

HOUSE FINANCE COMMITTEE
February 20, 2014
1:46 p.m.

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CALL TO ORDER

Co-Chair Austerman called the House Finance Committee meeting to order at 1:46 p.m.

MEMBERS PRESENT

Representative Alan Austerman, Co-Chair
Representative Bill Stoltze, Co-Chair
Representative Mark Neuman, Vice-Chair
Representative Mia Costello
Representative Bryce Edgmon
Representative Les Gara
Representative David Guttenberg
Representative Lindsey Holmes
Representative Cathy Munoz
Representative Steve Thompson

MEMBERS ABSENT

Representative Tammie Wilson

ALSO PRESENT

Karen Rehfeld, Director, Office of Management and Budget, Office of the Governor; Chris Christensen III, Associate Vice President for State Relations, University of Alaska.

SUMMARY

HB 265 BUDGET: CAPITAL

HB 265 was HEARD and HELD in committee for further consideration.

HB 266 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 266 was HEARD and HELD in committee for further consideration.

HB 299 SUPPLEMENTAL/CAPITAL/OTHER APPROPRIATIONS

HB 299 was HEARD and HELD in committee for further consideration.

#hb265

#hb266

#hb299

HOUSE BILL NO. 265

"An Act making appropriations, including capital appropriations and other appropriations; making appropriations to capitalize funds."

HOUSE BILL NO. 266

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, and making reappropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund."

HOUSE BILL NO. 299

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

Co-Chair Austerman discussed the meeting agenda.

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^OVERVIEW: GOVERNOR'S FY 15 BUDGET AMENDMENTS and GOVERNOR'S FY 14 SUPPLEMENTAL BUDGET AMENDMENTS

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KAREN REHFELD, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, relayed that the proposed amendment package was small. She remarked that the supplemental bill had been delivered to the committee on the 15th legislative day of the current session. She pointed to line 2 of a spreadsheet titled "FY 2014 Supplemental Bill Amendments

Submitted February 18, 2014" (copy on file). Line 2 listed an appropriation of \$32.7 million for the Susitna-Watana Hydroelectric Project; the appropriation would be contingent on the Alaska Energy Authority (AEA) obtaining executed land access permits needed to continue with field studies and other activities needed for the Federal Energy Regulatory Commission (FERC) licensing application process. The funds were in addition to an FY 15 capital budget request of \$10 million. Lines 3 and 4 included two reappropriations of access fuel-trigger dollars in the current year budget. The request on line 3 was \$2.5 million and was specific to costs related to the delayed return-to-service of the Tustumena; costs included loss of revenue and others associated with the Kennicott taking over some of the Tustumena trips. Line 4 included a reappropriation of the estimated remaining balance in the fuel trigger of \$5 million into the vessel replacement fund. She discussed that the legislature had put \$10 million into the current fiscal year budget for the design of a replacement vessel for the Tustumena; construction funds for the vessel would be needed in the future when the design was complete.

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Representative Gara believed there were varying opinions about the Susitna-Watana Hydroelectric Project. He remarked that the state had spent \$170 million to date on the project. He wondered why the state would spend an additional \$32 million when it was looking at a large diameter gasline that would provide approximately eight times more energy than it could use.

Ms. Rehfeld replied that the Susitna-Watana project had been very important to the Railbelt system and would help the state to meet its renewable energy goal of 50 percent electrical generation by 2025. The project would provide a source of inexpensive hydro power for the entire region. She stated that the project was not exclusive of the gasline project. She detailed that the gasline would provide gas for Alaskans as a heat source and would provide a revenue stream for the state.

Representative Gara countered that the gasline would provide more energy than the state would need. Co-Chair Austerman communicated that he did not want to debate the importance of projects.

Representative Gara wondered why it made sense during tight budgetary times to spend \$32 million at the same time the state was working on an alternative project. He referred to Ms. Rehfeld's testimony that the Susitna-Watana project would produce inexpensive power; he wondered if the project construction cost was factored in and if it was only inexpensive if the state paid for the project.

Ms. Rehfeld replied that the total financing package for the Susitna-Watana project had not been determined. She believed the AEA could provide estimated savings and power cost estimates.

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Co-Chair Austerman wondered if there was money in the FY 15 budget for Susitna-Watana. Ms. Rehfeld replied that the FY 15 budget included \$10 million for the project. She detailed that the governor's office had not included a larger request initially because it was hoping the executed permits would be available in order to bring forward a dollar amount for the field studies required in the current year. The reappropriation was contingent on securing signed permits; substantial progress had been made on getting permits signed and several landowners were willing to sign the permits.

Representative Holmes referred to \$95.2 million appropriated in FY 14 and the \$32.7 million supplemental request, which combined totaled \$127.9 million for FY 14. She looked at the \$10 million request for FY 15. She wondered if the reappropriation was a move to put FY 15 funding into the FY 14 supplemental. She wondered when the money would actually be used and why the FY 14 request was only \$10 million.

Ms. Rehfeld answered that there was an estimate in the capital project write-up for the cash flow needs in the remainder of the current fiscal year through FY 15. The project was contingent upon the permits; there would be approximately \$30 million remaining in the existing project, plus the \$32.7 million, and the \$10 million in the FY 15 budget. She believed the funds would allow the project to get through FY 15. There would be one additional year of funding (if everything remained on schedule) to get to the licensing application period. There would be another fund installment for engineering if the application period

was successful. She appreciated that the issue was confusing and hoped the backup material would clarify the cash flow and timing.

Representative Holmes would look at the issue further to determine whether it was appropriate for the funding to be in the supplemental or the amended FY 15 budget.

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Representative Edgmon believed the question asked by Representative Holmes was relevant. He believed it was the legislature's job to scour the budget like never before due to tight fiscal times. He did not understand what the requested money would do for the project that was still in the feasibility/study stage. He remarked that the requests represented a tremendous amount of money. He referred to a Commonwealth North luncheon from the prior fall, where an attendee had recommended using a Simpson-Bowles approach to take a look at a list of the proposed large projects to determine which ones the state would fund. He credited the governor for putting \$29 million into the budget for the Alaska Housing Finance Corporation weatherization program, but noted that the funds would only get the program through half of the year. He stressed that weatherization provided immediate 30 to 40 percent savings to every household in addition to valuable jobs statewide. He believed some people fully supported the project while others had concerns. He was interested in more information about the project and the considerable funds designated to it. He asked for verification that there would be no other weatherization requests from the governor at present.

Ms. Rehfeld replied that AEA had an approved study plan from FERC. She detailed that there were a number of complex studies currently underway in order to meet the application timelines. She shared that there was a list of studies that AEA could provide to the committee. She appreciated the conversation because it was necessary in determining the overall spending level the legislature and governor's office were comfortable with given the current fiscal environment. She had spoken with the housing authorities and understood that they were interested in doubling funds. Part of the discussion with the committee would pertain to priorities it would like included in the budget. She communicated that the governor's office was working to keep the amendments and budget as low as possible; the [Susitna-

Watana] project was a priority that the governor's office thought should be continued if the permits were executed. She agreed that significant discussion was needed.

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Representative Edgmon wanted to gain a further understanding of the project and expenditures. He believed \$178 million had been appropriated thus far. He noted that more than \$40 million would be put towards the project that was still "on the drawing board." He noted that an additional \$32 million was requested.

Co-Chair Austerman replied that the conversation would occur when the supplemental budget was brought formally before the committee. He did not want to debate one project against another during the current meeting.

Representative Guttenberg asked if the appropriated funds had been designed to facilitate permits to be obtained by AEA. He addressed that the requested funds were contingent on the permits. Ms. Rehfeld believed all involved parties were aware that the permits needed to be executed in order to continue and that additional funding would be required to pursue the project. She detailed that the discussions had been ongoing since the prior fall. She believed AEA was close to securing the permits. She deferred to AEA for further detail.

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Vice-Chair Neuman He wondered what to do about businesses waiting for the project to move forward. He referred to the spreadsheet notes that the additional funds would go to support the progress of licensing efforts. He had been contacted by a constituent who had a contract with AEA to provide support services for helicopter fueling; there was currently an issue with obtaining a land-access permit to allow studies to continue. He detailed that the small business had invested over \$100,000 in tank farms for helicopter refueling. He believed money to move projects forward had been halted until access was acquired.

Ms. Rehfeld deferred to AEA on some of the specific contract language. She agreed that the issue was one of the difficulties with large projects. The need for contract

workers was one of the reasons that the requested appropriations extended into FY 15.

Vice-Chair Neuman understood that the legislature would discuss which projects it would move forward with; however, it had already engaged in multiple contracts for the next couple of years. He wondered what commitment the state should have to contracted employees.

Representative Gara referred to the supplemental technicalities raised by Representative Holmes and Representative Edgmon. He wondered if the supplemental FY 14 funds would be spent in FY 15 if the permits were not secured and money was not needed by June 30, 2014.

Ms. Rehfeld answered that the funding had been requested as capital appropriations that would have extended terms; most capital appropriations were for a five-year timeframe. She detailed that if the supplemental was approved and the permits were executed the contractors could begin work in the upcoming spring field season. The funds would still be available for use beyond June 30, 2014. She noted that the timing decision was at the discretion of the legislature.

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Co-Chair Austerman believed the conversation related to timing would occur when the supplemental was in front of the committee.

Co-Chair Stoltze believed that the Susitna-Watana project would have legacy benefits that would continue to increase over the years. He remarked that other energy needs had been taken care of statewide. He referred to other state projects that he found less viable.

Co-Chair Austerman reminded members to refrain from debating projects during the meeting.

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Ms. Rehfeld spoke to the FY 15 operating budget amendments. She pointed to a spreadsheet titled "FY 2015 Operating Amendments." She relayed that few items were included as an effort to maintain a lean budget. She looked at page 1, lines 1 through 3 pertaining to the Department of Administration (DOA); each of the items related to

requirements under the Federal Affordable Care Act. Line 1 included a request for \$61,300 for fees required for all active self-insured health plans. She detailed that the state paid a fee for all individuals in the plans for the Patient-Centered Outcomes Research Institute. Line 2 included \$68,000 in general funds for self-insured retiree health plans. Line 3 included a \$3.2 million reinsurance fee. The items had not been included in the December budget because at the time the governor's office had been working with the Department of Law (DOL) and DOA on the issue; it was unknown whether any litigation would occur. After the discussions the governor's office had determined that it was appropriate to include the items in the budget in order to avoid any potential nonpayment penalties.

Ms. Rehfeld moved to page 2, line 4, which included a reduction of \$150,000 under the Elected Public Officers' Retirement System (EPORS). The decrease was due to a reduction in participants in the system; the actuarial work had not been completed until after the December budget had been submitted. Lines 5 and 6 included increments for the Office of Public Advocacy and the Public Defender Agency based on the entities' current caseloads and appellant backlogs; the funds would help, but would not address the entire backlog. Line 7 included a \$25,000 statutory designated program receipts request for certification of export logs under the Department of Natural Resources (DNR). She detailed that Legislative Budget and Audit had recently approved a similar request; logs were primarily exported to China.

Ms. Rehfeld addressed item 8, a request to restore funding the governor's office had proposed to reduce for the Alaska Bureau of Highway Patrol. She detailed that the unit had been established with federal funds within the Department of Public Safety (DPS) to maintain dedicated enforcement on Alaska's four highway safety corridors. Over the past several years the funding source had been transferred to a state general fund program. The department had developed proposals when it had been asked to come up with ways to deliver its mission and core services at less cost. The proposals included providing enforcement activities on the highway safety corridors through state trooper detachments. She stated that it had subsequently become clear that the state would not be able to maintain the required patrol in the areas. She noted that trooper detachments continued to have a great deal of pressure on the regular patrol

services. She relayed that funds should be restored in order to maintain dedicated resources that had successfully reduced highway fatalities.

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Ms. Rehfeld looked at line 9 related to the University of Alaska. The university had completed its negotiations with United Academics and had requested a total of \$3,370,000 for the agreement; \$1,686,500 of the request was general fund. Line 10 reflected an update to the amount needed to inflation proof the Alaska Permanent Fund; the Alaska Permanent Fund Corporation provided the governor's office with a monthly projection statement. Page 3, line 11 deleted the contingency language section that appropriated lost federal receipts with general funds related to the Department of Corrections (DOC); the department believed it would receive the necessary federal funding. Line 12 trued up general obligation bond debt service estimates based on timing and cash flow. Line 13 reduced a general fund request for jail construction reimbursement by \$512,300 given that sufficient cash was available to apply to payments in 2014 and February 2015. The total reduction to the FY 15 operating budget was \$5,800,000.

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Vice-Chair Neuman asked about line 8 pertaining to highway safety corridors. He stated that according to the Department of Transportation and Public Facilities (DOT) none of the state's highways would continue to qualify as highway safety corridors due to improvements and decreased fatalities. He wondered if the highways would not qualify due to extra trooper patrols enforcing the areas. He asked if the funds were not needed anymore and wondered if Ms. Rehfeld had discussed the issue with DOT.

Ms. Rehfeld shared that when the Bureau of Highway Patrol had first been established through federal national highway safety funds provided to DOT there had been specific parameters on what the funds could be used for. She detailed that DOT and DPS worked together on enforcement, engineering, and an education plan related to the use of the federal highway funds for the 4 identified corridors. Over time some of the parameters changed and federal funds were no longer available to DPS; therefore, funds had been replaced with general fund dollars over the past couple of

years. She did not know eligibility requirements related to the designation of a highway safety corridor. The governor's office proposed a continuation of general funds for state enforcement along the corridors.

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Vice-Chair Neuman surmised that it was difficult to determine whether increased enforcement, road upgrades, or a combination of the two, had decreased fatalities and accidents. He suspected it was a combination of various items and believed the legislature should look at partial funding for the request.

Representative Guttenberg looked at the \$150,000 reduction on page 2, line 4 related to actuarial work for EPORS benefits.

Ms. Rehfeld clarified that the item was based on actuarial work. She detailed that the funds were evaluated annually and the governor's office received the data.

Representative Guttenberg asked whether the fund was supposed to pay for the item. Ms. Rehfeld replied that the item was a decrement based on the number of eligible members remaining in the system. Representative Guttenberg understood. He asked if the system had its own fund. Ms. Rehfeld replied in the affirmative.

Co-Chair Austerman asked about line 9 related to university contract negotiations. He asked for verification that the funding would increase by 2 percent for three years in addition to a \$750 annual bonus per employee. He referred to most other state contracts that had received lower increases. He noted that school districts were telling their employees to expect zero increases.

Ms. Rehfeld replied that there was a write up describing the agreement. She believed the university could provide further detail on what its employees were required to pay for health insurance and other items that other state employees did not pay for. The university did not provide pay increments like other state agencies.

Co-Chair Austerman asked for verification that the increase was 2 percent for three years. Ms. Rehfeld believed that was the case.

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CHRIS CHRISTENSEN III, ASSOCIATE VICE PRESIDENT FOR STATE RELATIONS, UNIVERSITY OF ALASKA, stated that it was difficult to do a comparison between university and state contracts because they covered different items. He explained that the university did not provide longevity increases to employees (unlike the state that provided 3 percent longevity increases during the first six or seven years of employment and additional increases every other year subsequent to that time). The request on line 9 covered the full increase package. He relayed that the university did a number of other things that reduced the package value to employees. He elaborated that as a university employee he received roughly 60 percent of the leave time he had received when working for the state judicial branch. He stated that the university did provide sick leave, but it had no value unless he became sick.

Mr. Christensen continued that the state paid 100 percent of the economy medical plan premiums for its employees, whereas the university was paying 83 percent in the current year and 82 percent in FY 15. He communicated that every month he had \$200 taken from his paycheck to pay his share of the health insurance premium. He believed the university had negotiated tight and responsible contracts. He noted that the contracts before the committee were for the university's largest faculty union. The union had a small pot of money for genuine merit increases for exemplary performance (e.g. bringing grants in or other). He continued that many professors would receive no bonus, some would receive a small bonus, and others who showed the high performance would receive large bonuses. He relayed that the contracts more closely resembled those in the private sector.

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Co-Chair Austerman asked about the \$750 cash bonus. Mr. Christensen replied that the amount had been negotiated. The actual percentage increase was 2 percent per year. He stated that the cash would be used for either merit or market increases. He reiterated that the university did not provide longevity increases like the state.

Co-Chair Austerman asked how many employees would be eligible for the increase. Mr. Christensen replied that there were roughly 950 full-time equivalent employees in the category.

Co-Chair Stoltze asked about the comparison between the negotiated contracts for the university and for DOA negotiated state employee contracts.

Mr. Christensen replied that there were two sides that had negotiated long and hard. He believed the contracts were reasonable and responsible when taking into consideration the total expenses and what employees had given up. He restated that it was very difficult to do a direct percentage comparison between the university and the state. He did find it interesting that the state did not seem to be looking to what the university was doing to manage personnel costs in an era of declining revenue.

Co-Chair Stoltze referred to the \$750 bonus and surmised that the figure was de minimis for a tenured professor. He wondered whether the bonus went to adjunct professors as well. Mr. Christensen answered that adjunct professors fell under a different union. The union under discussion pertained to professors teaching upper level courses. He added that the salary of a full professor began at \$62,000 per year (the equivalent of a pay range 19a in the state system).

Co-Chair Stoltze believed the \$750 may be a more prudent way to handle bonuses. He noted that the bonus treated the employees equally. He detailed that if the bonus was based on percentages they would pay more for professors who were already financially well-off.

Mr. Christensen pointed out that the contract did reclaim some management rights that had been given away many years earlier. For instance, language had been improved to provide that management had the right to assign a workload that met the needs of the university with a focus on increased faculty productivity. The university felt that the management givebacks reduced the cost of the contracts. He noted that the faculty had been very forthcoming on the issue; there were many employees who wanted to improve the university who had worked to negotiate contracts with that goal in mind.

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Co-Chair Stoltze shared a story about one of his former professors at the University of Alaska Fairbanks. He had learned that there was a \$5.8 million United Academics increase; \$2.9 million would come from the state general fund. He wondered about the other \$2.9 million and asked if it was separate from the appropriation under discussion.

Mr. Christensen answered that not all of the university's contracts were fully negotiated. It appeared that the full amount would be approximately \$5.1 million from the university and \$5.1 million from the state's general fund.

Co-Chair Austerman found it interesting that the state was working to figure out how to balance the budget, but that the annual increase came to approximately \$4,000 per employee.

Representative Thompson asked whether university receipts would fund half of the cost for each of the three years. Mr. Christensen answered in the affirmative. He noted that three to four years earlier the state had picked up 60 percent of the cost compared to the 50 percent it currently covered. He communicated that the university had the incentive to produce contracts like the one before the committee.

Representative Thompson asked if the \$750 amount would be received each year. Mr. Christensen replied that the bonus was annual.

Representative Gara asked for verification that the university would pay \$1.686 million and the general fund would pay for the remaining \$1.686 million. Mr. Christensen responded in the affirmative.

Representative Gara asked for confirmation that the university would request another \$5.1 million general fund request in the next year or so for its other employees (the university would also absorb an additional \$5.1 million increment). Mr. Christensen answered that the items should be in the current budget. There were two contracts the legislature had not yet seen, but they were much smaller. All of the contracts together should total approximately \$5.1 million.

Representative Gara asked for verification that the items were in the current year budget. Mr. Christensen answered that some of the items were in the current year budget. He elaborated that the contracts the committee had already seen in the governor's budget were for the United Federation of Teachers, the Fairbanks Firefighters' Union, and the non-covered employees. The proposed amendment included the United Academics faculty. The committee had not yet seen the University of Alaska Adjuncts contract, which would be approximately \$200,000 undesignated general fund and \$200,000 designated general fund.

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Co-Chair Stoltze mentioned EPORS and believed it had only been in effect for two years. Ms. Rehfeld thought the system may have been in effect slightly longer.

Co-Chair Stoltze thought EPORS may have been established in the 9th Legislature. He recalled that at the time there had only been nine Republicans in the House. The system had been a generous benefit program that enabled participants to add onto their retirement by working at a higher paying job for one day. He imagined that remaining participants in the system were currently in their 60s or older.

Ms. Rehfeld replied that there were 20 retirees and 15 survivors still receiving benefits.

Co-Chair Stoltze discussed that few employees could have a significant financial impact; the EPORS beneficiaries had not put a substantial amount into the system and the state was paying a high amount to those beneficiaries. He noted that some of the employees had not taken real benefit of the system, while others had; there were also some examples of abuse of the system by employees who worked very short periods.

Representative Gara pointed to a provision in the current retirement system that allowed a state employee's three highest earning years to count for retirement. He provided an example of a state employee that made \$50,000 annually for the majority of their career, who then worked for three years at \$110,000 annually. He wondered if the administration was guarding against the practice. He remarked that the employee in his example had not paid into

the pension system at \$110,000, but that their pension would be based on the amount.

Co-Chair Stoltze remarked that municipal employees also had the option.

Representative Gara reiterated his question to the administration. Ms. Rehfeld deferred the question to DOA. Representative Gara asked Ms. Rehfeld to pass the concern on to the department.

Co-Chair Austerman noted that if a person served on a borough assembly for three years, took \$100 out into retirement, and became elected at \$50,000, the person would get benefits at whatever their timeframe was.

Representative Gara provided another example of a person working their three high years.

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Representative Gara asked about lines 5 and 6 on page 2. He spoke about the increase in crime sentencing and noted that if sentencing continued to increase the state may need to build another prison. He asked which of the formerly 0 to 1-year crimes had become 1, 2, and 3-year crimes. He thought the state should look into whether it was appropriate to reduce any of the sentences in order to avoid the cost of another prison. He wondered if the governor's office or other had looked into the issue.

Ms. Rehfeld replied that the criminal justice working group (including the DOL, the Court System, DOC, and DPS) had looked at issues like the one mentioned by Representative Gara. She would communicate the question to the working group and believed they could provide the information.

Representative Gara did not believe anything was being done to address the issue and believed it was the administration's responsibility. He asked for estimates to build a new prison. Ms. Rehfeld expressed certainty that the issue had been discussed; she would ensure that information was communicated to the committee.

Co-Chair Stoltze made a remark on the efficacy of picking which prisoners were harmless. Representative Gara clarified that he was speaking specifically about low-level

crimes. Co-Chair Stoltze commented that they were crimes nonetheless.

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Ms. Rehfeld addressed the capital budget amendments in a spreadsheet titled "FY 2015 Capital Amendments." She pointed to line 1 that provided an update of the Susitna-Watana project. Line 2 included a request of \$580,800 for the Exxon Valdez Oil Spill Trustee Council to purchase two parcels on the lower Kenai River to provide for public access and riverbank restoration. Lines 3 and 4 included a \$6 million funding request for Alaska Marine Highway System. She explained that the FY 15 budget included an annual \$6 million general fund request for vessel and terminal upgrades and overhauls due to aging vessels. The proposed request would provide an additional \$6 million from the capitalized account of Alaska Marine Highway Stabilization Fund. Line 5 included a \$2,497,500 general fund request for a new project under DOT. The department had been working on the item with federal and state entities to cleanup a PCB contamination site at Aniak High School. She explained that the contamination had been an issue for a lengthy period of time. An agreement had been negotiated between various parties; the project total was \$9.7 million and the state's portion was approximately 16 percent.

Co-Chair Austerman referred to the increment on line 2 and did not realize that the Exxon Valdez oil had extended up to the Kenai River. Ms. Rehfeld was not an expert on the Exxon Valdez oil spill, but she believed the council was able to use resources for restoration and to access projects. The council felt that it could contribute to the item and had asked the governor's office to make the fund request.

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Representative Holmes pointed to line 1 related to Susitna-Watana supplemental FY 14 funds versus FY 15 funds. She referred to language on line 1 stating that the amendment updated the projected future-year funding needed. She believed that if the funds were for future needs they should not be in the supplemental budget.

Ms. Rehfeld replied that the amendment updated the out-year costs based on the \$10 million that had been requested in the budget and what would be needed in the next fiscal year. She added that additional cash flow detail was included in a backup document ["Alaska Energy Authority - Susitna-Watana Hydroelectric Project FY 2015 Request" (copy on file)]. She relayed that AEA would be happy to discuss the project in more detail.

Co-Chair Austerman referred back to the supplemental budget. He asked for the total anticipated shortfall and draw from the savings accounts for all budgets under discussion.

Ms. Rehfeld replied that members' packets should contain an amended fiscal summary that included all of the budgets; she would ensure members had the material. She relayed that the revised fiscal summary would include fiscal notes that were not reflected in December 2014. She detailed that in December the governor's office calculated the FY 14 draw at \$1.9 billion out of the reserve funds; with the fiscal notes and supplemental requests the draw increased to just below \$2.1 billion. In December the calculated draw for FY 15 had been \$1.1 billion; with fiscal notes and supplemental requests another \$29 million had been added for a total of \$1.13 billion.

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Representative Gara asked about the capital budget amendment for Aniak High School on line 5. He did not want students to be exposed to health risks, but he wondered if the waste was far enough underground that it did not present a danger to anyone. He wondered if there was an option to not spend the money if a danger did not exist.

Ms. Rehfeld did not believe the school would be operating if the students were in immediate danger. She communicated that work had been done by DEC for cleanup. The cleanup would be repaid as a portion of the negotiated settlement; however, there was still work to be done. She believed DOT and DEC could provide further information on the status and the depth of the contamination.

Representative Gara was interested in additional information. He did not want students to be in danger, but he wondered if there was a need for the expenditure.

Co-Chair Stoltze suspected that part of the danger was associated with any potential for litigation pertaining to an ignored environmental risk. He stated that many things were done because of the fear of the legal system. Ms. Rehfeld replied that the backup materials talked about that the pertinent buildings operated as the school's shop and a science classroom facility. The backup also addressed drinking water wells that were clear on the site. Additionally, it addressed the PCB contamination, what had been done, and what the agreement would do in terms of cleanup. She reiterated that DOT and DEC could provide additional information.

Co-Chair Austerman discussed the schedule for the following day.

ADJOURNMENT

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The meeting was adjourned at 2:50 p.m.