

Original sponsor: Community and Regional
Affairs Committee

Offered: 5/15/80
Referred: Finance

1 IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 546

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for local capital pro-
7 jects; establishing the capital projects foundation
8 fund; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. It is the purpose of AS 44.42.100 - 44.42.160 to create a
11 program which can provide a source of money which will be equitably distrib-
12 uted throughout the state to be used, alone or with money from other sources,
13 to finance capital projects. It is the intent of the legislature that plan-
14 ning for capital projects reflect local needs and priorities and that, when-
15 ever possible, political subdivisions of the state have sole responsibility
16 for the expenditure of state money provided through the program. Nothing in
17 AS 44.42.100 - 44.42.160 is intended to restrict the legislative authority to
18 appropriate money.

19 * Sec. 2. AS 44.42.020 is amended by adding a new paragraph to read:

20 (14) adopt regulations for management of the capital projects
21 foundation fund established under AS 44.42.100 and administer that fund.

22 * Sec. 3. AS 44.42 is amended by adding new sections to read:

23 ARTICLE 2. CAPITAL PROJECTS FOUNDATION ENTITLEMENTS.

24 Sec. 44.42.100. CAPITAL PROJECTS FOUNDATION FUND AND ENTITLEMENTS.

25 (a) There is established in the department a capital projects founda-
26 tion fund for the purpose of providing state assistance for improvement,
27 maintenance and new construction costs of local capital projects.
28 Within the limits of appropriations for the purpose, the department
29 shall make entitlements for capital projects to organized boroughs, to

1 home rule municipalities as defined in AS 29.08.010, and to municipali-
2 ties unified under AS 29.68 which have capital improvement plans.

3 (b) Within the limits of appropriations for the purpose, the
4 department shall make and manage entitlements for capital projects for
5 unorganized boroughs if a version of an Act entitled "An Act relating to
6 unorganized boroughs, establishing unorganized boroughs, establishing a
7 program of financial assistance for the preparation of regional plans by
8 unorganized boroughs, permitting adoption of home rule charters by
9 unorganized boroughs, and directing submission of recommendations con-
10 cerning adjustment of the boundaries of service areas of the unorganized
11 borough; and providing for an effective date" is enacted. If that bill
12 is not enacted, the department shall make and manage entitlements for
13 capital projects for each regional educational attendance area organized
14 under AS 14.08.031.

15 (c) The amount of appropriation authorized for the capital im-
16 provements foundation fund for each fiscal year is not less than \$400
17 times the state population as annually determined by the Department of
18 Labor.

19 Sec. 44.42.110. ELIGIBLE FACILITIES. (a) An entitlement from the
20 capital projects foundation fund may be used for improvement, main-
21 tenance, or construction costs of the following facilities

- 22 (1) libraries;
- 23 (2) community and emergency detention facilities;
- 24 (3) fire halls, including the purchase of fire vehicles;
- 25 (4) community parks and recreational facilities;
- 26 (5) water and sewer facilities;
- 27 (6) health facilities;
- 28 (7) community centers;
- 29 (8) cultural facilities;

1 (9) transportation facilities which do not duplicate state
2 facilities and which are not inconsistent with the state transportation
3 plan under AS 44.42.050 as determined by the department, including

4 (A) service roads;

5 (B) trails;

6 (C) harbors and docks for small boats;

7 (D) seaplane floats;

8 (E) public transit facilities, including the purchase of
9 transit vehicles;

10 (F) emergency and recreational airstrips for small
11 aircraft.

12 (b) A facility is eligible for an entitlement under this section
13 only if it is identified in a capital improvement plan formulated under
14 AS 44.42.130.

15 (c) If a facility is located in or to be located in a home rule or
16 unified municipality or organized borough, it is not eligible for an
17 entitlement under this section unless the borough or municipality

18 (1) has or will have title to the facility; and

19 (2) has authority under AS 29 to operate the facility.

20 Sec. 44.42.120. REGIONAL COUNCILS. (a) A regional council shall
21 be established for each unorganized borough if a version of an Act
22 entitled "An Act relating to unorganized boroughs, establishing un-
23 organized boroughs, establishing a program of financial assistance for
24 the preparation of regional plans by unorganized boroughs, permitting
25 adoption of home rule charters by unorganized boroughs, and directing
26 submission of recommendations concerning adjustment of the boundaries of
27 service areas of the unorganized borough; and providing for an effect
28 date." is enacted. If that bill is not enacted, a regional council shall
29 be established for each regional educational attendance area. A regional

1 council shall be composed of no more than 11 members as follows:

2 (1) at least one person from each first class city which is
3 located within an unorganized borough or regional educational attendance
4 area, or which is included in an unorganized borough's capital improve-
5 ment plan or a regional educational attendance area's capital improve-
6 ment plan under (b) of this section and who is an elected city official
7 selected by the city council;

8 (2) additional members selected by the governor from persons
9 nominated by the Department of Community and Regional Affairs who are
10 from second class cities and unincorporated communities within an unor-
11 ganized borough or regional educational attendance area; members from
12 second class cities shall be elected officials.

13 (b) A first class city which has not adopted a home rule charter
14 and which is outside of an organized borough and outside of a regional
15 educational attendance area shall be represented on the regional council
16 of a regional educational attendance area or an unorganized borough
17 which borders the city and shall be included in the capital improvement
18 plan.

19 Sec. 44.42.130. CAPITAL IMPROVEMENT PLANS. (a) With assistance
20 from the department, each regional council established under AS 44.42.120
21 shall formulate a capital improvement plan. A capital improvement plan
22 formulated in accordance with this section shall be a five-year plan
23 updated annually, and shall

24 (1) identify all capital projects needed in the unorganized
25 borough or regional educational attendance area;

26 (2) assign a priority to each capital project identified;

27 (3) include cost estimates for each capital project identi-
28 fied,

29 (4) include a list of needed capital projects which are not

1 eligible for an entitlement from the capital improvement foundation
2 fund;

3 (5) identify possibilities for capital projects involving
4 facilities having more than one use;

5 (6) consider the feasibility of waste heat utilization and
6 other energy-saving measures for capital projects;

7 (7) provide for site acquisition for capital projects; and

8 (8) provide for needed public access and utilities.

9 (b) A capital improvement plan and revisions to a capital improve-
10 ment plan for an unorganized borough or regional educational attendance
11 area shall be adopted by the regional council after a public hearing and
12 submitted to the department.

13 (c) To qualify to receive an entitlement from the capital projects
14 foundation fund, an organized borough, home rule municipality, or unified
15 municipality shall formulate and annually update a capital improvement
16 plan which covers at least a five-year period. A capital improvement
17 plan and revisions to a capital improvement plan for an organized
18 borough, home rule municipality, or unified municipality shall be sub-
19 mitted to the city council or borough assembly. After a public hearing,
20 and after approval by the council or assembly, the capital improvement
21 plan shall be submitted to the department.

22 * Sec. 4. AS 44.42 is amended by adding a new section to read:

23 Sec. 44.42.140. ALLOCATION AND DISTRIBUTION OF ENTITLEMENTS. (a)
24 Entitlements from the capital projects foundation fund shall be distri-
25 buted annually by the department to each organized borough, home rule
26 municipality, and unified municipality which has submitted a capital
27 improvement plan as required by AS 44.42.130(c). An organized borough
28 may agree that a city in the borough may receive and use money from an
29 annual entitlement for the borough which is for a facility located in

1 the city, if the city has authority under AS 29 to operate and hold
2 title to that type of facility.

3 (b) Entitlements from the capital projects foundation fund shall
4 be distributed annually to accounts established by the department for
5 each unorganized borough or for each regional educational attendance
6 area which has submitted a capital improvement plan as required by
7 AS 44.42.130(a) and (b). The commissioner shall enter into an agreement
8 with a city in an unorganized borough or regional educational attendance
9 area which elects to receive and use money from an annual entitlement to
10 the unorganized borough or regional educational attendance area which is
11 for a facility located in the city, if the city has authority under
12 AS 29 to operate and hold title to that type of facility.

13 (c) Entitlements shall be annually allocated from the capital
14 projects foundation fund as follows:

15 (1) seven-tenths on the basis of the population of the organ-
16 ized borough, home rule municipality, unified municipality, or un-
17 organized borough or regional educational attendance area; and

18 (2) three-tenths on the basis of the area of the organized
19 borough, home rule municipality, unified municipality, or unorganized
20 borough or regional educational attendance area.

21 * Sec. 5. AS 44.42 is amended by adding new sections to read:

22 Sec. 44.42.150. USE OF ENTITLEMENTS. (a) An entitlement from the
23 capital projects foundation fund distributed to an organized borough,
24 home rule municipality, or unified municipality may be used only for
25 projects identified in a capital improvement plan submitted to the
26 department. Each recipient shall determine which project or projects to
27 finance with the entitlement received each year under AS 44.42.140(a).

28 (b) A facility for which an entitlement from the capital projects
29 foundation fund is received which is located in an organized borough but

1 outside of a city shall be owned, operated and maintained by the borough.
2 A facility for which an entitlement from the capital projects foundation
3 fund is received which is located in a city within an organized borough
4 shall be owned, maintained and operated

5 (1) by the borough, if the borough has the authority under
6 AS 29 to operate and hold title to that type of facility;

7 (2) by the city, if the city has the authority under AS 29 to
8 operate and hold title to that type of facility; or

9 (3) by either the borough or city as they may agree, if both
10 the city and the borough have authority to operate and hold title to
11 that type of facility.

12 (c) An entitlement from the capital projects foundation fund for a
13 project in a first or second class city which is part of the capital
14 improvement plan of an unorganized borough or a regional educational
15 attendance area may be distributed to the city with the concurrence of
16 the city council subject to the following terms:

17 (1) that the city will secure, retain and protect title to
18 the site of an existing facility or to the site on which a new facility
19 is to be constructed; for purposes of this paragraph it is sufficient
20 that title is obtained in fee or by a lease which provides that the city
21 enjoys exclusive use of the site and any improvements for the estimated
22 life of the facility;

23 (2) that the city will assume responsibility for the operation
24 of the facility to be financed with the entitlement, and the feasibility
25 of the discharge of this obligation shall be demonstrated to the satis-
26 faction of the commissioner before the payment of the entitlement.

27 (d) If it appears that the cost of a capital project financed by
28 an entitlement from the capital projects foundation fund to an organized
29 borough, home rule municipality, or unified municipality will vary

1 substantially from the cost estimated at the time the entitlement was
2 made for the capital project, the recipient is responsible for obtaining
3 the additional money needed to complete the project. If a capital
4 project financed by an entitlement from the capital projects foundation
5 fund to an organized borough, home rule municipality, or unified municipi-
6 pality costs less to complete than estimated at the time the entitlement
7 was made, the recipient may use the excess entitlement for other capital
8 projects in its capital improvement plan.

9 (e) Each regional council shall annually determine which projects
10 in its capital improvement plan to finance with entitlements from the
11 capital projects foundation fund to an unorganized borough or regional
12 educational attendance area. The department is responsible for the
13 design and construction of the projects selected by a regional council
14 under this subsection and shall carry out the projects in accordance
15 with AS 35 unless the commissioner allows a city to receive and use an
16 entitlement in accordance with AS 44.42.140(b).

17 (f) An entitlement from the capital projects foundation fund may
18 be used to match state or federal grants.

19 Sec. 44.42.160. DEFINITIONS. In AS 44.42.100 - 44.42.160

20 (1) "area" means the area in square miles of a home rule
21 municipality, unified municipality, organized borough, or unorganized
22 borough or regional educational attendance area which has a capital
23 improvement plan;

24 (2) "population" means the population, as annually determined
25 by the Department of Labor using the latest figures of the United States
26 Bureau of the Census, of a home rule municipality, unified municipality,
27 organized borough, or unorganized borough or regional educational attend-
28 ance area which has a capital improvement plan;

29 (3) "improvement" means renovations and additions to an

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existing facility which allow for better service than the facility provided in its original condition;

(4) "improvement, maintenance or construction costs" includes, in addition to costs directly related to the project, the total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property;

(5) "maintenance" means restoration and repair needed to keep a facility as close as possible to its original condition.

* Sec. 6. Sections 1 - 3 and 5 - 7 of this Act take effect July 1, 1980.

* Sec. 7. Section 4 of this Act takes effect July 1, 1981.