

State of Alaska
FY2004 Governor's Operating Budget

Department of Transportation/Public Facilities
Statewide Facility Maintenance and Operations
Budget Request Unit Budget Summary

Statewide Facility Maintenance and Operations Budget Request Unit

Contact: George Levasseur, Acting Statewide Maintenance Engineer

Tel: (907) 465-3906 **Fax:** (907) 586-8365 **E-mail:** George_Levasseur@dot.state.ak.us

BRU Mission

The mission of the Statewide Facility Maintenance and Operations BRU is to:

- Improve the quality of life for Alaskans by cost effectively providing environmentally sound and reliable public facilities.
- Benefit the traveling public and Alaskan communities through sound and effective leasing and property management practices at the state's airports and harbors.

BRU Services Provided

- The Facilities components furnish basic services and utilities, such as electricity, water, sewer, waste disposal, janitorial, heating, grounds maintenance, and snow removal for state-owned facilities.
- The Facilities components also provide preventative and routine maintenance, repairs, remodeling, and major maintenance for state-owned facilities.
- The Leasing and Property Management components administer leases at rural airports in the Northern and Central Regions of Alaska. This involves processing applications for new leases, building permits, assignments, security assignments, subleases, supplements and closures. Revenue produced by leasing rural airport lands helps offset maintenance costs at those airports.

BRU Goals and Strategies

To efficiently maintain and operate over 600 state-owned buildings in Alaska, and safeguard the State's investment in public buildings.

- Provide adequate maintenance to prevent premature deterioration and costly repairs.
- Reduce operating costs by replacing obsolete components and systems, as operating and capital funding will allow.

To provide a clean, safe, and healthy physical working environment for state employees and for the general public to use while conducting business with the State.

- Comply with building codes, fire and life safety codes, ADA accessibility standards and OSHA requirements.

To generate and optimize revenues from rural airports.

- Implement adopted regulations to bring lease rates closer to fair market rent.
- Promptly process lease applications and building permits.
- Advertise availability of new properties at rural airports.
- Institute landing fees for large aircraft and tie-down program for light aircraft.

Promote the transfer of ownership of harbors to individual communities by working with local communities to find terms and conditions acceptable to both parties.

Key BRU Issues for FY2003 – 2004

- As the public facilities continue to age, M&O Facilities is confronted with an increasing list of deferred maintenance repairs. Other demands include an increase in the cost of labor, materials, electricity and fuel, and the burden of new laws and regulations. M&O Facilities also continues to add new facilities each year to our inventory without increased funding. The Facilities budget has not kept up with these increased demands and is currently inadequate to sustain acceptable levels of preventative maintenance to our public facilities. Our list of deferred maintenance projects is currently at \$45 million and continues to accumulate.
- Capital funding for major repairs, renewal and replacement of obsolete systems in facilities is grossly inadequate to meet current needs and reduce the accumulated maintenance backlog.
- Airport lease rate increases indicated by 1996 and 1999 market studies were partially reflected in adopted Title 17 regulations. New rates were implemented effective April 1, 2002. Commercial passenger vehicle permits, business activity permits, assigned aircraft space permits with associated wait lists and lotteries and collections for transient aircraft and heavy aircraft parking fees are some of the new programs anticipated for implementation. Work will continue to further update lease rates in Title 17 to more closely align with fair market value.
- Structural evaluations of high-risk buildings have resulted in the closure of four maintenance stations because of potential catastrophic failure. Structural evaluations will be conducted on other high-risk state facilities as funding allows. Such reviews have not been conducted on these facilities for many years.
- Leaseholds will need to be closely inspected and environmental concerns addressed relative to fueling operations and other sources of contamination. With new fire codes, the Department has created new fueling system guidelines for airport tenants. Inspections are necessary to bring existing fueling systems into compliance.

Major BRU Accomplishments in 2002

- Administered 213 contracts and major work orders for construction, maintenance and janitorial projects, plus numerous smaller projects.
- Completed projects to bring facilities into compliance with ADA standards such as wheelchair ramps, public restroom renovations, and door hardware replacement.
- Replaced primary electrical distribution line at Tudor Complex.
- Replaced roofs at Kodiak Combined Facility, Homer Cooper Bldg., and Girdwood Shop.
- Surveyed and inspected day tanks for upgrade specifications. Replacement and installation of Department of Environmental Conservation compliant day tanks occurred in FY02 fiscal year.
- Continued implementation of energy saving projects including replacement of overhead doors and heating and ventilation upgrades.
- For Northern Region and Central Region:
 - Received and processed 192 applications and executed 117 new leases and permits.
 - Completed major changes to 96 existing leases and permits and consented to 59 assignments.
 - Closed 152 agreements.
 - Inspected 49 airports.
- Coordinated and managed site assessments and remediation efforts for six former MarkAir sites.
- Developed land leases for village fuel tank farms with federal and state agencies.
- Created contracts for joint-use facilities with FAA.

Key Performance Measures for FY2004

Measure:

Whether the net value of facilities deferred maintenance increases or decreases annually.

Sec 146(b)(1) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

The Department received a total of \$2,005,000 for deferred maintenance in the FY2003 capital budget (\$800,000 in a direct Facilities Deferred Maintenance capital project and \$1,205,000 allocated from a \$10 million appropriation to the Department of Administration). This amount is for all the state-owned facilities the Department is responsible for maintaining. Those funds will be used for the following:

- Boney Court building fire/life safety/electrical upgrades
- Boney Parking Garage waterproof membrane

- DOT&PF Anchorage headquarters fire alarm and sprinkler system upgrade and ceiling repair
- DOT&PF Anchorage Annex facility windows replacement
- Nome State Office door replacement
- Trimms roof repair
- Sag River overhead door replacement
- Chandalar station final design
- Peger Road electrical upgrade
- Ketchikan station roof and fuel tank replacement
- Ketchikan Court Building fire alarm upgrade and pipe repairs

The current project list of accumulated deferred maintenance is \$55.4 million (not including ADA compliance needs). The accumulated deferred maintenance backlog has increased substantially in the past year due largely to four maintenance facilities being condemned, resulting in the identification of substantial deferred maintenance costs. The current goal is to reduce the percentage at which deferred maintenance accumulates during the current year.

Benchmark Comparisons:

No benchmark has yet been established.

Background and Strategies:

Deferred Maintenance funds are very important in maintaining state buildings. Lack of capital funding and fewer available operating resources for vital preventive and routine maintenance has resulted in accelerated deterioration of public facilities. Renewal and replacement of obsolescent systems in facilities is grossly inadequate to meet current needs and reduce the accumulated deferred maintenance backlog.

Measure:

The percentage of facility mechanical systems that pass safety inspections each year.

Sec 146(b)(2) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

95% of mechanical systems have passed safety inspections during the past year. Most pass inspection the first time without any repairs. The Department immediately corrects most deficiencies found during an inspection. The remaining 5% deficiencies require significant improvements to be code compliant. These items are added to the deferred maintenance backlog until capital funding is available. The following equipment or systems require safety inspection: security and surveillance equipment; fire alarm panels; sprinklers; boilers; compressor tanks; elevators; cranes and lifts, boilers, back flow preventers and air conditioner systems. These inspections are performed either by in-house staff, contractors, or the Department of Labor and Workforce Development.

Benchmark Comparisons:

Safety is of the highest priority and the state requires that all mechanical systems pass safety inspections.

Background and Strategies:

These systems are under the jurisdiction of the Department of Labor and Workforce Development, Division of Labor Standards and Safety, Mechanical Inspection. Currently, some boilers are serviced with in-house personnel, although the recent trend has been towards contracting for this work, due to the specialized skills needed. Elevator servicing and repairs has always been contracted, since the skilled craftsmen are not available through Local #71 and large private firms have the in-depth support needed for that service.

The Department has never had boilers or elevators "red-tagged" or taken out of service after an inspection; however, it is common for the inspector to note deficiencies, which we address by the abatement date.

Measure:

The percentage of rural airport leases that are renewed or newly leased at fair market value during the fiscal year.

Sec 146(b)(3) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

Title 17 regulations were adopted effective March 28, 2002. Work began on rent adjustments to bring them closer to fair market value. Staff have reviewed 740 agreements and adjusted the rent on 447 of them effective April 1, 2002. Review continues and additional agreements will be adjusted as permitted in the agreements or when they expire.

Benchmark Comparisons:

No benchmark data has been identified for this measure. FY01 land lease revenues can be used as a base for leasing receipts. Adjusted rents prorated to 4/1/02 resulted in a net revenue increase above that FY01 base of 6.2% to 17.8% for the regions.

Background and Strategies:

Title 17 AAC 45 regulates the rents that can be charged for lease of rural airport properties. Fair market rents are established by, among other procedures, periodic market surveys, the results of which are incorporated into Title 17 through periodic updates. Current regulations are based on 1996 and 1999 market studies. As airport lease agreements come up for rent review or renewal, leases are brought up, in some cases incrementally, to the values allowed by the regulations. Efforts continue to bring them in line with fair market value, although current fair market rent will not be reached until it can be reflected in the regulations.

**Statewide Facility Maintenance and Operations
BRU Financial Summary by Component**

All dollars in thousands

	FY2002 Actuals				FY2003 Authorized				FY2004 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<u>Formula Expenditures</u>	None.											
<u>Non-Formula Expenditures</u>												
Traffic Signal Management	1,183.0	0.0	0.0	1,183.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central Region Facilities	2,815.0	0.0	695.2	3,510.2	2,732.2	0.0	708.6	3,440.8	3,264.8	0.0	708.7	3,973.5
Northern Region Facilities	5,591.6	37.2	2,799.2	8,428.0	5,400.7	167.8	1,996.6	7,565.1	5,558.5	167.8	2,596.6	8,322.9
Southeast Region Facilities	743.7	0.0	1,344.1	2,087.8	721.3	0.0	119.0	840.3	952.3	0.0	119.0	1,071.3
Central Leasing & Property Mgt	474.0	0.0	101.8	575.8	0.0	0.0	655.0	655.0	0.0	0.0	674.6	674.6
North. Leasing & Property Mgt	557.5	0.0	34.7	592.2	0.0	0.0	617.6	617.6	0.0	0.0	617.6	617.6
Totals	11,364.8	37.2	4,975.0	16,377.0	8,854.2	167.8	4,096.8	13,118.8	9,775.6	167.8	4,716.5	14,659.9

**Statewide Facility Maintenance and Operations
Proposed Changes in Levels of Service for FY2004**

FY04 budget decisions pending.

**Statewide Facility Maintenance and Operations
Summary of BRU Budget Changes by Component
From FY2003 Authorized to FY2004 Governor**

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	8,854.2	167.8	4,096.8	13,118.8
Adjustments which will continue current level of service:				
-Central Region Facilities	264.9	0.0	0.1	265.0
-Northern Region Facilities	-22.4	0.0	0.0	-22.4
-Southeast Region Facilities	231.0	0.0	0.0	231.0
-Central Leasing & Property Mgt	0.0	0.0	60.4	60.4
-North. Leasing & Property Mgt	0.0	0.0	5.5	5.5
Proposed budget decreases:				
-Central Leasing & Property Mgt	0.0	0.0	-40.8	-40.8
-North. Leasing & Property Mgt	0.0	0.0	-5.5	-5.5
Proposed budget increases:				
-Central Region Facilities	267.7	0.0	0.0	267.7
-Northern Region Facilities	180.2	0.0	600.0	780.2
FY2004 Governor	9,775.6	167.8	4,716.5	14,659.9