



March 13, 2001
City Council Special Meeting
5:00pm City Hall Conference Room

MINUTES

CALL TO ORDER

The Special Meeting of the City Council was called to order at 5pm by Mayor Roy Gilbertson with council members Mary Leith-Dowling, Susie Kemp, Lou Heinbockel, Nat Good and Mark Weller present. Rick Johnson was excused.

Mayor Gilbertson turned the meeting over to Pete Hallgren.

Hallgren stated the prison feasibility study was to be in two phases. The first phase is essentially complete. When the Council wanted more information, particularly in reducing employee wages, both were run and we got the spreadsheet. Those show that at 800 beds the prison is not financially feasible, even at \$11.00 an hour for prison guards. Phase 2 of the study was originally intended as a refinement of the original figures, assuming that they showed financial feasibility. A number of us here were surprised to see that it came out financially infeasible. Hallgren said the meeting tonight would be to talk to our consultants about what to do with Phase 2. The Phase 2 original concept does not appear to be reasonable (dig holes in the walls and refine all the Phase 1 findings). The consultants think it is basically a waste of money. So what we are looking at now is proposing a Phase 2 which would discover what would it take to make the prison financially feasible. We are looking along two main lines there. First, is what would it take on a daily rate at 800 beds to make it financially feasible, what would we have to go to the legislature with to amend HB53. The second question is whether it would be financially feasible to build a brand new raw land prison on Fort Greely with potential savings in reduced staffing. We have OEA funding for an entire study. Our share of the funding for all these studies, including the land fill and prison feasibility and analysis, would be \$22,000 cash, which is approximately 10 percent of the total cost. Mark Fina, from Northern Economics, would like to get Council input before writing a proposal for Phase 2 which would be within the money available. At the March 20th meeting we could discuss whether to enter into that or not. Hallgren said Tony Gallegos had gone over our earlier report. Hallgren said he would have Mark Fina talk to Council after contacting the other consultant by phone. Weller asked Hallgren if what he was saying was to first adjust the daily rate and increase it, then get legislature approval for that and the second thing would be to build a raw land prison.

Hallgren said to see if this would make it financially feasible. (Jim Robertson was connected telephonically.)

Mark Fina asked if everyone had seen the study they produced, as well as the extra spreadsheets. He affirmed what Hallgren had said and added he had spoken with the engineers about the possibility of looking into the raw land prison. To do a study on the level of the first phase in terms of the detailed cost estimate would be somewhere around \$30,000 to \$50,000 and that is with a definite site which is closely examined, in reference to such items as ground proximity to the utility supplies and road access. He said to proceed with a study of a raw land facility he would go back to Anchorage and talk to them to see what they could produce for what amount of money. What it is going to take is sitting down with them to study the scope of work to see what Northern Economics can do for the budget range the City is talking about. They can probably come up with some figures to let Council know if it is worth the time to go to another level of details in terms of the site. We can give you an idea of whether the savings on staffing are going to be enough to offset what the engineers felt, fairly strongly, that if you build a raw facility, the capital costs will be higher than redeveloping what is at Fort Greely right now. He doesn't want to speak for Jim, who was hired as the prison consultant, he has said that you can, and it doesn't surprise me or anyone else, that you can reduce staffing cost by developing a new facility where you can use layout that is more efficient. There may be some tradeoff to get you a little closer to feasibility at a \$70.00 per diem, we can only guess that at this stage. Those are the only issues that he talked to Hallgren about. Hallgren stated we don't have the money to do a full blown raw land prison study, we looked into doing that a year and a half ago, when one of the legislators wrote to Gallegos to say it was a waste of Federal dollars to fund a raw land prison study on Fort Greely. He doesn't think we should spend too much money on a new prison concept, because the only evidence we have that it might be attractive to the legislators is the fact that there is currently a bill to build a raw land prison down in Kenai. Gallegos suggests that we do a fairly generic one, to see if it comes close to penciling out, if it doesn't, we should know pretty quickly. If it does, then we need to sit down and decide what we want to do. There are two areas that we have seen as possibly making it break even; daily rate the State would pay or the daily rate that would make it pay for a new prison with lesser staffing needs. Hallgren talked to Robertson earlier to ask him if we should look into reduced staffing levels on converted buildings. It was his feeling that his staffing levels were his best recommendations and estimates. They were made in conjunction with discussions with the Department of Corrections. These recommendations come to slightly over fifty employees more than what was in the Buffalo Flats – Allvest sheet of 1998.

Robertson stated Hallgren had captured the essence of their conversation and added he used staffing numbers in light of what he considers to be a safe and secure operation and also with keeping with the philosophy that the division has adopted for difficult facilities.

Good asked if there has been any consideration of this being a two-shift operation, somewhat like the State is doing, rather than a three-shift one. He said it would be less employees, less cost in terms of benefits, that type of thing. He asked how that would impact costs.

Robertson stated he could put together ballpark ranges with two scenarios in the raw land operation and come up with staffing numbers at that point.

Hallgren asked if they could also apply twelve-hour shifts to the current proposal, with the conversion of the existing buildings.

Robertson said they could.

Fina asked Robertson if when he says five to ten percent reduction, is that reduction in number of staff, payments to staff, or corrections officers.

Robertson said it would be the corrections officers. It would be only those employees doing shift work.

Good commented he thinks that with what is happening in Kenai, there is certainly more of an opportunity here than there was in the past. You can't simply be denied in terms of a new facility or a potential of a new facility if it is already rolling around the legislature as a possibility.

Hallgren stated they are definitely considering the bill SB149. It is very similar to HB53 with the exception of that it repeals HB53. HB53 does not set the daily rate, that is set in the letter of intent in the House, which was amended slightly in SB141. That is where we come up with the problem with the \$70 a day as the day of opening. When we look at the SB141 letter in conjunction with the HB53 letter, it becomes clear that the legislature was saying \$70 a day maximum on date of opening, without inflation factors. He wrote a letter to the Department of Corrections February 12th, after he talked to them informally, and being advised informally how they read the bill. He specifically asked the question in writing on February 12th, but has not received an answer.

Heinbockel asked if our purpose tonight is to decide whether to go on further with the next phase.

Weller stated that last night, at the advisory meeting, there was a vote taken to advise the City Council not to support a Phase 2. It was amended and Bill Johnson or Russ Bowdre could explain.

Bill Johnson stated there were nine members present, two members from the Deltana Board, two from the City Council and one member that was elected area wide. The motion that was passed was to not move ahead with Phase 2, simply because Phase 1 sounded like bad business. They put a disclaimer on the end of that because they recognized that Council is privy to information that they are not. It said that if this would jeopardize the City's legal position that Council ignore their advice, but that is still what they think is sound business practice. The vote was six to two with one abstaining.

Hallgren stated he doesn't think we have a choice but to go to the point of asking for that property or not asking for it. If this thing was never meant to be financially feasible, this is the last thing we should be doing out there. But we have to get to that point. Up to this point, it shows us it isn't.

Bill Johnson stated this is what the advisory council was properly trying to do. They know Council will have to make the final decision, and you were in executive session and know more about this than the advisory does, so they wanted to leave that on the end and leave it to Council.

Heinbockel stated the financial part is only going to cost us \$3,000 more on top of the hundreds of thousand that have been spent to this point.

Weller asks if it \$3,000 or \$30,000.

Hallgren said the City is paying 10 percent, which is \$3,000.

Good stated there is something we have to keep in mind, the bill in the legislature can eliminate the whole thing at any time, because the end result would be to cast us out. We are going to need to do something in Juneau.

Weller asks if SB149 would nullify HB53.

Heinbockel stated it would be to the detriment of the City to give up at this point. Our posture as a council has been; "let's see if we can make this thing work with or without Allvest". If we can't make it work, then we shouldn't be in the business.

Good said if we are not doing something about the bill that is currently in Juneau, then we are not trying to make it work.

Heinbockel stated let the people in Juneau do what they will, because he doesn't think it will hurt us a bit.

Weller said we could ask people to send POM's, which are free.

Hallgren stated there is a question about whether someone would go down and testify on HB149 which he has not checked out yet.

Heinbockel asked what would our lobby position be. He felt it would have to be an opposition to Kenai.

Weller stated it makes sense to continue with Phase 2 and see how feasible it is to use those buildings, in line with HB53. To go outside the parameters of HB53, he felt it would be a waste of time and money. He did not see a reason to study raw land prison feasibility.

Hallgren stated he talked to Tony Gallegos today, who said he would not fund studies to lobby legislators, but there is no problem with a study that would advise what it would take to become

financially feasible, or getting such a study to the legislators. Our purpose wouldn't be to lobby the legislature, but to determine at what level the State prison would be financially feasible.

Good stated in the end we may be able to sell this to either Kenai or the legislature.

Heinbockel said what he meant is a study to show this council and this community, what we have gotten into as a community in the last three years.

Hallgren stated we need something as honest as our consultants can make it. There is no problem if we take that result and use it any way we can. But it cannot be designed to be one-way or the other.

Heinbockel said he wants an objective study, as everybody does. He has made up his mind about what this is all about.

Hallgren stated that people distrust government, but that he made it clear to these consultants that we want the truth, however it comes out. The same thing was directed with Allen Army Airfield; if it doesn't pencil out, we don't do it.

Heinbockel stated the City of Delta Junction, which has very limited resources, can't be into any money losing propositions.

Good asked what are we looking at for a time-line, because if we are looking at the legislature, we need this at the earliest possible date.

Hallgren stated he was told that the consultants would like three weeks to come up with the final product. What they were told is that we want Phase 1 to be cleaned up and finalized as deliverable, including the spread sheets with their recommendations under Phase 1, then Phase 2 would go from there. We could probably get interim information before the three weeks are up.

Weller said the advisory committee questioned how we could go to Phase 2 until we have Phase 1 in hand and really look at it to see what it says.

Hallgren stated we basically have Phase 1 in hand but it is two different parts and it doesn't have the narrative written up saying clearly that it doesn't work. That could be done very quickly.

Mayor Gilbertson asked how long would that take.

Mark Fina answered that, one single study, written up tightly, could be done in a week.

Weller asked if Council could get it by March 19th, which would give them the chance to look at it and read it by the City Council Meeting the next evening.

Fina stated it would be tight but he thinks they can do it. He will need to talk to the engineers and Robertson, as well. He feels he cannot make promises for others on their parts, but the write-up on Phase 1 is in his hands, and he can speak for this.

Mayor Gilbertson asked would we be working with Phase 2, with those buildings in a more in depth study or raw land.

Fina stated Phase 2 is wide open, as far as looking at those buildings again and redefining those buildings, if there isn't a novel idea about how to use them, you don't want do it. His opinion is there is nothing new for the engineers really to do with Phase 1 in reference to the buildings. They feel fairly good about their cost estimates, design proposal, so there is no use to have them look any closer. All the engineers that have worked on the product have been to Fort Greely before and have seen the buildings, looked at the utilidors and been through the facility top to bottom. With Robertson, you could probably adjust the staff levels here and there but Fina thinks it's a stretch to think you would get there.

Mayor Gilbertson asked if this study would be off-site or on another piece of land.

Fina replied it would be raw land, on or off Greely, a generic plan. He thinks they would have to make assumptions about utilities and land quality to do a study for the amount of money talked about. There would be several assumptions involved including a window for capital costs for the facility. Fina thinks Robertson could give a fairly good staffing estimate because he will be defining the concepts that the engineers are basing their estimates on. There is a lot more control there than there are in some of the engineering estimates where you have to deal with qualities of the location.

Hallgren stated the original setting of the prison was 1200 or 800. The existing buildings can hold 1200 beds, but HB53 used the number 800 as a minimum. Hallgren asked the Department of Corrections whether they felt they had the ability to enter into a contract for 1200 beds, because it comes closer to financial feasibility, on February 12th and has not gotten a response. Informally, he was told it was unlikely they would sign a contract for more than 800 beds because as of the opening date in mid 2003 they did not feel they would have 800 prisoners to put in there. Hallgren has also received a new update to the Prison Long-Term Plan dated August 2000, it indicates that when they did their original long term plan they were estimating a large amount of prisoners and the update, as of August, indicated they weren't taking in prisoners nearly as quickly. They also indicated to Hallgren that prisons do not open up at capacity and it would take approximately six months from opening date to get to capacity. They could not count on getting paid for beds that are not being used.

Gilbertson said if we do an off-site study, it would take a change in HB53, which is not likely to happen without more power than we have in this community with the legislature. Plus the Department of Corrections said basically the prison would be on Fort Greely. His main concern right now is we are not going to get any land on Fort Greely for a prison, because of all indications that Fort Greely will be taken by the National Missile Defense, if they deploy. The biggest concern right now is for the City to get on the phone and lobby to HB149, somehow for this bill to move any further we need to have a closure to the lawsuit on Fort Greely. We had no cooperation whatsoever and then the lawsuit we got into was over a legal action that the Clerk did on certifying the referendum that the City Council had absolutely no say in whatsoever. In the meantime we have this lawsuit over us and now they want to go and induce the same group, including Joe Hayes and Kent Dawson and Cornell who was DCG, and now they want to go ahead and support the effort to move that down to Kenai and he feels it will probably go down there. He thinks we need to do is have a real concerted effort to get anybody we know to talk on this. We need to have a closure to Fort Greely lawsuit, it needs to be dropped and behind us before they can proceed any further on this bill. This is moving fast; they are going to readdress this bill on Thursday. If we are not proactive, we are going to be sitting here with a lawsuit and the House Bill will go down to Kenai and we won't have anything. This is going to happen before we vote on this. Time is important and everybody needs to get involved, call with our concerns to the legislators.

Heinbockel agrees that time is important, but at \$70 a day per prisoner with the declining numbers of prisoners that are going to be available, it is not economically feasible to do that at that rate in Delta Junction and if they are going to start a raw land prison in Kenai, how is it going to be any more economically feasible to do it there? Maybe the legislature has to come to the realization that the bill of goods they are being sold, whether that be a local community that is being sold this bill of goods, then into the legislature being sold this bill of goods, maybe none of it is realistic. If they want to give us \$150 a day per prisoner, maybe we could do it.

Hallgren stated the 70 dollars a day is not in the statute, but in the letter of intent. We don't know what the house would put in the letter of intent to HB149.

Heinbockel said he questions, how much influence the lobbyists have on key legislators. They were powerful enough to change the laws after the fact to meet their needs. That is how it all started and it worked. There are apparently some powerful players out there. The trump card the City of Delta Junction has, and whether we get out of this lawsuit or not, is the fact that we are the established site for the prison, like it or not and we need to hold onto to that until the point of which it is obvious to everyone that this was never a good deal to begin with. Or it could be the best thing we've ever seen.

Hallgren stated that he didn't know what the legislature is having for the opening rate for the Kenai prison. I would feel funny if put it up to 79.99 or they put an inflation factor from date of passage of it and we didn't ask for the same benefits in HB53.

Heinbockel said it is more expensive to do business one hundred miles south of Fairbanks than it is anywhere on the Kenai Peninsula, meaning that if they think they can do \$70.00 a day here, they ought to be proposing less on the Kenai.

Weller asked if electricity, transportation, or heating would be less.

Good stated we are doing a study on a new land prison.

Hallgren stated any study we do is for the community.

Heinbockel stated if it is not economically feasible to do it in Delta Junction at \$95.00 a day per prisoner for 800 prisoners then they need to look at \$70.00 a day on the Kenai.

Hallgren stated he would have to check if we could use OEA dollars to lobby, but his guess is no.

Good replied he is not referring to lobbying, but to the fact that there will be other people who may be interested in the results that we get.

Heinbockel said if it turns out that our best spokesperson to go down there is Hallgren, then we can probably relieve him from his OEA position and we could probably fund his going down to represent the City.

Weller stated he cannot see the strategy being beneficial to Delta to do a raw land study. Why should we do the footwork for them to see what it would take to do a prison based on raw land. It is their job if they are interested.

Heinbockel stated we seem to have this concern about getting out of a lawsuit because we have a bigger concern about losing a lawsuit. If our concern is so great about losing it, then we obviously did something wrong back when and we deserve to lose it. If we are convinced that what we did a year and a half, two years ago was right, then we need to be in court defending that. We don't need to be trying to settle out of court.

Good stated his concern in this would be that dollars tend to buy better lawyers and better legal defense. We have a justice system that is based on what is legal, not really justice. In fact we have a legal system not a justice system. You can be absolutely right and still lose.

Heinbockel said he would rather defend his conviction of rightness than to concede to get out of the situation.

Good stated he thought we should go ahead with this prison financial feasibility study and see if it is possible to do a raw land prison here. Whether raw land is available or not is still a good question. The best land available is still going to be out there at Fort Greely; we know the slope, about the land underneath it, we don't have ice out there either. At one time they did offer us land for a raw land prison. These are all possibilities and we need to go ahead and find out if it will work. One way or another there will be some use for the results.

Weller made the motion that upon the receipt of the final Phase 1 product we will consider the requirements for a possible Phase 2 proposal.

No second. Discussion followed.

Weller made the motion that the City Council authorize Northern Economics to provide us with a new Phase 2 proposal determining the feasibility of a new raw land prison for our next City Council meeting, for review and approval or disapproval; Good seconded. Roll call vote. Motion passed. Weller and Gilbertson voted no. Robertson was disconnected from meeting.

PUBLIC COMMENTS

Russ Bowdre asked if he could discuss the petitions on the reapportionment of the boundaries. He needs 1000 signatures to stay in a rural district and we would be represented by rural-like minds. The main thing is that we need to let the legislature know we don't want to be represented by Fairbanks.

Hallgren said the problem is they divide the total population by how many people have to be in each district for representation. The census count will be out soon.

ADJOURNMENT at 6:10pm.

Respectfully submitted,

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Linda Sorensen
Secretary