

Submitted by: Chair Traini
Prepared by: Department of Assembly
For reading: March 18, 2003

Filed 4/8/03

ANCHORAGE, ALASKA
AR NO. 2003-67

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING PASSAGE OF SSHB 55, "AN ACT EXPRESSING LEGISLATIVE INTENT REGARDING PRIVATELY OPERATED CORRECTIONAL FACILITY SPACE AND SERVICES; RELATING TO THE DEVELOPMENT AND FINANCING OF PRIVATELY OPERATED CORRECTIONAL FACILITY SPACE AND SERVICES; AUTHORIZING THE DEPARTMENT OF CORRECTIONS TO ENTER INTO AN AGREEMENT FOR THE CONFINEMENT AND CARE OF PRISONERS IN PRIVATELY OPERATED CORRECTIONAL FACILITY SPACE; AUTHORIZING THE DEPARTMENT OF CORRECTIONS TO ENTER INTO AGREEMENTS WITH MUNICIPALITIES TO EXPAND EXISTING CORRECTIONAL FACILITIES; AND PROVIDING FOR AN EFFECTIVE DATE."

WHEREAS, Alaska's 15 regional correctional facilities are currently operating at or over capacity with over 600 Alaskan prisoners housed in Arizona and prisoner population is expected to grow at the rate of approximately 200 inmates per year; and

WHEREAS, the State will benefit economically and socially by returning Alaskan prisoners closer to the resources necessary for effective rehabilitation; by diminishing State liability for the effects of prison overcrowding; and by providing programs designed to break the cycle of recidivism; and

WHEREAS, SSHB 55 will create more than 500 union-scale construction jobs and will stimulate the Alaskan economy with the purchase of goods and services associated with a \$110 million construction project; and will create more than 450 permanent jobs for Alaskans associated with prison operations for the 25-year lease term authorized by the legislation; and

WHEREAS, the prison will serve as an anchor industry in the City of Whittier, generating vital economic benefits for an economically disadvantaged rural community, and will utilize the recently completed \$90 million Anton Anderson tunnel justifying reduced tolls and expanded hours of operation; and

WHEREAS, the City of Whittier completed a public process in both 2002 and 2003 documenting local support from 80% of resident, adult registered voters before competitively soliciting contractors and bringing the proposal before the Legislature.

NOW, THEREFORE, the Anchorage Municipal Assembly resolves that:

Section 1: The Anchorage Assembly supports and urges passage of SSHB 55

Section 2: That copies of this resolution be forwarded to the Governor and the Alaska State Legislature immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 2003.

Chair

ATTEST.

Municipal Clerk

**SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 55
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION**

BY REPRESENTATIVES HAWKER AND ROKEBERG, Kohring

Introduced: 3/5/03

Referred: State Affairs, Finance

**A BILL
FOR AN ACT ENTITLED**

**"An Act expressing legislative intent regarding privately operated correctional facility
2 space and services; relating to the development and financing of privately operated
3 correctional facility space and services; authorizing the Department of Corrections to
4 enter into an agreement for the confinement and care of prisoners in privately operated
5 correctional facility space; authorizing the Department of Corrections to enter into
6 agreements with municipalities to expand existing correctional facilities; and providing
7 for an effective date."**

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

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

**LEGISLATIVE INTENT It is the intent of the legislature in sec. 2 of this Act to
12 secure additional correctional facility space and services through a privately operated
13 correctional facility in Alaska. The legislature expects the Department of Corrections to**

contract with the City of Whittier for privately operated correctional facility space and services similar to those currently acquired for medium-custody and close-custody Alaska prisoners in a privately operated prison outside the state. The legislature anticipates a privately operated correctional facility will bring competitive management styles and operations to Alaska.

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

AUTHORIZATION TO CONTRACT FOR CORRECTIONAL FACILITY SPACE AND SERVICES WITH THIRD-PARTY CONTRACTOR FOR OPERATION. (a) The Department of Corrections is authorized to enter into an agreement with the City of Whittier for the purpose of acquiring correctional facility space and services for a minimum of 25 years for persons who are committed to the custody of the commissioner of corrections.

(b) The agreement entered into under this section is predicated on and must provide for an agreement between the City of Whittier and one or more private third-party contractors under which private, for profit or nonprofit third-party contractors construct and operate the facility by providing for custody, care, and discipline services for persons committed to the custody of the commissioner of corrections under authority of state law. In the agreement with the City of Whittier, the commissioner of corrections shall require that the city procure one or more private third-party operators through a competitive bid process. The procurement requirements of this subsection are satisfied if the City of Whittier, in exercise of its powers under AS 29.35.010(15) for procurement of land, design, construction, and operation of a facility, follows its municipal ordinances and resolutions and procurement procedures.

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

(1) the agreement must cover a minimum of 1,200 prison beds, and, subject to (2) of this subsection, the payments by the Department of Corrections

(A) may not exceed a total per diem cost of \$94 an inmate a day or 85 percent of the inmate cost per day to the state for the construction and operation by the state of equivalent facilities; the per diem cost shall be adjusted for

(i) changes in the cost of living from the effective date of this Act until the facility opens;

(ii) costs not incurred until full occupancy;

(B) must be sufficient to cover

(i) a capital component consisting of the cost for the development and construction of the facility, including all debt service; and

(ii) an operating component consisting of the operating costs, not including inmate transportation, based on per diem operating charges for a minimum 1,200 prison beds;

(2) the agreement must provide that the obligation of the Department of Corrections to make payments under the agreement is subject to annual appropriation of funds by the legislature;

(3) the agreement must contain terms providing that the commissioner of corrections may direct the City of Whittier, after notice and reasonable opportunity to cure, to terminate its contract with a private third-party contractor operating the facility in accordance with the provisions of (b) of this section, and to procure a replacement third-party contractor if the commissioner finds that the private third-party contractor has failed to provide or cause to be provided the degree of custody, care, and discipline required by terms of the agreement and that the private third-party contractor has been given notice and reasonable opportunity to cure as provided in the third-party contractor's agreement with the City of Whittier;

(4) the commissioner's authority to enter into the agreement is subject to the condition that the contract between the city and the operator requires the operator to provide culturally relevant reformation services to incarcerated Alaska Natives.

(d) Nothing in this section is intended to prevent the City of Whittier from issuing bonds as permitted for municipalities under state law, including AS 29.47.390, to finance construction of the facility. The bonds may be secured by and payable from revenues of the facility, including those described in (c) of this section. Revenues of the facility are not revenues of the City of Whittier for purposes of AS 29.47.390.

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

AUTHORIZATION TO LEASE CORRECTIONAL FACILITY SPACE WITH MUNICIPALITIES. (a) To relieve overcrowding of existing correctional facilities in the state, the Department of Corrections may enter into agreements with the following

1 municipalities for expanded correctional facilities:

2 (1) Fairbanks North Star Borough - expansion of the existing Fairbanks
3 Correctional Center by up to 100 beds;

4 (2) Matanuska-Susitna Borough - expansion of the existing Mat-Su Pre-trial
5 Facility by up to 107 beds;

6 (3) Bethel - expansion of the existing Yukon Kuskokwim Correctional Center
7 by up to 96 beds;

8 (4) Seward - expansion of the existing Spring Creek Correctional Center by up
9 to 150 beds.

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

12 (1) the average capital costs for all beds may not exceed \$155,000 a bed,
13 adjusted for inflation at the rate of three percent a year from the effective date of this Act;

14 (2) if expansion of an existing facility is authorized, the state shall enter into a
15 joint ownership agreement with the municipality of the expanded facility, enter onto a long-
16 term lease not to exceed 25 years of the municipality's interest in the facility, and operate the
17 facility; payments under the lease may not exceed \$16,700 a bed.

18 * Sec. 4. Sections 1 - 3, ch. 32, SLA 2001, are repealed.

19 * Sec. 5. This Act takes effect July 1, 2003.