

HB

804

COMMITTEE REPORT

HOUSE

7

2/18/80

FURTHER: FINANCE

Date: _____

Mr. Speaker:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HB 804

"An Act making a special appropriation to the City of Cordova for improvements and extensions to the city's water supply system; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Phone: (907) 424-3237
or 424-3238

CITY OF CORDOVA

Box 1210 602 Railroad Ave.

CORDOVA, ALASKA 99574

"The Friendly City"

*File
Cordova*

Reply to:

February 5, 1980

Mr. Jalmer Kerttula, Senator
Alaska Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Kerttula:

We have just received the Cordova water supply feasibility study prepared by Merrell & Associates/Black & Veatch. The study was commissioned to solve our ongoing water supply problem due to winter freeze-up, damaged pipeline and summer dry-up due to lack of snow pack.

To briefly summarize the report, the consultants recommend that the Murchison Falls Creek supply (near Pete Lovseth's home) be improved with an additional 18" supply line, treatment, 3-500,000 gallon storage tanks and supplement the 6" supply lines to the canneries with 10-12" lines plus some operational improvements to the existing system to provide a year-round reliable supply of 3.3 million gallons of water per day to the city. This will provide sufficient water supply to keep the canneries operating at full capacity (see letters from Marpac, Inc., North Pacific Processors and St. Elias) during both salmon and crab seasons. You might note Marpac's letter indicating firm plans for a bottomfish fishery which will require a great deal more water.

The proposed 3-500,000 gallon storage tanks will insure a constant pressure and will replace 1-35,000 gallon and 1-100,000 gallon tank. The improvements and storage will reduce the water flow deficiencies and aid in obtaining a lower fire rating combined with a lower fire insurance rate.

Page two - Mr. Kerttula

The first year, Phase I design and construction, cost is \$3,000,000 and a 1981, Phase II design and construction cost is \$1,600,000.


The Governor's supplemental budget, as I understand, is based on a "Construct Now" program; in other words those projects which can be constructed in 1980, thus giving an infusion into the sluggish Alaskan economy.

The project, Phase I, can be designed and bid by May 15, 1980. The project would, at a minimum, employ from 30-45 persons directly plus a great deal of material, shipping, and support labor. The gillnet season in Cordova was a disaster last year and the 1980 forecast is dim. These people will need work and this project would provide that work.

I request that you work to amend HB 558, the "Now" bill to include \$1,500,000 to implement Phase I of the Cordova water supply feasibility study which will provide needed jobs and combined with Phase II will provide the City of Cordova with a reliable water supply. A firm water supply will insure faster cannery development and assure the continued viability of the Cordova fish processing industry.

We strongly urge your support and effort in the funding of this vital project.

Very truly yours



Perry Lovett
City Manager

PL:mcrs

cc. Rep, Margaret Branson

ST. ELIAS Ocean Products, Inc.

P.O. Box 548

Cordova, Alaska 99574

Telephone 424-7171

The *FINEST* In SEAFOODS



SALMON

Kings
Reds
Chums
Pinks

January 26, 1980

Mr. Perry Lovett
City of Cordova
Box 1210
Cordova, AK 99574



CRAB

Dungeness
King

Dear Mr. Lovett,

We need three things to keep the seafood industry in business.



CLAMS

Razor

The first requirement is water. We need at least 900,000 gallons of water, per 24 hour day, when operating at full capacity. Last year, with the big season, this amounted to many days. Our water supply was short; so at times we had to limit production. This year a big catch is predicted for the Bristol Bay area. We're going to fly in plenty of fish and bring in tenders from that area. Water is our No.1 necessity and you just don't have it.



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Our second problem is dredging. This is essential if we are to get boats to our dock for unloading. We talked about this in Anchorage at the E.D.A. meeting of December 18, 1979.



SHRIMP

Our third necessity is electricity; which is a matter to be discussed with our co-op.

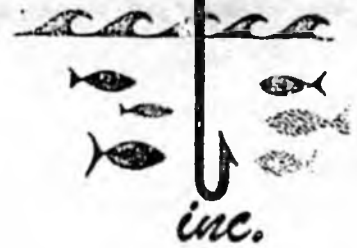
Please give these items careful consideration as they mean much to Cordova's livelihood.

Sincerely,

James A. Poof

Frozen
Fresh
Canned
1/4# or 4#
Sizes

morpac



February 1, 1980

Mr. Perry Lovett
City Manager
City of Cordova
Box 1210
Cordova, Alaska 99574

Dear Perry:

This is to inform you of Morpac, Inc. need for a substantial supply of water for this coming season and an increase for us in the near future for the expansion of our freezer plant and the future plans for a bottom fish operation.

In the past we have had to shut down operations or curtail them due to the lack of water which has been costly to us and the employees at Morpac, Inc. We also experienced low water pressure this last summer during the heavy canning season which effected the operation of the filler machine on the salmon line. This also causes great concern to us regarding fire protection.

At the present our peak period is 600,000 gals. per day. This would increase during the expansion to 1,000,000 gals. per day.

We feel there is a definite need for the City of Cordova to increase and improve the water system for the continuing growth of the industry and welfare of its citizens.

We are definitely behind you in your program to up-grade and expand this system. If you need any additional help or information please do not hesitate to call.

Yours truly,

Morpac, Inc.

A handwritten signature in cursive script, appearing to read "John C. Hewitt".

John C. Hewitt

Superintendent Freezer Operations

JCH/laj



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

BILL NUMBER AND TITLE: HB 804 Appropriations/Cordova Water Supply System

ORIGINAL SPONSOR: Branson
RECEIVED FROM: _____

OTHER SPONSORS: _____
FURTHER REFERRALS: Finance

HEARING DATE: 3/12/80

MEMBERS PRESENT:

Bill Parker	X	Pat Carney	X
Margaret Branson	X	Charlie Parr	X
Pat O'Connell	X	Fred Zharoff	X
		Ray Metcalfe	

Branson - Reviews history of bill and general need for the improvements. Discussion included a review of per capita bonded indebtedness in Cordova and other areas statewide.

COMMITTEE ACTION: Bill passed out of committee.

TAPE # 4 SIDE 2 Footage 595-698



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

BILL WORK SHEET

BILL NUMBER HB 804 RE Cordova / \$1,500,000 water system

Received from _____
Referred to Finance

Fiscal Note 2631
LAA Legal Contact _____

CONTACTS: Louett, Mgr. Cordova

Sponsor: Benson
Keith Helton 2610
Reming Cole

"Cordova Water Supply
Feasibility Study"
Merull & Associates / Black & Veatch
Jan '80

Eligible from grant construction (50% paid by state)
Statute require.
* This money could be used as local match
total cost \$6 million - ?

GA '78 fund \$6 million - 50% of needs

Local GO Bonds & past - Cordova

Pring Louett - check to bond limit?
Ch. ↑

non-profit
Internal municipal
audit of funds required
Through Dept.?

Need -
Local match -
Bonded indebtedness.

\$4,290,800 outstanding
6,744,462 authorized

Easy to maintain.

DBC - 50%
5 million

\$1.5 million locally raised
4% sales tax -
water bonds outstanding

Bond issue = \$1,500,000 May-Oct
Cordova

Timing Dept. ability
Budget Management
Guidelines
Project Outline
Contract then plant out

CORDOVA WATER SUPPLY FEASIBILITY STUDY

for

CITY of CORDOVA, ALASKA



MERRELL & ASSOCIATES / BLACK & VEATCH

JANUARY 1980

Figure 5-5 ALTERNATIVE 4 AND 7 - MURCHESON FALLS - CRATER LAKE

5-20

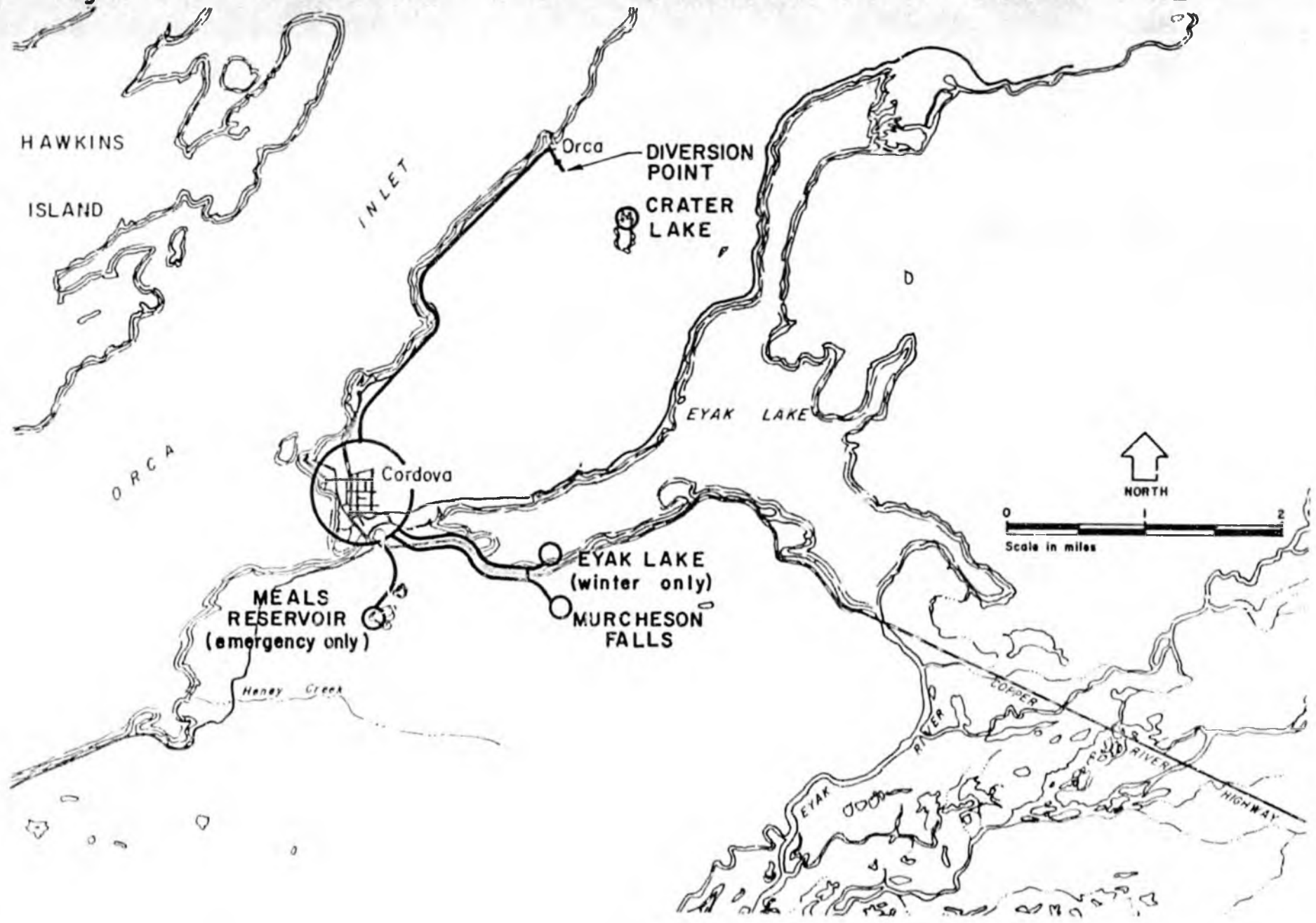


Table 5-6. COST SUMMARY - ALTERNATIVE 4
MURCHESON AND CRATER

Capital Costs

Murcheson Falls Creek

Catchment improvements	\$ 85,000
Transmission line, 18-inch	500,000

Crater Lake *Intake from Lake*

Catchment and intake facilities	182,000
Transmission line, 18-inch	1,340,000
Chlorination and metering	56,000

Evak Lake Treatment Plant *Eliminate*

833,000

Meals Emergency Supply

220,000

Total capital cost	\$3,226,000
30% Contingency, Engineering, Legal, etc.	<u>968,000</u>

TOTAL ALTERNATIVE COST \$4,194,000

Annual Costs

Power	\$ 34,000
Personnel	30,000
Supplies, equipment, etc.	<u>22,000</u>

TOTAL ANNUAL O&M COST \$ 86,000

Alternative 4 - Murcheson and Crater

Alternative 4 would utilize both Murcheson Falls Creek and Crater Lake as principal sources of supply. Rather than taking the water directly from Crater Lake, however, this alternative assumes a diversion facility on the downstream tributary from Crater Lake near Orca at elevation 195. The location of the diversion facility would permit the operation of the supply source without the use of automatic control valves.

This would be similar to the operation of Murcheson Falls supply. It should be noted that this alternative is the only one which presents some potential for the development of power associated with the water supply project. The development of a joint water supply and power project was considered and is presented as Alternative 7.

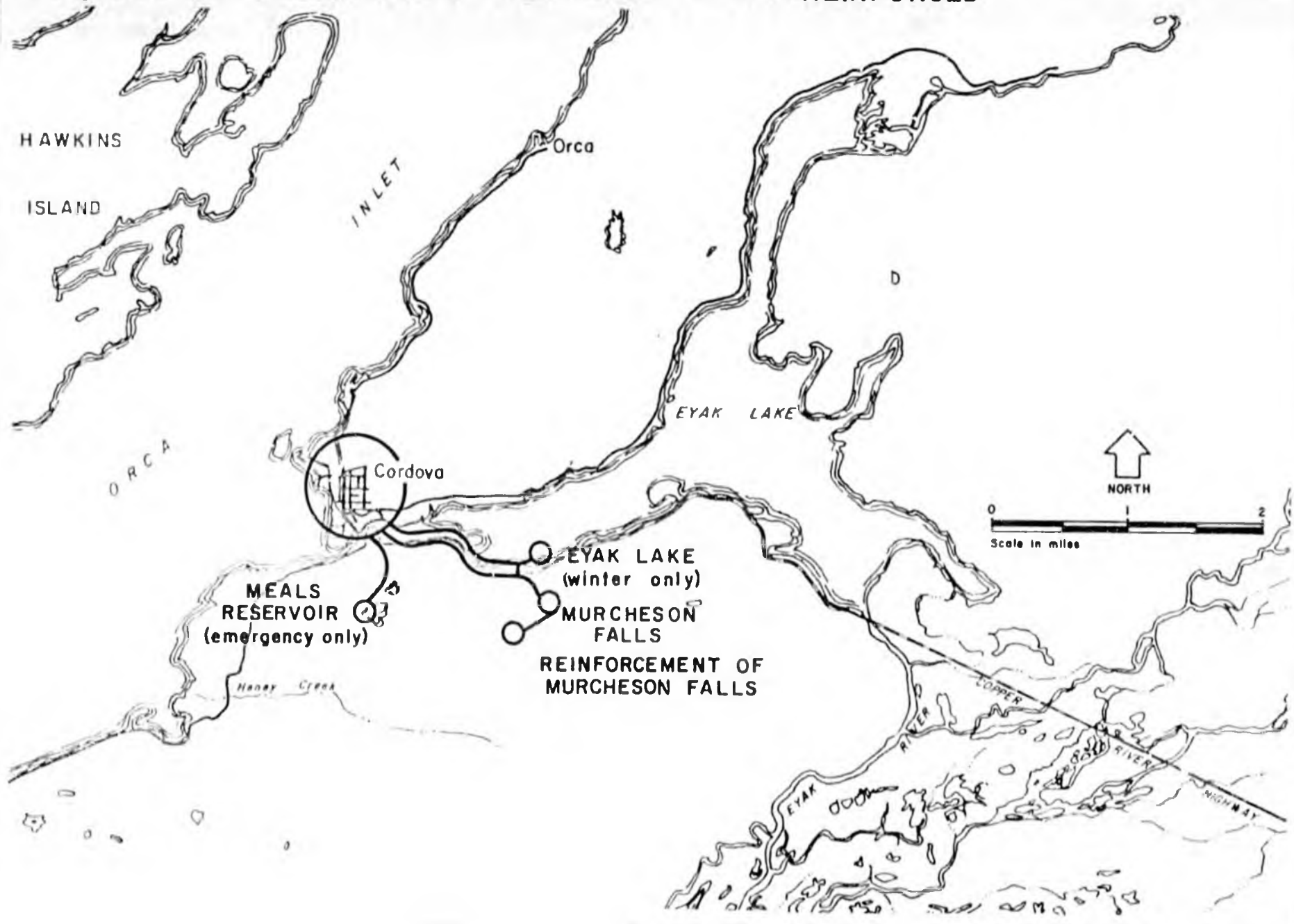
Alternative 4, utilizing the diversion near Orca, would require approximately 13,000 feet of 18-inch transmission main from the diversion facility to the distribution system in town. A disinfection system for this supply would also be required.

Improvements at Murcheson Falls and Eyak Lake would be similar to those identified for Alternative 1. Once again, the Eyak Lake treatment plant would be utilized as a winter-only supply when adequate quantities are not available from the principal sources.

This alternative is presented graphically in Figure 5-5, with associated costs presented in Table 5-6.

*Eyak lake not necessary
if water taken from the lake
rather than downstream tributary.*

Figure 5-6 ALTERNATIVE 5- MURCHESON FALLS REINFORCED



5-23

Table 5-7. COST SUMMARY - ALTERNATIVE 5
MURCHESON REINFORCED

Capital Costs

Murcheson Falls Creek

Catchment improvements	\$ 85,000
Transmission line, 18-inch	500,000
Reinforcement diversion and transmission	474,000

Eyak Lake Treatment Plant 833,000

Meal Emergency Supply 220,000

Total capital cost	2,112,000
30% Contingency, Engineering, Legal, etc.	634,000

TOTAL ALTERNATIVE COST \$2,746,000

Annual Costs

Power	\$ 34,000
Personnel	28,000
Supplies, equipment, etc.	21,000

TOTAL ANNUAL O&M COSTS \$ 83,000

Alternative 5 - Murcheson Reinforced

Alternative 5 would utilize Murcheson Falls Creek as the primary source of supply, with reinforcement from the watershed immediately to the west. Meals Lake will function as an emergency and a secondary supply source. The Heney Creek tributary will continue to be maintained with minimal capital improvements to the catchment facility and the transmission line. Specifically, these improvements will include replacement of approximately 200 feet of transmission line on the side of the canyon wall in Heney Creek Canyon and the modification of the catchment to allow easier maintenance. These improvements will, hopefully, be sufficient to keep the system operating as a secondary source to Murcheson Falls for a ten-year period. During the winter months, or during prolonged periods of dry weather, Meals Lake will be drained to its practical limit. When both Murcheson Falls and Meals Lake are depleted, Eyak Lake will serve as the emergency source. Beyond ten years, it is expected that hydroelectric power will be developed which will cause the pumping and treating of water from Eyak Lake to be more economical, thus removing the need to maintain the Heney Creek supply in case of a major failure.

The improvements necessary at Murcheson Falls would include the same improvements required for Alternative 1. Reinforcement of Murcheson Falls Creek would involve the construction of a diversion facility on the main tributary creek in the adjacent watershed and a transmission line from the new diversion facility to the Murcheson Falls Creek watershed. This additional supply into the Murcheson Falls drainage would not make the supply dependable year-round, but would minimize the length of time that treated water from Eyak Lake would be required. The water treatment plant for Eyak Lake would be similar to that described in Alternative 1, including the joint utilization of a disinfection system for both the Eyak Lake and Murcheson Falls Creek supplies.

This alternative is presented graphically in Figure 5-6, with associated costs presented in Table 5-7.

Table 6-1. CAPITAL COST SUMMARY -
RECOMMENDED SYSTEM IMPROVEMENTS

Project Element	1980	1981
Murcheson Falls Improvements	\$ 111,000	
Transmission Line	650,000	
Murcheson Reinforcement		\$ 616,000
Water Treatment Plant		1,083,000
Distribution Main	286,000	
Storage Reservoirs	1,019,000	510,000
Meals Emergency Supply Improvements	286,000	
Telemetry	<u>59,000</u>	<u> </u>
Totals	\$2,411,000	\$2,209,000
TOTAL PROJECT COSTS		<u><u>\$ 4,260,000</u></u>

O&M cost of \$112,000 to the annualized capital cost gives a total first year annual cost of \$247,000. Adding this cost to the City's 1979/80 budget for "Water Operation and Maintenance" of about \$230,000 would cause the costs for total water service to approximately double. If the existing water rate structure did not change but was updated to take into effect the increased costs, the monthly cost to a residence would be approximately \$25.00, and the metered production cost would be about \$0.73 per 1000 gallons.

There are several things which will have an impact on the ultimate charge to the customer that cannot be accurately estimated at this time. They include savings in annual cost now required to operate and maintain the existing system, actual

construction cost of improvements, amount of grant funds made available from other sources for construction, changes in the rate structure, and changes in water usage. Without a rate analysis, it is not possible to accurately reflect the increased costs back to a flat-rate charge or a metered water rate. It is recommended that such a rate analysis be performed.

For discussion purposes, based upon a 50 percent grant, there are three cost elements:

1. Annualized capital cost, including principal and interest,
2. Project operation and maintenance cost for the capital improvements, and
3. Existing operation and maintenance budget.

Based upon these elements, the monthly service charge for residential users would be between \$18 and \$25 per month.

An important factor in the net cost of water system improvements which should be considered is the effect on fire insurance rates. The proposed system improvements would easily permit the water system to qualify for the next higher rating. If the next higher rating were obtained following the implementation of the proposed project, it would result in an approximate ten percent (10%) reduction in fire insurance costs to both the industries and commercial establishments in Ardenova.

Phone: (907) 424-3237
or 424-3238

CITY OF CORDOVA

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CORDOVA, ALASKA 99574

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Page two - Mr. Kerttula

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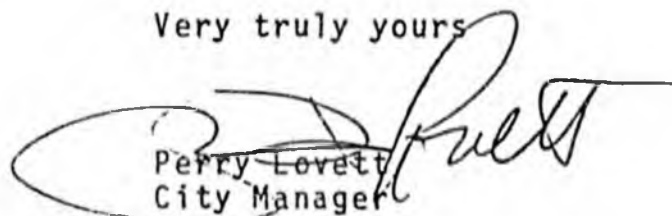
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City Manager

PL:mcrs

cc. Rep, Margaret Branson

ST. ELIAS Ocean Products, Inc.

P.O. Box 548

Cordova, Alaska 99574

Telephone 424-7171

The *FINEST* In SEAFOODS



January 26, 1980

SALMON

Kings
Reds
Chums
Pinks

Mr. Perry Lovett
City of Cordova
Box 1210
Cordova, AK 99574



CRAB

Dungeness
King

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Sincerely,

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Frozen
Fresh
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1/4# or 4#
Sizes



February 1, 1980

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We are definitely behind you in your program to up-grade and expand this system. If you need any additional help or information please do not hesitate to call.

Yours truly,

Morpac, Inc.

John C. Hewitt

Superintendent Freezer Operations

JCH/laj

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. B. 586 ans S. B. 352
 Title An Act Requiring Fiscal Notes for Bills Affecting a Municipality
 Requested by House Committee on Community & Regional Affairs Date _____

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected Community Development
 BRU, Program, or Subprogram(s) Affected Local Government Assistance Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		54.8	59.2	63.9	64.0	74.5
200 TRAVEL		1.5	1.6	1.7	1.9	2.0
300 CONTRACTUAL		4.8	5.1	5.5	6.0	6.5
400 COMMODITIES		.5	.5	.6	.6	.7
500 EQUIPMENT		1.0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		62.6	66.4	71.7	77.5	83.7

FUNDING (Thousands of Dollars)

GENERAL FUND		62.6	66.4	71.7	77.5	83.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	2	2	2	2	2	2
PART TIME						
TEMPORARY						

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

To prepare fiscal notes on all bills relating to municipalities would require an additional Local Government Specialist III (Range 17) and a Clerk/Typist III (Range 8) - Personal Services costs are based on these figures plus 28% for benefits.

Contractual costs are for an additional 300 sq. feet of office space (.5), base telephone rate and long distance tolls for 1 (1.0), and Mag Card rental (3.3). Travel is figured at 1.5 per year. In many instances the LGS will need to go to the municipalities to research fiscal impact of bills. The commodities cost is for the costs of printing forms. All the above costs are increased at 8% a year for inflation.

The one time equipment cost is for desks, office equipment, etc. for two.

IV. DATE _____ PREPARED BY McKie Campbell 

AGENCY Community & Regional Affairs

Original: Legislative Finance

PHONE 465-4735

cc: Budget and Management

Prime Sponsor (First Legislator Named)

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

JAY S. HAMMOND, GOVERNOR

POUCH 0 - JUNEAU 99811

March 10, 1980

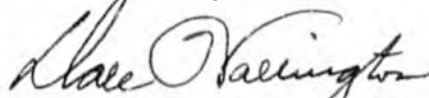
The Honorable Bill Parker
House of Representatives
Capital Bldg., Room 104
Pouch V
Juneau, Alaska 99811

Dear Representative Parker:

Please be advised that H.B. 804, providing for a special appropriation to the City of Cordova for water and sewer projects, will have no fiscal impact on this department.

However, should such appropriations proliferate into a significant number, additional staff will be requested in future budgets.

Sincerely,



Dale Wallington
Administrative Officer
Dept. of Environmental
Conservation