

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672
11032 HOUSE STATE AFFAIRS

HB

132

Subject: [Fwd: hb 132]

Date: Tue, 30 Mar 2004 07:26:06 -0900

From: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@Legis.state.ak.us>

Organization: Alaska State Legislature

To: Ginny Austerman <Ginny_Austerman@legis.state.ak.us>

for the committee

Subject: hb 132

Date: Mon, 29 Mar 2004 15:11:51 -0900

From: "David Marquez" <David_Marquez@law.state.ak.us>

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

Rep. Weyhrauch - thanks for faxing over the draft proposed CS. Department of Law wouldn't object to this CS. Dave

Subject: [Fwd: CS for House Bill No. 132(STA)]
Date: Fri, 26 Mar 2004 11:11:45 -0900
From: Bruce Weyhrauch <Representative_Bruce_Weyhrauch@Legis.state.ak.us>
Organization: Alaska State Legislature
To: Ginny Austerman <Ginny_Austerman@legis.state.ak.us>

print for the committee for this bill

Subject: RE: CS for House Bill No. 132(STA)
Date: Fri, 26 Mar 2004 11:11:00 -0900
From: "Steve Van Goor" <vangoors@Alaskabar.org>
To: "Bruce Weyhrauch" <Representative_Bruce_Weyhrauch@Legis.state.ak.us>

Bruce: Thanks for the opportunity to review CS for House Bill No. 132 (STA). I don't see any ethics issues raised by requiring the AG to make a public report to the legislature about public judicial proceedings involving the state's management or jurisdiction of natural resources. Similarly, I don't see any ethics issues raised by requiring the court or a party in a public judicial proceeding from notifying the AG of cases concerning these matters. Steve

Steve Van Goor
Bar Counsel
Alaska Bar Association

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TESTIMONY ON HOUSE BILL NO. 132

AAG Lance Nelson, March 24, 2004

House State Affairs Committee

House Bill No. 132 requires the attorney general to "participate as a party in a judicial proceeding that affects the management and jurisdiction of the natural resources of the state," and to "ensure by that participation that the management and jurisdiction of the natural resources ... are not diminished or ceded to another government or sovereign." The bill amends the rules of Civil Procedure and the Rules of Appellate Procedure to require the court to notify the attorney general when a case arises that may fall within this category.

We are concerned that it will harm Alaska's interest to take away the attorney general's discretion to decide whether to participate as a party in particular litigation. Although the bill is clearly intended to protect the state's jurisdiction, it may hinder the attorney general's ability to preserve state authority over natural resources, because it is very broad and it applies indiscriminately. It takes from the attorney general the ability to assure that important issues are presented to a court in the manner most advantageous to the state. While the attorney general may well determine that intervention in an existing case is the best way to protect state interests, under HB 132 he cannot consider other options. With no ability to make strategic decisions, the attorney general may be forced to litigate an important issue under less than ideal circumstance with negative precedential consequences.

For example, cases that "affect the management and jurisdiction of natural resources" frequently raise state sovereignty issues. Strategically, the state is ill-advised to litigate these issues before the Court of Appeals for the Ninth Circuit, because in Alaska's experience, this court seems to apply a presumption against state sovereignty. In a reactive mode, however, forced to intervene in a case brought by others, the state may have no choice. In a proactive mode, the State can raise the issue itself by filing suit in a court more likely to give serious consideration to Alaska's interests.

Other strategic decisions are also important to the state's chance of success in litigation. Often cases will turn on the underlying facts, and good legal strategy dictates that an important issue be based on a factual situation that highlights the justice of the state's position. Facts that invoke sympathy for the state's opponent, on the other hand, will harm the state's chance of success, even if the state is correct on the law. Under HB 132, the state will be forced to litigate an issue regardless of whether the underlying facts support the wisdom of the state's position. And once the state litigates a legal issue, it generally will be bound to the outcome in future cases involving that issue.

Timing is also a consideration in litigating state sovereignty issues. Some say the United States Supreme court is gradually increasing its recognition

of the inherent authority that states have under the United States Constitution. It is a gradual increase, however; the Supreme Court does not completely reverse years of caselaw at once. The state is careful in all cases it brings, trying to gauge how far it can push certain issues, and how best to raise them. If the state tries to make huge gains in a single case, it may lose on everything. Yet the state may be forced into that position if the attorney general cannot choose the litigation in which he participates.

The bill also raises concerns about the best use of Department of Law resources. The department often declines to intervene in private litigation because, although the state's interest in natural resources jurisdiction is arguably involved, the financial resources required to participate do not justify the potential benefit to the public. For example, private landowners or leaseholders sometimes bring trespass actions against guides or fishermen for fishing on their property. The fishermen answer that they were fishing below ordinary high water on a navigable waterway, and therefore they were on state land, not private land. The state may have an interest, because the outcome may depend on whether the waterway is navigable, or on precisely where ordinary high water ends and private upland begins. The state generally declines to participate in this type of case, however. While the private defendants want the state's help in preparing their defense, the cost to the state can be enormous. Determining navigability or the limits of ordinary high water requires historians, hydrologists, and other experts,

and lots of attorney time. The cases rarely raise a purely legal issue; generally the cases are the culmination of long-running disputes that turn on the facts, that are personal and raise messy credibility issues. The overall payoff for state participation can be insignificant – at best a case might establish that at one particular place, the public has a right to stand and fish, provided they don't wander above ordinary high water onto the plaintiff's property. If the state does not participate, it is not bound by the decision and can litigate the issue in the future.

When a case raises this type of management or jurisdictional issue, the attorney general needs the discretion to decline participation. The attorney general must be able to decide how to use scarce litigation resources to maximize the return to Alaska's citizens. And we do have scarce resources. The AGO Natural Resources Section is about ½ the size it was in the early 90's because of budget cuts over the years. We are not sufficiently staffed to handle this level of mandatory litigation burden. We believe we are doing a good job of protecting the state's interest in intervening in lawsuits when appropriate. We have filed in a number of timber sale cases, the Bristol Bay antitrust lawsuit, the Tustumena Lake case, and the NPRA litigation. We are taking an active role in many important natural resource cases.

In short, the legislative branch may not agree with every litigation decision the attorney general makes, but it should not take away his ability to make them. The attorney general needs the discretion to determine the best litigation strategy to advance important sovereignty issues, and to decline to participate in cases where the cost is not justified by the potential benefit. HB 132 makes an all-encompassing decision that the state must always participate in litigation in a broad category of cases, but we do not see at this point, looking into the future, that this will turn out to be a good decision.

FISCAL NOTE

MAR 25 2004

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB132-ACS-TC-3-25-04
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
Title AG Intervene in Nat. Res. Actions BRU Alaska Court System
Component Trial Courts
Sponsor Representative Weyhrauch
Requester _____ Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

POSITIONS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
The court system does not anticipate any fiscal impact from the passage of HB 132.

Prepared by: Doug Wooliver Administrative Attorney Phone 463-4750
Divisic. Alaska Court System Date/Time 3/25/04 3:43 PM
Approved by: Stephanie Cole Administrative Director by Doug Wooliver Date 3/25/2004
Agency Alaska Court System

HB

134

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB134(STA)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Correctional Facility Expansion BRU Revenue Operations
Component Treasury Division
Sponsor Representative Stoltze
Requester House State Affairs Committee Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	15.0	5.0				
Contractual	75.0	40.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	90.0	45.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	90.0	45.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	90.0	45.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached page.

Prepared by: Deven Mitchell, State Debt Manager
Division: Treasury Division
Approved by: Larry Persily, Deputy Commissioner
Agency: Department of Revenue

Phone 465-3759
Date/Time 4/16/03 2:30 PM
Date 4/16/2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSHB134(STA)

The legislation authorizes the Department of Corrections to enter into leases with five municipalities for new or expanded correctional facilities. The municipalities would fund these projects by issuing lease-revenue bonds. These bonds would require the municipalities to pledge the state's lease payments to the debt service, to the extent they are appropriated, and provide a trustee bank with a title interest in the new or improved facility for the benefit of the bond purchasers. This is a matter concerning the Department of Revenue as the credit of the State of Alaska is used each time a lease is directly pledged to a bond sale and, as such, the Department should be involved in the debt issuance.

Over the past 20 years the state has made a concerted effort to centralize the issuance of debt involving the state's credit through the State Bond Committee. It is noteworthy that the Anchorage jail, which is the most recent instance when the Legislature authorized a lease-revenue transaction, was approved by the State Bond Committee, including all of the Municipality of Anchorage's transaction documents and terms of sale. The national bond rating agencies' primary contact during the review of the Anchorage Jail Revenue Bonds was the State of Alaska Department of Revenue. These bond rating agencies review and rate almost all transactions of the state, and a lack of direct state involvement will draw concern during the state's annual ratings review.

In providing the cost estimates in this fiscal note, the following assumptions were made:

1. The municipalities will issue bonds in FY2004 and FY2005.
2. The municipalities will bring no pledge of additional security to the financing(s), other than the state's credit and bond sale proceeds.
3. The municipalities will have to issue these bonds separately.
4. As state-supported appropriation debt, the bonds will be rated A1, A+, A+, resulting in interest rates comparable to other state-supported certificates of participation.
5. The bonds will have 15-year terms, with fixed-interest rates and level debt service.
6. The municipalities will issue the maximum amount authorized under this legislation for the projects, plus the cost of issuing these bonds.

The legislation requires at least one bond sale from each of the five municipalities listed. This is an inefficient way to raise funds for projects as each transaction will have fixed costs of issuance. Rating agency, bond counsel, financial advisory, printing and other fees will be incurred five times rather than once. This results in bond issuance costs totalling an estimated \$1 million to \$2 million more than alternative structuring alternatives.

Due to the State Bond Committee's role in these transactions, the state's bond counsel and financial adviser will have to participate in drafting the documents, structuring the transaction, and working with the rating agencies. The cost of this effort is estimated at \$135,000 over FY 2004 and 2005.

NOTE: One technical issue with the legislation is the Spring Creek facility expansion. The legislation would authorize the City of Seward to sell bonds for an expansion of the Spring Creek prison. However, Spring Creek currently has certificates of participation outstanding and a title interest in the facility has already been given to the purchasers of these bonds. Similar to a home, you cannot give another first lien pledge to this facility without either paying off the existing obligations or obtaining consent from the bondholders (a very difficult proposition). Under the existing indenture, the City of Seward could not assume ownership of the Spring Creek facility or part of the facility.

** If bond issuance costs are examined, there needs to be a discussion of the type of sale contemplated -- since issuance costs are ascribed differently with a negotiated sale than with a competitive sale.*

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 134(STA)
() Publish Date: _____

Revision Date/Time (Note if correction): 4/16/03 3:36 Dept. Affected: Department of Corrections
Title: Correctional Facility Expansion BRU: Administration & Operations
Component: _____
Sponsor: Representative Stoltze
Requester: _____ Component No.: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	200.8	207.3	1,838.8	10,653.9	18,159.2	18,202.2
Travel	7.0	8.0	151.3	323.3	495.4	495.4
Contractual	5.0	5.0	685.2	5,057.5	9,429.8	9,429.8
Supplies	6.0	7.0	778.4	3,101.6	5,424.7	5,424.7
Equipment	7.0	0.0	9.0	9.0	9.0	9.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	80.0	199.0	793.9	793.9
Miscellaneous	0.0	0.0	3,172.0	5,002.9	13,627.6	13,627.6
TOTAL OPERATING	225.8	227.3	6,714.7	24,347.2	47,939.6	47,982.6

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	225.8	227.3	6,714.7	24,347.2	47,939.6	47,982.6
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type—Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	225.8	227.3	6,714.7	24,347.2	47,939.6	47,982.6

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time	3	3	29	46	317	314
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the Department of Corrections to enter into twenty-five year lease-purchase agreements with the Fairbanks North Star Borough, Matanuska-Susitna Borough, Bethel and Municipality of Anchorage for up to a total of 1,650 beds at state correctional facilities and a new state correctional facility. The bill also provides that if certain conditions are met to the satisfaction of the Department of Corrections, not later than July 1, 2008, the department may enter into a lease-purchase agreement with the City of Seward for up to 400 beds.

(continued on page 2 of 2).

Prepared by: Jerry D. Burnett, Director Phone 465-3339
Division: Administrative Services Date/Time 4/17/03 7:07 AM
Approved by: Portia C.K. Parker, Deputy Commissioner Date 4/17/2003
Agency: Department of Corrections

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSHB 134(STA)

ANALYSIS CONTINUATION

Assume that the local government agencies will fund the costs of the new or expanded correctional facilities construction through revenue or AIDEA bond sales backed by the state leases. Costs of construction for Fairbanks not to exceed \$135,000 per bed, and cost of annual lease payments not to exceed \$14,600 per bed. For the Bethel facility, costs of construction not to exceed \$155,000 per bed, and cost of annual lease payments not to exceed \$16,700. Costs of construction for the Matanuska-Susitna Borough are not to exceed \$110,000 per bed, and cost of annual lease payments not to exceed \$11,000 per bed. The Anchorage facility expansion is subject to available federal funds and legislative appropriation.

Annual Lease Costs, by Facility (shown in miscellaneous line):

Fairbanks Correctional Center: 80 new beds = \$1,168,000

Matanuska-Susitna Borough: 1,250 new beds = \$10,455,600

Yukon-Kuskokwim Correction Center: 120 beds = \$2,004,000

Anchorage Jail: no general fund lease payment (if appropriated, federal funds used for construction)

DOC will require three project management positions during the planning and construction phase.

Additionally, security and life/safety staff and institutional staffing necessary to support the 1,650 new prisoner beds in Alaska is based on about 5 prisoners per 1 staff. Thus, 314 new staff will be needed to support these additional prisoner beds statewide.

In FY08, the \$47,982,600 annual costs of incarceration and lease payments can be offset by moving any remaining prisoners housed at state contract facility (Florence Correctional Center) back to Alaska and housing them in the new beds created by this bill. Assume that in FY08, 1,650 prisoners, at \$70.00 per day x 365 days = \$42,157,500 of savings can be applied to the cost of new beds.

The authorization providing for the possible expansion of the existing facility in Seward by up to 400 beds is subject to the following conditions: (1) that the City of Seward, to the satisfaction of the Department of Corrections, makes land available for housing development; and (2) the the Alaska Vocational Technical Center develops a corrections training program. Costs for construction in Seward not to exceed \$135,000 per bed, and cost of annual lease payments not to exceed \$14,600 per bed. Total annual costs, including capital and operating for the Spring Creek expansion are estimated at \$16,317,200 if fully operational in FY 2010. Department population projections show sufficient numbers of inmates in FY 2010 to fully utilize all of the 2050 beds authorized in this legislation.

The bill provides for federal receipt authority for up to \$30,000,000. The authorization to expand the Anchorage Jail facility by 200 beds may only occur if federal funds are received and the Alaska State Legislature appropriates the funds.

End.

ALASKA STATE LEGISLATURE

REPRESENTATIVE BRUCE WEYHRAUCH



ALASKA
STATE CAPITOL
JUNEAU, ALASKA
99801-1182

(907) 465-3744
FAX (907) 465-2273

Sent
4/15/03
10:53 am
A

STATE AFFAIRS COMMITTEE

Fax

To: Legislative Legal - Jerry Luckhaupt From: Ginny Austerman

Fax: 2029

Date: April 15, 2003

Phone: 2450

Pages: 2

Re: CS HB 134

CC:

Urgent For Review Please Comment Please Reply

•Comments:

Today the House State Affairs Committee adopted the work draft for CS HB 134(23-LS0563D).

Representative Stoltze offered amendment (#1) to Page 2 Line 19 - Change "\$14,600" to "\$11,000"

Amendment #2 (conceptual) is on page 2 of this fax.

It is my understanding that the same amendments should be made to SB 65 - Senator Lyda Green's companion bill in the Senate (per Jacqueline Tupou in Sen. Green's office.

"Conceptual"
Package
Amendment 2

Amendments to HB 134 Offered by Rep. Seaton:

Amendment #1:

HB 134 is amended on Page 2, line 5, to read:

- (b) The Department of Corrections, not later than July 1, 2008, may enter ~~into~~^{into} an agreement with the Municipality of Seward for expansion of an existing facility by up to 400 beds.

~~Amendment #2:~~

HB 134 is amended on Page 2, line 6, to read:

- (c) The authorizations given by (a) and (b) of this section are subject to the following conditions:

~~Amendment #3:~~

HB 134 is amended on Page 2, line 21, to read:

- ... \$14,600 a bed ~~for~~^{for} the Fairbanks, Anchorage, and Seward facilities, with an adjustment for inflation for the Seward costs.

~~Amendment #4:~~

HB 134 is amended on Page 2, line 22, to read:

- (4) Expansion of the existing facility in Seward is conditional upon the Municipality of Seward doing the following to the satisfaction of the Department of Corrections: making land available for housing development, ~~developing economic opportunities in the Municipality, and responsible employment of facility staff.~~^{add} Expansion of the existing facility in Seward is also conditional upon the Alaska Vocational Technical Center developing a corrections training program.

**DOC RESPONSES TO HB 134 QUESTIONS RAISED BY
COMMITTEE MEMBERS IN HSTA HEARING - 04/01/03**

- **What are the comparison costs between HB 55, HB 134, and doing nothing?**

A handout has been prepared for Committee members comparing costs between HB55, HB134, and doing nothing, i.e., expanding the Arizona contract and conducting increased transports to and from that facility. (Please see handout).

- **What is the construction cost on a square foot basis, instead of per bed?**

The construction cost of the 1250-bed facility in Sutton is estimated to be about \$270.00/ square foot. This is comparable to recent facility construction in Alaska. (Please see handout)

The total project cost may not exceed \$110,000/ bed (DOC estimates that the entire design/build project (project hard cost plus soft cost) will cost somewhere between \$124-\$132 million).

- **One policy issue with this bill is that a larger facility is much more economic than building a smaller facilities in many parts of the state. Is that a correct assumption?**

Yes.

- **We have to house prisoners in Alaska, or we have to house them outside. At what point do we reach critical mass?**

We are getting close. We are limited in the prisoners we can send to Arizona: we can't send pre-trial/pre-sentence prisoners, prisoners with mental health issues, or high security prisoners. Additionally, we have a limited number of long-term prisoners that we can send. We are sending prisoners now who have only 14-months to serve. This will only worsen as time goes on, and become increasingly more expensive.

- **Another policy issue is whether it is in the state's best interest to export these dollars south, or is it better to build the facility here? What is the economic benefit to the state if we do that?**

According to the recent economic impact study by *Northern Economics, Inc.*, if all the facilities are built, about *2,000 jobs* will be created statewide during the construction phase of the facilities. These jobs will pay about \$84 million dollars in labor income. In terms of total sales of goods and services, about \$215 million dollars will be generated in the state during the construction phase.

After construction is over and the new and expanded facilities are in operation, the facilities will create an estimated *798 new jobs statewide*, with a combined payroll of \$23 million annually.

- **Why is the Anchorage expansion a federally funded project, but Bethel wasn't?**

The Anchorage expansion was proposed by the U.S. Marshals Service based on present and projected numbers of federal detainees. The DOC currently has a contract with the federal government to hold 50 detainees. We nearly always exceed that number, holding an average of 80 detainees. This week, we have over 100 federal detainees in our facilities. The U.S. Marshals are expanding their operations in the State, and this increased presence will result in increased arrests and additional federal detainees. The Anchorage expansion will be funded with federal dollars and expanded billing to the federal government will pay for the additional operating costs.

The department has submitted a federal funding request for consideration by OMB for the Bethel facility expansion.

- **What is the distance from medical facilities and the cost of medical and the handling of prisoners in Sutton verses something in Anchorage?**

The proposed facility in Sutton is located fewer than 15 miles from Valley Hospital in Palmer. In addition, a new \$87 million 76-bed hospital is planned for a location near the intersection of the Parks and Glenn (fewer than 20 miles away). Additional medical staff are available at the adjacent Palmer Correctional Center as well.

Under the proposed FY04 budget, the department is going to open the Medical Segregation Unit at the Anchorage Jail. Prisoners in the Mat-Su Valley-Eagle River-Anchorage Bowl area can be transferred there for minor procedures and post-operative recovery from major surgery.

Alaska Construction Cost Comparison

4/8/03

2002 RS Means "Building Construction Cost Data"

Alaska Location Factors:

Location	Materials	Labor	Total
- Anchorage	1.295	1.137	1.243
- Fairbanks	1.326	1.172	1.236
- Juneau	1.326	1.137	1.235
- Ketchikan	1.439	1.137	1.293

(Recent contractor input: 1.35)

Base Year: 2002

Building Type	2002 Average Construction Cost / SF	2002 Adjusted Anchorage Cost @ 1.243
Apartment, Mid Rise	72.00	89.50
Banks	128.00	159.10
Colleges (Class)	112.00	139.22
Colleges (Science Lab)	164.00	203.85
Community Center	89.70	111.50
Court Houses	122.00	151.65
Dormitories, Mid Rise	120.00	149.16
Fire Stations	90.15	112.06
Hospitals	157.00	195.15
Jails	174.00	216.28
Libraries	103.00	128.03
Medical Clinics	98.20	122.06
Nursing Homes	92.10	114.48
Office, Mid Rise	80.80	100.43
Police Stations	129.00	160.35
Post Offices	95.30	118.46
Restaurants	116.00	144.19
Schools, Sr. High	83.95	104.35
Schools, Vocational	83.65	103.98
Town Halls	92.45	114.92

NOTES:

- 1 RS Means provides representative national averages, and do not include any contingencies. Alaskan construction costs tend to vary with local supply / demand conditions.
- 2 These estimates are for construction contract costs. They do not include design, project management permitting, artwork, FF&E or design / construction contingency allowances (typically 1.40 factor).
- 3 The estimates are based on 2002 data and have not been escalated for future years.
- 4 Input from a firm that recently constructed a prison in Idaho was that current Anchorage-area costs would be \$266.72 / SF (including a 5% scope contingency).

Alaska Construction Cost Comparison

4/8/03

Comparable cost data recently developed for the Anchorage Museum project (provided by RISE Alaska):

Base Year: 2007 (Escalated Costs)

Elmendorf Hospital	364.00
ANC Court Building	272.00
Anchorage Jail	264.00
ANC Museum - 1985 Addition	320.00
Seward SeaLife Center	306.00
UAA Consortium Library	209.00
Fairbanks UAF Museum	305.00
Fairbanks Court House	236.00

NOTE: I believe these represent final contract price divided by total SF.

Facility Elements that Impact Correctional Facility Construction Costs:

- Security Walls - Multiple, Reinforced Concrete and/or Steel, Security Glazing
- Security Doors, Locks and Controls
- CCTV Surveillance Systems
- Security Control Rooms
- Perimeter Security Fences, Alarm Systems and Lighting
- Sophisticated Mechanical Systems
- Water, Sewer and Road Infrastructure at Isolated Sites

*Last 2 pages
are missing
not in this
packet*

Department of Corrections
FY 2008
 Prison Bed Cost Comparison

Arizona Contractual Costs (1744 Beds)	Private Prison (1200 Beds)	Public Prison (1200 Beds)
\$44,716.3	\$44,399.5	\$41,582.8
Arizona Contract Detail	Private Prison Detail Costs	Public Prison Detail
FY2008 estimated bed cost for AZ Contract Bed = 60.87	Operating/Capital Costs @ \$94	Operating Costs @ \$51.36
Increase cost of \$7.94 per bed for current 648 beds	State costs @ \$7.37	Capital Costs @ \$22.92
Gratuities for additional population US Marshall Transports quarterly (in addition to current budget quarterly moves)	Medical Oversight @ \$0.27 Management & Administration @ \$4.22	Overhead Costs @ \$20.66
Inmate rotations for releases medicals etc (25 per month)	Transportation & Probation @ \$2.88	Inmate Programs @ \$2.31
Expand AZ Probation Officers to meet AZ Inmate Population		Medical Costs @ \$8.25
Increase to AZ Costs		Administrative Costs @ \$2.71
Current AZ Budget		Statewide Direct Costs @ \$7.39
Overhead (based on FY01 Maximus Cost Allocation Report)		
Adjusted AZ Budget FY2008	Private Prison in AK Total	Public Prison in AK Total
** \$44,716,300 divided by 1,744 beds divided by 365 days - \$70.25 per manday.	** \$44,399,500 divided by 1,200 beds divided by 365 days - \$101.37 per manday.	** \$41,582,800 divided by 1,200 beds divided by 365 days - \$94.94 per manday.

**Department of Corrections
Estimated Bed Costs for Increased Population
FY 2008**

	Total Increased Op Cost with No Construction (Arizona Contract) (1744 beds)	Annual Total Cost Per Bed		
		SB65/HB134 (1600 beds)	HB55 (1653 beds)	SB99 (1200 beds)
Addl. Beds Required by 2008 = 1096	\$44,233.1	\$41,233.2	\$80,794.9	\$55,793.6

Detail of Out of State (AZ) Contract Bed Increases

FY2008 estimated per bed cost for AZ Contract Bed = \$60.87	\$24,350.4
Increase cost of \$7.94 per bed for current 648 beds	\$1,878.0
Gratuities for additional population	\$706.3
Initial US Marshall Transports to move 1096 inmates out of state	\$687.5
Inmate rotations for releases medicals etc (25 per month)	\$450.0
Expand AZ Probation Officers to meet AZ Inmate Population	\$635.0
Increase to AZ Costs	\$28,707.2
Current AZ Budget	\$15,525.9
Adjusted Budget FY2008	\$44,233.1

23-LS0563\D
Luckhaupt
3/31/03

CS FOR HOUSE BILL NO. 134()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STOLTZE, Masek, Gatto, Crawford

*revision
to p 2 use 19*

A BILL
FOR AN ACT ENTITLED

1 "An Act authorizing the Department of Corrections to enter into lease-purchase
2 agreements with municipalities for new or expanded public correctional facilities in the
3 Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the
4 Municipality of Anchorage."

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

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

8 AUTHORIZATION TO ENTER INTO LEASE-PURCHASE AGREEMENTS WITH
9 MUNICIPALITIES FOR NEW OR EXPANDED CORRECTIONAL FACILITIES. (a) To
10 relieve overcrowding of existing correctional facilities in the state and the extensive use of
11 out-of-state correctional facilities, the Department of Corrections, not later than July 1, 2006,
12 may enter into lease-purchase agreements with the following municipalities for new or
13 expanded correctional facilities:

14 (1) Fairbanks North Star Borough - expansion of existing facility by up to 80

"Conceptual"

Amendments to HB 134 Offered by Rep. Seaton:

Amendment #1:

HB 134 is amended on Page 2, line 5, to read:

- (b) The Department of Corrections, not later than July 1, 2008, may enter ~~into~~^{into} an agreement with the Municipality of Seward for expansion of an existing facility by up to 400 beds.

Amendment #2:

HB 134 is amended on Page 2, line 6, to read:

- (c) The authorizations given by (a) and (b) of this section are subject to the following conditions:

Amendment #3:

HB 134 is amended on Page 2, line 21, to read:

... \$14,600 a bed ~~for~~^{for} the Fairbanks, Anchorage, and Seward facilities, with an adjustment for inflation for the Seward costs.

Amendment #4:

HB 134 is amended on Page 2, line 22, to read:

- (4) Expansion of the existing facility in Seward is conditional upon the Municipality of Seward doing the following to the satisfaction of the Department of Corrections: making land available for housing development; ~~developing economic opportunities in the Municipality for spousal employment of facility staff.~~ Expansion of the existing facility in Seward is also conditional upon the Alaska Vocational Technical Center developing a corrections training program.

- 1 beds;
- 2 (2) Matanuska-Susitna Borough - construction of new public facility with up
- 3 to 1,250 beds;
- 4 (3) Bethel - expansion of existing facility by up to 120 beds;
- 5 (4) Municipality of Anchorage - expansion of Anchorage Jail by up to 200
- 6 beds.

7 (b) The authorizations given by (a) of this section are subject to the following
 8 conditions:

9 (1) the average capital cost for all beds may not exceed \$135,000 a bed for
 10 (a)(1) and (4) of this section, \$110,000 a bed for (a)(2) of this section, and \$155,000 a bed for
 11 (a)(3) of this section, adjusted for inflation each year at a rate equal to the percentage increase
 12 in the Consumer Price Index for urban wage earners and clerical workers for Anchorage,
 13 Alaska, during the previous calendar year as determined by the Bureau of Labor Statistics,
 14 United States Department of Labor;

*745,000
 Subord*

*Amend
 #1*

15 (2) if construction of a new facility is authorized, the municipality shall
 16 initially own the facility, and the state shall enter into a long-term lease-purchase not to
 17 exceed 25 years with the municipality to operate the facility and to receive ownership of the
 18 facility at the end of the lease; the annual lease payment for a new facility may not exceed
 19 ~~\$14,600~~^{11,000} a bed;

20 (3) if expansion of an existing facility is authorized, the state shall initially
 21 enter into a joint ownership agreement with the municipality of the expanded facility, enter
 22 into a long-term lease-purchase not to exceed 25 years of the municipality's interest in the
 23 facility, operate the facility, and receive ownership of the facility at the end of the lease;
 24 payments under the lease may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a
 25 bed for the Fairbanks and Anchorage facilities;

26 (4) the lease-purchase agreement must contain terms providing that the
 27 commissioner of corrections may terminate for cause any contract for operating the facility.

28 (c) The authorization given by (a)(4) of this section is subject to the following
 29 condition: expansion of the facility may only occur if the expansion is funded by up to
 30 \$30,000,000 in federal receipts.

ALASKA STATE LEGISLATURE

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law

Member:
House Finance Committee
Legislative Council



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928
Toll Free (866) 465-4958

Interim:
PO Box 464
Chugiak, AK 99567

REPRESENTATIVE BILL STOLTZE

Representative_Bill_Stoltze@legis.state.ak.us

Sponsor Statement for House Bill 134

"An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage."

Since 1995, Alaska has been exploring options to resolve over-crowding in its correctional facilities, but the number of prison beds has not been adequately increased to meet demand. Instead, facilities in state remain overcrowded even though approximately 650 prisoners are being held in another state. This results in approximately \$20 million per year flowing out of Alaska's economy.

House Bill 134 would increase beds in Alaska by providing legislative authorization for local governments to finance the construction of new prison facilities and add additional beds at facilities currently owned by the state. The State of Alaska would then enter into long-term leases and operate the facilities as part of the state correctional system.

HB 134 proposes incrementally expanding the existing facilities in Bethel, Fairbanks, and Anchorage to meet regional needs by the addition of up to a total of 400 new beds. It resolves current and future overcrowding by building a large centralized 1,200 bed prison in the Matanuska-Susitna Borough. In comparison with other proposed new facilities, the centralized location would result in additional cost savings by its close proximity to services such as food service, police, and the courthouse.

I believe that the Department of Corrections provides quality assurance for the safety of the prison personnel and the public, which is central to the reason I support this approach to build the needed prison space.

I ask for your consideration and support of HB 134 to resolve overcrowding, thereby decreasing the current threat to prison workers' safety, and to the public, while retaining Alaska's prisoners within the state.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB134 DOC 3 07
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Department of Corrections
 Title: Correctional Facility Expansion BRU: Administration & Operations
 Component: _____
 Sponsor: Representative Stoltze
 Requester: _____ Component No.: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	200.8	207.3	1,838.8	10,653.9	18,159.2	18,202.2
Travel	7.0	8.0	151.3	232.3	313.4	313.4
Contractual	5.0	5.0	685.2	1,738.2	2,791.2	2,791.2
Supplies	6.0	7.0	778.4	2,335.5	3,892.6	3,892.6
Equipment	7.0	0.0	9.0	9.0	9.0	9.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	80.0	199.0	793.9	793.9
Miscellaneous	0.0	0.0	3,172.0	5,002.9	15,273.9	15,273.9
TOTAL OPERATING	225.8	227.3	6,714.7	20,170.8	41,233.2	41,276.2
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	225.8	227.3	6,714.7	20,170.8	41,233.2	41,276.2
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	225.8	227.3	6,714.7	20,170.8	41,233.2	41,276.2

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time	3	3	29	46	317	314
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the Department of Corrections to enter into twenty-five year lease agreements with the Fairbanks North Star Borough, Matanuska-Susitna Borough, Bethel and Anchorage for up to a total of 1,600 beds at state correctional facilities and a new state correctional facility.

Assure that the local government agencies will fund the costs of the new or expanded correctional facilities construction through local/AIDEA bond sales backed by the state leases. Costs of construction for Fairbanks, Anchorage and Mat-Su facilities not to exceed \$135,000 per bed, and cost of annual lease payments not to exceed \$14,600 per bed. For the Bethel facility, costs of construction not to exceed \$155,000 per bed, and cost of annual lease payments not to exceed \$16,700. (continued on page 2 of 2).

Prepared by: Jerry D. Burnett, Director Phone 465-3339
 Division: Administrative Services Date/Time 3/10/03 8:52 AM
 Approved by: Portia C.K. Parker, Deputy Commissioner Date 3/10/2003
 Agency: Department of Corrections

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB134 DOC 3 10

ANALYSIS CONTINUATION

DOC will require three project management positions during the planning and construction phase.

Annual Lease Costs, by Facility (shown in miscellaneous line):

Fairbanks Correctional Center: 80 new beds = \$1,168,000
Matanuska-Susitna Borough: 1,200 new beds = \$12,101,900
Yukon-Kuskokwim Correction Center: 120 beds = \$2,004,000
Anchorage Jail: no lease payment (if appropriated, federal funds used for construction)

Additionally, security and life/safety staff and institutional staffing necessary to support the 1,600 new prisoner beds in Alaska is based on about 5 prisoners per 1 staff. Thus, 314 new staff will be needed to support these additional prisoner beds statewide.

The \$41,276,200 annual costs of incarceration and lease payments can be offset by moving any remaining prisoners housed at the out of state contract facility (Florence Correctional Center) back to Alaska and housing them in the new beds created by this bill. Assuming that in FY08, 1,000 prisoners, at \$70.00 per day x 365 days = \$25,550,000 of savings that can be applied to the cost of new beds. The bill provides for federal receipt authority for up to \$30,000,000. The authorization to expand the Anchorage Jail facility by 200 beds may only occur if federal funds are received and the Alaska State Legislature appropriates the funds.

End.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB134
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Correctional Facility Expansion BRU Revenue Operations
 Component Treasury Division
 Sponsor Representative Stoltze
 Requester House State Affairs Committee Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	15.0	5.0				
Contractual	75.0	40.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	90.0	45.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	90.0	45.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	90.0	45.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached page.

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3759
 Division Treasury Division Date/Time 3/11/03 6:14 PM
 Approved by: Larry Persily, Deputy Commissioner Date 3/11/2003
 Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 134

ANALYSIS CONTINUATION

The legislation authorizes the Department of Corrections to enter into leases with four municipalities for new or expanded correctional facilities. The municipalities would fund these projects by issuing lease-revenue bonds. These bonds would require the municipalities to pledge the state's lease payments to the debt service, to the extent they are appropriated, and provide a trustee bank with a title interest in the new or improved facility for the benefit of the bond purchasers. This is a matter concerning the Department of Revenue as the credit of the State of Alaska is used each time a lease is directly pledged to a bond sale and, as such, the Department should be involved in the debt issuance.

Over the past 20 years the state has made a concerted effort to centralize the issuance of debt involving the state's credit through the State Bond Committee. It is noteworthy that the Anchorage jail, which is the most recent instance when the Legislature authorized a lease-revenue transaction, was approved by the State Bond Committee, including all of the Municipality of Anchorage's transaction documents and terms of sale. The national bond rating agencies' primary contact during the review of the Anchorage Jail Revenue Bonds was the State of Alaska Department of Revenue. These bond rating agencies review and rate almost all transactions of the state, and a lack of direct state involvement will draw concern during the state's annual ratings review.

In providing the cost estimates in this fiscal note, the following assumptions were made:

1. The municipalities will issue bonds in FY2004 and FY2005.
2. The municipalities will bring no pledge of additional security to the financing(s), other than the state's credit and bond sale proceeds.
3. The municipalities will have to issue these bonds separately.
4. As state-supported appropriation debt, the bonds will be rated A1, A+, A+, resulting in interest rates comparable to other state-supported certificates of participation.
5. The bonds will have 15-year terms, with fixed-interest rates and level debt service.
6. The municipalities will issue the maximum amount authorized under this legislation (\$218,400,000) for the projects, plus the cost of issuing these bonds (while there is no limitation, these costs are estimated at \$4,368,000).*

The legislation requires at least one bond sale from each of the four municipalities listed. This is an inefficient way to raise funds for projects as each transaction will have fixed costs of issuance. Rating agency, bond counsel, financial advisory, printing and other fees will be incurred four times rather than once. This results in bond issuance costs totalling an estimated \$1 million to \$2 million more than alternative structuring alternatives.

Due to the State Bond Committee's role in these transactions, the state's bond counsel and financial adviser will have to participate in drafting the legal documents, structuring the transaction, and working with the rating agencies for each of the bond sales. The cost of this effort is estimated at \$135,000 over FY 2004 and 2005.

** If bond issuance costs are examined, there needs to be a discussion of the type of sale contemplated -- since issuance costs are ascribed differently with a negotiated sale of securities than with a competitive sale.*

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Adopted: 02/18/03

**MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 03-012**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY SUPPORTING THE CONCEPT OF ESTABLISHING MULTIPLE, MUNICIPAL-OWNED, STATE-OPERATED PRISONS.

WHEREAS, the state of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 900 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the state of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds that if expended in the state of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs; and

WHEREAS, maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

WHEREAS, the state of Alaska, Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions, and

address statewide and regional correction needs.

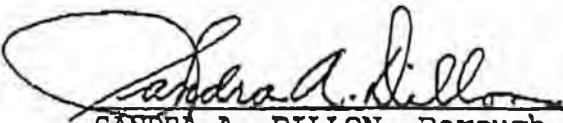
NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly supports the concept of a comprehensive approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

BE IT FURTHER RESOLVED, that new or expanded prisons be owned by the municipalities and operated by the state of Alaska, Department of Corrections under a long-term lease with the relevant municipalities including the Matanuska-Susitna Borough.

ADOPTED by the Matanuska-Susitna Borough Assembly this 18 day of February, 2003.


TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:


SANDRA A. DILLON, Borough Clerk

(SEAL)

SAB 5

Requested by: Mayor
Prepared by: Administration
Meeting date: February 24, 2003
Adopted: February 24, 2003
Vote: Unanimous; Lowe absent

**CITY OF WASILLA
RESOLUTION SERIAL NO. 03-07**

A RESOLUTION OF THE WASILLA CITY COUNCIL TO SUPPORT SENATE BILL NO. 65 FOR LEGISLATION TO AUTHORIZE THE DEPARTMENT OF CORRECTIONS TO ENTER INTO AGREEMENTS WITH MUNICIPALITIES FOR NEW OR EXPANDED PUBLIC CORRECTIONAL FACILITIES IN THE FAIRBANKS NORTH STAR BOROUGH, THE MATANUSKA-SUSITNA BOROUGH, BETHEL, AND THE MUNICIPALITY OF ANCHORAGE.

WHEREAS, to relieve overcrowding of existing correctional facilities in the state and the extensive use of out-of-state correctional facilities, the Department of Corrections, not later than July 1, 2006, may enter into agreements with the following municipalities for new or expanded correctional facilities:

- (1) Fairbanks North Star Borough – expansion of existing facility by up to 80 beds;
- (2) Matanuska-Borough Borough – construction of new facility with up to 1,200 beds;
- (3) Bethel – an expansion of exiting facility by up to 120 beds;
- (4) Municipality of Anchorage – expansion of Anchorage Jail by up to 200 beds, and

WHEREAS, the average capital cost for all beds may not exceed \$135,000 a bed for (1), (2), and (4) of above, and \$155,000 a bed for (3) above, adjusted for inflation each year at a rate equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers for Anchorage, Alaska, during the previous calendar year as determined by the Bureau of Labor Statistics, United States Department of Labor, and

WHEREAS, if construction of a new facility is authorized, the municipality shall own the facility, and the state may enter into a long-term lease not to exceed 25 years

with the municipality to operate the facility; the annual lease payment for a new facility may not exceed \$14,600 a bed; and


WHEREAS, if expansion of an existing facility is authorized, the state shall enter into a joint ownership agreement with the municipality of the expanded facility, enter into a long-term lease not to exceed 25 years of the municipality's interest in the facility, and operate the facility; payments under the lease may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a bed for the Fairbanks and Anchorage facilities;

WHEREAS, the agreement to lease must contain terms providing that the commission of corrections may terminate for cause any contract for operating the facility, and

WHEREAS, the agreement to lease must contain terms providing that the commissioner of corrections may terminate for cause any contract for operating the facility.

NOW THEREFORE BE IT RESOLVED by the Wasilla City Council that the authorization given by this legislation is subject to the following condition: expansion of the facility may only occur if the expansion is funded by up to \$30,000,000 in federal receipts.

ADOPTED by the Wasilla City Council on February 24, 2003.


DIANNE M. KELLER, Mayor

ATTEST:

KRISTIE L. SMITHERS, CMC
City Clerk

[SEAL]



RECEIVED
FEB 24 2003

RESOLUTION 03-04

**A RESOLUTION OF THE COUNCIL FOR THE CITY OF HOUSTON, ALASKA
IN SUPPORT OF THE CONCEPT OF ESTABLISHING MULTIPLE,
MUNICIPAL OWNED, STATE OPERATED PRISIONS.**

WHEREAS, the State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 900 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of state facilities; funds that if expended in the State of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs;; and

WHEREAS, maintaining prisoners within the State allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

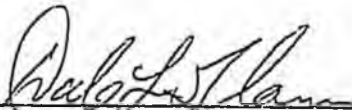
WHEREAS, the State of Alaska Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to government transactions and address statewide and regional correction needs.

NOW, THEREFORE BE IT RESOLVED that the Council of the City of Houston, Alaska, supports the concept of a comprehensive approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

BE IT FURTHER RESOLVED that new or expanded prisons be owned by the

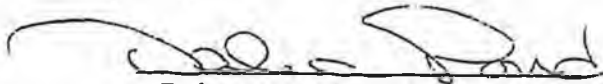
municipalities and operated by the State of Alaska Department of Corrections under a long-term lease with the relevant municipalities including the City of Houston, Alaska.

ADOPTED by a duly constituted quorum of the City Council for the City of Houston, Alaska on this 13th day of February, 2003.



Dale Adams, Mayor

ATTEST:



Daleann Pond, City Clerk





Fairbanks Economic Development Corporation

RESOLUTION

A RESOLUTION BY THE FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION IN SUPPORT OF ESTABLISHING A NEW CORRECTIONAL FACILITY WITHIN THE FAIRBANKS NORTH STAR BOROUGH

WHEREAS the Alaska correctional system is severely over-crowded; and

WHEREAS the State of Alaska recognizes the need to bring home the approximately 600 inmates incarcerated in Arizona prisons; and

WHEREAS the Fairbanks Correctional Facility (FCC) is the collection center for prisoners from Western, Northern, and Interior Alaska; and

WHEREAS the current FCC was constructed in 1965, and would require extensive renovation to provide necessary services if additional beds were added; and

WHEREAS a larger correctional facility in Fairbanks would provide an opportunity for cultural, social, and family support for a large percentage of the inmates; and

WHEREAS a larger correctional facility in the Fairbanks North Star Borough would provide considerable economic growth; and

WHEREAS the Fairbanks Economic Development Corporation encourages the Fairbanks North Star Borough to issue bonds to finance the construction of the facility; and

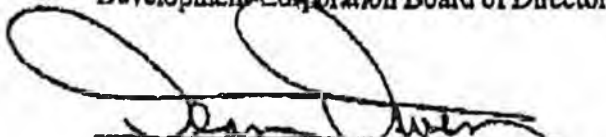
THEREFORE BE IT RESOLVED that the Fairbanks Economic Development Corporation requests that the Greater Fairbanks Chamber of Commerce, Fairbanks North Star Borough, City of Fairbanks, and the City of North Pole support the significant expansion of the number of inmate beds in Interior Alaska where the financial and clinical benefits of expanding the existing facility are equally considered with the development of a new facility; and

BE IT FURTHER RESOLVED that a new or expanded prison facility be owned by the municipalities and operated by the State of Alaska Department of Corrections under a long-term lease with the relevant municipalities including the Fairbanks North Star Borough.


BE IT FURTHER RESOLVED that this resolution be distributed to:
Governor Frank Murkowski
Commissioner Department of Corrections
Interior Delegation

Mayor Rhonda Boyles
Mayor Steve Thompson
Mayor Jeff Jacobson
Fairbanks North Star Borough Assembly
Fairbanks City Council
North Pole City Council

PASSED in Fairbanks, Alaska this nineteenth day of February, 2003 by the Fairbanks Economic Development Corporation Board of Directors.



Dean Owen, President/CEO



James Dodson, Chairman



CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4815

OFFICE: 907-459-6703

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

March 10, 2003

VIA FACSIMILE: (907) 485-3806

Senator Lyda Green
State Capitol, Room 516
Juneau, Alaska 99801-1182

Re: Senate Bill 65

Dear Senator Green:

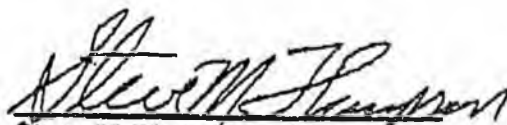
I salute your persistence in pursuing a solution for the state's future correctional facility needs. It has not been an easy route. Clearly, there is substantial debate, strident at times, throughout the state regarding the solution to the problem.

The regional approach taken in Senate Bill 65 makes a great deal of sense. There are many advantages of building new facilities in Sutton, Fairbanks, Bethel and Anchorage that outweigh the other "monolithic" approach of a single large facility.

Thank you again for your work.

Sincerely,

CITY OF FAIRBANKS


Steve M. Thompson, Mayor



CITY OF PALMER, ALASKA

RESOLUTION NO. 1264

A RESOLUTION OF THE CITY OF PALMER IN SUPPORT OF THE CONCEPT OF ESTABLISHING MULTIPLE, MUNICIPAL OWNED, STATE OPERATED PRISONS.

WHEREAS, the State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 800 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds if expended in the State of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs; and

WHEREAS, maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

WHEREAS, Alaska State Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions and address statewide and regional correction needs.

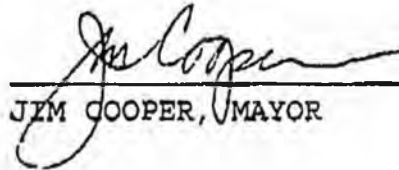
NOW, THEREFORE, BE IT RESOLVED, the City of Palmer supports the general concept of a comprehensive statewide approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

BE IT FURTHER RESOLVED, that new or expanded prisons be owned by the municipalities and operated by the Alaska State Department

Resolution No. 1264 - Continued

of Corrections under a long-term lease with the relevant municipalities including the Matanuska-Susitna Borough.

Adopted by the City of Palmer this 26th day of February, 2002.



JIM COOPER, MAYOR



THOMAS HEALY, CITY CLERK

ALASKA STATE LEGISLATURE

Chair:

House Finance Subcommittees for,
Department of Public Safety
Department of Law

Member:

House Finance Committee
Legislative Council



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928
Toll Free (866) 465-4958

Interim:
PO Box 464
Chugiak, AK 99567

REPRESENTATIVE BILL STOLTZE

Representative_Bill_Stoltze@legis.state.ak.us

Sponsor Statement for House Bill 134

"An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage."

Since 1995, Alaska has been exploring options to resolve over-crowding in its correctional facilities, but the number of prison beds has not been adequately increased to meet demand. Instead, facilities in state remain overcrowded even though approximately 650 prisoners are being held in another state. This results in approximately \$20 million per year flowing out of Alaska's economy.

House Bill 134 would increase beds in Alaska by providing legislative authorization for local governments to finance the construction of new prison facilities and add additional beds at facilities currently owned by the state. The State of Alaska would then enter into long-term leases and operate the facilities as part of the state correctional system.

HB 134 proposes incrementally expanding the existing facilities in Bethel, Fairbanks, and Anchorage to meet regional needs by the addition of up to a total of 400 new beds. It resolves current and future overcrowding by building a large centralized 1,200 bed prison in the Matanuska-Susitna Borough. In comparison with other proposed new facilities, the centralized location would result in additional cost savings by its close proximity to services such as food service, police, and the courthouse.

I believe that the Department of Corrections provides quality assurance for the safety of the prison personnel and the public, which is central to the reason I support this approach to build the needed prison space.

I ask for your consideration and support of HB 134 to resolve overcrowding, thereby decreasing the current threat to prison workers' safety, and to the public, while retaining Alaska's prisoners within the state.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB134 DOC 3 07
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Department of Corrections
 Title: Correctional Facility Expansion BRU: Administration & Operations
 Component: _____
 Sponsor: Representative Stoltze Component No.: _____
 Requester: _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	200.8	207.3	1,838.8	10,653.9	18,159.2	18,202.2
Travel	7.0	8.0	151.3	232.3	313.4	313.4
Contractual	5.0	5.0	685.2	1,738.2	2,791.2	2,791.2
Supplies	6.0	7.0	778.4	2,335.5	3,892.6	3,892.6
Equipment	7.0	0.0	9.0	9.0	9.0	9.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	80.0	199.0	793.9	793.9
Miscellaneous	0.0	0.0	3,172.0	5,002.9	15,273.9	15,273.9
TOTAL OPERATING	225.8	227.3	6,714.7	20,170.8	41,233.2	41,276.2

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	225.8	227.3	6,714.7	20,170.8	41,233.2	41,276.2
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	225.8	227.3	6,714.7	20,170.8	41,233.2	41,276.2

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time	3	3	29	46	317	314
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the Department of Corrections to enter into twenty-five year lease agreements with the Fairbanks North Star Borough, Matanuska-Susitna Borough, Bethel and Anchorage for up to a total of 1,600 beds at state correctional facilities and a new state correctional facility.

Assume that the local government agencies will fund the costs of the new or expanded correctional facilities construction through local/AIDEA bond sales backed by the state leases. Costs of construction for Fairbanks, Anchorage and Mat-Su facilities not to exceed \$135,000 per bed, and cost of annual lease payments not to exceed \$14,600 per bed. For the Bethel facility, costs of construction not to exceed \$155,000 per bed, and cost of annual lease payments not to exceed \$16,700. (continued on page 2 of 2).

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

Phone: 465-3339
 Date/Time: 3/10/03 8:52 AM
 Date: 3/10/2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB134 DOC 3 10

ANALYSIS CONTINUATION

DOC will require three project management positions during the planning and construction phase.

Annual Lease Costs, by Facility (shown in miscellaneous line):

Fairbanks Correctional Center: 80 new beds = \$1,168,000
Matanuska-Susitna Borough: 1,200 new beds = \$12,101,900
Yukon-Kuskokwim Correction Center: 120 beds = \$2,004,000
Anchorage Jail: no lease payment (if appropriated, federal funds used for construction)

Additionally, security and life/safety staff and institutional staffing necessary to support the 1,600 new prisoner beds in Alaska is based on about 5 prisoners per 1 staff. Thus, 314 new staff will be needed to support these additional prisoner beds statewide.

The \$41,276,200 annual costs of incarceration and lease payments can be offset by moving any remaining prisoners housed at the out of state contract facility (Florence Correctional Center) back to Alaska and housing them in the new beds created by this bill. Assuming that in FY08, 1,000 prisoners, at \$70.00 per day x 365 days = \$25,550,000 of savings that can be applied to the cost of new beds. The bill provides for federal receipt authority for up to \$30,000,000. The authorization to expand the Anchorage Jail facility by 200 beds may only occur if federal funds are received and the Alaska State Legislature appropriates the funds.

End.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 134
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Correctional Facility Expansion BRU Revenue Operations
Component Treasury Division
Sponsor Representative Stoltze
Requester House State Affairs Committee Component No. 121

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel	15.0	5.0				
Contractual	75.0	40.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	90.0	45.0	0.0	0.0	0.0	0.0

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	90.0	45.0				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	90.0	45.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached page.

Prepared by: Deven Mitchell, State Debt Manager
Division: Treasury Division
Approved by: Larry Persily, Deputy Commissioner
Agency: Department of Revenue

Phone 465-3759
Date/Time 3/11/03 6:14 PM
Date 3/11/2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 134

ANALYSIS CONTINUATION

The legislation authorizes the Department of Corrections to enter into leases with four municipalities for new or expanded correctional facilities. The municipalities would fund these projects by issuing lease-revenue bonds. These bonds would require the municipalities to pledge the state's lease payments to the debt service, to the extent they are appropriated, and provide a trustee bank with a title interest in the new or improved facility for the benefit of the bond purchasers. This is a matter concerning the Department of Revenue as the credit of the State of Alaska is used each time a lease is directly pledged to a bond sale and, as such, the Department should be involved in the debt issuance.

Over the past 20 years the state has made a concerted effort to centralize the issuance of debt involving the state's credit through the State Bond Committee. It is noteworthy that the Anchorage jail, which is the most recent instance when the Legislature authorized a lease-revenue transaction, was approved by the State Bond Committee, including all of the Municipality of Anchorage's transaction documents and terms of sale. The national bond rating agencies' primary contact during the review of the Anchorage Jail Revenue Bonds was the State of Alaska Department of Revenue. These bond rating agencies review and rate almost all transactions of the state, and a lack of direct state involvement will draw concern during the state's annual ratings review.

In providing the cost estimates in this fiscal note, the following assumptions were made:

1. The municipalities will issue bonds in FY2004 and FY2005.
2. The municipalities will bring no pledge of additional security to the financing(s), other than the state's credit and bond sale proceeds.
3. The municipalities will have to issue these bonds separately.
4. As state-supported appropriation debt, the bonds will be rated A1, A+, A+, resulting in interest rates comparable to other state-supported certificates of participation.
5. The bonds will have 15-year terms, with fixed-interest rates and level debt service.
6. The municipalities will issue the maximum amount authorized under this legislation (\$218,400,000) for the projects, plus the cost of issuing these bonds (while there is no limitation, these costs are estimated at \$4,368,000).*

The legislation requires at least one bond sale from each of the four municipalities listed. This is an inefficient way to raise funds for projects as each transaction will have fixed costs of issuance. Rating agency, bond counsel, financial advisory, printing and other fees will be incurred four times rather than once. This results in bond issuance costs totalling an estimated \$1 million to \$2 million more than alternative structuring alternatives.

Due to the State Bond Committee's role in these transactions, the state's bond counsel and financial adviser will have to participate in drafting the legal documents, structuring the transaction, and working with the rating agencies for each of the bond sales. The cost of this effort is estimated at \$135,000 over FY 2004 and 2005.

** If bond issuance costs are examined, there needs to be a discussion of the type of sale contemplated – since issuance costs are ascribed differently with a negotiated sale of securities than with a competitive sale.*

Adopted: 02/18/03

**MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 03-012**

**A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY SUPPORTING
THE CONCEPT OF ESTABLISHING MULTIPLE, MUNICIPAL-OWNED, STATE-
OPERATED PRISONS.**

WHEREAS, the state of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 900 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the state of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds that if expended in the state of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs; and

WHEREAS, maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

WHEREAS, the state of Alaska, Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions, and

address statewide and regional correction needs.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly supports the concept of a comprehensive approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

BE IT FURTHER RESOLVED, that new or expanded prisons be owned by the municipalities and operated by the state of Alaska, Department of Corrections under a long-term lease with the relevant municipalities including the Matanuska-Susitna Borough.

ADOPTED by the Matanuska-Susitna Borough Assembly this 18 day of February, 2003.


TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:


SANDRA A. DILLON, Borough Clerk

(SEAL)

1262

Requested by: Mayor
Prepared by: Administration
Meeting date: February 24, 2003
Adopted: February 24, 2003
Vote: Unanimous; Lowe absent

**CITY OF WASILLA
RESOLUTION SERIAL NO. 03-07**

A RESOLUTION OF THE WASILLA CITY COUNCIL TO SUPPORT SENATE BILL NO. 65 FOR LEGISLATION TO AUTHORIZE THE DEPARTMENT OF CORRECTIONS TO ENTER INTO AGREEMENTS WITH MUNICIPALITIES FOR NEW OR EXPANDED PUBLIC CORRECTIONAL FACILITIES IN THE FAIRBANKS NORTH STAR BOROUGH, THE MATANUSKA-SUSITNA BOROUGH, BETHEL, AND THE MUNICIPALITY OF ANCHORAGE.

WHEREAS, to relieve overcrowding of existing correctional facilities in the state and the extensive use of out-of-state correctional facilities, the Department of Corrections, not later than July 1, 2006, may enter into agreements with the following municipalities for new or expanded correctional facilities:

- (1) Fairbanks North Star Borough – expansion of existing facility by up to 80 beds;
- (2) Matanuska-Borough Borough – construction of new facility with up to 1,200 beds;
- (3) Bethel – an expansion of exiting facility by up to 120 beds;
- (4) Municipality of Anchorage – expansion of Anchorage Jail by up to 200 beds, and

WHEREAS, the average capital cost for all beds may not exceed \$135,000 a bed for (1), (2), and (4) of above, and \$155,000 a bed for (3) above, adjusted for inflation each year at a rate equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers for Anchorage, Alaska, during the previous calendar year as determined by the Bureau of Labor Statistics, United States Department of Labor, and

WHEREAS, if construction of a new facility is authorized, the municipality shall own the facility, and the state may enter into a long-term lease not to exceed 25 years

with the municipality to operate the facility; the annual lease payment for a new facility may not exceed \$14,600 a bed; and

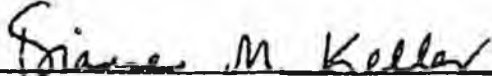
WHEREAS, if expansion of an existing facility is authorized, the state shall enter into a joint ownership agreement with the municipality of the expanded facility, enter into a long-term lease not to exceed 25 years of the municipality's interest in the facility, and operate the facility; payments under the lease may not exceed \$16,700 a bed for the Bethel facility and \$14,600 a bed for the Fairbanks and Anchorage facilities;

WHEREAS, the agreement to lease must contain terms providing that the commission of corrections may terminate for cause any contract for operating the facility, and

WHEREAS, the agreement to lease must contain terms providing that the commissioner of corrections may terminate for cause any contract for operating the facility.

NOW THEREFORE BE IT RESOLVED by the Wasilla City Council that the authorization given by this legislation is subject to the following condition: expansion of the facility may only occur if the expansion is funded by up to \$30,000,000 in federal receipts.

ADOPTED by the Wasilla City Council on February 24, 2003.



DIANNE M. KELLER, Mayor

ATTEST:

KRISTIE L. SMITHERS, CMC
City Clerk

[SEAL]



RECEIVED
FEB 24 2003

RESOLUTION 03-04

**A RESOLUTION OF THE COUNCIL FOR THE CITY OF HOUSTON, ALASKA
IN SUPPORT OF THE CONCEPT OF ESTABLISHING MULTIPLE,
MUNICIPAL OWNED, STATE OPERATED PRISIONS.**

WHEREAS, the State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 900 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of state facilities; funds that if expended in the State of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs;; and

WHEREAS, maintaining prisoners within the State allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

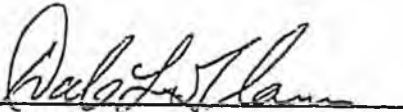
WHEREAS, the State of Alaska Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to government transactions and address statewide and regional correction needs.

NOW, THEREFORE BE IT RESOLVED that the Council of the City of Houston, Alaska, supports the concept of a comprehensive approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

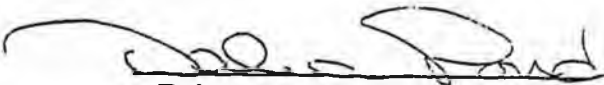
BE IT FURTHER RESOLVED that new or expanded prisons be owned by the

municipalities and operated by the State of Alaska Department of Corrections under a long-term lease with the relevant municipalities including the City of Houston, Alaska.

ADOPTED by a duly constituted quorum of the City Council for the City of Houston, Alaska on this 13th day of February, 2003.


Dale Adams, Mayor

ATTEST:


Daleann Pond, City Clerk





Fairbanks Economic Development Corporation

RESOLUTION

A RESOLUTION BY THE FAIRBANKS ECONOMIC DEVELOPMENT CORPORATION IN SUPPORT OF ESTABLISHING A NEW CORRECTIONAL FACILITY WITHIN THE FAIRBANKS NORTH STAR BOROUGH

WHEREAS the Alaska correctional system is severely over-crowded; and

WHEREAS the State of Alaska recognizes the need to bring home the approximately 600 inmates incarcerated in Arizona prisons; and

WHEREAS the Fairbanks Correctional Facility (FCC) is the collection center for prisoners from Western, Northern, and Interior Alaska; and

WHEREAS the current FCC was constructed in 1965, and would require extensive renovation to provide necessary services if additional beds were added; and

WHEREAS a larger correctional facility in Fairbanks would provide an opportunity for cultural, social, and family support for a large percentage of the inmates; and

WHEREAS a larger correctional facility in the Fairbanks North Star Borough would provide considerable economic growth; and

WHEREAS the Fairbanks Economic Development Corporation encourages the Fairbanks North Star Borough to issue bonds to finance the construction of the facility; and

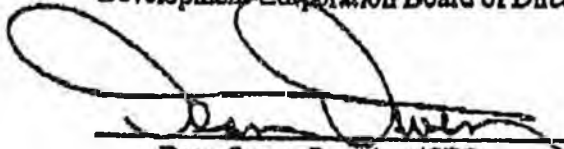
THEREFORE BE IT RESOLVED that the Fairbanks Economic Development Corporation requests that the Greater Fairbanks Chamber of Commerce, Fairbanks North Star Borough, City of Fairbanks, and the City of North Pole support the significant expansion of the number of inmate beds in Interior Alaska where the financial and clinical benefits of expanding the existing facility are equally considered with the development of a new facility; and

BE IT FURTHER RESOLVED that a new or expanded prison facility be owned by the municipalities and operated by the State of Alaska Department of Corrections under a long-term lease with the relevant municipalities including the Fairbanks North Star Borough.


BE IT FURTHER RESOLVED that this resolution be distributed to:
Governor Frank Murkowski
Commissioner Department of Corrections
Interior Delegation

Mayor Rhonda Boyles
Mayor Steve Thompson
Mayor Jeff Jacobson
Fairbanks North Star Borough Assembly
Fairbanks City Council
North Pole City Council

PASSED in Fairbanks, Alaska this nineteenth day of February, 2003 by the Fairbanks Economic Development Corporation Board of Directors.



Dean Owen, President/CEO



James Dodson, Chairman



CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

March 10, 2003

VIA FACSIMILE: (907) 486-3805

Senator Lyda Green
State Capitol, Room 516
Juneau, Alaska 99801-1182

Re: Senate Bill 65

Dear Senator Green:

I salute your persistence in pursuing a solution for the state's future correctional facility needs. It has not been an easy route. Clearly, there is substantial debate, strident at times, throughout the state regarding the solution to the problem.

The regional approach taken in Senate Bill 65 makes a great deal of sense. There are many advantages of building new facilities in Sutton, Fairbanks, Bethel and Anchorage that outweigh the other "monolithic" approach of a single large facility.

Thank you again for your work.

Sincerely,

CITY OF FAIRBANKS


Steve M. Thompson, Mayor



CITY OF PALMER, ALASKA

RESOLUTION NO. 1264

A RESOLUTION OF THE CITY OF PALMER IN SUPPORT OF THE CONCEPT OF ESTABLISHING MULTIPLE, MUNICIPAL OWNED, STATE OPERATED PRISONS.

WHEREAS, the State of Alaska recognizes the pressing need to reduce overcrowding in its prisons and bring home the 800 plus prisoners that are presently housed in out-of-state correctional facilities; and

WHEREAS, the State of Alaska expends approximately \$20 million annually to transport and house prisoners in out-of-state facilities; funds if expended in the State of Alaska could significantly benefit state and local economies; and

WHEREAS, the development of new or expanded prisons in Alaska's municipalities would benefit Alaskans by providing much needed construction and permanent, year-round prison jobs; and

WHEREAS, maintaining prisoners within the state allows for them to be closer to their families and culture which enhances the potential for prisoner rehabilitation; and

WHEREAS, expansions of many of Alaska's existing prisons can be accomplished more cost effectively than by constructing new prisons; and

WHEREAS, Alaska State Department of Corrections has a long-standing history of providing consistent correctional practices that protect the public's safety, allow for community participation through government-to-government transactions and address statewide and regional correction needs.

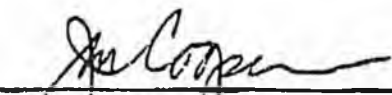
NOW, THEREFORE, BE IT RESOLVED, the City of Palmer supports the general concept of a comprehensive statewide approach to prison development, where the financial and clinical benefits of expanding existing prisons are equally considered with the development of new prisons; and

BE IT FURTHER RESOLVED, that new or expanded prisons be owned by the municipalities and operated by the Alaska State Department

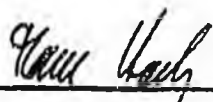
Resolution No. 1264 - Continued

of Corrections under a long-term lease with the relevant municipalities including the Matanuska-Susitna Borough.

Adopted by the City of Palmer this 26th day of February, 2002.



JIM COOPER, MAYOR



THOMAS HEALY, CITY CLERK

Economic Impact Assessment of Proposed Expansion and New Construction of Correctional Facilities

Prepared for the

Matanuska-Susitna Borough

March 2003

Prepared by

northernconomics inc.

880 H STREET, SUITE 210, ANCHORAGE, ALASKA 99501
T: 907.274.5600 F: 907.274.5601

E: norecon@norecon.com • www.northerneconomics.com

PROFESSIONAL CONSULTING SERVICES IN APPLIED ECONOMIC ANALYSIS

President & Principal Economist: Patrick Burden, Ph.D.	Vice President & Senior Economist: Marcus L. Hartley, Ph.D.
Economists: Leah Coyne, Ph.D., Ken Lemke, Ph.D., Jarron Klein, M.A.	Policy Analyst: Nancy Plouffe, Ph.D.
Associate Economist: Earl Hodges, Ph.D.	Senior Consultant, Planning Services: Karen Mathis, M.P., AICP
Senior Economic Analyst: Dan Seibig, Ph.D.	Analysts: Michael Fisher, MBA, Cal Kent, MBA, Kelly Baxter-Porter, M.P.
Office Manager: Stephanie Cahansky	Document Production: Tom McCoy

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E-mail: nor@northernec.com Internet: www.northernec.com

 **northern** economics inc.

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1 Introduction

Senate Bill No. 65, a bill for an act entitled "An Act authorizing the Department of Corrections to enter into agreements with municipalities for new or expanded public correctional facilities in the Fairbanks North Star Borough, the Matanuska-Susitna Borough, Bethel, and the Municipality of Anchorage" was introduced to the twenty-third legislature on February 10, 2003 (Appendix A). This initiative is intended to address the overcrowding of existing correctional facilities in the state and the extensive use of out-of-state correctional facilities.

The Matanuska-Susitna Borough commissioned Northern Economics to conduct an economic impact analysis of proposed new and expanded correctional facilities within the state (Table 1-1). The purpose of this study is to provide the Matanuska-Susitna Borough with information needed to determine the direct and secondary impacts of the following projects:

- 1) A new 1,200-bed prison facility that will be located within the Matanuska-Susitna Borough;
- 2) An 80-bed expansion of the prison facility located in Fairbanks;
- 3) A 120-bed expansion of the prison facility located in Bethel; and
- 4) A 200-bed expansion of the prison facility located in the Municipality of Anchorage.

An input-output analysis using the IMPLAN™ software is conducted to generate the following economic parameters for the impacts of construction and operations of the facilities:

- 1) number of direct, indirect, and induced jobs,
- 2) direct, indirect, and induced labor income,
- 3) direct, indirect, and induced value-added (equivalent to the gross regional product),
- 4) direct, indirect, and induced economic output (total sales of goods and services); and
- 5) local and state government revenues.

Table 1-1. Proposed New and Expanded Correctional Facilities by Location

Facility Location	Region/Borough	Number of Beds
Sutton	Matanuska-Susitna Borough	1,200
Fairbanks	Fairbanks North Star Borough	80
Bethel	Bethel Census Area	120
Anchorage	Municipality of Anchorage	200

Source: Senate Bill No. 65

Estimates of the economic impacts of both the construction and operations of each of these prison facilities to their respective Boroughs or economic regions are summarized in this report. In addition, a combined statewide impact assessment is provided.

The economic impacts are estimated using the cost assumptions indicated in House Bill No. 65, as well as previous estimates of prison construction, and operations and maintenance costs by Northern Economics. Additional data were obtained from published articles on the "Mat-Su Bill" and the proposed prison facilities.

2 Approach and Data Sources

The input-output (IO) analysis is used to quantify the economic impacts of the construction and operations of the correctional facilities. Input-output (IO) analysis is a technique used to show the flow of goods and services within a regional economy. When money enters an economy, it affects more than the initial recipient. When a company operates a business in a community and makes payments to vendors, its employees, the local government, including payments for other factors of production, these entities become the direct beneficiaries (the payments are the direct effects). These direct beneficiaries, in turn, buy supplies from other local firms and hire workers. The shops selling the supplies make additional purchases, as do the workers or employees. The additional rounds of spending caused by the vendors, the local government, and employees' expenditures are part of the subsequent indirect and induced impacts, which are often called secondary impacts. It is typical that much of the secondary impact from a project occurs through expenditures by households and the government.

A large share of local purchases may be transferred to out-of-state suppliers. The money spent on the project flows through the economy until it is dissipated by these out-of-state purchases. The impacts of purchases from suppliers outside the state are excluded from the estimates. The IMPLAN software was used to create an input-output model for each of the regions: 1) Matanuska-Susitna Borough, 2) Fairbanks North Star Borough, 3) Bethel Census Area, and 4) Municipality of Anchorage.

Table 2-1 and Table 2-2 show the estimated construction costs and operations costs for each facility. The construction costs were based on the average capital construction costs of \$135,000 per bed for the MSB, Fairbanks, and Anchorage facilities and \$155,000 per bed for the Bethel facility (as stipulated in Senate Bill No. 65). The operations costs for each facility were based on previous information provided by the Borough and from a report cited in the Anchorage Daily News indicating a cost of \$110.39 per prisoner per day for the MSB facility. The operating costs for the other facilities were adjusted based on differences in logistics and availability of resources.

Table 2-1. Estimated Construction Costs for the Proposed Correctional Facilities

Facility Location	Number of Beds	Capital Cost (\$ Millions)
Sutton	1,200	\$162.00
Fairbanks	80	\$10.80
Bethel	120	\$18.60
Anchorage	200	\$27.00

Table 2-2. Estimated Annual Operating Costs by Facility

Facility Location	Number of Beds	Operating Cost (\$ Millions)
Sutton	1,200	\$48.35
Fairbanks	80	\$3.60
Bethel	120	\$5.68
Anchorage	200	\$8.06

3 Results of the Economic Impact Assessment

This section shows the results of the economic impact assessment of both construction activities and operations related to the new construction or expansion of the proposed correctional facilities in the state. The changes resulting from an increase in economic activity from these activities in each of the economic regions or Boroughs and/or Municipality are reported, particularly the potential changes in employment, total sales of goods and services, total value added (or gross regional product), and labor income in the region. The direct, indirect, and induced effects are reported. The direct effects include all the local expenses that the correctional facilities would incur in the region. The model eliminates the expenses that are paid outside of the region, and are treated as "leakages" to the regional economy. The indirect effects capture all the additional economic activity generated in the sectors that support the prison construction and operations (i.e., suppliers of building materials, food supplies, maintenance and repair services, transportation services, etc). The induced effects capture the additional economic activity brought about by local spending by households and government. As jobs are created in the region labor income increases. The additional personal income earned by the residents gets re-spent in the local economy and create induced effects. Most of the induced effects are felt in the retail sector, restaurants, amusement centers, or the services sectors.

Table 3-1 summarizes the total direct, indirect, and induced impacts of the construction activities associated with the new facility and the expanded facilities. If all the facilities are built, about 2,000 jobs will be created statewide during the construction phase of the facilities. These jobs will pay about \$84 million dollars in labor income. In terms of total sales of goods and services, about \$215 million dollars will be generated in the state during the construction phase.

Note that the total statewide estimate exceeds the sum of effects in the four areas, because the economic activities will extend to other regions in the state.

Table 3-1. Total Estimated Impacts of Construction of New and Expanded Correctional Facilities

Impacts	MSB	Fairbanks	Bethel	Anchorage	Total Statewide
Output (\$ Millions)	\$133.07	\$8.00	\$8.19	\$26.87	\$215.65
Employment (# or Jobs)	1,327	74	77	246	2,000
Labor Income (\$ Millions)	\$46.82	\$3.04	\$2.78	\$10.77	83.84
Total Value Added (\$ Millions)	\$60.02	\$3.88	\$3.47	\$13.76	107.29
Local/State Revenues (\$ Millions)	\$4.07	\$0.26	\$0.23	\$0.93	\$7.41

Table 3-2 shows the impacts of the operations of each correctional facility in each of the regional economies. These estimated impacts are based on full occupancy of the facilities. The first year of operation will most likely operate at 80 percent occupancy based on projections. Full occupancy will most likely be realized after five years of operations.

Table 3-2. Total Estimated Impacts of the Operations by Correctional Facility

Impacts	MSB	Fairbanks	Bethel	Anchorage	Total Statewide
Output (\$ Millions)	\$50.43	\$3.84	\$5.33	\$9.13	\$73.30
Employment (# of Jobs)	596	42	52	98	798
Labor Income (\$ Millions)	\$14.88	\$1.15	\$1.25	\$2.98	\$23.10
Total Value Added (\$ Millions)	\$24.85	\$1.89	\$2.16	\$4.80	\$37.51
Local/State Revenues (\$ Millions)	\$2.81	\$0.21	\$0.28	\$0.53	\$4.22

The following sections provide the estimated impacts of each facility on their respective economic regions.

3.1 Sutton Correctional Facility (Matanuska-Susitna Borough)

This facility is proposed to be a 1,200-bed new correctional facility in Sutton. The estimated capital costs amount to \$162 million dollars. The estimated annual operations cost amount to \$48.35 million. The impacts of the construction and operations of this 1,200-bed prison facility are presented in Table 3-3.

During the construction phase, an estimated 1,300 direct, indirect, and induced full-time and part-time jobs will be created in the Matanuska-Susitna Borough. The construction could potentially generate an estimated total labor income of \$47 million. The gross regional product of the region will increase by about \$60 million.

The operations of the facility could potentially support about 600 direct, indirect, and induced jobs annually, that will pay an estimated \$15 million dollars in labor income. The estimated change in gross regional product (or total value added) amounts to about \$25 million. These impacts are annual and are estimated based on a 100-percent occupancy rate, which most likely will be realized after five years of operations.

Table 3-3. Direct, Indirect, and Induced Impacts of the Construction and Operations of the Proposed New Correctional Facility in the Matanuska Susitna Borough

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$98.24	\$40.67
Indirect	\$18.09	\$1.95
Induced	\$16.74	\$7.81
Total	\$133.07	\$50.43
Employment (Number of Jobs)		
Direct	820	460
Indirect	260	20
Induced	240	110
Total	1,320	590
Labor Income (\$ Millions)		
Direct	\$34.21	\$11.50
Indirect	\$6.82	\$0.69
Induced	\$5.80	\$2.68
Total	\$46.82	\$14.88
Total Value Added (\$ Millions)		
Direct	\$38.89	\$18.88
Indirect	\$10.33	\$1.15
Induced	\$10.90	\$4.83
Total	\$60.02	\$24.85
Local/State Revenues (\$ Millions)		
	\$4.07	\$2.81

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

3.2 Fairbanks Correctional Facility

An 80-bed expansion is proposed for this facility. The estimated capital costs amount to \$10.8 million dollars. The estimated annual operations cost amount to \$3.6 million. The impacts of the construction and operations of this correctional facility on the Fairbanks North Star Borough are presented in the following table (Table 3-4).

Table 3-4. Direct, Indirect, and Induced Impacts of the Construction and Operations of the Proposed Expansion of the Fairbanks Correctional Facility

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$5.54	\$3.03
Indirect	\$1.34	\$0.18
Induced	\$1.12	\$0.63
Total	\$8.00	\$3.84
Employment (Number of Jobs)		
Direct	40	30
Indirect	20	2
Induced	20	8
Total	80	42
Labor Income (\$ Millions)		
Direct	\$2.13	\$0.86
Indirect	\$0.53	\$0.07
Induced	\$0.39	\$0.22
Total	\$3.04	\$1.15
Total Value Added (\$ Millions)		
Direct	\$2.42	\$1.40
Indirect	\$0.75	\$0.11
Induced	\$0.71	\$0.39
Total	\$3.88	\$1.89
Local/State Revenues (\$ Millions)		
	\$0.26	\$0.21

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

3.3 Bethel Correctional Facility

A 120-bed expansion is proposed for this facility. The estimated capital costs amount to \$18.6 million dollars. The estimated annual operations cost amount to \$5.68 million. The impacts of the construction and operations of this correctional facility on the Bethel Census Area are presented in the following table (Table 3-5).

Table 3-5. Direct, Indirect, and Induced Effects of the Construction and Operations of the Proposed Expansion of the Bethel Correctional Facility

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$6.94	\$4.78
Indirect	\$0.63	\$0.15
Induced	\$0.62	\$0.39
Total	\$8.19	\$5.33
Employment (Number of Jobs)		
Direct	60	45
Indirect	9	2
Induced	8	5
Total	77	52
Labor Income (\$ Millions)		
Direct	\$2.37	\$1.08
Indirect	\$0.22	\$0.05
Induced	\$0.19	\$0.12
Total	\$2.78	\$1.25
Total Value Added (\$ Millions)		
Direct	\$2.70	\$1.83
Indirect	\$0.35	\$0.08
Induced	\$0.41	\$0.24
Total	\$3.47	\$2.16
Local/State Revenues (\$ Millions)	\$0.23	\$0.28

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

3.4 Anchorage Correctional Facility

A 200-bed expansion is proposed for this facility. The estimated capital costs amount to \$27 million dollars. The estimated annual operations cost amount to \$8.06 million. The impacts of the construction and operations of this correctional facility on the Municipality of Anchorage are presented in the following table (Table 3-6).

Table 3-6. Direct, Indirect, and Induced Effects of the Construction and Operations of the Proposed Expansion of the Anchorage Correctional Facility.

Impact Category	Construction Impacts	Operations Impacts
Output (\$ Millions)		
Direct	\$17.63	\$6.78
Indirect	\$4.70	\$0.48
Induced	\$4.54	\$1.87
Total	\$26.87	\$9.13
Employment (Number of Jobs)		
Direct	129	70
Indirect	59	1
Induced	59	23
Total	246	98
Labor Income (\$ Millions)		
Direct	\$7.06	\$2.08
Indirect	\$2.02	\$0.20
Induced	\$1.69	\$0.71
Total	\$10.77	\$2.98
Total Value Added (\$ Millions)		
Direct	\$8.02	\$3.32
Indirect	\$2.77	\$0.29
Induced	\$2.97	\$1.19
Total	\$13.76	\$4.80
Local/State Revenues (\$ Millions)		\$0.53

Source: MIG, Inc. using 1999 Structural Matrices; Northern Economics calculations.

Note:

- 1) *Output* measures the total sales of goods and services produced in the region that could potentially be generated as a result of the new economic activities.
- 2) *Employment* is measured in number of jobs. It includes both full-time and part-time jobs.
- 3) *Labor Income* measures total employee compensation and proprietor income that could potentially be earned in the region.
- 4) *Total Value Added* is equivalent to the gross regional product of the region. Value added includes payments to labor, proprietor income, property type income, and indirect business taxes.
- 5) *Local and State Revenues* include potential income from property taxes, fees, fines, and other nontaxes.

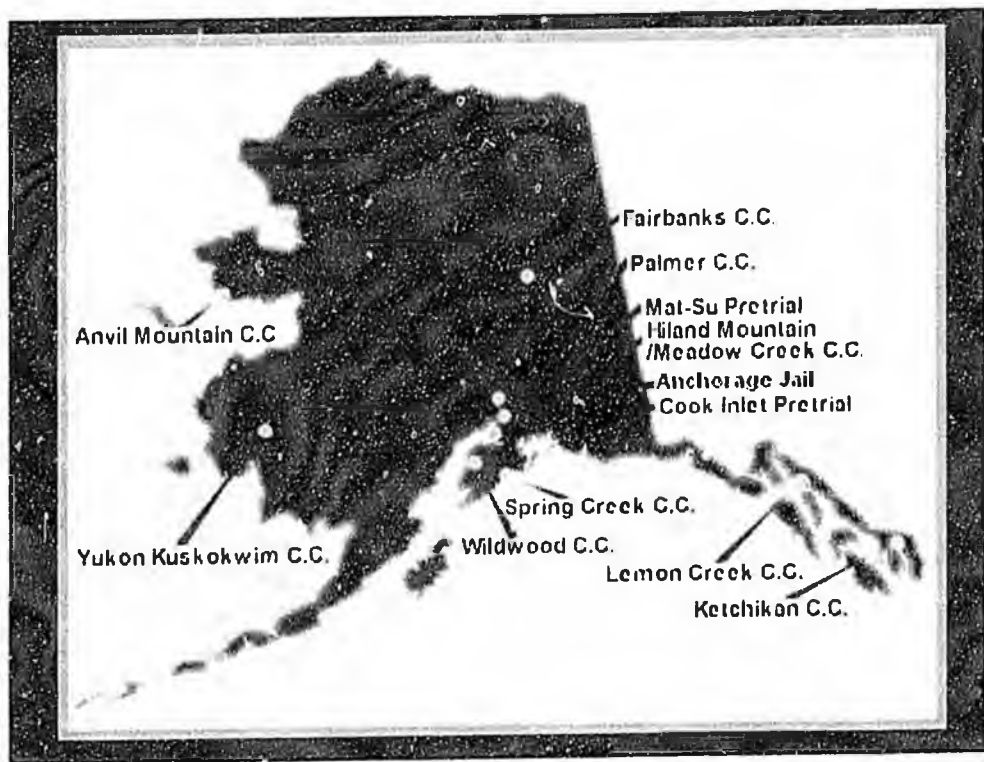
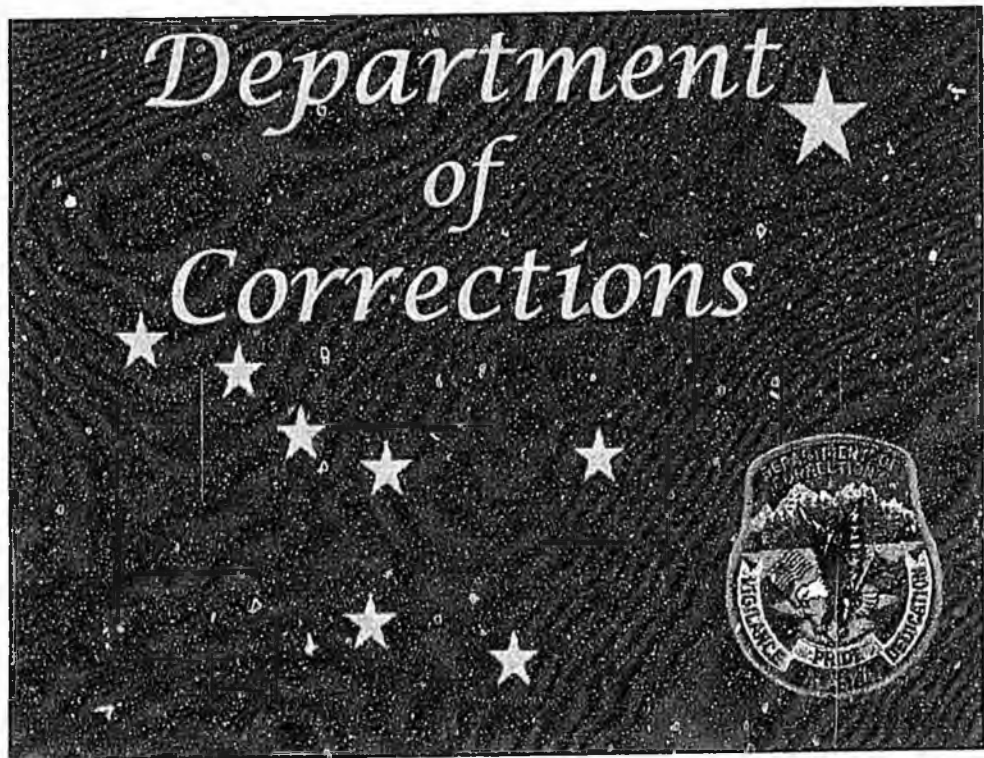
4 References

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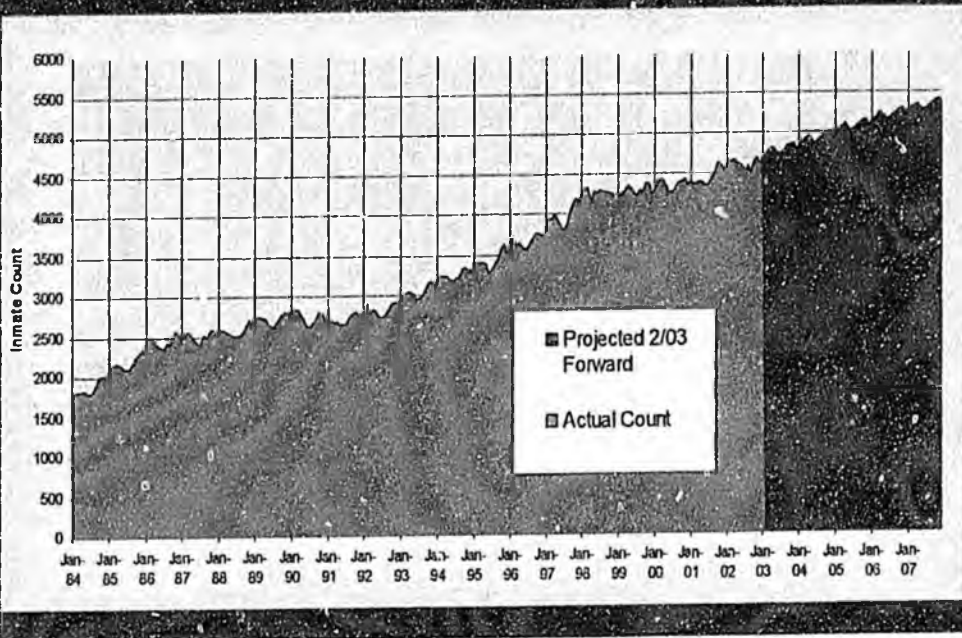
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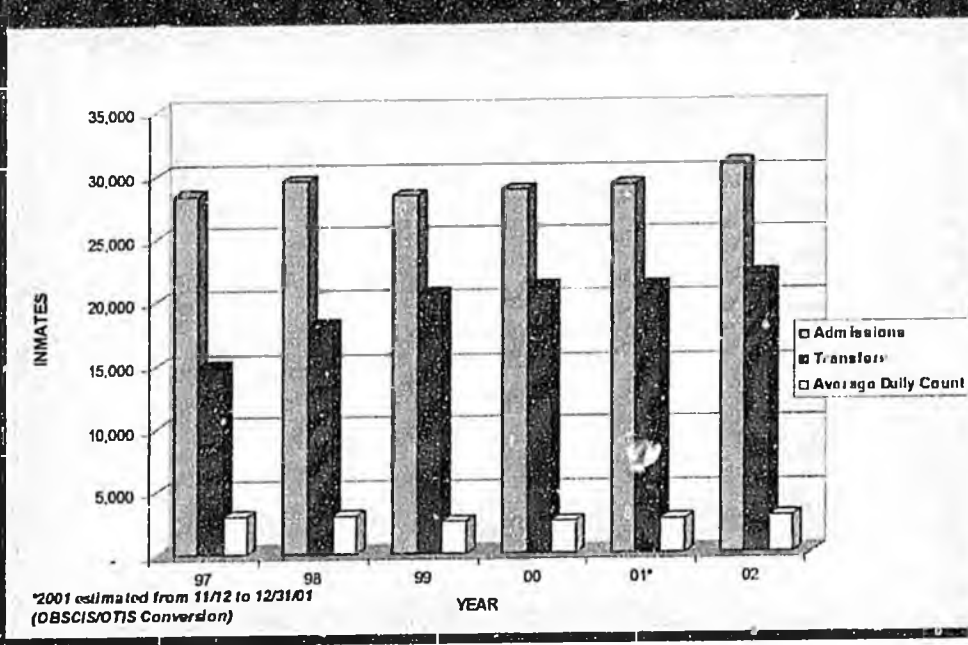
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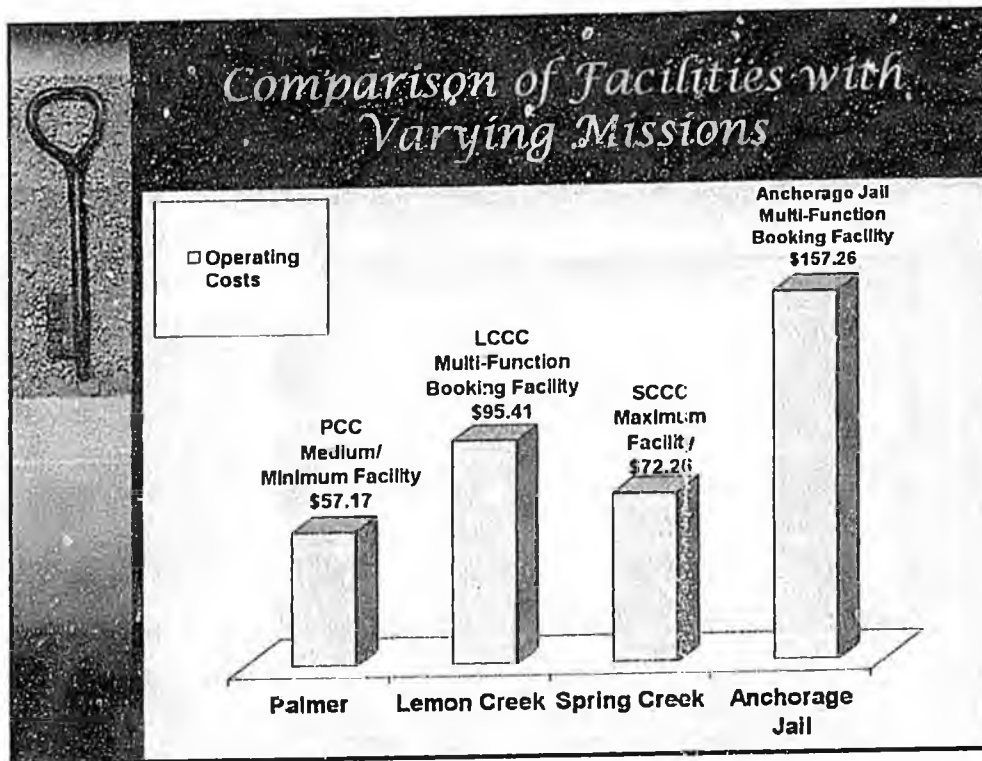


Inmate Population Statistics




Institution Activity 1997-2002

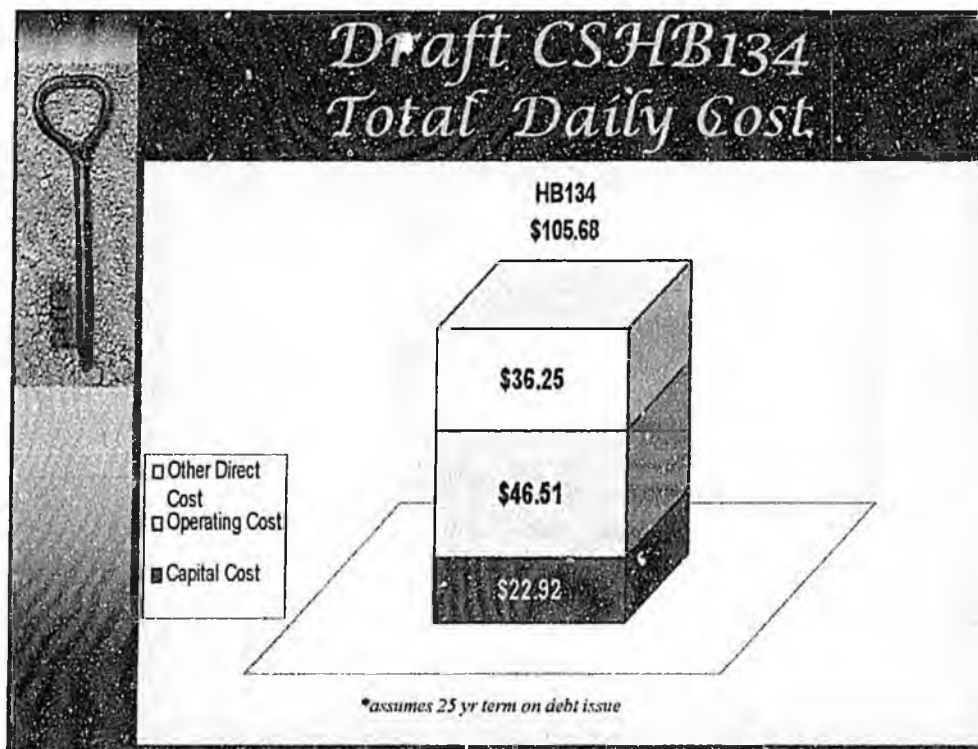
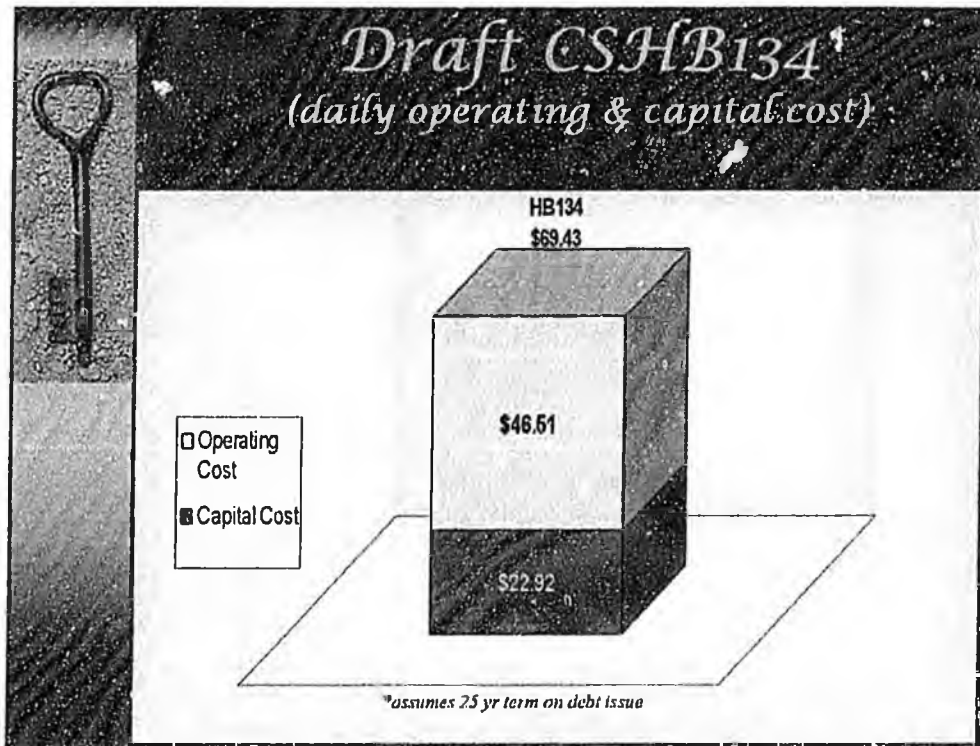




General Specs Draft CSHB134



- ★ 1250 beds
- ★ 1000 medium custody beds (est.)
- ★ 190 close custody beds (est.)
- ★ 60 maximum/segregation beds



Draft CSHB134 Estimated Construction Costs

- ★ \$110,000 construction cost per bed
- ★ \$110,000 x 1200 beds = \$132m
- ★ \$132m estimated construction cost
- ★ Estimated annual lease payment per bed = \$8,364

* (2.5% annual 5.5% interest)



need cost per sq. ft. turn key costs just over 400 sq. ft.

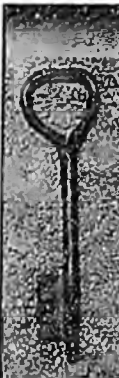
Estimated Debt Service

4.75% interest (Dept. of Revenue)

TERM	ANNUAL PER BED COST	DAILY PER BED COST
15 years	\$ 10,627.71	\$ 29.12

5.5% interest (AIDEA)

TERM	ANNUAL PER BED COST	DAILY PER BED COST
25 years	\$ 8,364.44	\$ 22.92
20 years	\$ 9,388.82	\$ 25.72
15 years	\$ 11,177.99	\$ 30.62



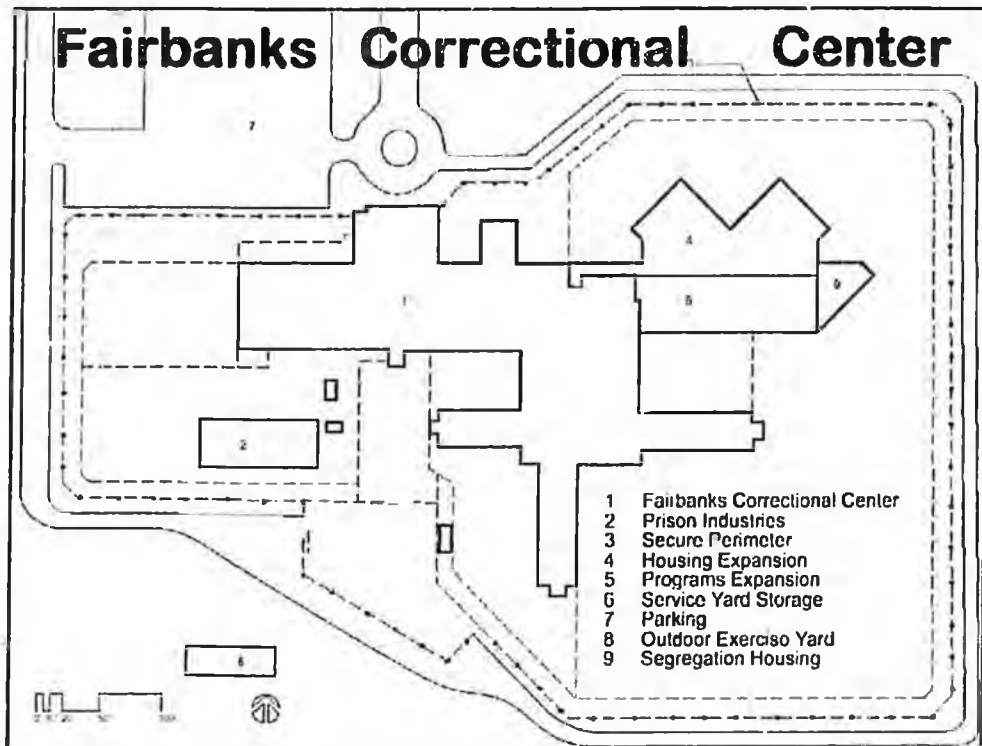

Bethel Expansion

- ★ Yukon-Kuskokwim Correctional Center would be expanded by 120 beds
- ★ Bethel serves as a regional hub
- ★ 60,000 people in the area
- ★ There is a Superior Court in Bethel
- ★ The facility is currently at capacity or overcrowded 95% of the time and 90% of the population is pre-trial. Corrections and Public Safety have to transport prisoners out of the facility frequently to make room for in-coming pre-trial prisoners
- ★ Reduce the need for transports
- ★ Staffing: 11 staff (2 security posts @ 5.5 for a total of 11)



Fairbanks Expansion

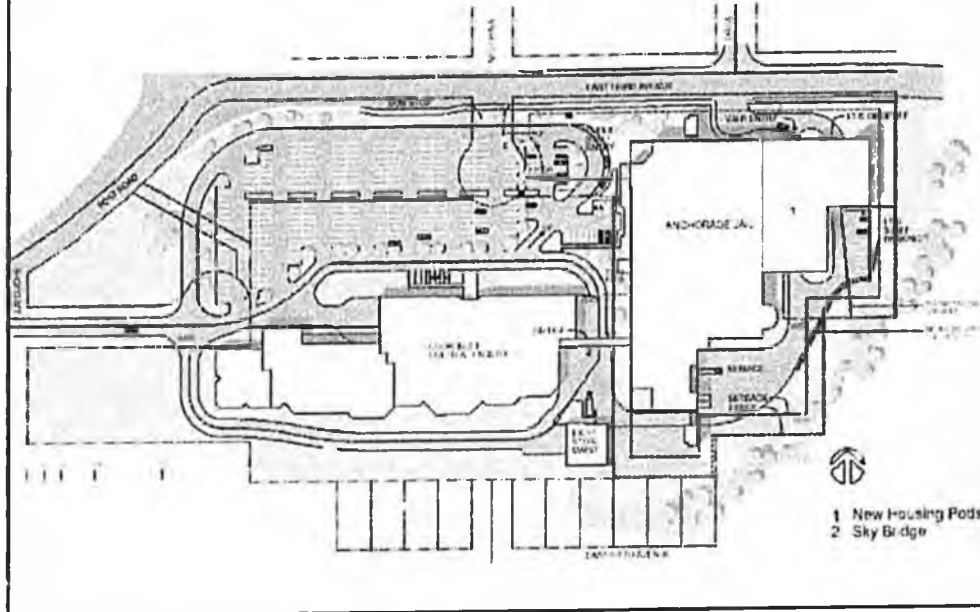
- ★ Fairbanks Correctional Center would be expanded by 80 beds
- ★ Fairbanks serves as a regional hub for the area and points north
- ★ 90% of the population is pre-trial
- ★ Large numbers of prisoners have to be transported out of Fairbanks to make room for in-coming prisoners
- ★ Staffing: 11 staff (2 security posts @ 5.5 for a total of 11)

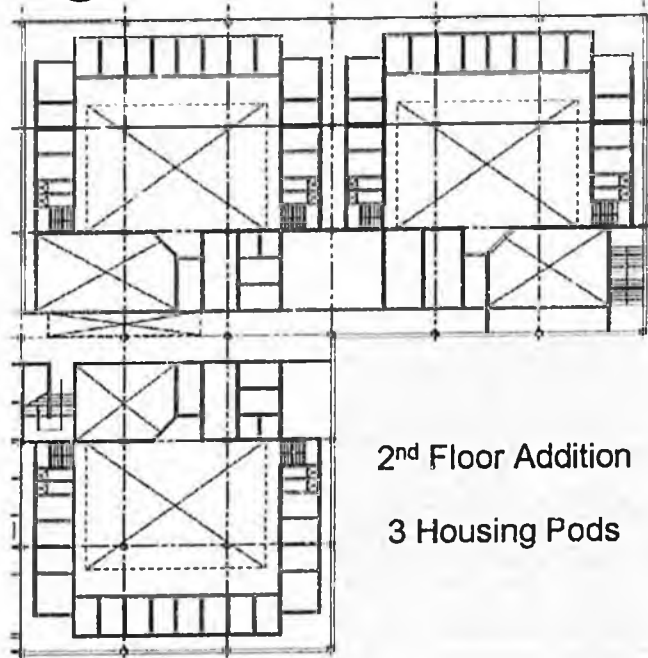
Anchorage Expansion

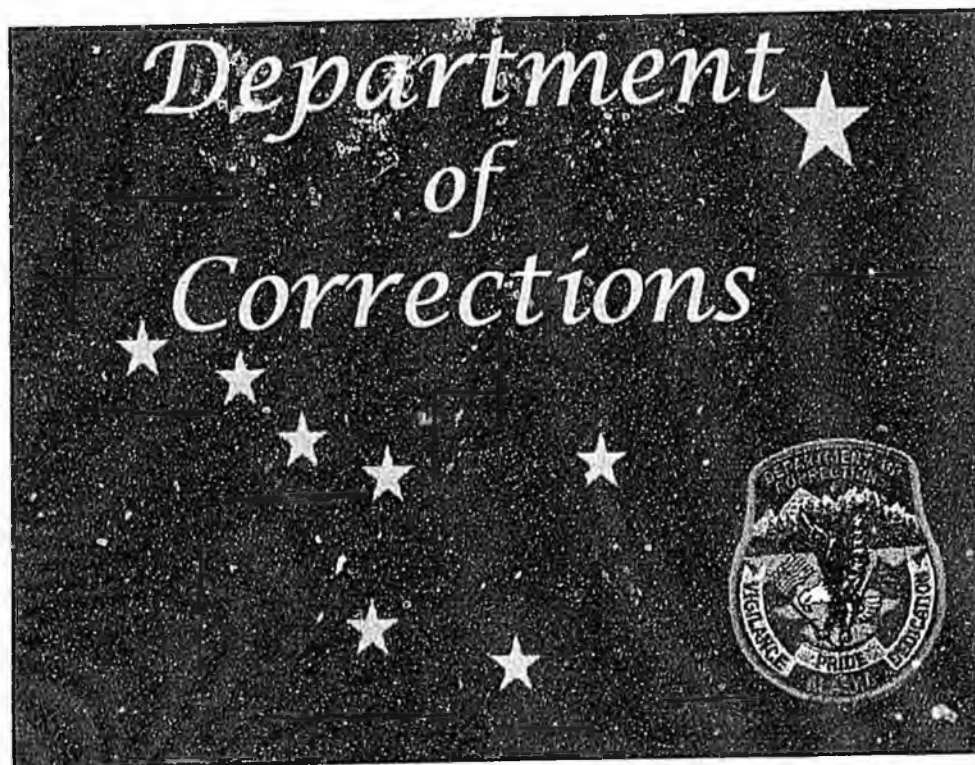
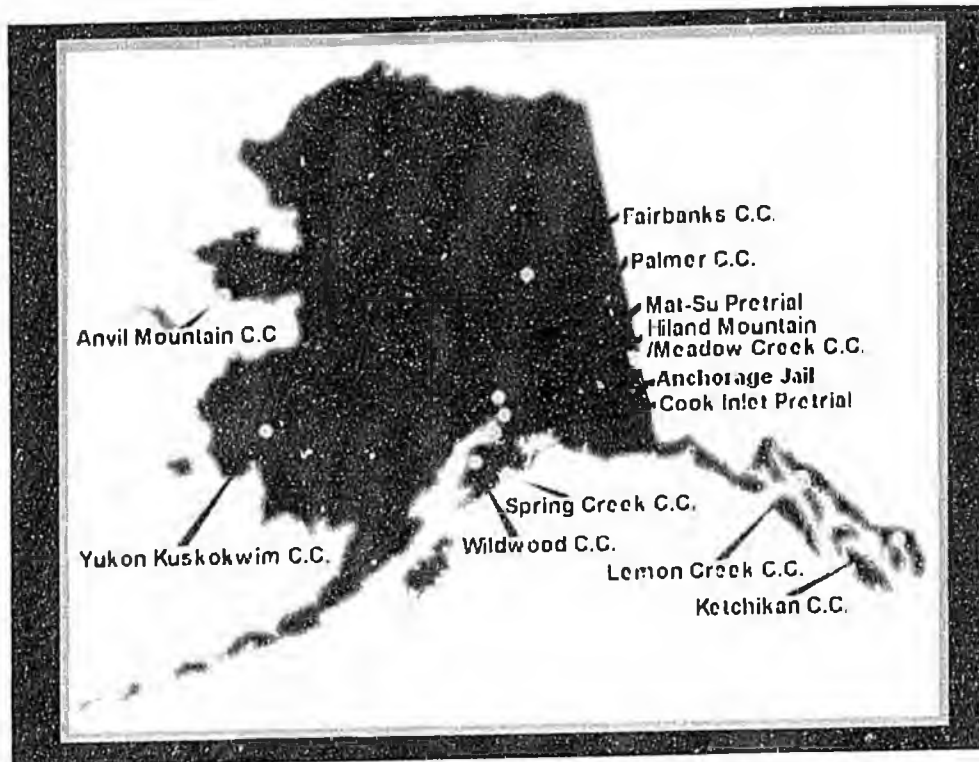
- ★ U.S. Marshals Service - contract with DOC to house federal detainees. That contract is met or exceeded at all times currently.
- ★ The Marshals are expanding operations in Alaska
 - ★ primarily in Anchorage and Juneau
 - ★ need the additional capacity throughout the system to house the prisoners this increased law enforcement activity will produce.
- ★ The expansion of the Anchorage Jail of 200-beds will meet those increased needs. The project will be paid for with federal funds.
- ★ Staffing: will be paid for through added receipt authority to receive additional federal billing.

Anchorage Jail



Anchorage Jail Expansion Detail





Public Opinion Message

Anchorage Legislative Information Office (LIO)
716 W 4th Avenue · Anchorage, AK 99501 · Phone: 269-0111 Fax: 269-0229

This form must be completely filled out. You may phone, fax, or deliver your POM to any LIO.

From: Please PRINT the information below. This form must be signed by the sender.

Mr. / Ms. / Mrs.	First name <i>Frank</i>	M.I.	Last name <i>Benkey</i>	Jr. / Sr. / III
Group affiliation (if applicable)				Coyote telephone number
Mailing address <i>130 Carlton Dr, Ft. Belknap, AK 99701</i>				Zip code <i>99701</i>
Residence (street) address if different from mailing address <i>Same</i>				Zip code
Email address			Signature <i>Frank Benkey</i>	Date <i>4/9/03</i>

To: Put a in the appropriate box(es).

	Committees	House members	Senate members
<input type="checkbox"/>	H or S	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Community & Regional Affairs (cra)	<input checked="" type="checkbox"/> Anderson (ace)	<input type="checkbox"/> Bunde (bin)
<input type="checkbox"/>	Finance (fin)	<input checked="" type="checkbox"/> Berkowitz (ber)	<input type="checkbox"/> Cowdery (coy)
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<input type="checkbox"/>		<input type="checkbox"/> Kapsner (kap)	<input type="checkbox"/> Wilken (wik)
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<input type="checkbox"/>		<input checked="" type="checkbox"/> Lynn (lyn)	
<input type="checkbox"/>		<input type="checkbox"/> Masak (mas)	
<input type="checkbox"/>		<input type="checkbox"/> McGuire (mcg)	
<input type="checkbox"/>		<input type="checkbox"/> Meyer (mey)	
<input type="checkbox"/>		<input type="checkbox"/> Morgan (mor)	
<input type="checkbox"/>		<input type="checkbox"/> Moses (mos)	
<input type="checkbox"/>		<input type="checkbox"/> Ogg (ogg)	
<input type="checkbox"/>		<input type="checkbox"/> Rokeberg (rok)	
<input type="checkbox"/>		<input type="checkbox"/> Samuels (sal)	
<input type="checkbox"/>		<input checked="" type="checkbox"/> Sealon (san)	
<input type="checkbox"/>		<input checked="" type="checkbox"/> Stoltze (stz)	
<input type="checkbox"/>		<input checked="" type="checkbox"/> Weyhrauch (weh)	
<input type="checkbox"/>		<input type="checkbox"/> Whitaker (whi)	
<input type="checkbox"/>		<input type="checkbox"/> Williams (wil)	
<input type="checkbox"/>		<input type="checkbox"/> Wilson (wis)	
<input type="checkbox"/>		<input type="checkbox"/> Wolf (wol)	

Subject: Fill out the boxes below **OR** enter a Subject.

HB or SB <i>HB</i>	Bill number <i>134</i>	and check one:	<input checked="" type="checkbox"/> Support		
			<input type="checkbox"/> Oppose	OR	enter a general Subject
			<input type="checkbox"/> Amend		(LIO staff may modify):

Message: Your PRINTED message cannot exceed 50 words or contain any vulgar language.

The	issue	over	a	private ⁵
prison	has	torn	communities	apart. ¹⁰
It's	time	to	put	the ¹⁵
issue	to	rest	once	and ²⁰
for	all.	Please	support	HB 134 ²⁵
it's	a	smart	way	to ³⁰
solve	our	prison	problems.	³⁵
				⁴⁰
				⁴⁵
				⁵⁰