SENATE BILL NO. 227

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY SENATOR MYERS

Introduced: 2/12/24 Referred: Finance

A BILL

FOR AN ACT ENTITLED

"An Act relating to the evaluation of capital projects; establishing the capital project
evaluation division in the office of management and budget and the capital project
evaluation task force; relating to school construction grants and bond reimbursement;
relating to harbor facility grants; and providing for an effective date."

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

6 * Section 1. AS 14.11.013(a) is amended to read:

7 8 (a) With regard to projects for which grants are requested under AS 14.11.011, the department shall

9 (1) annually review the six-year plans submitted by each district under 10 AS 14.11.011(b) and recommend to the board a revised and updated six-year capital 11 improvement project grant schedule that serves the best interests of the state and each 12 district; in recommending projects for this schedule, the department shall verify that 13 each proposed project meets the criteria established under AS 14.11.014(b) and 14 qualifies as a project required to

1	(A) avert imminent danger or correct life-threatening
2	situations;
3	(B) house students who would otherwise be unhoused; for
4	purposes of this subparagraph, students are considered unhoused if the students
5	attend school in temporary facilities;
6	(C) protect the structure of existing school facilities;
7	(D) correct building code deficiencies that require major repair
8	or rehabilitation in order for the facility to continue to be used for the
9	educational program;
10	(E) achieve an operating cost savings;
11	(F) modify or rehabilitate facilities for the purpose of
12	improving the instructional program;
13	(G) meet an educational need not specified in (A) - (F) of this
14	paragraph, identified by the department;
15	(2) prepare an estimate of the amount of money needed to finance each
16	project;
17	(3) provide to the governor, by November 1, and to the legislature
18	within the first 10 days of each regular legislative session, a revised and updated six-
19	year capital improvement project grant schedule, together with a proposed schedule of
20	appropriations;
21	(4) encourage each school district to use previously approved school
22	construction design plans and building systems if the use will result in cost savings for
23	the project;
24	(5) consider the regionally based model school construction standards
25	developed under AS 14.11.017(d):
26	(6) submit each project to the capital project evaluation division
27	for an evaluation under AS 37.07.200(c).
28	* Sec. 2. AS 14.11.013(b) is amended to read:
29	(b) In preparing the construction grant schedule, the department shall establish
30	priorities among projects for which grants are requested and shall award school
31	construction grants in the order of priority established. In establishing priorities, the

1	department shall evaluate at least the following factors, without establishing an
2	absolute priority for any one factor:
3	(1) emergency requirements;
4	(2) priorities assigned by the district to the projects requested;
5	(3) new local elementary and secondary programs;
6	(4) existing regional, community, and school facilities, and their
7	condition; this paragraph does not include administrative facilities;
8	(5) the amount of district operating funds expended for maintenance;
9	(6) other options that would reduce or eliminate the need for the
10	request;
11	(7) the district's use of previously approved school construction design
12	plans and building systems if the use will result in cost savings for the project; [AND]
13	(8) consideration of regionally based model school construction
14	standards under AS 14.11.017(d); and
15	(9) the evaluation conducted under AS 37.07.200(c).
16	* Sec. 3. AS 29.60.810 is amended by adding a new subsection to read:
17	(b) The Department of Transportation and Public Facilities shall submit each
18	capital project proposed in an application submitted under this section to the capital
19	project evaluation division for an evaluation under AS 37.07.200(c). In this
20	subsection, "capital project" has the meaning given in AS 37.07.120.
21	* Sec. 4. AS 29.60.820(a) is amended to read:
22	(a) The Department of Transportation and Public Facilities may award a
23	harbor facility grant during a fiscal year only for a proposed project eligible under
24	AS 29.60.810(a) [AS 29.60.810] based on a grant application filed during the
25	immediately preceding fiscal year before February 1. The total amount of grant money
26	made available to a municipality or regional housing authority during a fiscal year
27	may not exceed \$5,000,000.
28	* Sec. 5. AS 29.60.820(b) is amended to read:
29	(b) The Department of Transportation and Public Facilities shall award a grant
30	for every proposed project eligible under AS 29.60.810(a) [AS 29.60.810] that is for
31	repair and major maintenance of a harbor facility that was transferred by the state to a

1 municipality or regional housing authority before grants may be made for other 2 proposed harbor facility projects during a fiscal year. However, after the department 3 makes a grant for the repair and major maintenance of a harbor facility under this 4 subsection, no other grants for the repair and major maintenance of that facility may 5 be made during the same or any other fiscal year.

6 * Sec. 6. AS 29.60.820(c) is amended to read:

(c) The Department of Transportation and Public Facilities shall establish
priorities for the award of grants for proposed harbor facility projects under (b) of this
section and priorities for the award of grants for other proposed harbor facility
projects, with new construction projects having the lowest priority. The department
shall award grants in the order of priority established. In establishing priorities, the
department shall include at least the following, in the order listed:

(1) the extent to which the municipality or regional housing authority
can demonstrate that it will have sufficient revenue to operate and maintain the harbor
facility in the future without state aid;

- (2) public safety and emergency factors;
- 17 (3) the amount spent by the municipality or regional housing authority18 on maintenance of the harbor facility;

19(4) the project's numerical score, as calculated under20AS 37.07.200(c);

21 (5) [(4)] other options that would reduce or eliminate the need for the
 22 proposed project; and

23 (6) [(5)] whether alternative harbor projects would better serve the
24 public interest.

25 * Sec. 7. AS 37.07.040 is amended to read:

26Sec. 37.07.040. Office of management and budget. The Alaska office of27management and budget shall

(1) assist the governor in meeting the requirements of AS 37.07.020,
including the coordination and analysis of state agency goals and objectives, plans,
and budget requests;

(2) prepare for submission to the governor an annually updated six-

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year capital improvements program and the proposed capital improvements budget for
 the coming fiscal year, the latter to include individual project justification with
 documentation of estimated project cost <u>and a copy of the evaluation conducted</u>
 <u>under AS 37.07.200(c) for each project;</u>

(3) develop procedures to produce the information needed for effective policy decision making, including procedures to provide for the dissemination of information about plans, programs, and budget requests to be included in the annual budget and opportunity for public review and comment during the period of budget preparation;

10 (4) assist state agencies in their statement of goals and objectives to 11 achieve, among other things, the legislature's mission and desired results, preparation 12 of plans, assessments of the extent to which missions and desired results have been 13 achieved, budget requests, and reporting of program performance; all documents 14 forwarded by the office to a state agency containing instructions for the preparation of 15 program plans and budget requests and the reporting of program performance are 16 public information after the date they are forwarded;

17 (5) administer its responsibilities under the program execution
18 provisions of this chapter so that the policy decisions and budget determinations of the
19 governor and the legislature are implemented;

20 (6) provide the legislative finance division with the budget information
21 it may request;

(7) provide the legislative finance division with an advance copy of the
 governor's budget workbooks at least seven days before the legislature convenes in a
 regular session;

25 (8) prepare the proposed capital improvements budget for the coming 26 fiscal year and evaluate all [EVALUATING BOTH STATE AND LOCAL] requests 27 as provided in AS 37.07.200(c) [FROM THE STANDPOINT OF NEED, EQUITY, 28 AND PRIORITIES OF THE JURISDICTION; OTHER FACTORS SUCH AS 29 PROJECT AMOUNTS, POPULATION, LOCAL FINANCIAL MATCH, FEDERAL 30 BEING USED FOR LOCAL MATCH, MUNICIPALITY FUNDS OR 31 UNINCORPORATED COMMUNITY ACCEPTANCE OF THE FACILITY, AND

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1 ALL ASSOCIATED COSTS OF THE FACILITY MAY BE CONSIDERED]; 2 (9) for each department in the executive branch, report to the 3 legislature by the 45th day of each regular session the amount of money appropriated 4 to the department that is expected to lapse into the general fund at the end of the 5 current fiscal year; 6 (10) establish and administer a state agency program performance 7 management system involving planning, performance budgeting, performance 8 measurement, and program evaluation; the office shall ensure that information 9 generated under this system is useful for managing and improving the efficiency and 10 effectiveness of agency operations; 11 (11) by January 15, list each lease-purchase agreement entered into by 12 an agency during the immediately preceding fiscal year for the acquisition of 13 equipment or other personal property, together with a description of the property 14 acquired and financial details, including the purchase price, the term for payments, the 15 amount of each payment, and the amount of interest or financing charges paid; 16 (12) work with state agencies to develop a standardized methodology 17 to collect and store energy consumption and expense data. 18 * Sec. 8. AS 37.07.060(b) is amended to read: 19 (b) The governor shall present the proposed comprehensive operating and 20 capital improvements programs, and fiscal plan if it is required under 21 AS 37.07.020(b), in a message to a joint session of the legislature before the fourth 22 legislative day following the convening of the legislature in regular session. The 23 message must be accompanied by an explanatory report that summarizes 24 recommended goals, plans, and appropriations. The report must contain 25 (1) the coordinated program goals and objectives that the governor 26 recommends to guide the decisions on the proposed program plans and budget 27 appropriations; 28 (2) the governor's operating program and budget recommendations for 29 the succeeding fiscal year organized by agency as required by AS 37.07.020(a); 30 the governor's capital improvements program and budget (3)31 recommendations for the succeeding fiscal year and capital improvements program for

1	the succeeding six fiscal years, which must include
2	(A) a description of each project, its estimated cost for the year
3	construction is to start and the estimated cost of the project adjusted for
4	inflation over the estimated period of construction, [AND] the source of
5	financing for the project, and an evaluation of the project under
6	AS 37.07.200(c); the project description for a new building or a new facility or
7	for a major addition to a building or facility should include a site plan,
8	preliminary drawings, and architect's or engineer's total cost estimate for the
9	project;
10	(B) a summary of projects previously authorized and not yet
11	completed;
12	(C) a summary, listed by agency, of all previously proposed
13	projects that have been deferred beyond the six years covered by the plan and
14	the year in which construction has been rescheduled to begin;
15	(D) a forecast of the debt structure of the state and the various
16	debt ratios over the life of the state's bonds outstanding, bonds authorized and
17	to be issued, and bond authorizations recommended in the plan;
18	(E) a description of additional revenue measures needed to
19	finance the plan in lieu of debt;
20	(F) bond election bills to authorize the bonds required to fund
21	the projects scheduled for the first three years of the plan;
22	(G) projections of population of the state and its regions and
23	communities;
24	(H) economic data and projections necessary for the evaluation
25	of the plan;
26	(4) a summary of state receipts in the last fiscal year, a revised estimate
27	for the current fiscal year, and an estimate for the succeeding fiscal year;
28	(5) a summary of expenditures during the last fiscal year, those
29	authorized for the current fiscal year, and an estimate for the succeeding fiscal year;
30	(6) any additional information that will facilitate understanding of the
31	governor's proposed programs and financial plans by the legislature and the public.

1	* Sec. 9. AS 37.07.062(a) is amended to read:
2	(a) Each appropriation bill authorizing capital expenditures required to be
3	submitted to the legislature in AS 37.07.020(a) must be accompanied by documents
4	supporting the expenditures. The documents must <i>include</i> [LIST], for each project,
5	the
6	(1) project identification number;
7	(2) project title;
8	(3) source of funding;
9	(4) amount expended on the project during the preceding fiscal year,
10	the amount authorized for the current fiscal year, the amount proposed to be expended
11	during the succeeding fiscal year, and the amount proposed to be expended each year
12	until project completion;
13	(5) estimated start for construction;
14	(6) cost of each subsequent phase with estimated construction start and
15	completion dates, for projects that will be completed in phases; [AND]
16	(7) schedule of bond elections pertaining to the appropriation,
17	including elections previously held; and
18	(8) evaluation of the project conducted under AS 37.07.200(c).
19	* Sec. 10. AS 37.07.120 is amended to read:
20	Sec. 37.07.120. Definitions. In AS 37.07.010 - 37.07.130 [THIS CHAPTER],
21	(1) "agency" means a department, officer, institution, board,
22	commission, bureau, division, or other administrative unit forming the state
23	government and includes the Alaska Pioneers' Home, the Alaska Veterans' Home, and
24	the University of Alaska, but does not include the legislature or the judiciary;
25	(2) "allocation" means an amount set out as a legislative guideline for
26	expenditure by a state agency for a stated purpose within the total amount of an
27	appropriation;
28	(3) "appropriation" means a maximum amount available for
29	expenditure by a state agency for a stated purpose set out in an appropriation act;
30	(4) "capital projects" and "capital improvements" mean an allocation
31	or appropriation item for an asset with an anticipated life exceeding one year and a

2 improvement, engineering and design for the project, and equipment and repair costs; 3 (5) "facility operations" means activities and expenses relating to the 4 day-to-day operations of a building or facility, including utilities, janitorial service, 5 security service, snow removal, and direct supervision of related maintenance 6 activities; 7 (6) "fiscal year" means a year beginning on July 1 of one calendar year 8 and ending on June 30 of the following calendar year; 9 "maintenance and repair" means the day-to-day scheduled and (7)preventive maintenance effort, including minor repair work, required to keep a 10 11 building or facility operational and in a continuous state of readiness; 12 (8) "object of expenditure" means a line item of expenditure within an 13 allocation or an appropriation; 14 "office" means the Alaska office of management and budget (9) established in the Office of the Governor by AS 44.19.141; 15 16 (10) "renewal and replacement" means the scheduled replacement of 17 worn-out major building components and the replacement or retrofitting of obsolete or 18 inefficient building systems in order to maintain or extend the life of a building or 19 facility. 20 * Sec. 11. AS 37.07 is amended by adding new sections to read: 21 Article 2. Capital Project Evaluation Division. 22 Sec. 37.07.200. Capital project evaluation division. (a) The capital project 23 evaluation division is established in the office of management and budget on July 1, 24 2025. 25 The capital project evaluation division shall implement a system of (b) 26 standardized criteria to score and evaluate proposed capital projects. 27 Beginning on July 1, 2028, the division shall evaluate each proposed (c) 28 capital project submitted to the division by another entity. In the evaluation for the 29 proposed project, the division shall 30 (1) classify the project as either new construction or maintenance and 31 repair;

cost exceeding \$25,000 and include land acquisition, construction, structural

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1	(2) identify whether the project is or will be owned by the state;
2	(3) identify a specific problem in the state that the project will solve;
3	identifying the purpose of general economic investment is not sufficient to satisfy this
4	paragraph;
5	(4) calculate a numerical score for the project using the rubric
6	developed by the capital project evaluation task force;
7	(5) calculate a regional weighted score for the project, as provided in
8	(d) of this section;
9	(6) calculate a priority ranking score, using the criteria established by
10	the capital project evaluation task force, for a project by a municipality or other
11	political subdivision of the state;
12	(7) calculate a numerical score for the project by incorporating the
13	factors identified in (1) - (6) of this subsection; and
14	(8) calculate a final weighted score by dividing the number calculated
15	in (7) of this subsection by a weighted factor that incorporates the total amount of state
16	funds required to complete the project; in this paragraph, "state funds" does not
17	include federal funds, municipal funds, or matching funds from a source other than the
18	general fund.
19	(d) The division shall develop a regional weighted scoring system to compare
20	proposed capital projects in different regions of the state. The regional weighted
21	scoring system must be a quantitative assessment. Beginning in 2030, the division
22	shall review and if necessary update the regional weighted scoring system within one
23	year after a decennial census conducted by the United States Bureau of the Census.
24	(e) The division shall submit a copy of an evaluation conducted under this
25	section to the director of the office of management and budget and the Office of the
26	Governor and make the evaluation available to the public on the division's Internet
27	website.
28	(f) In this section,
29	(1) "capital project" or "project" has the meaning given to "capital
30	project" in AS 37.07.120;
31	(2) "division" means the capital project evaluation division.

1	Sec. 37.07.210. Capital project evaluation task force. (a) Within one year
2	after the Redistricting Planning Committee under AS 15.10.300 receives population
3	data from a decennial census conducted by the United States Bureau of the Census,
4	beginning with the 2030 decennial census, the director of the capital project evaluation
5	division may form a capital project evaluation task force. The task force is established
6	in the office of management and budget. The task force is composed of
7	(1) the commissioner of transportation and public facilities or the
8	commissioner's designee;
9	(2) the commissioner of natural resources or the commissioner's
10	designee;
11	(3) the commissioner of education and early development or the
12	commissioner's designee;
13	(4) the commissioner of commerce, community, and economic
14	development or the commissioner's designee;
15	(5) a current employee of the division of the Department of
16	Transportation and Public Facilities responsible for developing the statewide
17	transportation improvement program, designated by the director of that division; and
18	(6) eight persons, appointed by the director of the office of
19	management and budget, who possess expertise in one or more of the following fields:
20	(A) aviation or maritime infrastructure;
21	(B) school construction or facilities maintenance;
22	(C) state construction standards or building codes;
23	(D) public safety;
24	(E) regulations adopted under AS 18.70.010 - 18.70.100;
25	(F) recreational or remote trail infrastructure; and
26	(G) commercial supply chains in the state.
27	(b) A capital project evaluation task force shall reassess and, if necessary,
28	update the standardized rubric used to evaluate proposed capital projects submitted to
29	the division. The updated rubric must produce a numerical score for a capital project
30	after evaluating the project in the following categories:
31	(1) safety, including the reduction of fatalities or serious injuries the

1 expenditure is likely to achieve, the proximity of the project to safety hazards, and any 2 possible reduction of emergency response time; 3 (2) accessibility, including an increase in access to jobs or services or a 4 reduction in traffic congestion; 5 (3) land use, including the project's efficient use of land for the land's 6 intended function: 7 (4) environmental impact, including improvement to the natural 8 environment, mitigation of harm to the natural environment, and changes to air or 9 water quality; 10 economic development, including the project's effect on the (5) 11 movement of goods, economic development projects, private sector development, and 12 future economic development and private sector economic growth; 13 (6) maintenance, including whether the project adequately accounts for 14 ongoing maintenance costs and the project's effect on future maintenance and 15 operation costs to the state and, if applicable, a political subdivision of the state; 16 (7) urgency, foreseeability, and the availability of municipal funds for 17 the project; in this paragraph, "foreseeability" includes, when applicable, an evaluation 18 of whether the current owner of the project has adequately maintained the project; 19 (8) operational importance, including the number of people served by 20 the project and available alternatives; and 21 (9) local ranking; in this paragraph, 22 (A) "local ranking" means whether a municipality or other 23 political subdivision of the state or a regional development organization has 24 requested a project and the importance of the project to that municipality, 25 political subdivision, or regional development organization; 26 (B) "regional development organization" has the meaning 27 given in AS 44.33.896. 28 Members of a capital project evaluation task force serve without (c) 29 compensation but are entitled to per diem and travel expenses authorized for boards 30 and commissions under AS 39.20.180. 31 (d) A capital project evaluation task force terminates after the task force

1	completes its work under (b) of this section.
2	(e) In this section,
3	(1) "capital project" or "project" has the meaning given to "capital
4	project" in AS 37.07.120;
5	(2) "task force" means the capital project evaluation task force.
6	* Sec. 12. AS 44.19.145(d) is amended to read:
7	(d) The office shall
8	(1) coordinate its services and activities with those of other state
9	departments and agencies to the fullest extent possible to avoid duplication;
10	(2) [REPEALED
11	(3)] cooperate with the University of Alaska and other appropriate
12	public and private institutions in research and investigations:
13	(3) cooperate with the Department of Transportation and Public
14	Facilities on the statewide transportation improvement program.
15	* Sec. 13. The uncodified law of the State of Alaska is amended by adding a new section to
16	read:
17	TRANSITION: INITIAL CAPITAL PROJECT EVALUATION TASK FORCE. (a)
18	Notwithstanding AS 37.07.210, enacted by sec. 11 of this Act, the initial capital project
19	evaluation task force is established in the office of management and budget. The task force is
20	composed of
21	(1) the commissioner of transportation and public facilities or the
22	commissioner's designee;
23	(2) the commissioner of natural resources or the commissioner's designee;
24	(3) the commissioner of education and early development or the
25	commissioner's designee;
26	(4) the commissioner of commerce, community, and economic development
27	or the commissioner's designee;
28	(5) a current employee of the division of the Department of Transportation and
29	Public Facilities responsible for developing the statewide transportation improvement
30	program, designated by the director of that division;
31	(6) one current and one former member of the committee responsible for

1	expenditures made from the harbor facility grant fund established under AS 29.60.800,
2	designated by the commissioner of transportation and public facilities;
3	(7) one current and one former member of the bond reimbursement and grant
4	review committee under AS 14.11.014, designated by the commissioner of education and
5	early development; and
6	(8) six persons, appointed by the director of the office of management and
7	budget, who possess expertise in one or more of the following fields:
8	(A) aviation or maritime infrastructure;
9	(B) school construction or facilities maintenance;
10	(C) state construction standards or building codes;
11	(D) public safety;
12	(E) regulations adopted under AS 18.70.010 - 18.70.100;
13	(F) recreational or remote trail infrastructure; and
14	(G) commercial supply chains in the state.
15	(b) The task force shall develop a standardized rubric to evaluate proposed capital
16	projects submitted to the division. The rubric must produce a numerical score for a capital
17	project after evaluating the project in the following categories:
18	(1) safety, including the reduction of fatalities or serious injuries the
19	expenditure is likely to achieve, the proximity of the project to safety hazards, and any
20	possible reduction of emergency response time;
21	(2) accessibility, including an increase in access to jobs or services or a
22	reduction in traffic congestion;
23	(3) land use, including the project's efficient use of land for the land's intended
24	function;
25	(4) environmental impact, including improvement to the natural environment,
26	mitigation of harm to the natural environment, and changes to air or water quality;
27	(5) economic development, including the project's effect on the movement of
28	goods, economic development projects, private sector development, and future economic
29	development and private sector economic growth;
30	(6) maintenance, including whether the project adequately accounts for
31	ongoing maintenance costs and the project's effect on future maintenance and operation costs

1 to the state and, if applicable, a political subdivision of the state;

2 (7) urgency, foreseeability, and the availability of municipal funds for the 3 project; in this paragraph, "foreseeability" includes, when applicable, an evaluation of 4 whether the current owner of the project has adequately maintained the project;

- 5 (8) operational importance, including the number of people served by the 6 project and available alternatives; and
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(9) local ranking; in this paragraph,

8 (A) "local ranking" means whether a municipality or other political 9 subdivision of the state or a regional development organization has requested a project 10 and the importance of the project to that municipality, political subdivision, or 11 regional development organization;

12 (B) "regional development organization" has the meaning given in 13 AS 44.33.896.

14 (c) The task force shall establish criteria to prioritize a capital project proposed by a 15 municipality or other political subdivision of the state.

- 16 (d) Within one year after the formation of the capital project evaluation task force 17 established under this section.
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(1) the capital project evaluation task force shall create a provisional scoring 19 rubric using the criteria listed in AS 37.07.210(b), enacted by sec. 11 of this Act, and transmit 20 the rubric to the capital project evaluation division established under AS 37.07.200, enacted 21 by sec. 11 of this Act;

22 (2) the capital project evaluation division shall use the provisional scoring 23 rubric to evaluate one historical capital project for each judicial district in the state for each 24 year from 1980 through 2020 using the method provided in AS 37.07.200(c), and transmit the 25 evaluations to the capital project evaluation task force; in this paragraph, "historical capital 26 project" means a capital project that was considered by the legislature in an appropriation bill;

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28 (2) of this subsection before adopting a final standardized rubric under (b) of this section; and

(3) the capital project evaluation task force shall review the evaluations under

29 (4) the capital project evaluation division shall adopt regulations relating to 30 the final standardized rubric adopted by the task force.

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(e) The initial capital project evaluation task force terminates on June 30, 2028.

1 (f) In this section,

- 2 (1) "capital project" or "project" has the meaning given to "capital project" in
 3 AS 37.07.120;
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- (2) "task force" means the capital project evaluation task force.
- 5 * Sec. 14. Sections 10, 11, and 13 of this Act take effect July 1, 2025.
- 6 * Sec. 15. Sections 1 6 and 12 of this Act take effect July 1, 2026.
- 7 * Sec. 16. Sections 7 9 of this Act take effect July 1, 2028.