

HOUSE FINANCE COMMITTEE  
May 16, 2016  
2:38 p.m.

[2:38:07 PM](#)

CALL TO ORDER

Co-Chair Thompson called the House Finance Committee meeting to order at 2:38 p.m.

MEMBERS PRESENT

Representative Mark Neuman, Co-Chair  
Representative Steve Thompson, Co-Chair  
Representative Dan Saddler, Vice-Chair  
Representative Bryce Edgmon  
Representative Les Gara  
Representative Lynn Gattis  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Cathy Munoz  
Representative Lance Pruitt  
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Joe Michel, Staff, Representative Steve Thompson; Chris Christensen III, Associate Vice President for State Relations, University of Alaska; Doug Wooliver, Deputy Administrative Director, Alaska Court System; Mike Vigue, Director, Division of Program Development, Department of Transportation and Public Facilities; Representative Sam Kito; Representative Louise Stutes.

PRESENT VIA TELECONFERENCE

Keith Gerken, Director, Facility Services, University of Alaska Southeast.

SUMMARY

SB 138 BUDGET: CAPITAL

SB 138 was HEARD and HELD in committee for further consideration.

Co-Chair Thompson discussed the meeting agenda.

#sb138

CS FOR SENATE BILL NO. 138(FIN)

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

2:38:46 PM

Co-Chair Neuman MOVED to ADOPT the proposed committee substitute for CSSB 138(FIN), Work Draft 29-GS2741\F (Martin, 5/16/16). There being NO OBJECTION, it was so ordered.

JOE MICHEL, STAFF, REPRESENTATIVE STEVE THOMPSON, addressed the committee substitute (CS). The first change appeared on page 4, line 26: emergency medical services match for Code Blue Project. The Senate version of the bill had used alcohol money to pay the appropriation. He explained Governor Bill Walker's original bill had used General Funds (GF) to pay for the program. The CS switched the fund source back to GF. He elaborated there were several places alcohol funds had been removed because the money was almost completely spoken for in the Department of Health and Social Services (DHSS) operating budget for the coming year; the money would go towards funding for alcohol treatment programs.

Co-Chair Thompson noted that Representative Gara had joined the meeting.

Mr. Michel addressed the next change on page 5, line 21 related to the Exxon Valdez Oil Spill (EVOS) Trustee Council purchase of conservation easements at Termination Point and Long Island. The funding was a large dollar value, but came from the EVOS Trust Council (not GF or other).

Co-Chair Thompson noted that Representative Paul Seaton was in the audience.

Mr. Michel turned to page 6, line 16 and addressed the Alaska Housing Finance Corporation (AHFC) Cold Climate Housing Research Center. He explained the line item had originally been \$1 million paid for with AHFC dividends in the governor's bill. The Senate version had reduced the amount to \$500,000 and the CS restored the funding to the full \$1 million in AHFC dividends. He moved to page 7, line 25 related to deferred maintenance, renewal, repair, and equipment. The original request for the Department of Transportation and Public Facilities (DOT) had been \$8 million, which had been reduced to zero deferred maintenance by the Senate; the CS increased the appropriation to \$4 million. He addressed the next change on page 7, line 27 related to public and community transportation state match. The original appropriation had been \$1 million, which had been reduced to zero by the Senate. The CS restored the funding to \$1 million.

[2:42:18 PM](#)

Mr. Michel addressed the next change on page 8, line 3 pertaining to a federal aid highway state match of \$41,867,800. He detailed the Senate had reduced the number to \$6 million with a series of reappropriations later on in the legislation. The difference between the CS and the Senate version was the amount of reappropriations that had been pulled out of the match funding in the CS. He noted the change was present around Section 21. The next change was on page 18, line 17 for University of Alaska deferred maintenance, renewal, repair, and equipment, totaling \$10 million. The amount restored the governor's original request, which had been reduced to zero by the Senate. He noted that on pages 19 and 22 (Sections 2 and 3) there would be slight number changes reflecting fund source changes in Section 1.

Mr. Michel turned to page 24, line 10 related to the Alaska Land Mobile Radio System (ALMR). The CS restored the original appropriation of \$1 million, which had been reduced to zero by the Senate. The CS also included a reappropriation for ALMR for approximately \$1.2 million (the amount would not be reflected in the bill's total dollar amount because it was a reappropriation of funds). Pages 25 and 26 outlined the funding sources that took

place in Section 4. He addressed a new appropriation on page 35, Section 16 pertaining to the Alaska Court System. He explained it had been brought to Co-Chair Thompson's attention that the new Alaska Supreme Court justice in Fairbanks needed an office. The CS included \$300,000 GF for the renovation at the Rabinowitz Courthouse. Additionally, the Alaska Court System was given the ability to use deferred maintenance funds to cover any remaining renovation cost. Page 36, line 5 included a reappropriation of an original Denali Commission appropriation of \$3 million. The reappropriation leveraged about \$7.5 in Trans-Alaska Pipeline Liability funds for mooring stations throughout Alaska. Section 17, subsections (d) and (e) on page 36 pertained to the Alaska Travel Industry Association (ATIA). He explained ATIA collected monies from members to pay for a booklet advertising Alaska. The Department of Commerce, Community and Economic Development (DCCED) typically handled the project, but it had decided to turn the responsibility over to the travel industry. The funds normally collected by DCCED were going to ATIA and a visitor center staffing position in Tok, Alaska. He noted the center was the first place visitors coming in from Canada stopped.

Mr. Michel directed attention to page 36, line 31, which included language related to the Department of Corrections (DOC) Offender Management System and Victim Information Notification System. The item had been included by the governor and the Senate, but the Senate had changed the funding source to alcohol funds. The CS restored the original fund source to GF to allow alcohol funds to be maintained in DHSS [related to treatment programs].

[2:47:00 PM](#)

Mr. Michel pointed to page 37, Section 21 related to the Department of Environmental Conservation (DEC) clean water projects. He detailed DEC issued multiple clean water projects annually; once a project was completed the balances eventually lapsed. He explained the section included numerous completed clean water projects where remaining funds were being reappropriated to the next project on the list (shown in page 40, subsections (b) and (c)). Only one of the DEC reappropriations had been removed, which pertained to removal of Moonlight Springs transmission line upgrades [in Nome, Alaska]. He expounded the funds had mistakenly been allocated for

reappropriation; however, the project was not yet complete; therefore, the project had been removed from the list of reappropriations. Page 41, line 30 included a reappropriation not to exceed \$5.5 million. He specified the money had already been appropriated to DHSS for design and planning of the Alaska Center for Treatment. The words "and construction" had been added on page 42, line 5.

Mr. Michel directed attention to Section 27, subsection (d) on page 44. The subsection included the reappropriation of \$7,591,275 to DOT for federal aid highway match. He explained the governor's budget had included \$50 million for the item. He furthered all of the reappropriations would go to matching funds for DOT to be leveraged 9 to 1. Page 47, line 3, subsection (e) also included \$800,000. The two reappropriations provided sufficient funds to meet the \$50 million federal highway state match. Sections 28 through 33 [beginning on page 47] included member submitted reappropriations, which concluded the changes in the CS.

2:50:03 PM

Representative Wilson asked about the current balance in the alcohol fund and the appropriations going to DHSS out of the fund. She wondered why the funds could not be used for other things. Additionally, she requested specifics on how the University would spend the \$10 million. She recalled projects of about \$100 million had been conducted several years earlier and she believed the University had also provided some matching funds. She wondered what the University currently had in its deferred maintenance fund.

Mr. Michel deferred the question to the University.

KEITH GERKEN, DIRECTOR, FACILITY SERVICES, UNIVERSITY OF ALASKA SOUTHEAST (via teleconference), replied former Governor Sean Parnell had allocated \$100 million to deferred maintenance for state facilities for five years. The University had received \$37.5 million, which had been distributed across the University system. The balance of the remaining funds was currently committed. [Note: due to poor audio some testimony is indecipherable.]

Representative Wilson asked how much University money had been put in the projects. She referred to the specific \$10 million and asked what projects the funds would be used on. Additionally, she wondered how much funding the University

would be contributing to the completion of the same projects.

Mr. Gerken relayed that his counterparts for Anchorage and Fairbanks were also online and could speak to particular projects. He spoke specifically to the University of Alaska Southeast (UAS) and relayed there were three projects. The University system allocated the funds based on the relative size, square footage, and age of facilities; therefore, UAS would receive the smallest portion of the \$10 million increment at about \$500,000. He furthered UAS had three projects including the Robertson Building in Ketchikan, a downtown facility in Juneau, and one on the Juneau campus. The University expected the three projects to exceed \$500,000, but it would pursue the funds in priority order. [Note: due to poor audio some testimony is indecipherable.]

Representative Wilson thanked University President Jim Johnson. She remarked that the problem may not exist if the University system was consolidated from three universities to one. She was trying to determine how much of the funding allocated during the former Parnell Administration was remaining. Additionally, she wondered where the \$10 million in the CS would be allocated and whether the University would provide any matching funds.

Mr. Gerken answered that the University was currently investing in the projects with its own operating budget dollars. He believed the University statewide budget staff could provide information about the previous capital appropriations, which went to the Board of Regents in each of their meetings. The funds from the \$100 million five-year program were expended or obligated to existing projects.

[2:54:47 PM](#)

Co-Chair Thompson asked for verification Representative Wilson had a [deferred maintenance] list sent out by his office.

Representative Wilson appreciated the list, but it merely contained the deferred maintenance on all of the [University] buildings statewide. She imagined and hoped the University had a ranking system. Based on the finance budget subcommittee process she believed the University had funds remaining (not necessarily in Southeast). She wanted

to know what projects they were talking about. She relayed the budget subcommittee had tasked the University with looking at its buildings to determine whether it could continue operating over 400 buildings; if not, the University had been asked to report back in the coming year about how it would look different. She wanted to ensure more money was not put into buildings that may no longer have the population. She thought the University would have the information. She remarked that \$10 million was a significant sum.

CHRIS CHRISTENSEN III, ASSOCIATE VICE PRESIDENT FOR STATE RELATIONS, UNIVERSITY OF ALASKA, communicated that the University had almost 40 percent of all of the square footage owned by the State of Alaska, which included 420 buildings with an average age of 32 years. The University currently had a \$1 billion deferred maintenance backlog; it took approximately \$50 million per year to keep current with the backlog and it had received substantially below that amount from the legislature in recent years as the state's budget problems had worsened. The University had recently bonded for \$50 million to go towards deferred maintenance and would be paying the amount off for many years. He stated that \$10 million sounded like a lot of money but it was not that much when considering the size of the backlog and the percentage of buildings the University operated. One of the problems with that many buildings was the need to keep funding available for unforeseen emergencies.

Mr. Christensen referred to a letter that he had provided to Co-Chair Thompson's office [letter from James Johnson, President of the University to Co-Chair Neuman dated May 16, 2016] (copy on file), which described the specific projects the \$10 million would cover (barring no emergencies occurred). He noted he had represented the Alaska Court System for many years and he recalled the roof of the Dimond Courthouse had failed one day. The roof project had been on the deferred maintenance list, but it had failed prior to the work being done; water had damaged seven stories of the building as a result. He reasoned things like that happened and it may be necessary to pull money away from another project to address the issue. He stated \$10 million was a minimal amount considering the size of the problem, but the University was grateful for whatever the legislature could provide.

2:58:24 PM

Co-Chair Thompson did not want to see the legislature micromanage the University's deferred maintenance on over 400 buildings. He had confidence the University was being as frugal and responsible as it could be in order to keep buildings from deteriorating and costing more money in the future.

Representative Wilson wanted to see where the money had been spent to determine whether there were still existing funds remaining prior to the allocation of the \$10 million. She requested a funding sheet.

Vice-Chair Saddler referred to the University's \$1 billion deferred maintenance backlog. He asked for the total value of the University buildings. Mr. Christensen answered that it was in excess of \$2 billion. He would work to follow up with a precise number.

Vice-Chair Saddler surmised the backlog represented approximately half the value of the buildings.

Mr. Christensen answered that the backlog reflected that the 420 buildings had an average age of 32 years. Half of the buildings were very old and very few were new. The combination of old buildings and being unable to keep up on deferred maintenance resulted in significant deferred maintenance representing a significant percentage of the asset value.

2:59:59 PM

Vice-Chair Saddler referred to page 41 of the CS related to the changes and reappropriation for the DHSS Alaska Center for Treatment. He asked for specifics about the project. He asked about the original appropriation for the Southcentral Foundation Residential Psychiatric Treatment Center. He wondered about the cost when finished and who was operating the facility.

Mr. Michel answered that the original appropriation had been state matching funds for the Bring the Kids Home project. The funds had been reappropriated for planning and design of Alaska Center for Treatment in Anchorage (Clitheroe Center). He detailed in collaboration with the Alaska Mental Health Trust Authority (AMHTA) the goal had

been to start construction on the project to have treatment available as soon as possible (utilizing efforts from the omnibus crime bill SB 91 and other).

Vice-Chair Saddler stated there was a Clitheroe Center the Salvation Army operated out of at Point Woronzof, which had associated facilities. He asked if the Alaska Center for Treatment project would entail brand new construction or the demolishing and reconstruction of an existing facility.

Mr. Michel answered that the building was very old; therefore, there would be significant new construction, but they would try to salvage as much of the existing building as possible.

Vice-Chair Saddler asked for resources to gain additional information on the project. Mr. Michel replied that he would supply the information.

Representative Kawasaki asked about Section 35 on page 50 related to legislative reappropriations. He noted that the language in the previous bill version was slightly different; the prior version included language about four specific reappropriations from the Taskforce on Sustainable Education, Legislative Budget and Audit, Legislative Council, and the operating budget. The current version included four different dollar amounts. He asked why the change had been made.

Mr. Michel answered that the additional reappropriations in the section were related to the second legislative special session.

Representative Kawasaki referred to language that the \$1.5 million appropriated for security surveillance upgrades and enhancements for the state capitol building were included. He asked about the unexpended and unobligated GF balance for the eight items [Section 35 of the CS contained eight reappropriations].

[3:04:00 PM](#)

Mr. Michel would follow up with an answer. He believed the Senate version had included a dollar figure. The calculation would mean adding the additional reappropriations on top of the balance minus \$1.5 [million].

Representative Kawasaki referred to the prior bill version [CSSB 138(FIN)], which listed the estimated balance of the four items as \$5.5175 million. He furthered \$1.5 million would be appropriated specifically for the security systems. He noted the remaining funds would go directly to Legislative Council. He did not know what the amount would be - he guessed \$4 million or larger. He asked for verification that the remaining funds would be used at Legislative Council's discretion as long as it was used for renovation and repair or technology improvements for legislative buildings.

Mr. Michel replied that an additional difference from the Senate version appeared on page 51, line 11: "and other necessary projects." The Senate version used the word "expenses" instead of "projects," which could be any variety of things (not specific capital projects). He explained the money would go to Legislative Council, which expended funds from its appropriations.

Representative Kawasaki asked if the Legislative Council could use the funds for the Anchorage Legislative Information Office (LIO).

Mr. Michel replied in the affirmative. The capital budget included a \$12.5 million appropriation for the Anchorage LIO. The language was not confining and the funds could be used for other necessary expenses related to legislative buildings and facilities.

Representative Guttenberg pointed to Section 10 on page 33 related to the Kivalina School. The bill specified that the money would satisfy the state's obligation of the consent decree. He asked if the legislature was the body deciding that the appropriation satisfied the consent decree. He wondered what authority the language had.

Mr. Michel responded that he did not have sufficient legal expertise to answer the question. He advised members to review the pros and cons discussed by the Senate related to the language. The language had been inserted by the Senate.

Representative Guttenberg asked if there was a representative or written response from the Department of Law (DOL) that could provide further detail.

Co-Chair Thompson replied there was a written response from Doug Gardner [Legislative Legal Services director] and he would have information provided.

Representative Gara requested to hear from DOL to ensure the legislature was meeting its legal obligations related to the Kivalina School.

Co-Chair Thompson agreed that he would try.

[3:09:05 PM](#)

Representative Gara requested to ask several questions of the Alaska Court System.

Co-Chair Thompson noted that DOL had provided responses, but were not available at present.

Representative Gara remarked there had been a \$600,000 increment to renovate an office in Fairbanks for the new Alaska Supreme Court justice. He noted the increment had been reduced to \$300,000 with the remainder of costs to be covered by deferred maintenance funds. He knew the incoming justice would not want excessive funds spent on her office. He asked why it would cost \$600,000 to accommodate the new justice and a couple of staff for one office in a new building.

DOUG WOOLIVER, DEPUTY ADMINISTRATIVE DIRECTOR, ALASKA COURT SYSTEM, answered that the Rabinowitz Courthouse had a 5th floor that was largely unfinished. He detailed when the building had been built in 2001 there had been enough funding to allow for eventual expansion in the hope that Justice Jay Rabinowitz would be replaced by another justice from Fairbanks. In 2008 Justice Dan Winfree had been appointed [and had moved into the 5th floor]. The \$629,000 had been the cost to build Justice Winfree's office for four additional staff and a conference room. The 5th floor was still largely unfinished. The court system anticipated the cost for the work on the new office would be slightly less, but the project had not yet gone out to bid since the appointment had been made the previous Thursday. The court system had done some preliminary work on the numbers, but he was always surprised by the cost of capital projects. The \$300,000 and deferred maintenance funds would enable the court system to build the office. He added that hopefully the cost would be below \$629,000.

Representative Gara relayed he had been privileged to work for former Justice Rabinowitz. He asked for verification that there was unfinished space on the 5th floor of the Rabinowitz Building that it would cost over \$300,000.

Mr. Wooliver answered in the affirmative.

Representative Gara observed that the estimate exceeded the amount needed to purchase a house. Mr. Wooliver answered in the affirmative and noted commercial space was expensive. He reiterated the cost had been \$629,000 for almost the same amount of space for Justice Winfree. He added some of the work that had been done when Justice Winfree moved to the 5th floor was one-time work (e.g. circulation and ventilation work). He anticipated the cost would be a bit less [than \$629,000].

Co-Chair Thompson assumed Davis Bacon wages would be paid to the contractor because it was a government project. Mr. Wooliver believed so.

Representative Gara remarked on the high cost for an existing space. He asked if the department had looked at the most efficient way to build an office for three or four people.

Co-Chair Thompson assumed the estimated funds included building and equipping the office with computers and other necessary supplies. He asked for verification it was a turn-key operation.

Mr. Wooliver answered that the cost included construction, plumbing and electrical. The walls were currently bare-stud.

Representative Gara referred to an ATIA appropriation for tourism marketing and a staff member. He asked for the page reference in the bill. Mr. Michel directed attention to page 36, line 12.

Representative Gara asked if the position at the Tok office would be a state or ATIA employee.

Mr. Michel answered that it was defined in law that the state have a tourism marketing position in Tok. The Legislative Finance Division had communicated the position

was funded with Designated General Funds (DGF). In the current CS the money was collected from ATIA members and went to funding a position required by state law for a state employee, which had been an error. He explained the error would be corrected in the next CS.

Co-Chair Thompson asked if the office was the first place commercial trucks were required to stop when entering the U.S.

Mr. Michel answered that the facility in Tok was the first tourism and marketing office, but it was not a weigh station.

Co-Chair Thompson surmised the position did not have a dual purpose. Mr. Michel answered that it was a dual purpose position, which was shared with DOT in regards to visitor center responsibilities including licenses and other.

[3:16:51 PM](#)

Representative Pruitt stated that it was a weird quirk in Alaska statute mandating a visitor center in Tok; there was no other location in Alaska with the requirement. Therefore, the state was required to provide a staff at the location. He did not recall why the provision was in statute, but he thought it should be looked at in the future. He surmised at some point in time someone from the district had been in the right circumstances to secure the requirement in statute. He agreed that Mr. Michel was correct. The only way to eliminate the requirement was to make a statutory change. He remarked the state required the position, but it was also requiring the travel industry to pay for a state employee, which may not fit within the travel industry's plan on how it wanted to spend its money as the state moved the association away from GF.

Representative Gattis remarked that she hauled equipment across the border and she did not have to stop to talk with tourism staff. She clarified the weigh station was not affiliated with the tourist staff.

Representative Gara wanted to hear why the position was needed. He relayed that two or three years back the legislature had passed a school funding plan specifying how much money should have gone towards education funding. He explained that later on, the legislature had chosen not to

appropriate the funds. He stated that everything was subject to appropriation, even the position in Tok. The question was whether it was a wise use of money, which he did not have information on. He underscored it was not mandatory to fund everything just because it was in a statute. He added there were some statutes providing for things he wished were funded at present.

Co-Chair Thompson asked if the increment was GF money.

Mr. Michel answered that it was not GF money in the current CS. The funds were received from members of the ATIA (just like cruise ship head tax) and should be spent on things authorized by ATIA. As drafted, the current CS used ATIA funds to pay for the position, which had been a drafting error on his part.

Representative Gara surmised if it was one thing if the money was provided to the state by ATIA, but he was not aware of ATIA giving the state any money. He knew ATIA took advertisements out in a state travel planner and paid for those, but it was not money being given to the state. He asked travel planner money was being used for the position.

Mr. Michel answered that it was travel planner money.

Representative Gara noted [ATIA] members received a benefit for that. He questioned whether it was the best use of \$125,000, but he moved on to a different subject. He discussed that over \$2 million for his district had been taken from projects that were not moving forward at the time. He understood that the state was in a fiscal crisis and had not tried to claw the money back. He believed most members had done the same. However, he pointed to page 48 and remarked he had no problem appropriating funds to help with a senior center or police building, but the bill included a reappropriation in the Soldotna and Sterling areas for kitchen upgrades, police roof work. He acknowledged the items were needed, but asked if the items had been in the governor's original budget.

Mr. Michel answered in the negative. The reappropriation items had been submitted by members of the legislature.

Representative Gara asked if the same applied to the Anchor Point Library on page 48, line 22. Mr. Michel answered in the affirmative, the item was a reappropriation. The

original appropriation was Anchor Point Library planning; the words "and purchase" had been added to the reappropriation.

Co-Chair Thompson surmised the money was still going to the same project.

Mr. Michel replied in the affirmative. He detailed \$15,000 had been appropriated in 2014 for the Anchor Point Library and a legislator from the district had requested the additional "and purchase" language.

[3:22:49 PM](#)

Co-Chair Thompson asked for verification that it was a 2014 appropriation. Mr. Michel replied in the affirmative.

Representative Gara relayed he did not have a problem with the projects, but he wondered whether the original money for the Sterling Senior Center for garage, storage, and workshop work had been reappropriated to kitchen upgrades.

Mr. Michel answered in the affirmative. He elaborated that the original appropriation had been \$300,000. The reappropriation used the remaining balance of the funds spent on garage, storage, and workshop to pay for kitchen upgrades.

Representative Gara asked for verification that the bill expanded the use of previously appropriated funds to the Sterling Senior Center and the Soldotna police building.

Mr. Michel answered that the reappropriation used the same pot of money originally appropriated in 2012 (FY 13); no additional state funds were being used. The reappropriation merely expanded the scope of the project the original appropriation had been intended for to kitchen upgrades and essential roof replacements.

Representative Gara did not support opening the bill up for all members to start getting projects in their districts. He wanted to ensure the process was done in a fair way. He referred to \$2.496 million appropriated to Palmer for wastewater treatment plant property acquisition, engineering, design, and construction. He asked how it related to the original appropriation (page 47, line 8 through 13).

Mr. Michel answered that the original appropriation in 2005 was Palmer wastewater treatment plant property acquisition. The funds were still allocated to the wastewater treatment plant. He explained the land had been acquired and the reappropriation would go to funding engineering, design, and construction. He furthered that very little had been used from the original appropriation. He detailed the City of Palmer was going to be sued for some of its water discharge; therefore, the legislator requesting the reappropriation had the primary goal of advancing the project into the construction phase in order to start filtering water.

Representative Gara noted the initial funds had been to acquire the property and now the reappropriation of \$2.5 million would go to costs that every city had. He remarked that the City of Palmer stood out in the CS as a community getting \$2.5 million to do something not included in the original appropriation. He stated that the increment almost begged for every community to ask for similar treatment.

[3:26:38 PM](#)

Representative Gattis discussed that her district had over \$4 million reappropriated. She had told the mayor of Wasilla that all of the funds had been swept. She had promised the mayor that if other people were able to use the reappropriations she would fight for the \$4 million for the City of Wasilla. She was now fighting for the funds because she had promised that if other districts were able to get their money she would fight hard for her district. She stated the increments had opened up a big door. She remarked that people said "they wouldn't squawk" because they understood the state's fiscal situation, but if other districts were able to get their money, she would fight for money for Wasilla. She concluded that the issue was a huge concern.

Mr. Michel asked if it had been an appropriation from the last year. There had been a variety of projects around of around \$20 million that had been swept into the AHFC income fund. He noted the receipts had been saved and if it was one of the reappropriations it would still be sitting there.

Representative Gattis had believed no money would be reappropriated towards specific districts.

Representative Kawasaki concurred with the past two speakers. He stated that the Senate bill version had swept aside 43 different items. For example, he referred to a \$4 million appropriation for the Kalifornsky Beach Road in Kenai in 2006, of which, about \$140,000 had not been used. He noted that for a timeline of that length it seemed reasonable that perhaps the funds were just not used. He noted the CS contained much fewer reappropriation items and he wondered how they had been selected.

Mr. Michel replied that many versions had been discussed in regards DOT federal highway match money. The governor's original appropriation included about \$50 million GF to match 9 to 1 federal dollars for the state's federal highway match. Over the course of meeting with the different departments, there had been multiple projects originally appropriated to a department that were set to lapse. The idea was if the money was going to lapse, the funds could be used to leverage the 9 to 1 DOT match. He detailed initially it was merely DOT lapsing funds, later on other projects due to lapse had been brought into the DOT reappropriation for matching funds by the Senate. He elaborated there had been many projects that were not set to lapse. He specified that any project where there was concern it would end up closing out with less money than the original appropriation - the dollar figures in the bill had been taken from a lapsing grant report (a snapshot occurring sometime in January) - and would not be available for the federal 9 to 1 matching funds. He explained if there had been concern the item may have been expended, it had been removed from the reappropriation and replaced with GF. The majority of the projects originally included and replaced were set to lapse into the GF at the end of the year. The goal in the CS was to ensure the items were not in the DOT match. One of the items was used for the Denali Commission reappropriation for mooring stations, but the majority were no longer included in the DOT reappropriation and were sitting on the lapsing grant fund list waiting to lapse into the GF.

Representative Kawasaki asked if the current CS capitalized as much federal money as possible. Alternatively, he wondered if money had been left on the table.

Mr. Michel deferred the question to DOT.

3:33:39 PM

MIKE VIGUE, DIRECTOR, DIVISION OF PROGRAM DEVELOPMENT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, answered the governor's requested budget of \$50 million for match would be adequate to fully obligate the 2017 federal aid apportionment received by the state from the Federal Highway Administration.

Representative Kawasaki asked how projects were funded if a state match was required when grants and federal funds came in after the cycle.

Mr. Vigue replied the department received an appropriation from the Federal Highway Administration at the beginning of each year. The department compiled the Statewide Transportation Improvement Program (STIP), which included a program of projects. Any additional funds that came through were already incorporated into the STIP. He clarified that the Federal Highway Administration really provided authority to spend more money, but it did not provide additional funds. He detailed the department received an appropriation and obligation authority. When the department received a bit of extra money, which occasionally happened with "August redistribution" that was already built into the program.

Representative Kawasaki asked for verification the situation would be the same for the Federal Railway Administration (FRA) that worked on a different calendar, or the Federal Aviation Administration (FAA), or other agencies.

Mr. Vigue responded he was uncertain about FRA because the department did not typically see FRA money. However, FAA, the Federal Transit Administration, and the Federal Highway Administration operated in a similar manner.

Representative Gara referred to page 48, lines 24 through 29. He noted in the past there had been an appropriation for the Tall Tree Bridge on the Kenai Peninsula, of which the CS would reappropriate \$45,000 to a project to upgrade Aspen Avenue in Ninilchik. He asked if it was a federal match project or merely left over money being put into a new project paid for by the state.

Mr. Michel answered that it the grant had originally been appropriated to the Kenai Peninsula Borough and was more than likely an appropriation requested by a legislator. He noted it had not been included in the STIP.

Co-Chair Thompson asked for the year of the request. Mr. Michel replied 2014. He offered to follow up with additional information.

Representative Gara replied he did not need to see additional information. He stated the increment transferred remaining funds from one project to a new project. He stated there were 40 House members and he did not support including the member requested items. He stressed he was not grabbing any of the reappropriations for his district. He would love to have money for a road in his district.

Representative Wilson asked whether the legislature ever received a list of what the matching funds would be utilized for. She referred to Chena Hot Springs roundabouts, which many people had voiced they did not want. She believed it was almost impossible for legislators to stop the process because the legislature allocated matching funds and the department was able to spend the money however it wanted. She wondered how the department received a project the community did not want once it was on the department's list.

[Note: Mr. Vigue was unable to complete a response due to a fire alarm.]

[3:38:46 PM](#)

AT EASE

[3:44:40 PM](#)

RECONVENED

Co-Chair Thompson remarked that the committee would meet the following day on the bill. The meeting would be at 10:00 a.m. The meeting was recessed to a call of the chair [Note: the meeting never reconvened].

#

ADJOURNMENT

[3:45:59 PM](#)

The meeting was adjourned at 3:45 p.m.