

MINUTES
SENATE FINANCE COMMITTEE
April 20, 2007
9:03 a.m.

CALL TO ORDER

Co-Chair Bert Stedman convened the meeting at approximately [9:03:44 AM](#).

PRESENT

Senator Bert Stedman, Co-Chair
Co-Chair Lyman Hoffman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Fred Dyson
Senator Kim Elton
Senator Joe Thomas
Senator Donny Olson

Also Attending: DAN SPENCER, Director, Division of Administrative Services, Department of Public Safety; ERIC SWANSON, Director, Division of Administrative Services, Department of Administration; MIKE MAHER, Director, Division of Information and Administrative Services, Department of Environmental Conservation; BILL GRIFFITH, Program Manager, Facility Programs, Division of Water, Department of Environmental Conservation; LARRY DIETRICK, Director, Division of Spill Prevention & Response, Department of Environmental Conservation; JERRY BURNETT, Director, Administrative Services Division, Department of Revenue; BRYAN BUTCHER, Director, Governmental Affairs & Public Relations, Alaska Housing Finance Corporation, Department of Revenue; LES CAMPBELL, Budget Director, Budget, Alaska Housing Finance Corporation, Department of Revenue; PETE KELLY, State Relations Director, University of Alaska

Attending via Teleconference: From Fairbanks: PAT PITNEY, Director of Budget Development and Institutional Planning, University of Alaska

SUMMARY INFORMATION

SB 53-BUDGET: CAPITAL, SUPP. & OTHER APPROPS

The Committee heard capital budget overviews from the Department of Public Safety, Department of Administration, Department of Environmental Conservation, Department of Revenue, and the University of Alaska. The bill was held in Committee.

#sb53

SENATE BILL NO. 53

"An Act making appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

This was the third hearing for this bill in the Senate Finance Committee.

[9:05:15 AM](#)

Co-Chair Stedman announced that the Department of Public Safety would be the first department to discuss their FY 2008 (FY 08) capital budget requests today. They would be followed by the Department of Administration, the Department of Environmental Conservation, the Department of Revenue, the Department of Transportation and Public Facilities, and the University of Alaska.

[NOTE: A listing and explanation of each department's capital budget projects were included in the bill's back-up material in packets labeled "Project Review Listing FY 2008 Governor Amended". Copies are on file.]

Department of Public Safety

\$3,000,000

APSIN Redesign, Year 2 of 3-Year Plan

Reference No.: AMD41544

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 12/31/2008

The Alaska Public Safety Information Network (APSIN) contains criminal history information used by law enforcement agencies across Alaska. APSIN is a critical

operational tool for all law enforcement activities in Alaska, and is a major tool used in meeting the department's mission of protecting the public. This is an ongoing, phased project to move the APSIN from the State of Alaska legacy mainframe to a Microsoft and Intel server platform, and at the same time enhance APSIN's capability.

\$1,000,000 Federal Receipts (Fed Rcpts)

\$2,000,000 General Funds (Gen Fund)

Amendment

Phased-underway

DAN SPENCER, Director, Division of Administrative Services, Department of Public Safety, explained that the first project identified in the Department's capital budget overview packet was the Alaska Public Safety Information Network (APSIN). APSIN is an information network utilized by local, State and federal law enforcement officials. The federal government has been the primary fund source for this system; however, the program is now at a point where more State General Fund (GF) dollars are required. He assured the Committee that the Department would continue to seek federal funds where available.

Mr. Spencer explained that upgrades are necessary to bring the system in compliance with new federal regulations pertaining to such things as the national sex-offender registry. This upgrade would also increase the system's efficiency and thereby improve law enforcement officials' access to information.

Mr. Spencer identified this as an on-going project. The design has been completed and the project is in the implementation phase.

9:07:09 AM

Co-Chair Hoffman observed that ASPIN has been undergoing upgrades for several years. To that point, he asked whether the project would be completed, as initially anticipated, in FY 2009 (FY 09).

Mr. Spencer reminded that the funding allocated to this project by the State during the project's initial year was less than requested. That, combined with the fact that the FY 2007 federal appropriation has not yet been received, might delay the targeted FY 09 completion date. The Department would likely

submit an additional funding request if the project could not be finished as initially designed.

9:07:54 AM

\$2,000,000

Rural Law Enforcement Training and Equipment

Reference No.: 38479

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 09/30/2009

The U.S. Department of Justice, Office of Community Oriented Policing Services, is expected to award the Department of Public Safety \$2,000,000 to train law enforcement personnel in rural locations to increase their ability to deal with crisis situations and to purchase equipment for better responses to emergencies. These funds help the department achieve its mission to preserve public peace and protect life and property in rural villages.

\$2,000,000 Federal Receipts (Fed Rcpts)

On-going project

Mr. Spencer noted that this federal grant has been invaluable in supporting "training and equipment for a variety of law enforcement officers including Village Public Safety Officers (VPSOs), Village Police Officers (VPOs)", and Tribal Police Officers for the past five years.

Senator Dyson shared a discussion he had with Major General Craig Campbell who is the Adjutant General/Commissioner of the Department of Military and Veterans Affairs and the previous director of Department of Public Safety regarding the concept of allowing the National Guard to support VPSOs by cross training and sharing equipment. He asked whether any progress has been made in this regard.

Mr. Spencer, who was not involved in those conversations, would report back on the status of that endeavor.

Senator Dyson suggested it might be helpful for Major General Campbell to up-date the current Department of Public Safety commissioner, Walt Monegan, on those discussions.

9:09:56 AM

\$1,750,000

Marine Fisheries Patrol Improvements

Reference No.: 35825

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 09/30/2009

The Alaska State Legislature urged the division to seek additional funds for its patrol efforts in federal waters of the North Pacific Ocean and Bering Sea. This project is a result of lengthy negotiations with the National Marine Fisheries Service. Federally regulated marine fisheries occur on a year-round basis in the coastal and offshore waters of the State of Alaska. Both the federal and state governments share an interest in ensuring these fisheries are protected.

\$1,750,000 Fed Rcpts

On-going program

Mr. Spencer stated that this program is a continuation of a joint State and federal fisheries agreement that has been in effect for a minimum of seven years. It entails having Alaska State Trooper Public Safety Technicians conduct dockside checks and other activities in areas where federal government officials are absent. This funding also provides for equipment and repairs relating to the joint fisheries effort.

AT EASE [9:11:07 AM](#) / [9:11:20 AM](#)

Senator Elton, noting the difficulty the Department has had in maintaining an adequate level of law enforcement personnel, asked whether this joint agreement might negatively impact the Department's ability to perform its mission.

Mr. Spencer responded that the Department has experienced the majority of its recruitment difficulties at the Trooper and VPSO level rather than the category of Department employees providing this federal enforcement assistance. This effort does not detract from the Department's rural enforcement efforts as the fisheries addressed by this agreement are "high valued fisheries" which the State would work regardless. Many profess that the effort actually "enhances law enforcement because it provides funding to keep people in these areas", and thus, allows Troopers to address other needs.

9:13:21 AM

\$2,000,000

Village Public Safety Officers for Rural Bootlegging
Prevention and Enforcement

Reference No.: 39352

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 09/30/2009

This project will maintain and augment the number of village public safety officers (VPSOs) to engage primarily in bootlegging prevention and enforcement activities in rural Alaskan villages. Additional VPSOs will help the department achieve its mission to preserve public peace and protect life and property in rural villages.

\$2,000,000 Fed Rcpts

On-going project

Mr. Spencer shared that this on-going program utilizes federal funding to increase the number of VPSOs to combat bootlegging operations in rural areas of the State. However, a meeting with the federal government has been scheduled because the parameters for utilizing this funding are restrictive and have made it difficult to use. One such restriction is that it cannot supplant State funding. This and other conditions have limited the expenditure of the six million federal dollars the State has received to date.

Senator Dyson deduced therefore, that some of the previous funding has not been spent.

Mr. Spencer affirmed.

Senator Dyson asked to the amount.

Mr. Spencer expressed that less than one million of the total six million dollars has been spent to date.

Senator Dyson pointed out that the Committee has repeatedly heard testimony regarding the difficulty the Department has experienced in recruiting and training VPSOs. To that point, he inquired to any changes the Department has made to counter that situation.

Mr. Spencer advised that the Department has increased VPSO salaries, instituted a retention bonus, and is considering changes to its recruitment program. These changes would include such things as a multi-tiered approach to police certification. This might encourage people to become VPSOs as people, initially hired as a VPSO, could begin "a career progression path". More comprehensive information could be provided.

[9:17:13 AM](#)

Senator Dyson asked the current number of unfilled VPSO positions in the Department.

Mr. Spencer responded that approximately 30 of a total 87 positions were currently vacant.

Senator Thomas asked whether bootlegging was similar to drug-trafficking in that the plane, boat or vehicle used in the unlawful activity could be confiscated.

Mr. Spencer affirmed it was.

Co-Chair Hoffman, who had discussed the changes being considered to the VPSO program with Commissioner Monegan, voiced his support of them. He also noted that Senator Olson was sponsoring legislation that would "renew the task force on how to improve the VPSO program".

Co-Chair Hoffman stated that, regardless of the approach taken, increased dialogue with regional entities, including non-profits, must occur. The effort to address the bootlegging issue might also consider re-directing these dollars "to other areas besides personnel".

[9:19:16 AM](#)

\$500,000
Marine Fisheries Joint Patrol Helicopter
Reference No.: 42913
Category: Public Protection
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 09/30/2009

The Alaska Department of Public Safety (DPS) requests \$500,000 in federal receipt authority for the purchase of an R44 helicopter with an installed Alaska Land Mobile (ALMR) radio system using funds from the National Oceanic and Atmospheric Administration (NOAA). This helicopter will provide support to the mission of protecting Cook Inlet beluga whales, Prince William Sound black cod fisheries monitoring, and documentation of the long line halibut individual fishing quota fisheries in districts 3A/3B in the Gulf of Alaska. This request is separate from the joint operational request known as the Marine Fisheries Patrol Improvements.

\$500,000 Fed Rcpts

One-Time Project

Mr. Spencer informed that this request has been withdrawn, as the federal funds would not be forthcoming.

Senator Olson asked whether the Department has developed an alternate plan to fill the void of not having this helicopter available for the Prince William Sound fisheries.

Mr. Spencer communicated that the Department would continue to utilize existing resources. The helicopter would have enhanced those efforts.

[9:20:07 AM](#)

\$900,000

Aircraft and Vessel Repair and Maintenance

Reference No.: AMD6121

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2008

The Department of Public Safety (DPS) annually requests repair and maintenance funds for department aircraft and vessels. These assets are crucial tools used to achieve the department's mission.

These funds are for the repair and maintenance requirements of this department's aircraft and vessel fleet. For example, funds are used to rebuild vessel and aircraft engines may require expert vendors to rebuild them. Many other components of vessels and aircraft must be maintained

or replaced routinely to ensure safe operating conditions and to comply with various safety regulations.

\$900,000 Gen Fund

On-going project

Mr. Spencer stated that funds are required to conduct normal or extraordinary repairs and maintenance on the State's aircraft and vessels; specifically mandated aircraft maintenance or avionic upgrades. The Department internally allocates funds between aircraft and vessels; and, while the backup material identifies items that are anticipated to require attention, the allocations are often reallocated as the year progresses. For example, funds might be reallocated to repair an engine that breaks.

Co-Chair Stedman asked why the FY 09 increment reflects a \$400,000 increase over the FY 08 request.

Mr. Spencer responded that the Department considered the FY 08 requested amount to be the "bare minimum for adequate maintenance" needs. While the amount required could vary from one year to another, the cost of repairing vessels and aircraft is not decreasing.

Mr. Spencer provided an example of how costs escalate. The Department had received an approximate \$80,000 bid for maintenance work on a Caravan aircraft engine. "As is often the case on boats and aircraft", when the work commenced, other items were found to be in need of repair. The job has now increased to approximately \$160,000. The Department must receive sufficient funding to keep its aircraft and vessels in compliance with existing standards.

Mr. Spencer also noted that the likelihood of damage to State's vessels and aircraft is acerbated by the fact that they are often required to travel to places others would not.

Mr. Spencer would not be surprised if the FY 09 request increased beyond the \$1,300,000 projection.

Co-Chair Hoffman noted that this capital budget item typically requests funding for projects that extend beyond one year. Over the past three years, the Department has been appropriated approximately four million dollars. To that point, he asked the amount of funding currently in the account.

Mr. Spencer stated that the balance of unencumbered funds for vessel repair and maintenance is currently \$1.3 million; however, it is anticipated that the entirety of those funds and the funding being requested for FY 08 would be spent by the end of the FY 08 fiscal year. For instance, work scheduled on the Patrol Vessel (P/V) Enforcer would be, at a minimum, \$1.4 million. Large aircraft projects have also been scheduled.

Co-Chair Hoffman asked the Department to provide a list of the Department's aircraft and the location they were based.

Co-Chair Stedman also requested the Department provide a "forward look" of the expenses that would be required as the Department's aircraft and vessels age.

Mr. Spencer acknowledged.

Senator Olson suggested that the cost of repair work for vessels and aircraft be differentiated in the request. He worried that this \$900,000 request for maintenance on both vessels and aircraft might be insufficient to adequately conduct annual maintenance work on the entirety of aircraft in the fleet.

[9:26:05 AM](#)

Senator Olson stated that the backup material for this request appeared to lean toward routine maintenance. To that point, he asked how many aircraft accidents had occurred this past year.

Mr. Spencer stated that this information would be compiled and provided at a later time.

Senator Olson asked whether the cost associated with accidents was included in this request.

Mr. Spencer specified that some of the costs attributable to accidents would be addressed by risk management.

[9:26:43 AM](#)

Senator Huggins echoed Senator Olson's concern about the level of funding being requested. "It is minuscule when you look at the fleet and the high cost of maintenance on boats and airplanes".

Senator Huggins inquired to the status of the jet in the Department's fleet that the State was attempting to dispose of.

Mr. Spencer communicated that a contract was recently awarded to an aircraft broker and marketing efforts are underway.

Senator Huggins feared that the money being spent to market the jet might "erode the value of the aircraft". A decision regarding the plane's status should be made prior to the point where that occurred.

Mr. Spencer clarified that the marketing costs to date have not been excessive. For instance, the cost of the four auctions the State conducted on EBay amounted to no more than \$320. A 1.49 percent commission would be paid to the broker only if the airplane was sold. "That certainly seems reasonable."

Mr. Spencer assured the Committee that retaining the value of the aircraft is a priority. "It is a valuable aircraft". The attempt to sell the jet on EBay was vastly different than listing it with a broker.

Senator Huggins asked the operational status of the aircraft.

Mr. Spencer informed the Committee that the aircraft is not being operated on a regular basis. Its flying is limited to keeping the pilots' qualifications current and to meeting engine and other operational standards. Routine maintenance is being performed to ensure the plane is readily operational in case of need.

Mr. Spencer qualified that the jet, while housed in the Department of Public Safety, has been utilized by both the Department of Public Safety and the Department of Corrections to transport people, including the Governor and prisoners. No recent transports have occurred.

[9:29:21 AM](#)

Co-Chair Hoffman, referring to the plane as "the Governor's jet", asked how much the plane's maintenance costs would be in FY 08.

Mr. Spencer communicated that the routine maintenance expenses associated with such things as required flight-hour checks would be fairly minimal. Added to that, however, would be the \$181 charge assessed on each of the two engines per hour of operation. These funds are held on deposit to provide for engine repairs or overhauls. These would be the only real expenses other than fuel.

[9:30:49 AM](#)

In response to another question from Co-Chair Hoffman, Mr. Spencer calculated that the total annual costs would be less than \$20,000.

Co-Chair Stedman asked the Department to develop a cost analysis of having substituted the jet for the King Air aircrafts previously utilized by the Department and the cost of transitioning back to those or other aircraft once the jet was sold. The comparison should include liquidation value and replacement estimates, maintenance, and training costs in addition to the cost of having pilots standing by when the jet was not being used.

Senator Elton, noting that the Patrol Vessel (PV) Enforcer was the newest vessel in the Department's fleet, asked for further information about the \$1.4 million expense identified in the request for that vessel.

Co-Chair Stedman asked the Department to provide the information to all Committee members once it was compiled.

Mr. Spencer agreed. The Department had already planned to discuss this project in more depth with the Committee.

[9:33:15 AM](#)

Senator Olson asked whether the jet's pilots were Department personnel or contract pilots. He also asked whether the State paid for their "type-rating".

Mr. Spencer explained that four of the Department's existing pilots had been cross-trained, at a cost of approximately \$97,000, to fly the jet. Two of those are maintaining their jet ratings. Prior to flying the jet, these four pilots had flown the King Airs.

Senator Olson asked whether these pilots would continue their employment with the State until the jet was sold or whether new pilots must be hired and trained.

Mr. Spencer could not provide an answer to this question.

Co-Chair Stedman asked the Department to provide any requested information to his office.

[9:34:21 AM](#)

\$500,000

Law Enforcement Equipment Replacement (AST & AWT)

Reference No.: AMD37774

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2008

This funding will purchase new and replacement law enforcement equipment for use by the Alaska State Troopers and Alaska Wildlife Troopers. The Alaska State Troopers and Alaska Wildlife Troopers rely upon capital improvement project funding for equipment purchases for day-to-day operations in order to meet the department's mission of ensuring public safety and enforcing state laws.

\$500,000 Gen Fund

On-going project

Mr. Spencer stated that this recurring but "bare minimum" request would provide ammunition, uniforms, bullet-proof vests, firearms, four-wheelers, snow machines, computer equipment, cameras, and other necessary items to law enforcement personnel. The listing of items is purposely vague as the list is re-prioritized as necessary.

Department of Administration

[9:36:49 AM](#)

\$856,000

Microsoft Directory and Messaging Project Phase 2

Reference No.: AMD43101

Category: General Government

Location: Statewide

Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Live Communication Server - Mid Tier. Consolidated File and Print - Mid Tier. Sharepoint Portal - Mid Tier. This amendment reduces the FY2008 capital project request by \$939,000 from \$1,795,000 to the amended request of \$856,000 reducing the scope of the project.
\$856,000 Information Services Fund (Info Svc)
Phased-underway project

ERIC SWANSON, Director, Division of Administrative Services, Department of Administration, explained that this request would allow for the purchase of computer software and hardware and consulting services, as necessary, "to coordinate and consolidate file and print servers". This would enhance Executive Branch agencies' abilities to share documents, control internet website content and increase other capacities. This multiyear project began in FY 06 and is expected to conclude in FY 09.

AT EASE [9:37:50 AM](#) / [9:37:56 AM](#)

\$4,400,000
Information Technology Systems Security
Reference No.: AMD43102
Category: General Government
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Security Systems, including wireless security, security operations center, security awareness training, LAN switch replacement, and others are needed.
\$4,400,000 Info Svc
On-going project

Mr. Swanson stated that this project would continue the effort begun in FY 05 to enhance the security of the State's data and equipment via encryption and other security measures.

[9:38:59 AM](#)

\$2,500,000
Public Building Fund Facilities Deferred Maintenance
Reference No.: 43095
Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Funding is necessary for continued maintenance of state owned facilities that make up the group known as Public Building Fund Facilities. These facilities include the State Office Building, the Alaska Office Building, the Community Building, the Douglas Island Building, the Atwood Building, the Fairbanks Regional Office Building, the Public Safety Building, the Court Plaza Building, and the Palmer State Office Building.

\$2,500,000 Public Building Fund (Public Bldg)

On-going project

Mr. Swanson read the summary of need and the list of facilities that would be addressed. The money supporting this annual request is collected through the Department's public building rent rates. A complete list of the Department's maintenance needs is included in the request for context purposes.

[9:40:43 AM](#)

Senator Elton inquired to the process for prioritizing maintenance projects; specifically the decision to include a \$400,000 heated sidewalk project at the Atwood Building complex in the list.

Mr. Swanson admitted that the heated sidewalk project had also caught his attention. Discussions in that regard have since ensued. It is unclear at the moment whether that project will remain on the list.

Mr. Swanson stated that the Department's facilities' manager in conjunction with the occupants of a building typically develop the prioritization list. The heated sidewalk project was part of a nearby parking garage construction project at the Atwood Building. He reiterated that a firm decision on the heated sidewalk project has yet to be made.

Senator Elton acknowledged.

Co-Chair Stedman considered Senator Elton's question to have merit. He asked the Department to provide further information on the heated sidewalk project and its connectivity with the Atwood Building parking garage.

Mr. Swanson affirmed.

Co-Chair Stedman asked for further information about the \$13 million identified for the Palmer State Office Building to accommodate future tenant occupancy, as depicted on page 8 of the Department's backup material.

[9:42:19 AM](#)

Mr. Swanson clarified that, while this project was included in the Department's comprehensive list of maintenance needs, it is not included in the list of projects for FY 08. Further information on that project would be provided.

Co-Chair Stedman pointed out that oftentimes renovations to accommodate a tenant's needs are addressed as "lease-hold improvements".

Mr. Swanson affirmed that the specifics of the project would be provided.

[9:43:24 AM](#)

\$650,000

License Plates, Tabs and Manuals

Reference No.: 43267

Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Division of Motor Vehicles (DMV) needs to maintain statewide stockage levels of license plates and tabs for their required continued issuance. The division is required by statute AS 28.10 to issue plates and tabs and cannot run out. Three different driver manuals must be available at all DMV offices.

\$650,000 Receipt Supported Services (Rcpt Svcs)

On-going project

Mr. Swanson reminded the Committee that this request is only submitted when the State's license plate and driver manual inventory is insufficient to meet demand. No request had been submitted in FY 07. Funding is provided by the Division of Motor Vehicles (DMV) receipt supported services.

9:43:59 AM

\$124,000
Credit Card Compliance
Reference No.: AMD43327
Category: General Government
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2008
The State of Alaska is currently out of compliance with Payment Card Industry (PCI) Data Security Standard requirements of Visa, MasterCard, American Express and DiscoverCard. Failure to correct this will jeopardize the state's ability to accept credit card payments.
\$124,000 Info Svc
One-Time Project

Mr. Swanson stated that this request would allow the Department to purchase computer hardware and software and, if necessary, consultant services, to bring the State into compliance with national credit card regulations. Absent these upgrades the State would be unable to accept credit card payments.

9:44:36 AM

\$350,000
Alaska Public Offices Commission Electronic Filing - Programming and Development
Reference No.: AMD43099
Category: General Government
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2009
The Commission is requesting an additional \$350,000 to complete the project to automate electronic filing and create an electronic library of disclosure documents.
\$350,000 Gen Fund
Phased-underway project

Mr. Swanson stated that this project would allow the Department to complete a project that would allow entities to file required financial documents, campaign disclosure reports, and lobbying reports electronically.

9:45:22 AM

\$150,000

Division of Motor Vehicles Disk Storage

Reference No.: AMD43098

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2008

Funds would provide for the purchase of disk storage space for digital documents, including: digital driver license photos, scanned images of all Division of Motor Vehicles (DMV) transactions (formerly microfilmed), and documents required by the federal Real ID Act.

\$150,000 Rcpt Svcs

One-Time Project

Mr. Swanson explained that this request would allow the Department to purchase disk storage space for digital documents such as driver's license photos. The recent advent of digital driver's licenses has dramatically changed the State's digital data storage needs. The storage space would also allow DMV documents that were previously stored on microfilm to be stored digitally. This would increase efficiency and storage capabilities.

Co-Chair Stedman understood that storing driver's license photos digitally would be a benefit to law enforcement officers. They can access the information faster.

Mr. Swanson affirmed. The information on driver's license is now in digital format.

Co-Chair Stedman asked when DMV began replacing traditional driver's licenses with digital ones.

Mr. Swanson specified that digital driver's licenses have been issued for approximately three years.

9:46:54 AM

Senator Elton asked whether the documents that would be scanned would include those an individual would provide DMV as proof of identity.

Mr. Swanson understood that such documents would be included in the list of items that would be scanned. This request would allow the Department to replace the scanners it now has with high speed scanners.

In response to a follow-up question from Senator Elton, Mr. Swanson affirmed that a person's identity verification documentation would be digitally scanned. A complete list of the items slated for digital storage could be provided.

Senator Elton would appreciate that information. "This gives the libertarian part of me heartburn." He identified this collection of information as one of the reasons he was concerned about spending State dollars to comply with the federal Real ID Act. He applauded the actions of other states that have "put their foot down on the Real ID mandates from the federal government".

Mr. Swanson responded that he would verify what documents were scheduled to be scanned. As he understood it, the bulk of the storage needs specified in this request would relate to storing driver's license information and photos.

Co-Chair Stedman announced he had been unaware of the degree of documentation that might be included in this effort.

[9:49:11 AM](#)

\$24,117,215

State of Alaska Telecommunications System (SATS)/Alaska Land Mobile Radio (ALMR) Build Out and Support Projects

Reference No.: AMD41808

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2009

This request continues the Alaska Land Mobile Radio (ALMR) build-out and support of the State of Alaska Telecommunications System (SATS) microwave network. This amendment adds State funding to continue the State's responsibility for system build-out.

\$14,117,215 Fed Rcpts

\$10,000,000 Master Lease Line of Credit (LOC)

On-Going Project

Mr. Swanson explained that the State's \$10,000,000 Master Lease Line of Credit (LOC) funding would purchase and install equipment to enhance the State's telecommunication microwave system's capabilities. The equipment would include such things as handheld Alaska Mobile Land (AMLR) radios, power lines, solar panels, batteries, microwave radio equipment, and equipment to support the addition of two new AMLR sites. Upgrades to existing AMLR software would also be funded.

Senator Dyson asked whether this funding would support AMLR FY 08 operating costs.

Mr. Swanson responded in the negative.

Senator Dyson reminded the Committee they had previously denied "the funding for the system as it exists and so, if that was a policy decision we ought to look closely at spending more money on a system that we have chosen to not support with the operating budget". While he understood that that decision might "be fixed in the process", he urged for consistency in both the operating and capital budget approach. The components of the system that are operational are working well "in spite of its very troubled past".

Senator Dyson also understood that the operations of the system would be supported by its users. This is the early stage of transitioning that responsibility to the entities "whose traffic is being carried on the system". He suggested that a report on the transition activity be developed. It should also provide information on future usage projections.

Co-Chair Hoffman pointed out that the Operating and Maintenance Costs section of the request affirms there being no project development, ongoing operating or one-time startup costs included in this request.

Co-Chair Hoffman expressed that rather than changing the ongoing system as "alluded" by Senator Dyson, the Committee simply "denied an increment that was requested for maintenance".

Co-Chair Hoffman also announced that discussions with the Commissioner have been held to determine how to address those needs.

[9:52:53 AM](#)

\$17,000,000
Telephone System Replacement and Stabilization Phase 3
Reference No.: AMD43100
Category: General Government
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2009
Telephone Replacement - Voice Over Internet Protocol (VoIP)
\$17,000,000 Master LOC
Phased - Underway project

Mr. Swanson advised that this funding would further the effort to replace the current "Legacy" telephone system. The systems in Juneau, Anchorage, and Fairbanks would be addressed in this phase.

[9:53:33 AM](#)

\$41,000,000
Statewide Administrative Systems Replacement Phase 2 -
Financials and Procurement System
Reference No.: AMD40081
Category: General Government
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2011
The Department of Administration is responsible for operating statewide accounting and procurement systems. These systems are aging, and need to be replaced.
\$41,000,000 Master LOC
Phased-underway project

Mr. Swanson stated that this funding would support the next phase of the project. The current accounting system is antiquated. One of its key problems is that the format it is written in is no longer being taught in colleges and universities. This is making it difficult to find programmers.

Co-Chair Stedman asked why this project had been offered as an amendment rather than being included in the Administration's initial capital budget proposal.

Mr. Swanson communicated that the new Administration had wanted "more time to get familiar and make sure this was the direction they wanted to go" since the project was so expensive.

Co-Chair Hoffman recommended that this project be thoroughly scrutinized. Even though the project would not require any general fund support in FY 08, it would require a \$15 million general fund increment annually from FY 2010 through FY 2013, for a total of \$60 million.

Co-Chair Hoffman inquired to the expected life cycle of the new system.

Mr. Swanson stated that this information would be provided as he did not have the information with him.

[9:56:27 AM](#)

Mr. Swanson stated that while this concludes the Department's Capital budget requests, there was another item he would like to discuss. That being a FY 08 \$5.8 million general fund request to begin the debt retirement of the last three capital projects just reviewed. The Department worked with the Department of Revenue to develop this estimate. Further work would be conducted to determine the appropriate structure and timing of the debt that would be incurred for these projects.

AT EASE [9:57:15 AM](#) / [9:57:29 AM](#)

Mr. Swanson restated the request. A \$5.8 million general fund request was included in the debt retirement component of the bill for FY 08. This is the amount estimated to allow the Department to begin retiring the debt for the State of Alaska Telecommunications System (SATS) Alaska Land Mobile Radio (ALMR) Build Out and Support Project Reference Number AMD41808; the Telephone System Replacement and Stabilization Phase 3 Reference Number AMD43100; and the Statewide Administrative System Replacement Phase 2-Financials and Procurement System Reference Number AMD40081.

Co-Chair Hoffman calculated that the total debt for the three projects would be \$68 million. He asked for further information about the debt terms.

Mr. Swanson advised that the specifics of this debt retirement were currently unavailable. The Department was working with the Department of Revenue to determine what "the most advantageous approach would be".

Co-Chair Stedman asked Mr. Swanson to provide specifics to the Committee as the process developed.

RECESS [9:59:33 AM](#) / [1:40:37 PM](#)

Co-Chair Stedman called the meeting back to order.

Department of Environmental Conservation

MIKE MAHER, Director, Division of Information and Administrative Services, Department of Environmental Conservation introduced himself. He was available to answer Committee questions.

\$80,536,755

Water and Wastewater Infrastructure Projects

Reference No.: 41376

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2013

This project provides funding for grants to communities to plan, design and construct sanitation (water, sewer and solid waste) facilities and the associated operating costs of the Facility construction component within the Division of Water. It contributes to the Division's End Result 2 - Citizens are Protected from Unsafe Sanitary Practices. Drinking water and sewer projects constructed with grant funds protect residents from unsafe sanitary conditions.

\$55,708,001 Federal Receipts (Fed Rcpts)

\$15,235,999 General Fund (G/F) Match

\$ 9,092,755 General Funds (Gen Fund)

\$ 500,000 Statutory Designated Receipts (Stat Desig)

State Match Required

On-Going Project

[1:42:00 PM](#)

BILL GRIFFITH, Program Manager, Facility Programs, Division of Water, Department of Environmental Conservation informed the Committee that the majority of this funding authority would

allow the Department to receive and expend federal Environmental Protection Agency (EPA), federal Department of Agriculture (USDA), The Denali Commission, federal Department of Health and Human Services , and Indian Health Service Program funds. \$15.7 million of the total \$24.8 million in State funding was the required match to the federal funds. The nine million dollar balance would address six projects that were "ineligible for federal assistance due to the size of the communities".

Mr. Griffith clarified that large community projects would be managed by the Department's Municipal Matching Grants and Loan Program. Projects in small rural communities would be managed by the Department's Village Safe Water Program.

[1:43:30 PM](#)

Co-Chair Stedman asked for a brief overview of each of the projects included in this master allocation.

Mr. Griffith reviewed the individual projects included in the Water and Wastewater Infrastructure Projects summary, reference number 441376, as follows.

\$3,060,000
Anchorage
Reference No.: AMD 43178
Category: Health/Human Services
Location: Anchorage Areawide
Election District: Anchorage Areawide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Anchorage sanitation infrastructure improvements included in approved state grant.
\$3,060,000 Gen Fund
One-Time Project

Mr. Griffith stated that this project is phase four of the Loop Water Transmission Main in Anchorage.

\$820,759
Beaver
Reference No.: 43179
Category: Health/Human Services
Location: Beaver
Election District: Interior Villages
Estimated Project Dates: 07/01/2007 - 06/30/2012

Beaver sanitation and infrastructure improvements included in approved state and federal grants.
\$615,569 Fed Rcpts
\$205,190 G/F Match
State Match Required
One-Time Project

Mr. Griffith advised this would be a house plumbing project.

\$7,595,244
Reference No.: 43180
Bethel
Category: Health/Human Services
Location: Bethel
Election District: Bethel
Estimated Project Dates: 07/01/2007 - 06/30/2012
Bethel sanitation infrastructure improvements included in approved state and federal grants.
\$5,696,418 Fed Rcpts
\$1,898,806 G/F Match
State Match Required
One-Time Project

Mr. Griffith noted that this project would address the community's QFC Number Two Lift Station and the first phase of a waste water treatment facility.

\$70,000
Brevig Mission
Reference No.: 43181
Category: Health/Human Services
Location: Brevig Mission
Election District: Bering Straits
Estimated Project Dates: 07/01/2007 - 06/30/2012
Summary of Need: Brevig Mission sanitation infrastructure improvement planning included in approved state and federal grants.
\$52,500 Fed Rcpts
\$17,500 G/F Match
State Match Required
One-Time Project

Mr. Griffith stated that this request would further a sanitation comprehensive plan for the community.

\$561,000
Chignik Bay
Reference No.: 43182
Category: Health/Human Services
Location: Chignik
Election District: Bristol Bay/Aleutians
Estimated Project Dates: 07/01/2007 - 06/30/2012
Chignik sanitation infrastructure improvements
included in approved state and federal grants.
\$420,750 Fed Rcpts
\$140,250 G/F Match
State Match Required
One-Time Project

Mr. Griffith expressed that this request would allow sewer
improvements to be undertaken in the community.

\$167,400
Deering
Reference No.: 43183
Category: Health/Human Services
Location: Deering
Election District: Arctic
Estimated Project Dates: 07/01/2007 - 06/30/2012
Deering sanitation infrastructure improvement
planning included in approved state and federal
grants.
\$125,550 Fed Rcpts
\$ 41,850 G/F Match
State Match Required
One-Time Project

Mr. Griffith stated this funding would allow a piped water
feasibility study to be undertaken.

\$1,589,291
Dillingham
Reference No.: 43184
Category: Health/Human Services
Location: Dillingham
Election District: Bristol Bay/Aleutians
Estimated Project Dates: 07/01/2007 - 06/30/2012
Dillingham sanitation infrastructure improvements
included in approved state and federal grants.
\$1,191,968 Fed Rcpts

\$ 397,323 G/F Match
State Match Required
One-Time Project

Mr. Griffith remarked that this funding would allow for the second phase of a water system improvement project.

\$191,440
Ekwok
Reference No.: 43185
Category: Health/Human Services
Location: Ekwok
Election District: Bristol Bay/Aleutians
Estimated Project Dates: 07/01/2007 - 06/30/2012
Ekwok sanitation infrastructure improvements included in approved state and federal grants.
\$143,580 Fed Rcpts
\$ 47,860 G/F Match
State Match Required
One-Time Project

Mr. Griffith noted this request would address sewer system improvements.

\$39,751
Elim
Reference No.: 43186
Category: Health/Human Services
Location: Elim
Election District: Bering Straits
Estimated Project Dates: 07/01/2007 - 06/30/2012
Elim sanitation infrastructure improvement planning included in approved state and federal grants.
\$29,813 Fed Rcpts
\$ 9,938 G/F Match
State Match Required
One-Time Project

Mr. Griffith specified that this request would provide funding for a water treatment study.

\$1,442,000
Galena
Reference No.: 43187

Category: Health/Human Services
Location: Galena
Election District: Interior Villages
Estimated Project Dates: 07/01/2007 - 06/30/2012
Galena sanitation infrastructure improvements
included in approved state and federal grants.
\$1,081,500 Fed Rcpts
\$ 360,500 G/F Match
State Match Required
One-Time Project

Mr. Griffith informed that this project would allow for the third phase of a water system improvement project.

\$1,690,000
Gulkana
Reference No.: 43188
Category: Health/Human Services
Location: Gulkana
Election District: Interior Villages
Estimated Project Dates: 07/01/2007 - 06/30/2012
Gulkana sanitation infrastructure improvements
included in approved state and federal grants.
\$1,267,500 Fed Rcpts
\$ 422,500 G/F Match
State Match Required
One-Time Project

Mr. Griffith stated that this project would provide a water source, water treatment plant, and water storage tank.

[1:48:26 PM](#)

\$1,310,160
Homer
Reference No.: AMD 43189
Category: Health/Human Services
Location: Homer
Election District: Homer/Seward
Estimated Project Dates: 07/01/2007 - 06/30/2012
Homer sanitation infrastructure improvements
included in approved state grant.
\$1,310,160 Gen Fund
One-Time Project

Mr. Griffith expressed that this would be the third phase of a water treatment plant upgrade project.

\$1,829,613
Hughes
Reference No.: 43190
Category: Health/Human Services
Location: Hughes
Election District: Interior Villages
Estimated Project Dates: 07/01/2007 - 06/30/2012
Hughes sanitation infrastructure improvements included in approved state and federal grants.
\$1,372,210 Fed Rcpts
\$ 457,402 G/F Match
State Match Required
One-Time Project

Mr. Griffith specified that this would be the second phase of a water and sewer project.

[1:49:15 PM](#)

\$1,153,600
Juneau
Reference No.: AMD 43191
Category: Health/Human Services
Location: Juneau Areawide
Election District: Juneau Areawide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Juneau sanitation infrastructure improvements included in approved state grant.
\$1,153,600 Gen Fund
One-Time Project

Mr. Griffith announced that this funding would allow for a West Mendenhall sewer expansion.

\$648,945
Kenai
Reference No.: 43192
Category: Health/Human Services
Location: Kenai
Election District: Kenai/Soldotna
Estimated Project Dates: 07/01/2007 - 06/30/2012

Kenai sanitation infrastructure improvements included in approved state and federal grants.
\$486,709 Fed Rcpts
\$162,236 G/F Match
State Match Required
One-Time Project

Mr. Griffith announced that this would allow for the third phase of a water treatment plant upgrade.

\$7,243,593
Kotzebue
Reference No.: 43193
Category: Health/Human Services
Location: Kotzebue
Election District: Arctic
Estimated Project Dates: 07/01/2007 - 06/30/2012
Kotzebue sanitation infrastructure improvements included in approved state and federal grants
\$5,432,695 Fed Rcpts
\$1,810,898 G/F Match
State Match Required
One-Time Project

Mr. Griffith specified that this funding would support water and sewer upgrades.

\$81,000
Reference No.: 43194
Category: Health/Human Services
Location: Moose Pass
Election District: Homer/Seward
Estimated Project Dates: 07/01/2007 - 06/30/2012
Moose Pass sanitation infrastructure improvement planning included in approved state and federal grants.
\$60,750 Fed Rcpts
\$20,250 G/F Match
State Match Required
One-Time Project

Mr. Griffith stated that this project would allow a water study to be conducted.

[1:50:32 PM](#)

\$1,804,473
Mountain Village
Reference No.: 43195
Category: Health/Human Services
Location: Mountain Village
Election District: Bering Straits
Estimated Project Dates: 07/01/2007 - 06/30/2012
Mountain Village sanitation infrastructure improvements included in approved state and federal grants.
\$813,355 Fed Rcpts
\$271,118 G/F Match
State Match Required
One-Time Project

Mr. Griffith commented that this funding would allow a lift station and lagoon to be constructed.

\$963,489
Napakiak
Reference No.: 43196
Category: Health/Human Services
Location: Napakiak
Election District: Bethel
Estimated Project Dates: 07/01/2007 - 06/30/2012
Napakiak sanitation infrastructure improvements included in approved state and federal grants.
\$722,617 Fed Rcpts
\$240,872 G/F Match
State Match Required
One-Time Project

Mr. Griffith specified that this funding would provide eight flush tank and haul units improvements.

\$2,066,104
Napaskiak
Reference No.: 43197
Category: Health/Human Services
Location: Napaskiak
Election District: Bethel
Estimated Project Dates: 07/01/2007 - 06/30/2012
Napaskiak sanitation infrastructure improvements included in approved state and federal grants.

\$1,549,578 Fed Rcpts
\$ 516,526 G/F Match
State Match Required
One-Time Project

Mr. Griffith informed that this project would complete a water and sewer project.

[1:51:31 PM](#)

\$1,089,740
Nome
Reference No.: 43198
Category: Health/Human Services
Location: Nome
Election District: Bering Straits
Estimated Project Dates: 07/01/2007 - 06/30/2012
Nome sanitation infrastructure improvements included in approved state and federal grants.
\$817,305 Fed Rcpts
\$272,435 G/F Match
State Match Required
One-Time Project

Mr. Griffith remarked that this funding would provide for East Fifth Avenue water and sewer upgrades.

\$2,067,210
North Pole
Reference No.: AMD 43199
Category: Health/Human Services
Location: North Pole
Election District: North Pole
Estimated Project Dates: 07/01/2007 - 06/30/2012
North Pole sanitation improvements included in approved state grant.
\$2,067,210 Gen Fund
One-Time Project

Mr. Griffith advised that this funding would begin the first phase of the Baker/North Star water and sewer project.

\$1,757,000
Ouzinkie
Reference No.: 43200

Category: Health/Human Services
Location: Ouzinkie
Election District: Kodiak
Estimated Project Dates: 07/01/2007 - 06/30/2012
Ouzinkie sanitation infrastructure improvements
included in approved state and federal grants.
\$1,317,750 Fed Rcpts
\$ 439,250 G/F Match
State Match Required
One-Time Project

Mr. Griffith identified this as a water treatment plant project.

\$1,035,000
Palmer
Reference No.: AMD 43201
Category: Health/Human Services
Location: Palmer (Palmer)
Election District: Unidentified House District
Estimated Project Dates: 07/01/2007 - 06/30/2012
Palmer sanitation infrastructure improvements
included in approved state grant.
\$1,035,000 Gen Fund
One-Time Project

Mr. Griffith identified this as being the fifth phase of a water main replacement.

\$466,785
Sitka
Reference No.: AMD 43202
Category: Health/Human Services
Location: Sitka
Election District: Sitka/Wrangell/Petersburg
Estimated Project Dates: 07/01/2007 - 06/30/2012
Sitka sanitation infrastructure improvements
included in approved state grant.
\$466,785 Gen Fund
One-Time Project

Mr. Griffith advised this project would allow for water system improvements.

\$1,809,936
South Naknek

Reference No.: 43203
Category: Health/Human Services
Location: South Naknek
Election District: Bristol Bay/Aleutians
Estimated Project Dates: 07/01/2007 - 06/30/2012
South Naknek sanitation infrastructure improvements included in approved state and federal grants.
\$1,357,452 Fed Rcpts
\$ 452,484 G/F Match
State Match Required
One-Time Project

Mr. Griffith remarked that this was a sewer upgrade project.

[1:53:07 PM](#)

\$326,700
Thorne Bay
Reference No.: 43204
Category: Health/Human Services
Location: Thorne Bay
Election District: Ketchikan
Estimated Project Dates: 07/01/2007 - 06/30/2012
Thorne Bay sanitation infrastructure improvements included in approved state and federal grants.
\$245,025 Fed Rcpts
\$ 81,675 G/F Match
State Match Required
One-Time Project

Mr. Griffith advised that this project would provide for a water treatment system upgrade.

\$27,876,542
Statewide Village Safe Water Three Year Federal Funding List Projects
Reference No.: 43205
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Design and construction for water and sewer facility projects included on the Village Safe Water three year federal funding list.

\$20,907,407 Fed Rcpts
\$ 6,969,135 G/F Match
State Match Required
Phased-new

Mr. Griffith stated this project would provide funding for the projects specified on the federal Village Safe Water list.

\$10,500,000
Statewide Alaska Native Tribal Health Consortium
(ANTHC) and Denali Commission Funding
Reference No.: 43206
Category: Health/Human Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Federal funding allocated by ANTHC and Denali
Commission for sanitation facility planning,
design and construction projects administered by
the Department of Environmental Conservation.
\$10,000,000 Fed Rcpts
\$ 500,000 Stat Desig
One-Time Project

Mr. Griffith read the information.

[1:53:45 PM](#)

Co-Chair Stedman asked that this project and the previous project, reference number 43205, be further explained.

[1:54:08 PM](#)

Mr. Griffith explained that the Statewide Village Safe Water (VSW) Three Year Federal Funding List Projects program is a federal program that only applies to projects that would take "three years to complete and which rank high under VSW scoring criteria". The projects on the list are not prioritized in order to provide "the flexibility that is required in scheduling and funding for multiyear projects". In effect, any delay experienced with one project "would not hold up funding for different project that is ready to go".

Mr. Griffith advised that the projects included in the Three Year list were identified via a federally mandated process.

Absent this process, no federal funds would be forthcoming. This is the third year funds are being requested under this program.

Co-Chair Stedman asked where the complete list of projects could be viewed.

Mr. Griffith qualified that the complete list is posted on the Department's website. It is "updated several times a year as projects are added to it" or completed and removed.

[1:55:36 PM](#)

Co-Chair Stedman understood therefore that once funding is appropriated, the Department would utilize it to support projects on a list developed under a federally mandated process. He asked why the list of the projects had not been provided with the request.

[1:56:13 PM](#)

Mr. Griffith explained that when a project is first added to the list, its capital budget funding request that year is limited to only the project's design work. Once the design work is completed and the project was permitted, "a detailed up-to-date cost estimate" for its construction is included on the three-year list. Each project on the list is constructed in phases. Thus the three year list contains a variety of projects in different stages of construction.

Mr. Griffith continued. After the design work for an individual project is completed, a grant agreement for the construction phase of the project is developed and the money required for each phase of the project is subtracted from that year's total funding. While \$20 million has been estimated as the total need in FY 08, the exact list of projects is difficult to determine since it is unknown which project's design and permitting would be in place. The total cost to completely construct all the projects on the three year list would be approximately \$200 million.

Co-Chair Stedman asked that a list or "matrix" of projects be developed. This would allow Members to better understand the projects that are "in the hopper" as well as those under construction.

[1:58:07 PM](#)

Senator Elton asked for an update on the grant administration dispute between the federal government and the Administration, and specifically how that situation might affect this program.

[1:58:21 PM](#)

Mr. Maher explained the situation. The State has had a Memorandum of Understanding (MOU) regarding the management of this program with the federal government for the past four years. This MOU satisfied the federal government's program criteria and allowed the State "to streamline the program". Another MOU was developed in the last quarter of 2006. The State thought the MOU was acceptable and continued to operate under that assumption. However, the federal government "arbitrarily" decided to change and administer the grant under a federal regulation that has different requirements, "a number of which, it appears" do not match up with the Village Safe Water Statutes as far as us being able to do the program".

Mr. Maher stated that as a result, some communities might be required for the first time to provide local match funding.

Mr. Griffith also pointed out that in some cases the federal change would duplicate certain requirements. This would add both cost and time delays to completing projects funded by the USDA.

Mr. Maher advised that the Department has attempted to meet with federal government officials. A teleconference has now been scheduled for next week with Jim Fitzgerald, the chief of staff to Undersecretary Dore and other federal representatives. The objective is to garner a one-year reprieve or "to persuade them to" re-establish the original regulations.

[2:00:15 PM](#)

Co-Chair Stedman expressed that the Village Safe Water program is appreciated by the small communities he represents. The State should be allowed to develop and rank the project list. The concern is that this disagreement between the federal government and the State "may hinder the use of the program". Mr. Maher and Mr. Griffith's remarks appear to indicate that action to resolve the issue is being furthered.

Mr. Maher assured that efforts to resolve the differences are occurring. However, the Department has only a 50 percent "confidence level" that the issue will be resolved in favor of the State. Thus, while the funding has been included in the Department's budget, its availability is uncertain. A letter submitted to the federal government two weeks ago has remained unanswered. The upcoming meeting is important.

[2:01:51 PM](#)

Senator Elton appreciated the update. The outcome of that meeting should be communicated to the Committee co-chairs immediately as work on the budget is proceeding. He also asked that he be kept advised of the situation as a federal official had personally assured him the funding would be available.

Mr. Maher affirmed that the outcome of the meeting would be communicated. Federal funding of less than one million dollars would be "inadequate" to properly continue projects in the program this year. It is also understood that the federal changes would prohibit federal funds from being utilized to support personal services; it could only be used for contractual services. Thus in order to implement the program, the State would be responsible for funding accounting staff and a limited number of engineers and grant administrators.

[2:03:09 PM](#)

Senator Elton acknowledged that the federal funding could only support contract labor; however, he had been assured by the federal representative that the funding would be more than adequate. He repeated his request that he be notified of the outcome of the forthcoming meeting.

Mr. Maher affirmed.

[2:03:38 PM](#)

\$10,500,000
Statewide Alaska Native Tribal Health Consortium
(ANTHC) and Denali Commission Funding
Reference No.: 43206
Category: Health/Human Services
Location: Statewide
Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012
Federal funding allocated by ANTHC and Denali
Commission for sanitation facility planning, design
and construction projects administered by the
Department of Environmental Conservation.
\$10,000,000 Fed Rcpts
\$ 500,000 Stat Desig
One-Time Project

Mr. Griffith stated that this program's funding is primarily comprised of Indian Health Service money through the Alaska Native Tribal Health Consortium with additional support from the Denali Commission. The funding is used to support projects in small rural communities and is administered by the Village Safe Water Program.

Co-Chair Stedman asked that the list of projects anticipated for funding under this program be provided.

Mr. Griffith acknowledged.

This concluded the overview of the individual projects included in the Water and Wastewater Infrastructure Projects component, Reference Number 41376.

\$500,000
Environmental Monitoring and Assessment of Surface Waters
Reference No.: AMD 37756
Category: Natural Resources
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
Language amendment to increase federal receipts in a prior capital appropriation for continuing EMap projects.
\$500,000 Fed Rcpts
One-Time Project

Mr. Maher identified this as being the third phase of the project. One million dollars had initially been provided in 2002 and additional federal funds had been allocated in December 2006. This project would provide the "baseline information" necessary to assist "environmental managers implement and adopt management strategy to protect Alaska's valuable aquatic resources".

2:05:31 PM

\$5,000,000

Comprehensive Oil and Gas Infrastructure Risk Assessment

Reference No.: AMD 43339

Category: Natural Resources

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

The purpose of this project is to conduct a comprehensive risk assessment of Alaska's crude oil production, storage and transportation system including the Trans Alaska Pipeline and Valdez Marine Terminal. The system wide risk assessment will evaluate the safety, environmental and operational risks associated with the system and reliability of the existing infrastructure to operate for another generation. The risk assessment will also evaluate the extent, degree and adequacy of government oversight and make recommendations for continued safe and reliable operation of the system.

\$2,500,000 Gen Fund

\$2,500,000 Oil/Haz Fd

One-Time Project

LARRY DIETRICK, Director, Division of Spill Prevention & Response, Department of Environmental Conservation, informed the Committee that the purpose of this "one-time engineering-oriented" risk assessment was to identify "safety, environmental, and operational risks" to the oil and gas infrastructure in the State from the terminus at Valdez to the wellheads on the North Slope. Measures "to mitigate those risks" would be developed.

Mr. Dietrick communicated that the first step would be to develop the assessment criteria. The second step would be to contract with "an independent nationally recognized firm to conduct" the assessment.

Mr. Dietrick noted that the information gleaned from this effort would be utilized by the State's recently created Petroleum Systems Integrity Office.

Co-Chair Stedman deduced that this project would assist in negating the re-occurrence of an oil spill akin to that which occurred the previous year.

Mr. Dietrick affirmed that the goal of this effort would be to develop "a baseline for the condition of system" which would allow it operate successfully into the future.

[2:07:42 PM](#)

Senator Elton observed that this is the first such assessment. Its results would be utilized by both the government and the industry to negate risks. To that point, he wondered why there was no "industry participation" in the effort; especially as under the State's recently enacted Petroleum Profits Tax (PPT), such effort would qualify for a tax credit against their tax payment.

[2:08:13 PM](#)

Mr. Dietrick pointed out that the funding for this project was purposely "split in consideration of that very concern". \$2.5 million of the total five million dollar expense would be funded from the Oil and Hazardous Substance Release Response Account "in recognition from a policy perspective that the people that are paying that surcharge are the people for which the risk assessment is being conducted".

Mr. Dietrick communicated that the intent was for those entities to be involved in "the scoping phase" of the project. There is no intent for this to be "an investigatory or an enforcement or regulatory activity". Its purpose is to assist the State in assessing the "real condition of these facilities" as a baseline moving forward. The second phase, which would be the actual risk assessment, would be independently conducted.

[2:09:09 PM](#)

Mr. Maher concluded therefore that the producers would be paying half of the cost of the assessment.

Senator Elton remarked that "it is easy to say that, but this money is available for other purposes".

Mr. Maher advised there being \$50 million in the Oil and Hazardous Substance Release Response and Prevention Account. The Prevention account is tapped to support the Division of Spill Prevention & Response. The Response account, which is available

to address major spills, has been utilized several times. The \$2.5 million designated for this project would equate to half of the balance in that account.

Senator Elton opined that the money paid by the industry into the Response account could be used for other purposes than this. Since the industry would benefit from this activity, "there ought to be some buy-in from the industry, other than through a fund that" has been used previously in this manner.

[2:10:40 PM](#)

\$250,000

Cook Inlet Marine Vessel Traffic Risk Assessment

Reference No.: AMD 41541

Category: Natural Resources

Location: Cook Inlet

Election District: Unidentified House District

Estimated Project Dates: 07/01/2008 - 06/30/2012

This project provides funding to conduct a detailed vessel risk assessment for the Cook Inlet area of operation with regard to vessel traffic and the potential for major accidents or incidents, with the added potential of a major oil or hazardous substance release. This project supports DEC's End Result A by researching further protection for the environment.

\$250,000 Gen Fund

One-Time Project

Mr. Dietrick read the information and noted that some incidents have been experienced in Cook Inlet. There are also on-going issues with ice in the wintertime. Developing risk prevention measures is important, both in terms of allowing for the safe delivery of crude and other refined products as well as to "protect the environment from the risk associated with navigating through broken ice".

[2:11:44 PM](#)

Senator Elton asked whether a similar risk assessment would be conducted on the Aleutian route as that area experiences similar problems. It also has more vessel traffic.

Mr. Dietrick divulged that \$250,000 had previously been approved to support conducting a risk assessment in that area. A vessel

traffic study has been completed, and the balance of those funds would be utilized to allow the Marine Board, in conjunction with the United States Coast Guard, to develop a risk assessment strategy.

[2:12:55 PM](#)

Department of Revenue

JERRY BURNETT, Director, Administrative Services Division, Department of Revenue noted that four of the 22 projects depicted as Department of Revenue capital budget requests are for the Department of Revenue. The balance belongs to the Alaska Housing Finance Corporation (AHFC), which is housed within the Department of Revenue. Those requests would be presented by AHFC.

\$204,000

Child Support Services Computer Replacement Project
- Phase 3

Reference No.: 42945

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This is Phase 3 of a second five-year replacement cycle of the computer and printer replacement project.

\$134,640 Fed Rcpts

\$ 69,360 Rcpt Svcs

State Match Required

Phased-underway

Mr. Burnett reviewed the request.

[2:14:23 PM](#)

\$117,000

Permanent Fund Dividend Computer Replacement Project
- Phase 3

Reference No.: 42933

Category: Permanent Fund Dividends

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This request funds the third year of the PFD replacement project for desktop computers, printers, servers, and other office support equipment. The replacement cycle is based on the warranty and expected useful life of each type of equipment. Replacing worn out and obsolete mission critical equipment on a planned life-cycle basis facilitates maximum employee productivity on a day-to-day basis, and enables the success of cost saving and programmatic goals related to PFD Performance Management targets to increase staff efficiency and effectiveness; eliminate process bottlenecks; reduce operations costs; reduce fraud; promote customer service and respect; and prepare for the future.

\$117,000 PFD Fund

Phased - underway project

Mr. Burnett explained the project.

Senator Elton inquired as to why these two projects were included in the capital budget rather than the operating budget.

Mr. Burnett explained that these projects have been included in the capital budget for the past three years. This ensured that the funding would be used exclusively to replace computer systems as their life cycle progressed as opposed to being addressed when operating money in the Division came available. Since these two divisions as "production-oriented divisions" which require current dependable operating systems, the decision was made to include them in the capital budget.

[2:15:56 PM](#)

\$435,000

Department Database Imaging System and Infrastructure Upgrade with Disaster Recovery

Reference No.: AMD42936

Category: General Government

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This project will allow for the replacement of the Department's shared Microsoft SQL Database Imaging system. The system being replaced will be moved to our Anchorage facility and used as a disaster recovery site. In addition, uninterruptible power supplies and tape backup enclosures in both Anchorage and Juneau will be replaced. This system

supports the Department's mission to collect, distribute and invest funds and other assets for public purposes. It aids the Department's delivery goals in the collection of taxes, management of investments, regulation of charitable gaming, administration of the Permanent Fund Dividend Program, and management of Mental Health Trust assets.

\$217,500 Gen Fund

\$217,500 PFD Fund

One-Time Project

Mr. Burnett reviewed the project. The intent is to provide a strong reliable system with disaster-recovery capabilities.

[2:16:51 PM](#)

\$425,000

Permanent Fund Dividend Payment System Replacement

Reference No.: AMD42932

Category: Permanent Fund Dividends

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This project will design and build a new PFD payment system to replace the original system which was developed in 1982. Computer hardware and software have evolved significantly since 1982 and demands on the payment system of changing laws and a growing population can no longer be handled by the old system. The system requires inordinate staff resources to maintain and is at risk of failure. The new system will be reliable, efficient, and will have the flexibility to handle program changes into the future.

\$425,000 PFD Fund

One-Time Project

Mr. Burnett explained that this funding would allow for the replacement of a computer system that was originally developed in 1982. While it has been continually upgraded, the operating system is now obsolete and programmers familiar with it are increasingly difficult to find. This replacement project is required to ensure that the Permanent Fund Dividend (PFD) computer system is functioning properly.

Senator Dyson assumed that the new system would be able to adequately store records and have enhanced back-up capacity.

Mr. Burnett stated that the previous item, Department Database Imaging System and Infrastructure Upgrade with Disaster Recovery, reference number AMD42936, addressed that concern.

[2:18:42 PM](#)

Senator Thomas asked whether State departments coordinate their computer needs.

Mr. Burnett informed that each department annually assesses and develops a list of its computer needs. Those lists are then reviewed by the Enterprise Technology Services (ETS) division within the Department of Administration. The list is also reviewed by the Director of the Office of management and budget. A definite process is in place.

Alaska Housing Finance Corporation

[2:19:48 PM](#)

BRYAN BUTCHER, Director, Governmental Affairs & Public Relations, Alaska Housing Finance Corporation, Department of Revenue introduced himself.

[2:20:10 PM](#)

\$6,800,000

Reference No.: AMD37918

AHFC Housing Loan Program/Teacher/Health and Public Safety Professional Housing

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Corporate (AHFC) funds to supplement the Corporation's popular housing programs, through gap funding. These funds will allow AHFC to continue current programs and expand business opportunities with new programs such as Teacher Housing Program(s), Health Professionals Housing Program(s), and Public Safety Housing Programs(s).

\$6,800,000 Alaska Housing Finance Corporate Receipts

(AHFC Div)

On-Going Project

LES CAMPBELL, Budget Director, Alaska Housing Finance Corporation, Department of Revenue, explained that this program "is designed to retain desirable professionals in high cost areas" throughout the State. The objectives of this program are to increase home ownership; increase housing for teachers, health professionals, and public safety employees; "increase the affordability of housing purchases for low to moderate income families; lower interest rate on AHFC mortgage programs to attract loan volume and generate net income"; and participation in a statewide housing conference".

[2:21:11 PM](#)

\$6,000,000

AHFC Supplemental Housing Development Program

Reference No.: 6323

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Supplemental Housing Development Program utilizes Corporate (AHFC) funds to supplement Federal (HUD) funds to construct decent, safe, and sanitary housing through regional housing authorities established under AS 18.55.996. Funds are used to cover housing development costs related to water distribution, sewer hookups, electrical distribution systems, road construction to project site, site development, and energy efficiency improvements. State laws limit the use of these funds to 20% of the HUD's total development cost per unit. These funds are also prohibited from being used for administrative or other costs of the housing authority.

\$6,000,000 AHFC Div

On-Going Project

Mr. Campbell reviewed the objectives of the program. It would: allow construction of affordable housing in up to 20 urban and rural communities; provide on-site water and sewer facilities; provide clients with new safe, energy efficient, comfortable housing, build roads to project sites, provide electrical distribution systems, and include energy-efficient design features in homes.

Co-Chair Stedman asked, in consideration of time, that Mr. Campbell briefly describe routine requests. This would allow more time to discuss unusual or complex requests.

[2:22:02 PM](#)

\$7,800,000

AHFC Low Income Weatherization

Reference No.: 6332

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Federal U.S. Department of Energy (DOE) and corporate (AHFC) funds to assist low-and moderate-income families attain decent, safe and affordable housing through the weatherization and rehabilitation of existing homes. Weatherization provides for fire safety through furnace and electrical repairs, education, chimney and woodstove repairs, and egress windows (installed during bedroom window replacements).

\$6,000,000 AHFC Div

\$1,800,000 Fed Rcpts

On-Going Project

Mr. Campbell stated this program would assist low income families throughout the State make cost effective energy improvements to their homes.

[2:22:30 PM](#)

\$5,777,600

AHFC Senior Citizens Housing Development Program

Reference No.: 6334

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Corporate (AHFC) funds to grant to municipalities and public or private non-profit corporations, in conjunction with other agencies, for the development of senior citizen housing. Funds can be used for purchase of building sites, site preparation, materials, construction, and rehabilitation of existing homes. Organizations qualified to apply include municipalities and public or private non-

profit corporations. Additional components include smaller grants (up to \$25,000) for nonprofit senior organizations to pay for preparation of plans and project feasibility studies, appraisals, site preparation, and other pre-development activities.

\$5,777,600 AFHC Div
On-Going Program

Mr. Campbell specified that this funding would support the development of senior citizen housing.

[2:22:56 PM](#)

\$4,125,000

AHFC Housing and Urban Development Federal HOME Grant
Reference No.: 6347

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Federal (HUD) and Corporate matching (AHFC) funds for the HOME Investment Partnership Program. The purpose of the HOME program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the ability of the state to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing. The Municipality of Anchorage has their own separate HOME program.

\$ 750,000 AHFC Div

\$3,375,000 Fed Rcpts

State Match Required

On-Going Project

Mr. Campbell briefly overviewed the request.

[2:23:30 PM](#)

\$3,500,000

AHFC Housing and Urban Development Capital Fund
Reference No.: 6342

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Federal (HUD) grant that provides Public Housing Authorities with funds each year to help renovate and modernize public housing units. These funds provide for work items outside the FY200a4 bond package such as: administrative expenses, tenant education projects, drug elimination/safety projects, and management improvements.
\$3,500,000 Fed Rcpts
On-Going Project

Mr. Campbell shared that this program would modernize public housing units.

[2:23:50 PM](#)

\$4,000,000
AHFC Federal and Other Competitive Grants
Reference No.: 6348
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Federal (HUD) corporate match (AHFC) grant funds. AHFC will apply for grants that target the housing needs of low-income and special needs groups; such as senior citizens, the mentally ill, disabled or the homeless. AHFC will also apply for energy related grants as they relate to housing. When required, AHFC will provide the needed matching funds. Some of the funds received will be passed through to local non-profit sub-grantee organizations who deliver housing and/or services.
\$1,000,000 AHFC Div
\$3,000,000 Fed Rcpts
State Match Required
On-Going Program

Mr. Campbell stated that this program would allow AHFC to apply for federal and private foundation grants to address housing needs of identified people.

[2:24:32 PM](#)

\$1,000,000
AHFC Competitive Grants for Public Housing
Reference No.: 6350
Category: Housing/Social Services

Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Federal (HUD) and Corporate match (AHFC) grant funds. AHFC will apply for HUD grants that target the housing needs of low-income and special needs groups; such as senior citizens, the mentally ill, disabled, or the homeless. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families attain economic self-sufficiency. When required, AHFC will provide the needed match.
\$250,000 AHFC Div
\$750,000 Fed Rcpts
State Match Required
On-Going Program

Mr. Campbell stated that, like the previous request, this program would allow AHFC to apply for various grants, specific to supporting AHFC public housing residents.

[2:24:57 PM](#)

\$1,000,000
AHFC Energy Efficiency Monitoring Research
Reference No.: 6351
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Corporate (AHFC) funds for a designated grant to Cold Climate Housing Research Center to conduct research, analysis, and information dissemination and interchange among members of the industry, and between the industry and the public. Data gathering and analysis is being continually related to energy efficiency technology for homes constructed in northern building and market conditions.
\$1,000,000 AHFC Div
On-Going Program

Mr. Campbell briefly reviewed the request.

[2:25:23 PM](#)

\$390,000

AHFC State Energy Program Special Projects
Reference No.: 32526
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Federal (DOE) and corporate match funds for State Energy Program (SEP) special projects such as: building technologies, codes and standards, wind, power technologies, renewable energy for remote areas, or transportation technologies.
\$ 30,000 AHFC Div
\$360,000 Fed Rcpts
State Match Required
On-Going Program

Mr. Campbell informed that this funding request would allow the State "to participate in projects made available by the federal Department of Energy related to technologies and research".

[2:25:49 PM](#)

\$2,000,000
AHFC Statewide Project Improvements
Reference No.: 40068
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
This project utilizes Corporate (AHFC) funds to provide repairs, deferred maintenance, and improvements to AHFC owned properties throughout the State. This project will allow AHFC to keep pace with the deterioration of existing components of the rental properties such as roofs, sidewalks, and common areas. It will enhance operations, allow quick response to ordinance and code changes, and address compliance issues raised recently in HUD's accessibility audit.
\$2,000,000 AHFC Div
Phased-Underway Program

Mr. Campbell stated that this request would provide funding to address "known and unknown conditions in AHFC housing stock".

Senator Elton pointed out that this is another request that included heated sidewalks. He asked that AHFC provide information as to how the agency priorities its projects.

Co-Chair Stedman instructed AHFC to provide that information to his office for distribution.

2:26:27 PM

\$250,000

AHFC Facility Management Monitoring Project

Reference No.: 41532

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Corporate (AHFC) funds to develop a tracking database that will provide easy access to the records regarding the histories of individual properties that will include: construction, maintenance, renovations, etc. of all rental unites owned and operated by the Corporation. It will reflect what work has been done, what work is planned for the unit, what work is in progress, what items are being replaced, and the related documents to those activities.

\$250,000 AHFC Div

Phased-Underway Program

Mr. Campbell noted this would be phase two of a project begun last year. In addition to addressing maintenance needs of AHFC's properties, this project allows AHFC to develop a database that would be used to project future renovation and maintenance projects. This would increase the efficiency involved in managing the operations.

2:26:59 PM

\$10,000,000

AHFC Denali Commission Projects

Reference No.: 41531

Category: Housing/Social Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2011

The Denali Commission Projects utilize Federal funds to administer the Commission's housing programs. These funds

will allow AHFC to administer current programs designated for rural areas of Alaska. The Denali Commission's goal is to provide decent, affordable housing for seniors and teachers in rural Alaska. Lack of housing has forced seniors to relocate to other communities where appropriate housing with necessary support is available. Lack of decent rural housing for teachers has been cited by school administrators as one of the factors that contribute to the inability to attract and maintain a stable teaching corps. The United States Congress has responded to this issue by setting aside funding.

\$10,000,000 Fed Rcpts
On-Going Program

Mr. Campbell stated that this funding would allow AHFC to "administer the Denali Commission's housing programs", specifically those in rural Alaska.

[2:27:21 PM](#)

\$1,500,000
AHFC Homeless Assistance Program
Reference No.: 6359
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Homeless Assistance Program utilizes Corporate (AHFC) funds for grants to local communities/agencies to help develop programs to address homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless. Corporate funds will be matched by Mental Health Trust Authority funds. Both funds will be combined and administered as one program by AHFC.
\$1,000,000 AHFC Div
\$ 500,000 Mental Health Trust Authority Receipts(MHTAAR)
On-Going Program
Mental Health Bill

Mr. Campbell read the project description.

[2:27:59 PM](#)

\$1,750,000
AHFC Beneficiary and Special Needs Housing

Reference No.: 6360
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
Corporate (AHFC) funds for a continuing program to serve populations with special housing needs. The program provides funds to Alaskan non-profit service providers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout the State. These funds may be used for housing development and/or residential accessibility modifications.
\$1,750,000 AHFC Div
On-Going Program
Mental Health Bill

Mr. Campbell read the project description.

[2:28:28 PM](#)

\$200,000
AHFC Emergency Assistance Grants for Mental Health Trust Beneficiaries
Reference No.: AMD43318
Category: Housing/Social Services
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2007 - 06/30/2012
This project supports Mental Health Trust beneficiaries in maintaining homeownership or long term rental stability by providing gap or short term assistance. Assistance may be provided for an event such as structural repair or mechanical breakdown, or an event that may threaten the ability of the beneficiary to make mortgage, rent or utility payments. Funding is intended to supplement not supplant existing resources for home modifications, weatherization or rehabilitation programs.
\$200,000 MHTAAR
One-Time Project
Amendment
Mental Health Bill

Mr. Campbell read the project description and specified that while this is a new program in capital budget, it is an existing

program that AHFC has previously managed under a Reimbursable Services Agreement (RSA) with the Mental Health Trust Authority.

[2:29:07 PM](#)

\$2,336,000

AHFC Loussac Manor Renovation and Replacement

Reference No.: 43076

Category: Housing/Social Services

Location: Anchorage (Downtown/Rogers Park)

Election District: Downtown/Rogers Park

Estimated Project Dates: 07/01/2007 - 06/30/2012

Corporate (AHFC) funds to begin the first phase of renovation which will include the replacement of the water and sewer infrastructure of the entire project. Roads and sidewalks would be replaced only if disturbed. Subsequent funding requests would be to replace housing units; however, this request could be considered stand-alone because the site work would be completed as a single project.

\$2,336,000 AHFC Div

Phased-New

Mr. Campbell read the project description. This first of four phases would address the utility infrastructure of the project. He noted that each of the four phases could be stand-alone projects.

[2:29:46 PM](#)

\$30,000,000

AHFC Mat-Su Prison

Reference No.: 43079

Category: Public Protection

Location: Mat-Su Areawide

Election District: Matsu Areawide

Estimated Project Dates: 07/01/2007 - 06/30/2012

AHFC has entered into an agreement with the Department of Corrections and the Mat-Su Borough to build a prison in the Matanuska-Susitna Valley. As part of the agreement with the Mat-Su Borough, AHFC will be required to pay for certain items that the Mat-Su Borough will then reimburse to AHFC. This will cover consultant contracts, AHFC salaries, associated advertising and other administrative equipment and support for the prison project.

\$30,000,000 Stat Desig
One-Time Project

Mr. Campbell stated that this project would allow AHFC to manage the oversight and construction coordination of the prison scheduled to be constructed in the Matanuska-Susitna (Mat-Su) valley.

Co-Chair Hoffman directed attention back to the AHFC State Energy Program Special Projects, Reference No. 32526 on page 26.

[2:30:25 PM](#)

Co-Chair Hoffman suggested that the level of funding requested for this program was insufficient in light of the high cost of energy, specifically the costs experienced in rural areas of the State. In addition to inquiring whether this issue was being addressed via other programs, he asked for specifics as to what this funding might accomplish.

Mr. Campbell replied that in the past, this funding was utilized to support projects throughout the State. This funding would allow AHFC to compete for grants on a nationwide basis.

[2:31:31 PM](#)

Co-Chair Hoffman asked for information regarding the level and type of grants the State was awarded in the past.

Mr. Campbell specified that former grants have included the rural directed Build America grant and grants that fund alternate energy projects such as windmills. An exact list would be provided.

[2:32:10 PM](#)

Senator Thomas inquired whether this AHFC State Energy Program Special Projects program coordinates with other energy programs such as the AHFC Energy Efficiency Monitoring Research project, Reference No. 6351, depicted on page 24.

Mr. Campbell affirmed that energy related projects are coordinated.

[2:33:09 PM](#)

Senator Dyson questioned the accuracy of the claim that "Alaska census data shows that the largest population growths have occurred in rural Alaska" as reflected in the Program Description language on the second page (page 9 of the Department's handout) of the AHFC Supplemental Housing Development Program request, reference number 6323, which began of page 8. Other areas in central Alaska also make this claim.

Mr. Campbell determined it must be true as otherwise it would not have been included. Further information would be provided.

Senator Dyson considered this contrary to common opinion.

Mr. Campbell stated that supporting documentation would be provided.

Senator Dyson thought that some of the activities included in the AHFC Housing and Urban Development Capital Fund Program, Reference No. 6342, page 18, might extent beyond the Housing Authority's "venue". Some of the programs in question included "teaching residential self-sufficiency and life skills training.

[2:35:45 PM](#)

Mr. Butcher specified that such programs are required by the federal HUD public housing program. More information would be forthcoming.

Senator Dyson asked whether existing AHFC staff could conduct such training or whether contract personnel would be required.

Mr. Butcher noted that most of the work would be contracted out, depending on the complexity of the situation. To that point, however, he noted that AHFC has an established resident self-sufficiency program. Its goal is to help tenants to become self-sufficient and purchase their own home.

[2:37:17 PM](#)

Co-Chair Hoffman asked regarding the AHFC Mat-Su Prison, Reference No. 43079 on page 40. The Mat-Su Prison project is a component of a previously enacted bill designed to increase the number of correctional beds in the State. The Bethel

Correctional Facility was identified as the number one project during the time that bill was being developed.

Co-Chair Hoffman, rather than questioning the need for the Mat-Su Prison, asked that the process behind that project be explained.

[2:38:08 PM](#)

Mr. Butcher explained that when the previous administration discussed the plans for this prison with the Mat-Su Borough, AHFC was asked to be the construction manager on the project. Initially, the plan called for the Mat-Su Borough to pay AHFC, and then AHFC, as construction manager, would pay the contractors. AHFC asked the Borough to consider paying the contractors directly. The Borough recently agreed to that request, and as a result, this request would be revised to reflect approximately two million dollars rather than the \$30 million request shown.

Mr. Butcher stated that this money, which would be entirely funded by the Borough rather than by AHFC or State general funds, would be utilized to pay AHFC's project consultant.

Mr. Butcher stated that, while the focus has not changed, the project is being reviewed by the new Governor Sarah Palin Administration, specifically the new Department of Corrections' commissioner. As a result, the process has been slowed.

[2:39:34 PM](#)

Co-Chair Hoffman asked whether the City of Bethel could anticipate AHFC participating in a prison project there in the same fashion taken with the Mat-Su Prison.

[2:40:02 PM](#)

Mr. Butcher stated that AHFC "would be happy" to participate if that project was furthered by the Department of Corrections. AHFC's role in the Mat-Su prison project was requested by former Governor Frank Murkowski who felt their managing the project would ensure it would be run properly and kept on budget. AHFC would be happy to participate with any such project advanced by Department of Corrections.

[2:40:37 PM](#)

Senator Dyson urged "the confines" of SB 65 be adhered to. Expanding the provisions of that bill should not be done lightly. He was worried that some of the necessary infrastructure in the Mat-Su prison might be curtailed due to increasing costs of the project. The Committee should be made aware of such decisions.

Senator Dyson also questioned how language in SB 65 would accommodate the increasing cost of housing inmates in the State; in other words was there a cost spread allowance or "delta"; specifically as compared to what the State is paying to house inmates out of State. While he supported "getting the guys home", cost consideration and adhering to the authorization allowed by SB 65 is important.

Mr. Butcher responded that the Department of Corrections could provide information pertaining to costs associated with operating a prison. AHFC would not support advancing a project "that didn't fit within the parameters of SB 65".

Co-Chair Hoffman echoed Senator Dyson's concern.

AT EASE [2:43:19 PM](#) / [2:44:45 PM](#)

University of Alaska

[2:45:21 PM](#)

PETE KELLY, State Relations Director, University of Alaska, informed the Committee that the State's primary FY 2008 capital budget objective was to address the deferred and major maintenance needs being requested in the University's FY 08 capital budget overview.

Mr. Kelly noted that the University has utilized the term "R&R" to refer to these needs. He noted that the emphasis being placed on R&R is also reflected in University's annual "Red Book" report [copy on file].

Mr. Kelly expressed that since the year 2000, the University's average R&R funding to support its 600 million square feet of facilities in 300 buildings with an estimate value of \$1.5 billion, has been approximately \$12 million dollars annually.

The "best practices" recommendation for R&R on such facilities is \$40 to \$50 million a year. The level of R&R funding that has been provided for the past several years has resulted in a "significant backlog" of deferred maintenance needs estimated to be in the range of \$500 million.

Mr. Kelly addressed a common misconception. When people hear about the University's deferred maintenance needs, the University "is often accused of not doing the regular maintenance" that is included in the University's Operating budget. In fact, the University spends approximately \$20 to \$23 million of operating budget funds each year for routine maintenance and repair. An additional \$20 million is spent each year to operate the facilities.

Mr. Kelly specified that the R&R referred to in this legislation is that provided via capital budget appropriations. The R&R projects included in the FY 2008 capital budget request have not been addressed on a regular basis for the past decade.

[2:48:49 PM](#)

\$15,000,000

Systemwide Project Receipt Authority

Reference No.: 43218

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This request is an estimation of potential federal receipt authority needed for FY08-FY13 projects at the main and community campuses. Prior small project federal receipt authority was used for Title III improvements to rural campuses including Bristol Bay and Chukchi (2005), the Allied Health Center at TVCC (2004) and the Center for Nanosensor Technology at UAF (2003). In the last two years there have been twelve different projects with three different federal agencies that utilized UA's previous small project receipt authority approved in 2005.

\$15,000,000 Fed Rcpts

One-Time Project

Mr. Kelly indicated that Pat Pitney, Director of Budget Development and Institutional Planning, University of Alaska to would present the University's FY 2008 capital project requests.

[2:49:28 PM](#)

PAT PITNEY, Director of Budget Development and Institutional Planning, University of Alaska, testified via teleconference from Fairbanks and explained that this receipt authority would allow the University "to take advantage of competitive grants that are awarded". The funds would be used to renovate laboratories or make major equipment purchases for classrooms.

Ms. Pitney shared that a two million dollar clean-room lab was one of the past projects funded by this federal receipt authority. A typical Title IIII grant to a community campus could range from \$400,000 to \$1.3 million. Requesting this large authority as a single project would allow the University to access the funds in a timely manner as opposed to having to address each grant individually.

[2:51:28 PM](#)

\$150,000

UAF Patty Sports Complex Weight Training Facility Planning
Reference No.: 43220

Category: University

Location: Fairbanks (Denali/University)

Election District: Denali/University

Estimated Project Dates: 07/01/2007 - 06/30/2012

As UAF's Division 1 and 2 sports programs grow, the facilities used by the players must be upgraded and expanded to continue to attract top notch athletes. A new weight training facility will be used by all NCAA sanctioned sports at UAF and further UAF's competitive edge and athlete recruitment. This funding authority is for building a facility initially estimated at \$9M.

\$150,000 Univ Rcpt

Phased-New

Ms. Pitney stated that this funding would allow the initial planning phase of this weight-training facility project to be undertaken. The funding would consist of athletic receipts.

[2:51:56 PM](#)

\$14,000,000

UAA East Campus Parking Structure and Loop Road

Reference No.: AMD43221

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This amendment increases the project funding from initial \$9,000,000 to \$14,000,000 in University Receipts. This project is to construct a parking garage in association with the UAA Integrated Science Facility. It is being designed for 450-600 car capacity. A portion of the Integrated Science project funding will be dedicated to this project. This request is for the remaining receipt authority needed to account for additional project funding through user fees, parking fees, and debt service.

\$14,000,000 Univ Rcpt

One-Time Project

Ms. Pitney reviewed the project. This project would provide the primary parking area for the Integrated Science Facility. The University Receipts identified as the fund source would consist of a university bond that would be paid for by parking receipts.

[2:52:31 PM](#)

\$8,000,000

Maintaining Existing Facilities and Equipment

Reference No.: AMD43164

Category: University

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This request of \$8M represents a portion of the \$43.7 million minimum annual R&R investment necessary to maintain UA's existing facilities and equipment. The attached projects are based on highest MAU facility and equipment R&R priorities. Projects from this list will be executed as funding allows.

\$8,000,000 Gen Fund

On-Going Program

Ms. Pitney identified this project as the University's top capital budget priority. The funding being requested is a portion of the total \$43.7 million in general funds being requested for maintaining existing facilities and equipment. This would completely fund the first project on the University's

R&R priority list. It would fund half of the second project's cost.

[2:53:17 PM](#)

\$550,000

Small Business Development Center

Reference No.: AMD41504

Category: University

Location: Anchorage Areawide

Election District: Anchorage Areawide

Estimated Project Dates: 07/01/2007 - 06/30/2012

The Alaska Small Business Development Center (ASBDC) is a statewide business assistance program. The service it offers to small businesses are not duplicated or provided by any other counseling. Through professional counseling, small businesses are assisted in solving problems concerning operations, manufacturing, engineering technology exchange, accounting, business strategy development and other productivity and management improvement. The individual business counseling is supplemented with quality business training designated to improve the skills and knowledge of existing and prospective small business owners/managers.

\$550,000 Gen Fund

On-Going Program

Ms. Pitney characterized the inclusion of the Alaska Small Business Development Center (ASBDC) in the capital budget "as a bit of an anomaly"; however, ASBDC has been completely funded in this manner since it was initially housed in the University. This represents "the entire base funding" of the ASBDC program and serves as the match to the \$1.5 million in program federal funding support.

Ms. Pitney noted that "any increases to functions" of the SDBDC would be addressed through the operating budget.

[2:54:11 PM](#)

\$6,800,000

School of Fisheries and Ocean Sciences Facility - Juneau-Lena Point

Reference No.: AMD40031

Category: University

Location: Juneau Areawide

Election District: Juneau Areawide

Estimated Project Dates: 07/01/2007 - 06/30/2012

This amendment revises the request from \$3.8 million to \$6.8 million for the School of Fisheries and Ocean Sciences (SFOS) facility being constructed on Lena Point.

\$6,800,000 Univ Rcpt

Phased-Underway Program

Ms. Pitney stated that funding for this project was originally requested in 1999; "the final general fund" support was provided last year. During the design phase of the project, the construction market in the City and Borough of Juneau "sky-rocketed". Efforts were undertaken to keep the project on track in order to not interfere with other general fund capital project requests.

Ms. Pitney reviewed the process for addressing the increased costs of constructing the facility. This would include research revenue raised by the School of Fisheries and Ocean Sciences.

\$475,000

UAA WWAMI - Lab Upgrade/Renovation and Additional Space Needs

Reference No.: AMD43177

Category: University

Location: Anchorage Areawide

Election District: Anchorage Areawide

Estimated Project Dates: 07/01/2007 - 06/30/2012

Funding necessary to accommodate the planned WWAMI program expansion. Funding will build out, renovate, furnish and equip approximately 3,000 gsf of additional space, including study space, office space for new faculty and expansion/upgrade of laboratory space.

\$475,000 Gen Fund

Phased-Underway Program

Ms. Pitney reminded the Committee that this classroom and laboratory upgrade and expansion is partly required as a result of the Legislature's recent action to double the number of students the state could annually enroll in the University of Washington, Wyoming, Alaska and Idaho Biomedical exchange program (WWAMI) from ten to 20 students. This funding would complete the second phase of this effort. The planning and design stage was conducted the previous year.

This concluded the University's overview of its capital budget requests.

[2:56:42 PM](#)

Senator Dyson voiced surprise at the level of R&R funding required by the University as referenced in the Maintaining Existing Facilities and Equipment request, reference number AMD43164; particularly the \$46 million specified as the amount anticipated to be requested in FY 2009. He was concerned to the level of backlogged R&R projects identified by the University.

AT EASE [2:58:20 PM](#) / [2:59:08 PM](#)

Co-Chair Stedman announced that the Department of Transportation and Public Facilities would present its capital budget overview during the following morning's scheduled Committee hearing.

Co-Chair Stedman ordered the bill HELD in Committee.

#

ADJOURNMENT

Co-Chair Bert Stedman adjourned the meeting at [3:00:00 PM](#).