatric Institute.

11 **\* Sec. 2.** This Act takes effect July 1, 2001.

AMENDMENT

OFFERED IN THE HOUSE

TO: CSSH B 76( ), Draft Version "L"

1 Page 2, lines 21 - 25:

2 Delete "The replacement facility must include a forensic psychiatric unit to be  
3 operated by the Department of Corrections that is separate from other elements of the facility.  
4 In this section, "forensic psychiatric unit" means a facility for the assessment, treatment,  
5 custody, and confinement of mentally abnormal criminal offenders."

6

7 Page 2, line 25:

8 Delete "the Department of Corrections,"

*L.3 passed*

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 76**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVE ROKEBERG**

**Introduced: 2/14/01**

**Referred: Health, Education and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act authorizing the commissioner of health and social services to provide for the**  
2 **design and construction of psychiatric treatment facilities to replace the facilities of the**  
3 **Alaska Psychiatric Institute."**

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

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

7 **REPLACEMENT OF THE FACILITIES OF THE ALASKA PSYCHIATRIC**  
8 **INSTITUTE.** The commissioner of health and social services shall provide, subject to an  
9 appropriation by the legislature, for the design and construction of psychiatric treatment  
10 facilities to replace the current facilities of the Alaska Psychiatric Institute. The replacement  
11 facilities must include a forensic psychiatric unit to be operated by the Department of  
12 Corrections that is separate from other elements of the facilities. In this section, "forensic  
13 psychiatric unit" means a facility for the assessment, treatment, custody, and confinement of  
14 mentally abnormal criminal offenders. The commissioner shall cooperate with the

- 1 Department of Corrections, the University of Alaska Anchorage, Providence Hospital in
- 2 Anchorage, Alaska Regional Hospital in Anchorage, and the Municipality of Anchorage in
- 3 the design and construction of the replacement facilities.

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## Representative Norman Rokeberg

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### SPONSOR STATEMENT

#### SPONSOR SUBSTITUTE FOR HOUSE BILL 76 and SPONSOR SUBSTITUTE FOR HOUSE BILL 77

**An Act authorizing the commissioner of health and social services to provide for the design and construction of psychiatric treatment facilities to replace the facilities of the Alaska Psychiatric Institute**

**and**

**An Act relating to appropriations for the design and construction of a replacement facility or facilities for the Alaska Psychiatric Institute and for a grant to study the feasibility of locating certain health programs at the site of the Alaska Psychiatric Institute; and providing for an effective date**

**SSHB 76 provides that the Commissioner of Health and Social Services shall work with the Department of Corrections, University of Alaska Anchorage, Providence Hospital in Anchorage, Alaska Regional Hospital in Anchorage, and the Municipality of Anchorage in the design and construction of the replacement facilities for the Alaska Psychiatric Institute ("API").**

**API was built in 1962 and contains 136,084 square feet. Originally constructed to house a maximum of 225 beds, API currently has a stated bed capacity of 74 beds. As a public facility, it cannot refuse civilly committed individuals or persons court-ordered for observations and evaluation. Therefore, API often exceeds that capacity on any given day. For January of 2001, the total admissions were 150 and the average daily capacity was at 66 persons.**

**Discussions about the need to replace the aging facility have been going on for many years.**

**SSHB 76 also requires that, as a part of any replacement of API, a forensic psychiatric unit be constructed. This unit would be operated by the Department of Corrections and would be a facility for the assessment, treatment, custody, and confinement of mentally abnormal criminal offenders.**

**Currently, the main "mental health unit" for the male prisoners is the "Mike Module" located at the Anchorage prison facility. This unit consists of 2068 square**

**Sponsor Statement - SSHB 76 and SSHB 77  
Page Two**

feet and can house up to 28 beds. The average number of prisoners in Mike Module is 20 with an average length of stay ranging from one day to three years.

Other prisons having mental health facilities include the Hiland Mountain Correctional Center that has a women's treatment unit of 19 beds. The Palmer Correctional Center has an 18 bed special needs wing which has limited rehabilitation activities for mentally ill offenders with one year or less time to serve. The Spring Creek Correctional Center has one unit, Echo Module, housing approximately 65 mentally ill offenders with more than one year to serve. The remainder of the mentally ill offenders is handled in the open prison population modules/dorms or in segregated living modules dependent upon offender's level of security and functional capacities.

These facilities do not provide the necessary mental health treatment that many prisoners need. The forensic psychiatric unit at the replacement API facility would be able to offer more and better services to mentally abnormal criminal offenders.

The legislation encourages various state and local agencies to cooperate in the development of this replacement facility. With the cooperation of the local state government, local hospital facilities, and the local university campus, the development of the facility and the surrounding area will be geared not only to the facility but also to the opportunities for learning and overall medical services for many Alaskans.

SSHB 77, a companion bill to SSHB 76, would appropriate an additional \$12,000,000 from general funds for the construction of the replacement facility for API, including a forensic psychiatric unit. These funds would join the already appropriate \$28,961,922 for a total appropriation of \$40,961,922 for this facility -- an amount which will probably need to be increased.

SSHB 77 also appropriates \$200,000 from the general fund for a grant to the Municipality of Anchorage for a feasibility study and needs assessment for co-locating the Municipality's Department of Health and Human Services and the University of Alaska Anchorage health sciences program at or near the site of replacement facilities for the Alaska Psychiatric Institute. The current facility for the Municipality Health and Human Services Department is another aging facility from which the Department needs to move. It has been suggested that co-locating in the area of API would be of benefit to the Department and this grant would permit the necessary study and assessment.

**Sponsor Statement - SSHB 76 and SSHB 77  
Page Three**

**We need to encourage and begin the actual construction work on the replacement facility. Recently, the Alaska Mental Health Trust Authority transferred ownership**

**of property near API for expansion of that facility. This generous transfer includes about eight acres given to the State without compensation as the Trust's contribution to the API replacement facility. Another 13 acres of land, including land under the current facility, will be exchanged with the state for land of equal value. Now that the question of land title has been settled, we need to get on with the actual construction. Additionally about 18 acres of land will be transferred to the state at no cost for continued operation of McLaughlin Youth Center.**

**Your support of these legislative proposals would be appreciated.**

**ED1:02/13/01**

**MUNICIPALITY OF ANCHORAGE  
2001 LEGISLATIVE PROGRAM  
PRIORITY FUNDING ISSUES**

**CAPITAL BUDGET**

**TITLE: Co-location of UAA Health Sciences & Department of Health & Human Services Feasibility Study**

A grant in the amount of \$200,000 is requested to fund a study on the feasibility and needs assessment of constructing a building to co-locate the Department of Health and Human Services (DHHS) and UAA Health Sciences on or near the UAA Campus.

Co-location would have many mutually beneficial opportunities for collaboration and assistance. Examples include research, internships, education, training, expanded client and health services, and community partnerships.

As envisioned, the facility would function as a health department and a University teaching facility. It would improve service and increase efficiency for both institutions as well as the public they serve. It would provide a valuable and unique service and learning environment for customers, students and employees.

Funding of the facility is expected to be through a state and local partnership with possible federal support.

**Contact:** Jewel Jones  
Director, Department of Health & Social Services  
**Phone:** 343-4667