

**Deferred Maintenance,  
Replacement and Expansion of State Facilities:  
\$157 Million in Certificates of Participation  
(HB 364/365, SB 261/262)**

As a result of long-standing budget constraints, many state-owned buildings, including Pioneers' Homes, prisons, and office buildings, have accumulated a considerable backlog of deferred maintenance. These facilities are in serious need of repair, major maintenance, and renovation to keep the facilities safe for occupancy and extend their useful lives. In 1998, the Legislative Deferred Maintenance Task Force determined that deferred maintenance on state-owned buildings, not including University of Alaska buildings, totaled over \$169 million. The University of Alaska has identified \$128 million in deferred maintenance needs for University facilities.

It is becoming increasingly critical to address these deferred maintenance needs. Failure to do so will result in an increasing risk to the safety of the public and state employees, and further increase the cost of future repairs as facilities continue to deteriorate.

This financing proposal would authorize the issuance of \$157 million in certificates of participation (COPs) to fund deferred maintenance projects statewide. With current tax-exempt interest rates at very low levels, now is an excellent time to finance these deferred maintenance projects. Projected debt service is \$14.8 million per year beginning in FY 04, based on 15 year financing and an interest rate of 4.9 percent.

**Major elements of this deferred maintenance plan include:**

- \$12.2 million for repairs and renovations for all of the Pioneers' Homes across the state;
- \$8.8 million for deferred maintenance projects in health clinics and juvenile justice facilities, including a renovation and expansion of the Nome youth detention center;
- \$25.8 million for repairs to adult correctional facilities;
- \$11.1 million for State Trooper and Fish and Wildlife Protection facilities;
- \$20.2 million for repairs to facilities maintained by the Department of Administration, including repairs to roofs, elevators, water and electrical systems;
- \$16.6 million for deferred maintenance for facilities maintained by the Department of Transportation and Public Facilities, including repairs to office buildings, courthouses, and highway maintenance stations;
- \$5.5 million for University of Alaska facilities;
- 2.5 million each for ADA projects at the university and state facilities.
- \$4 million as the state share of construction costs for veterans' housing.

***Understanding the FY2003 Budget – Facility Deferred maintenance, Replacement and Expansion***

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The proposed appropriation of the bond proceeds by department for deferred maintenance projects is:

<b><u>Department</u></b>	<b><u>Appropriation (\$millions)</u></b>
Administration	\$19.4
Administration--Pioneer's Homes	\$12.2
Corrections	\$25.8
Education and Early Development	\$8.9
Fish and Game	\$1.4
Governor (statewide ADA)	\$2.5
Health and Social Services	\$5.3
Military and Veterans Affairs	\$1.0
Natural Resources	\$4.0
Public Safety	\$2.1
Transportation and Public Facilities	\$16.6
University of Alaska	\$7.4
University ADA	\$2.5
Court System	\$3.7

In addition to these deferred maintenance projects, the following amounts are appropriated for facility replacement and expansion projects:

<b><u>Department</u></b>	<b><u>Project</u></b>	<b><u>Appropriation (\$millions)</u></b>
Administration	Veterans' housing	\$4.0
Transportation and Public Facilities	Replace 4 Unsafe Highway Maintenance Stations	\$20.7
Education and Early Development	Land acquisition and expansion planning for state museum	\$2.0
Health and Social Services	Nome youth detention facility renovation and expansion	\$3.5
Public Safety	Ketchikan facility replacement	\$3.4
Public Safety	Hangar construction in Anchorage and Juneau	\$5.5
Military and Vets. Affairs	Juneau readiness center/ UAS student activities center joint facility	\$5.5

For a detailed listing of all projects, click [here](#). (Downloadable Excel file.)

Click [here](#) for detailed project information on the following projects: veterans' housing, Nome youth corrections center, Ketchikan, Public Safety building, Public Safety aircraft hangars, Juneau National Guard Readiness Center/UAS joint facility, and State Museum Land Acquisition & Expansion Planning.