

Alaska Psychiatric Institute Replacement

FY2002 Request: \$36,550,000
Reference No: AMD34884

AP/AL: Appropriation
Category: Health/Safety
Location: Anchorage Area-wide
Election District: Anchorage Area-wide
Estimated Project Dates: 07/01/2001 - 06/30/2006

Project Type: Construction
Contact: Larry Streuber
Contact Phone: (907)465-1870

Brief Summary and Statement of Need:

The Alaska Psychiatric Institute has reached the end of its useful life, is filled with hazardous asbestos, and must be replaced. This appropriation will provide the remaining funds of \$36,550,000 necessary to complete construction of the new Alaska Psychiatric Institute facility.

Funding:

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	Total
Lease Bond	\$36,550,000						\$36,550,000
Total:	\$36,550,000	\$0	\$0	\$0	\$0	\$0	\$36,550,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased Project	<input type="checkbox"/> On-Going Project
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input checked="" type="checkbox"/> Mental Health Bill

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Total Operating Impact:	0	0
One-Time Startup Costs:	0	
Additional Estimated Annual O&M:	0	0

Prior Funding History / Additional Information:

\$4,100.0 of GF was appropriated in CH96/SLA91/P36/L5. \$1,000.0 of GF was appropriated in CH79/SLA93/P10/L29. \$1,000.0 of GF was appropriated in CH5/SLA92/P34/L20. \$22,862.0 of GF was appropriated in CH8/SLA94/P3/L29. \$2,000.0 of AMHTAAR was appropriated in CH85/SLA99/P9/L9. 1,000.0 of AMHTAAR was appropriated in CH134/SLA00/P11/L14.

The Alaska Psychiatric Institute (API) has reached the end of its useful life. It was opened in 1961 and since then has received constant hard use treating Alaskans needing in-patient psychiatrist care, 7 days a week, 365 days a year. It is permeated with hazardous asbestos and must be replaced. Asbestos abatement and renovations needed to make the existing API a safe and efficient facility would be more expensive than the cost of replacement.

The Department of Health and Social Services has been working to replace API for a number of years. However, implementing a replacement solution has proven difficult to achieve.

- Our previous efforts to construct a replacement facility proved unsuccessful when bids for construction substantially exceeded engineering estimates and appropriated funding.
- Our recent attempt to purchase the Charter North Hospital as a replacement was stymied when local planning and zoning processes and strong neighborhood opposition made it impossible to complete the purchase and use the facility.

What should be done now?

The Governor has introduced two bills to remedy the situation and replace API. House Bill 130 and Senate Bill 96 have been introduced to authorize a replacement facility for API. These bills would use Certificates of Participation to fund a replacement facility. This solution will:

- Provide a replacement for API with 54 beds expandable to 74 beds.
- Re-use a portion of the current building and demolish the rest of it. This plan is called Option 1 West.
- Provide a replacement facility that will be built on the API site. This is land owned by the State of Alaska, so no land purchase is necessary.

Cost of API Replacement

Currently, \$58,750,000 is necessary for the construction of a replacement facility for API, including demolition of a portion of the current API facility. The State has \$22,200,000 of funds available from the following sources:

- \$19,200,000 is available from prior appropriations for this purpose that can be used for the project.
- \$3,000,000 of Mental Health Trust Authority Authorized Receipts has been appropriated that will be used for the project.

A lease-purchase agreement would be security for the remaining \$36,550,000, which the state would raise through the state bond committee's issuance of certificates of participation. The significant contribution of state money up front in the project will have the practical effect of lowering the lease payments because there will be additional security provided to the purchasers of the certificates of participation. The estimated total rental obligation under the lease-purchase agreement is \$3,700,000 for 15 years.