

HOUSE FINANCE COMMITTEE
March 28, 2001
1:38 PM

TAPE HFC 01 - 65, Side A
TAPE HFC 01 - 65, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:38 PM.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster

MEMBERS ABSENT

Representative Eldon Mulder, Co-Chair
Representative Jim Whitaker

ALSO PRESENT

Thomas Brigham, Director, Division of Statewide Planning, Department of Transportation and Public Facilities; Dan Easton, Director, Division of Facility Construction and Operation, Department of Environmental Conservation; Larry Dietrick, Program Manager, Prevention and Emergency Response Program, Department of Environmental Conservation; Steve Hildebrand, Fiscal Analyst, Office of Management and Budget, Office of the Governor; Rob Carpenter, Fiscal Analyst, Legislative Finance Division; Tom Chapple, Director, Division of Air and Water Quality, Department of Environmental Conservation; Nancy Slagle, Director, Division of Administrative Services, Department of Transportation and Public Facilities.

PRESENT VIA TELECONFERENCE

(listen only)

John Tolley, Chief, Planning and Administrative Services, Central Region, Department of Transportation and Public Facilities; Jennifer Wilson, Regional Planning Manager, Central Region, Department of Transportation and Public Facilities; Murphy O'Brien, Assistant to the Regional Director, Central Region, Department of Transportation and Public Facilities; Mort Plumb, Director, Ted Stevens

Anchorage International Airport, Central Region, Department of Transportation and Public Facilities; Tom Middendorf, Airport System Planner, Department of Transportation and Public Facilities; Ted Stevens, Anchorage International Airport, Central Region, Department of Transportation and Public Facilities; Jenny Kuentzel, Planner, Ted Stevens Anchorage International Airport, Central Region; Department of Transportation and Public Facilities; Ralph Swarthout, Regional Director, Northern Region, Department of Transportation and Public Facilities; Martin Ott, Chief, Planning and Administrative Services, Northern Region, Department of Transportation and Public Facilities.

#hb47

GENERAL SUBJECT(S):

HB 47-APPROP: GOVERNOR'S CAPITAL BUDGET

Department of Environmental Conservation

Department of Transportation and Public Facilities

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	TAPE HFC 00 - 65 SIDE A	
000		DEPARTMENT OF ENVIRONMENTAL CONSERVATION
37	Representative Hudson	Stressed the need to account for use of the AHFC dividend in the operating budget so that they are not overspent.
101	STEVE HILDEBRAND, FISCAL ANALYST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR	Clarified that of the \$103 million AHFC dividend dollars for FY02, \$53 million dollars was set aside for capital projects. Another \$6 million dollars was originally included in the Governor's request to fund debt retirement. The Governor's request accounts for the full \$103 million dollars.
185	ROB CARPENTER, FISCAL ANALYST, LEGISLATIVE FINANCE DIVISION	Explained that the House has appropriated \$2.8 million dollars for operating purposes. There is still \$3 million dollars unaccounted for.
243	Mr. Hildebrand	Observed that HB 103 and HB 104 did not appropriate \$6 million dollars into the Debt Retirement Fund as proposed by the Governor.
258	Representative Croft	Summarized that HB 103/HB 104 appropriated \$2.8 million dollars and there is \$52 million dollars proposed in the capital budget.

287	Mr. Carpenter	Noted that the governor originally proposed \$58 million dollars capital projects. The House allocated \$52 million dollars in the capital budget. The remaining, minus \$3.1 million dollars, is obligated to debt service payments for AHFC bonds issued in prior years.
406	Representative Croft	Of the original there was \$45 million for debt retirement, leaving \$58 million dollars. The \$58 million for capital projects was reduced to \$52 million dollars, leaving \$6 million dollars. The Governor's plan would have used the \$6 million for debt retirement. The House uses \$2.8 million dollars of this amount for operating allocations, leaving \$3.2 million dollars.
	Mr. Hildebrand	Explained that the Governor has discretion to spend dividends from state corporations. Alaska Housing Finance Corporation (AHFC) supports housing and infrastructure. He stressed that it is appropriate to apply the dividend for the Department of Environmental Conservation's Village Safe Water Projects program and municipal matching grants as infrastructure building.
627	Mr. Easton	Stated that the department's mission is to assist communities in improving sanitation conditions. The department achieves this goal through grants and low interest loans to communities to build water, sewer and solid waste facilities. He pointed out that the budget composition has changed over the past few years. In FY 99 the state invested \$44 million state dollars in sanitation. The FY01 budget would invest \$29 million state dollars. Total funding has increased by \$11 million dollars through additional federal funding. This is the result of a change of the state/federal match ratio to 1/3 from 1/1.
796	Mr. Easton	Noted that statute change has allowed better capitalization of the loan fund.
821	Mr. Easton	Discussed the village safe water program.
874	Mr. Easton	Discussed the Village Safe Water Project Administration request of \$1,961,100 million dollars. This request is a transfer from the operating budget to pay for engineers and other costs of managing the program.
899	Mr. Easton	Reviewed the request for Village Safe

		Water Feasibility Studies. The request funds subsequent allocations for feasibility studies. They are engineering studies to look at options for water, sewer, and solid waste facilities.
940	Mr. Easton	Discussed Village Safe Water Projects. The request funds water and sewer projects.
966	Mr. Easton	In response to a question by Representative Croft, Mr. Easton explained that the \$29 million dollar figure did not include all of the AHFC projects and was only for sanitation. The four appropriations and capitalization of the clean water loan fund add to \$29 million dollars.
1169	Mr. Easton	Reviewed the Municipal Water, Sewer, and Solid Waste Matching Grant request. This program makes grants to larger communities. Applications are ranked. There is a local match requirement of 10 - 15 percent. It is primarily funded through state funds. There are federal grant funds for projects off the road system at 75 percent federal and 25 percent state funds.
1248	Representative Croft	Referred to municipal grants. The grants should be all state or 25 state/75 federal.
1299	Mr. Easton	Noted that federal funds could only be used in rural communities or Alaska Native villages. The department defines rural as off the road system.
1326	Representative Croft	Questioned why general funds are being used for the Environmental Health Food Safety Laboratory Construction.
1388	Mr. Easton	Did not know the answer and offered to provide further information.
1405	Representative Hudson	Questioned if the department cooperated with the Denali Commission on underground storage tank removal and who is responsible. He noted that 470 funds are being used.
1433	Mr. Easton	Referred to Small Drinking Water System Operator Certification Project. This is a one time new appropriation. It would be used to train and certify operators of small drinking water systems as the result of a change in federal rules. The federal rule changed the requirement for a certified operator for systems serving 50 people to 25 people. Operators of 600 systems will have to be trained and

		certified. There is no state match. Most of the funds would be used to contract with the University of Alaska. There are federal funds to cover the cost after the one-time funds are exhausted.
1587	LARRY DIETRICK, PROGRAM MANAGER, PREVENTION AND EMERGENCY RESPONSE PROGRAM, DEPARTMENT OF ENVIRONMENTAL CONSERVATION	Responded to questions by Representative Hudson. He explained that the state and federal programs are coordinated on rural bulk fuel replacements. The projects are funded through Trans-Alaska Pipeline Liability (TAPL) funds. He noted that a portion of the TAPL funds are appropriated through AIDEA and a portion comes from the federal government through the Denali Commission. Those projects that are furthest from compliance are addressed first. The project list is run through AIDEA.
1703	Mr. Dietrick	Reviewed the request for Statewide Contaminated Sites Cleanup. The request is for \$5 million dollars from the Oil and Hazardous Substance Release Prevention and Response Fund. This request addresses problems at state owned facilities, state leaking underground sites and orphaned sites.
1736	Mr. Dietrick	Discussed the request for Hazardous Material Response Capabilities for Local Government. The funding source is the Oil and Hazardous Substance Release Prevention and Response Fund. The funds go to local communities to equip them to assist the state response. The funding goes to the hazmat teams in Anchorage and Fairbanks. These teams can leave their jurisdiction to go to any area in the state.
1827	Representative Hudson	Asked if there are many occasions where the state has to assist.
1856	Mr. Dietrick	Responded that there have been three ammonia releases in the last 18 months to 2 years.
1872	Representative Hudson	Questioned if overhead costs are tracked for the site cleanup.
1889	Mr. Dietrick	The \$5 million dollars for state cleanup goes entirely to cleanup.
1900	Mr. Dietrick	Discussed the request for Grants and Loans for Underground Storage Tanks. The funding source for the \$1 million dollars request is the Storage Tank Assistance Fund. He observed that SB 128 imposed new network requirement, which reduced the number of eligible applicants. This would

		fund grants under SB 128. Applicants were reduced from 200 down to 51.
1988	Mr. Dietrick	Discussed the request for Oil and Gas Transportation: Aging Infrastructure Issues. The request for \$500 thousand dollars would be funded from the Oil and Hazardous Substance Release Prevention and Response Fund. He noted that the infrastructure would have to support on going production of oil. Issues need to be addressed to prevent spills. He noted that a Cook Inlet risk assessment would occur. The department is also looking at corrosion and erosion and evaluating the best available technology to be used in spill prevention.
2059	Mr. Dietrick	In response to a question by Vice-Chair Bunde, Mr. Dietrick explained that erosion is occurring due to the sand.
		Discussion ensued regarding the 2 cents tax. The tax has been shut off since 1995. There is approximately \$59 million in the Oil and Hazardous Substance Release Prevention and Response Fund.
2139	TOM CHAPPLE, DIRECTOR, DIVISION OF AIR AND WATER QUALITY, DEPARTMENT OF ENVIRONMENTAL CONSERVATION	Discussed the Fine Particulate Monitoring Project request. It is in response to a new federal air-monitoring standard. The project determines if the state meets the standard.
2192	Mr. Chapple	Reviewed the Environmental Monitoring and Assessment Program request. The request would fund a baseline study of conditions along the coastline for contaminates. The project is a random sampling and is 100 percent federally funded.
2252	Mr. Chapple	Discussed the Amchikta Workers Health Assessment Project request. The project would focus on the health of workers that were present during the testing. The Department of Environmental Conservation is working with the Department of Labor and Workforce Development. It is a three-year project.
2306	Representative Hudson	Clarified that this would be the first year of the project. He questioned if the project would be through contract.
2326	Mr. Chapple	Responded that the project is almost entirely done outside of the department through contract. The department has a minor role in the steering committee.
2347	Representative Lancaster	Questioned why the federal government does not do the project.

2359	Mr. Chapple	Observed that it has been difficult to get Congressional funding. Alaska is pushing the project.
2375	Representative John Davies	Summarized that that state prefers to handle the project.
	TAPE HFC 01 - 65, Side B	
		DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
30	NANCY SLAGLE, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES	Discussed the safety Inspection of State Owned High Risk Facilities request. She noted that there have been incidents, which have indicated that there are structural issues. There are 50 state-owned buildings in the high or moderate risk category. 10 - 15 buildings could be addressed.
221	Ms. Slagle	Discussed the Material Stockpiles for the Dalton Highway request. The request would allow the state to maintain the road where it is not federally eligible.
317	Ms. Slagle	Reviewed the Harborview Development Center request. The request would allow continuation of the mothballing of the portion of the facility that is not being used.
	Representative Harris	Noted that there has not been a plan by the city. The hospital is still housed in the building and the city has some responsibility.
540	Representative John Davies	Questioned if the state would have an on-going cost.
555	Ms. Slagle	Responded that the city would cover the cost of the used portion. The state would watch over the mouth-balled area at a minor cost. The city is contemplating building a new hospital, in which case the state would address the building as a whole.
636	Ms. Slagle	Discussed the Weights and Measures Testing Unit Replacement request. She observed that a control and testing unit needs to be replaced. The current vehicle is 30 years old.
738	Representative John Davies	Questioned if the vehicles were part of the state equipment fleet.
788	Ms. Slagle	Responded that they are not part of the fleet. Both are old vehicles and expensive to replace.
826	Ms. Slagle	Reviewed the Alaska Marine Highway System Overhaul, Rehabilitation and Mandatory Training request. This is an annual

		request to keep the vessels safe. The vessels receive 5 - 6 weeks of overhaul on an annual bases. There are also funds for repairs at the Ketchikan warehouse facility.
924	Ms. Slagle	Discussed the Facilities Deferred Maintenance and Critical Repairs request. There are \$40 million dollars in deferred maintenance needs. She observed that the top priorities are addressed.
1017	Ms. Slagle	In response to a question by Representative Harris, Ms. Slagle noted that over the last 4 years the department has received from \$600 thousand dollars to \$1 million dollars for deferred maintenance. The request has generally been \$1 to \$1.5 million dollars.
1108	Representative Croft	Observed that the state is falling further behind each year.
1164	Ms. Slagle	Agreed and noted that some stations are becoming so bad that they need to be replaced.
1185	Ms. Slagle	Discussed the Emergency and Non-Routine Repairs request. She observed that the repairs could affect harbors, airport or roads. Juneau / Haines storm damage was funded from this component.
1293	Ms. Slagle	Reviewed the Corps of Engineers Harbors Program. She observed that the Unalaska project is included and would use a local match. These projects are separate from the Governor's bill. They would provide repairs.
1364	Ms. Slagle	Discussed the Harbor Deferred Maintenance request. The request would address harbors that are not ready for local ownership in the Governor's bill.
1415	Representative Harris	Clarified that the state has not had to continue funding repairs at harbors that have been turned over to local communities. Local communities can set their own fees. He concluded that deferred maintenance is an important problem.
1516	Ms. Slagle	Reviewed the Airport Deferred Maintenance request.
1558	Ms. Slagle	Discussed the Highway Deferred Maintenance request. This is an annual request that addresses items that are not covered with federal funds.
1579	Ms. Slagle	Reviewed the State Equipment Fleet Replacement request. The state owns

		75,000 vehicles. This allows for replacements.
1627	Representative Lancaster	Questioned if the vehicles are bought in state.
1639	Ms. Slagle	Noted that the vehicles are sent to bid. They are awarded to the low bidder.
1674	THOMAS BRIGHAM, DIRECTOR, DIVISION OF STATEWIDE PLANNING, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES	Noted that there are 102 federally funded aviation projects. There is \$154 million dollars for aviation improvement, \$43.5 million dollars international airport funds, and \$113.2 million dollars in bonds. The typical match is 6 percent for aviation. Surface transportation projects typically have a 9 - 10 percent state match: a total of \$41 million dollars.
1780	Representative John Davies	Pointed out that \$41 million dollars is a large portion of the state's capital budget.
1815	Vice-Chair Bunde	Stated that the state could refuse the federal funds and use the state match for deferred maintenance.
1844	<u>ADJOURNMENT</u>	The meeting was adjourned at 3:05 p.m.

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