

MINUTES
SENATE FINANCE COMMITTEE
May 7, 2007
2:25 p.m.

CALL TO ORDER

Co-Chair Bert Stedman convened the meeting at approximately [2:25:14 PM](#).

PRESENT

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

Also Attending: TIM GRUSSENDORF, Staff to Senator Lyman Hoffman; DAVE GRAY, Staff to Senator Donny Olson; FRED FISHER, Staff to Senator Bert Stedman; KATHY WASSERMAN, Executive Director, Alaska Municipal League

Attending via Teleconference: From Kodiak: JEROME SHELBY, Mayor, Kodiak Island Borough; From Wrangell: ROBERT PRUNELLA, City Manager, City of Wrangell; From an Offnet Location: DAN SALMON, Administrator and Representative, Igiugig Village Council and Assembly Member, Lake Peninsula Borough

SUMMARY INFORMATION

SB 72-COMMUNITY REVENUE SHARING

The Committee heard from the bill's sponsor and took public testimony. A committee substitute was adopted and the bill reported from Committee.

SB 124-ALASKA WORKFORCE INVESTMENT BD ALLOCATION

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

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

The Committee adopted a committee substitute. 12 amendments were considered with 11 being adopted and one being withdrawn. The bill reported from Committee.

[2:26:16 PM](#)

#sb72

CS FOR SENATE BILL NO. 72(CRA)

"An Act relating to the community revenue sharing program; and providing for an effective date."

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

[2:26:34 PM](#)

Co-Chair Hoffman moved to adopt CS SB 72, Version 25-LS0506\L as the working document.

Without objection, the Version "L" committee substitute was ADOPTED as the working document.

Co-Chair Stedman advised that, rather than any incorporating significant changes, the committee substitute simply made numerical changes such as updating community population numbers.

[2:27:09 PM](#)

Co-Chair Hoffman communicated that his staffer, Tim Grussendorf, would review the committee substitute.

[2:27:22 PM](#)

TIM GRUSSENDORF, Staff to Senator Lyman Hoffman, affirmed that the Version "L" committee substitute included a few technical changes, but did not make any substantive changes.

Mr. Grussendorf directed attention to a six page spreadsheet, dated May 7, 2007, and titled "Est FY08 Revenue Sharing Distribution - Organized Communities Under CSSB 72(FIN) [copy on file] pertaining to Version "L". Communities' population

figures, depicted in the second column, reflect the most current census information.

Mr. Grussendorf advised that the population numbers on the spread sheet "backed out" municipality populations from the total borough population in the cases of the State's three unified boroughs: Anchorage, Juneau, and Sitka. As a result, borough numbers are smaller than previously presented.

[2:29:26 PM](#)

KATHY WASSERMAN, Executive Director, Alaska Municipal League (AML), testified in Juneau and voiced appreciation for the effort exerted on "this wonderful bill". When the Holy Cross city clerk was informed of the amount that community would receive under the provisions of this revenue sharing program, her excited response was "We can buy fuel!" AML is in "total support" of the bill.

[2:31:26 PM](#)

JEROME SHELBY, Mayor, Kodiak Island Borough, testified via teleconference from Kodiak and commended the Committee for the "outstanding job" conducted on addressing a wide array of issues and developing a good bill for Alaska. One element not addressed in the bill, however, is the State's 27 unincorporated communities within organized boroughs. Even though their inclusion would decrease the per capita multiplier, unincorporated communities should be provided, at the very minimum, \$25,000. They should not be penalized for being an unincorporated community within an organized borough.

Mr. Shelby noted that while only one such community existed on Kodiak Island, seven or eight were located on the Kenai Peninsula. Another borough had approximately nine. Not considering them in the bill would produce "some pretty big inequities in some of these areas where this occurs." This is the only concern with the bill. All other aspects of it are "excellent".

[2:33:04 PM](#)

ROBERT PRUNELLA, City Manager, City of Wrangell, testified via teleconference from Wrangell, in support of the bill. "We're

pleased with the outcome" and the assistance the bill would provide to communities' budgets.

Co-Chair Stedman was aware of Wrangell's "budget circumstances". This bill, and the separate school funding bill, would provide assistance to the city.

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DAN SALMON, Administrator and Representative, Igiugig Village Council and Assembly Member, Lake Peninsula Borough, testified via teleconference from an offnet location in support of the bill with the addition of including unincorporated communities within an organized borough, such as Igiugig, in it.

Mr. Salmon contended that unincorporated communities are being penalized by their absence from the bill.

Mr. Salmon explained that currently Igiugig, whose population typically ranges between 45 and 50, except for summer when it's population swells toward 150 primarily due to tourism activities, does not discriminate in providing fire and emergency services to residents and visitors. The community's infrastructure system includes a public boat landing and campgrounds; a medical clinic; a solid waste facility and recycling program; electrical generation for the community's schools, residents, public buildings and airport; water and sewer systems; and road maintenance. It also interacts with federal and state entities and municipalities.

Mr. Salmon stated that when the community involved itself in the effort undertaken in 1989 to form an organized borough in the area, he had been advised not to "encourage Igiugig to join the borough" as they would lose revenue. Since then, Igiugig has investigated becoming classified as a city. The Department of Commerce, Community and Economic Development informed them that, due to its small population, they would be intensely scrutinized. The Department also "saw no sense" in why the community wanted to become a city in light of how effectively it manages its infrastructure. He had to agree since Igiugig is doing as much or more than what recognized cities in the State do.

Mr. Salmon extended an invitation to Legislators to visit the community to witness how it manages its affairs. The

infrastructure is impeccably maintained and "the place is spotless. In conclusion, on behalf of unorganized communities in organized boroughs, he "strongly encouraged you to find a way to finance the 25 or so communities that have been left out of this bill as presently written."

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Mr. Grussendorf informed the Committee that the Department of Commerce, Community and Economic Development fiscal note accompanying Version "L" specifies that the fiscal impact in FY 08 to be \$48.1 million. Thereafter, funding would be provided by the community revenue sharing fund established by the bill. The annual funding beginning in FY 09 would equate to the lesser of \$50 million or three percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state during the preceding year as specified in the analysis section of the fiscal note.

[2:39:14 PM](#)

Co-Chair Stedman restated the funding mechanism for the program.

Mr. Grussendorf affirmed. The funding would likely not exceed \$50 million.

Senator Olson asked regarding the requests to include unincorporated communities within organized boroughs in the community revenue sharing program proposed in the bill.

[2:40:03 PM](#)

Mr. Grussendorf advised that discussions with these communities have occurred. The decision was made however, to follow traditional Legislative policy in determining which communities would receive the funding. The Committee could make a policy call and opt in additional communities.

Senator Olson asked whether there had been a "large outcry" to include funding for unincorporated communities.

Mr. Grussendorf responded that they had heard from "quite a few" such communities.

[2:40:43 PM](#)

Co-Chair Hoffman moved to report the bill from Committee with individual recommendations and accompanying fiscal notes.

Without objection, CS SB 72(FIN) was REPORTED from Committee with new \$48,100,000 fiscal note dated May 7, 2007 from the Department of Commerce, Community and Economic Development.

[2:41:20 PM](#)

#sb124

CS FOR SENATE BILL NO. 124(L&C)

"An Act relating to unemployment contributions for the Alaska technical and vocational education program and to the allocation of money appropriated to the Alaska Workforce Investment Board; and providing for an effective date."

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

Senator Olson, the bill's sponsor, moved to adopt CS SB 124, 25-LS0751\V, Kane, dated May 7, 2007, as the working document.

There being no objection, the Version "V" committee substitute was ADOPTED as the working document.

[2:42:16 PM](#)

Senator Olson stated that the purpose of the bill was to increase the percent of wages employers remit to the State as specified in AS 23.20.175. This money would assist in increasing funding to current Alaska Technical and Vocational Education (Voc-Tec) training program entities as well as the four other training programs added by the bill. The entities that would be supported by this action are specified in Sec. 2 page 2, lines 7 through 16 of the bill.

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DAVE GRAY, Staff to Senator Donny Olson, explained that the Version "V" committee substitute added a new participant, the

Ketchikan Job Center, to the list of Voc-Tec entities specified in the Senate Labor and Commerce committee substitute. In order to adequately fund the new participant, a slight reduction in funding was made to the other entities. None of the other participants in the program object to this change.

[2:45:33 PM](#)

Co-Chair Hoffman moved to report CS SB 124, 25-LS0751\V from Committee with individual recommendations and accompanying fiscal notes.

There being no objection, CS SB 124(FIN) was REPORTED from Committee with two new fiscal notes: a \$41,300 fiscal note dated May 7, 2007 from the University of Alaska and a \$2,912,200 fiscal note dated May 7, 2007 from the Department of Labor and Workforce Development.

AT EASE [2:46:21 PM](#) / [3:28:20 PM](#)

#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 sixth hearing for this bill in the Senate Finance Committee.

Co-Chair Hoffman offered a motion to adopt committee substitute, Version 25-GS1014\O, Kane, dated May 6, 2007, as the working document.

There being no objection, the Version "O" committee substitute was ADOPTED as the working document.

[3:29:16 PM](#)

FRED FISHER, Staff to Senator Bert Stedman, stated that Version "O" includes appropriation items inadvertently missed in previous versions of the bill. It also corrects drafting errors.

Mr. Fisher identified the items added by the committee substitute as follows.

Section 1. Department of Health and Social Services (DHSS)
Grants to Named Recipient additions:

\$50,000 General Funds (GF) for the Alaska Telecommunications, Incorporated - Air Conditioning System Replacement (HD 17-32), page 4, line 5.

\$1,000,000 GF for the Association of Alaska School Boards - Consortium for Digital Learning (HD 1-40), page 7, line 25.

\$50,000 GF for the Southeast Alaska Regional Dive Fisheries Association - Geoduck Assessment (HD 1-5), page 24 line 31.

\$100,000 GF for the Southeast Conference - Energy Program (HD 1-5), page 25, line 4.

\$100,000 GF for the Southeast Conference - Timber Industry Revitalization Program (HD 1-5), page 25 line 6.

Section 1, Department of Health and Social Services
Grants to Municipalities

\$1,000,000 GF to the City of Seward - Levee Construction (HD 33-35), page 53, line 30.

Section 1, Department of Fish and Game

\$100,000 GF Geoduck Assessment Surveys (HD 1-5), page 57, line 5.

Section 1, Department of Revenue

\$5,000,000 GF to the Alaska Natural Gas Development Authority, page 57, line 22.

Mr. Fisher stated that, in addition to correcting some drafting errors, the committee substitute also made some titles changes at the request of sponsors. Effective date corrections were also made.

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Mr. Fisher advised of the following intent language, inserted on page 80, line 21 applicable to the Department of Transportation and Public Facilities, Statewide Federal Programs Budget Request Unit (BRU), Federal-Aid Highway State Match (HD 1-40) component of Section 4.

It is the intent of the legislature that the Federal Aid Highway State Match funds may be used for advance right-of-way acquisition for Federal Aid Highway Program eligible projects.

Mr. Fisher explained that this action would likely result in savings to the Department. Such expenditures would continue to be included in a project's cost calculations.

Mr. Fisher concluded his review of the major changes contained in the committee substitute.

3:33:50 PM

Amendment #1: This amendment, sponsored by Co-Chair Stedman, inserts a new bill section to read as follows.

Sec. A. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. The unexpended and unobligated balance, estimated to be \$500,000, of pioneers' home care and support receipts under AS 47.55.030 collected during the fiscal year ending June 30, 2007, is appropriated to the Department of Health and Social Services for pioneers' homes equipment and supply needs.

This amendment also provides for an effective date of June 30, 2007 of the provision of the new bill section.

Accompanying explanatory language reads as follows.

During the summer of 2006 the department reviewed and identified necessary repairs to State-owned facilities. The Pioneer Homes have a wide range of safety and sanitation issues that need to be addressed. Homes contain furnishings that are damaged or broken that pose a risk of injury to a resident, such as broken corners on night tables, unstable

legs on chairs, etc. In many areas the draperies are beyond repair or cleaning and need to be replaced so they don't pose a health hazard with germs or mold. As the resident population requires a higher level of care, accommodating equipment, bed and/or mattress replacement becomes an issue as well. This funding will allow the resident receipts to be used towards these various on-going needs.

Co-Chair Stedman moved for adoption and objected for discussion purposes. He read the explanatory statement into the record.

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Co-Chair Stedman commented that this appropriation would facilitate applying federal funds to support the State's Pioneer Homes.

Co-Chair Stedman removed his objection.

There being no other objection, Amendment #1 was ADOPTED.

[3:35:21 PM](#)

Amendment #2: This amendment, sponsored by Co-Chair Stedman at the request of Senator Ellis, deletes the Anchorage - East High School Music/Visual Art Technology Grant (HD 17-32) component and the \$22,000 general fund appropriation to that component from the Department of Commerce, Community and Economic Development, Grants to Municipalities (AS 39.05.315) BRU on page 33 lines 5 through 7.

This amendment also adds \$12,000 general funds to the Anchorage - Tudor Elementary School Computer Lab Upgrade (ED 17-32) on page 40, lines 29 through 32.

This amendment also adds \$10,000 general funds to a Municipality of Anchorage - Northern Lights Sound Barrier Fence component [not included in the committee substitute].

Accompanying explanatory language indicates that the total appropriation to the Tudor Elementary School component would be \$22,000 and the total appropriation to the Northern Lights component would be \$297,000. Additional explanatory language reads "Original project (East High School - Music/Visual Art Technology Grant) was duplicated by other office.

Co-Chair Stedman moved for adoption and objected for discussion. He read the explanatory statement into the record and noted that the deletion of the Anchorage - East High School Music/Visual Art Technology funding was a technical correction. That funding had been addressed in a separate allocation.

Co-Chair Stedman removed his objection.

Without further objection, Amendment #2 was ADOPTED.

[3:36:11 PM](#)

Amendment #3: This amendment, sponsored by Senator Huggins, deletes the Matanuska-Susitna Borough - Big Lake Library Books and Supplies (HD 13-16) component and the \$5,000 general fund appropriation to that component from the Department of Commerce, Community and Economic Development, Grants to Municipalities (AS 39.05.315) BRU on page 48 lines 11 through 13.

This amendment also adds a new Big Lake Library Advocates - Big Lake Library Upgrade Technology and or Library Books (HD 13-16) component to the Department of Commerce, Community and Economic Development Grants to Named Recipients (AS 37.05.316) BRU, on page 2, lines 10 and 11, and appropriates \$5,000 general funds to that component.

Accompanying explanatory language reads, "Correction to Grant Recipient and title - the funding is intended to go to the Big Lake Library Advocates not the Mat-Su Borough."

Co-Chair Stedman moved for adoption and objected to point out that the amendment would correctly direct the funding to the Big Lake Library Advocates rather than the Matanuska-Susitna Borough.

Co-Chair Stedman removed his objection.

There being no other further objection, Amendment #3 was ADOPTED.

[3:36:57 PM](#)

Amendment #4: This amendment, sponsored by Co-Chair Stedman, transfers the Four Dam Pool Power Agency - Swan Lake to Lake

Typee Intertie (HD 1-5) component and \$46.2 million Other Funds appropriation to that component from the Department of Commerce, Community and Economic Development Grants to Named Recipients (AS 37.05.316) BRU on page 65, lines 9 through 11 to a new Alaska Energy Authority - Grants to Named Recipients (AS 37.05.316) BRU on page 65, following line 3. Accompanying explanatory language reads as follows.

This amendment makes the grant to the Four Dam Pool Power Agency more specifically administrable by the Alaska Energy Authority. This agrees with the governor's amendment requesting the change.

Co-Chair Stedman moved for adoption and objected for discussion purposes. The explanatory language was read into the record.

Co-Chair Stedman removed his objection.

Amendment #4 was ADOPTED without further objection.

[3:37:52 PM](#)

Amendment #5: This amendment, sponsored by Senator Huggins, inserts a new bill section to read as follows.

Sec. A. HOUSE DISTRICTS 13 - 16. (a) The unexpended and unobligated balances, not to exceed \$20,000, of the appropriations made in sec. 1, ch. 159, SLA 2004, page 31, lines 19 - 23 (Willow Creek state recreational area, temporary shallow water boat launch and winter access trailhead - \$125,000) and sec. 1, ch. 3, FSSLA 2005, page 63, lines 6 - 10 (Willow Creek state recreation area phase II: parking lot at crude shallow water boat launch site at mile 49.7 - \$125,000) are reappropriated to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.316 to the Willow Area Seniors, Inc., for a driveway chip seal for Willow Haven Center at Parks Highway near mile 70.

(b) The unexpended and unobligated balances, not to exceed \$18,000, of the appropriations made in sec. 1, ch. 159, SLA 2004, page 31, lines 19 - 23 (Willow Creek state recreational area, temporary shallow water boat launch and winter access trailhead - \$125,000) and sec. 1, ch. 3, FSSLA 2005, page 63, lines 6 - 10 (Willow Creek state recreation area phase II: parking lot at crude shallow

water boat launce site at mile 49.7 - \$125,000) are reappropriated to the Department of Transportation and Public Facilities to Willow Lake, Float Plane Access Road, chip seal of 400 lineal feet of road 22 feet wide.

(c) Any remaining unexpended and unobligated balances, after the appropriations made in (a) and (b) of this section, of the appropriations made in sec. 1, ch. 159, SLA 2004, page 31, lines 19 - 23 (Willow Creek state recreational area, temporary shallow water boat launch and winter access trailhead - \$125,000) and sec. 1, ch. 3, FSSLA 2005, page 63, lines 6 - 10 (Willow Creek state recreation area phase II: parking lot at crude shallow water boat launce site at mile 49.7 - \$125,000) are reappropriated to the Department of Commerce, Community and Economic Development for payment as a grant under AS 37.05.315 to the Matanuska-Susitna Borough for Hollywood Road improvements needed for road and safety improvements for new school.

Co-Chair Stedman moved for adoption and objected for purposes of explanation.

[3:38:02 PM](#)

Senator Huggins explained that this amendment would reappropriate funding from a boat launch near the Willow Creek State Recreational area to support chip seal paving at a senior citizen housing complex in the area and to improve access to a new elementary school.

Co-Chair Stedman removed his objection.

Without further objection, Amendment #5 was ADOPTED.

[3:39:02 PM](#)

Amendment #6: This amendment, sponsored by Co-Chair Stedman, adds a new Hope Community Resources, Inc. (HD 1-40), component to the Department of Commerce, Community and Economic Development, Grants to Named Recipients (AS 37.05.316) BRU on page 2, lines 10 and 11 and appropriates \$300,000 general funds to that component. A notation reads "Attached list of project detail and communities"; however no such list was provided.

Co-Chair Stedman moved for adoption and objected to comment that this amendment would add a grant for \$300,000 GF for Hope Community Resources to the Grants to Named Recipients list under the Department of Commerce, Community and Economic Development.

Co-Chair Stedman removed his objection.

There being no further objection, Amendment #6 was ADOPTED.

[3:39:40 PM](#)

Amendment #7: This amendment, sponsored by Co-Chair Stedman, deletes the Anchorage - Kincaid Park Soccer and Nordic Improvements (HD 17-31) component and \$2 million general fund appropriation from that component from the Department of Commerce, Community and Economic Development, Grants to Municipalities (AS 37.05.315) BRU, on page 35 lines 29 through 31. This amendment also adds a new Kincaid Project Group - Kincaid Park Soccer and Nordic Improvements (HD 17-31) component to the Grants to Named Recipients (AS 37.05.316) BRU on page 2, lines 10 and 11, and appropriates \$2 million to that component. Accompanying explanatory language reads, "Language change needed so that the funds go to the correct recipient."

Co-Chair Stedman moved for adoption and objected to point out that this amendment would change the fund recipient.

Co-Chair Stedman removed his objection.

Without further objection, Amendment #7 was ADOPTED.

[3:40:33 PM](#)

Amendment #8: This amendment, sponsored by Senator Olson, deletes "NPRA" and inserts "ANWR" in the title of the Kaktovik - Educational Efforts Regarding the NPRA (HD 40) component in the Department of Commerce, Community and Economic Development, Grants to Municipalities (AS 37.05.315) BRU on page 46, lines 19 through 21. The \$50,000 general fund appropriation to that component remains unchanged.

Co-Chair Stedman moved for adoption and objected to receive an explanation.

[3:40:43 PM](#)

Senator Olson stressed that this amendment would have no fiscal impact. Rather it would change the title of the component to reflect that the educational efforts would relate to the Arctic National Wildlife Refuge (ANWR) not the National Petroleum Reserve-Alaska (NPR-A).

Co-Chair Stedman removed his objection.

Without further objection, Amendment #8 was ADOPTED.

[3:41:29 PM](#)

Amendment #9: This amendment, sponsored by Senator Dyson, deletes the Glenn Highway Lighting Extension Project (HD 7-11) component and \$139,000 general fund appropriation to that component from the Department of Transportation and Public Facilities, on page 58 lines 14 and 15.

This amendment also inserts a new subsection to Section 14. DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT., on page 120, following line 1, to read as follows.

(c) The sum of \$139,000 is appropriated from the general fund to the Department of Commerce, Community and Economic Development, Division of Community Advocacy, for studies to determine the economic feasibility and financial impact of separating the greater Eagle River - Chugiak region from the Municipality of Anchorage, to evaluate and recommend various alternatives and scenarios for the governmental structure of the separated region, and to evaluate and recommend allocation of various assets currently shared by the Municipality of Anchorage and the area being considered for separation, and other such studies as the Division of Community Advocacy may determine necessary to fully evaluate the alternatives.

Accompanying explanatory language reads as follows.

The sum provided under SB 53 for the Glenn Highway lighting project is \$139,000 of the initially requested \$700,000 necessary to complete this portion of the project. Since \$139,000 is substantially less than the requested amount, the funds would be better spent completing the Eagle River - Chugiak studies initiated, but not completed, in 2006.

This amendment deletes the entire \$139,000 general funds shown on Page 57, Lines 16 and 17 [of committee substitute Version "L"] for the Glenn Highway Lighting Project, and appropriates a like amount to the Division of Community Advocacy of the Department of Commerce, Community and Economic Development, to contract for the completion of the studies.

Co-Chair Stedman moved for adoption and objected to allow Senator Dyson to speak to the amendment.

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Senator Dyson informed the Committee that additional money is required to finish an economic study on the economic viability of the Eagle River community. This amendment would redirect funding allocated in this bill for the next phase of the Glenn Highway lighting project to the economic study as the funding allocated to the lighting project was insufficient to complete it. The amendment is revenue neutral.

Co-Chair Stedman removed his objection.

Senator Elton objected to ask the history of the efforts to determine viability and feasibility of a separation of the Eagle River and Chugiak area from the Municipality of Anchorage.

Senator Dyson responded that \$85,000 had been provided the previous year to study the tax base and cost of services currently delivered in the Eagle River and Chugiak region. The next phase would address how the public facilities and properties would be divided up in terms of such things as "whose bonds paid for what" in the event that the communities "divorced" themselves from the Municipality of Anchorage. This information is critical in the analysis of the "viability of a separate community."

[3:44:14 PM](#)

Senator Elton asked why State general funds were proposed for this effort.

Senator Dyson expressed that the issue of borough and city formation is addressed in the State Constitution and in general

State law. It is specified that "funds for studies for formation, dis-solutionment, and combining" of communities should be addressed. The State has funded similar efforts in the past.

Senator Elton removed his objection.

There being no further objection, Amendment #9 was ADOPTED.

[3:45:36 PM](#)

Amendment #10: This amendment, sponsored by Co-Chair Stedman, inserts "and Other Park Improvements" following "Fence" to the title of the Mat-Su Baseball, Inc. - Outfield and Backstop Fence for the Mat-Su Miners Baseball Field (HD 13-16) component in the Department of Commerce, Community and Economic Development, Grants to Named Recipients (AS 37.05.316) BRU on page 19, lines 30 through 33.

Co-Chair Stedman moved for adoption and objected to the motion.

Co-Chair Stedman explained the change to the title was intended to "enlarge the scope" of the project.

Co-Chair Stedman removed his objection.

Without further objection, Amendment #10 was ADOPTED.

[3:46:17 PM](#)

Amendment #11: This amendment, sponsored by Senator Thomas, adds a new Fairbanks North Star Borough - Road Service Area Funding component to the Department of Commerce, Community and Economic Development, Grants to Municipalities (AS 37.05.315) BRU on page 28, lines 31 and 32, and appropriates \$4 million general funds to that component. Accompanying explanatory language reads as follows.

This project will provide for the basic safety and reliability of access on the 469 miles of service area roads within the FNSB, outside the City of Fairbanks. The funds will be passed directly to road service areas in accordance with a priority list developed by the road service area committee.

This amendment also adds a new University of Alaska Fairbanks - BioSciences Facility (BioS) component to the University of Alaska on page 59, line 12, and appropriates \$12.5 million general funds to that component. Accompanying explanatory language reads as follows.

The BioSciences Facility is the Board of Regents' highest priority for new construction. This critical facility will replace aging labs and science infrastructure, allowing the university to continue to compete for federal research dollars. This major teaching and research facility will have a significant impact on both undergraduate and graduate students as well as provide urgently needed research facilities.

The total cost of the project is estimated to be \$105 million. \$12.5 million will provide for planning and design, utilidor construction and heating capacity expansion in preparation for the facility.

This amendment also adds a new Fairbanks North Star School District - Central Kitchen and Education Support Facility component to the Department of Commerce, Community and Economic Development, Grants to Named Recipients (AS 37.05.316) BRU on page 2, lines 10 and 11, and appropriates \$2.5 million general funds to that component. Accompanying explanatory language reads as follows.

The district's current central kitchen is located on Eielson Air Force Base, 25 miles from downtown Fairbanks. It was built in the mid-1970s and was designed to produce on quarter of the meals currently necessary on a daily basis. Food must be trucked to and from the kitchen, which is inefficient and increasingly difficult given increased military base security measures. The district has received \$2.4 million from the federal government and \$7.5 million from the state for this project. The borough expects the requested \$2.5 million will complete the project.

This amendment also adds an Illinois/Barnette Street North-South Connector component to the Department of Transportation and Public Facilities on page 57, line 27, and appropriates \$23 million to that component. Accompanying explanatory language reads as follows.

The Illinois Street realignment and bridge will increase connectivity and safety, and decrease congestion in the core downtown area. This project has been in the planning process for over thirty years. Delays will increase costs and impede the impressive recent growth in the downtown area.

This amendment also adds \$2 million general funds to the Ester Volunteer Fire Department - Fire Station Addition (HD 7-11) component in the Department of Commerce, Community and Economic Development, Grants to Named Recipients (AS 37.05.316) BRU, on page 13, lines 14 through 16. Accompanying explanatory language reads as follows.

The Ester Volunteer Fire Department responds to emergencies along the Parks Highway, at homes within the fire service area, and in cooperation with other Fairbanks-area fire departments. This project will provide space for two existing fire trucks and future apparatus to be parked inside - essential for use in cold weather - as well as build living quarters for volunteer firefighters and medics allowing for immediate response to calls. The total cost of the project is \$2.775 million. The Fairbanks North Star Borough has funded \$250,000 and \$525,000 has been provided in previous state grants which will substantially increase the mil rate in this small community.

Co-Chair Stedman moved for adoption and objected to the motion for purposes of explanation.

[3:46:26 PM](#)

Senator Thomas informed that these five projects proposed for the Interior region of Alaska were included in his original capital budget funding request. These important infrastructure projects continue to have merit.

Senator Thomas communicated that the Fairbanks North Star Borough, which accounts for 15 percent of the state's population, was experiencing the second highest population growth rate in the State. Funding these projects would be a fair and equitable distribution of capital budget funds in statewide terms. Even though he recognized the challenge of funding the multitude of projects from across the State, he was concerned that certain projects did not receive adequate consideration.

Senator Thomas also pointed out that the distribution of capital funds to the Fairbanks area was dramatically less than its population warranted. Delaying these necessary projects would increase costs.

Senator Thomas, noting that he would endeavor to meet with the Department of Transportation and Public Facilities and the Governor to press the importance of the projects, WITHDREW the amendment.

Co-Chair Stedman asked that a brief explanation of the projects proposed in the amendment be provided.

Senator Thomas advised that the request included repairs to 469 miles of Fairbanks North Star Borough service roads at a cost of four million dollars. \$12.5 million was being requested to begin the initial construction phase of the BioSciences Facility on the University of Alaska Fairbanks campus.

[3:49:06 PM](#)

Senator Thomas reminded the Committee that because construction costs are steadily increasing, a year's delay in the project would "add considerably" to the expense and would have "a huge impact" on the project's overall budget.

[3:49:23 PM](#)

Senator Thomas stated that the third item was a \$2.5 million request pertaining to the Borough's central school district kitchen and education support facility. The district's current central kitchen is currently located 25 miles outside of Fairbanks on the Eielson Air Force Base. That location is not beneficial to the schools serviced by the kitchen.

[3:49:42 PM](#)

Senator Thomas noted that the Illinois/Barnette Street North-South Connector request has been identified as an important project for many years. At \$22 million dollars, the project is expensive; however, it is a very necessary connector road that feeds into the city.

[3:50:07 PM](#)

DAVID GRAY, Staff to Senator Donny Olson, explained that the Department of Commerce, Community and Economic Development reviews the applications submitted for these federal impact funds received by the State and forwards their project "grading" determinations to the Legislature for consideration in the capital budget.

Mr. Gray advised that any North Slope community can appeal the Department's grading determination. The project identified in this amendment was appealed, found "to be deserving," and thus, was advanced to this Committee for consideration.

[3:52:30 PM](#)

Senator Olson directed attention to a letter from Department of Commerce, Community and Economic Development Commissioner Emil Notti, dated May 7, 2007 in support of this project [copy on file].

Co-Chair Stedman removed his objection.

Without further objection, Amendment #12 was ADOPTED.

[3:53:03 PM](#)

Co-Chair Stedman acknowledged the immensity of the effort undertaken by Committee Members and Finance Committee staff to develop the capital budget bill.

[3:53:45 PM](#)

Co-Chair Hoffman offered a motion to report CS SB 53, 25-GS 1014\0, as amended, from Committee with individual recommendations.

AT EASE: [3:54:04 PM](#) / [3:54:17 PM](#)

Co-Chair Hoffman amended the motion to provide direction allowing the Division of Legislative Finance and the Legislative Legal and Research Services division to make any necessary conforming and technical changes to the bill.

[3:54:39 PM](#)

Senator Dyson objected to the motion.

Senator Dyson asked for confirmation that the motion would allow any inadvertent omission between the Version "O" committee substitute, as compared to the previous one, caught by the bill's drafters, to be corrected.

Co-Chair Stedman communicated that Version "O" did not delete any language. Instead, only a few additions and corrections were made, as discussed by Mr. Fisher.

Senator Dyson acknowledged but clarified his concern that an inadvertent omission might have occurred.

Co-Chair Stedman clarified that "we would fix it."

Co-Chair Stedman removed his objection.

There being no further objection, CSSB 53(FIN) was REPORTED from Committee.

#

ADJOURNMENT

Co-Chair Bert Stedman adjourned the meeting at [3:56:37 PM](#)