

# COMMITTEE REPORT

## HOUSE

1/28/76

Mr. Speaker:

Date \_\_\_\_\_

The Comm' tee on FINANCE has had HB 625

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

|                    |                    |       |
|--------------------|--------------------|-------|
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |
| <u>[Signature]</u> | <u>[Signature]</u> | _____ |

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

HOUSE JOURNAL

CSHB 624 & HB 625

Finance CSHB 624 incorporates, with one exception, all construction planning funds for state projects in one revolving planning fund in the Department of Administration. Expenditures from the fund will be reimbursed on a project by project basis.

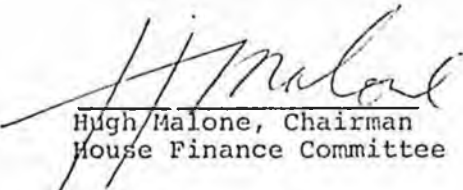
The exception above is the planning fund established in the 1974 general obligation bond issue for fisheries. This fund was established with bond proceeds, and the Committee believed that moving the fund balance into the new revolving fund might be a contradiction of the state pledge to the bondholders. However, this fund will be exhausted with the completion of the projects authorized in that bond issue and may not be renewed.

HB 625 provides an initial appropriation to the revolving planning fund in HB 624. The appropriation is based on the Governor's requested capital improvements program before the legislature (not including highway construction). The amount of appropriation is based on the percentage of construction costs for each type of project required to do planning.

According to testimony from the Department of Public Works, the advance planning fund will allow the state to put to bid virtually all bond projects authorized for the next two years, if the appropriation to the fund is adequate. This is in contrast to the history of capital expenditures so far in our state.

The total appropriation required will depend on the amounts and types of construction authorized by the legislature. Therefore, setting the final level of appropriation should be done when this is known, probably by conference committee.

Respectfully submitted,

  
Hugh Malone, Chairman  
House Finance Committee

Introduced: 1/19/76  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 625

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Public  
7 Facility Planning Fund; and providing for an effective  
8 date."

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

10 \* Section 1. The sum of \$2,318,650 is appropriated from the general  
11 fund to the Public Facility Planning Fund for the purpose of advance  
12 planning for capital projects of the state.

13 \* Sec. 2. This Act takes effect upon the effective date of the Act  
14 establishing a revolving fund to provide for public facility planning, as  
15 enacted by the Ninth Alaska State Legislature, Second Session.

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THE LEGISLATURE OF THE STATE OF ALASKA

FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bills 624 & 625  
 Title: Public Facility Planning Fund  
 Requested by: Legislative Finance Date: 2-10-76  
 Return Date Requested: At once  
 Agency: Public Works Program: Administration

II. FISCAL DETAIL

Budget Request Unit(s) Affected: \_\_\_\_\_

A. EXPENDITURES: (Thousands of dollars)

| OBJECT                   | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 | FY 81 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES    |       |       |       |       |       |       |
| 200 TRAVEL               |       |       |       |       |       |       |
| 300 CONTRACTUAL          |       |       |       |       |       |       |
| 400 COMMODITIES          |       |       |       |       |       |       |
| 500 EQUIPMENT            |       |       |       |       |       |       |
| 600 LAND & STRUCTURES    |       |       |       |       |       |       |
| 700 GRANTS, CLAIMS, ETC. |       |       |       |       |       |       |
| TOTAL                    |       |       |       |       |       |       |

B. FUNDING: (Thousands of dollars)

|               |  |         |  |  |  |  |
|---------------|--|---------|--|--|--|--|
| GENERAL FUND  |  | 2,318.7 |  |  |  |  |
| FEDERAL FUNDS |  |         |  |  |  |  |
| OTHER         |  |         |  |  |  |  |

C. POSITIONS:

|                     |   |   |   |   |   |   |
|---------------------|---|---|---|---|---|---|
| PERMANENT/TEMPORARY | / | / | / | / | / | / |
| MAN MONTHS (P./T.)  | / | / | / | / | / | / |

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached.

IV. ATTACHMENTS

- 1) Explanation
- 2) Fiscal breakdown by program

V. DATE: 20 February 76 PREPARED BY: Richard A. Holden 

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

## DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER

POUCH 2 - JUHEAU 99811  
(TELEX 45326)

February 20, 1976

TO: Honorable Hugh Malone  
Chairman, House Finance

FROM: *RHS*  
Donald Harris, Commissioner  
Department of Public Works

SUBJECT: *for* HB 624 / HB 625

The Governor has requested that the legislature establish a public facility planning fund, to provide money with which to conduct program and project planning activities in advance of a G.O. Bond Issue approval.

Currently, the State agencies must await the passage of G.O. Bond Issues before commencing those activities necessary to advertise construction contracts, e.g. the development of program plans, site investigations, preliminary and final designs, etc. Consequently, given Alaska's extreme climatic and logistical problems we generally have insufficient time (from November to April) in order to take advantage of the first available construction season, with inevitable inflationary erosion of budgets, and inadequate designs resulting from severe time pressure.

Equally, the State agencies have not been equipped to develop adequate program plans to derive well-considered resource requirements prior to submitting requests for the funding of capital projects. The result has been that individual capital programs have been funded without the necessary prior co-ordination and integration.

HB 624 has been introduced to mitigate the problems outlined above. Money appropriated to the Public Facility Planning Fund (P.F.P.F.) would be disbursed by Division of Budget and Management on a demonstrated needs basis to program agencies, e.g. Department of Education, local government instrumentalities (where applicable) and the Department of Public Works, for the purposes outlined.

Reimbursement would be made to the P.F.P.F. from the budgets of projects for which planning funds had been expended, when those projects were approved by the electorate. The P.F.P.F. would then provide funding for the succeeding biennium. The P.F.P.F. could also be augmented by additional appropriations.

It is likely that some bond issues will fail. In that event, the preliminary work would still be available to support future projects, or may provide the basis for new directions.

The expenditure of advance planning funds may be thought of as a worthwhile risk: on the one hand expenditures of 1% - 5% will occasionally be made temporarily in vain; without such expenditures, however, we face the certainty of erosion of construction budgets of the order of 15% - 25%, and the consequence of hurried work with often time poor results. To illustrate the point: 15% of \$240,000,000 = \$36,000,000.

The funding request contained in HB 625 is based on individual G.O. Bond Issues introduced by the Governor. Attachment #2 lists the funding amounts by program category and the percentages of the G.O. Bond Issues represented by those amounts. Should the Legislature wish to provide planning funds for G.O. Bond Issues introduced either by the Governor, Legislators, or Legislative Committees, and should it also alter the amounts of the various bonding proposals, the percentages may be applied to the altered totals to provide adequate funding.

In some cases we have adequate data on which to base the requested amounts, e.g. rural schools. In some cases we do not, e.g. Fish & Game projects. In the latter cases we have minimized the funding requests.

DEPARTMENT OF PUBLIC WORKS

OFFICE OF THE COMMISSIONER

POUCH 2 - JUNEAU 99811  
 (TELEX 45328)

HOUSE BILL 624 / HOUSE BILL 625

PROPOSED EXPENDITURE BY PROGRAM CATEGORY

| Bill # | Program Category  | Governor's Bill | P.F.P.F. Appro.     | Percentage           |
|--------|---|-----------------|---------------------|----------------------|
| HB 619 | Small secondary school construction   | 19,900.0        | 490.0               | 2.5                  |
| HB 620 | Emergency funds, repair, etc.   | 10,011.3        | 110.0               | 1.1                  |
| HB 623 | Marine highway system (contained in HB 623)   | 3,056.0         | 300.0               | 1.0 (of State & HTF) |
| HB 616 | Highway maintenance facilities  | 3,000.0         | 42.0                | 1.4                  |
| HB 618 | Correctional facilities   | 30,000.0        | 595.0               | 2.0                  |
| HB 614 | Alaska court system facilities  | 3,807.2         | 59.0                | 1.5                  |
| HB 611 | Public safety facilities  | 4,590.0         | 87.0                | 1.9                  |
| HB 621 | Military affairs facilities   | 2,000.0         | 40.0                | 2.0                  |
| HB 615 | Fish and game projects  | 4,495.1         | 47.0 <sup>(1)</sup> | 1.0                  |
|        | ① Governor's bill final total = 40,000.0 which would require \$860,000 in PFPF / 2.2% |                 |                     |                      |
| HB 612 | Health facilities   | 4,100.0         | 198.7               | 4.9                  |
| HB 622 | Trunk & secondary airports  | 5,575.0         | 200.0               | 3.6                  |
| HB 610 | Water & sewer<br>② Applied to V.S.F. projects only                                    | 31,000.0        | 50.0 <sup>(2)</sup> | 5.0 (of 1,000.1)     |
| HB 613 | Parks   | 7,000.0         | 100.0               | 1.4                  |

STATE  
of ALASKA

## MEMORANDUM

TO: Kent Dawson, Director  
Division of Budget and Management  
Department of Administration

DATE : December 30, 1975

FROM: Richard Holden *RH*  
Deputy Commissioner  
Department of Public Works

SUBJECT: CIP Revolving Planning Fund  
Requirements

We have estimated that the following amounts will provide minimum adequate advanced planning funds for those programs to be provided with facilities by the 1976 G.O. Bond Issue.

|                                      |             |
|--------------------------------------|-------------|
| Education                            | \$600,000   |
| Health                               | 200,000     |
| NRM&EC - Parks                       | 100,000     |
| NRM&EC - Fish & Game                 | 860,000     |
| Environmental Conservation           | 50,000      |
| Military Preparedness                | 40,000      |
| Public Safety                        | 87,000      |
| Court System                         | 59,000      |
| Correctional Centers                 | 595,000     |
| Aviation                             | 200,000     |
| Marine Transportation                | 300,000     |
| Highways (for building construction) | 42,000      |
| TOTAL:                               | \$3,133,000 |

\$47,000 IS INCLUDED  
TO MATCH GOVERNORS  
4,000,000 BOND  
REQUEST. \$813,000  
IS NOT INCLUDED  
WHICH MATCHED  
AN ADDITIONAL  
\$40,000,000 BOND  
REQUEST NOT  
INCLUDED BY GOVERNOR

We have included no funds for the port facilities because it is felt that Water and Harbors can develop criteria without the necessity for expenditure of additional funds.

We have included no funds for the Department of Highways' road building program because we don't know where the roads are going to be built.

We have included no funds for the University construction program because it already has a revolving fund which will more than adequately service the \$15 million request.

cc: Donald Harris, Commissioner  
Department of Public Works

Carl Gonder, Budget Analyst  
Department of Administration

JAN 19 1976

1486 25

The Honorable Mike Bradner  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a special appropriation to the Public Facility Planning Fund, to be created by another bill I am proposing. The appropriation is for \$2,318,650 -- a figure arrived at by establishing the percentage of public works projects which is necessary for advance planning, multiplying the dollar amount in each of this year's proposed bond bills by that percentage, and adding up the products of that multiplication. The planning fund will operate as a revolving fund, with this appropriation being the source of the initial money in the fund. Bond issues for capital projects of the State will reimburse the fund for amounts of money advanced by the fund for the purpose of those projects.

Sincerely,

Jay S. Hammond  
Governor

JAN 19 1976

1486 25

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Speaker of the House  
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Juneau, Alaska 99811

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Sincerely,

Jay S. Hammond  
Governor