

HB

886

THESE INVESTIGATIONS WOULD BE OF GREAT VALUE TO THE STATE AND TO THE FEDERAL GOVERNMENT

SECTION ONE SHOULD BE REPEATED

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SECTION TWO SHOULD BE REPEATED

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SECTION THREE SHOULD BE REPEATED

END

455-4267

SECTION FOUR SHOULD BE REPEATED

THESE INVESTIGATIONS WOULD BE OF GREAT VALUE TO THE STATE AND TO THE FEDERAL GOVERNMENT

SECTION FIVE SHOULD BE REPEATED
SECTION SIX SHOULD BE REPEATED
SECTION SEVEN SHOULD BE REPEATED

SECTION EIGHT SHOULD BE REPEATED

AT RATES SUBSTANTIALLY BELOW THOSE AVAILABLE TO LOCAL GOVERNMENT, AND THE INCREASING REVENUE BEING MADE AVAILABLE FROM RESOURCE DEVELOPMENT, THE TIME IS PARTICULARLY RIPE FOR A COMMITMENT BY THE STATE TO ASSIST LOCAL GOVERNMENT TAXPAYERS IN MAKING THEIR COMMUNITIES, SAFE, PLEASANT AND ATTRACTIVE PLACES. IN ANCHORAGE, BREAKTHROUGH IS RESPONSIBLE FOR URGING THE ASSEMBLY TO PLACE BEFORE THE VOTERS SEVERAL BOND PROPOSITIONS WHICH, IF ENACTED, WOULD BE USED TO MATCH STATE FUNDS PROVIDED UNDER HB886 TO PROVIDE NEEDED COMMUNITY IMPROVEMENTS.

MANY OF THE PROJECTED IMPROVEMENTS SUCH AS CULTURAL AND SPORTS CENTERS, ROAD IMPROVEMENT, AND LIBRARIES AND MUSEUMS WILL BENEFIT THOSE RESIDENTS OF THE STATE WHO VISIT OR TRAVEL THROUGH ANCHORAGE, IN ADDITION TO PERMANENT RESIDENTS OF THE MUNICIPALITY. PERHAPS MORE IMPORTANTLY, PASSAGE OF HB 886 WILL, AS NOTED ABOVE, EFFECTIVELY PROVIDE INCENTIVE IN OTHER COMMUNITIES FOR GROUPS SIMILAR TO BREAKTHROUGH TO TRY TO OVERCOME THE DILEMMA BETWEEN TAX BURDEN AND COMMUNITY NEEDS AND TO MAKE ALASKAN COMMUNITIES EQUAL IN QUALITY TO THOSE OUTSIDE BY PROVIDING ADEQUATE SERVICES AND FACILITIES FOR THEIR RESIDENTS.

IF I CAN BE OF ANY ASSISTANCE TO THE COMMITTEE, PLEASE DO NOT HESITATE TO CALL MY OFFICE AT 264-4451, OR CONTACT MR. JED PERE, MUNICIPAL ATTORNEY, AT 264-4017. THANK YOU FOR THE OPPORTUNITY TO COMMENT ON THIS LEGISLATION. (LETTER FORTHCOMING).

WALTER GEORGE W. SULLIVAN

Municipality
of
Anchorage



POUCH 6 650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN
MAYOR

OFFICE OF THE MAYOR

April 4, 1978

Representative Lisa Rudd, Chairperson
Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Re: House Bill 886

Dear Representative Rudd:

The purpose of this letter is to inform you that the Municipality of Anchorage strongly supports House Bill 886 and urges its favorable consideration by your Committee. This legislation would implement the "Operation Breakthrough" program in Anchorage as well as providing impetus for similar projects in other communities throughout the state.

I am certain I do not need to remind you of the ever present dilemma posed for local government by demands for services and capital improvements on the one hand and the need to minimize local tax burdens on the other. Programs such as Breakthrough represent an effort by concerned citizens to overcome this dilemma and to place responsibility for a decision on major community improvements before the voters.

Given the ability of the state to borrow capital improvement funds at rates substantially below those available to local government, and the increasing revenue being made available from resource development, the time is particularly ripe for a commitment by the state to assist local government taxpayers in making their communities safe, pleasant and attractive places. In Anchorage, Breakthrough is responsible for urging the Assembly to place before the voters several bond propositions which, if enacted, would be used to match state funds provided under HB 886 to provide needed community improvements.

Many of the projected improvements such as cultural and sports centers, road improvement, libraries and museums will benefit those residents of the state who visit or travel through



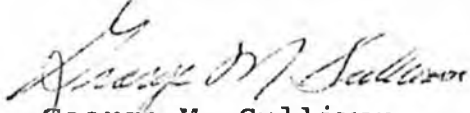
Rep. Lisa Rudd
April 4, 1978
Page 2

Anchorage, in addition to permanent residents of the Municipality. Perhaps more importantly, passage of HB 886 will, as noted above, hopefully provide incentive in other communities for groups similar to Breakthrough to try to overcome the dilemma between tax burdens and community needs and to make Alaskan communities equal or superior to those outside in providing adequate services and facilities for their residents.

If I or my staff can be of any assistance to the Committee, please do not hesitate to call my office at 264-4431, or contact Mr. Ted Berns, Municipal Attorney, at 264-4237. Thank you for the opportunity to comment on this legislation.

Sincerely,

MUNICIPALITY OF ANCHORAGE


George M. Sullivan
Mayor

CMS:TDB:gml

Municipality of Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MUNICIPAL MANAGER

June 6, 1978

Honorable Lisa Rudd
Alaska House of Representatives
Pouch V
State Capitol Building
Juneau, Alaska 99811

Dear Lisa:

As indicated, I brought some of our staff together to review the allocation problems you are having with HB 886. As a result, we came up with the following:

1. Question: Although there seems to be support for the presently proposed method of determining local shares under HB 886, the application of the formula results in a \$650 million package. The proposed method includes a heavier weighting for smaller, less populated communities. For example, communities with populations of less than 10,000 would receive \$3,000 per capita vs. \$1,000 per capita for Anchorage. How can we accommodate the originally proposed methodology and stay within \$400 million?

Suggestion: Calculate the relative shares under the proposed methodology. Distribute the \$400 million amount pro-rata using the percentages derived from the \$650 million allocations. This approach will continue the heavier weightings for small communities. It also has the advantage of being relatively straight forward.

2. Question: The State is concerned about being able to predict the required funding under HB 886 for each fiscal year. How can this be accomplished?

Suggestion: Establish a ceiling amount for each fiscal year and distribute the \$400 million over a eight to ten year period, including one to two years for closing out the program. This would result in something less than \$400 million given the present value of an annual allocation over an eight to ten year period.

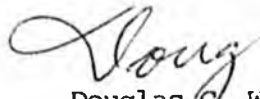


Page 2
Letter to Honorable Lisa Rudd
Re: HB 886

Suggestion: Each community would be required to present a Capital Improvement Program requesting the funds. The State should have some flexibility in allocating the funds during each fiscal year so that communities who are prepared to proceed can receive available funds. Over the eight to ten year period, no community would receive more than its maximum amount allowable under the formula.

I trust these comments will be of some value to you.

Sincerely,



Douglas C. Weiford
Municipal Manager

/jlc

Municipality of Anchorage
5/78

HB 886: AN ACT RELATING TO STATE AID FOR MUNICIPAL CAPITAL IMPROVEMENT;
AND PROVIDING FOR AN EFFECTIVE DATE.

HB 886 would facilitate the "Operation Breakthrough" program in Anchorage and provide impetus for similar projects in other communities throughout the state. The Municipality of Anchorage supports this bill.

Local government faces an ever present dilemma posed by demands for services and capital improvements and the need to minimize local tax burdens. Programs such as Breakthrough represent an effort by concerned citizens to overcome this dilemma by placing responsibility for decisions on major community improvements before the voters. Breakthrough is responsible for urging the Anchorage Assembly to place before the voters several bond propositions which would be used to match state funds under HB 886 to provide needed community improvements.

The State can borrow capital improvement funds at rates substantially below those available to local government, and resource development is making increased revenue available to the State. Thus, the time is particularly ripe for a commitment by the State to assist local government taxpayers in making their communities safe, pleasant, and attractive places to live.

Many of Breakthrough's projected improvements such as cultural and sports centers, road improvement, and libraries and museums will benefit those residents of the State who visit or travel through Anchorage as well as the permanent residents of the Municipality.

Perhaps more importantly, HB 886 will provide incentive in other communities for groups similar to Breakthrough to try to overcome the dilemma between tax burdens and community needs. We hope that such groups will make Alaskan communities equal or superior to those Outside in providing adequate services and facilities for their residents.

*60 mil.
Thurlow - cut up per*

Original sponsor: Community and Regional
Affairs Committee

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 886

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for municipal capital im-
7 provements; and providing for an effective date."

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

9 * Section 1. AS 43.18 is amended by adding new sections to read:

10 Sec. 43.18.200. INTENT. It is the intent of the legislature that,
11 so long as the state general fund is augmented by a substantial dollar
12 contribution from the development of Alaska's petroleum resources,
13 appropriations be made annually under secs. 200 - 255 of this chapter to
14 share a portion of that resource revenue with municipalities for their
15 capital improvement projects.

16 Sec. 43.18.205. MUNICIPAL CAPITAL IMPROVEMENT ACCOUNT. The muni-
17 cipal capital improvement account is established. The account consists
18 of appropriations for distribution under secs. 200 - 255 of this chapter
19 to municipalities to assist in paying the costs of eligible municipal
20 capital improvement projects for which no bonding, notes, or other
21 indebtedness was incurred before July 1, 1978.

22 Sec. 43.18.210. GRANTS TO MUNICIPALITIES. (a) During each fiscal
23 year, the state shall allocate to each municipality in the state an
24 amount equal to 50 per cent of the annual principal and interest owing
25 by that municipality on its general obligation bonded indebtedness for
26 an eligible capital improvement for which bonding, notes or other in-
27 debtedness was incurred on or after July 1, 1978, or, if funds are
28 available, make a grant to the municipality of 50 per cent of the costs
29 of the capital improvement which the municipality seeks to construct or

1 acquire.

2 (b) The estimated cost of an eligible capital improvement project
3 may not exceed costs developed in accordance with the standards and
4 criteria adopted by the commissioner of the Department of Transportation
5 and Public Facilities under AS 35.10.160 - 35.10.200. State funds may
6 not be committed to nor expended for construction cost overruns or other
7 costs in excess of the original project estimated cost.

8 (c) Subject to (a) of this section, a municipality may, for a
9 proposed municipal capital improvement eligible for state assistance
10 under this section, obtain from the state a grant for the capital im-
11 provement in an amount equal to 50 per cent of the cost of the project
12 or 50 per cent of the amount that would be the local share not financed
13 by other state or federal assistance programs or private grants, which-
14 ever is the lesser. The municipal share of the funding of the eligible
15 capital improvement may be obtained by the municipality from any source
16 lawfully available to it, including but not limited to the sale of
17 general obligation bonds.

18 Sec. 43.18.215. LIMITATION ON GRANTS. (a) No more may be allo-
19 cated to a municipality from the municipal capital improvement account
20 than

- 21 (1) \$3,000 per capita on the first 1,000 population;
22 (2) \$2,000 per capita on population over 1,000 but less than
23 10,000;
24 (3) \$1,000 per capita on population of 10,000 and more.

25 (b) When a municipality has been allocated the maximum amount
26 provided in (a) of this section for that municipality, it is no longer
27 eligible to obtain grants from the municipal capital improvement account
28 regardless of population changes within the municipality after that
29 time.

1 (c) For purposes of this section,

2 (1) the population used for computing the entitlement is the
3 population of the municipality on July 1, 1978, as determined by the
4 department;

5 (2) the limitation on allocations in (a) of this section
6 applicable to a borough shall be based upon the population of the
7 borough with respect to an eligible capital improvement which the
8 borough has authority to provide on an areawide basis;

9 (3) the limitation on allocations in (a) of this section
10 applicable to a city or service area of a borough shall be based upon
11 the population of the city or service area of the borough with respect
12 to an eligible capital improvement which the city has authority to
13 provide or which the borough has authority to provide on a service area
14 basis.

15 Sec. 43.18.220. APPLICATION FOR AID. (a) The commissioner shall
16 prescribe the necessary forms and procedures to be used in applying for
17 grants under secs. 200 - 255 of this chapter.

18 (b) A municipality seeking aid under secs. 200 - 255 of this
19 chapter must apply to the department by September 15 of the prior fiscal
20 year.

21 (c) The department

22 (1) may not administer secs. 200 - 255 of this chapter in a
23 manner that diminishes the authority of a municipality [] to determine
24 what types, priorities or design of capital improvements are appropriate
25 for its community.

26 (2) may make no determination of eligibility based upon its
27 evaluation of the desirability or priority of a project.

28 Sec. 43.18.225. CONDITIONS OF GRANTS. (a) Funds distributed to a
29 municipality under secs. 200 - 255 of this chapter must be received,

1 held, and expended by the municipality in accordance with the applicable
2 provisions of law and of regulations adopted by the department. Funds
3 provided under secs. 200 - 255 of this chapter, but which are not re-
4 quired for the project for which they were granted or which are in
5 excess of that municipality's entitlement for grants as that entitlement
6 is limited by sec. 215 of this chapter, shall be returned to the depart-
7 ment and deposited in the general fund.

8 (b) Each municipality shall maintain financial records of the
9 receipt and disbursement of state funds received under secs. 200 - 255
10 of this chapter and money provided toward local effort. The records
11 must be in the form prescribed by the department and are subject to
12 audit by it at any time.

13 (c) Before funds are distributed to a municipality by the depart-
14 ment, the commissioner shall require municipal officers to demonstrate
15 that the municipality has secured financial assistance from other
16 federal and state programs to the maximum possible extent.

17 Sec. 43.18.230. RESPONSIBILITY TO MAINTAIN AND OPERATE CAPITAL
18 IMPROVEMENT. Every municipality obtaining funds under secs. 200 - 255
19 of this chapter shall be solely responsible for the maintenance and
20 operation of the capital improvement. Nothing in secs. 200 - 255 of
21 this chapter obligates the state to participate in or contribute to the
22 cost of operation and maintenance of the capital improvement.

23 Sec. 43.18.235. SUBMISSION OF CAPITAL IMPROVEMENT PLAN REQUIRED.
24 No funds may be made available under secs. 200 - 255 of this chapter
25 unless the municipality submits to the department a five-year capital
26 improvement plan showing the capital improvements planned for the muni-
27 cipality during the next five years, the planned sources of revenues to
28 pay for the capital improvements, and operational costs of the capital
29 improvements.

1 Sec. 43.18.240. NOTICE OF GRANTS. The municipality shall furnish
2 a notice with tax statements mailed for the fiscal year for which state
3 grants for general obligation bonded indebtedness or cash grants for
4 capital improvements are received under secs. 200 - 255 of this chapter
5 setting out the amount made available by the state to the municipality
6 for that fiscal year. This information shall be incorporated in any
7 notice to the taxpayer required under sec. 30 of this chapter in connec-
8 tion with state aid to local governments.

9 Sec. 43.18.245. CONSTRUCTION AND IMPLEMENTATION. (a) Sections
10 200 - 255 of this chapter may not be construed so as to create a debt of
11 the state.

12 (b) Funds to carry out the provisions of secs. 200 - 255 of this
13 chapter may be appropriated annually by the legislature into the muni-
14 cipal capital improvement account. If amounts in the account are in-
15 sufficient to meet the allocations authorized by the commissioner under
16 secs. 200 - 255 of this chapter, the funds available shall be distribu-
17 ted pro rata among each municipality based upon its computed entitlement.

18 Sec. 43.18.250. REGULATIONS. The department shall adopt regula-
19 tions necessary to carry out the provisions of secs. 200 - 255 of this
20 chapter.

21 Sec. 43.18.255. DEFINITIONS. In secs. 200 - 255 of this chapter,
22 unless the context requires otherwise,

23 (1) "commissioner" means the commissioner of community and
24 regional affairs;

25 (2) "department" means the Department of Community and Re-
26 gional Affairs;

27 (3) "eligible capital improvement" means a public facility or
28 public work, funds for the construction of which may be secured by the
29 issuance of the municipality's general obligation bonds; the term ex-

1 cludes an elementary and secondary school and a medical facility;

2 (4) "municipality" means a unified municipality or a home
3 rule borough or a general law borough or city of any class incorporated
4 under the laws of the state.

5 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.
6 070(c).

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school prog - "legis. has never failed" - const. prob.

what priorities for bond issue?

Mon. after Easter

Introduced: 3/15/78
Referred: Community & Regional
Affairs and Finance

IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

more specific
"work on it -"

HOUSE BILL NO. 886

define cap. imp.

IN THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to state aid for municipal capital im-
provement; and providing for an effective date."

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

* Section 1. AS 43.18 is amended by adding new sections to read:

Sec. 43.18.200. MUNICIPAL CAPITAL IMPROVEMENT ACCOUNT. The muni-
cipal capital improvement account is established. The account consists
of appropriations for distribution under secs. 200 - 295 of this chapter
to municipalities to assist in paying the costs of municipal capital
improvement projects for which no bonding, notes, or other indebtedness
was incurred before July 1, 1978.

Sec. 43.18.210. GRANTS TO MUNICIPALITIES. (a) During each fiscal
year, the state shall allocate to each municipality in the state an
amount equal to 50 per cent of the annual principal and interest owing
by that municipality on its general obligation bonded indebtedness for
which bonding, notes or other indebtedness was incurred on or after
July 1, 1978, or, if funds are available, make a grant to the muni-
cipality of 50 per cent of the costs of the capital improvement which the
municipality seeks to construct or acquire.

(b) State funds may not be committed to nor expended for construc-
tion cost overruns or other costs in excess of the original project
estimated cost. *application state project est. costs. To be
certified by commissioner*

(c) Subject to (a) of this section, a municipality may, for a
proposed municipal capital improvement eligible for state assistance
under this section, obtain from the state a grant for the capital

defeat -
share in
wealth
municipalities
long as it
is available.

clarified

muni. has power -

state of federal assistance

1 improvement in an amount equal to 50 per cent of the cost of the project
2 or 50 per cent of the amount that would be the local share not financed
3 by other programs *or private grants,* whichever is the lesser. The municipal share of the
4 funding of the capital improvement may be obtained by the municipality
5 from any source lawfully available to it, including but not limited to
6 the sale of general obligation bonds.

7 Sec. 43.18.220. LIMITATION ON GRANTS. (a) No more may be allo-
8 cated to a municipality from the municipal capital improvement account
9 than

pop. as of 7/1/78

- 10 (1) \$3,000 per capita on the first 1,000 population;
- 11 (2) \$2,000 per capita on population over 1,000 but less than
- 12 10,000;
- 13 (3) \$1,000 per capita on population of 10,000 and more.

14 (b) When a municipality has been allocated the maximum amount
15 provided in (a) of this section for that municipality, it is no longer
16 eligible to obtain grants from the municipal capital improvement account
17 regardless of population changes within the municipality after ~~that~~ *7/1/78*
18 time.

19 Sec. 43.18.230. APPLICATION FOR AID. (a) The commissioner shall
20 prescribe the necessary forms and procedures to be used in applying for
21 grants under secs. 200 - 295 of this chapter.

22 (b) A municipality seeking aid under secs. 200 - 295 of this
23 chapter must apply to the department by September 15 of the prior fiscal
24 year.

25 (c) The department may not [adopt regulations, review applications
26 from municipalities, or otherwise] administer secs. 200 - 295 of this
27 chapter in a manner that diminishes the authority of a municipality [in
28 its sole discretion,] to determine what types, priorities or design of
29 capital improvements are appropriate for its community. [No state

with this, on p. 4, l. 2

1 judgment as to the appropriateness of a particular capital improvement
2 in a particular community is a factor in determining eligibility of
3 capital improvements for funding under secs. 200 - 295 of this chapter.]

4 Sec. 43.18.240. CONDITIONS OF GRANTS. (a) Funds distributed to a
5 municipality under secs. 200 - 295 of this chapter must be received,
6 held, and expended by the municipality in accordance with the applicable
7 provisions of law and of regulations adopted by the department. Funds
8 provided under secs. 200 - 295 of this chapter, but which are not re-
9 quired for the project for which they were granted or which are in
10 excess of that municipality's entitlement for grants under sec. 220 of
11 this chapter must be returned to the department and deposited in the
12 general fund.

13 (b) Each municipality shall maintain financial records of the
14 receipt and disbursement of state funds received under secs. 200 - 295
15 of this chapter and money provided toward local effort. The records
16 must be in the form prescribed by the department and are subject to
17 audit by it at any time.

18 Sec. 43.18.250. RESPONSIBILITY TO MAINTAIN AND OPERATE CAPITAL
19 IMPROVEMENT. Every municipality obtaining funds under secs. 200 - 295
20 of this chapter shall [by accepting such funds] be solely responsible
21 for the maintenance and operation of the capital improvement. Nothing
22 in secs. 200 - 295 of this chapter obligates the state to participate in
23 or contribute to the cost of operation and maintenance of the capital
24 improvement.

25 Sec. 43.18.260. SUBMISSION OF CAPITAL IMPROVEMENT PLAN REQUIRED.
26 (a) No funds may be made available under secs. 200 - 295 of this chap-
27 ter unless the municipality submits to the department a five-year capital
28 improvement plan showing the capital improvements planned for the muni-
29 cipality during the next five years, the planned sources of revenues to

*not this,
or p. 2 & 3*

1 pay for the capital improvements, and operational costs of the capital
2 improvements. [The department may make no determinations of eligibility
3 based upon its evaluation of the desirability or priority of a project.]

4 Sec. 43.18.270. NOTICE OF GRANTS. The municipality shall furnish
5 a notice with tax statements mailed for the fiscal year for which state
6 grants for general obligation bonded indebtedness or cash grants for
7 capital improvements are received under secs. 200 - 295 of this chapter
8 setting out the amount made available by the state to the municipality
9 for that fiscal year. This information shall be incorporated in any
10 notice to the taxpayer required under sec. 30 of this chapter in connec-
11 tion with state aid to local governments.

12 Sec. 43.18.280. CONSTRUCTION AND IMPLEMENTATION. (a) Sections
13 200 - 295 of this chapter may not be construed so as to create a debt of
14 the state.

15 (b) Funds to carry out the provisions of secs. 200 - 295 of this
16 chapter may be appropriated annually by the legislature into the muni-
17 cipal capital improvement account. If amounts in the account are in-
18 sufficient to meet the allocations authorized by the commissioner under
19 secs. 200 - 295 of this chapter, the funds available shall be distributed
20 pro rata among each municipality based upon its computed entitlement.

21 Sec. 43.18.290. REGULATIONS. The department shall adopt regula-
22 tions necessary to carry out the provisions of secs. 200 - 295 of this
23 chapter.

24 Sec. 43.18.295. DEFINITIONS. In secs. 200 - 295 of this chapter,
25 unless the context requires otherwise,

26 (1) "commissioner" means the commissioner of community and
27 regional affairs;

28 (2) "department" means the Department of Community and Re-
29 gional Affairs;

1 (3) "municipality" means a unified municipality or a home
2 rule borough or a general law borough or city of any class incorporated
3 under the laws of the state.

4 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
5 070(c).

6 Hodiel

suggests:

7 Repeal convention center + sports
8 facilities legislation

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12 date for determination of population

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15 set yearly limit on amt. to be committed
16 by state - (Hodiel says it will not
17 exceed \$28 mil. annually)
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#

→ print out

(Anch. bond election

(\$1.4 bil. only 20 communities)

repeal conv. center & sports facil. ?

THE ANALYSIS ASSUMES MAXIMUM PAYMENTS TO ALL MUNICIPALITIES

| LOCAL GOVERNMENT | POPULATION | ALLOWANCE |
|------------------------------------|------------|---------------|
| ----- | | |
| BOROUGH AND CITIES WITHIN BOROUGHS | | |
| 1 ANCHORAGE (AW) | 180,653 | \$191,653,000 |
| 2 BRISTOL BAY BOROUGH (AW) | 1,311 | \$3,622,000 |
| 3 FAIRBANKS BOROUGH (AW) | 60,227 | \$71,227,000 |
| 4 FAIRBANKS (CITY) | 30,462 | \$41,462,000 |
| 5 NORTH POLE (CITY) | 451 | \$1,383,000 |
| 6 HAINES BOROUGH | 1,924 | \$4,848,000 |
| 7 HAINES (CITY) | 1,366 | \$3,732,000 |
| 8 JUNEAU (AW) | 20,465 | \$31,465,000 |
| 9 KENAI BOROUGH (AW) | 24,611 | \$35,611,000 |
| 10 HOMER (CITY) | 1,802 | \$4,604,000 |
| 11 KACHEMAK (CITY) | 151 | \$453,000 |
| 12 KENAI (CITY) | 5,364 | \$11,728,000 |
| 13 SELDOVIA (CITY) | 612 | \$1,836,000 |
| 14 SEWARD (CITY) | 2,279 | \$5,558,000 |
| 15 SOLDOTNA (CITY) | 2,586 | \$6,172,000 |
| 16 KETCHIKAN BOROUGH (AW) | 11,490 | \$22,490,000 |
| 17 KETCHIKAN (CITY) | 7,928 | \$16,856,000 |
| 18 SAXMAN (CITY) | 272 | \$816,000 |
| 19 KODIAK BOROUGH (AW) | 7,901 | \$16,802,000 |
| 20 KODIAK (CITY) | 4,960 | \$10,920,000 |
| 21 AKHIK (CITY) | 102 | \$306,000 |
| 22 LARSEN BAY (CITY) | 137 | \$411,000 |
| 23 OLD HARBOR (CITY) | 327 | \$981,000 |
| 24 OUZINKIE (CITY) | 170 | \$510,000 |
| 25 PORT LIONS (CITY) | 227 | \$681,000 |
| 26 MAT SU BOROUGH (AW) | 16,724 | \$27,724,000 |
| 27 HOUSTON (CITY) | 375 | \$1,125,000 |
| 28 PALMER (CITY) | 1,859 | \$4,713,000 |
| 29 WASILLA (CITY) | 1,566 | \$4,132,000 |
| 30 NORTH SLOPE BOROUGH (AW) | 9,139 | \$19,278,000 |
| 31 ANAKTUVUK PASS (CITY) | 150 | \$450,000 |
| 32 BARRON (CITY) | 2,306 | \$5,612,000 |
| 33 KAKTOVIK (CITY) | 123 | \$369,000 |
| 34 NUIQSUT (CITY) | 152 | \$456,000 |
| 35 POINT HOPE (CITY) | 384 | \$1,152,000 |
| 36 WAINWRIGHT (CITY) | 343 | \$1,029,000 |
| 37 SITKA BOROUGH | 7,550 | \$16,300,000 |
| FIRST CLASS CITIES | | |
| 38 CORDOVA | 2,406 | \$5,812,000 |
| 39 CRAIG | 467 | \$1,401,000 |
| 40 DILLINGHAM | 1,269 | \$3,538,000 |
| 41 GALENA | 631 | \$1,893,000 |
| 42 HOONAH | 848 | \$2,544,000 |
| 43 HYDABURG | 390 | \$1,140,000 |
| 44 KAKE | 679 | \$2,037,000 |
| 45 KING COVE | 408 | \$1,224,000 |
| 46 KLAWOCK | 323 | \$969,000 |
| 47 NENANA | 521 | \$1,563,000 |
| 48 NOME | 2,585 | \$6,170,000 |
| 49 PELICAN | 169 | \$507,000 |
| 50 PETERSBURG | 2,126 | \$5,252,000 |
| 51 SAINT MARY'S | 415 | \$1,245,000 |
| 52 SKAGWAY | 854 | \$2,562,000 |
| 53 UNALASKA | 510 | \$1,530,000 |
| 54 VALDEZ | 7,483 | \$15,966,000 |
| 55 WRANGELL | 3,152 | \$7,304,000 |
| 56 YAKUTAT | 642 | \$1,926,000 |

SECOND CLASS CITIES

| | | |
|----------------------|-------|-------------|
| 57 AKIACHAK | 354 | \$1,062,000 |
| 58 AKIAK | 165 | \$495,000 |
| 59 AKOLMIUT | 608 | \$1,824,000 |
| 60 ALAKANLIK | 527 | \$1,581,000 |
| 61 ALEKNAGIK | 227 | \$681,000 |
| 62 ALLAKAKET | 164 | \$492,000 |
| 63 AMBLER | 217 | \$651,000 |
| 64 ANDERSON | 470 | \$1,410,000 |
| 65 ANGDON | 287 | \$861,000 |
| 66 ANIAK | 323 | \$969,000 |
| 67 ANVIK | 87 | \$261,000 |
| 68 ATMAUTLUAK | 169 | \$507,000 |
| 69 BETHEL | 3,409 | \$7,818,000 |
| 70 BREVIG MISSION | 120 | \$360,000 |
| 71 BUCKLAND | 172 | \$516,000 |
| 72 CHEFORNAK | 192 | \$576,000 |
| 73 CHEVAK | 447 | \$1,341,000 |
| 74 CHUATHBALLIK | 118 | \$354,000 |
| 75 CLARK'S POINT | 98 | \$294,000 |
| 76 DELING | 100 | \$300,000 |
| 77 DELTA JUNCTION | 892 | \$2,676,000 |
| 78 DIOMEDE | 135 | \$405,000 |
| 79 EAGLE | 145 | \$435,000 |
| 80 EEK | 195 | \$585,000 |
| 81 EKWOK | 109 | \$327,000 |
| 82 ELIM | 205 | \$615,000 |
| 83 EMMONAK | 545 | \$1,635,000 |
| 84 FORT YUKON | 637 | \$1,911,000 |
| 85 FORTUNA LEDGE | 200 | \$600,000 |
| 86 GAMBELL | 412 | \$1,236,000 |
| 87 GOLDOVIN | 118 | \$354,000 |
| 88 GOODNEWS BAY | 248 | \$744,000 |
| 89 GRAYLING | 167 | \$501,000 |
| 90 HOLY CROSS | 212 | \$636,000 |
| 91 HOOPER BAY | 590 | \$1,770,000 |
| 92 HUGHES | 98 | \$294,000 |
| 93 HUSLIA | 216 | \$648,000 |
| 94 KALTAG | 240 | \$720,000 |
| 95 KASAAN | 38 | \$114,000 |
| 96 KIYANA | 314 | \$942,000 |
| 97 KIVALINA | 208 | \$624,000 |
| 98 KOBUK | 60 | \$180,000 |
| 99 KOTLIK | 284 | \$852,000 |
| 100 KOTZEBUE | 2,526 | \$6,052,000 |
| 101 KOYUK | 160 | \$480,000 |
| 102 KOYUKUK | 124 | \$372,000 |
| 103 KUPREANOF | 42 | \$126,000 |
| 104 KWETHLUK | 444 | \$1,332,000 |
| 105 LOWER KALISKAG | 195 | \$585,000 |
| 106 MANOKOTAK | 225 | \$675,000 |
| 107 MCGRATH | 296 | \$888,000 |
| 108 MEKORYUK | 184 | \$552,000 |
| 109 MOUNTAIN VILLAGE | 513 | \$1,539,000 |
| 110 NAPAKIAK | 276 | \$828,000 |
| 111 NAPASKIAK | 210 | \$630,000 |
| 112 NEWHALEN | 89 | \$267,000 |
| 113 NEW STUYAHOK | 230 | \$690,000 |
| 114 NEWTOK | 124 | \$372,000 |
| 115 NIGHTMUTE | 123 | \$369,000 |
| 116 NIKOLAI | 85 | \$255,000 |
| 117 NONDALTON | 226 | \$678,000 |
| 118 NOORVIK | 527 | \$1,581,000 |
| 119 NULATO | 331 | \$993,000 |
| 120 PILOT STATION | 301 | \$903,000 |
| 121 PLATINUM | 50 | \$150,000 |

| | | |
|---------------------|-------|---------------|
| 122 PORT ALEXANDER | 51 | \$153,000 |
| 123 PORT HEIDEN | 89 | \$267,000 |
| 124 QUINHAGAK | 395 | \$1,185,000 |
| 125 RUBY | 219 | \$657,000 |
| 126 RUSSIAN MISSION | 158 | \$474,000 |
| 127 SAINT MICHAEL | 206 | \$612,000 |
| 128 SAINT PAUL | 550 | \$1,650,000 |
| 129 SAND POINT | 544 | \$1,632,000 |
| 130 SAVOONGA | 409 | \$1,227,000 |
| 131 SCAMMON BAY | 193 | \$579,000 |
| 132 SELAWIK | 521 | \$1,563,000 |
| 133 SHAGELUK | 169 | \$507,000 |
| 134 SHAKTOOLIK | 160 | \$480,000 |
| 135 SHELDON POINT | 196 | \$408,000 |
| 136 SHISHMAREF | 326 | \$978,000 |
| 137 SHUNGNAK | 182 | \$546,000 |
| 138 STEBBINS | 298 | \$894,000 |
| 139 TANANA | 499 | \$1,497,000 |
| 140 TELLER | 219 | \$657,000 |
| 141 TENAKEE SPRINGS | 140 | \$420,000 |
| 142 TOGTAK | 419 | \$1,257,000 |
| 143 TOKSOOK BAY | 317 | \$951,000 |
| 144 TULUKSAK | 202 | \$606,000 |
| 145 TUNLUNAK | 299 | \$897,000 |
| 146 UNALAKLEET | 630 | \$1,890,000 |
| 147 UPPER KALSYAG | 164 | \$492,000 |
| 148 WALES | 109 | \$327,000 |
| 149 WHITE MOUNTAIN | 98 | \$294,000 |
| 150 WHITTIER | 292 | \$876,000 |
| | | ----- |
| | TOTAL | \$717,932,000 |

BERRIER'S QUESTIONS ON REWRITE OF HB 886

1. Intent

*2. Equitable distribution of funds.

Suggestion: Annual entitlement to any one city not to exceed an amount based on the city's % of total statewide population.

3. Definition of capital improvements

Perhaps define negatively by exclusion of capital improvements which already have grant programs.

SB 533

4. Clarify amount not financed by other programs.

Presently worded so that this program can match other state and federal programs.
50% of local share.

5. Statement that municipality must have power under AS 29.48

6. Commissioner to make a determination as to ~~appropriateness of~~ project costs *as determined by muni. are realistic.*

7. Repeal sports facilities and convention centers.

8. Deadline.

Definition of capital improvement.

--this program does not apply if state participation through this program plus another program is over 50%.

question of whether equipment such as road graders, etc, should be included as a capital improvement.

Finance costs not eligible

REF: HB 886

GRANTS PROGRAMS AVAILABLE TO MUNICIPALITIES

1. Small Boat Harbor Construction
Division of Waters & Harbors -- 100%
Bond issue
2. Port Facilities
Division of Waters & Harbors -- 90%
Bond Issue
3. Water and Sewer
Department of Environmental Conservation -- 50%
50% of total cost or 50% of non-Federal share
Bond issue -- 1976: \$29.5mil
1978: \$17.5mil
Can match EPA, PHS, EDA, RDA
1st come, 1st served
4. Airports
Division of Aviation -- 12.5% state, 75% Federal, 12.5% local
Bond issue
5. School Construction
Department of Education -- 100% bond retirement
Department of Transportation, Div. of Buildings
6. Electric Utility
CARD —
7. Street Improvements
EDA, LSRT (Local Service Roads & Trails)
State bond issue
8. Parks and Recreation
Division of Parks, LWCF, state bonds.
9. Solid Waste
PHS - *in Indian villages - 100%*
10. Fire, Rescue Operations
Various Federal programs
11. Libraries -- None
12. Parking -- None
13. Animal Control -- None
14. Convention Centers -- Statute not funded
Sports Facilities
Cultural Centers -- none

SB539 Sec. 15

*percentages?
limitations?*

TEN YEAR MUNICIPAL CAPITAL PROJECTIONS STUDY

1978 - 1987

In preparing this capital projects study, it immediately became apparent that municipal and borough officials face many difficulties when allocating public funds for capital projects. This conflict is best characterized by limited funds and an excess of needed or suggested projects. Further projection difficulties arise when it becomes necessary to determine the priority of projects, compliance with a Comprehensive Plan, coordination between various projects, public sentiment, and the impact on the present and future social, economic, physical, and environmental systems of the political subdivisions.

It must be recognized that these projections, developed with the best available information, are subject to the availability of funds. With permanent fund assistance, as well as various other grants, many of these could be realized. Conversely, many of these necessary projects may not be realized in the event of the non-availability of those funds.

Twenty municipalities responded and although they by no means represent all the projects, they do give an indication of the magnitude of the financial needs that face the municipalities of Alaska.

Attached are the results of the study. Requirements are shown (1) by municipality, (2) municipality and project, (3) size of project and, (4) sources of funds. Of the total \$1,499,753,000 in dollar costs only \$1,130,178,000 was recognized as coming from a specific source: either State, Federal, or local subject to availability of funds. Municipalities were not able to determine where the additional \$369,575,000 would come from if the projects were to be constructed.

Care was taken to differentiate between those projects one would like to see and those projects which were vital to general welfare of the community. These costs presently represent those projects which are vital to the community and which will have to be funded through whatever sources of capital is available or they may never be realized. The Permanent Fund may be a means to meet a portion of these requirements.

CAPITAL REQUIREMENTS BY CITY
000's Omitted

| | |
|-------------------------|--------------------|
| Anchorage | \$ 825,832 |
| Brevig Mission | 1,586 |
| Fairbanks | 192,075 |
| Galena | 6,127 |
| Haines | 13,791 |
| Houston | 10,806 |
| Juneau | 122,010 |
| Kenai Peninsula Borough | 65,785 |
| Ketchikan | 20,101 |
| Kodiak | 49,704 |
| Kwethluk | 832 |
| McGrath | 9,285 |
| Nightmute | 481 |
| Savoonga | 445 |
| Sitka | 99,310 |
| Skagway | 20,157 |
| Tenakee Springs | 1,050 |
| Toksook Bay | 1,190 |
| Valdez | 41,150 |
| Wasilla | <u>18,036</u> |
| Total | <u>\$1,499,753</u> |

CAPITAL NEEDS BY CITY AND PROJECTS
000's Omitted

| City | Port Facilities | Small Boat Harbors | Airports | Public Transit | Water Utility | Sanitary Sewer | Electric Utility | Parking Facilities | Animal Control | School Construction | Convention Culture Center | Health | Street Improvements | Street Maintenance | Fire Rescue Operations | Library | Parks and Recreation | Solid Waste | Other Projects | Total |
|-------------------------|------------------|--------------------|-----------------|-----------------|------------------|------------------|------------------|--------------------|----------------|---------------------|---------------------------|-----------------|---------------------|--------------------|------------------------|-----------------|----------------------|-----------------|-----------------|--------------------|
| Anchorage | \$ 5,030 | \$. | \$ 7,832 | \$25,236 | \$ 81,414 | \$110,930 | \$211,116 | \$ 18,788 | \$ | \$ 88,500 | \$ | \$ | \$163,496 | \$ 2,146 | \$ 2,393 | \$16,085 | \$ 75,435 | \$ 9,390 | \$ 7,991 | \$ 825,832 |
| Brevig Mission | | | | | | 200 | 1,130 | | 6 | | | 100 | 100 | | | 30 | 20 | | | 1,586 |
| Fairbanks | | | | | 72,000 | 7,500 | 80,000 | | | | | | 15,020 | 3,500 | 3,055 | | 1,000 | | 10,000 | 192,075 |
| Galena | | 30 | | | 500 | | | 3 | 15 | | | | | 430 | 25 | 6 | 15 | 23 | 5,000 | 6,127 |
| Haines | 2,675 | 909 | | | 1,060 | 1,965 | | 300 | 35 | | 1,340 | 900 | 584 | 125 | 495 | 270 | 2,608 | 375 | 150 | 13,791 |
| Houston | | | | 320 | 1,500 | 4,500 | | | 75 | | 1,320 | 1,580 | 640 | 210 | 207 | | 78 | 166 | 210 | 10,806 |
| Juneau | 7,277 | 4,755 | 12,813 | 90 | 28,420 | 16,339 | | | | 1,600 | 15,592 | 125 | 8,100 | | 7,535 | 5,000 | 14,364 | | | 122,010 |
| Kenai Peninsula Borough | | | | | | | | | | 58,835 | | 4,000 | | | 780 | | | 2,120 | | 65,785 |
| Ketchikan | 25 | | 7,325 | | | 5,500 | | 51 | 75 | 2,925 | | | 14,100 | 1,303 | | | | | 4,200 | 20,101 |
| Kodiak | 1,000 | 11,950 | | | 5,700 | 7,660 | | | 29 | | 4,000 | | | | 487 | 1,770 | 1,684 | | | 49,704 |
| Kwethluk | | | 70 | | | | | | | | | 63 | | | 91 | 54 | 525 | | | 832 |
| McGrath | 1,020 | | 400 | | 2,329 | 2,754 | | | | | 275 | | 1,450 | | 350 | 255 | 400 | 21 | 31 | 9,285 |
| Nightmute | | 6 | 88 | 50 | 27 | 140 | 17 | | | | 14 | 30 | 15 | | | 12 | 70 | 12 | | 481 |
| Savoonga | | | | 6 | | 175 | 20 | | | | | | 10 | | | 4 | 5 | 225 | | 445 |
| Sitka | | 1,700 | 1,250 | | 3,000 | 23,600 | 49,350 | 1,900 | | 3,500 | | 7,000 | 4,350 | 2,000 | 1,350 | | | | | 99,310 |
| Skagway | 3,780 | 1,300 | 700 | | 1,500 | 750 | | 100 | 25 | 1,000 | 1,000 | 200 | 3,500 | 750 | 377 | 300 | 825 | 437 | 3,613 | 20,157 |
| Tenakee Springs | | | | | 400 | 400 | | | | | | 50 | | | 50 | | | | 150 | 1,050 |
| Toksook Bay | | | 150 | | 102 | 360 | 200 | | | 150 | | 25 | 85 | | 28 | | | | | 1,190 |
| Valdez | 30,000 | 350 | | | | 100 | | | 50 | | 6,300 | | | 1,300 | | 1,000 | 70 | | 2,000 | 41,150 |
| Wasilla | | | | | 4,096 | 10,680 | | 25 | 65 | | 430 | | 1,700 | 560 | | 375 | 105 | | | 18,036 |
| Total | \$ 50,807 | \$21,000 | \$30,678 | \$25,702 | \$202,048 | \$193,553 | \$341,833 | \$ 21,167 | \$ 425 | \$ 156,560 | \$ 30,301 | \$14,073 | \$213,150 | \$ 12,374 | \$ 17,223 | \$25,181 | \$ 97,564 | \$12,769 | \$33,345 | \$1,499,753 |

CAPITAL REQUIREMENTS IN ORDER OF SIZE
000's Omitted

| | |
|-----------------------------|--------------------|
| Electric Utility | \$ 341,833 |
| Street Improvements | 213,150 |
| Water Utility | 202,048 |
| Sanitary Sewer | 193,553 |
| School Construction | 156,560 |
| Parks and Recreation | 97,564 |
| Port Facilities | 50,807 |
| Other Projects | 33,345 |
| Airports | 30,678 |
| Conventions/Culture Centers | 30,301 |
| Public Transit | 25,702 |
| Library | 25,181 |
| Parking Facilities | 21,167 |
| Small Boat Harbors | 21,000 |
| Fire Rescue Operations | 17,223 |
| Health | 14,073 |
| Solid Waste | 12,769 |
| Street Maintenance | 12,374 |
| Animal Control | <u>425</u> |
| Total | <u>\$1,495,753</u> |

SOURCES OF FUNDS
000's Omitted

| | <u>Total</u> <u>Requirements</u> | <u>Federal</u> | <u>State</u> | <u>Local</u> |
|-------------------------------|-------------------------------------|------------------|------------------|------------------|
| Anchorage | \$ 825,832 | \$ 64,756 | \$ 43,114 | \$717,962 |
| Haines | 13,791 | 3,103 | 7,744 | 2,944 |
| Juneau | 122,010 | 35,833 | 33,843 | 52,334 |
| Kodiak | 49,704 | 21,400 | 17,245 | 11,059 |
| Savoonga | 445 | 51 | 319 | 75 |
| Sitka | 99,310 | 16,875 | 10,562 | 71,873 |
| Tenakee Springs | 1,050 | | 800 | 250 |
| Wasilla | <u>13,036</u> | <u>4,880</u> | <u>5,188</u> | <u>7,968</u> |
| Total | <u>\$1,130,178</u> | <u>\$146,898</u> | <u>\$118,815</u> | <u>\$864,465</u> |
| Unidentified as to source | <u>\$ 369,575</u> | | | |

TO: Lisa Rudd
FROM: Annette Smith
RE: Summary of House Bill 886

Section 1 establishes the municipal capital improvement account to assist in paying the costs of municipal capital improvements. The account is funded by Legislative appropriation.

The bill provides for two types of grants:

(1) An annual grant in an amount equal to 50% of the annual principal and interest of the G.O. bonded debt of the municipality incurred on or after July 1, 1978. This is similar to the school construction program where the municipality bonds for the entire amount but the state participates in the debt retirement.

(2) 50% matching grants for construction or purchase costs of capital improvements depending on availability of funds. It is assumed that debt retirement is the first priority of this account.

Limitations in this section are: (1) the state does not participate in cost overruns; and (2) if the project includes funding from another program, the state's share under this Act may not be more than 50% of the local share.

A separate section places a limit on the total amount a municipality may receive from the capital improvement based on population. (Refer to the enclosed computer print-out for a list of maximums)

The DC&RA administers the program but can exercise no authority over the choice or appropriateness of capital improvements to be done by the municipality. However, the municipality must submit a 5 year capital improvement plan showing projects planned, financing plans and costs of operation of the capital improvement.

Conditions of the grants are: (1) grant funds must be handled according to applicable laws and regulations; (2) excess funds are to be returned to the department; (3) proper financial records are to be kept by the municipality; and (4) the municipality has sole responsibility for operation and maintenance costs.

Funds to the capital improvement account are appropriated annually by the Legislature. If the appropriations are insufficient to cover allocations, the department will distribute funds on a prorated basis.

Nothing in the bill can be construed so as to create a debt of the state (see B. Berrier's memo of March 9, 1978).



ALASKA HOUSE OF REPRESENTATIVES

Community and Regional Affairs Committee

LISA RUDD, Chair

NOTE: THIS IS A REVISED SCHEDULE
MARCH 21, 1978

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-5570

The House Community and Regional Affairs Committee will consider the following bills during the week of March 20, 1978.

COMMUNITY & REGIONAL AFFAIRS-Room 647, Court Building, 9:00 a.m.

Monday - March 20

HB 781
(SSHB 769)

Authorizing state aid to municipalities for the construction and development of cultural facilities.

HB 782
HB 768

Providing for the issuance of bonds for the purpose of paying the cost of cultural facilities.

Wednesday - March 22

HB 202

Assessment, levy and collection of a tax on developed land in the unorganized borough.

Friday - March 24

HB 707
HB 667
HJR 58

*Relating to Sanitary Landfills
Spec. Approp. for Dillingham Landfill
Relating to the Bureau of Indian
Affairs and Bristol Bay.*

The committee will meet at 9:00 a.m. in room 647 of the Court Building in Juneau (directly across the street from the State Capitol).

We would be very happy to receive testimony from you on any of these bills. You may appear in person at the hearings or you may submit written testimony to the chair at pouch V, Juneau, Alaska 99811.

HIGHLIGHTS OF A PROPOSED ACT
RELATING TO COMMUNITY DEVELOPMENT AND
STATE FINANCIAL ASSISTANCE FOR
MUNICIPAL CAPITAL IMPROVEMENTS

The attached draft bill is presented for your consideration. It has been developed to provide a mechanism for State contribution to the financing of municipal capital improvements, while maintaining maximum autonomy of local governments in applying their own values and priorities in selection of capital improvements under this program.

The matching ratio is 50% State and 50% local funds for any project. The State would have the option of providing its share either from general obligation bond issues or (to avoid the cost of interest) from a direct grant funding 50% of the cost of the project.

Municipalities may, but are not required to, obtain their matching share from the proceeds of municipal bond issues. Thus, if a municipality cannot or chooses not to issue general obligation bonds, the municipality's share may come from other sources such as its treasury or proceeds of federal grants. The purpose is to provide flexibility to Alaska's smaller municipalities.

The bill contains a permanent ceiling on the total amount of State funding for individual municipalities under the Act. To take account of the larger per capita needs of smaller communities, especially where capital projects are involved, a graduated scale has been proposed, such that a progressively less restrictive per capita ceiling on State funding applies to medium-sized (between 1,000 and 10,000 population) and small (population up to 1,000) communities.

Administration would be by the Department of Community and Regional Affairs. The Department's role, however, would be strictly limited to such functions as confirming population data, fiscal capacity, and the existence of a municipal capital improvement plan. It is the intention of the bill's drafters that the State (thus, the Department) not become involved in value judgments concerning the desirability of a project for a particular community, the validity of the community's priorities for development, or the design of the project.

insert - fund same as for schools

A clause has been incorporated to protect the State against the burden of any cost overruns that might occur on construction of any capital improvement under the Act.

A definition for "capital improvements" has been purposely omitted, in order to give maximum flexibility to municipalities of various sizes and diverse needs in selecting capital improvements under this Act.

Examples of capital improvements which may be chosen by some municipalities include streets, sidewalks and trail systems; public transportation facilities, water transportation facilities such as harbors, wharves and port facilities; public buildings such as city or borough offices and maintenance shops; public sanitation facilities such as for solid waste collection and disposal; park and recreation facilities; libraries, museums, convention centers and performing arts centers; power generation and distribution facilities; improvements to publicly owned facilities for energy conservation or environmental protection purposes; facilities required to preserve subsistence life style; fire protection facilities; public safety facilities; and industrial park facilities such as for cold storage or warm storage.

This list is for illustrative purposes only. Any attempt to define "capital improvements" by a list in the Act will inevitably result in inadvertent omission of worthy projects needed by some municipalities.

The bill's drafters intended that this Act supplement, and not duplicate or replace, other legislation providing for State financial participation, such as for water, sewers and schools. Therefore, a subsection has been inserted to clarify that funds under this Act are to be available for such projects only to the extent that actual State plus federal funding of such project under other legislative authority falls short of the 50% State share provided herein.

The maximum cost to the State under a program of this kind over a period of thirty years is estimated to be approximately 29.8 million per year. This estimate is based on a total State commitment to fund one-half of \$800 million in capital improvements and assuming financing of the capital improvements with 30-year 6% municipal tax-free bonds.

anchorage *Frank Baker*
breakthrough
...helping shape tomorrow today

pouch 7-1977 anchorage, alaska 99510
telephone (907) 279-1977

February 21, 1978

Hon. Lisa Rudd, Chairperson
Committee on Community and Regional Affairs
Alaska State Legislature
Room 620, State Court Building
Juneau, Alaska 99801

Dear Ms. Rudd:

Thank you for agreeing to have your committee introduce our bill entitled "An Act Relating to Community Development and State Financial Assistance for Municipal Capital Improvements".

We were unable to get word to Ted Berns quickly enough to insert a change, on page two, to conform the actual language with the intentions of Breakthrough. Enclosed is a revised page two, which entirely replaces page two in the version you were given.

This correction provides that whenever there are federal funds (or a combination of federal funds and state funds under other programs) available for any given project, the balance of the project cost would be split equally between local and state funding under the program established by this bill.

We would appreciate if your Committee staff would give this revision to the Legislative Affairs Agency, so that the version which emerges is correct. For identification purposes we have also attached a copy of the first page of the bill.

Thank you very much.

Sincerely yours,

Elizabeth Cuadra
Elizabeth Cuadra

EC:meh
Enclosures
cc: Ted Berns
Gary Thurlow
Max Hodel
Jim Singleton

max hodel
general chairman

judge james singleton
vice chairman

frank reed, sr.
secretary-treasurer

steering committee

bob baer marnie brennan natalie brooks kit crittenden britt crosley betti cuddy bill darch chuck eddy
kay fanning lanie fleischer bill hall herbie hope ben humphries tom jansen dick kennard herb lang john lindauer
ken maynard don mcelish ed moses conn murray don nelles gene roguska lorena showers howard slack
dale teal gary thurlow chuck webber eric wohlforth

New Draft

AN ACT RELATING TO COMMUNITY
DEVELOPMENT AND STATE FINANCIAL
ASSISTANCE FOR MUNICIPAL CAPITAL IMPROVEMENTS

✓

*new
draft*

SECTION 1. (a) During each fiscal year, ~~and in accordance~~ with agreements entered into by the State and the municipality, the State shall allocate to every incorporated municipality in the State of Alaska an amount equal to fifty percent (50%) of the annual principal and interest owing by the municipality on general obligation bonded indebtedness for capital improvements incurred by the municipality after 1977, or, if monies are available, make a grant to the municipality of fifty percent (50%) of the costs of the capital improvement which the municipality seeks to construct or acquire.

No monies under this act shall be applied to principal and interest which was due and owing before 1979 or for general obligation bond issues authorized before 1978.

(b) The Department of Community and Regional Affairs shall express its financial commitment to each municipality, concerning each capital improvement project to receive State monies under this act, in a written agreement, before the project is begun, binding the State to its share of the funding of the project; provided, however, that no State monies shall be committed to nor expended for construction

cost overruns or other costs in excess of the original project estimated cost, set forth in the agreement.

✓ SECTION 2. ^a ~~Any~~ municipality may, for ^a ~~any~~ proposed municipal capital improvement eligible for State assistance under this act, obtain from the State a grant for the capital improvement in an amount equal to fifty percent (50%) of the cost of the project or fifty percent (50%) of the amount that would be the local share not financed by other programs, whichever is the greater. The municipal share of the funding of the capital improvement may be obtained by the municipality from any source lawfully available to it ~~for such use~~, including but not limited to the sale of general obligation bonds.

✓ SECTION 3. No more in grants or for principal shall be allocated to any municipality under this act than:

\$3,000 general obligation bond indebtedness per capita or \$3,000 in cash per capita on the first 1,000 population;

\$2,000 general obligation bond indebtedness per capita or \$2,000 in cash per capita on population over 1,000 but less than 10,000;

\$1,000 general obligation bond indebtedness per capita or \$1,000 in cash per capita on population of 10,000 and more.

✓ SECTION 4. Every municipality obtaining monies under this act shall, by accepting such monies, be solely responsible for the maintenance and operation of the capital improvement. Nothing in this act shall obligate the State to participate in or contribute to the cost of operation and maintenance of such capital improvements.

✓ SECTION 5. (a) No monies shall be made available under this Act unless the municipality submits to the State of Alaska Department of Regional and Community Affairs a five-year capital improvement plan showing the capital improvements planned for the municipality during the next five years, and the planned sources of revenues to pay for the capital and

operational costs of the capital improvements; provided that the Department of Community and Regional Affairs shall make no determinations based upon its evaluation of the desirability or priority of a project.

(b) No monies shall be paid as 50% of the cost of a capital improvement or as 50% of the annual principal and interest cost of a capital improvement unless the municipality has first obtained a written confirmation from the Department of Regional and Community Affairs that the municipal capital improvement is eligible for matching by the State in cash or by paying 50% of the principal and interest upon general obligation bonds authorized by the voters of the municipality or to be submitted to the voters for authorization after 1977. The Department of Community and Regional Affairs shall have the sole discretion as to whether 50% of a capital improvement shall be funded in cash as opposed to the State paying 50% of the principal and interest upon a general obligation bond issue for a capital improvement, but shall, in any event, advise the municipality promptly whether the proposed capital improvement, or portions of it, will qualify for State participation under this act, whether the State participation will be in cash or by the State paying 50% of principal and interest on the general obligation bond for capital improvements, and the approximate date upon which any payments by the State in cash or toward the principal and interest shall be paid.

✓ SECTION 6. (a) The municipality shall provide the following notice to the voters in any general obligation bond election, both in the required notice of election and the ballot, regarding State participation in the principal and interest costs of the capital improvements:

Proposition (set forth bonding proposition)

(The State of Alaska may pay 50% of the principal and interest on the bonded indebtedness)

\$ _____

No bond notice, ballot or bond approval shall be invalid because of failure to set forth the above notice. The sole remedy of any aggrieved person, including the State of Alaska, under this section is an action for mandamus in the courts of Alaska to require inclusion of the notice or postponement of the election until the notice is included.

(b) In addition, the municipality shall furnish a notice with tax statements mailed for the fiscal year for which State aid for general obligation bonded indebtedness or cash grants for capital improvements are received under this act setting forth the amount made available by the State to the municipality for that fiscal year. This information shall be incorporated in any notice to the taxpayer required under AS 43.18.030 in connection with State aid to local governments.

✓ SECTION 7. No monies shall be made available for principal and interest under this act until January 1, 1979. Should general obligation bonds be sold before January 1, 1979 and should principal or interest payments become owing upon such bonds before January 1, 1979, any monies owing by the municipality upon such bonds before January 1, 1979 shall not be eligible for matching under this act; provided that nothing in this act shall be construed as prohibiting a municipality from borrowing for planning, engineering, drawings, design, specifications and bid documents in 1978 with repayment from a State grant under this act, from proceeds of any authorized bond issue or from municipal revenues as provided by law.

✓ SECTION 8. (a) The State of Alaska Department of Community and Regional Affairs shall promulgate regulations to implement this act, including, but not limited to form of applications, standards for determining eligibility of capital improvements, determination of population, financial capacity, proof of actual application of monies by municipalities to general obligation bonded indebtedness, calculation of amounts to be allocated to a municipality and time of payments.

(b) In no event, however, shall the Department of Community and Regional Affairs or any State official promulgate regulations, review applications from municipalities or otherwise administer this act in such a manner as to diminish the authority of municipalities, in their sole discretion,

to determine what types of capital improvements, or priorities therefor, or design thereof, are appropriate for their communities. No State judgment as to the appropriateness of a particular capital improvement in a particular community shall become a factor in determining eligibility of capital improvements for funding under this act.

SECTION 9. This act is effective immediately upon passage.

1/30/78

cost overruns or other costs in excess of the original project estimated cost, set forth in the agreement.

(c) State monies shall not be expended under this act for capital improvement projects for which the federal and State actual funding level, under other programs, equals or exceeds the 50% share established by this act for State participation in municipal capital improvements.

SECTION 2. Any municipality may, for any proposed municipal capital improvement eligible for State assistance under this act, obtain from the State a grant for the capital improvement in an amount equal to fifty percent (50%) of the cost of the project to the extent that monies are available for this purpose. The municipal share of the funding of the capital improvement may be obtained by the municipality from any source lawfully available to it for such use, including but not limited to the sale of general obligation bonds.

SECTION 3. No more in grants or for principal shall be allocated to any municipality under this act than:

\$3,000 general obligation bond indebtedness per capita or \$3,000 in cash per capita on the first 1,000 population;

\$2,000 general obligation bond indebtedness per capita or \$2,000 in cash per capita on population over 1,000 but less than 10,000;

Handwritten signature:
Ray
P. S. S. S. S.

ANCHORAGE DRAFT BILL ON STATE FINANCIAL ASSISTANCE TO MUNICIPAL CAPITAL
IMPROVEMENT PROJECTS

1. State sets up a yearly allocation to each municipality equal to 50% of annual principal and interest owing by municipality on G.O. bonded indebtedness incurred after 1977.

How much principal and interest are we looking at in Anchorage alone?
How do the dates of 1979 and 1978 fit in?

or State can make a 50% grant for a new project when monies are available.

Can municipalities have both?

How are monies available? Is a set amount allocated each year to the dept. based on the principal & interest owing and then left over monies for the 50% grant program determined by the fact that some municipalities did not apply that year?

2. State is not liable for any cost overruns on any project.
3. Municipality may use any lawful funds for its 50% match (muni. g.o. bonds) including state and federal grants so long as state/fed. share from other grant programs does not exceed 50% of the project. ???

It is possible then to have a project totally funded from other than municipal funds? e.g., 50% state and federal grants
50% state grant under this Act

4. Formula for maximum grants: amount/capita
\$3,000/cap. for first 1,000 pop.
\$2,000/cap. over 1,000 pop. up to 10,000 pop.
\$1,000/cap. for 10,000 pop. and more.....

| | | |
|-------------------------------------|---------------|---------------|
| City w/ pop. of 500 entitled to | \$ 1,500,000 | (Hooper Bay) |
| City w/ pop. of 1,000 entitled to | \$ 3,000,000 | (Skagway) |
| City w/ pop. of 2,000 entitled to | \$ 5,000,000 | (Cordova) |
| City w/ pop. of 16,000 entitled to | \$ 27,000,000 | (Mat-Su Boro) |
| City w/ pop. of 180,000 entitled to | \$191,000,000 | (Anchorage) |

5. C&RA decides whether state share of capital improvement project will be by 50% cash grant or 50% of principal and interest on bonded indebtedness of municipality.

What determines eligibility of project?
How does C&RA decide which type of funding is to be used?
Do cities make application for each project?

anchorage
breakthrough

....helping shape tomorrow today

pouch 7-1977 anchorage, alaska 99510
telephone (907) 279-1977

BREAKTHROUGH is a citizens' study and action group, formed to develop recommendations for the improvement of Anchorage. The rapid growth of Anchorage puts extra demands on all residents to decide what kind of city we wish to see develop during the coming decade. BREAKTHROUGH'S aim is to facilitate a public process for identifying actions and priorities for building a good community, place its recommendations before the people of Anchorage for their consideration, and assist in implementing the plan which emerges from this process.

BREAKTHROUGH consists of a steering committee and several task forces, formed to represent, as comprehensively as possible, the varied points of view and geographic areas within the community. Results of the studies carried out by the task forces have recently been submitted to the steering committee. Topics of study and recommendations include transportation, crime, community facilities, parks and recreation, central business district development and beautification, public utilities, and financing mechanisms. Many of the action recommendations involve capital improvements.

With the task force reports in hand, the time has come for a wider public dialogue and for initial implementation steps, particularly those requiring new legislation.

The attached draft bill is proposed in order to establish a mechanism for sharing of state funds with Alaska municipalities which decide to undertake capital improvements and are willing to provide local matching funds.

For further information, please contact BREAKTHROUGH'S general chairman, Max Hodel, at 279-9640 (1300 East 5th Ave., Anchorage 99501); or the BREAKTHROUGH office, at 279-1977.

max hodel
general chairman

stephen anderson
vice chairman

frank roedter
secretary/treasurer

steering committee

edward m. murray, chairman, alaska council on urban and regional development, 1111 North 1st Street, Anchorage, Alaska 99501
larry herring, alaska council on urban and regional development, 1111 North 1st Street, Anchorage, Alaska 99501
ken murray, alaska council on urban and regional development, 1111 North 1st Street, Anchorage, Alaska 99501
dick hodel, anchorage mayor, 1000 North 1st Street, Anchorage, Alaska 99501
dick hodel, anchorage mayor, 1000 North 1st Street, Anchorage, Alaska 99501

HIGHLIGHTS OF A PROPOSED ACT
RELATING TO COMMUNITY DEVELOPMENT AND
STATE FINANCIAL ASSISTANCE FOR
MUNICIPAL CAPITAL IMPROVEMENTS

The attached draft bill is presented for your consideration. It has been developed to provide a mechanism for State contribution to the financing of municipal capital improvements, while maintaining maximum autonomy of local governments in applying their own values and priorities in selection of capital improvements under this program.

The matching ratio is 50% State and 50% local funds for any project. The State would have the option of providing its share either from general obligation bond issues or (to avoid the cost of interest) from a direct grant funding 50% of the cost of the project.

Municipalities may, but are not required to, obtain their matching share from the proceeds of municipal bond issues. Thus, if a municipality cannot or chooses not to issue general obligation bonds, the municipality's share may come from other sources such as its treasury or proceeds of federal grants. The purpose is to provide flexibility to Alaska's smaller municipalities.

The bill contains a permanent ceiling on the total amount of State funding for individual municipalities under the Act. To take account of the larger per capita needs of smaller communities, especially where capital projects are involved, a graduated scale has been proposed, such that a progressively less restrictive per capita ceiling on State funding applies to medium-sized (between 1,000 and 10,000 population) and small (population up to 1,000) communities.

Administration would be by the Department of Community and Regional Affairs. The Department's role, however, would be strictly limited to such functions as confirming population data, fiscal capacity, and the existence of a municipal capital improvement plan. It is the intention of the bill's drafters that the State (thus, the Department) not become involved in value judgments concerning the desirability of a project for a particular community, the validity of the community's priorities for development, or the design of the project.

A clause has been incorporated to protect the State against the burden of any cost overruns that might occur on construction of any capital improvement under the Act. ;

A definition for "capital improvements" has been purposely omitted, in order to give maximum flexibility to municipalities of various sizes and diverse needs in selecting capital improvements under this Act.

Examples of capital improvements which may be chosen by some municipalities include streets, sidewalks and trail systems; public transportation facilities, water transportation facilities such as harbors, wharves and port facilities; public buildings; such as city or borough offices and maintenance shops; public sanitation facilities such as for solid waste collection and disposal; park and recreation facilities; libraries, museums, convention centers and performing arts centers; power generation and distribution facilities; improvements to publicly owned facilities for energy conservation or environmental protection purposes; facilities required to preserve subsistence life style; fire protection facilities; public safety facilities; and industrial park facilities such as for cold storage or warm storage.

This list is for illustrative purposes only. Any attempt to define "capital improvements" by a list in the Act will inevitably result in inadvertent omission of worthy projects needed by some municipalities.

The bill's drafters intended that this Act supplement, and not duplicate or replace, other legislation providing for State financial participation, such as for water, sewers and schools. Therefore, a subsection has been inserted to clarify that funds under this Act are to be available for such projects only to the extent that actual State plus federal funding of such project under other legislative authority falls short of the 50% State share provided herein.

The maximum cost to the State under a program of this kind over a period of thirty years is estimated to be approximately 28.8 million per year. This estimate is based on a total State commitment to fund one-half of \$800 million in capital improvements and assuming financing of the capital improvements with 30-year 6% municipal tax-free bonds.

shd apply only to facil. if not for which no other fed. or state \$ are avail.

New Draft

AN ACT RELATING TO COMMUNITY
DEVELOPMENT AND STATE FINANCIAL
ASSISTANCE FOR MUNICIPAL CAPITAL IMPROVEMENTS

SECTION 1. (a) During each fiscal year, and in accordance with agreements entered into by the State and the municipality, the State shall allocate to every incorporated municipality in the State of Alaska an amount equal to fifty percent (50%) of the annual principal and interest owing by the municipality on general obligation bonded indebtedness for capital improvements incurred by the municipality after 1977, or, if monies are available, make a grant to the municipality of fifty percent (50%) of the costs of the capital improvement which the municipality seeks to construct or acquire.

No monies under this act shall be applied to principal and interest which was due and owing before 1979 or for general obligation bond issues authorized before 1978.

(b) The Department of Community and Regional Affairs shall express its financial commitment to each municipality, concerning each capital improvement project to receive State monies under this act, in a written agreement, before the project is begun, binding the State to its share of the funding of the project; provided, however, that no State monies shall be committed to nor expended for construction

cost overruns or other costs in excess of the original project estimated cost, set forth in the agreement.

(c) State monies shall not be expended under this act for capital improvement projects for which the federal and State actual funding level, under other programs, equals or exceeds the 50% share established by this act for State participation in municipal capital improvements.

SECTION 2. Any municipality may, for any proposed municipal capital improvement eligible for State assistance under this act, obtain from the State a grant for the capital improvement in an amount equal to fifty percent (50%) of the cost of the project to the extent that monies are available for this purpose. The municipal share of the funding of the capital improvement may be obtained by the municipality from any source lawfully available to it for such use, including but not limited to the sale of general obligation bonds.

SECTION 3. No more in grants or for principal shall be allocated to any municipality under this act than:

\$3,000 general obligation bond indebtedness per capita or \$3,000 in cash per capita on the first 1,000 population;

\$2,000 general obligation bond indebtedness per capita or \$2,000 in cash per capita on population over 1,000 but less than 10,000;

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SECTION 4. Every municipality obtaining monies under this act shall, by accepting such monies, be solely responsible for the maintenance and operation of the capital improvement. Nothing in this act shall obligate the State to participate in or contribute to the cost of operation and maintenance of such capital improvements.

SECTION 5. (a) No monies shall be made available under this Act unless the municipality submits to the State of Alaska Department of Regional and Community Affairs a five-year capital improvement plan showing the capital improvements planned for the municipality during the next five years, and the planned sources of revenues to pay for the capital and

operational costs of the capital improvements; provided that the Department of Community and Regional Affairs shall make no determinations based upon its evaluation of the desirability or priority of a project.

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SECTION 6. (a) The municipality shall provide the following notice to the voters in any general obligation bond election, both in the required notice of election and the ballot, regarding State participation in the principal and interest costs of the capital improvements:

Proposition (set forth bonding proposition)

(The State of Alaska may pay 50% of the principal and interest on the bonded indebtedness)

\$ _____

No bond notice, ballot or bond approval shall be invalid because of failure to set forth the above notice. The sole remedy of any aggrieved person, including the State of Alaska, under this section is an action for mandamus in the courts of Alaska to require inclusion of the notice or postponement of the election until the notice is included.

(b) In addition, the municipality shall furnish a notice with tax statements mailed for the fiscal year for which State aid for general obligation bonded indebtedness or cash grants for capital improvements are received under this act setting forth the amount made available by the State to the municipality for that fiscal year. This information shall be incorporated in any notice to the taxpayer required under AS 43.18.030 in connection with State aid to local governments.

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SECTION 8. (a) The State of Alaska Department of Community and Regional Affairs shall promulgate regulations to implement this act, including, but not limited to form of applications, standards for determining eligibility of capital improvements, determination of population, financial capacity, proof of actual application of monies by municipalities to general obligation bonded indebtedness, calculation of amounts to be allocated to a municipality and time of payments.

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SECTION 9. This act is effective immediately upon passage.

Original Draft

AN ACT RELATING TO COMMUNITY
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SECTION 1. (a) During each fiscal year, and in accordance with agreements entered into by the State and the municipality, the State shall allocate to every incorporated municipality in the State of Alaska an amount equal to fifty percent (50%) of the annual principal and interest owing by the municipality on general obligation bonded indebtedness for capital improvements incurred by the municipality after 1977, or, if monies are available, make a grant to the municipality of fifty percent (50%) of the costs of the capital improvement which the municipality seeks to construct or acquire.

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SECTION 9. This act is effective immediately upon passage.

Municipality
of
Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MAYOR

April 4, 1978

Representative Lisa Rudd, Chairperson
Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Re: House Bill 886

Dear Representative Rudd:

The purpose of this letter is to inform you that the Municipality of Anchorage strongly supports House Bill 886 and urges its favorable consideration by your Committee. This legislation would implement the "Operation Breakthrough" program in Anchorage as well as providing impetus for similar projects in other communities throughout the state.

I am certain I do not need to remind you of the ever present dilemma posed for local government by demands for services and capital improvements on the one hand and the need to minimize local tax burdens on the other. Programs such as Breakthrough represent an effort by concerned citizens to overcome this dilemma and to place responsibility for a decision on major community improvements before the voters.

Given the ability of the state to borrow capital improvement funds at rates substantially below those available to local government, and the increasing revenue being made available from resource development, the time is particularly ripe for a commitment by the state to assist local government taxpayers in making their communities safe, pleasant and attractive places. In Anchorage, Breakthrough is responsible for urging the Assembly to place before the voters several bond propositions which, if enacted, would be used to match state funds provided under HB 886 to provide needed community improvements.

Many of the projected improvements such as cultural and sports centers, road improvement, libraries and museums will benefit those residents of the state who visit or travel through



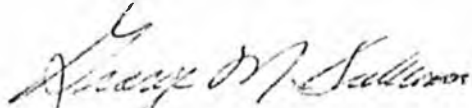
Rep. Lisa Rudd
April 4, 1978
Page 2

Anchorage, in addition to permanent residents of the Municipality. Perhaps more importantly, passage of HB 886 will, as noted above, hopefully provide incentive in other communities for groups similar to Breakthrough to try to overcome the dilemma between tax burdens and community needs and to make Alaskan communities equal or superior to those outside in providing adequate services and facilities for their residents.

If I or my staff can be of any assistance to the Committee, please do not hesitate to call my office at 264-4431, or contact Mr. Ted Berns, Municipal Attorney, at 264-4237. Thank you for the opportunity to comment on this legislation.

Sincerely,

MUNICIPALITY OF ANCHORAGE


George M. Sullivan
Mayor

GMS:TDB:gml

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

TELEPHONE
ALASKA COMMUNICATIONS, INC.
PHONE 554-4440
DURHAM, ALASKA 99501

ALASKA COMMUNICATIONS, INC. 554-4440
RUE 100 LISA RUDEN 554-4440 BY APRIL 5 1975 337AM
STATE CAPITAL ~~554-4440~~
100

DEAR REPRESENTATIVE RUDEN

THE PURPOSE OF THIS LETTER IS TO INFORM YOU THAT THE MUNICIPALITY
OF ANCHORAGE STRONGLY SUPPORTS HOUSE BILL 105 AND WOULD LIKE ITS
FAVORABLE CONSIDERATION BY YOUR COMMITTEE. THIS LEGISLATION WOULD
IMPROVE THE STATE OPERATIONAL BUDGETING AND FINANCIAL SYSTEM IN
ANCHORAGE AS WELL AS PROVIDE A FUNDING FOR SIMILAR PROJECTS IN
OTHER MUNICIPALITIES THROUGHOUT THE STATE.

IT IS NOTED THAT THE STATE OF ALASKA HAS THE THREE BEST
TELEPHONE RATES FOR LOCAL GOVERNMENT BY DEMAND FOR SERVICES AND
CAPITAL IMPROVEMENTS ON THE WEST HAD THE STATE OF ALASKA
LOCAL GOVERNMENTS ON THE OTHER. PROGRAMS SUCH AS BREAKTHROUGH
NEED AN EFFORT BY CONCERNED CITIZENS TO OVERCOME THIS DILEMMA
AND TO PLACE RESPONSIBILITY FOR A DECISION ON MAJOR COMMUNITY
IMPROVEMENTS BEFORE THE VOTERS.

GIVEN THE ABILITY OF THE STATE TO BORROW CAPITAL IMPROVEMENT FUNDS

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

TEN YEAR MUNICIPAL CAPITAL PROJECTIONS STUDY

1978 - 1987

In preparing this capital projects study, it immediately became apparent that municipal and borough officials face many difficulties when allocating public funds for capital projects. This conflict is best characterized by limited funds and an excess of needed or suggested projects. Further projection difficulties arise when it becomes necessary to determine the priority of projects, compliance with a Comprehensive Plan, coordination between various projects, public sentiment, and the impact on the present and future social, economic, physical, and environmental systems of the political subdivisions.

It must be recognized that these projections, developed with the best available information, are subject to the availability of funds. With permanent fund assistance, as well as various other grants, many of these could be realized. Conversely, many of these necessary projects may not be realized in the event of the non-availability of those funds.

Twenty municipalities responded and although they by no means represent all the projects, they do give an indication of the magnitude of the financial needs that face the municipalities of Alaska.

Attached are the results of the study. Requirements are shown (1) by municipality, (2) municipality and project, (3) size of project and, (4) sources of funds. Of the total \$1,499,753,000 in dollar costs only \$1,130,178,000 was recognized as coming from a specific source: either State, Federal, or local subject to availability of funds. Municipalities were not able to determine where the additional \$369,575,000 would come from if the projects were to be constructed.

Care was taken to differentiate between those projects one would like to see and those projects which were vital to general welfare of the community. These costs presently represent those projects which are vital to the community and which will have to be funded through whatever sources of capital is available or they may never be realized. The Permanent Fund may be a means to meet a portion of these requirements.

Supplied by Dept. of Revenue

CAPITAL REQUIREMENTS BY CITY
000's Omitted

| | |
|-------------------------|--------------------|
| Anchorage | \$ 825,832 |
| Brevig Mission | 1,586 |
| Fairbanks | 192,075 |
| Galena | 6,127 |
| Haines | 13,791 |
| Houston | 10,806 |
| Juneau | 122,010 |
| Kenai Peninsula Borough | 65,785 |
| Ketchikan | 20,101 |
| Kodiak | 49,704 |
| Kwethluk | 832 |
| McGrath | 9,285 |
| Nightmute | 481 |
| Savotna | 445 |
| Sitka | 99,310 |
| Skagway | 20,157 |
| Tenakee Springs | 1,050 |
| Toksook Bay | 1,190 |
| Valdez | 41,150 |
| Wasilla | <u>18,036</u> |
| Total | <u>\$1,499,753</u> |

CAPITAL REQUIREMENTS IN ORDER OF SIZE
000's Omitted

| | |
|-----------------------------|--------------------|
| Electric Utility | \$ 341,833 |
| Street Improvements | 213,150 |
| Water Utility | 202,048 |
| Sanitary Sewer | 193,553 |
| School Construction | 156,560 |
| Parks and Recreation | 97,564 |
| Port Facilities | 50,807 |
| Other Projects | 33,345 |
| Airports | 30,678 |
| Conventions/Culture Centers | 30,301 |
| Public Transit | 25,702 |
| Library | 25,181 |
| Parking Facilities | 21,167 |
| Small Boat Harbors | 21,000 |
| Fire Rescue Operations | 17,223 |
| Health | 14,073 |
| Solid Waste | 12,769 |
| Street Maintenance | 12,374 |
| Animal Control | <u>425</u> |
| Total | <u>\$1,499,753</u> |

SOURCES OF FUNDS
000's Omitted

| | <u>Total</u> <u>Requirements</u> | <u>Federal</u> | <u>State</u> | <u>Local</u> |
|-------------------------------|-------------------------------------|------------------|------------------|------------------|
| Anchorage | \$ 825,832 | \$ 64,756 | \$ 43,114 | \$717,962 |
| Haines | 13,791 | 3,103 | 7,744 | 2,944 |
| Juneau | 122,010 | 35,833 | 33,843 | 52,334 |
| Kodiak | 49,704 | 21,400 | 17,245 | 11,059 |
| Savoonga | 445 | 51 | 319 | 75 |
| Sitka | 99,310 | 16,875 | 10,562 | 71,873 |
| Tenakee Springs | 1,050 | | 800 | 250 |
| Wasilla | <u>13,036</u> | <u>4,880</u> | <u>5,188</u> | <u>7,968</u> |
| Total | <u>\$1,130,178</u> | <u>\$146,898</u> | <u>\$118,815</u> | <u>\$864,465</u> |
| Unidentified as to source | <u>\$ 369,575</u> | | | |

TO: Lisa Rudd
FROM: Annette Smith
RE: Summary of House Bill 886

Section 1 establishes the municipal capital improvement account to assist in paying the costs of municipal capital improvements. The account is funded by Legislative appropriation.

The bill provides for two types of grants:

— (1) An annual grant in an amount equal to 50% of the annual principal and interest of the G.O. bonded debt of the municipality incurred on or after July 1, 1978. This is similar to the school construction program where the municipality bonds for the entire amount but the state participates in the debt retirement.

— (2) 50% matching grants for construction or purchase costs of capital improvements depending on availability of funds. It is assumed that debt retirement is the first priority of this account.

Limitations in this section are: (1) the state does not participate in cost overruns; and (2) if the project includes funding from another program, the state's share under this Act may not be more than 50% of the local share.

A separate section places a limit on the total amount a municipality may receive from the capital improvement based on population. (Refer to the enclosed computer print-out for a list of maximums)

The DC&RA administers the program but can exercise no authority over the choice or appropriateness of capital improvements to be done by the municipality. However, the municipality must submit a 5 year capital improvement plan showing projects planned, financing plans and costs of operation of the capital improvement.

Conditions of the grants are: (1) grant funds must be handled according to applicable laws and regulations; (2) excess funds are to be returned to the department; (3) proper financial records are to be kept by the municipality; and (4) the municipality has sole responsibility for operation and maintenance costs.

Funds to the capital improvement account are appropriated annually by the Legislature. If the appropriations are insufficient to cover allocations, the department will distribute funds on a prorated basis.

Nothing in the bill can be construed so as to create a debt of the state (see B. Berrier's memo of March 9, 1978).

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 9, 1978

SUBJECT: Municipal capital improvements
(Work Order No. 5037)

TO: Representative Lisa Rudd
Chairman
House Community and Regional Affairs Committee

FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

The bill draft essentially incorporates the submitted draft but has changes in form and has administrative provisions, which appear routinely necessary, added [Secs. 200, 230(a) and (b) and 290]. These additions rendered certain of the administrative provisions of the submitted draft unnecessary.

There is one major change. It is required to make the bill constitutional.

The submitted draft provided that the state would enter into an agreement with a borough or city under which the state would agree to pay 50 per cent of the debt service for the life of a bond issue. The effect of this agreement is that the state would be obligated to appropriate the amount necessary for that percentage during the life of the bonds. It is clear that a duty to pay would be created and that the duty constitutes a pledge of the full faith and credit of the state.

Creation of a state debt not authorized by a vote of the people is forbidden by Art. IX, sec. 8 of the state constitution which provides in relevant part:

→ "No state debt shall be contracted unless authorized by law for capital improvements and ratified by a majority of the qualified voters of the state who vote on the question..."

Representative Lisa Rudd
Page 2
March 9, 1978

The only possible alternative method of assuring funding, regardless of appropriation, for the life of a bond issue would be to create a dedication from the general fund for this purpose. Dedicated funds, however, are constitutionally prohibited by the constitution in Art IX, sec. 7 which provides in relevant part:

"The proceeds of any state tax or license shall not be dedicated to any special purpose except as provided in section 15 of this article or when required by the federal government for state participation in federal programs."

The exceptions noted are not relevant here.

For the reason that a requirement of future funding on the part of the state is not constitutional, the bill as drafted sets up a municipal capital improvement construction account for which annual appropriations are necessary and allows pro rata reductions (or indeed no payment at all) if appropriations are insufficient or not made.

BGB:jpd

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 886
 Title "An Act relating to state aid for municipal capital improvement..."
 Requested by House Community & Regional Affairs Committee Date 3-24-77

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected Development
 Budget Request Unit(s) Affected Local Government Assistance

EXPENDITURES (Thousands of Dollars)

| | FY 78 | FY 79 | FY 80 | FY 81 | FY 82 | FY 83 |
|--------------------------|-------|----------|----------|----------|----------|-------|
| 100 PERSONAL SERVICES | | 43.4 | 46.0 | 48.8 | 51.8 | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | 3.3 | 3.5 | 3.7 | 3.9 | |
| 400 COMMODITIES | | .3 | .3 | .3 | .4 | |
| 500 EQUIPMENT | | 1.8 | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | 89,741.5 | 89,741.5 | 89,741.5 | 89,741.5 | |
| | | 89,790.3 | 89,791.3 | 89,794.3 | 89,797.6 | |
| TOTAL | | | | | | |

FUNDING (Thousands of Dollars)

| | | | | | |
|-----------------|--|----------|----------|----------|----------|
| GENERAL FUND | | 89,790.3 | 89,791.3 | 89,794.3 | 89,797.6 |
| FEDERAL FUNDS | | | | | |
| OTHER (Specify) | | | | | |

POSITIONS

| | | | | | |
|-----------|--|-------|-------|-------|-------|
| FULL TIME | | 1 1/2 | 1 1/2 | 1 1/2 | 1 1/2 |
| PART TIME | | | | | |
| TEMPORARY | | | | | |

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

Assumptions

1. Municipalities would be eligible to receive \$717,932,000, based on July 1, 1977 population estimates.
2. During FY 79, 80, 81 and 82, Municipalities would be eligible to receive one-eighth of their total allocation for each of these years.
3. One and one-half staff members would be required to administer this program.

Continued-

IV. DATE 3-31-78

PREPARED BY *Bruce Aronson*
 AGENCY Department of Community & Regional Affairs
 PHONE 465-4700

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

Continued...

4. The total non-grant costs were computed as follows:

A. Personal Services

- 1 Local Government Specialist, IV (Range 19) Monthly salary + benefits= \$2,900
Annual Cost \$34,800
- 1/2 Clerk Typist III (range 8) Monthly salary + benefits= \$715
Annual cost \$ 8,580

B. Contractual Expenses

- Telephone- 1 phone @ \$35/month X 12= \$420
- long distance= \$250
- Rent at 125 square feet x \$1.25 per square/foot x 12= \$ 1,875
- Postage and printing \$750

C. Commodities- office supplies, etc. \$250

D. Equipment- 2 desks and chairs, one filing cabinet and one typewriter. \$ 1,758

5. Inflation will be approximately six percent per year.