

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**March 01, 2001**  
**9:05 AM**

**TAPES**

SFC-01 # 30, Side A  
SFC 01 # 30, Side B  
SFC 01 # 31, Side A

**CALL TO ORDER**

Co-Chair Pete Kelly convened the meeting at approximately 9:05 AM

**PRESENT**

Senator Dave Donley, Co-Chair  
Senator Pete Kelly, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Lyda Green  
Senator Gary Wilken  
Senator Alan Austerman  
Senator Donald Olson  
Senator Lemman

**Also Attending:** DAN SPENCER, Director, Division of Administrative Services, Department of Administration; JANE DEMMERT, Executive Director, Alaska Commission On Aging, Division of Senior Services, Department of Administration; KIM GARNERO, Director, Division of Finance, Department of Administration; CHARLES HOSACK, Director, Division of Motor Vehicles, Department of Administration; JEFF BUSH, Deputy Commissioner, Office of the Commissioner, Department of Community and Economic Development; TOM LAWSON, Director, Division of Administrative Services, Department of Community and Economic Development; JOAN BROWN, Chief Budget Analyst, Office of Management and Budget; JOSEPH REEVES, Deputy Director/ASM, Division of Administrative Services, Department of Corrections; EDDY JEANS, Manager, School Finance and Facilities Section, Department of Education and Early Development; KAREN CRANE, Director, Libraries, Archives and Museums, Department of Education and Early Development

**Attending via Teleconference:** From Anchorage: ROBERT POE, Executive Director, Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (ADA) Department of Community and Economic Development; YVONNE CHASE, Deputy

Commissioner, Early Development, Department of Education and Early Development; From Mat-Su: GARY SHERIDAN, Consulting Manager, Anchorage Pioneer's Home, Department of Administration; From Seward: FRED ESPOSITO, Director, Alaska Vocational Technical Center, Department of Education and Early Development

**SUMMARY INFORMATION**

SB 29 - APPROP: GOVERNOR'S CAPITAL BUDGET

The committee heard budget request presentations from the Department of Administration, Department of Community and Economic Development, Department of Corrections, and the Department of Education and Early Development.

#SB29

SENATE BILL NO. 29

"An Act making capital appropriations and capitalizing funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

Department of Administration

Pioneers' Homes Emergency Repairs and Maintenance

\$350,000

\$250,000 Alaska Housing Fund Corporation (AHFC) Dividend

\$100,000 General Fund/Mental Health (GF/MH)

Reference No. 34006

AP/AL: Appropriation

Project Type: Deferred Maintenance

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

This request includes eleven fire & life safety projects, six continued maintenance and structural repairs, and twelve Alzheimer's Disease and Related Disabilities related facility renovations.

On-going project

Mental Health Bill

Pioneers' Homes Alzheimer's Disease and Related Disabilities Modifications

\$250,000 Mental Health Trust Settlement Income (MHTAAR)  
Reference No.: 34770  
AP/AL: Appropriation  
Project Type: Construction  
Category: Housing/Social Services  
Location: Anchorage Areawide  
Election District: Anchorage Areawide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Funding will be used to provide for construction of special care unit bathing rooms and design and engineering for dining and bathing room conversions at the Anchorage Pioneers' Home.  
One-time project

DAN SPENCER, Director, Division of Administrative Services, Department of Administration presented information about the \$350,000 request for emergency maintenance for the Pioneer's Home. He informed there were eight projects to be funded in this request, however, if a pipe broke unexpectedly, the Department might not be doing any of these projects as it was "conceivable that events may occur which could lead them to fund something else."

GARY SHERIDAN, Consulting Manager, Anchorage Pioneer's Home, Department of Administration testified via teleconference from Anchorage and shared that there are eight projects listed for funding, but given all the needs of the Pioneers home it had been difficult to pare down the list to that eight.

Mr. Sheridan informed that the Occupancy Classification Analysis project involves five of the six Pioneers' Homes because they were originally built with two separate occupancy statuses (Residential and Institutional). He continued that over time, the residential parts of the buildings had changed to more of a nursing care facility because of the increasing number of patients with Alzheimer's Disease and other related Disability disease needs. He informed this shift from a residential facility to an institutional facility had resulted in the need for those areas of the facility with the residential status to be upgraded to an institutional rating, particularly in regards to Fire Codes. He stressed these funds were necessary to fund a professional level analysis to determine the extent of these impacts and to help the Pioneers Homes prepare plans to meet the necessary codes. If the facilities were not upgraded, residents with Alzheimer's and other disabilities would have to be removed from the residential areas of the homes.

Senator Ward asked why these funds would go toward hiring someone to tell the Homes what needed to be done, instead of having the state fire marshal come into the facility and list what needed to

be done.

Mr. Sheridan indicated that the state fire marshal does not identify what was wrong or how to fix it, but rather that the "facility needed to meet the institutional code." The division needed the expertise of professionals to go through the homes and identify the needs and determine how to go about doing what needed to be done, especially when upgrading the older homes to meet codes.

Mr. Sheridan continued that another project was the Sitka Pioneers' Home boiler repairs. He informed that the current boilers were installed in the 1980's and needed refurbishing because they leak and are inefficient and unreliable.

Mr. Sheridan explained that another project was the Ketchikan Pioneer's Home Exterior Entry Doors Upgrade. He stated that the Ketchikan Pioneers Home has two different entrances with doors that are very heavy and cannot be opened by residents who are infirm. He expressed that due to these doors and the awkwardness of the entrance floor grates, some residents of the Home were unable to independently get out for activities.

Co-Chair Kelly interjected that every year there was Pioneer Home requests for maintenance and code upgrade requirements, with approximately the same amount of money requested. He inquired if there was "anything unusual from Mr. Sheridan's view" about these eight projects or were "most of them just upgrades".

Mr. Sheridan agreed that most of the requests were for upgrades. He stressed that there has been a change in the nature of the Pioneers Homes' residents because of the growing number of Alzheimer's and other related diseases citizens, and this change has called for a more accessible and user-friendly facility.

Adult Day Facility Prototype Design for Dementia Clients

\$30,000 MHTAAR

Reference Number: 34024

AP/AL: Appropriation

Project Type: Planning

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Funding will be used to contract with an architect with expertise in the design of Alzheimer's Disease and related dementia special care facilities. The contractor will analysis twelve adult day facilities that receive Alaska Commission on

Aging grant funding and will make recommendations concerning the need for facility upgrades and enhancements.  
One-time project

JANE DEMMERT, Executive Director, Alaska Commission On Aging, Division of Senior Services, Department of Administration informed that this request involves the funding for a contract that would enable the twelve adult day programs across the state to have a review done on their facilities in order to make them more responsive to the needs of adults with Alzheimer's Disease and related dementia special care needs. She reiterated that the growing number of aging people in the state with these diseases "requires facilities to be as responsive as they can be physically" to these people's needs.

Senator Austerman asked for clarification on what the difference was between Mental Health General Funds (GF/MH) and MHTAAR funds.

Mr. Spencer replied that Mental Health Trust Authorized Agency Receipts (MHTAAR) were non-general funds.

Co-Chair Kelly replied that from his experience working on the Department of Health and Social Services budget, he understood that Mental Health General Fund dollars "are those dollars that are designated to be spent on mental health issues to comply with the court decision," and if "those dollars are not spent then there has to be a letter written" justifying why they weren't spend. Co-Chair Kelly continued that MHTAAR money is money from the Mental Health Trust that is given with the intent that the Legislature appropriates those monies to fund specific Trust identified projects. He informed that MHGF designates "just general funds that are designated to mental health."

State-Owned Buildings Valuation Projects

\$60,000 General Funds

Reference No.: 34019

AP/AL: Appropriation

Project Type: Planning

Category: Public Support Technology/Service

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Funding will be used to contract with a consultant to correct the State's fixed assets records. The consultant will create a methodology to recreate historical costs of state-owned buildings.

One-time project

KIM GARNERO, Director, Division of Finance, Department of Administration informed the current system on valuation of state owned buildings as presented in the Comprehensive Annual Financial report for the State of Alaska reflects insured value rather than historical cost value as is required by generally accepted accounting principals (GAAP). She shared that this method of valuation has been an ongoing problem since the records were first audited in 1990. She shared that "historical cost records were never accumulated over the years as buildings were bought, built, improved and depreciated". She continued that the purpose of this project is to contract with a building appraisal firm to recreate those historical costs. She detailed the method to be used in the process of determining the historical valuation according to GAAP for state owned buildings. She shared that the funding of this project would "eliminate the last remaining obstacle to a clean opinion on the state's financial status".

License Plates and Drivers License Manuals  
\$345,000 General Funds  
Reference No.: 34021  
AP/AL: Appropriation  
Project Type: Renewal and Replacement  
Category: Health/Safety  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Funding will be used to purchase license plates, drivers manuals, and motor vehicle law books.  
On-going project

CHARLES HOSACK, Deputy Director, Division of Motor Vehicles, Department of Administration informed the Committee that this has been the requested budget amount for the past several years and covered the costs of mandatory items used by the department.

Senator Leman inquired as to which types of plates are being stocked.

Mr. Hosack replied that all types of license plates are stocked with the bulk of the order being the centennial plates. He informed there are forty-one different types of plates being used in Alaska.

Senator Leman commented that he had seen many types and asked for clarification that this request is to stock all types of plates so that plates were "readily available".

Mr. Hosack replied yes.

Senator Lemman stated that \$85,000 to stock Driver's Manuals seemed like a "fairly large amount" and asked if there were "ever significant changes that would make the manual out-of-date."

Mr. Hosack replied that \$85,000 has been the amount spent, historically, in a year. He informed that the Driver's manuals are ordered quarterly for the offices and with each order, the Department was able to make changes.

AT-EASE 9:24am/9:25am

Department of Community and Economic Development

Operation Renew Hope  
\$30,500,000  
    \$30,000,000 Federal Receipts  
    \$500,000 General Fund (G/F) Match  
Reference No.: 33932  
AP/AL: Appropriation  
Project Type: Health and Safety  
Category: Development  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Federal funding for Operation Renew Hope  
One-time project  
State Match required

Co-Chair Kelly commented that most of the Department of Community and Economic Development projects are federally funded.

JEFF BUSH, Deputy Commissioner, Office of the Commissioner, Department of Community and Economic Development acknowledged that a lot of the funding requests for the Department's projects involve federal funds, and, in light of that, he would not be going into great detail on the projects unless the Committee requested it. He stated there were people available via teleconference who could answer any questions that may arise during the presentations.

Mr. Bush explained that the year "2000 salmon returns in some areas of Western Alaska were significantly less than 50-percent of long-term averages and that, coupled with salmon disasters" of previous years. created some serious problems for that region. He stated that in July of 2000, Governor Knowles declared Western Alaska a disaster area. Mr. Bush explained that this request allowed for the receipt of federal funds and a General Fund match that would be "used for providing short term employment opportunities to people in the region, address immediate basic needs impacts, as well as

provide economic diversification projects to try to reduce the total dependency on fishing in those regions".

Senator Green asked how "many years straight in a row the state has had a disaster declaration in this area."

Mr. Bush informed that three out of four recent years were declared disasters, 1999 being the exception.

Community Block Grants

\$9,000,000 federal receipts

Reference No.: 33488

AP/AL: Appropriation

Project Type: Health and Safety

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

The Block Grant Programs receive federal funding from several sources in order to provide grants to local governments and services to low income people which will improve their quality of life and remove obstacles to self-sufficiency.

On-going project

Mr. Bush reiterated there was no state match for this project, and that these federal funds are designated to "alleviate the causes and conditions of poverty throughout the state" by assisting homeless providers and shelters, helping with "infrastructure development and capital projects, planning activities and special economic development activities for low and moderate income persons."

Senator Austerman asked if the Department was expecting more money this year as the history of these funds reflected higher levels of funding, and if this request is "just a projection."

Mr. Bush noted that the "funding history was all over the board" and that that some years the department received a large amount and other years a small amount. He continued that this \$9 million request is a projection.

Federal Community Development Grants

\$6,350,000

\$6,050,000 Federal Receipts

\$300,000 G/F Match

Reference No.: AMD33925

AP/AL: Appropriation

Project Type: Health and Safety

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

The Department receives federal funding from several different programs, including the Flood Mitigation Assistance grant program, USDA and the Denali Commission. These have been listed in the past as separate appropriations under U.S. Forest Service Mini Grants and Flood Mitigation Assistance Grants. This project combines the various federal project funding under one appropriation.

On-going project

Amendment

Mr. Bush informed that this amended request includes Denali Commissions Funds of \$5.2 million that had been combined with federal receipt funds of \$1.05 million and a General Fund match of \$300,000 to support various projects that the Denali Commission asked the Department to support.

Senator Green inquired if the Denali Commission or the federal funding required the match.

Mr. Bush said that the Denali Commission funding required the match.

TOM LAWSON, Director, Division of Administrative Services, Department of Community and Economic Development stated that under the Federal Emergency Management Act (FEMA) there are two different programs: one of them has a mandatory state match and the other one does not. He continued that the United States Department of Agriculture has three separate mini-grants applicable to this project and the average match was approximately a 25 percent matching grant ratio.

Mr. Lawson said that this project was a mixture of different grants some of which required a grant and some that did not.

Co-Chair Kelly remarked that in this grant, there was an aggregate of 5 percent.

Mr. Bush agreed.

Senator Green furthered that she had understood that the Denali Funds were not going to require a state match since this request originally did not include the Denali Funds and the state funding was originally \$300,000.

Mr. Lawson replied that this issue came up last year, and he explained that the Denali Commission expected a state match; therefore, the Department included it at the beginning in anticipation of the Denali funding.

Co-Chair Kelly voiced reluctance to supply the match since the state did not have the power to appropriate the funds freely since the Denali Commission dictated where those funds would be allocated.

Bulk Fuel Systems Upgrades

\$4,950,000

\$3,350,000 Federal Receipts

\$1,600,000 Oil/Haz Fund

Reference No.: 32584

AP/AL: Appropriation

Project Type: Health and Safety

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2002 - 06/30/2007

This appropriation is requested for expected Federal funds and state match for construction of new consolidated bulk fuel storage tank systems in rural Alaska.

On-going project

State Match Required

Mr. Bush reported this is an Alaska Industrial Development and Export Authority (AIDEA) project to upgrade approximately 1100 above ground storage tank farms in 161 villages in rural Alaska. He shared that these tank farms are part of the basic infrastructure in the communities and this project would upgrade the tank farms to bring them up to code and increase the safety of their operation.

Co-Chair Kelly asked what the funding source of the hazardous fund was.

Mr. Lawson replied that those funds were from the Department of Community and Economic Development.

Co-Chair Kelly wished to clarify that these "funds had been set aside" a few years earlier and this expenditure "was drawing down from that."

Mr. Bush said he understood that this particular fund was a "replenishing fund, and as it is drawn down, it was replenished with monies generated from a tax on royalties on the oil" transported through the Valdez terminal."

Senator Austerman inquired about the Trans-Alaska liability fund section of the Department's request that had not yet been discussed.

Co-Chair Kelly and Mr. Bush acknowledged that the presentation was slightly out of sequence, and the matter would be addressed.

Senator Austerman asked if it was the intent of the Trans-Alaska liability fund to be used for Bulk Fuel Systems Upgrades.

Mr. Bush replied no.

Co-Chair Kelly asked if the fund replenished with monies generated from a tax on oil transported through the Valdez terminal was running out of money due to lower production.

JOAN BROWN, Chief Budget Analyst, Office of Management and Budget clarified that the funds being replenished were declining due to lower production levels.

Senator Austerman asked the Office of Management and Budget to provide documentation on the history of the funds.

Co-Chair Kelly agreed that the Committee would like to have that information provided.

Rural Power Systems Upgrades

\$10,500,000

\$10,000,000 Federal Receipts

\$500,000 G/F Match

Reference No.: 32588

AP/AL: Appropriation

Project Type: Construction

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2002 - 06/30/2007

This appropriation is requested for expected federal funds and state match for capital improvements and new electric power systems in rural Alaska. Where required, lack of state matching funds will prevent the federal contribution.

On-going project

State Match required

Mr. Bush informed that this AIDEA project is to provide for upgrades and new electric utility conditions in Rural Alaska. He informed that 193 communities are served by 99 independent electric

utilities with 88 of those serving single villages and eleven of those serving the remaining 105 villages. He stated that most of the utilities do not meet expected standards for safety, reliability and environmental protection. The Alaska Energy Authority gives priority to electric utility systems that are in the worst condition and over the past several years, AIDEA has accumulated a detailed database of electric utilities and their characteristics and has set up a schedule for improvements. In addition, he said, once a utility was upgraded, it was expected to be properly run with trained personnel and be maintained.

Senator Lemman noted that the Legislature had audited some projects in a wide variety of programs over the past years and found deficiency in the management. He cautioned the Department to manage the distribution of these funds "very carefully. It is awfully easy to spend a lot of money and not get much for it." He stressed that he would be watching how this money would be spent and how important it was for the managers to do their job.

Mr. Bush commented that the Department was aware of those issues and following up on the projects is a priority.

Co-Chair Kelly asked how the Denali Commission, as referred to in the project back up information, would be participating in this project.

ROBERT POE, Executive Director, Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (ADA), Department of Community and Economic Development, testified via teleconference from Anchorage and said that the Denali Commission was contributing funds to the project.

Senator Austerman asked for clarification of the CDBG grant.

Mr. Poe replied that those are Community Development Block Grants that go directly to a community but process through AIDEA first.

Co-Chair Kelly commented that Senator Lemman needed to leave the meeting and that the attendance roll call had not been taken at the beginning of the meeting and would be called now.

Senator Olson stated that it was alarming to him as a representative from the Bush community to learn that most of the Rural communities "do not meet the accepted utility standards" and that many of them have "in-serviceable power houses and fuel contamination" among other things. He asked if there is a regulatory authority that has oversight on these deficiencies and if there was, is there a financial equivalent to a fine that could

be levied against the power system.

Co-Chair Kelly replied that the Department of Environmental Conservation takes care of the bulk fuel and environmental problems, and the Alaska Energy Authority addresses the power component.

Mr. Poe commented that the "Alaska Energy Authority does not levy fines against entities for being out of compliance with electric generation but documents the problems and then tries to direct funds to the most critical." He detailed some data that was compiled recently regarding rural electrical plants, and how it would be used to evaluate current needs.

Senator Wilken commented that the Denali Commission required 30 percent funding from some source other than a federal source on certain projects and asked for clarification on the 20-to-one match outlined for this project.

Mr. Poe indicated that the Department tried to combine the matches required for the rural bulk fuel tanks and power upgrades with the appropriation for general funds to make up the total match. He detailed how the Department "tried to include funds that are flowing through the state books" "to get credit for as much funding that is coming to the state as the Department can to meet that match."

Senator Wilken noted that this is an on-going program and it would be "worthwhile for future reference" to have a "list of communities, the project (bulk fuel, power plant), amounts of each, the matches for those," and "source funds for the matches" on one sheet of paper so the Committee would be able to track the projects. He stated that he was sure that what Mr. Poe had just said was in the project detail sheets, but the sheets were difficult to follow. He concluded that these four detail pages would look different again next year and urged for the creation of some form to track each community's projects and "all sources of money in and out." He commented that the Department should work on a clearer project-tracking sheet for future reference.

Co-Chair Kelly requested this be done and that the information then be provided to him.

Mr. Poe said he would "be happy to." He pointed out that the project costs for each village change because there is some flexibility between the projects. In light of that, he said, the summary sheet could show the project match to the total program for that year.

Senator Wilken, wishing to clarify his request for a project-tracking sheet, used an example of a project from the detail summary sheet and identified a project, its components and its funding sources. He continued by saying that if there was movement of funds among the projects, it could be noted as the sheets were updated.

Mr. Poe responded that the Department had tried to be as creative as possible to get to the match and therefore the match was not broken out specifically to a project. He said the Department could give "solid numbers" of the cost for each of the bulk fuel projects and each of the rural power upgrade projects, but they could not provide break downs of General Fund "match portions" but could "show the match for that year's program."

Co-Chair Kelly requested that Mr. Poe call Senator Wilken's office to discuss what the format might look like, and then report back to the Committee.

Mr. Poe said he would do that.

Senator Green asked if any of the utilities are for profit operations and privately owned.

Mr. Poe indicated that many of the utilities are rural associations and "those, by definition, are not for profit." He continued that some of the utilities "are owned by a city or community which makes them also not for profit." He clarified that there were some that are privately owned, but are still associations.

Senator Green summed up the privately owned utilities as "essentially sort of a co-op."

Mr. Poe agreed.

Senator Green asked if there "was not a requirement and an expectation of those organizations that they are involved at all in their own maintenance."

Mr. Poe replied that there was, however, some communities are able to maintain and upgrade their facility and there are others whose capability is limited by the size of their community.

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Mr. Poe continued that sometimes only one or two people in a community know how to run the utility, and if one of these persons moved it could have a "real impact on the ability of that community to maintain their facility." He said the Alaska Energy Authority helps keep the facility running and helps train people.

Senator Green commented that there appeared to be "very little connection between the amount and the purpose of what is going on here" and a "reduction in the cost of generating power and passing on lower rates to the consumer." She asked if the lowering of costs and the subsequent lowering of rates to the consumer was factored in.

Mr. Poe indicated there were a number of reasons to do rural power upgrades and one of the reasons was a cost of power generation from a facility, but the department prioritizes the power generation upgrades by the need to keep the utility supplying power in a safe manner first.

Senator Green countered that with all the discussions that had pertained to cost equalization, and now that the state was starting to perform upgrades, she asserted that the Department "would be remiss" if more efficient power generation was not addressed. She opined "this language should be contained" in the project.

Senator Wilken expressed support of Senator Green's comment and asked Mr. Poe if there is a "Cost/Benefit analysis" as part of the ranking and a Return on Investment. He also asked if these utilities are regulated under the Regulatory Commission of Alaska (RCA).

Mr. Poe stated that there was not strictly a cost-benefit on the project, although that was one of the Department's goals. He cited that a twenty-year-old generator produced fewer kilowatts per gallon of fuel than a new generator, and likewise, a distribution process can reduce the cost of power generation. He continued that the Department does not have a cost/benefit analysis on these projects.

[NOTE: Audio difficulties occurred with the teleconference connection.]

Co-Chair Kelly noted that the audio was continuing to be breaking up and that this discussion would have to be continued another time.

Senator Wilken communicated to the Committee that he would further this discussion with Mr. Poe when he talked with him about the

project tracking sheet.

Alternative Energy Program  
\$5,787,000

\$5,287,000 Federal Receipts

\$500,000 G/F Match

Reference No.: 32591

AP/AL: Appropriation

Project Type: Construction

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2002 - 06/30/2007

This appropriation is requested for expected federal funds and state match for alternative energy projects (Fuel Efficiency Improvements, Conservation, Wind, Biomass).

On-going project

State Match required

Mr. Bush informed that this is an AIDEA project, and he informed that the diesel efficiency and alternative energy program sought to lower the cost of power and heat by developing alternatives to diesel-based systems as well as enhancements to diesel-based technology. He stated that most of the program focus was in rural areas where average energy costs are highest and cost reduction alternatives are most needed. He informed that the match for this program was not funded in FY 01, although "federal funding was received as part of a larger federal energy project appropriation that contained several programs."

Mr. Bush identified the components of the project as outlined in the back-up sheets.

Co-Chair Kelly asked Mr. Bush is he was very familiar with this project.

Mr. Bush responded that he was marginally familiar with it.

Senator Austerman inquired if, in any of these energy projects, there was anything that promoted enhancements using hydro-water.

Mr. Bush replied that he was not aware of any.

[Mr. Poe attempted to respond to Senator Austerman's question, but the audio problem continued.]

Co-Chair Kelly voiced concern about no major breakthroughs in alternative energy programs. He expanded on the cost of diesel

generation and of efforts to bring diesel costs down through efficiencies, but he questioned whether efforts were coming through the alternative energy program. He wondered if the alternative energy program might be better served if it was funneled through the University of Alaska or another entity.

Senator Ward commented that Mr. Poe, if the teleconferencing problem has not happened, might have expanded on the "new federal laws that free up the ability for the development for small hydro projects." Senator Ward believed that the Denali Commission has had two meetings regarding hydro options.

Senator Olson wondered if anyone was familiar with wood-burning boilers that are replacing oil burning ones.

Co-Chair Kelly noted that Mr. Poe might be able to answer Senator Olson's question when he was reconnected using another teleconferencing line.

Mr. Bush informed that the following projects were non-AIDEA projects.

Alaska-Russia Far East Projects Phase 2  
\$305,835 Federal Receipts  
Reference No.: 33930  
AP/AL: Appropriation  
Project Type: Information Systems  
Category: Development  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
The US Agency for International Development is providing funding to the Division of International Trade and Market Development) Alaska projects to provide technical assistance for Sakhalin's development.  
Phased project

Mr. Bush expressed that phase one of this project had already been approved by Division of Legislative Budget and Audit (LB&A) in August 2000, and the Department was requesting an extension of that project. He informed that this project is funded by a United States Agency for International Development (USAID) grant for USAID projects primarily in Sakhalin, Russia to assist their development agency in providing an economic and infrastructure development in Sakhalin and to "provide funding for future generations through a permanent fund that they would like to create over there." He continued that it would also provide for "Workforce Development-University of Alaska Mining and Petroleum Training Service and

Sakhalin Alaska College project", and "environmental management." Mr. Bush expressed "this grant helps Alaska play a major role in the development of the Russian Far East."

Co-Chair Kelly asked if these were all federal receipts.

Mr. Bush replied yes.

Senator Austerman commented that LB&A approved this project for \$440,000 in August of 2000, and this federal grant is for \$305,835. He asked what the plans are for Phase Two and Phase Three.

Mr. Bush responded that Phase One for \$440,000 had been approved, and this was for an additional \$305,835. He continued that there was another project that asked for the Phase One funds to be extended and be converted to a capital project.

Senator Austerman clarified that the \$305,835 Funding Request was Phase Two.

Mr. Bush responded yes.

Kodiak Launch Complex Facilities  
\$4,500,000 Federal Receipts  
Reference No.: 34013  
AP/AL: Appropriation  
Project Type: Construction  
Category: Development  
Location: Kodiak  
Election District: Kodiak  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
The Alaska Aerospace Development Corporation intends to locate, design and construct a maintenance facility at the Kodiak Launch Complex (KLC). This structure will provide a maintenance support location for the ongoing and future maintenance requirements of the KLC infrastructure and launch customers. The area immediately surrounding the facility will be developed to the extent necessary to activate the facility.  
One-time project

Mr. Bush summarized the project for the Committee.

Arctic Winter Games Team Alaska  
\$125,000  
Reference No.: AMD6782  
AP/AL: Appropriation  
Project Type: Planning

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

This grant will provide, in part, for the expenses of Team Alaska to participate in the 2002 Arctic Winter Games, and the international dues payment.

On-going project

Amendment

Mr. Bush informed that the original request was for \$75,000 and this amended request is for \$125,000. He stated it would provide Team Alaska, a non-profit statewide organization, to organize a team for the bi-annual winter games to be held in the year 2002 in Nuuk, Greenland. He informed that this grant would help with the costs of outfitting a team, their travel costs, and the program annual dues of \$30,000 Canadian.

Senator Austerman asked for a breakdown on the costs associated with Team Alaska and also how much money the team had raised in addition to this amount.

Mr. Bush replied that that information would be supplied.

Co-Chair Kelly commented that Mr. Poe was back on line.

Mr. Poe responded to the earlier question regarding hydro-water projects. He informed there had been some successes in small hydro power generation, and cited a project in Kodiak. He stressed that the department is looking as small hydro opportunities.

He continued that there have been breakthroughs on alternative energy sources. He mentioned that the Department had just finished an analysis on all the ways that had been tried over the years to reduce the cost of producing electricity in Rural Alaska.

Mr. Poe commented there are several options available to reduce the inefficiencies of diesel generation: one way would be to improve waste heat recovery options and another way would be to insulate buildings better to reduce the loss of heat and thereby reduce the demand.

Mr. Poe continued that there are "targeted" energy alternatives that could work in one region but not in another. Wood burning and small hydro plants could be some of the alternatives, he said, that might produce electricity at lower costs in places. He said there could be the possibility to "target some of those alternatives that make sense for a particular location" to produce electricity at a

lower cost than diesel would.

Senator Olson asked if small communities with a limited fire department resource would have more potential for problems with wood burning boilers than with oil burning boilers.

Mr. Poe commented that he was not aware of any specific problems regarding wood burning boilers, but said that whether a community was using wood, oil, or gas, it would be necessary to have a properly operating and controlled boiler system.

Senator Olson shared that from his experience in the villages, "there was a far higher percentage of dwellings that were burning down when they burned wood because of the continuous process" of having to "add wood to the fire as opposed to those that had some type of stove oil furnace facility."

Mr. Poe stated that he would not disagree with Senator Olson. He continued that any use of an alternative fuel to reduce the cost of electricity is always compared against oil as oil has been found to be the most easily handled, best-contained package of energy available around the state. He said the state would only look at wood as an energy alternative in places where it could be done properly, safely and professionally, and at a lower cost.

Senator Austerman also voiced a word of caution with wood burning and noted that the time consumed in gathering wood had to be accounted for in the cost.

Mr. Poe said the Department agreed.

Language Section: Power Cost Equalization

\$7,800,000

\$2,500,000 Alaska Industrial Development and Export Authority (AIDEA) Dividend

\$620,000 AIDEA Receipts

\$4,680,000 General Funds

Reference No.: 34766

AP/AL: Appropriation

Project Type: Health and Safety

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

One-time project

Mr. Bush informed that this request is to address a shortfall of funding in FY 02.

Senator Austerman asked if the AIDEA dividend and AIDEA receipts had funded this Power Cost Equalization (PCE) before.

Mr. Poe clarified that these were not actually AIDEA receipts, but that the department would purchase loans and other assets by taking AIDEA cash and converting it. He explained that this has not been done in the past, but would allow the department to be able to transfer assets.

Senator Austerman wished to clarify that the AIDEA dividend is general funds.

Mr. Poe replied yes.

Senator Wilken asked Mr. Poe if there had been an analysis done to determine if the state could use the National Petroleum Reserve - Alaska (NPR-A) mitigation monies to help offset the AIDEA requirement.

Mr. Poe replied there had not been an analysis about that to his knowledge.

Mr. Bush indicated that the NPR-A funds were used to help fund the FY 01 program for PCE programs, but there was no analysis for using it for FY 02. He stated that the amount was received for the NPR-A program for FY 01 was twenty times as much as the department was anticipating this year.

Mr. Lawson clarified that the NPR-A funds were used to fund the PCE program in FY 00 in the amount of more than \$9 million. He informed that the department does not expect to use any "NPR-A monies in the future simply because the amount of revenue that is coming in is fairly modest, and would be "under \$2 million for the next ten years annually."

Co-Chair Kelly asked about the life expectancy of the \$100,000,000 that the Legislature had set aside for PCE. He questioned if it was established as an endowment and if this \$7,800,000 request and future anticipated requests would be able to be covered without depleting the fund.

Mr. Bush explained that \$100,000,000 was placed in the fund in FY 00, along with "an addition of the revenues from the sale of the four dam pool" which would take place December 31<sup>st</sup>", 2001. He continued that there was a shortfall in FY 01 because the revenue from the four dam pool would not be available until the end of the year which placed it mid-year in the FY 02 budget, and that timing

explained the shortfall for FY 02. He informed that for FY 03 and beyond there would still remain a \$1.6 to \$1.7 million shortfall in the amount of funding for PCE, and that "the endowment would not quite fill the gap but was very close."

Co-Chair Kelly asked if the shortfall affected future fiscal years.

Mr. Bush commented yes, "forever."

Senator Austerman said there had been a discussion to find other "funds to supplement the endowment to make it grow enough so that at some point in time, the shortfall would be zero." He continued that it "just takes time to build the endowment up."

Language Section: Trans-Alaska Pipeline Liability Fund  
\$2,150,000 Federal Receipts  
Reference No.: AMD34846  
AP/AL: Appropriation  
Project Type: Health and Safety  
Category: Housing/Safety  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Appropriation of the state's additional rebate share of the Trans-Alaska Pipeline Liability Fund to the Alaska Energy Authority for use for the remediation of above-ground storage tanks.  
On-going project  
Amendment

Mr. Bush indicated this is an AIDEA program and read portions of the description that accompanies the request as follows:

The balance available from the state's rebate share of the federal Trans-Alaska Pipeline Liability Fund and all investment earning on this sum while in the custody of the state until fully expended are appropriated to the Alaska Energy Authority for petroleum remediation at rural Alaska bulk fuel facilities in accordance with federal law (P.L. 101-380, sec 8102(a)(2)(B)(1), requiring that the rebate be used for the remediation of above-ground storage tanks.

Co-Chair Kelly inquired if there was a General Fund match on this.

Mr. Bush replied no.

Senator Green inquired as to any limitations as to where the above ground tanks were.

Mr. Poe asked to clarify that the question was asking about the location of the communities or the location of the bulk fuel storage tanks within the communities.

Senator Green replied that she wished to know if the tanks had to be in a community or in a rural area.

Mr. Poe replied that, generally, the tanks are in rural areas because that is where they are non-compliant and that is where the bulk fuel storage is very important to the community since they have to store so much fuel. He informed that several rural facilities had been cited by the Coast Guard or EPA as non-compliant. He stated the department prioritized the tanks by the condition of the facility and whether they had been cited. He noted that most of the identified bulk fuel tanks were in rural areas.

Senator Ward referred to the back up information that contained the language "rural Alaska bulk fuel," and asked if the federal law specified rural bulk fuel facilities.

Mr. Poe responded that he was not sure of the answer.

Senator Ward asked Mr. Poe to investigate this further so the Committee knew whether they had to comply with a federal law or whether the state was imposing a new restriction.

Mr. Poe replied that he would determine the answer to that question.

Senator Olson asked if there was a difference in remediation between privately owned or community owned storage tank facilities.

Mr. Poe answered that the Department "had adopted a policy in cooperation with the Denali Commission that basically tries not to change the distribution of fuel in a community" but rather, tries to consolidate it, if there are multiple distributors in a community, in one facility." They attempt to not change the balance by trying to maintain the same percentages each party had. He stressed that the department cannot do anything with the bulk fuel tanks unless the "community and all the parties involved agree with what is going to be done."

Language Section: Electrical Emergencies  
\$350,000 Rural Electric  
Reference No.: 32590  
AP/AL: Appropriation  
Project Type: Health and Safety

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2002 - 06/30/2007

This appropriation is requested to provide funds for the Electrical Emergencies Program which provides technical support when an electric utility has lost the ability to generate or transmit power to its customers and the condition is a threat to life, health, and property in the rural community.

On-going project

Mr. Bush read portion of the description that accompanies the request as follows:

The Electric Emergencies Program provides funds and technical support when an electric utility has lost the ability to generate or transmit power to its customers and the condition is a threat to life, health and property in the community..

He disclosed that, based on past experience, assistance had been provided to seven or eight of the eighty small independent utilities in the state each year and this is what the funding was based on.

Senator Ward indicated that this project is supposed to have community participation and wondered how this was working out.

Mr. Poe responded that there is community participation, but oftentimes, the community does not have any money. He explained that the department tries to get community participation where it can, but "must respond to the emergency when it happens, usually in the middle of the winter." He stated "the department solves the problem and then does what it can to get the community to participate."

Senator Ward understood the department's position, but wanted to know about community participation after the emergency was handled.

Mr. Poe did not know the specific number, but informed that a "relatively small amount" of communities participated after the emergency was handled.

Senator Ward wished to clarify "if there is any."

Mr. Poe replied that "yes, there is."

Senator Olson questioned if the number of available funds was going

up, was stabilized, or was going down throughout the history of the electrical emergency program.

Mr. Poe replied that the numbers has been relatively stable. He shared that the source of this fund is a revolving loan fund, and one of things that dictates how much funding is available to respond to emergencies is "what that loan fund produces" and the amount of the FY 02 request is reflective of that expected income.

Department of Corrections

JOSEPH REEVES, Deputy Director/ASM, Division of Administrative Services, Department of Corrections informed the Committee that his Division prioritizes capital projects by security projects, second by life/health/safety projects, and lastly by missions support projects. He continued that the following projects follow this format.

Facility Maintenance, Repair, Renewal, Replacement, and Renovation  
\$1,000,000 General Funds  
Reference No.: 30793  
AP/AL: Appropriation  
Project Type: Deferred Maintenance  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2004  
This project funds critical annual facility maintenance, renewal and replacement, repair and renovation or remodeling and other miscellaneous capital projects.  
On-going project

Mr. Reeves indicated that this project is a historical, annual project needed to maintain approximately 114 buildings throughout the state and to insure that the facilities continue to operate properly following the national standard adopted by all Alaska state agencies. He stressed that this request was pared down to this amount to "just address the most critical areas." He continued that the division estimates that roughly 20 percent of the funds would be used for emergency work that occurs annually throughout the department. He informed about the "wide spectrum" of work that is conducted at the various institutions around the state.

Senator Ward asked about the total cost and timeframe involved in the asbestos removal at Wildwood Correctional Center.

Mr. Reeves answered that asbestos removal at Wildwood is included

as part of this request, but he did not have the full details. He said he would gather that information and provide it to Senator Ward.

Replacement and Repair of Security Systems, and Life and Safety Equipment  
\$500,000 General Funds  
Reference No.: 30798  
AP/AL: Appropriation  
Project Type: Equipment  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2004  
This project funds the annual replacement of essential security, life and safety, medical and roads and grounds maintenance equipment throughout all work sites in the agency that are old, outdated, and not capable of providing the needed operating support to the correctional programs.  
On-going project

Mr. Reeves indicated that this is an annual request for replacement of operating equipment at institutions. He read portions of the description that accompanies the request as follows:

The Department of Corrections has approximately \$16.5 million in state-owned equipment assets. Replacement of old and worn-out equipment has been deferred for many years; however, further deferring of this equipment will severely reduce security, decrease food service capability, and other day to day operations capability and require repairs that are not as cost-effective.

This project funds the replacement of antiquated capital equipment at institutions throughout the state. It also includes some new purchases of necessary maintenance, grounds keeping, snow removal, and kitchen equipment. All institutions operate 24 hours a day, seven days a week. This equipment is used constantly and continually supporting life, health, and safety needs of approximately 2,700 inmates per day. Their sustained use requires budgeting for routine replacement of old and worn out equipment every fiscal year.

He stressed that there is equipment throughout every institution in this capital request.

Co-Chair Kelly noted a list of specific projects on the back-up sheet.

Senator Ward asked if any capital requests have resulted from a person being strangled in an Anchorage prison.

Mr. Reeves replied no.

Senator Ward commented that that affected "personnel only then."

Mr. Reeves replied yes.

Community Jails Facilities Maintenance, Repair and Renovation,  
and Life and Safety Equipment  
\$100,000 Federal Receipts  
Reference No.: 30782  
AP/AL: Appropriation  
Project Type: Deferred Maintenance  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2003  
This funds local community jails facilities maintenance,  
repairs and renovations, and life and safety equipment  
requirements necessary for the safe operations of each local  
jail facility.  
On-going project

Mr. Reeves informed that this is a federally funded project for maintenance of the fifteen locally contracted community jails.

Co-Chair Kelly specified that this only involves federal funds.

Mr. Reeves concurred.

Correctional Institutions Roof Repairs and Replacement  
\$2,090,000 Federal Receipts  
Reference No.: 30784  
AP/AL: Appropriation  
Project Type: Deferred Maintenance  
Category: Public Protection  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2004  
This project funds the review, repair and replacement of  
building roofs at the Lemon Creek, Wildwood, Fairbanks, Cook  
Inlet, Yukon-Kuskokwim, and Combined Hiland Mountain  
Correctional Centers.  
One-time project

Mr. Reeves informed that this project is funded totally by federal funds to be used for roof replacement and repairs. He noted that none of the projects had an impact to staff or operational needs in the future.

Department of Education and Early Development

Mt. Edgcumbe High School Classroom and Fieldhouse Repair and Renovation

\$150,000 General Funds

Reference No.: 6254

AP/AL: Appropriation

Project Type: Deferred Maintenance

Category: Education

Location: Sitka

Election District: Sitka, Wrangell, Petersburg

Estimated Project Dates: 07/01/2001 - 06/30/2002

This project addresses life safety code compliance, ADA compliance, and major maintenance and renovation for the classroom and field house building at Mt. Edgcumbe High School. Replacing and certifying fire alarm systems and reconstructing the wood platforms in the field house for fire suppression and fire code compliance are critical safety concerns. Americans with Disabilities Act (ADA) compliance including installation of ramps, an elevator to the second floor classroom space, and modifications to restrooms are essential improvements required under the ADA.

One-time project

EDDY JEANS, Manager, School Finance and Facilities Section, Department of Education and Early Development informed the Committee that this request is "mainly a life/safety code for ADA compliance at Mt. Edgcumbe High School." He informed that Mt. Edgcumbe School "is not part of the Department's AS 14 priority process of ranking school districts' priorities because it is a state owned facility."

He recounted that the request includes the installation of an elevator to access classrooms on the second floor and other facility upgrades.

Senator Austerman asked for clarification on Mr. Jeans' statement that Mt. Edgcumbe School was a state-owned school and "it did not fall within the same parameters as other schools' requests for deferred maintenance and construction."

Mr. Jeans replied that was correct.

Senator Austerman asked why that was the case.

Mr. Jeans responded that Mt. Edgcumbe School is a state owned facility, and the grant process, in statue under AS 1411, is for school districts only.

Senator Austerman wished to clarify that the statue referred to schools owned by municipalities.

Mr. Jeans said yes and added "or Regional Educational Attendance Areas and in some cases, the state does own title on those school facilities but it is a separate process for schools within school districts, not facilities owned and operated by the state."

Mt. Edgcumbe High School Roof Repair and Replacement

\$600,000 General Funds

Reference No.: 34116

AP/AL: Appropriation

Project Type: Deferred Maintenance

Category: Education

Location: Sitka

Election District: Sitka, Wrangell, Petersburg

Estimated Project Dates: 07/01/2001 - 06/30/2006

This project will addresses critical roof repair and/or replacement in three of the main residential buildings at Mt. Edgcumbe High School. The buildings, all built in the 1940s, include the girls and boys dormitory and the kitchen/dining building. Leaking roofs and the resulting water damage to roof decking and interior walls threaten the structural integrity of these buildings. The supporting timbers must be inspected for rot and replaced if necessary. In addition, the current construction does not meeting the required 1-hour fire code rating.

One-time project

Mr. Jeans informed the Committee that these repairs needed to be done.

SFC 01 # 31, Side A 10:40 AM

Museum Facility Upgrade

\$550,000 General Funds

Reference No.: 6255

AP/AL: Appropriation

Project Type: Deferred Maintenance

Category: Development

Location: Juneau Areawide  
Election District: Juneau Areawide  
Estimated Project Dates: [dates not provided]  
This project addresses essential upgrades to fire suppression, dust collection, and space modification to protect the museum collection valued at \$24 million.  
Phased project

KAREN CRANE, Director, Libraries, Archives and Museums, Department of Education and Early Development shared with the Committee that there is a space problem within the Juneau State Museum and it was time to begin planning for essential upgrades and space modifications at the facility.

She informed that an appropriation of \$500,000 on a FY 94 request for \$1,064,300 enabled the Museum to install a central ventilation unit, dehumidification system, new boiler, and air filtration unit. She continued that the FY 02 request would permit the Museum to complete a number of projects that they were not able to do due to the FY 94 funding shortfall, including: "heating, ventilation, electrical, and interior finishes to the new space that was created on the second floor when the new boiler was put in," and removal of the abandoned heating and air handling equipment from the basement in order to "recapture that space" which is adjacent to the current storage area in order to allow for additional storage space. She informed "that is a critical need."

Ms. Crane informed that the "museum had placed some temporary storage units in the parking area in the late 1970's as a temporary measure, and they are still there."

Design for Museum and Archives Building Expansion  
\$500,000 General Funds  
Reference No: AMD34048  
AP/AL: Appropriation  
Project Type: Health and Safety  
Category: Education  
Location: Juneau Areawide  
Election District Juneau Areawide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Additional space for the Alaska State Museum collection, which has grown from 5,600 objects in 1967 to over 25,000 objects currently, is critical to preserving Alaska's history and culture. Accommodating and protecting the current collection while making room for new acquisitions is not possible in the current building, which exceeds capacity. Many artifacts are housed in temporary storage in the parking lot. The building that houses the state archival documents also exceeds capacity

and is literally tearing apart. This project will provide funds for design of a facility that will accommodate both the museum and archival needs of the state.

One-Time Project  
Amendment

Ms. Crane informed that as early as 1985, the Department realized the need for additional space at the state museum and the archives building. She stressed that the archives building would run out of storage space in the next two to three years, and she reiterated that the museum is also in dire need of additional space. She shared that the Department feels that the best solution, and the least expensive one, is to add on to the current museum for needed room for both archives and the museum.

Ms. Crane stated planning was needed for this expansion. She informed that this was the first request for this project.

Co-Chair Kelly, referring to the temporary storage facility in the parking lot, shared a saying by Canadian humorist Red Green that "This is only temporary unless it works."

Ms. Crane stated she would be happy to provide the Committee with a tour of the facility.

Head Start Health and Safety Repairs  
\$500,000 General Funds  
Reference No.: 32628  
AP/AL: Appropriation  
Project Type: Renewal and Replacement  
Category: Health/Safety  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2005

This project is requested to assist Head Start facilities in meeting health and safety standards. Types of projects funded would include replacing windows, stoves, sinks, fire extinguishers, sprinkler systems, carpets, wiring, insulation etc.

On-going project

YVONNE CHASE, Deputy Commissioner, Early Development, Department Education and Early Development, testified via teleconference from Anchorage and detailed some of the types of projects that had been funded this year. She stated that in addressing both health and safety, several of the communities created separate storage for chemicals to keep them out of reach of children, another facility purchased a Head Start bus because the old one was no longer safe

to transport children, one facility purchased and installed a new fire alarm system, and some facilities upgraded playground fencing to be compliant with access requirements for children with disabilities. She shared that this year's request of \$500,000 was to make further inroads on the list of projects that had been identified.

Senator Wilken inquired if there was any federal money available either outright or with a match requirement for these types of projects.

Ms. Chase responded there was a possibility that this coming year there may be some federal funding available from a recent appropriation approved by Congress, but at this point, it was not known what might be available for Alaska. She stated there was no match requirement in terms of capital budget on these funds if they did become available.

Senator Wilken asked if Ms. Chase knew when the information about the federal money would be available.

Ms. Chase stated that the Department might know within the next month about the possibility that any of the federal funds might be able to be used "toward any programs for capital improvements."

Senator Wilken asked on what projects and where the \$500,000 was to be spent.

Ms. Chase replied that the Department had worked with the Headstart association to develop a list of their most pressing health and safety needs. She said she had a list of both the kinds of things that are "funded specifically within each program this year and the needs that would be left un-addressed." She said she would be happy to provide the lists to the Committee.

Senator Green asked if some of the facility improvements would be "made to other people's properties."

Ms. Chase replied that in some cases yes, because in many of the small communities, private entities are actually providing space free of charge for the program, and some of the space needed to be upgraded to be in compliance.

Senator Green asked if the state had any "comparable programs for assisting those other daycare workers who run private agencies that provide similarly needed function in our communities."

Ms. Chase responded that the department did not have a program that

was comparable. She informed that there was legislation passed several years ago that provided for a Loan fund to assist childcare programs, and she "understood that the Legislation is still on the books but there is no funding, however, in that program."

Senator Green asked if there was "any way that this money could also go to local, privately run and managed daycare centers."

Ms. Chase replied yes, and that would be up to the legislature.

AVTEC Roof Repair and Replacement

\$650,000 General Funds

Reference No.: 6263

AP/AL: Appropriation

Project Type: Renewal and Replacement

Category: Education

Location: Seward

Election District: Seward, Soldotna

Estimated Project Dates: 07/01/2001 - 06/30/2002

This project will addresses critical roof repairs and/or replacement of two of the instructional buildings at the Alaska Vocational Technical Center (AVTEC) in Seward, the applied Technology Building and the Oil Rig Building. The buildings, all over 30 years old, suffer from severe leaking during heavy rain and snow in Seward. The resulting water damage to roof decking and interior walls threaten the structural integrity of these buildings. The supporting timbers must be inspected for rot and replaced if necessary. One-time project

FRED ESPOSITO, Director, Alaska Vocational Technical Center, Department of Education and Early Development testified via teleconference from Seward and informed the Committee that this request was for ongoing roof repair and replacement for AVTEC buildings. The project addressed the need for roof repair for two buildings at AVTEC that are over 30 years old and leaking, and that these repairs would prevent any further damage to the buildings. He stated that prior funding assistance allowed AVTEC to fix roofs on two other buildings with a third roof replacement slated for this summer. He informed that this on-going repair request made the buildings safe and dry and helped preserve the buildings' integrity.

Senator Austerman asked if these were state-owned buildings.

Mr. Jeans responded yes.

Senator Austerman questioned that the back-up material for the

request did not indicate this was an on-going project, but rather reflected a one-time project. He stated that clearly "this was an on-going project" and that the Committee should be provided with a history and projection of how much work was needed on the AVTEC facilities.

Co-Chair Kelly agreed that the backup material did not accurately reflect the situation.

Senator Wilken asked if the FY 01 funding of \$365,000 had been obligated and if the FY 02 request of \$650,000 could be phased in over two years.

Mr. Esposito responded that AVTEC was currently in the design phase for the third major roof replacement with the FY 01 funding. He informed that the "design phase for the fairly large metal roof had not yet been completed" but the replacement of that roof had been scheduled for summer. He relayed that this roof replacement would use up all of the funds allocated for FY 01. He continued that the \$650,000 request for FY 02 would allow the replacement of two other roofs that are leaking, and he stressed that the "snow loads had taken their toll." He continued that there were other roofs at AVTEC that were less than twenty years old that also needed upgrades in order to "prevent realizing any further damage."

Mr. Jean informed that concluded the Department of Education and Early Development's presentations.

Co-Chair Kelly commented that presentations from the Department of Fish and Game would be heard at the next capital budget meeting.

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#### **ADJOURNMENT**

Co-Chair Pete Kelly adjourned the meeting at 10:52 a.m.