

SENATE FINANCE COMMITTEE
April 1, 2008
9:29 a.m.

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at [9:29:34 AM](#).

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Miles Baker, Staff, Senate Finance Committee; Karen Rehfeld, Director, Office of Management and Budget

PRESENT VIA TELECONFERENCE

None

SUMMARY

SB 221 "An Act making appropriations, including capital appropriations, supplemental appropriations, and appropriations to capitalize funds; and providing for an effective date."

CSSB 221 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

HB 373 "An Act extending specified public school bond debt reimbursement; and providing for an effective date."

HB 373 was scheduled but not heard.

CSHB 45 (MLV)

"An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain Alaska veterans' cemeteries; and establishing the Alaska veterans' cemetery fund in the general fund."

CSHB 45(MLV) was scheduled but not heard.

CSHB 326(FIN)

"An Act authorizing the governor to order the organized militia into active state service to fight wildland fire, authorizing the governor to delegate to the adjutant general the authority to order the organized militia into active state service to fight wildland fire, and authorizing the payment of Alaska National Guard called into active state service to fight wildland fire at rates of pay established for certain emergency fire-fighting personnel; and providing for an effective date."

CSHB 326(FIN) was scheduled but not heard.

9:29:46 AM

SENATE BILL NO. 221

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

Co-Chair Stedman MOVED to ADOPT Amendment 1:

Page 12, lines 17 - 20:
Delete all material.

Adjust fund sources and totals accordingly.

Page 36, following line 15:
Insert new material to read:

	"APPROPRIATION ITEMS	GENERAL FUND
Anchorage - Fire Lake Elementary School Library/ Technology Upgrades (HD 17-32)"	35,000	35,000

Adjust fund sources and totals accordingly.

Page 105, line 1:
Following "secs.":
 Insert "20(b)"
Delete "26(a)"
Insert "26"

Page 105, line 4, following "Sections":
Insert "1, 4,"

Page 105, line 6:

Delete "Sections 20(b), 21, and 27(a)"
Insert "Sections 20(b), 21, 22, 27(a), 28 - 42, 45(b),
46, 47(c), and 49"

Co-Chair Stedman OBJECTED.

MILES BAKER, STAFF, SENATE FINANCE COMMITTEE, explained that Amendment 1 is a technical amendment that corrects items related to effective dates. On line 6, there was a grant to Fire Lake Elementary School that had inadvertently been put in the Public Safety fire section.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:33:05 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 2:

Agency:

Commerce, Community & Economic Development

Program:

Grants to Named Recipients (AS 37.05.316)

Project:

Anchorage Federation of Community Councils - Mountain View Community Council - Spring Cleanup

Amount:

\$1,500

Funding Source:

GF

Adjust fund sources and totals accordingly

Explanation:

The Mountain View Cleanup is an annual event that is essential to the health, safety and well-being of the entire Mountain View community. Local residents partner with nonprofits and private organizations to donate hours of hard work in cleaning up the neighborhood. The effort is more than just a beautification effort—the volunteers remove over 200 tons of potentially hazardous materials, ranging from toxic waste and biohazards to broken glass, rusty metal and old refrigerators from areas where children play and

members of the community recreate. The Mountain View Cleanup gives people pride and a sense of ownership in the well-being of their neighborhood. These funds would be used to purchase any materials or services necessary to make the cleanup a safe and successful endeavor.

TPS 1319/Project 49963

Co-Chair Stedman OBJECTED for discussion purposes.

Mr. Baker explained that Amendment 2 adds a \$1,500 grant to the Anchorage Federation of Community Councils - Mountain View Community Council - Spring Cleanup, which was inadvertently left out.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:34:12 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 3:

Agency:

Commerce, Community & Economic Development

Program:

Grants to Named Recipients (AS 37.05.316)

Project:

Anchorage Federation of Community Councils - Russian Jack Community Patrol

Amount:

\$2,500

Funding Source:

GF

Adjust fund sources and totals accordingly

Explanation:

This volunteer run neighborhood community patrol plays a significant role in reducing crime in the Russian Jack neighborhood. They serve as the eyes and ears of the police. Community members volunteer their time and vehicles. This grant would help off-set the cost of buying gas and other consumable supplies.

TPS 1337/Project Num 49981

Co-Chair Stedman OBJECTED.

Mr. Baker related that Amendment 3 corrects an oversight. It restores a \$2,500 grant to the Anchorage Federation of Community Councils - Russian Jack Community Patrol.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:35:26 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 4:

Agency:

Commerce, Community & Economic Development

Program:

Grants to Named Recipients (AS 37.05.316)

Project:

Anchorage Alumni Foundation - Kappa Foundation - After School Program

Amount:

\$66,300

Funding Source:

GF

Adjust fund sources and totals accordingly

Explanation:

Home Based After School is a high quality after-school and summer program that exposes students to a wealth of activities that support their social, emotional, intellectual, physical and creative development while simultaneously supporting and enhancing those activities and curricula available during the school day and providing activities that may not be available during the school day.

TPS 1885/Project Num 50542

Co-Chair Stedman OBJECTED.

Mr. Baker explained that Amendment 4 is a \$66,300 grant to the Anchorage Alumni Foundation - Kappa Foundation - After School Program. Excluding it was an oversight.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:36:27 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 5:

Page 103, line 15, following "DEVELOPMENT."
Insert "(a)"

Page 103, following line 18:
Insert a new subsection to read:
"(b) The sum of \$125,000 is appropriated from the general fund to the Department of Commerce, Community, and Economic Development for payment as a grant under AS 37.05.316 to World Trade Center Alaska for the international trade program partnership for the fiscal year ending June 30, 2009."

Co-Chair Stedman OBJECTED for discussion purposes.

Mr. Baker explained that Amendment 5 would add a \$125,000 appropriation from the general fund to the Department of Commerce, Community, and Economic Development for the World Trade Center Alaska. It was excluded by an oversight.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:37:20 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 6:

Page 39, lines 31:
Delete "41,000"
Insert "50,000"
Adjust fund sources and totals accordingly

JUSTIFICATION

Technical amendment: "Anchorage-Muldoon Elementary School Projectors and Laptops" project should have been entered at \$50,000 General Fund instead of \$41,000.

These projectors would replace the aging, existing overhead projectors and allow for the connection and use of multi-media and computers for enhanced instructional programs.

These laptops would improve instructor efficiency in the creation of standard based report cards, the collection of data through observation of non-traditional small-group learning environments. Laptops would eliminate the need for multiple data entries that are currently required with desktops.

TPS 414/Project Num 49049

Co-Chair Stedman OBJECTED.

Mr. Baker clarified that Amendment 6 corrects a clerical error. It would increase the amount in a grant to Anchorage for the Muldoon Elementary School Projectors and Laptops.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:38:26 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 7:

Page 91, line 18:
Delete "3,750,000" in both places
Insert "4,500,000" in both places

Adjust fund sources and totals accordingly.

Co-Chair Stedman OBJECTED.

Mr. Baker explained that the Seward dredging project is funded out of the commercial passenger vessel tax account. The amendment brings the funding for the project up to the full amount.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:39:41 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 8:

Page 62, lines 6 - 7:
Delete "The Department shall provide a report to the Legislature no later than January 1, 2009."
Insert "The Department shall conclude the study and provide a report of its findings to the Legislature no later than January 1, 2009."

Co-Chair Stedman OBJECTED.

Mr. Baker explained that the original language was confusing, so Amendment 8 was offered to clarify it. The Cruise Ship Initiative included a stringent water permitting

standard. The Department and the industry are working on how to implement the standard. There is interest in using this money to do a study to determine changes and modifications in order to implement the permit as the voters wished.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:41:29 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 9:

Page 103, line 20:
Delete "\$22,400,000"
Insert "\$20,700,000"

Co-Chair Stedman OBJECTED for discussion purposes.

Mr. Baker said that the amendment relates to an Energy Relief Grant to the Department of Education, which is intended to be an immediate grant.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:42:56 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 10:

Agency:

Commerce, Community & Economic Development

Program:

Grants to Named Recipients (AS 37.05.316)

Project:

Matanuska Electric Association - 115 KV Transmission Line Upgrades and Extensions in Mat-Su Borough and Eagle River

Amount:

\$18,000,000

Funding Source:

Railbelt Energy (Fund Code 1012)

Adjust fund sources and totals accordingly

Explanation:

\$18 million will be granted to Matanuska Electric Association for 115 KV transmission line upgrades and extensions in the Matanuska-Susitna Borough and Eagle River including extensions for small hydro renewable projects.

1. New transmission lines are needed for areas that do not currently have power.
2. Upgrades and relocations will be needed as road reconstruction projects are underway.
3. Numerous small hydro projects will require the extension of transmission lines.
4. The Mat-Su Valley and Eagle River areas are the fastest growing areas of the state. Transmission line extensions are needed to keep up with the demand for electric energy.
5. The Mat-Su Valley and Eagle River areas have not received state funding for transmission projects unlike many other areas of the state.

TPS 1855/Project Num 50504

Co-Chair Stedman OBJECTED.

Mr. Baker explained that Amendment 10 would add \$18 million of Railbelt Energy Funds as a Grants to Named Recipient to Matanuska Electrical Association to upgrade transmission lines and extensions.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:43:42 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 11:

Page 104, following line 2:
Insert a new bill section:

Sec. 46. DEPARTMENT OF HEALTH AND SOCIAL SERVICES. The sum of \$164,400 is appropriated from the general fund to the Department of Health and Social Services, community initiative matching grants allocation, for operating costs for the fiscal year ending June 30, 2009.

Re-number remaining bill sections accordingly.

EXPLANATION:

This amendment would restore a staff position for the Office of Faith Based & Community Initiatives to

maintain a single point of contact to receive information, funding, and other resources.

Co-Chair Stedman OBJECTED for discussion purposes.

Mr. Baker explained that Amendment 11 would add \$164,400 to the Department of Health and Social Services of 09 operating funds to the community initiative matching grant allocation or Office of Faith Based Initiatives.

Co-Chair Stedman WITHDREW his OBJECTION.

[9:44:42 AM](#)

Senator Dyson OBJECTED. He proposed a Conceptual Amendment to Amendment 11: change the amount on line 5 from \$164,000 to \$250,000. He thought it was unfortunate that the funding was dropped. The \$250,000 was close to what the Governor requested and would allow the Faith Based Initiatives to employ several staff and pay the rent.

Co-Chair Hoffman commented that he discussed this item with the Administration and \$164,400 is the number they will support.

Senator Dyson WITHDREW his Conceptual Amendment to Amendment 11 and his objection. There being NO further OBJECTION, it was so ordered.

[9:46:00 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 12:

*** Sec. A.** DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. The unexpended and unobligated balance of the appropriation made in sec. 1, ch. 82, SLA 2006, page 48, lines 14 - 17 (Anchorage, Bayshore Greenbelt Trail, 100th Avenue to Amber Bay Loop - \$110,000) is reappropriated to the Department of Transportation and Public Facilities for Mears Middle School area pedestrian safety.

Co-Chair Stedman OBJECTED.

Mr. Baker explained that Amendment 12 is a late legislative reappropriation request. It would reappropriate the unexpended and unobligated balance of a previous \$110,000 grant to Anchorage for the Bayshore Greenbelt Trail project. It moves the money to the Department of Transportation and Public Facilities for Mears Middle School pedestrian safety project.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:46:52 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 13:

Agency:

Department of Transportation & Public Facilities

Project:

15 Ted Stevens International Airport Projects (HD 17-32)

Amount:

Unchanged

Funding Source:

Unchanged

Explanation:

Amendment deletes operating agreement citations in the all of the project titles as unusual and unnecessary. Indeed, negotiations for operating agreement 09-12 have not yet concluded.

AMENDMENT

Page 72, lines 15 and 16: Delete "- Operating Agreement 09-12".

Page 73, lines 11 and 12: Delete "-Operating Agreement 02-08".

Page 73, lines 18 and 19: Delete "-Operating Agreement 02-08".

Page 73, lines 22 and 23: Delete "-Operating Agreement 02-08".

Page 73, lines 28 and 29: Delete "- Operating Agreement 02-08".

Page 74, lines 3 and 4: Delete "-Operating Agreement 09-12".

Page 74, lines 7 and 8: Delete "-Operating Agreement 02-08".

Page 74, lines 17 and 18:Delete "-Operating Agreement 02-08".

Olson DOTPF amendment to CSSB 221 (FIN) version K
Page 2

Page 74, line 33 to page 75, line 3: Delete "-Operating Agreement 09-12".

Page 76, lines 4 and 5: Delete "-Operating Agreement 02-08".

Page 76, lines 9 and 10: Delete "-Operating Agreement 09-12".

Page 76, lines 19 and 20:Delete "-Operating Agreement 02-08".

Page 76, lines 24 and 25:Delete "-Operating Agreement 02-08".

Page 76, lines 28 and 29:Delete "Operating Agreement 09-12".

Page 77, lines 11 and 12:Delete "Operating Agreement 09-12".

Co-Chair Stedman OBJECTED.

Senator Olson explained that Amendment 13 has to do with the operating agreement for the Anchorage International Airport. The amendment deletes operating agreements citations in all of the project titles as unusual and unnecessary because negotiations have not yet been concluded.

Senator Dyson wondered about the Administration's opinion.

KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, indicated that the Administration did not object.

AT-EASE: [9:48:27 AM](#)

RECONVENED: [9:49:05 AM](#)

Senator Olson clarified that it is a net zero amendment.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:49:35 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 14:

Page 95 following line 15:

Insert a new subsection (c) that reads:

(c) Section 4, ch. 3, FSSLA 2005, page 98, lines 19-22 is amended to read:

	ALLOCATIONS
Kodiak - <u>Otmeloi Way</u>	1,000,000
<u>Rehabilitation and</u> Rezanof	
Drive Rehabilitation Lighting	
and Intersection Safety Improvements (HD36)	

Include this new section as a capital item with a June 30, 2008 effective date.

EXPLANATION:

This language change will allow remaining funds from the Rezanof Drive project to be used for upgrades to Otmeloi Way. "Approximately \$400,000 of the original appropriation will be used for lighting projects at the intersections of Rezanof and North and South Mill Bay Roads. This language change will allow the remaining funds to be used to complete the Otmeloi reconstruction project funded with another \$3.3 million general fund appropriation. This project includes the reconstruction of Otmeloi Way including storm drains, lighting and a pathway. The Kodiak Island Borough will accept title transfer from the state prior to constructing the improvements.

Co-Chair Stedman OBJECTED.

Mr. Baker explained that Amendment 14 is also a late legislative reappropriation - technically a scope expansion. It would allow the Department of Transportation and Public Facilities to use a previous \$1 million appropriation in Kodiak for upgrades to Otmeloi Way.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:51:10 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 15:

* **Sec. A.** HOUSE DISTRICTS 17 - 32. (a) Section 1, ch. 82, SLA 2006, page 94, lines 13 - 14, as amended by sec. 7(c), ch. 10, SLA 2007, is amended to read:

	APPROPRIATION	OTHER
	ITEMS	FUNDS
Surface Transportation Program	<u>355,365,200</u>	<u>355,365,200</u>

(b) Section 1, ch. 82, SLA 2006, page 96, lines 9 - 12, as amended by sec. 7(d), ch. 10, SLA 2007, is amended to read:

ALLOCATIONS

Anchorage: Eagle River 12,170,000
Loop [12,200,000]
Road Reconstruction - Old
Glenn Highway to Eagle
River Road (HD 17-32)

(c) It is the intent of the legislature that the appropriation reduction made in (a) of this section will leave the department sufficient funding to construct a 150-foot traffic control island at the northwest intersection of Eagle River Loop Road and the Old Glenn Highway.

Co-Chair Stedman OBJECTED.

Senator Dyson explained that Amendment 15 relates to a major road rehabilitation project. The appropriation will allow for construction of a traffic control island at the northwest intersection of Eagle River Loop Road and the Old Glenn Highway.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:51:54 AM](#)

Co-Chair Stedman MOVED to ADOPT Amendment 16:

Page 83, Lines 13-14 are amended to read:

Appropriation Items	General Funds	Other Funds
UAA Health Sciences	<u>40,900,000</u>	[46,000,000]
	<u>40,900,000</u>	[46,000,000]
Building (HD 17-32)		

Page 83, Lines 26-29 are amended to read:

Maintaining Existing	16,380,014	
	15,380,014	<u>6,100,000</u> [1,000,000]
Facilities and Equipment Renewal and Renovation Annual Requirement		

Page 84, lines 4-6 are amended to read:

Allocations

UA-Juneau Annual Capital 10,200,000 [5,100,000]
Renewal and Renovation
Requirement (HD 3-4)

Adjust totals accordingly.

EXPLANATION: For 12 years, the Anderson Building renovation has been part of construction of the Lena Point School of Fisheries and Ocean Sciences (SFOS) building project. This 30-year-old building suffers numerous code compliance deficiencies. Major renovation is needed to extend its useful life for the state. The project will also improve safety by addressing the current need for students to cross a state highway on a curve with inadequate sight distance without aid of an intersection, crosswalk, or other traffic control.

During difficult fiscal times, construction of the SFOS building was funded in five phases and the size and scope of the building were reduced repeatedly and significantly. The delays caused by redesign and phased funding meant scientists and students continued to use the Anderson building many years longer than originally planned.

The first funding for the two-part project was requested in FY 97.
The first appropriation came in FY 99. (\$1.7 million in UA receipts.)
The next appropriation was in the FY 02 supplemental (\$800.0 UA Recpt. for blasting)
The 2002 bond issue contained \$9 million for this project.
The FY 06 capital budget had \$10 million GF, and construction on the Lena point project could begin.
In FY 08 there were \$6.8 million in additional UA receipt authority, and \$500.0 GF to prepare bid documents on Anderson.

In order for the university to continue teaching students in the Anderson building, major renovation and renewal is needed. It's been on the 6-year plan for 12 years. Full funding is needed to begin the project in FY 09, when fisheries science programs move to the Lena facility. Breaking funding into additional phases is inappropriate and will result in increased costs and reduced utility to students.

Co-Chair Stedman OBJECTED.

Senator Elton explained that Amendment 16 is revenue neutral. It moves \$5.1 million from the new UAA Health

Sciences building to complete the renovation project at the Anderson Building. He noted that the Anderson renovation has been part of the UAF Fisheries Lab building project that consisted of five phases. This completes the project as phase 6. It has been on the 6-year plan for the Board of Regents for the last 12 years.

Co-Chair Stedman commented that it would not affect the construction timeline for the UAA building project. The net affect is zero.

Senator Elton noted that the total cost of the UAA building would be known as the project moves forth. He said he is committed to making sure the project is completed and fully funded.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

AT-EASE: [9:53:41 AM](#)

RECONVENED: [9:55:58 AM](#)

Co-Chair Stedman MOVED to ADOPT Conceptual Amendment 17, to have Legislative Finance and Legislative Legal do conforming and technical amendments, as needed, to bring SB 221 into compliance with the intent of the Committee. Co-Chair Stedman OBJECTED.

Co-Chair Stedman WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered.

[9:56:54 AM](#)

Co-Chair Hoffman MOVED to REPORT SB 221 from Committee with individual recommendations. There being NO OBJECTION, it was so ordered.

CSSB 221 (FIN) was REPORTED out of Committee with a "do pass" recommendation.

HOUSE BILL NO. 373

"An Act extending specified public school bond debt reimbursement; and providing for an effective date."

HB 373 was scheduled but not heard.

CS FOR HOUSE BILL NO. 45(MLV)

"An Act authorizing the Department of Military and Veterans' Affairs to establish and maintain Alaska veterans' cemeteries; and establishing the Alaska veterans' cemetery fund in the general fund."

CSHB 45(MLV) was scheduled but not heard.

CS FOR HOUSE BILL NO. 326(FIN)

"An Act authorizing the governor to order the organized militia into active state service to fight wildland fire, authorizing the governor to delegate to the adjutant general the authority to order the organized militia into active state service to fight wildland fire, and authorizing the payment of Alaska National Guard called into active state service to fight wildland fire at rates of pay established for certain emergency fire-fighting personnel; and providing for an effective date."

CSJB 326(FIN) was scheduled but not heard.

ADJOURNMENT

The meeting was adjourned at 9:57 AM.