

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

March 24, 2008

4:36 p.m.

**MEMBERS PRESENT**

Senator Charlie Huggins, Chair  
Senator Lyda Green  
Senator Gary Stevens  
Senator Bill Wielechowski  
Senator Thomas Wagoner

**MEMBERS ABSENT**

Senator Bert Stedman, Vice Chair  
Senator Lesil McGuire

**COMMITTEE CALENDAR**

SENATE BILL NO. 303

"An Act relating to certain grants awarded by the Department of Environmental Conservation."

MOVED SB 303 OUT OF COMMITTEE

SENATE BILL NO. 306

"An Act relating to the adoption of conservation, development, and utilization regulations by the Board of Game to address concerns relating to public assets."

SCHEDULED BUT NOT HEARD

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 348(FIN)

"An Act relating to the adoption of conservation, development, and utilization regulations by the Board of Game to address concerns relating to public assets."

SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 303

SHORT TITLE: SANITATION AND WATER GRANTS

SPONSOR(S): RULES BY REQUEST

03/12/08	(S)	READ THE FIRST TIME - REFERRALS
03/12/08	(S)	RES, FIN
03/24/08	(S)	RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

GINGER BLAISDELL

Staff to Senator Green

Alaska State Capitol

Juneau, AK 99801-1182

**POSITION STATEMENT:** Explained SB 303 for the sponsor, Senator Gary Stevens.

KATHY WASSERMAN

Alaska Municipal League (AML)

Anchorage AK

**POSITION STATEMENT:** Supported SB 303.

BILL GRIFFITH

Facilities Programs Manager

Division of Water

Department of Environmental Conservation (DEC)

Anchorage AK

**POSITION STATEMENT:** Supported SB 303.

JOHN STEIN, Interim Administrator for James Didley

Representing James Didley and Mayor Dapcevich

City and Borough of Sitka

Sitka AK

**POSITION STATEMENT:** supported SB 303.

BILL ALLEN

City of Palmer

Palmer AK

**POSITION STATEMENT:** Supported SB 303.

MAYOR JOHN COMBS

City of Palmer

Palmer AK

**POSITION STATEMENT:** Supported SB 303.

DON (WALLY) BAIRD

City of Bethel

Bethel AK

**POSITION STATEMENT:** Supported SB 303.

WAYNE OGLE, Director

Public Works

City of Bethel

Bethel AK

**POSITION STATEMENT:** Supported SB 303.

**ACTION NARRATIVE**

**CHAIR CHARLIE HUGGINS** called the Senate Resources Standing Committee meeting to order at [4:36:08 PM](#). Present at the call to order were Senators Green, Stevens, Wagoner, Wielechowski and Huggins

**SB 303-SANITATION AND WATER GRANTS**

[4:36:35 PM](#)

CHAIR HUGGINS announced SB 303 to be up for consideration.

GINGER BLAISDELL, staff to Senator Green, explained SB 303 for the sponsor, Senator Gary Stevens. She said it changes the population requirements for the different match rates for municipalities as they are reimbursed money from the state for doing water and sewer projects. She said the top three municipalities - Anchorage, Juneau and Fairbanks - have a population of 30,000 or higher; eight cities have a population of 5,000 to 30,000; and every other city in the state is below 5,000. Changing the lower end of the population criteria for receiving a 50/50 state match from a population of 5,000 to 10,000 will allow eight communities to finance water and sewer projects.

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MS. BLAISDELL said she asked Legislative Legal Services if any other programs would be impacted by changing the population criteria and they couldn't find any. She also asked the Department of Environmental Conservation (DEC) staff if they would need any regulation or statutory change to accommodate the change. The only thing they came up with is that different cities would be allowed different match rates, but it would not change their program overall. DEC also provided a list of 2007 - 09 water and sewer projects to show how much money the state is spending on them. She pointed out that not being able to do these projects is also a deterrent to economic growth for the state.

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SENATOR GREEN said the main change is that the participation rate for some municipalities would drop from 50/50 to 70/30 percent with the state paying 70 percent.

CHAIR HUGGINS asked if Ms. Blaisdell found any aberrations of demographic changes they should be aware of.

MS. BLAISDELL replied that no communities were shrinking in size. She explained that these criteria were established in 1994 and the 5,000 cutoff seemed to meet most of the smaller cities. As the medium-sized cities in Alaska have grown, it's more difficult for them to afford the water and sewer infrastructure. Once a population of 20,000 to 25,000 is reached, people can afford to be taxed for these projects.

CHAIR HUGGINS asked where the cutoff by community is for 70 percent state participation.

MS. BLAISDELL answered currently the cutoff is between Homer and Valdez. Right now Homer would be paying a 50/50 match. If the population range was changed to 10,000 the cutoff would be between Sitka and Fairbanks resulting in the eight cities between Sitka and Homer having a 70/30 match rather than a 50/50.

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CHAIR HUGGINS asked what happens to an organization like Delta Junction that bounces bounce up and down on each side of the minimum number (1,000).

MS. BLAISDELL replied someone from DEC could better answer that.

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KATHY WASSERMAN, Alaska Municipal League (AML), said a couple of communities are on the cusp of being over 5,000 and eligible for the 70/30 match - Valdez, Unalaska and Barrow. She said the AML supported SB 303.

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SENATOR WAGONER said the Kenai Peninsula Borough is a second class borough, but it does have home rule and first class cities. Some areas in the borough have already received water and sewer grants and he asked how that would be handled.

MS. WASSERMAN answered that the borough would be eligible for the 50/50 amount and the cities within the borough would fall under the amount of the grant that pertained to its population as well - unless the borough could somehow exclude the cities. Bethel, Kodiak, Wasilla, North Slope Borough and Northwest Arctic Boroughs would be included. They are municipalities even though they are unorganized.

MS. WASSERMAN said the borough would be eligible for the 50/50 match.

BILL GRIFFITH, Facilities Programs Manager, Division of Water, Department of Environmental Conservation (DEC), explained that normally local municipalities such as cities would all come in for grant requests on their own because they qualify for the least possible match requirement. In other words, communities of less than 1,000 request a grant on their own rather than coming in through the borough because they will be able to qualify for a lesser percentage local match requirement. He generally doesn't see requests from boroughs for water and sewer grants because for the most part they don't own and operate those systems; they are owned by the local municipalities.

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SENATOR WAGONER asked how Nikolai got a grant.

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MR. GRIFFITH answered that Nikolai was eligible to receive money as an unincorporated community through the Village Safe Water Program, which does not require a local match. In cases like that, some entity has to agree to own and operate that system; in the case of Nikolai that was the local homeowner's association.

SENATOR WAGONER asked if Port Graham or Nanavalik applied for a grant through Village Safe Water, would one of the tribal councils be able to operate and maintain it.

MR. GRIFFITH replied yes; if there is no municipal government, a tribal council can own and operate water and sewer facilities.

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SENATOR STEVENS said this list didn't have any boroughs on it and asked if they wouldn't have access to these grants.

MR. GRIFFITH answered he didn't think about boroughs when he saw the bill, but he would check to see what it does for boroughs. His division was looking at the eight cities and hadn't gotten into water and sewer grants for boroughs. He doesn't receive grant requests from them even though they may be eligible to apply.

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SENATOR WAGONER said they should check that out. Where he comes from, counties operate as many municipal water systems as cities do. If Sterling gets a bigger population, it could generate a request for a water and sewer system; it is unincorporated and could do it through the borough.

SENATOR STEVENS said he didn't think many boroughs have that power under their charter.

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SENATOR WAGONER said the Kenai Peninsula Borough is a second class borough and it doesn't have that power in its charter, but the people could vote to give to provide it. Service districts could also be formed.

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JOHN STEIN, Interim Administrator for James Didley, City and Borough of Sitka, said he is also representing Mayor Dapcevich. He said the DEC grants have been used by the City and Borough of Sitka, a unified municipality, on a number of occasions. He said they supported SB 303. He said these are great programs and have a long term benefit to communities and impact health issues.

[4:55:45 PM](#)

BILL ALLEN, City of Palmer, said SB 303 is an extremely important piece of legislation for Palmer, a community of over 5,000 people, because it would change its local contribution of 50 percent down to 30. He said that Palmer has a growing population, however he sometimes feel like they are being penalized because of their successful economic development plan. As the population increased, their local contribution increased by 20 percent. In addition to the growing population, he said, Palmer is getting in-migration from rural communities, because people have no jobs and heating fuel costs \$6-\$7 there. That adds to the cost of the infrastructure as well.

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MR. ALLEN explained that Palmer has a very extensive water and sewer system, but it is made of thin-walled steel water pipes that are failing. Some are 50 years old; they have a 30 percent water leakage rate. Palmer has 1,700 rate payers and asking them to approve bonds for a water and sewer project, especially at 50 percent local contribution, is a stretch.

He also said that Palmer is 5 square miles and it is running out of room; so they are under considerable annexation at this point. People who are getting annexed ask what they get by

joining their city and he wants to say they will be provided a clean and safe water and sewer system. Palmer also has to come into compliance with the EPA's discharge rules, which it currently can't meet. The price tag for that is about \$50 million. This is a desperately needed economic development and public health issue.

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SENATOR STEVENS said this measure would save citizens of Palmer over \$2 million.

SENATOR WAGONER asked what the charge for water and sewer is in Palmer.

MR. ALLEN replied \$53/mo including \$17 for garbage pick up.

SENATOR WIELECHOWSKI asked what the cost would be if they had to pay the \$2 million.

MR. ALLEN didn't know. If that were the only cost they had to be concerned about, he wouldn't be that worried. They have to do something about the leakage rate.

SENATOR WIELECHOWSKI said his water and sewer bill in Anchorage is \$66/mo without garbage pickup.

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MAYOR JOHN COMBS, City of Palmer, supported Mr. Allen's comments except he clarified that the increase is not 20 percent, but more like 67 percent. Palmer doesn't have a large enough rate payer base to sustain the 50/50 match. These eight cities have outgrown the statute and they will continue to grow.

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DON (WALLY) BAIRD, City of Bethel, supported SB 303. He said while Bethel has the Village Safe Water Program available to it, significant costs are "looming" before it for a waste water treatment facility that is needed since the landfill closed. It also has to contend with the fact that only about a third of the population is served by piped water. To expand piped water to more of the city, an estimated \$26 million, they would have to use this program, because a match of 50 percent is "completely out of the realm of possibilities." He said piped water and sewer costs residents pay about \$98/mo; a haul system costs \$230/mo for 1,000 gallons.

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WAYNE OGLE, Director, Public Works, City of Bethel, supported SB 303. He supported the statement that the 50 percent match would be hard for Bethel residents to deal with.

[5:10:02 PM](#)

CHAIR HUGGINS asked Mr. Griffith who determines the population of an area.

MR. GRIFFITH replied that that number comes from the annual number developed by the Department of Commerce, Community & Economic Development (DCCED).

[5:11:49 PM](#)

MS. BLAISDELL added that SB 303 is not retroactive and doesn't change or correct funding for FY'07 and '08 projects.

SENATOR GREEN moved to report SB 303 from committee with individual recommendations and attached fiscal note(s). There were no objections and it was so ordered. There being no further business to come before the committee, Chair Huggins adjourned the meeting at [5:12:55 PM](#).