

MINUTES
SENATE FINANCE COMMITTEE
April 27, 2001
8:21 PM

TAPES

SFC-01 # 88, Side A
SFC 01 # 88, Side B
SFC 01 # 89, Side A

CALL TO ORDER

Co-Chair Pete Kelly convened the meeting at approximately 8:21 PM.

PRESENT

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

Also Attending: SENATOR ROBIN TAYLOR; JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services; KIRT PARKAN, Deputy Commissioner, Department of Transportation and Public Facilities; ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor; NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources; KURT FREDRIKSSON, Deputy Commissioner, Department of Environmental Conservation

SUMMARY INFORMATION

SB 29-REAPPROPRIATIONS & CAPITAL APPROPRIATIONS

The Committee adopted a committee substitute, considered amendments and reported the bill from Committee.

#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."

Co-Chair Donley moved for adoption of CS SB 29, 22-GS1050\F, as a working draft.

There was no objection and the committee substitute was ADOPTED.

AT EASE 8:23 / 8:38 PM

The following amendments are made to the committee substitute.

Office of the Governor

GOV #4: This amendment adds a new bill section to read as follows.

Sec. *. OFFICE OF THE GOVERNOR. (a) The sum of \$16,650,000 in federal receipts that the state receives for the implementation of the Pacific Salmon Treaty is appropriated as follows:

(1) The sum of \$9,990,000 is appropriated to the Office of the Governor for projects identified by the stakeholder's panel to provide economic adjustment assistance to salmon fishermen east of Cape Suckling;

(2) The sum of \$6,660,000 is appropriated to the Office of the Governor for salmon habitat restoration, salmon stock enhancement, and salmon research, including the construction of salmon research and related facilities, east of Cape Suckling.

(b) The appropriations made by this section do not include \$1,000,000 authorized by the United States Congress for the Metlakatla Hatchery or \$350,000 authorized by the Congress for the Crystal Lake Hatchery, to the City of Petersburg.

This amendment also imposes a lapse date of June 30, 2006, on the appropriations made in the new bill section. Accompanying explanatory language reads as follows.

Reduce the amount appropriated to the Office of the Governor for the Pacific Salmon Treaty in the "numbers portion" of the capital budget to conform to this amendment.

Co-Chair Donley moved for adoption.

Without objection the amendment was ADOPTED.

Department of Transportation and Public Facilities

DOT #3: This amendment deletes the Alaska Marine Highway System: Prince William Sound Ferry (Ferry #1)(ED35) component and the \$33,000,000 allocated to it on page 31, lines 6-8, from the Surface Transportation Program Budget Request Unit (BRU) on page 30, line 18, and reduces the \$484,756,482 appropriation for that BRU to \$451,756,482

Co-Chair Donley moved for adoption.

Senator Hoffman objected for an explanation.

SENATOR ROBIN TAYLOR informed this appropriation provides for a second high-speed ferry to operate in Southeast Alaska. He stressed it had been understood that before this funding would be granted, adequate proof of the success of the concept and technology would have to be shown through the operation of the first fast ferry. He stated that this has not occurred and therefore, authority to expend the federal funds on this project should be denied.

Senator Hoffman asked what is the funding source.

Senator Taylor answered federal receipts.

The amendment was ADOPTED without objection.

Department of Administration

ADM #1: This amendment adds a new Payroll and Accounting System Replacement Analysis (ED 99) component on page 1, and appropriates \$400,000 general funds to this component. Accompanying explanatory language reads as follows.

Funding this project will enable the department to analyze the remaining viability and begin replacement planning for two statewide mission-critical computer systems: payroll and accounting. Both are mature from a system development live cycle standpoint, and they are showing the signs of that maturity. The technology used is no longer being taught in colleges. As a result, we are having difficulty finding qualified personnel to support the systems.

These systems are used by all three branches of government. They are key elements to the State's operation and accountability. Failure of either the payroll or accounting function would have widespread and devastating impacts on

every program administered by the State of Alaska. Replacement analysis must begin long before steps are taken actually to replace these systems. Even if we begin in FY 02, the earliest possible replacement would be three years later when our accounting systems turns 20 years old. Postponing this inevitable task is irresponsible. Strategic planning now can prevent emergency steps five years from now, which will ultimately cost more money.

Senator Hoffman moved for adoption.

Senator Green objected.

Senator Hoffman read the explanatory statement into the record.

Co-Chair Kelly commented that as the budget was drafted, it was agreed that this item does need to be addressed, however, not at this time.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #2: This amendment adds a new Upgrade Internet and Intranet, and Implement New Technology component on page 1, and appropriates \$539,900 Information Services Funds to this component. Accompanying explanatory language reads as follows.

If this project is not funded the impact to the state would be:

- Business and private users who access State of Alaska web sites to conduct e-business will experience service degradation due to limitations of the system as it is today.
- Agencies will continue to have problems deploying new or upgraded applications due to the limitations of the system as it is today.
- Agencies will continue to have problems deploying new or upgraded applications due to the limitations of the system as it is today.
- Agencies will not be able to take advantage of a much

higher throughput and increased network performance. This will affect workflow processes and how the public is served.

- Potential savings from technologies such as Voice Over IP will be non-existent.
- Some upgrades that are a part of this project may be necessary if the state enters into a telecommunications partnership with private industry (Telecomm RFP).

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

Senator Hoffman pointed out this item does not utilize general funds. He read the explanatory statement into the record.

Co-Chair Kelly informed that this item could be addressed as part of a larger information technology project in the future.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

ADM #3: This amendment adds a new State-Owned Buildings Valuation Project (ED 99) component on page 1, and appropriates \$60,000 general funds to this component. Accompanying explanatory language reads as follows.

Funding would provide for a consultant to devise a methodology to enable the state to recreate historical costs of state owned buildings. The historical costs of state-owned buildings is a missing element necessary for presenting these assets in accordance with generally accepted accounting principles. This would be solved with appraisals of current values regressed back to the year of acquisition. Solving this problem not only corrects the current financial statements, but would also provide the basis for presenting them in accordance with GASB requirements, which go into effect for FY 02. This project would eliminate the only problem preventing the State of Alaska from obtaining a clean audit opinion of our financial statements.

Senator Hoffman moved for adoption.

Senator Ward objected.

Senator Hoffman read the explanatory statement into the record.

Co-Chair Kelly recalled this item was listed by the Department of Administration as having the lowest priority of all requests submitted. He stated the committee substitute was drafted using the departments' priority lists as guidelines for reducing costs.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

ABSENT: Senator Leman

The motion FAILED (2-6-1)

The amendment FAILED to be adopted.

ADM #4: This amendment adds the following components and appropriations to the referenced agencies.

- Department of Administration
 - Anchorage Pioneer Home-Ventilation and Humidification System Emergency Repair component
 - \$1 million general funds
- Department of Education and Early Development
 - Yuut Elitnaurviat (People's Learning Center), Phase I component
 - \$1 million general funds
- Department of Health and Social Services
 - Alaska Psychiatric Institute Replacement component
 - \$36,550,000 general funds
- Department of Revenue
 - Lime Village Power System Rehabilitation component
 - \$40,000 general funds
- Department of Transportation and Public Facilities
 - Tatitlek Small Boat Harbor Project Completion component
 - \$2 million general funds
 - Dillingham All Tides Cargo Dock component
 - \$500,000 general funds
 - Juneau International Airport Roof Repair component

\$400,000 general funds
Delta Junction Municipal Airport Improvement component
\$250,000 general funds
Illiamna-Williamsport-Pile Bay Road component
\$8,600,000 general funds
Sand Point Harbor Access Road component
\$2,440,000 general funds
University of Alaska
University of Alaska Southeast-Juneau Classrooms,
Phase II component
\$2,500,000 general funds

Senator Hoffman AMENDED the amendment to change the fund source for the Alaska Psychiatric Institute (API) Replacement component, to Lease Bond Funds and change the appropriation "amount to reflect appropriation in HB 76". The amendment to the amendment also places the Lime Village Power System Rehabilitation component in the Department of Community and Economic Development budget. He moved for adoption of the amended amendment.

JANET CLARKE, Director, Division of Administrative Services, Department of Health and Social Services explained HB 76 would be referred to the Senate Finance Committee. She stated this legislation has a fiscal note appropriating \$16 million for lease/bonds proceeds as well as some investment income. She spoke to an involved amendment drafted in the House Finance Committee, and the need for an appropriation for the API if HB 76 passes.

Senator Hoffman detailed the proposed projects beginning with the Anchorage Pioneers' Home. He shared he had visited the facility the previous summer and learned the importance of the ventilation system to the health of many of the elderly residents with respiratory conditions.

Senator Hoffman then addressed the People's Learning Center, telling the Committee the general funds requested would be used as matching funds to garner an \$8 million federal appropriation. He described the project to construct a regional learning center for teenagers and young adults "providing linkage and diverse career paths into secondary educational and vocational training". He stressed this project is "strongly supported" by the state's US Congressional delegation. He also noted collaboration between public and private entities including the Alaska National Guard, the Association of Village Council Presidents, the local regional housing authority, the Bethel Native Corporation, the City of Bethel, the Coastal Village Regional Fund, the Lower Kuskokwim School District, the Kuskokwim campus and the Yukon-Kuskokwim Health Corporation.

Senator Hoffman explained the People's Learning Center is focused toward teenagers who have dropped out of school or are at risk of doing so. He stated the programs target the employment needs in the region and as well as offering opportunities outside of the region.

AT EASE 8:55 PM / 8:58 PM

[Note: Portion of tape contains no audio. However, no portion of the meeting is missing.]

Senator Olson spoke to the API replacement. He relayed his experiences as a physician with patients treated at API and stressed the need for a replacement to this facility.

Ms. Clarke reminded of efforts to secure funding to construct a new facility for over 12 years. She referred to HB 76, which authorizes a new facility located near Providence Hospital and the McLaughlin Youth Center in Anchorage. She stated that a matching appropriation is necessary for this to occur.

Senator Olson next spoke of the Developmental Disability System Reform Initiative pointing out Alaska's rank in community services fiscal effort compared to other states. He said Alaska's spending for services per \$1,000 personal income has declined from the 14th highest in 1977 to 31st in 1998. He emphasized the waitlists for people waiting to receive services.

Senator Hoffman informed that the Lime Village Power System Rehabilitation project is experimental and was originally funded by the Alaska Industrial Development and Export Authority (AIDEA). He explained the project pairs a solar panel generator system with a diesel-powered system. He noted the "one basic flaw" of this project is that the maintenance required every two to three months, "far outweighed" the cost of a simple diesel system. He added that Lime Village is located along a tributary of the Kuskokwim River and is one of the most remote communities in Alaska.

Senator Olson addressed the Tatitlek Small Boat Harbor Project Completion. He told of the federal funds received to construct a small boat harbor for emergency response equipment for oil spills. He also noted the harbor would "provide the necessary stepping stones for economic opportunity" and would facilitate long-term self-sufficiency through tourism and mariculture opportunities. He stated the project is expected to cost \$12 million with federal funds comprising all but \$2 million of that amount.

Senator Hoffman asserted the Dillingham All Tides Cargo Dock project is important for this community that is dependent upon

salmon fishing. He informed the existing dock owned by the City of Dillingham is unsafe and has been condemned. He stated the new dock could reduce fuel and freight costs to residents of the region as Dillingham serves as a regional hub. He explained this is because freight barges could use the dock continually rather than the current practice requiring the barges to move off shore at each tide cycle. He also noted that larger vessels could utilize the dock as opposed to off loading onto smaller vessels. He said this would be cost effective for programs such as Power Cost Equalization. He listed the total cost of the project as \$3,765,000 noting the City of Dillingham would contribute \$865,000, and the federal government would contribute \$2.4 million.

Senator Olson testified to the Juneau International Airport Roof Repair project and read a statement into the record as follows.

The Juneau International Airport serves the capital city and Alaska's legislatures well. Recent additions of state-of-art technology has resulted in dramatic decreases in the number of flights forced to overhead Juneau. However, the airport's roof now needs major repair. Because of the complexities of federal regulations and the variety of activities that take place in the terminal, federal funds are only available for half the cost of this \$800,000 repair. Through passenger facility fees, the airport is able to provide non-federal match for that half. However, the source of the additional \$400,000 is not clear. At this point, state capital funding of \$400,000 will enable the Juneau International Airport to continue to provide good and adequate service to our state and in particular, us in the legislature.

Co-Chair Donley asked if the Juneau International Airport pays a dividend to the City and Borough of Juneau, from revenues it generated.

Senator Hoffman clarified, "It loses money."

KIRT PARKAN, Deputy Commissioner, Department of Transportation and Public Facilities testified in general to airports paying dividends to the cities that own them, stressing there is a "major issue" with the Federal Aviation Administration (FAA) on "diversion of income." He cited the City of Los Angeles receiving revenues generated from the Los Angeles International Airport and using those funds to pay for other city services. He stated that an airport paying a dividend to the city that owns it is a violation of federal regulations.

Senator Hoffman next shared that Delta Junction Municipal Airport

Improvements would control access and alleviate design problems identified by the FAA. He said that unlike any other municipal airport in Alaska, the Delta Junction facility receives no state funds or federal Airport Improvement Project (AIP) funds. He stressed the necessary repair and upgrades are a priority for supporting the proposed national missile defense system as well as mining projects.

Senator Hoffman told of traveling along the Illiamna-Williamsport-Pile Bay Road five years prior with the commissioner of the Department of Transportation and Public Facilities and Representative Carl Moses. Senator Hoffman read a statement into the record as follows.

This road was constructed in the 1930s by the Alaska Railroad Commission. It connects Cook Inlet and Illiamna Bay with Pile Bay on Lake Illiamna. The road is approximately 14 miles long. Approximately half the road is located in the Kenai Peninsula Borough and half in the Lake and Peninsula Borough. It has historically been used to transport fishing boats from the Kenai Peninsula and other parts of Alaska to Bristol Bay. Using this road is a very significant shortcut and it eliminates long and dangerous trips around the Alaska Peninsula and through False Pass. As many as 60 fishing boats and a large number of freight and cargo are transported annually along this road. ... There have been very little, if any, improvements along this road in the 70 or so years that it has been in existence.

Senator Hoffman spoke to the Sand Point Harbor Access Road, located in the Aleutians East Borough and consisting of realignment and reconstruction of 5,000 linear feet of the road from the airport to the new Sand Point Small Boat Harbor. He noted the project would eliminate three major S-curves and provide an approximately 600 feet line of sight adjacent to the harbor parking and storage areas as well as installation of subsurface drainage systems.

Senator Olson concluded with the University of Alaska Southeast-Juneau Classrooms project, which is in the second phase. He shared he visited the campus earlier in the day. He read a statement into the record as follows.

The interface to this project was at the top of the University's capital request list for this year. Ground has already been broken on the first phase of the classroom expansion, which would allow the University of Alaska-Southeast to enroll more students and provide more educational opportunities. This expansion would also allow UAS to fulfill

its potential.

Co-Chair Kelly stated that an objection was made to the adoption of this amendment.

Senator Lemman shared he was familiar with some of the proposed projects and opined this amendment contains "several projects that are worthy of consideration in the future." In particular, he supported funding the upgrades to the Pioneers' Home in Anchorage. He remarked he would continue his attempts to identify a funding source for this project. However, he stated that he would vote against adoption of the amendment because of the "way it is packaged."

Co-Chair Kelly agreed there are worthy projects included in the amendment. He commented that the capital budget is a "work in progress".

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amended amendment FAILED to be adopted.

Department of Corrections

COR #1: This amendment increases the appropriation to the Replacement and Repair of Security Systems, and Life and Safety Equipment (ED 99) component on page 5, lines 30-32, from \$250,000 to \$500,000 general funds.

Senator Olson moved for adoption.

Senator Green and Co-Chair Kelly objected.

Senator Olson read a statement into the record as follows.

This project funds the replacement of antiquated capital equipment at the jail institutions throughout the state. All institutions operate seven days a week, 24 hours a day. This equipment supports life, health and safety needs for approximately one million man-days of prisoner care. There sustained use requires routine replacement of old and worn out

equipment every fiscal year.

Co-Chair Kelly pointed out this component is funded approximately \$65,000 over the amount of the previous fiscal year. Therefore, he asserted the need is being addressed.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

COR #2: This amendment increases the appropriation to the Correctional Institutions Roof Repairs and Replacement (ED 99) component on page 6, lines 6 and 7 from \$400,000 to \$2,090,000 general funds. Accompanying explanatory language reads as follows.

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. These roofs are in immediate need of repair and cannot be deferred further without seriously jeopardizing security and safety of institutional staff and prisoners and increase repair costs. These roofs can no longer be maintained with normal in-house techniques.

COR #3: This amendment increases the appropriation from \$600,000 to \$1 million general funds for the Facility Maintenance, Repair, Renewal, Replacement, and Renovation (ED 99) component on page 5, lines 24-26. Accompanying explanatory language reads as follows.

The agency is responsible for maintaining 112 state-owned buildings (over 1.1 million square feet and \$324.3 million in replacement value) across the state. A majority of these correctional center buildings are over 20 years old and 10% exceeding 40 years of age. Funding appropriated for this request will be allocated towards addressing essential security, health, and life/safety maintenance projects that require immediate repairs to enable continued support for approximately 1 million man-days of prisoner coverage. Without these funds, critical repairs to control rooms, AVAC systems, flooring and carpeting, electrical systems, water delivery and sewer drainage systems, security doors and locking systems,

and structural repairs will be greatly diminished and could jeopardize the safety and security of staff and inmates at correctional centers. The agency currently has over \$22.6 million (Reference Alaska State Legislature/Deferred Maintenance Task Force Report dated January 10, 1998) in deferred maintenance that needs addressing, this project only addresses the most immediate essentials of these repair needs. Maintenance to just keep these projects going is getting impossible and most cannot support further maintenance efforts.

Senator Olson moved for adoption of both amendments. He read the explanatory statements into the record.

Co-Chair Kelly noted COR #2 involves replacing federal funds with general funds but that the request was received late in the capital budget process and would require restructuring of other funding. He then commented that the Facility Maintenance, Repair, Renewal, Replacement, and Renovation component contained in COR #3 is funded at the same level as requested the previous fiscal year.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendments FAILED to be adopted.

Department of Education and Early Development

E&ED #1: This amendment adds a new School Construction component on page 6, and appropriates \$69,124,629 general funds to this component. Accompanying explanatory language assigns priority as follows.

Southwest Region School District	
1.Togiak School Replacement	\$29,182,163
Bering Strait School District	
2.Golovin School Phase III	9,888,192
3.Koyuk School K-12 Replacement	11,660,343
Yupit School District	
4.Tuluksak School Improvement	18,393,931

This amendment also adds a new Major Maintenance component on page

6, and appropriates \$58,145,522 general funds to this component. Accompanying explanatory language assigns priorities to school districts and specific projects as follows.

1. Petersburg City
Facia/Soffit Repair/Replacement Recovery of Funds
\$116,236
2. Yukon Koyukuk
Nulato Structural Repairs
\$314,387
3. Bering Strait
Shishmaref School Roof Replacement & Renovation,
Phase III
\$8,342,525
4. Iditarod Area
Blackwell School Heating Renovation/Site Repair
\$173,754
5. Sitka City Borough
Blatchley Exterior Renovation/Repair
\$346,500
6. Chatham
Angoon Elementary School Major Maintenance
\$2,066,257
7. Skagway
Skagway Major Maintenance
\$35,598
8. Yupiit
Akiak School Repairs
\$177,571
9. Pribilof Island
St. George School Remodel
\$4,513,164
10. Galena
Project Education Food Service Renovation
\$261,806
11. Southwest
Clark's Point School Generator Building
\$35,989
12. Ketchikan
Schoenbar Renovation
\$4,891,992
13. Southwest Region
Koliganek School Improvement
\$451,993
14. Juneau City Borough
Juneau Douglas High School Renovation/ADA Upgrade
\$9,097,138
15. Southwest Region

- Ekwok, Koliganek, Togiak Schools Heating System Upgrade
\$122,256
16. Hoonah City
Hoonah Swimming Pool Sprinkler System
\$220,476
17. Galena
High School Remodel
\$167,846
18. Kenai Peninsula
McNeil Canyon Replace Septic System
\$171,500
19. Kake City
Kake High School Renovation Phase II
\$175,065
20. Chatham
Angoon High School Major Maintenance
\$1,730,507
21. North Slope Borough
Tikigan School Renovation
\$3,675,502
22. Tanana City
Tanana Kitchen Renovation
\$438,539
23. Wrangell City
Wrangell Elementary Schools Renovation
\$1,129,238
24. Lower Yukon
Emmonak Mechanical System Upgrade
\$574,885
25. Lower Yukon
Alakanuk Mechanical System Upgrade
\$899,740
26. Iditarod Area
Takotna Community School Water Project
\$192,374
27. Anchorage
Service High School Phase I Renovation
\$4,998,000
28. Kenai Peninsula
Seward Middle School Gym Reroof
\$278,275
29. Iditarod Area
Innoko River School Bathroom, Shower & Underfloor
Damage Repairs
\$46,746
30. Iditarod Area
McGrath School Heating Design, Boiler Replacement &
Repairs

- \$235,200
31. Kenai Peninsula
Kenai Central High School Reinsulate Exterior
\$385,610
 32. Alaska Gateway
Tok Multipurpose Recreational Complex Renovation Project
\$961,612
 33. Delta/Greely
Fort Greely Utility Conversion
\$2,054,852
 34. Iditarod Area
Holy Cross School Bathroom & Shower Deterioration
\$47,530
 35. Wrangell City
Wrangell Middle School Renovation
\$164,522
 36. Sitka City Borough
Blatchley Domestic Water System Upgrade
\$667,356
 37. Skagway City
Skagway Roof Replacement
\$174,613
 38. Mat-Su Borough
Fire Alarm Systems, 5 Schools
\$638,647
 39. Fairbanks
Districtwide Fire Protection System Upgrade
\$1,193,832
 40. Yakutat City
Yakutat High School Gymnasium Structural Repair
\$70,981
 41. Yukon-Koyukuk
Kaltag School Renovation
\$2,418,052
 42. Mat-Su Borough
Septic System Upgrade Colony High School
\$164,039
 43. Wrangell City
Wrangell Elementary School & High School Roof & Exterior
Repairs
\$101,216
 44. Northwest Arctic
Shungnak Improvements Phase II
\$2,740,522
 45. Dillingham City
Elementary School Weatherization
\$105,418
 46. Kuspuk

Chuathbaluk Crow Village Sam School Sewage System
Replacement
\$375,661

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

Senator Hoffman stressed that education has been a major issue during the legislative session. However, he noted facility construction, especially in rural areas, has not received as much attention as the high school exit and benchmark examinations. Senator Hoffman asserted the list of needs increases each year and would continue to do so unless addressed. He warned that not funding the repair and maintenance projects would result in the facilities deteriorating to such a condition that millions of additional dollars would be necessary for new construction. He remarked that it makes "good business sense" to maintain and repair existing facilities.

Senator Hoffman shared that students and teachers in rural schools have indicated these projects are necessary for health and safety. He asserted that the state requires students to attend school at these facilities, which places these students in the predicament of inhabiting unsafe buildings.

Co-Chair Kelly commented the size of this request is similar to what might be contained in a bond bill.

Senator Hoffman responded the funding source is "open for amendment."

SFC 01 # 88, Side B 09:24 PM

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Leman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

E&ED #2: This amendment adds a new Mt. Edgecumbe High School

Classroom and Fieldhouse Repair and Renovation (ED 2) component on page 6, and appropriates \$150,000 to this component. Accompanying explanatory language reads as follows.

This project addresses life safety code compliance. American's with Disabilities Act (ADA) compliance, and major maintenance and renovation for the classroom and field house building at Mt. Edgecumbe High School.

Replacing and certifying fire alarm systems, and reconstructing the wood spectator-seating platforms with 1-hour rated fire suppression construction are critical safety concerns and necessary to comply with the fire code.

Essential improvements required under American's with Disabilities Act include installation of ramps to the athletic floor and an elevator to access classrooms on the second floor, and modifications to restrooms.

E&ED #3: This amendment increases the appropriation to the Head Start Health and Safety Repairs (ED 99) component on page 6, lines 14 and 15 from \$200,000 to \$500,000 general funds. Accompanying explanatory language reads as follows.

Alaska Head Start operates programs in 100 communities statewide. These programs are required to meet state health and safety standards, as well as federal performance standards. Improvements necessary to meet these standards have included replacing windows, stoves, sinks, fire extinguishers, sprinkler systems, carpets, wiring, insulation, etc. The operating budgets of these Head Start programs are generally too lean to include such repairs.

Senator Olson moved for adoption of both amendments and read the explanatory language into the record.

Co-Chair Kelly stated that although the Mount Edgecumbe request is a worthy one, \$500,000 is already contained in this budget to cover roof repairs at this facility. He added that the Head Start program is funded at the same level as the previous year.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendments FAILED to be adopted.

AT EASE 9:27 PM / 9:39 PM

Department of Environmental Conservation

DEC #1: This amendment changes the name of the Village Safe Water Projects with Environmental Protection Agency (EPA) Funding BRU to Village Safe Water Projects on page 9, lines 15 through 17. The appropriation amount remains \$51,303,900. Accompanying explanatory language reads, "Title Change to reflect consolidation of federal fund sources (EPA and RDA)."

DEC #2: This amendment adds a new bill section to read as follows.

Sec. ____ . DEPARTMENT OF ENVIRONMENTAL CONSERVATION. (a) Section 100, ch. 2, FSSLA 1999, page 46, lines 11 - 12, is amended to read:

	Allocations
Homer East Trunk/Beluga Lift	441,000
<u>Section Upgrade and East End</u>	
<u>Road Sewer Main Extension and</u>	
<u>Infiltration and Inflow Study</u>	
(ED 7-9)	

(b) Section 82, ch. 100, SLA 1997, page 50, lines 37-18, as amended by sec. 49 (c), ch. 2, FSSLA 1999, page 24, lines 18-26, is amended to read:

	Allocations
Unalaska-Wastewater Treatment	1,400,000
Plant Upgrade and Water Compliance	
Projects and Landfill, [and]	
<u>Phase I Development and Water and</u>	
<u>Sewer Improvements (ED 40)</u>	

Senator Green moved for adoption of both amendments.

ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor, explained DEC #1 consolidates the federal funding sources and simplifies the accounting process. She assured it is a technical amendment and makes to practical change to the projects or the appropriation amount. She continued that DEC #2 is also a technical change to the project title and has no effect on the amounts allocated to the projects.

The amendments were ADOPTED without objection.

Department of Fish and Game

F&G #1: This amendment increases the general fund appropriation to the Vessel and Aircraft Repair, Maintenance, and Replacement (ED 99) component from \$450,000 to \$600,000. Accompanying explanatory language reads as follows.

This project funds major maintenance work on the department's research vessels and aircraft. The fishery monitoring and stock assessment programs carried out by these vessels and aircraft are critical to the department's ability to meet its constitutional mandate to manage the state's fishery resources for sustained yield. Regular maintenance and repair is also critical to the health and safety of the skippers and crew. Commercial fishing is the state's largest private employer.

Senator Hoffman moved for adoption and read the explanatory statement into the record.

Co-Chair Kelly noted the current \$450,000 appropriation would replace the R/V Sundance, which is a top priority and also provide \$150,000 for maintenance efforts.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

F&G #2: This amendment increases the \$125,000 general fund appropriation to \$300,000 for the Dock Repairs, Maintenance & Replacement Phase 2 (ED 40) component on page 13, lines 24 and 25. Accompanying explanatory language reads as follows.

The department has identified dock repair work at its facilities in King Salmon, Cordova and Petersburg. Full phase II funding is needed to complete the King Salmon project and begin work at Cordova. Without full funding, the department will be unable to do the preliminary work at Cordova during the 2001 season, and will lose the 2002 construction season to complete the project.

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

Senator Hoffman read the explanatory statement into the record.

Co-Chair Kelly stated the \$125,000 currently allocated to this project would provide adequate funding to finish the King Salmon project that began the previous year.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

F&G #3: This amendment increases the \$300,000 general fund appropriation to \$500,000 for the Statewide Facilities Repair, Maintenance, and Replacement (ED 99) component on page 13, lines 18-20. Accompanying explanatory language reads as follows.

The department has employees in over 40 locations around the state. Facilities include offices, bunkhouses, warehouses, laboratories, workshops, cabins and other structures vital to the mission of the department. Many projects involve life-health-safety issues. Identified deferred maintenance projects total over \$4 million. This request represents only a fraction of that amount.

Senator Hoffman moved for adoption.

Senator Green objected.

Senator Hoffman read the explanatory language into the record. He stressed the fishing industry in Alaska "more than pay its fair share of the state's operating budget."

Co-Chair Kelly emphasized this budget has "taken maintenance fairly seriously" and this item is funded at the FY 01 level.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

Office of the Governor

GOV #2: This amendment adds a new bill section to read as follows.

Sec. ___. OFFICE OF THE GOVERNOR. The sum of \$600,000 is appropriated from the lapsing general fund balance of the appropriation made in sec. 1, ch. 133, SLA 2000, page 13, line 29, and allocated on lines 30-31 (public assistance-Alaska temporary assistance program-\$66,112,800), to the Office of the Governor, division of elections, for expansion of the AccuVote elections system.

Note: This section needs to be added to the capital project lapse provision.

Accompanying explanatory reads as follows.

This project would fund the purchase of 44 AccuVote units and essential components to provide early voting units where needed, additional units for split precincts, and automate an additional 23 hand-count precincts, for a total 302 electronic AccuVote tabulation precincts.

Specific costs to purchase the 44 additional AccuVote units are:

AccuVote tabulation units	\$226,600
AccuVote Carrying Cases	4,180
AccuVote Ballot Boxes	49,200
Memory Cards, 132K	9,500
AccuVote Batteries	2,775
Shipping Costs	6,388
	<u>6,388</u>
	Total \$298,643

The following is the planned unit distribution by regional office, and the listing of precincts that will be converted from hand-count to electronic tabulation:

Region I: (6)

Converted from Hand Count to AccuVote (4)

4-Cooper Landing, Gustavus, Thorne Bay
and Yakutat

Additional Units

1-Early Voting

1-back up or spare

Region II: (13)

10-new AccuVote to put in over-crowded precincts in

Anchorage.
2-back up or spares
1-Early Voting
Region III: (7)
Converted from Hand Count to AccuVote (2)
2-Kenny Lake and Nenana
Additional Units
2-in Fairbanks due to over-crowded precincts
1-Early Voting
1-back up for Valdez
1-back up or spare
Region IV: (18)
Converted from Hand Count to AccuVote (17)
17-Noorvik, Pt. Hope, Selawik, Wainwright,
Chevak, Emmonak, Hooper Bay, Mtn. Village,
Savoonga, Unalakleet, Kwethfuk, Togiak, King
Cove, King Salmon, Naknek, Sand Pt. and St.
Paul
Additional Units
1-Early Voting

The amendment was NOT OFFERED.

GOV #1: This amendment increases the \$250,000 general fund allocation to \$500,000 for the Americans with Disabilities Act Compliance Projects (ED 99) on page 14, lines 22 and 23. Accompanying explanatory language reads as follows.

This project continues the removal of physical barriers to persons with disabilities within state-owned facilities as required by Title II of the Americans with Disabilities Act, Public Law 101-336. Funding covers the cost of design, project administration, and construction. Aside from the legal requirements, removal of physical barriers will negate the need for temporary program modifications that are currently required of the facilities' occupants. OMB (Office of Management and Budget) allocates available funding to the Department of Transportation and Public Facilities for state facility ADA compliance projects based upon Department of Transportation and Public Facilities' prioritized project list. The requested FY 02 funds will continue work on the Wood Center in Fairbanks.

And

GOV #3: This amendment adds a new bill section to read as follows.

Sec.____. OFFICE OF THE GOVERNOR. The sum of \$298,600 is

appropriated from the lapsing general fund balance of the appropriation made in sec. 1, ch. 133, SLA 2000, page 13, line 29, and allocated on lines 30-31 (public assistance-Alaska temporary assistance program-\$66,112,800), to the Office of the Governor, division of elections, for expansion of the AccuVote elections system.

Note: This section needs to be added to the capital project lapse provision.

Accompanying explanatory reads as follows.

This project would fund the purchase of 44 AccuVote units and essential components to provide early voting units where needed, additional units for split precincts, and automate an additional 23 hand-count precincts, for a total 302 electronic AccuVote tabulation precincts.

Specific costs to purchase the 44 additional AccuVote units are:

AccuVote tabulation units	\$226,600
Accu Vote Carrying Cases	4,180
AccuVote Ballot Boxes	49,200
Memory Cards, 132K	9,500
AccuVote Batteries	2,775
Shipping Costs	6,388
	<u>6,388</u>
	Total \$298,643

The following is the planned unit distribution by regional office, and the listing of precincts that will be converted from hand-count to electronic tabulation:

Region I: (6)

Converted from Hand Count to AccuVote (4)

4-Cooper Landing, Gustavus, Thorne Bay
and Yakutat

Additional Units

1-Early Voting
1-back up or spare

Region II: (13)

10-new AccuVote to put in over-crowded precincts in Anchorage.

2-back up or spares
1-Early Voting

Region III: (7)

Converted from Hand Count to AccuVote (2)

2-Kenny Lake and Nenana

Additional Units

2-in Fairbanks due to over-crowded precincts
1-Early Voting
1-back up for Valdez

1-back up or spare
Region IV: (18)
Converted from Hand Count to AccuVote (17)
17-Noorvik, Pt. Hope, Selawik, Wainwright,
Chevak, Emmonak, Hooper Bay, Mtn. Village,
Savoonga, Unalakleet, Kwethfuk, Togiak, King
Cove, King Salmon, Naknek, Sand Pt. and St.
Paul
Additional Units
1-Early Voting

Senator Olson moved for adoption of both amendments and read the explanatory statements into the record.

Co-Chair Kelly commented the ADA project has been funded \$250,000 for the past several years. He then stated that using lapsed Alaska Temporary Assistance Program (ATAP) funding for GOV #3 would cause a problem of inadequate funding resources in the next fiscal year.

Senator Hoffman suggested this reason has been given several times and if the problem did arise, it could be addressed at that point. He emphasized that the general public is "very very interested" in the outcomes of elections and he surmised voter turnout could be increased if election returns were available before midnight on Election Day.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendments FAILED to be adopted.

Department of Health and Social Services

H&SS #1: This amendment adds an additional \$637,000 general fund appropriation for the Deferred Maintenance, Renewal, Replacement, and Equipment (ED 99) component on page 14, lines 28-30. Accompanying explanatory language reads as follows.

Presently the Department of Health and Social Services has critical deferred maintenance needs, with 166 identified projects at a cost of over \$1.6 million. The need was documented by building conditions audits. The committee

substitute for SB 29 funds \$363,000 of a \$1,000,000 request, which is only 2% of the need.

There is an urgent need for deferred maintenance projects for the department's 35 buildings, including the 8 facilities that are used 24 hours a day. Without these deferred maintenance projects, the department's buildings will continue to deteriorate. Urgent repairs and deferred maintenance cannot be delayed further without seriously affecting the State's investment in facilities.

For example, with the amount of funding proposed in committee substitute for SB 29, the department would not be able to:

- Replace pipes in the kitchen of its McLaughlin Youth Facility. The pipes have corroded from age and now affect water quality. When the pipe joints begin to fail, the facility will be subject to water damage.
- Make repairs to the siding at the youth facility in Bethel. The siding is no longer properly attached or finished. Without repair, weather will begin to deteriorate the siding and parts of it may fall off.

Senator Hoffman moved for adoption.

Senator Green objected.

Senator Hoffman read the explanatory statement into the record.

Co-Chair Kelly pointed out this item received \$405,000 the previous fiscal year compared to \$363,000 general funds combined with \$352,000 federal funds proposed in this budget. He considered this a "pretty substantial increase".

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

AT EASE 9:56 PM

H&SS #2: This amendment adds a new Residential Child Care Facility Capital Needs Assessment and Grant Program (ED 99) component on

page 14, and appropriates \$150,200 general funds and \$349,800 Alaska Housing Finance Corporation (AHFC) Dividend funds to this component. Accompanying explanatory language reads as follows.

The department, through 21 grantees (see list below), currently provides residential care services for youth using 29 facilities. Grantees are located in local communities and need to have safe facilities for out kids. Many facilities that provide these residential services, particularly in rural areas, are in extremely poor condition and in need of significant repairs, such as replacement of rotten structural members. The continued increase in the need for residential care programs of all levels necessitates the ability to fund repair projects in order to enable existing providers to continue services.

This request will fund a capital needs assessment for approximately 29 facilities statewide that provide all levels of care. Approximately \$50,000 will be used for the assessment, with the balance used for repairs.

Current list of Residential Child Care Grantees:

- Alaska Baptist Family Services
- Alaska Children's Services, Inc.
- Alaska Youth and Parent Foundation
- Anchorage Center for Families
- Association of Village Council Presidents, Inc.
- Bethel Group Home, Inc.
- Booth Memorial Youth and Family Services
- Juneau Youth Services, Inc.
- Kenai Peninsula Community Care Center
- Kids Are People, Inc.
- Kodiak Youth Services Center
- Mat-Su Community Mental Health Services d/b/a Life Quest
- Nome Receiving Home
- North Slope Borough Department of Health and Social Services
- Presbyterian Hospitality House
- Residential Youth Care, Inc.
- Safe & Fear-Free Environment, Inc.
- Sitka Youth Home
- Fairbanks Native Association
- Family Centered Services of Alaska

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

Senator Hoffman read the accompanying explanatory language into the record.

Co-Chair Kelly noted this item was not included in the committee substitute because of the low priority the department placed on it.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

Department of Natural Resources

DNR #1: This amendment adds a new Oil and Gas Royalties Accounting-Industry Electronic Reporting (ED 99) component on page 16, and appropriates \$150,000 general funds to this component. Accompanying explanatory language reads as follows.

This project is needed to automate the delivery and processing of the supplemental documents and to capture the information in a standardized format. Currently the system automatically processes oil and gas royalty reports using electronic data interface format. Each month approximately 400 reports are filed, accompanied with approximately 1,000 pages of supplemental documents that explain a royalty payer's reasons for changes in royalty filing.

And

DNR #3: This amendment changes the appropriation for the Gaseline Development (ED 99) component on page 16, line 14 from \$10,242,800 1108 Statutory Designated Program Receipts (SDPR) to \$6,778,500 1108 SDPR and \$3,464,300 general funds. Accompanying explanatory language reads as follows.

This project provides the establishment of an interagency gas pipeline office to review existing information, conduct additional investigations, work with project sponsors, federal and Canadian counterparts and other activities to coordinate permitting actions and advance commercialization of North Slope gas resources.

The project also provides funding for studies and other non-permitting activities including legal work, public outreach, gas supply studies, and reservoir studies.

Once an application for a pipeline right-of-way is submitted, most of the permitting work is subject to reimbursement by project sponsors. The Department of Natural Resources will also aggressively pursue reimbursement agreements with potential project sponsors for work associated with permitting that will take place in advance of an application. However, it is not known at this time the extent of reimbursement that will be obtained for the pre-application work. Additionally, some of the studies and other components of this project, while directly advancing a gasline, are not directly related to permitting work and would not be subject to reimbursement. Consequently, this amendment would provide funding from general funds for approximately half of the pre-application permitting work and for the necessary studies and other non-permitting tasks.

Senator Olson moved for adoption of both amendments.

AT EASE 10:00 PM / 10:00 PM

Co-Chair Kelly objected.

Senator Olson read the explanatory language into the record.

Co-Chair Kelly commented these items are currently funded with Statutory Designated Program Receipts (SDPR) in the committee substitute.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Lemman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendments FAILED to be adopted.

DNR #2: This amendment adds a new Alaska Applied Remote Sensing Project (ED 99) component on page 16, and appropriates \$3,500,000 1002 Federal Receipts to this component. Accompanying explanatory language reads as follows.

NASA has designated \$3.5 million for grants to Alaska-based agencies to investigate the application of remote sensing technology to a range of problems in the broad category of marine fisheries, air safety, natural resources and geologic

hazards assessment. Needs were identified by Alaska citizens, the US Congress, and by representatives of Alaska State, Federal, and Local organizations at a NASA sponsored workshop held December 14, 2000, in Anchorage, Alaska.

Senator Olson read the explanatory statement into the record.

Co-Chair Kelly noted this request was brought to the Committee late in the process and therefore was not incorporated into the committee substitute. However, he pointed out the funds are federal and he opined the program is worthy.

AT EASE

The amendment was ADOPTED without objection.

DNR #4: This amendment adds a May 15, 2001 effective date for the \$5,638,000 appropriation to the National Fire Plan: Managing Impacts of Wildfires on Communities and the Environment (ED 7-9) component on page 18, lines 8-11. Accompanying explanatory language reads as follows.

This CIP (Capital Improvement Project) will enable the division to receive federal funds to be appropriated a part of "National Fire Plan". These funds will be used to mitigate the existing wildland fire problems on all forested lands in Alaska and specific hazards created by the spruce bark beetle epidemic on the Kenai Peninsula and within the Municipality of Anchorage.

The Department of Natural Resources is requesting to have a May 15, 2001 effective date for this appropriation so the Division of Forestry can immediately implement the program and take advantage of May and June 2001, rather than starting in July. The Division of Forestry has received some of the federal grants and would like to start this work as soon as possible as they are already drafting agreements with communities and fire crews.

Co-Chair Kelly noted this amendment involves a change to the language section of the committee substitute.

NICO BUS, Administrative Services Manager, Division of Support Services, Department of Natural Resources, summarized the explanatory statement.

Senator Ward moved for adoption.

The amendment was ADOPTED without objection.

Department of Public Safety

DPS #1: This amendment increases the \$900,000 general fund appropriation to \$1,200,000 for the Aircraft and Vessel Repair and Maintenance component on page 18, lines 19 and 20. Accompanying explanatory language reads as follows.

These funds are for the annual repair and maintenance requirements of this division's aircraft and vessel fleet. For example, the funds will be used to rebuild vessel and aircraft engines and components when they reach the limits of safe useful life. Large marine diesel engines and aircraft engines require expert vendors to rebuild them. Many other components of vessels and aircraft must be maintained or replaced routinely to ensure safe operating conditions. If this amendment is not approved, the department will be required to:

- Ground 4 patrol aircraft impact both Fish and Wildlife and Alaska State Trooper enforcement effort.
- Eliminate \$153,000 necessary aircraft repairs.
- Eliminate 35 vessel patrol seadays from major vessels (PV Stimson, PV Woldstad).
- Eliminate approximately \$50,000 in maintenance and repairs to the PV Stimson and PV Woldstad.
- Adversely impact our ability to bring the new replacement vessel (PV Kamai) into service in Kodiak, August, 2001.

Senator Hoffman moved for adoption.

Senator Ward objected.

Senator Hoffman read the explanatory statement into the record.

Co-Chair Kelly reiterated that maintenance items were given a priority in consideration of this budget. He informed the current funding level is the same as provided in previous fiscal years.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DPS #2: This amendment adds a new Fish and Wildlife Enforcement Vessels Replacement component on page 18, and appropriates \$400,000 general funds to this component. Accompanying explanatory language reads as follows.

This amendment requests full funding of the original request for a replacement patrol vessel for Cordova. The 47-foot Prince William Sound Patrol Vessel Burton deteriorated from heavy use and became unsafe to operate. It was sold last year to try to recover some funds but these efforts fell far short of the actual replacement cost of a new vessel. Replacement requests for this vessel have gone unfunded to date. Presently, Prince William Sound search and rescue, commercial fishing patrols and other law enforcement actions are handled with one smaller single engine patrol boat stationed in Cordova.

The division urgently needs the safety and efficiency of a larger (40-foot class) vessel in Prince William Sound. The present Cordova patrol boat is small (29-foot) and cannot safely carry a boarding skiff on the deck. The new replacement vessel would be large enough to carry a boarding skiff, which greatly increases the ability to contact commercial fisherman, hunters, resource users and carry out search and rescue functions.

This amendment was NOT OFFERED.

DPS #3: This amendment increases the \$65,900 general fund appropriation to \$143,700 for the Crime Lab Improvement Program (ED 10-25) component on page 18, lines 32 and 33. The \$1.25 million federal fund allocation remains unchanged. Accompanying explanatory language reads as follows.

The US Department of Justice will be awarding a \$1,250,000 federal grant for the Crime Lab Improvement Program (CLIP). The CLIP grant along with a general fund match of \$416,700 will fund the purchase of lab equipment, training, DNA supplies and contract with private laboratories for DNA analysis. In addition to the purchase of equipment, supplies and services the Crime Lab will remodel the autopsy area now that the Medical Examiner has relocated to the new public health facility. The department has reviewed its need and can accept a reduced amount of \$143,700 general funds in FY 02 under this project, but will need to request the balance in FY 03.

The Lab currently has 4 DNA analysts, all crammed into the Lab's Library which is where they do their analysis and report writing. The legislature authorized one more DNA analyst in FY 02. There is currently no room for this DNA position. The Lab will be purchasing another 310 Genetic Analyzer with federal grant funds and there is no room for this third 310 in the room where the other two currently reside. This portion of the Crime Lab remodel needs to be completed in FY 02 in order to accommodate staff, equipment, and work space requirements for DNA analysis.

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

Senator Hoffman read accompanying explanatory language into the record. He stressed the importance of DNA analysis in solving crimes in Alaska and in the United States.

Co-Chair Kelly commented that the amount of general funds currently appropriated is adequate to secure the available federal funding.

A roll call was taken on the motion.

IN FAVOR: Senator Olson and Senator Hoffman

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DPS #4: This amendment adds a new Grants to Domestic Violence Shelters component on page 18, and appropriates \$200,000 general funds to this component. Accompanying explanatory language reads as follows.

There are approximately \$900,000 in repairs and code compliance projects identified by CDVSA (Council on Domestic Violence and Sexual Assault) funded programs. This request would have addressed a small portion of those projects. Without this funding to repair or install security systems, doors and locks, remodeling to provide more shelter space, fire alarms, video cameras and other immediate safety projects would not occur.

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

Senator Hoffman read the explanatory language into the record.

Co-Chair Kelly shared that a criteria was used to determine which items would be included in the capital budget. One of these criteria was department priority list and this project was listed last. He also noted this would be a new program.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

Department of Revenue

REV #1: This amendment increases the \$990,000 federal receipts and \$510,000 general fund program receipts to \$1,980,000 federal receipts and \$1,020,000 general fund program receipts for the Child Support Enforcement Caseload Management System Modification Project (ED 10-25) on page 19, lines 15-17. Accompanying explanatory language reads as follows.

This project is needed for a program rewrite required to improve data flow between CSED (the Child Support Enforcement Division) and Anchorage Data Center. Modifications will reduce processing time and errors. This project will eliminate two critical problems within the child support enforcement computer system (NSTAR). First it will remove outdated proprietary software used for input/output calls. This software does not function correctly with new upgrades to the mainframe operating software. Second the rewrite will concentrate on making batch programs more efficient to allow the nightly batch process to be completed in the required time.

Senator Olson moved for adoption.

Senator Green objected.

Senator Olson read the explanatory statement into the record.

Co-Chair Kelly noted the committee substitute provides half of the amount requested because the department indicated the entire amount could not be expended during FY 02. Therefore, he said it would be expected that a request would be received for the remaining funds in the governor's FY 03 budget proposal.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman, Senator Olson

OPPOSED: Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Senator Ward, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

Department of Transportation and Public Facilities

DOT #1: This amendment increases the \$4,200,000 general fund appropriation to \$4,800,000 for the Alaska Marine Highway System: Overhaul, Rehabilitation, and Mandatory Training (ED 99) component on page 20, lines 30 - 32. Accompanying explanatory language reads as follows.

This additional \$600,000 of funding is necessary for the Alaska Marine Highway System to meet the international safety training requirements by February of 2002 as mandated by the Code of Federal Regulations. All crew members must be trained and certified in Standards for Training, Certification and Watchkeeping (STCW) or they cannot sail.

Funding to train one-half of the crew, \$450,000, was requested in FY 01. This request was reduced by one-third to \$300,000, so only one-third of the crew was able to be trained in FY 01. The FY 02 request is to provide the training for the remaining two-thirds of the crew. Failure to achieve fleet-wide STCW certification could result in the tying up of vessels for lack of qualified crewmembers resulting in the loss of Alaskan jobs and marine transportation to Alaskan communities. AMHS will be in serious jeopardy of not having adequately certificated crews to meet summer service requirements in 2002 without this funding.

Senator Olson moved for adoption.

Senator Green objected.

Senator Olson read the explanatory statement into the record.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Austerman, Senator Green, Senator Leman, Senator Ward, Senator Wilken, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

DOT #2: This amendment inserts a new Valdez-Harborview Development Center (ED 35) component and appropriates \$132,300 general funds and \$129,000 SDPR. Accompanying explanatory language reads as follows.

This request is essential to being able to complete the final mothballing of the Valdez facility that was previously used by Health and Social Services.

Senator Olson moved for adoption.

Co-Chair Kelly objected.

Senator Olson read the explanatory statement into the record.

Senator Hoffman assured this is the final phase of the project.

Co-Chair Kelly informed that funding for this project would be included in the House of Representative's version of the FY 01 Supplemental budget.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

University of Alaska

UNIV #1: This amendment inserts a new Bristol Bay Campus Addition/UAF component and appropriates \$1,425,000 general funds.

Senator Hoffman moved for adoption.

Co-Chair Kelly objected.

Senator Hoffman stressed he understood this project has been on the University's construction list longer than any other project currently on the list. Yet it is probably the most needed addition to a regional campus in the state.

Senator Hoffman moved to amend the amendment to delete the funding amount by \$1 million and undertake the project in phases, with Phase I addressed in FY 02.

There was no objection and the amendment was AMENDED.

A roll call was taken on the motion to adopt the amended amendment.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Leman, Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amended amendment FAILED to be adopted.

UNIV #2: This amendment inserts a new Bristol Bay Campus Addition Phase I/UAF component and appropriates \$425,000 general funds. Accompanying explanatory language reads as follows.

The programs at Bristol Bay Campus have outgrown the 4,485 square foot facility. Since 1995 student credit hour production at Bristol Bay Campus has increased 66.7%. Significant demand exists for expanding the programs at this location. Program expansion cannot occur without additional classroom and support space. This Bristol Bay Campus request provides funding to complete a campus master planning document and construct additional classroom/office space. Meeting the growing demand will not be possible without additional classroom and instructional support space. This request will allow the college to add approximately 3,500 square feet of additional teaching space. The planned classroom is essential to meeting the demands being placed on the Bristol Bay Campus.

This amendment was NOT OFFERED.

Municipal Grants

MUNI #1: This amendment deletes the Palmer Public Safety Building and Fire Department Building Roof Reconstruction (ED 27) and the \$120,734 Other Funds appropriated to it from page 52, lines 11 - 13. This amendment also inserts a Covered Walkway at Palmer Police Department (ED 27) component and appropriates \$10,000 Other Funds. This amendment also inserts a Palmer Community Center Improvements (Train Depot) (ED 27) component and appropriates \$110,724 Other Funds. Accompanying explanatory language reads as follows.

A request for amendment to the Capital Project Matching Grant Program was received from the City of Palmer.

Senator Green moved for adoption.

Senator Hoffman objected for an explanation.

Senator Green stated this is a request of the City of Palmer.

The amendment was ADOPTED without objection.

SFC 01 # 89, Side A 10:25 PM

MUNI #2: This amendment on page 66, line 25, increases to \$37,322 the \$26,322 appropriation from the individual grant account in the municipal capital project matching grant fund (AS 37.06.010) to the Department of Community and Economic Development for payment as grants under AS 37.06.010 to the Anaktuvuk Pass municipality for community facilities and equipment.

Senator Olson moved for adoption.

Without objection the amendment was ADOPTED.

Unincorporated Grants

UNINCORP #1: This amendment reads as follows.

Amend Section 14 (a) and (b), Capital Project Matching Grants:
Delete the purpose of the unincorporated community capital project matching grants listed in (a) and the purpose of the municipal capital project matching grants listed in (b):

Community facilities and equipment

And replace with

Capital projects and improvements

This wording change is a recommendation of the Division of Legislative Audit to more accurately reflect the purpose of the grants.

Senator Green moved for adoption.

Co-Chair Kelly objected for an explanation. He noted this amendment was submitted at the request of Senator Therriault.

Ms. McConnell shared the language used in the Governor's budget proposal has been determined appropriate by the Division of Legislative Budget and Audit. However, she noted that the Division considers the language incorporating projects submitted to the legislature after the governor's proposal to be too restrictive. This amendment conforms the language of the later projects to that contained in statute and used by the Office of Management and Budget.

Co-Chair Kelly removed his objection.

Without objection the amendment was ADOPTED.

Language

LANG #1: This amendment adds a new subsection (c) to Section 13. CONSTITUTIONAL BUDGET RESERVE FUND. And amends the current subsection (c) as follows.

(c) The sum of \$125,000 is appropriated from the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska) to the Department of Revenue, treasury division, for the fiscal year ending June 30, 2002, for investment management fees for the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(d) The appropriations made in (a) - (c) of this section are made under art. IX, sec. 17(c), Constitution of Alaska.

Accompanying explanatory language reads as follows.

This FY 02 operating appropriation to the Department of Revenue was deleted when both the House and Senate operating budget CBR votes failed.

Senator Green moved for adoption.

Co-Chair Kelly objected for an explanation.

Ms. McConnell informed that the committee substitute does not

currently contain a provision to cover the cost of fees for managing the Constitutional Budget Reserve (CBR) fund. She reminded that the absence of such a provision in a prior year resulted in difficulty transferring funds out of that account. She stated this amendment provides the management fees would be paid from the CBR account.

Co-Chair Kelly removed his objection.

The amendment was ADOPTED without objection.

AT EASE 10:29 PM / 10:31 PM

Department of Transportation and Public Facilities

DOT #5: This amendment adds a Barrow Ahkvaluk Road Improvements component to the Surface Transportation Program BRU on page 30, line 18 and allocates \$5,000,000 to the component.

Senator Olson moved for adoption.

Co-Chair Kelly objected.

Senator Olson read the explanatory statement into the record. He noted the increased use of roads in the City of Barrow due to planning for a natural gas pipeline and activities within the Alaska National Wildlife Refuge (ANWR).

Senator Lemman asked if this amendment utilizes only general funds.

Co-Chair Kelly answered it does.

Senator Olson added that once construction is complete, the North Slope Borough would maintain the roads.

A roll call was taken on the motion.

IN FAVOR: Senator Hoffman and Senator Olson

OPPOSED: Senator Green, Senator Lemman, Senator Ward, Senator Wilken, Senator Austerman, Co-Chair Donley and Co-Chair Kelly

The motion FAILED (2-7)

The amendment FAILED to be adopted.

AT EASE 10:34 PM / 10:37 PM

Department of Community and Economic Development

C&ED #1: This amendment adds an Aleut International Association Grant component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4, lines 12 and 13 and appropriates \$25,000 general funds to the component. Accompanying explanatory language reads as follows.

The Aleut International Association (AIA) was formed to guide the process of re-establishing cultural ties between the Aleuts here in Alaska and the Russian Aleuts, who live primarily on the Commander Islands in Russia.

In addition to reuniting ties between the Aleut people, the AIA was established to address threats to the Aleut lifestyle including pressures on natural resources.

This \$25,000 would support part time staff in Alaska and Russia to undertake further program development.

Senator Austerman moved for adoption.

Co-Chair Donley spoke to the amendment. He referenced a letter received from the Dimitri Philemonof, President and Chief Executive Officer of the Aleutian/Pribilof Islands Association, Inc. [Copy on file]. Co-Chair Donley expressed he had been interested in working on a specific Alaska history project with Mr. Philemonof, and had made several attempts to contact the organization, but never received a return phone call. He shared that he then received a letter from the organization asking for his support for funding a development project. He noted he declined his assistance on that matter.

Senator Hoffman added his name as a co-sponsor to the amendment.

There was no objection and the amendment was ADOPTED.

Municipal Bonds

MUNI #3: This amendment renames the Seward-Seward Shipyard Development (ED 8) component the Seward-Seward Shipyard Portable Work Station (ED 8) on page 4, lines 4 and 5. The \$1,000,000 general fund appropriation remains unchanged.

Senator Austerman moved for adoption.

Senator Leman shared he did not object to adoption of the amendment. However, he expressed he would like further details, such as the funding sources for comparable projects.

Co-Chair Kelly elaborated on the purpose of the amendment to "further narrow the application" of the funds appropriated to this project. He suggested requestors submit more detailed information in the future.

Without objection the amendment was ADOPTED.

AT EASE 10:41 PM / 10:42 PM

Department of Community and Economic Development

C&ED #2: This amendment adds a Golden Valley Electric Association to Extend Electric Service to Chatanika component to the Grants to Named Recipients (AS 37.05.316) BRU on page 4, lines 12 and 13 and appropriates \$250,000 general funds to the component.

This amendment also adds a BRU: Alaska Energy Authority for payment as a grant under AS 37.05.316 to Matanuska Electric Association to Extend Electric Service to Unserved Areas, on page 5, following line 15, and appropriates \$750,000 general funds to the BRU.

Senator Green moved for adoption.

There was no objection and the amendment was ADOPTED.

Department of Transportation and Public Facilities

DOT #4: This amendment increases the \$1,000,000 general fund appropriation to \$1,300,000 general funds for the Highway Deferred Maintenance component on page 21, line 12. Accompanying explanatory language reads, "Justification: Increased road maintenance".

Senator Lemman moved for adoption.

Co-Chair Kelly noted this amendment increases funding for road maintenance.

Senator Hoffman asked if the funds would be allocated statewide.

The amendment was ADOPTED without objection.

AT EASE 10:43 PM / 10:48 PM

Language

LANG #2: This amendment adds a new section to read as follows.

Sec. __. MUNICIPALITY OF ANCHORAGE. (a) Subject to (b) of

this section, the sum of \$4,000,000 is appropriated from the general fund to the Department of Community and Economic Development for payment as a grant under AS 37.05.315 to the Municipality of Anchorage for the maintenance of and safety upgrades to highways, roads, and streets. In this subsection, "maintenance" has the meaning given in AS 19.45.001(10).

(b) The appropriation made by (a) of this section is conditioned on the Municipality of Anchorage matching the appropriation with \$1,000,000.

This amendment also adds an Anchorage - Huffman Road and Pintail Street Traffic Signal component to the Grants to Municipalities (AS 37.05.315 BRU in the Department of Community and Economic Development budget on page 2, lines 16 and 17, and appropriates \$250,000 general fund to the component. Accompanying explanatory language reads as follows.

Justification: Decrease crossing danger for schoolchildren and help with traffic flow entering Huffman Road.

This amendment also adds an Alano Club (ED 10-25) component to the Grants to Named Recipients (AS 37.05.316) BRU in the Department of Community and Economic Development on page 4, lines 12 and 13 and appropriates \$295,000 general funds to the component. Accompanying explanatory language reads as follows.

Justification: Direct Grant to assist with recent moving and relocation costs. The Alano Club purchased its new building in Spenard with cash received from the Municipality of Anchorage. Because the purchase price (\$750,000 which was less than the tax assessment valuation of \$754,000) was greater than the cash received, it was necessary to accept owner financing in the amount of \$255,000. The other \$40,000 is to purchase and pave a small lot to provide safe access from W. 32nd Avenue.

This amendment also adds a Nikiski Emergency Exit Road component to the Department of Transportation and Public Facilities on page 20, line 22, and allocates \$250,000 general funds to the component. Accompanying explanatory language reads as follows.

Justification: Requested by Kenai Peninsula Borough Nikiski Fire Department to upgrade the emergency capabilities for Nikiski. This project provides an alternative to the Kenai Spur Road and will alleviate the many safety concerns of Nikiski area citizens.

Senator Lemman moved for adoption.

Senator Hoffman objected for an explanation.

Senator Lemman spoke to the amendment sponsored by Co-Chair Donley, Senator Ward and himself and offered on behalf of the Anchorage Caucus. He explained it contains projects affecting the Anchorage area that were omitted from the committee substitute.

Senator Lemman explained the amendment funds road projects in Anchorage. It also provides funds for a traffic signal on Huffman Road near an existing school and the planned location of a new high school, where increased traffic is expected.

Senator Lemman noted the amendment also contains reimbursement of moving costs for the ALANO Club, an organization that was forced to move when 15th Avenue was rebuilt the prior year. He referenced a letter from that organization giving justification for the expenses [Copy not provided].

Senator Ward addressed the Nikiski emergency exit road; the final project contained in the amendment.

Co-Chair Donley spoke to the ALANO Club request. He informed this is an organization that "successfully addresses the problem of alcohol and substance abuse in the Anchorage area for many many years." He stressed this organization has "never ever asked for a penny of the state's funds" as dictated by its charter, before the "City of Anchorage decided to build a road" in the exact location of their facility. He assured the organization is only requesting "fair compensation". He opined the municipality was "negligent in its activities" and uncooperative in this matter, noting legislative intent language was attached to the appropriation of funds for the road project requesting further public review, which he pointed out was ignored.

Senator Hoffman asked if the property was condemned or if the property was purchased voluntarily.

Co-Chair Donley responded the organization was "forced out of there" and had been a part of the neighborhood for a long time. He spoke of the difficult negotiations the organization had with the municipality attempting to reach a fair price for the facility along with difficulties in securing a new location due to the services the organization provides.

Senator Hoffman then requested a list of the specific road projects.

Co-Chair Donley shared he spoke with the mayor today and learned

the projects are contained in the detailed budget information provided with the governor's proposed budget. Co-Chair Donley relayed the mayor assured a specific list would be provided.

Senator Hoffman wanted to know if this information would be available before the legislation is heard before the full Senate.

Co-Chair Donley replied the mayor would work to do so.

Without objection the amendment was ADOPTED.

Department of Health and Social Services

H&SS #3: This amendment adds a Kenai Youth Detention Facility component on page 14 and appropriates \$4,600,000 general funds to the component. Accompanying explanatory language reads as follows.

The construction cost estimate is based on the actual contract award price per square foot area of the Kenai Youth Detention Facility (just over 12,000 sq. ft.) We have added an escalation factor of 5% to cover the 2 intervening years since the Mat-Su facility was bid, and we have deducted \$100,000 for an under floor utilidor which will not be included in the Kenai Youth Detention Facility.

Senator Ward moved for adoption.

Senator Hoffman objected for an explanation.

Senator Ward noted the design and engineering phase is complete and this amendment provides funds necessary to complete the project. He described the site evaluation process and the subsequent determination that the City of Kenai is the preferable site. He noted a ten-acre parcel has been donated by the City of Kenai for this facility. He stressed this is the top priority for the Kenai Peninsula Borough. He said this facility would address the youth detention problems present throughout the state.

Senator Hoffman asked if the appropriation is completely general funds.

Co-Chair Kelly commented that one of his highest priorities as a legislature has been addressing at-risk youth and juvenile crime. He supported proper youth facilities for the state and pointed out this budget funds classroom additions and gymnasium for the Fairbanks Youth Detention Facility, provides funding for the Kenai Youth Facility, and funds for the design of a facility in Nome. He surmised the Kenai and Nome facilities are his top priorities.

Co-Chair Donley spoke in favor of the amendment. He expressed, "I'm really proud of the way the Legislature's addressed probably 15 years of neglect in our juvenile justice system and our facilities." He admitted the funds appropriated to this purpose in the FY 02 capital and operating budgets represents "a significant commitment" and has been "tough to finance". However, he agreed it is a top priority both for protection of the public and the opportunity to rehabilitate youth.

Co-Chair Donley informed he had served on the state's Juvenile Justice Commission before becoming a legislator and these efforts were needed then.

Senator Leman asked if alternative delivery systems, such as a private provider, have been considered.

Senator Ward responded that no private contractors have "come forth" with a proposal although eight other states do utilize private contractors for youth detention. He encouraged passage of this amendment.

Co-Chair Kelly was unsure if current statutes allow for such privatization.

Senator Hoffman asked the estimated annual operating costs of the new facility.

Senator Ward did not have the information.

Ms. Clarke recalled the estimated operating costs for the new Ketchikan and Mat-Su facilities at \$1.2 million, but qualified the transportation expenses for a Kenai facility would be different.

Senator Hoffman next asked how many juveniles the facility would house.

Ms. Clark answered this would be a ten-bed facility.

Co-Chair Kelly added that the facility has been designed to allow for future expansion.

Senator Hoffman withdrew his objection and the amendment was ADOPTED.

Department of Environmental Conservation

DEC #3: This amendment deletes the Oil and Gas Transportation:

Aging Infrastructure Issues (ED 99) component and the \$500,000 other funds appropriated to it, on page 7, lines 4 - 6. Accompanying explanatory language reads as follows.

Justification: This \$500K is slated for a duplicative effort by DEC to review what industry is already doing on its own. The information from industry is readily available for DEC's review, the US Coast Guard may be doing a similar risk analysis. This is simply a duplication of effort and is not warranted.

Senator Lemman moved for adoption.

Co-Chair Kelly objected for explanation.

Senator Lemman relayed this issue was brought to his attention by Senator Pearce. He qualified that studying the pipeline infrastructure is worthwhile. However, he informed, Unical, Inc. spent \$2.8 million the prior year undertaking a similar effort and is planning to spend an additional \$1 million this year to perform a "thorough" risk analysis investigation. Therefore, he surmised, funding this component could be deleted without detriment. He stressed that Unical has made the information "readily available".

Senator Hoffman requested comment from the Administration on the matter.

KURT FREDRIKSSON, Deputy Commissioner, Department of Environmental Conservation testified the funding request is for four specific projects relating to pipeline safety and spill prevention in the Cook Inlet, the North Slope and statewide. He pointed out there have been four "fairly significant" spills in the North Slope within the past three months and have been associated with pipeline failures or corrosion of well heads. He stressed the need to address this matter.

Mr. Fredriksson elaborated the requested funding is to evaluate the corrosion monitoring and control technologies currently used throughout the Alaskan oil industry. He stated the funding also would be used to conduct a Cook Inlet Pipeline assessment as well as hold a "best available control technology conference" with industry and other experts. The final use of the funding is for a study of the American Petroleum Institute Standards for applicability in Alaska and in arctic climates.

Mr. Fredriksson assured the intent is not to duplicate efforts already undertaken by the industry but rather to "build a collaborative effort to get a handle on 'what is some of the

problems and what are the control technologies'" applicable to the state's "aging" pipeline facilities on the North Slope and in Cook Inlet.

Senator Hoffman asked if the witness' opinion is that the proposed use of these funds is therefore not a duplication of effort.

Mr. Fredriksson remarked it is not duplication, but instead would be complimentary, in his opinion.

Mr. Fredriksson addressed the US Coast Guard's activities in the matter, stating the US Coast Guard has completed a Cook Inlet risk assessment, with respect to vessel traffic, but that it did not include pipeline issues. He noted Unical, Inc. may have done such an assessment and he assured the department would work together with the corporation.

Senator Hoffman maintained his objection.

Senator Leman asked who would perform the work proposed in the projects.

Mr. Fredriksson replied a private contractor with expertise would be contracted to do the statewide evaluation of corrosion monitoring and control technology as with the risk assessment of the Cook Inlet Pipeline. He stated the conference would involve experts within the state and outside the state and the department would work directly with the American Petroleum Institute on evaluating their pipeline safety standards.

Senator Leman expressed that while some of the proposed work might be appropriate, some of the other proposed efforts are unnecessary because the information is readily available through other sources. He suggested the matter could be reconsidered and resubmitted with additional details before the budget is passed from the Senate. Until then, he suggested the funding be removed from the budget.

A roll call was taken on the motion.

IN FAVOR: Senator Ward, Senator Wilken, Senator Austerman, Senator Green, Senator Leman, Co-Chair Donley and Co-Chair Kelly

OPPOSED: Senator Olson and Senator Hoffman

The motion PASSED (7-2)

The amendment was ADOPTED.

Co-Chair Kelly offered a motion to authorize the Division of Legislative Finance and the Division of Legal and Research Services to make technical non-substantive changes to the committee substitute as necessary.

Senator Ward so moved.

There was no objection and the motion was ADOPTED.

AT EASE 11:09 PM / 11:12 PM

AT EASE 11:12 PM / 11:15 PM

Co-Chair Kelly thanked Bryan Butcher, a member of his staff, and Kara Moriarty, staff to Senator Wilken, for their efforts on the FY 02 capital budget.

Co-Chair Kelly noted that efforts were made to fund "major items" and maintenance items, and to provide matching funds to secure other available funding. He added that attempts were also made to provide a "regionally balanced" allocation of funding.

Senator Wilken summarized the budget totals \$1,345,352,000, consisting of 70 percent federal funds, 12 percent general funds and AHFC funds, and the remainder from other sources. He divided the total by the 482,000 voters in the state, and calculated an average of \$2,786 appropriated per voter. He listed Anchorage voters as receiving an average of \$1,068, Fairbanks \$1,106, Kotzebue \$7,812, Rural Interior \$6,572, Nome \$3,997, Mat-Su \$2,446, and Aleutians \$2,297. He surmised this shows that the legislature does not under fund Rural Alaska.

Senator Hoffman requested a breakdown of the general fund appropriations by election district.

Co-Chair Donley offered a motion to report CS SB 29, 22-GS1050\F, as amended from Committee.

Senator Hoffman objected.

Senator Hoffman asserted, "There still are a few holes that need to be patched before we send this ship along its way."

Co-Chair Kelly assured the budget is still "a work in progress".

A roll call was taken on the motion.

IN FAVOR: Senator Lemman, Senator Ward, Senator Wilken, Senator

Austerman, Senator Green, Co-Chair Donley and Co-Chair Kelly

OPPOSED: Senator Olson and Senator Hoffman

The motion PASSED (7-2)

The committee substitute MOVED from Committee.

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ADJOURNMENT

Co-Chair Pete Kelly adjourned the meeting at 11:20 PM.