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Committee Log Book - 1980

Tape Number III

Side Number 1 & 2

Dates 2-12-80 to —

Senate C/RA
Committee
Chairman A. Sturgulewski

Present: Senators: Sturgulewski,
Rodley, Spinson, Kelly
Absent: Senator Mulcahy

Bill Numbers Discussed

SB	SB								
259	342								

Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)	
Side ① 2-12-80 1:30 P.	045	SB 295	Dept. Chip Denevieux - DNR - Director St. Parks	
	194		Question - Sen. Spinson	
	206		" Rodley	
	246		Amendment - wording	
	306		Sen. Rodley "Do Pass w/ Individ. Rec." No Obj.	
	377		Encl.	
Side ②	384	SB 342	Commissioner Eric Mueller, ^{Dept.} Eric Cowen	
	455		Keith Kelton	
	619		Sen. Kelly	
	733		Hirney Chitwood	
	780?		Mr. Mueller	
	004		Sen. Kelly	
	054		Sen. Rodley - Question?	
	417		Encl. - Bill Held	

Note
SB 342 - Title & Body was transferred to SB 436 with 2 additions:
\$10 mi For Solid Waste \$6 mi gov st. share incr. from 50% to 75%



Official Business

Alaska State Legislature

Senate

Committee on
Community & Regional Affairs

Fourth V
State Capitol
Juneau, Alaska 99811

February 11, 1980

TO: SENATOR BOB MULCAHY
VICE-CHAIRMAN
SENATOR TIM KELLY
SENATOR TERRY STIMSON
SENATOR PAT RODEY
SENATOR BILL RAY
All interested parties

FROM: SENATOR ARLISS STURGULEWSKI (CS)
CHAIRMAN

SUBJECT: COMMITTEE MEETING - BUTROVICH RM., #207, Capital Building

TUESDAY, FEBRUARY 12, 1980 - 1:30 p.m.

SB 259 - AN ACT RELATING TO HISTORICAL DISTRICTS

SB 342 - AN ACT PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS IN THE AMOUNT OF \$25,520,000 FOR THE PURPOSE OF PAYING THE COST OF CAPITAL IMPROVEMENTS FOR WATER AND SEWER SYSTEMS; AND PROVIDING FOR AN EFFECTIVE DATE

DISCUSSION - Increase in state participation, municipal sewer/water facilities.
Additional state participation in solid waste/resource recovery systems.

Introduced: 1/18/80
Referred: Health, Education
& Social Services and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 342

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$25,520,000 for the
8 purpose of paying the cost of capital improvements
9 for water and sewer systems; and providing for an
10 effective date."

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

12 * Section 1. For the purpose of paying the cost of capital improvements
13 for water and sewer systems, general obligation bonds of the state in the
14 principal amount of not more than \$25,520,000 shall be issued and sold.
15 The full faith, credit and resources of the state are pledged to the payment
16 of the principal of and interest and redemption premium, if any, on these
17 bonds. These bonds shall be issued under the provisions of AS 37.15 as
18 those provisions read at the time of issuance.

19 * Sec. 2. If the issuance of these bonds is authorized by the qualified
20 voters of the state, a special fund of the state to be known as the "1980
21 Water Supply and Sewerage Systems Fund" shall be established, to which
22 shall be credited the proceeds of the sale of bonds described in sec. 1 of
23 this Act except for accrued interest and premiums. There is appropriated
24 from the "1980 Water Supply and Sewerage Systems Fund" to the Department of
25 Environmental Conservation the amount of \$25,520,000, allocated in accordance
26 with the following projects and estimates:

<u>Project</u>	<u>Location</u>	<u>Amount</u>
(1) Village safe water con- struction grants	Statewide	\$ 2,520,000

1 (2) Urban water and sewer con-

2 struction grants Statewide 23,000,000

3 * Sec. 3. If the issuance of these bonds is authorized by the qualified
4 voters of the state, the amount of \$29,400, or as much of that amount as is
5 found necessary is appropriated from the general fund of the state to the
6 state bond committee to carry out the provisions of this Act and to pay
7 expenses incident to the sale and issuance of the bonds authorized in this
8 Act. The amounts expended from the appropriation authorized by this section
9 shall be reimbursed to the general fund from the proceeds of the sale of
10 the bonds authorized by this Act.

11 * Sec. 4. The amount withdrawn from the public facility planning fund
12 for the purpose of advance planning for the improvements financed under
13 this Act shall be reimbursed from the proceeds of the sale of bonds author-
14 ized by this Act.

15 * Sec. 5. The question whether the bonds authorized in this Act are to
16 be issued shall be submitted to the qualified voters of the state at the
17 next general election and shall read substantially as follows:

8 Proposition

19 State General Obligation Water Supply and Sewerage Systems

20 Bonds

\$25,520,000

10,000,000

21 Shall the State of Alaska issue its general obligation bonds in the
22 principal amount of not more than \$25,520,000 for the purpose of
23 paying the cost of capital improvements for water and sewerage
24 systems?

25 Bonds Yes []

26 Bonds No []

27 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
28 10.070(c).

*rough estimate
+ 3*

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

DRAFT AMENDMENTS TO AS 46.03.030: GRANTS AND LOANS
FOR WATER SUPPLY AND SEWERAGE SYSTEMS

The title of AS 46.03.030 is amended to read:

"Sec. 46.03.030. Grants [and loans] for water supply, [and] sewerage and solid waste facilities [systems].

AS 46.03.030(b) is amended to read:

(b) The department may grant to a municipality, as funds are available, up to [the lesser of] 50 per cent of [the] eligible costs [or 50 per cent of the eligible cost] not financed by the federal government, for public water supply, treatment and distribution systems and public sewage collection, treatment and discharge facilities for which construction has not commenced on or before June 21, 1976. The eligible cost of a project or portions of a project will be as determined by the federal agency granting the most monetary assistance. On projects or portions of projects, for which federal participation is not available, eligible costs will be determined by the department in accordance with (e) [(d)] of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

AS 46.03.030(c) is amended to read:

(c) There is a water supply, [and] sewerage and solid waste facilities [systems] fund created in the department to carry out the purposes of this section.

AS 46.02020(d) is deleted and replaced with a new subsection to read:

"(d) The department may grant to a municipality as funds are available, up to 50 percent of eligible costs not funded by the federal government for solid waste processing or disposal facilities, or portions of such facilities, for which construction has not commenced on or before July 1, 1980; except that grants up to 60 percent of eligible costs not funded by the federal government may be awarded for those portions of solid waste processing or disposal facilities which provide for resource recovery. The eligible cost of a solid waste processing or disposal facility will be as determined by the federal agency granting the most monetary assistance. On facilities or portions of a facility for which federal participation is not available, eligible costs will be determined by the department in accordance with (e) of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

AS 46.05.030 is amended by adding a new subsection to read:

(e) The department shall, by regulation, identify those costs which will be considered eligible costs for the purposes of this section. Eligible costs shall include those contracted costs necessary for construction of a project, but do not include costs of interest and financing, right-of-way acquisition costs, and costs related to operation, maintenance, repair or replacement of a project.

AS 46.05.900 is amended by adding the following new definitions to read:

-) "Resource recovery" means the recovery of materials or energy from solid wastes to be used in manufacturing, agriculture, heat production, power production, or other productive processes or purposes; includes the reuse of materials or products to conserve natural resources.
-) "Solid waste disposal facility" means any facility for which the primary purpose is to discharge, deposit, inject, consolidate, or place solid wastes into or onto the land; including but not limited to transfer stations and sanitary landfills.
-) "Solid waste processing facility" means any facility for the purpose of extracting materials, volume reduction, conversion to energy, or other separation and preparation of solid waste for reuse or disposal of solid wastes; including but not limited to incinerators, shredders, balers, and transfer stations.

Effective date: July 1, 1980

FISCAL NOTE

To be included in the bill:

"There is appropriated the sum of _____ to fund grants for solid waste processing or disposal facilities."

Resources needed for the Department to process grant applications relative to solid waste processing and disposal facilities:

Personal Services	56.7
Administrative Assistant (R-12 @ \$1628/mo x 12 x 1.26)	24.6
Environmental Engineer III (R-19 @ \$2652/mo x 12 x 1.26)	40.1
Travel	8.0
Contractual	4.5
Commodities	1.0
Equipment	2.5
	<hr/>
TOTAL	82.7

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TOTAL 82.7

G.O. Bonds 50-50 Basis

Monies go only to organized municipalities.

records and need.

Requested money is based from past ~~projections~~ - it is estimated only, as applications have not started to arrive. Based 2 year projection.

No priorities - Served as applications come in.

Feds share = 25 %

St. share = 12 1/2 % (Dept.)

Community share = 12 1/2%

Federal - Environmental Protection Agency - They require priorities

Issue Paper
Water and Sewer Construction Grants
December 1979

The Department, through the Facilities Construction and Operation section, administers a grant program which is directed toward providing incorporated communities with assistance in the construction of water and sewerage services. Two basic grant programs are administered: the State general obligation bond water and sewer grant program authorized by AS 46.03.030; and the federal wastewater pollution control program authorized by the Clean Water Act of 1977.

Under the State water and sewer grant program, incorporated municipalities may apply for grants to fund up to 50 percent of project costs for new water and sewerage facilities. If federal funding is involved in a project, State grants are limited to half the non-federal share of eligible project costs. Funded projects include facilities needed for community expansion as well as facilities needed to correct existing public health and environmental problems.

The Department performs the following administrative responsibilities in support of this program:

- review of grant applications
- review of project plans and specifications
- analysis of project construction and operating costs

- processing of grant offers and payment requests
- inspection of projects during construction and following completion
- preparation of project audit reports to ensure that grant funds were properly utilized by grantees.

Eligible projects are presently funded as need arises, after a review to ensure that projects are capable of meeting the need identified at an acceptable life cycle cost. The source of funding for these grants is general obligation bond funds which have been periodically authorized by the voters. Presently, approximately \$18,112,626 are available for obligation to projects through this program.

Since July, 1976, \$37,358,030 has been obligated to water and sewage projects throughout the state. Of this total, \$14,465,180 (38.7%) was for community water supply projects; \$9,450,000 (25.3%) was for sewage treatment and interceptor facilities (matching EPA funding); and \$13,442,850 (36.0%) was for sewage collection facilities. These grants have supported projects in major communities in all regions of the state. The program is not heavily used by bush communities because the Public Health Service and the State Village Safe Water programs are addressing utility needs of remote areas. It is also usually difficult for small remote communities to raise the 50 percent matching requirements. In some instances, however, projects in remote areas are funded through the program in conjunction with other federal, state, or local funding sources.

The grant program for construction of sewage treatment facilities is administered under the authorization of the federal Clean Water Act of 1977. This Act mandates that community sewage treatment works achieve secondary treatment by 1983, except those communities capable of discharging effluent into marine coastal waters which receive good tidal mixing may be allowed to follow less stringent requirements. Secondary treatment is a broad term for many methods of treating sewage through the use of biological processes, and usually results in removal of 85% of the pollutants. Depending upon congressional appropriations from year to year, Alaska is allocated \$16-25 million annually. These funds are then available to communities to finance 75 percent of the cost of sewage treatment and interceptor projects. The State water and sewage grant program mentioned above contributes an additional 12 1/2 percent toward such projects leaving only 12 1/2 percent to be funded locally.

The Clean Water Act assigns the Environmental Protection Agency the responsibility for this grant program. The Act also stipulates that EPA may delegate the administration of the program to the states, and makes funding available to those states which assume administration of the program. Alaska assumed responsibility for a major portion of the program in December of 1978 (one of the first states to do so) and was awarded a grant of \$245,349 to cover costs of administration through June, 1980. EPA has received funding to defray State administration expenses in subsequent fiscal years.

In order to reduce the significant delays in grant processing which occurred under EPA administration, and to better ensure that projects are consistent with the unique requirements of Alaska, the Department assumed responsibility for the following administrative tasks:

- preparation of annual project priority list
- review of grant applications
- review of consultant agreements
- review and approval of plans and specifications
- review and approval of project change orders
- review and approval of O & M manuals.

Under agreement with EPA, State certification of these items will be accepted as if performed by EPA staff (subject to periodic audit). It is expected that additional administrative tasks will be delegated the state, including:

- facility plan approval
- interim and final project inspections
- eligibility determinations
- review and approval of planning documents
- preparation of necessary environmental assessments
- issuance of numerous other technical approvals required for each project.

Since 1975, grants averaging \$20,000,000 a year have been awarded to 30 communities throughout the state. As with the State water and sewer grant program, mainly the larger communities have benefitted from the program. Recent modifications of the Clean Water Act present opportunities for making funding available to smaller communities for innovative, individual, or non-conventional sewage handling facilities.

1981 DEC
Issue Papers

Water and Sewer Construction Grants

The Department of Environmental Conservation administers a grant program which provides incorporated communities with assistance in the construction of water and sewerage services. Two basic grant programs are administered: the State general obligation bond water and sewer grant program and the federal water pollution control program.

Under the State water and sewer grant program, incorporated municipalities may apply for grants to fund up to 50 percent of project costs for new water and sewerage facilities or one-half the non-Federal share of eligible costs if federal funding is involved. Funded projects include facilities needed for community growth as well as facilities needed to correct existing public health and environmental problems.

Eligible projects presently are funded as need arises. The source of funding for these grants is general obligation bond funds which have been authorized by the voters. Presently, approximately \$18 million is available for obligation to projects through this program.

These grants have supported projects in major communities in all regions of the state. The program is not heavily used by bush communities because the Public Health Service and the State Village Safe Water programs are addressing utility needs of remote areas and it is usually difficult for small remote communities to raise the 50 percent matching requirements. In some instances, however, projects in remote areas are funded through the program in conjunction with other federal, state, or local funding sources.

The grant program for construction of sewage treatment facilities is administered under the authorization of the federal Clean Water Act of 1977. Depending upon congressional appropriations from year to year, Alaska is allocated \$16-25 million annually. These funds are then available to communities to finance 75 percent of the cost of sewage treatment and interceptor projects. The State water and sewer grant program mentioned above contributes an additional 12 1/2 percent toward such projects leaving only 12 1/2 percent to be funded locally.

The Environmental Protection Agency is responsible for this grant program. However, EPA may delegate the administration of the program to the states, and make funding available to those states which assume administration of the program. In order to reduce the delays in grant processing which occurred under EPA administration, Alaska assumed responsibility for a major portion of the program in December of 1978 (one of the first states to do so).

Since 1975, approximately \$20 million of Federal funds a year has been awarded to 30 communities throughout the State. As with the State water and sewer grant program, the larger communities have benefitted the most from the program. Recent changes to the Clean Water Act present opportunities for making funding available to smaller communities for innovative, individual, or non-conventional sewage handling facilities.

Village Safe Water

The Village Safe Water Act calls for at least one facility for safe water and hygienic sewage disposal in each village in Alaska.

Since 1972, eleven VSW facilities have been constructed. They are in the villages of Northway, Chevak, Alakanuk, Selawik, Nulato, Koyukuk, Beaver, Pitkas Point, Kongiganank, Tanana and Council. A facility is being designed for Akiachak and will be constructed during the summer and fall of 1980.

In these eleven villages the VSW projects consist of sanitation facilities to which village residents can come to obtain water supply and sewage disposal services; with bathing and laundry services available in all except Council. No piped water-distribution or sewage collection systems are involved except for water and sewer service lines to schools.

Construction methods used so far have included: 1) competitive bid construction contracts administered by what was then the Alaska Department of Public Works, 2) competitive bid construction contracts administered by the Alaska Department of Environmental Conservation (ADEC), and 3) force account construction by the village through construction management contracts with engineering consultants.

The force account/construction management method of construction has been the most satisfactory of the three methods used. Facilities constructed that way have been built cheaper and faster than those built under competitive bid construction contracts; the quality of construction has been better; and the villages have been more intimately involved in, and satisfied with, their projects.

VSW facilities have cost from \$118,000 at Council for a project begun in FY 78, to over \$1,400,000 at Tanana, of which \$755,000 were VSW funds. Villages served have ranged in size from 60 (Council) to over 550 (Selawik).

Experience in the VSW project has proved that financial, technical, and/or management assistance to the villages is necessary to ensure that the facilities continue to operate. ADEC provides technical and management assistance to the eleven villages. The VSW operation and maintenance support program has made it possible for all completed VSW facilities to serve the public as intended. It is instructive to note that the operation and maintenance cost per village has been decreasing in actual dollars (i.e., ignoring inflation) over the last few years.

ADEC has been working on a comprehensive planning effort intended to define the roles of State and federal agencies and other groups involved in providing rural sanitation services. The Department has sought close cooperation with the U.S. Public Health Service and the regional Native health corporations in carrying out the planning. In fact the Directors of the health corporations have served as an advisory board for the VSW program.

An early step in the planning was to inventory all village sanitation facilities. The inventory is updated annually and is widely viewed as the single most complete and dependable source of information on village sanitation.

Current plans are to investigate certain questions concerning how the VSW program should operate over the long term. Among the questions to be investigated are: 1) What services should VSW facilities provide (e.g., solid waste, piped service to individual homes, saunas)?; 2) Should there be village eligibility criteria for VSW program assistance?; 3) How should construction priorities be set?; 4) How fast should VSW facilities be built (i.e., how much construction money over what period of time)?; 5) What funding sources other than water and sewer bonds can be coordinated into VSW projects? and 6) What should the State's role be in operation and maintenance of VSW facilities, and perhaps other village sanitation facilities as well?

Authority: 46.07

LA61 0213 10.23 JA01 0035 10.23 03/31/80

TO: ALL STATE LEGISLATORS
FROM: CLAIR HARMONY, KODIAK CITY MANAGER

THE KODIAK CITY COUNCIL SUPPORTS SB 342 AS A NEEDED AND ESSENTIAL WATER, SEWER AND SOLID WASTE FACILITIES GRANT PROGRAM.

PARTICULARLY IMPORTANT IS A NEW ELEMENT OF 50 PERCENT STATE MATCH FOR SOLID WASTE FACILITIES. CURRENT PRACTICES IN MANY ALASKAN COMMUNITIES REQUIRE THAT SHOT ROCK (AN EXPENSIVE PROCESS) BE USED AS FILL MATERIAL TO COVER SOLID WASTE. ALTERNATIVE SOLUTIONS ARE COSTLY AND ASSISTANCE IS ESSENTIAL BY THE STATE. THE CITY OF KODIAK FAVORS INCREASED LEVELS OF FUNDING OVER THE 50 PERCENT FOR SOLID WASTE CONSTRUCTION GRANTS. THESE ARE SUBSTANTIAL ONE TIME EXPENDITURES.

PER JIM BALDWIN / Legal

2/8/80

O.K. to do: (Ker Hula)

SB 131's title -use (and gut rest of context)

- CS /
- 1 - Replace with SB 342's context
 - 2 - Plus insert change of St. share increase 75 increase (instead of 50%)
 - 3 - Change total approp. from \$25,520,000 to \$35,520,000 (reflecting Solid Waste Costs)

O.K. to do: (Gov.)

SB 342 Leave as is.

- CS /
- 1 - but change st. share increase from 50 % to 75%
 - 2 - Change total approp. from \$25,520,000 to \$35,520,000 (reflecting Solid Waste Costs)

----- 277 (enabling law) -----
NOTE: Solid Waste Processing & Disposal cannot be incorporated in either of the above bills.

Constitutionality - Enabling laws vs appropriations (latter have to be separate)

NOW - you can put the effective date the same on the Bond Bill and the Waste Disposal Bill - making them a package - thus both will pass, or both will die.

OR
You can leave separate, as is now.

NOTE: The G.O. Bond bill that passed, will reflect increase for waste. In event Waste Disposal bill does not pass, the appropriated extra money can be designated by the Governor for the same or similar use thereof, as he initiates the program....

Cannot do = Separate Bill