

S

B

2

1

~~over this job~~

3/30

COMMITTEE REPORT

HOUSE

FINANCE

FURTHER:

(7)

5/11/83

Date: 25 MAR

Return to

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had CSRB 21 (CSRA) an

An Act relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date.

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CSRB 21 same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

CHAIRMAN

Original sponsors: Lacher and Szymanski

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 101 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to grants for water supply, sewerage
7 and solid waste facilities; and providing for an
8 effective date."

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

10 * Section 1. AS 46.03.030(b) is amended to read:

11 (b) The department may grant to a municipality, as funds are
12 available, up to 75 [50] percent of eligible costs not financed by the
13 federal government, for public water supply, treatment and distribu-
14 tion systems and public sewage collection, treatment and discharge
15 systems, ^{and solid waste processing and disposal facilities} [FACILITIES] for which construction or acquisition has not
16 commenced on or before July 1, 1983 [JUNE 21, 1976]. The eligible
17 cost of a project or portions of a project will be as determined by
18 the federal agency granting the most monetary assistance. On projects
19 or portions of projects, for which federal participation is not avail-
20 able, eligible costs will be determined by the department in accor-
21 dance with (d) of this section. Projects shall be constructed in
22 accordance with plans and specifications approved by the department.

23 * Sec. 2. AS 46.03.030(d) is amended to read:

24 (d) The department shall, by regulation, identify those costs
25 that [WHICH] are eligible costs for the purposes of this section.
26 Eligible costs include the costs ^{that} [ESTABLISHED IN A CONSTRUCTION CON-
27 TRACT WHICH]

28 (1) that are necessary for construction of a project, but
29 do not include the cost of interest and financing and right-of-way

1 acquisition, or costs related to operation, maintenance, repair or
2 replacement of a project;

3 (2) of the initial acquisition of water delivery and sewage
4 collection vehicles if the vehicles are determined by the department
5 to be cost effective compared with conventional water supply and
6 sewage collection systems;

7 (3) of facilities for the maintenance and storage of water
8 delivery and sewage collection vehicles.

9 * Sec. 3. AS 46.03.030(e) is amended to read:

10 (e) The department may grant to a municipality not more than 75
11 [50] percent of the eligible costs that [, INCLUDING COSTS OF OBTAIN-
12 ING FEDERAL WAIVERS FROM THE REQUIREMENT FOR SECONDARY TREATMENT
13 PLANTS, WHICH] are not paid for by the federal government for solid
14 waste processing or disposal systems [FACILITIES] constructed or
15 acquired after July 1, 1983 [1980]. However, the department may grant
16 a municipality up to 85 [60] percent of the eligible costs not paid
17 for by the federal government for a solid waste processing or disposal
18 system [FACILITY] constructed or acquired after July 1, 1983 [1980],
19 if the system [FACILITY] is used for resource recovery. The eligible
20 costs of a solid waste processing or disposal system [FACILITY] are
21 determined by the federal agency granting the most monetary assistance
22 for construction or acquisition of the system [FACILITY]. For a solid
23 waste processing or disposal system [FACILITY] for which federal money
24 is not available, the department shall determine the eligible costs in
25 accordance with (d) of this section. A municipality shall construct
26 solid waste processing or disposal facilities financed by grants under
27 this section according to plans and specifications approved by the
28 department.

29 *> Add Line 26, p. 2 of CSSB 21 (definition) except change "heavy burden" to "sewage"*
* Sec. 4. This Act takes effect July 1, 1983.

Original sponsors: Kerttula, Ferguson
and Josephson

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 21 (C&RA) am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to grants for water supply, sewerage
7 and solid waste facilities; and providing for an
8 effective date."

9

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

10

* Section 1. AS 46.03.030(b) is amended to read:

11

(b) The department may grant to a municipality, as funds are

12

available, up to 75 [50] percent of eligible costs not financed by the

13

federal government, for public water supply, treatment and distribu-

14

tion systems and public sewage collection, treatment and discharge

15

^{systems} facilities, and solid waste processing and disposal facilities) for

16

which construction ^{or acquisition} has not commenced on or before July 1, 1983 [JUNE

17

21, 1976]. The eligible cost of a project or portions of a project

18

will be as determined by the federal agency granting the most monetary

19

assistance. On projects or portions of projects, for which federal

20

participation is not available, eligible costs will be determined by

21

the department in accordance with (d) of this section. Projects shall

22

be constructed in accordance with plans and specifications approved by

23

the department.

24

* Sec. 2. AS 46.03.030(d) is amended to read:

25

(d) The department shall, by regulation, identify those costs

26

that [WHICH] are eligible costs for the purposes of this section.

27

Eligible costs include the costs that [ESTABLISHED IN A CONSTRUCTION

28

CONTRACT WHICH] are necessary for construction of a project, but do

29

not include the cost of interest and financing and right-of-way

1 acquisition, or costs related to operation, maintenance, ^{repair or replacement of a} ~~and normal~~ ^{project.}
2 repairs. Eligible costs include the costs of the initial purchase of
3 water delivery and ^{sewage} honey bucket collection vehicles if the vehicles
4 are determined by the department to be cost effective compared with
5 conventional water supply and sewage collection systems. Eligible
6 costs also include the cost of facilities for the maintenance and
7 storage of those vehicles [REPAIR OR REPLACEMENT OF A PROJECT].

8 * Sec. 3. AS 46.03.030(e) is amended to read:

9 (e) The department may grant to a municipality not more than 75
10 [50] percent of the eligible costs, [including costs of obtaining ^{DELETED IN HB 101}
11 federal waivers from the requirement for secondary treatment plants,
12 that [WHICH] are not paid for by the federal government for solid
13 waste processing or disposal facilities constructed ^{or acquired} after July 1, 1983
14 [1980]. However, the department may grant a municipality up to 85
15 [60] percent of the eligible costs not paid for by the federal govern-
16 ment for a solid waste processing or disposal facility constructed ^{or acquired}
17 after July 1, 1983 [1980], if the facility is used for resource recov-
18 ery. The eligible costs of a solid waste processing or disposal
19 facility are determined by the federal agency granting the most mone-
20 tary assistance for construction ^{or acquisition} of the facility. For a solid waste
21 processing or disposal facility for which federal money is not avail-
22 able, the department shall determine the eligible costs in accordance
23 with (d) of this section. A municipality shall construct solid waste
24 processing or disposal facilities financed by grants under this sec-
25 tion according to plans and specifications approved by the department.

26 * Sec. 4. AS 46.03.900(19) is amended to read: ^{(this portion NOT IN CS HB 101, should be}
27 ^{retained)}

28 (19) "sewer system" or "sewerage system" means pipelines or
29 conduits, pumping stations, and force mains, and all other appurtenant
constructions, devices, and appliances used for conducting sewage,

1 industrial waste, or other wastes to a point of ultimate disposal and
2 includes the original purchase of [honey bucket] collection vehicle. and
3 facilities for the maintenance and storage of those vehicles if the
4 vehicles are determined by the department to be cost effective com-
5 pared with conventional sewage collection systems;

6 * Sec. 5. This Act takes effect July 1, 1983.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 12/29/83

REQUEST

Bill/Resolution No.: SB 021 HCS CS
Title: Grants/Water Supply, Sewer
& Solid Waste Rec ID 805

Sponsor: C&RA Committee

Requestor: Jay Hogan

Date of Request: 12/16/83

FISCAL DETAIL

Agency Affected: Community & Regional Affairs
Program Category Affected: Development

BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	No fiscal impact DCRA					
CAPITAL	No fiscal impact DCRA					
REVENUE	No fiscal impact DCRA					

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Mar Winegar

Division: Municipal and Regional Assistance

Phone: 465-4750

Date: 12/29/83

Approved by Commissioner: *Jill Amos*

Agency: Community and Regional Affairs

Date: 12/24/83

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

12/1/83

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 12/29/83

Bill/Resolution No.: SB 021 HCS CS
Title: Grants/Water Supply, Sewer & Solid
Waste Rec ID 805

ANALYSIS:

Assumptions:

This bill revises the State share for local water and sewer construction from 50% to 75%. This is a Department of Environmental Conservation program and will result in no additional fiscal obligations for Community and Regional Affairs.

Positions:

Other Expenditures:

Funding:

Section Cost Analysis:

Computations:

Economic Impact:

Impact on Local Government:

Attachments

POSITION PAPER ON SENATE BILL 21
by the
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Before the
HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE
March 25, 1983

Senate Bill 21 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. This amendment would increase the State's grant percentage from 50 to 75 percent. The bill also provides for an effective date.

This bill contains the same major provisions as SB 252 which passed the Legislature last year and was vetoed.

The Department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The proposed amendment will allow many of these municipalities to improve their basic sanitation services.
- 2) Federal matching grants have been drastically reduced. Adoption of SB 21 with the accompanying fiscal note will help offset the impact of decreased federal revenues.
- 3) Alaska's residents will receive a nontaxable financial benefit. An increase in State funds will reduce LID and property assessments, thereby providing a financial benefit. Since there is no direct monetary gain for the taxpayer, there can be no increase in their federal income tax.

Adoption of SD 21 could result in construction of projects that would not have been built under the 50 percent funding program. As a practical matter, however, there is no means by which we can reliably predict which projects will be affected or their costs. The attached fiscal note estimates that if the base level of funding remains constant at \$30.0 million per year, the effect of this bill will be approximately \$19.5 million in FY-84.

Thank you for the opportunity to present these comments. I will be happy to address any questions you may have.

STATE OF ALASKA
FISCAL NOTE

Revision Date Mar 25 , 1983

I. REQUEST

Bill/Resolution No.: CSSB 21 (C&RA) Am
 Title: Grants for Water, Sewer, Solid Waste Fac
 Sponsor: Kertulla, Ferguson, Josephson
 Requestor: Community & Regional Affairs Comm

II. FISCAL DETAIL

Agency Affected: Environmental Conservation
 Program Category Affected: NRMEC
 BRU, Program of Subprogram(s) Affected: Facility Construction & Operation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	*Assumes an annual construction inflation rate					
400 COMMODITIES	of 10%					
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		19.5	21.5	23.6	26.0	28.6
TOTAL OPERATING						

CAPITAL		19.5	21.5	23.6	26.0	28.6
---------	--	------	------	------	------	------

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		19.5	21.5	23.6	26.0	28.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Funds

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Gary Hayden, Director Phone: 465-2610
 Division: Facility Construction & Operation Date: March 25, 1983

Approved by Commissioner: _____ Date: _____
 Department: _____

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

(Continued on next page) 3/8/83

Department of Environmental Conservation
March 25, 1983

FISCAL NOTE

Bill CSSB 21 (C&RA) Am

Title: An act relating to grants for water supply, sewerage, and solid waste facilities, and providing for an effective date.

IV. Analysis

Estimating the fiscal impact of this bill requires that several assumptions be made:

- 1) that the base level of funding appropriated by the Legislature remains approximately \$30.0 million per year;
- 2) that the Legislature wishes to increase the base level to fund the same number of projects at the higher level; and
- 3) increased funding would be provided to meet the demand created by smaller communities seeking 75% grants where they now are required to provide only a 25% match. The effect of these assumptions is an increase of approximately \$19.5 million in FY-84, with a 10% annual increase thereafter.

$\$30.0 \times 75/50 = \45.0	$\$49.5 \text{ million} - \$30.0 \text{ million} =$
$6.0 \times .75 = 4.5$	19.5 million
Total = $\underline{\$49.5}$	

The fiscal impact of this bill could be much larger if the Legislature attempts to appropriate funds sufficient to meet all the identified needs for water, sewerage, and solid waste facilities. A survey conducted by the Department in July of 1982 indicated a total grant demand exceeding \$230 million for fiscal years 84 and 85. Assuming appropriations adequate to meet even 50 percent of this demand, the impact of increasing grants to 75 percent results in a \$57.5 million impact for FY-84; therefore, it is obvious that the fiscal impact depends solely upon the size of the appropriation and can be limited to whatever the Legislature wishes.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 21, 1983

To: House Community and Regional Affairs Committee

From: Ginny Chitwood, AML Executive Director

Re: CSSB 21 (CRA) am - Grants for Water Supply, Sewerage, and Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of CSSB 21 (CRA) am, increasing the state share of construction grants for community water supply, sewerage, and solid waste facilities from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the 50% local match required by the current programs. Further compounding the problem is the decrease in the federal funding percentage from 75% to 55%.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and taxpayers by reducing local improvement district (LID) payments. Additionally, none of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not eligible as federal income tax deductions, nor are monthly charges for water, sewer, and solid waste services.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them, but because they are mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Most areas of the state are way behind the rest of the country in having basic water supply, sewerage disposal, and solid waste facilities. Expanding the state's construction grants program is a means to accelerate the process of "catch-up". Because this is a matching grants program, an expenditure by the state will generate an increased amount of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require state operating assistance.

STATE OF ALASKA

Bill Sheffield, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

March 21, 1983

POSITION PAPER

RE: CSSB 21

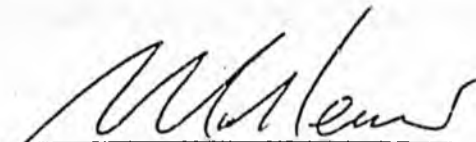
SPONSOR: Senate Community and Regional Affairs Committee

Program Effects of Bill

Increases from 50% to 75% the percentage of State matching funds for eligible construction costs for local water supply, treatment and discharge facilities and solid waste processing for disposal facilities constructed after July 1, 1983.

Comments

The Department supports this increase in aid to municipalities. The increase in State participation will allow a greater number of communities to afford water and sewer projects. Most local projects are partly financed through local improvement districts. At 50% State participation, many project balances could not be financed locally, due to lack of assets for bonding or high resident payback rates. The requirements that projects be pre-planned and engineered and that the local financing be arranged ensure that projects are genuine local priorities. This program has been one of most efficient capital assistance programs administered by the State.



Mark Lewis, Commissioner

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: CSSB 21
 Title: Grants for water supply
 Sponsor: Senate C&RA
 Requestor: House C&RA

II. FISCAL DETAIL

Agency Affected: Dept. Comm. & Reg. Affairs
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING		-0-	-0-	-0-	-0-	-0-
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Richard Rainery
 Division: Commissioner's Office
 Approved by Commissioner: _____
 Department: Community & Regional Affairs

Phone: 465-4703
 Date: 3/21/83
 Date: 3/21/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

MEMORANDUM

TO: House C & R A Committee

FROM: Staff

SUBJECT: CSSB 21 (C & R A) am

DATE: March 19, 1983

Purpose of the legislation is to increase the portion of state grants for sewage, solid waste and water systems not financed by federal funding from 50 percent to 75 percent.

The other significant impact of CSSB 21 is to include the initial purchase of water delivery and honey bucket collection vehicles, as well as associated maintenance facilities, as eligible for grant funding provided the department finds them to be cost effective as compared to conventional systems.

A companion bill, CSHB 101 has been introduced by Representative Lacher. The companion bill is now in House Finance Committee. A comparison of the two bills is attached.

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

COMPARISON OF CSSB 21 (C & R A) am to CSHB 101

pg. 1, line 15 CSSB 21 uses word "facilities; CSHB 101 uses word "systems".

pg. 1, line 16 after word "construction" CSHB 101 adds the words "or acquisition".

pg. 2, line 1 after word "maintenance," CSSB 21 uses words "and normal repairs." CSHB 101, after word "maintenance" uses words "repair or replacement of a project."

pg. 2, line 3 CSSB 21 uses words "honey bucket collection;" CSHB 101 uses words "sewage collection vehicles."

pg. 2, line 10 CSSB 21, after word "costs" and CSHB 101 deletes phrase "including costs of obtaining federal waivers from the requirement for secondary treatment plants." Reason: time period for applications for these waivers has expired and they are no longer available.

pg. 2, lines 16, 17, 19, 20, 21 CSSB 21 uses word "facility; CSHB 101 uses word "system."

pg. 2, line 20 following word "construction" CSHB 101 adds words "or acquisition."

pg. 2, line 26, CSHB 101 does not add the portion pertaining to honey bucket collection to "sewer system" or "sewerage system" as does CSSB 21. Recommend retaining the change in definition for clarity.

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

COMPARISON OF CSSB 21 (COMMUNITY AND REGIONAL AFFAIRS) to CSHB 101

pg. 1. line 15 CSSB 21 uses word "facilities"; CSHB 101 uses word "systems". Recommend change to CSSB 21, "systems" is a better definition. For description: See AS 46.03.900.

pg. 1. line 16 After word "construction" CSHB 101 adds the words "or acquisition". Recommend adding "or acquisition" to include projects which are now awaiting grant award and have not actually started construction.

pg. 2. line 1 After word "maintenance," CSSB 21 uses words "and normal repairs." CSHB 101, after word "maintenance" uses words "repair or replacement of a project." Recommend change to wording in HB 101 to clarify intent. It is not legal nor proper for the state to pay for replacements or repairs thru grant programs.

pg. 2. line 3 CSSB 21, uses words "honey bucket collection;" CSHB 101 uses words "sewage collection vehicles." Recommend change to HB 101 verbage.

pg. 2. line 10 CSSB 21, after word "costs", CSHB 101 deletes the phrase "including costs of obtaining federal waivers from the requirement for secondary treatment plants." Recommend deleting the phrase "including costs of obtaining federal waivers from the requirement for secondary treatment plants," from CSSB 21. Reason: time period for applications for these waivers has expired and they are no longer available.

~~pg. 2. lines 16,17,19,20,21 CSSB 21 uses word "facility;" CSHB 101 uses word "system". Recommend to change to "system" to be consistent.~~ *VOID SEE: AS 46.03.900 (24)*

pg. 2. line 20 Following word "construction" CSHB 101 adds words "or acquisition". Recommend adding words "or acquisition" to CSSB 21.

pg. 2. line 26 CSHB 101 does not include the definition pertaining to honey bucket collection to as does CSSB 21. Recommend retaining the change in definition for clarity, except change "honey bucket" to "sewage".

This Row

LEFT BLANK

Alaska State Legislature

REPRESENTATIVE
BARBARA LACHER
P.O. BOX 478
PALMER, ALASKA 99645
(907) 376-4215



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4894

House of Representatives

TO: House C & R A Committee
FROM: Staff
SUBJECT: CSSB 21 (C & R A) am

The following definitions are from Websters New World Dictionary, 2nd college edition, 1982:

- Facility:
1. ease of doing or making; absence of difficulty.
 2. a ready ability; skill; dexterity; fluency.
 3. the means by which something can be done (poor transportation facilities)
 4. a building, special room, etc. that facilitates or makes possible some activity (a new facility for outpatient treatment)
- System:
1. a set or arrangement of things so related or connected as to form a unity or organic whole.
 2. a set of facts, principles, rules, etc. classified or arranged in a regular orderly form so as to show a logical plan linking the various parts.
 3. a method or plan of classification or arrangement.

POSITION PAPER ON SENATE BILL 21
by the
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Before the
SENATE FINANCE COMMITTEE
March 1, 1983

Senate Bill No 21 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. The primary purpose of the amendment is to increase the State's grant percentage from 50 to 75 percent. The bill also provides for an effective date.

This bill contains the same major provisions as SB 252 which passed the Legislature last year and was vetoed by Governor Hammond due to several minor provisions not found in SB 21. In his veto statement Governor Hammond stated his support for the basic legislation and his intent to recommend that the new administration reintroduce the bill this session. The Sheffield administration also supports the concept.

The Department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The proposed amendment will allow many of these municipalities to improve their basic sanitation services.
- 2) Federal matching grants have been drastically reduced. Adoption of SB 21 with the accompanying fiscal note will help offset the impact of decreased federal revenues.

- 3) Alaska's residents will receive a nontaxable financial benefit. An increase in State funds will reduce LID and property assessments, thereby providing a financial benefit. Since there is no direct monetary gain for the taxpayer, there can be no increase in their federal income tax.

The Department respectfully recommends that the committee consider one amendment to SB 21, which will make the Bill consistent with the administration's proposal. We request that SB 21 be amended as follows.

Add a provision in Section 1, AS 46.03.030 after line 19, page 1.
Total State funding, from all sources, shall not exceed 75 percent of eligible project costs not financed by the federal government.

This provision prevents the municipal grants program from fully matching appropriations, which would result in 100 percent project financing by the State. Requiring a minimum of 25 percent local funding will provide for more local project management.

Adoption of SB 21 will result in construction of projects that would not have been built under the 50 percent funding program. As a practical matter, however, there is no means by which we can reliably predict which projects will be affected or their costs. The attached fiscal note estimates that if the base level of funding remains constant at \$30.0 million per year, the effect of this bill will be approximately \$19.5 million in FY-84.

Thank you for the opportunity to present these comments. I will be happy to address any questions you may have.

SENATE AMENDMENT

adopted
3/1/93

By Finance Committee

To: CS for SENATE BILL No. 21 (C&RA)

To: HOUSE BILL No.

PAGE: 1 LINE: 15, 27 & 28

SB-15
re SB-150
bills

Line 15

Following the word "facilities" insert:

, and solid waste processing and disposal

Lines 27 & 82

Delete:

including the cost of replacing obsolete facilities,

MEMORANDUM

State of Alaska

TO: Max Gifford
Senator Sackett's Office
Pouch V

DATE: February 10, 1983

FILE NO:

TELEPHONE NO:

FROM: Keith Kelton, Director
Facility Construction
and Operation
Department of Environmental
Conservation

SUBJECT: SB 21

Thank you for apprising me of the conflict that will be created by passage of SB 21 as amended. You are correct that the Department's administrative code 18 AAC 73.010 prohibits the financing of replacement projects. The committee substitute (page 1, line 28) would authorize the replacement of obsolete facilities as grant eligible and necessitate a change to the code.

I was unaware that this provision was included in Senator Sackett's amendment to finance water delivery and honey bucket collection vehicles. We strongly support the inclusion of the vehicles as grant eligible but have serious reservations on financing replacement of obsolete facilities.

The Administration's veto of SB 252 last year was partially due to the amendment in that bill, which would have authorized funding of obsolete facilities. It is the Administration's position that communities should be responsible for maintaining facilities once they are constructed and charge a user fee to cover the costs of maintenance and amortization. It is the Administration's desire not to replace facilities that have been allowed to deteriorate due to lack of maintenance by a municipality.

I have attached a copy of Governor Hammond's veto letter to Senate President Jalmar Kerttula, which includes his opposition to the replacement of obsolete facilities. As stated to you in our phone conversation, it was not my understanding that this provision was included in the committee substitute. I would be happy to work with you to clarify or modify SB 21 as necessary to reflect everyone's concerns.

Attachment

June 16, 1982

DEPARTMENT OF
ENVIRONMENTAL CONSERVATION

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. II, sec. 15, of the Alaska Constitution, I have vetoed House Committee Substitute for Committee Substitute for Senate Bill 252 (Fin) am H, relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date. While I support the basic thrust of this bill - increasing the state's grant proportion of water, sewer and solid waste facilities - there are several provisions which are objectionable.

The bill would allow replacement of obsolete facilities to be grant eligible. In the past, the Department of Environmental Conservation has funded only new construction, expansion, and modification of facilities. Replacement of obsolete facilities should be funded by revenues accumulated from user charges. In this way, communities and users are encouraged to provide adequate operation and maintenance or they will foot the bill for costs to replace projects which have become "obsolete" through neglect.

The bill would also apparently allow funding of water delivery and honey bucket collection vehicles. The Attorney General has ruled that these vehicles cannot be eligible for funding through general obligation bond financing, as the Constitution restricts general obligation bonds to capital projects. General fund moneys could be used for vehicles; however, the principle source of funds for water and sewer projects has been general obligation bonds.

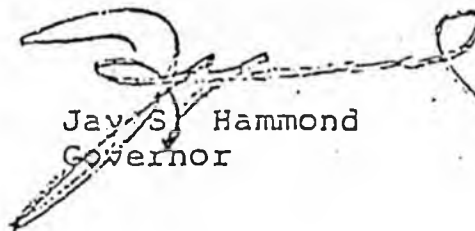
Finally, the bill would mandate that the Department of Environmental Conservation provide grants to communities with village safe water projects to assist in operation and maintenance of those projects. Presently, the authority to provide those grants is contained in the Village Safe Water Act and is discretionary. If the department determines that

... must have a state grant for the project to
... and if the operation is sufficiently cost-efficient
and funds are available, the department can fund grants to
these villages. The proposed revisions would mandate these
grants regardless of the community's ability to pay, the
operating history of the project, or how well it is run. To
the extent possible, these projects should pay their own
way without relying on the state to subsidize them.

A veto of this bill would have little effect over the next
year. No funds were appropriated by the legislature to
implement the provisions of the bill; in fact, the
Department of Environmental Conservation does not have
sufficient funds to amend grants under the existing formula
to the extent it has grant applications. There is also no
funding available for operation and maintenance grants to
communities with village safe water facilities.

I am requesting the Commissioner of Environmental
Conservation to work on draft legislation addressing these
issues for me to consider for submittal to the next
legislature.

Sincerely,



Jay S. Hammond
Governor

February 15, 1983

The Honorable Mitchell E. Abood, Jr.
Chairman, House State Affairs Committee
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Chairman Abood:

Re: HB 101

As requested by the House State Affairs Committee, the Department of Environmental Conservation, Representative Barbara Lacher's staff, and the Alaska Municipal League met to discuss the amendments proposed for House Bill 101. The Department proposed four amendments to HB 101 in its testimony before the committee on February 11, 1983. Mr. Robert Harris, testifying for Representative Lacher, objected to three of these amendments. During our discussions we were successful in reconciling our differences on two of the three objections.

All parties now support amendments 1, 2, and 4 to HB 101, which, if adopted, will match similar changes made to SB 21.

AMENDMENT #1 - Add Section 3, AS 46.03.030(d) to read:

The Department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs [ESTABLISHED IN A CONSTRUCTION CONTRACT] which are necessary for the construction of a project, but do not include the cost of interest in financing and right-of-way acquisition, or costs related to operation, maintenance, repair or replacement of a project. Eligible costs include the costs of the initial purchase of water delivery and sewage collection vehicles if the water delivery and sewage collection vehicles are determined by the department to be cost effective compared with conventional water supply and sewage collection systems. Eligible costs also include the cost of facilities for the maintenance and storage of these vehicles.

AMENDMENT #2

Delete the following clause in Section 2, AS 46.03.030(e) beginning on page 1, line 29; [INCLUDING COSTS OF OBTAINING FEDERAL WAIVERS FROM THE REQUIREMENT FOR SECONDARY TREATMENT PLANTS.] This provision is now obsolete since the time period for applying for these waivers has passed.

AMENDMENT #4

The addition to the statute contained on page 1 of the bill and beginning on line 16 with the word "If" is no longer relevant. It was originally included to provide a maximum State/federal funding ceiling of 87.5 percent when 75 percent federal grants were available from the U.S. Environmental Protection Agency. Since the EPA grants are being reduced to 55 percent in 1984 and other federal grants are scarce, this provision could probably be dropped. However, until the federal law change in 1984 it is possible for some communities to qualify for a combined State/federal grant of 92.5 percent. Deletion of the subject clause from the bill will make it possible for the higher participation.

AMENDMENT #3 - No agreement reached

Add a provision in Section 1, AS 46.03.030 after line 19, page 1. Total State funding, from all sources, shall not exceed 75 percent of eligible project costs not financed by the federal government. This provision prevents the municipal grants program from fully matching legislative appropriations, which would result in 100 percent project financing by the State. Requiring a minimum of 25 percent local funding will provide for more local project management.

We were unable to reach agreement on this proposed amendment. The Administration's philosophy to limit grant participation and extend the Department's resources does not match that of Representative Lacher. The committee's evaluation on the merits of this amendment will be required.

The undersigned agree that the above statements reflect their understanding of the agreement reached.

Representative Barbara Lacher
House of Representatives

Keith Kelton, Director
Facility Construction and Operation
Department of Environmental Conservation

b.c. Jenny Skelton



TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

January 25, 1983

To: Senate Community and Regional Affairs Committee

From: Ginny Chitwood, AML Executive Director

Re: SB 21 - Grants for Water Supply, Sewerage, and Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of SB 21, increasing the state share of construction grants for community water supply, sewerage, and solid waste facilities from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the 50% local match required by the current programs.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and taxpayers by reducing local improvement district (LID) payments. Additionally, none of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not eligible as federal income tax deductions, nor are monthly charges for water, sewer, and solid waste services.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them, but because they are mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Most areas of the state are way behind the rest of the country in having basic water supply, sewerage disposal, and solid waste facilities. Expanding the state's construction grants program is a means to accelerate the process of "catch-up". Because this is a matching grants program, an expenditure by the state will generate an increased amount of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require state operating assistance.

POSITION PAPER ON SENATE BILL 21
by the
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
Before the
SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE
January 25, 1983

Senate Bill No 21 amends existing statute AS 46.03.030. This statute authorizes the Department of Environmental Conservation to award grants up to 50 percent of the eligible costs for water, sewerage, and solid waste facilities. The primary purpose of the amendment is to increase the State's grant percentage from 50 to 75 percent. The bill also provides for an effective date.

This bill contains the same major provisions as SB 252 which passed the Legislature last year and was vetoed by Governor Hammond due to several minor provisions not found in SB 21. In his veto statement Governor Hammond stated his support for the basic legislation and his intent to recommend that the new administration reintroduce the bill this session. The Sheffield administration also supports the concept and has directed the Department of Law to draft a bill raising the grant funding percentage. The administration's proposed bill differs slightly from SB 21 but both contain the same major provisions.

The Department supports this legislation for several reasons:

- 1) Small municipalities are often unable to raise the 50 percent local match required under the existing statute. The proposed amendment will allow many of these municipalities to improve their basic sanitation services.

- 2) Federal matching grants have been drastically reduced. Adoption of SB 21 with the accompanying fiscal note will help offset the impact of decreased federal revenues.
- 3) Alaska's residents will receive a nontaxable financial benefit. An increase in State funds will reduce LID and property assessments, thereby providing a financial benefit. Since there is no direct monetary gain for the taxpayer, there can be no increase in their federal income tax.

The Department respectfully recommends that the committee consider four amendments to SB 21, which will make the Bill consistent with the administration's proposal. We request that SB 21 be amended as follows.

- 1) Add Section 3, AS 46.03.030(d) to read:

The Department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs [ESTABLISHED IN A CONSTRUCTION CONTRACT] which are necessary for the construction of a project, but do not include the cost of interest and financing and right-of-way and land acquisition, or costs related to operation, maintenance, repair or replacement of a project. Eligible costs include the costs of the initial purchase of water delivery and sewage collection vehicles if the water delivery and sewage collection vehicles are determined by the department to be cost effective compared with conventional water supply and sewage collection systems. Eligible costs also include the cost of facilities for the maintenance and storage of these vehicles.

- 2) Delete the following clause in Section 2, AS 46.03.030(e) beginning on page 1, line 29; [INCLUDING COSTS OF OBTAINING FEDERAL WAIVERS FROM THE REQUIREMENT FOR SECONDARY TREATMENT PLANTS.] This provision is now obsolete since the time period for applying for these waivers has passed.

- 3) Add a provision in Section 1, AS 46.03.030 after line 19, page 1.
Total State funding, from all sources, shall not exceed 75 percent of eligible project costs not financed by the federal government.
This provision prevents the municipal grants program from fully matching appropriations, which would result in 100 percent project financing by the State. Requiring a minimum of 25 percent local funding will provide for more local project management.

- 4) The addition to the statute contained on page 1 and beginning on line 16 with the word "If" is probably no longer relevant. It was originally included to provide a maximum State/federal funding ceiling when 75 percent federal grants were available from the U.S. Environmental Protection Agency. Since the EPA grants are being reduced to 55 percent in 1984 and other federal grants are scarce, this provision could probably be dropped.

Adoption of SB 21 will result in construction of projects that would not have been built under the 50 percent funding program. As a practical matter, however, there is no means by which we can reliably predict which projects

will be affected or their costs. The attached fiscal note estimates that if the base level of funding remains constant at \$30.0 million per year, the effect of this bill will be approximately \$19.5 million in FY-84.

Thank you for the opportunity to present these comments. I will be happy to address any questions you may have.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 16, 1982

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. II, sec. 15, of the Alaska Constitution, I have vetoed House Committee Substitute for Committee Substitute for Senate Bill 252 (Fin) am H, relating to grants for water supply, sewerage and solid waste facilities; and providing for an effective date. While I support the basic thrust of this bill - increasing the state's grant proportion of water, sewer and solid waste facilities - there are several provisions which are objectionable.

The bill would allow replacement of obsolete facilities to be grant eligible. In the past, the Department of Environmental Conservation has funded only new construction, expansion, and modification of facilities. Replacement of obsolete facilities should be funded by revenues accumulated from user charges. In this way, communities and users are encouraged to provide adequate operation and maintenance or they will foot the bill for costs to replace projects which have become "obsolete" through neglect.

The bill would also apparently allow funding of water delivery and honey bucket collection vehicles. The Attorney General has ruled that these vehicles cannot be eligible for funding through general obligation bond financing, as the Constitution restricts general obligation bonds to capital projects. General fund moneys could be used for vehicles; however, the principle source of funds for water and sewer projects has been general obligation bonds.

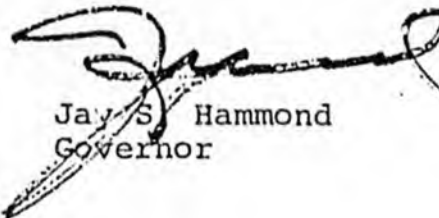
Finally, the bill would mandate that the Department of Environmental Conservation provide grants to communities with village safe water projects to assist in operation and maintenance of those projects. Presently, the authority to provide those grants is contained in the Village Safe Water Act and is discretionary. If the department determines that

a community must have a state grant for the project to survive, and if the operation is sufficiently cost-efficient and funds are available, the department can fund grants to these villages. The proposed revisions would mandate these grants regardless of the community's ability to pay, the operating history of the project, or how well it is run. To the extent possible, these projects should pay their own way without relying on the state to subsidize them.

A veto of this bill would have little effect over the next year. No funds were appropriated by the legislature to implement the provisions of the bill; in fact, the Department of Environmental Conservation does not have sufficient funds to amend grants under the existing formula to the extent it has grant applications. There is also no funding available for operation and maintenance grants to communities with village safe water facilities.

I am requesting the Commissioner of Environmental Conservation to work on draft legislation addressing these issues for me to consider for submittal to the next legislature.

Sincerely,



Jay S. Hammond
Governor



TELEPHONES
907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

January 25, 1983

To: Senate Community and Regional Affairs Committee

From: Ginny Chitwood, AML Executive Director

Re: SB 21 - Grants for Water Supply, Sewerage, and Solid Waste Facilities

The Alaska Municipal League urges your favorable consideration of SB 21, increasing the state share of construction grants for community water supply, sewerage, and solid waste facilities from 50% to 75% of the non-federal share.

Public Health Needs: Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for many areas to raise the 50% local match required by the current programs.

Relief for Property Owners: The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and taxpayers by reducing local improvement district (LID) payments. Additionally, none of the state assistance dollars under this program will result in increased federal tax payments, as is the case with many of the other state revenue distribution plans. LID payments, as opposed to property and sales tax payments, are not eligible as federal income tax deductions, nor are monthly charges for water, sewer, and solid waste services.

Mandated Costs: Many of the municipal water, sewer, and solid waste projects have costly additional features, not because communities want them, but because they are mandated by federal and/or state laws and regulations. It seems only fair that a large portion of the mandated cost be borne by other than local residents.

Most areas of the state are way behind the rest of the country in having basic water supply, sewerage disposal, and solid waste facilities. Expanding the state's construction grants program is a means to accelerate the process of "catch-up". Because this is a matching grants program, an expenditure by the state will generate an increased amount of capital projects throughout the state. The new facilities will be maintained by the local governments and utility districts and will not require state operating assistance.

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
FACILITY CONSTRUCTION AND OPERATION DIVISION
STATUS REPORT
OF
MUNICIPAL GRANTS PROGRAM

April 1982

MUNICIPAL GRANTS

The municipal Grants Program is authorized by AS 46.03.030. This program provides grants up to 50 percent of the nonfederally financed costs for water, sewerage, and solid waste improvements. These grants may be used to pay for engineering, construction, legal, administrative and equipment costs. Grants are available only to incorporated municipalities. The State does not provide any operation and maintenance support beyond technical assistance.

Project scope, scheduling, and funding are left to local determination. The Department does not attempt to second-guess the validity or local priority of requested grants. The Department is concerned with approval of construction plans and specifications, contract documents for engineering design and for construction. Progress payments and interim construction inspections are made during the course of the project. Grantees' final project costs are audited by the Department. The emphasis of the program is to minimize grant requirements with the grantees responsible for the majority of project administration.

Funding for this program has been provided by general obligation bonds approved by the voters. Bonds totaling \$112.5 million have been authorized in 1970, 72, 76, 78, and 80. Grants are awarded on a first-come, first-serve basis, subject to the availability of funds. No priority system is presently utilized in awarding these grants.

The program has currently obligated all but approximately \$1.0 million of the bonds approved by the voters. This \$1.0 million is being held in reserve to fund grant increases due to change orders for existing projects under construction. We are in receipt of approved grant applications totaling nearly \$18.7 million, which we are unable to fund at this time. The projects will be funded in the order that applications were approved, subject to the availability of funds. A list of these projects is attached.

The Governor's capital budget request obtains \$10.0 million in general funds that will be available this summer, subject to approval by the Legislature. An additional \$40.0 million is proposed for voter approval in this fall's general election. As can be noted, general fund approval of \$10.0 million by the Legislature will result in over \$8.0 million of projects that cannot be constructed this summer. Delaying these projects by a year will result in approximately a 15 percent increase due to inflation.

It is our estimate that to fully meet the needs of grantees for the 1982 construction season, \$25.0 million will be required and should be available no later than June 1. The balance of program funding requirements could then be met by voter approval of bonds in the 1982 general election. It is estimated that an additional \$50.0 million will need to be approved for FY-83 & 84 if the grants program is to fully respond to the public's demand for sanitation improvements.

If funding is unavailable at the estimated levels of need, we propose to develop a priority system considering public health, benefiting population, and level of existing services. If this occurs, all grantees will be asked to submit their project applications by a specified date for the full calendar year. The projects would then be ranked in accordance with the priority system.

PENDING GRANTS

<u>Project</u>	<u>Date Received</u>	<u>Grant Amount</u>	<u>Date Funded</u>
Anchorage - SD 81-1 Fire Hydrants	12-16-81	\$ 425,520	
W81-13 Dowling Rd Water	12-16-81	100,950	
S81-20 Brown's LID	12-16-81	103,000	
S81-21 AERO LID 112	12-16-81	272,550	
S81-22 Stella LID 112	12-16-81	107,850	
Kotzebue - Water Transmission	12-21-81	232,380	
Water System Exp.	12-21-81	248,320	
Sewer System Exp.	12-21-81	1,153,800	
Ketchikan - Karlanna/Hawkins S/D	12-24-81	90,800	
Anchorage - S81-26 Abbot Loop Manor LID 132	12-31-81	292,650	
S81-18 Original LID 117	12-31-81	45,050	
Ketchikan - Penstock Ktn Lakes	1-11-81	19,320	
> Seward - Terminal Water & Sewer SW82-1	1-22-82	1,562,657	
Anchorage - W82-3 Univ. Drive 16" Water	1-26-82	50,950	
W82-4 Ship Avenue Water	1-26-82	20,900	
S82-1 Shackleton LID Sewer	1-26-82	70,500	
S82-2 Alpine Village LID Sewer	1-26-82	238,200	
S82-3 Zodiac LID Sewer	1-26-82	60,250	
S82-4 Fire Lk Int. Phase III	1-26-82	120,694	
W82-2 Northern Lights Water	1-26-82	103,100	
> Houston - Sanitary Landfill	2-11-82	30,000	
Anchorage - W82-6 Ship Creek Water Plant Exp.	2-19-82	4,580,850	
W82-5 Ingra St 16" Water 11th-15th	2-19-82	109,619	
Skagway - Solid Waste	2-21-82	211,610	
Water Storage Tank	2-21-82	269,000	
Sitka - Water Storage Tank	2-22-82	1,192,500	
Water Storage Tank	2-22-82	1,186,050	
> Valdez - Solid Waste Landfill	2-22-82 (permit)	210,876	
Juneau - Vanderbilt Hill Water	2-23-82	616,431	
- Lemon Road Water	2-23-82	524,173	
Skagway - Water System	2-24-82	628,000	
Juneau - Bayview S/D	2-26-82	684,600	

PENDING GRANTS

Page 2

<u>Project</u>	<u>Date Received</u>	<u>Grant Amount</u>	<u>Date Funded</u>
>Valdez - Pioneer/Chitina Dr W & S	3-09-82	\$ 233,973	
Sitka - Car Smasher	3-12-82	11,160	
Sand Point- Meadows S/D Phase I	3-24-82	1,867,800	
Soldotna - Kobuk	3-25-82	383,906	
Kake - Water Dist. Loop	3-30-82	122,305	
Nome - Increase 82 Water & Sewer	4-01-82	<u>504,236</u>	
		\$18,686,530	

Alaska MUNICIPAL League

TELEPHONES
907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 26, 1981

to: Senate Community & Regional Affairs Committee

from: Ginny Chitwood

re: SB 252 - Grants for Water Supply, Sewerage, and Solid
(AB 101) Waste Facilities

Alaska Municipal League urges your favorable consideration of SB 252, increasing the state share of construction grants for community water, sewer, and solid waste projects from 50% to 75% of the non-federal share. In looking at various ways to distribute the state's revenues, this proposal should rank high on the list for many reasons:

1.-Public Health Needs. Adequate and clean water, sanitary sewer, and solid waste disposal are basic public health issues that, for the most part, cannot be addressed on an individual basis. Because total costs of these projects are very large, it is hard for most areas to raise the current 50% local match.

2.-Relief for Property Owners. The local share of water and sewer projects traditionally is paid by assessments on local property, not by general municipal taxation. Increasing the state share will provide direct relief to property owners and tax payers by reducing local improvement district (LID) payments.

3.-Federal Income Tax. None of the state assistance dollars under this program will result in increased federal income tax payments, as is the case with many of the other distribution proposals. LID payments, as opposed to property and sales tax payments, are not deductible, nor are monthly charges for water, sewer, and solid waste services.

4.-Price of Land. A big issue for the last couple of years has been the high cost of land. One reason for these high prices in developable suburban areas is the high cost of installing necessary water and sewer systems. Increasing state participation in providing these systems will help to lower the cost of making land available for use. For example, it costs an average of \$13,000 per lot in Ketchikan to provide sewerage under the current state construction grants program. In Juneau, the per lot assessment for a proposed water system would drop from \$1,217.19 to \$608.65 for the smallest lot in the project and from \$8,318.70 to \$4,159.35 for the largest lot if the state share is increased to 75%.

5.-Mandated Costs. Many of the municipal water, sewer, and solid waste projects are constructed not because communities

want them but because they are mandated by federal and/or state laws. It seems only fair that a large portion of the mandated costs be borne by other than the local residents.

At one time it was feared that an increase in the state share would be a disincentive for municipalities to seek federal funds, thus increasing even more the cost to the State. It has since been determined that in many cases, "jumping through the hoops" for federal funds increases project costs so high as to negate the benefits of those funds. In addition to the extras required by the feds, the inflationary increases in the two extra years required for federal processing add tremendously to the cost of a project. In contrast, the Alaska Department of Environmental Conservation has an excellent record of timely processing applications.

hibit and prevent unnecessary radiation."

The 1981 amendment added subparagraph (I) in paragraph (10).

Editor's notes. — Section 10, ch. 172, SLA 1978, provides: "Regulations adopted under authority of statutes repealed or

amended by this Act shall remain in effect until repealed by the Department of Environmental Conservation in consultation with the Department of Health and Social Services."

Sec. 46.03.030. Grants for water supply, sewerage and solid waste facilities. (a) Repealed by § 19 ch 220 SLA 1976.

(b) The department may grant to a municipality, as funds are available, up to 50 percent of eligible costs 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 (d) of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

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

(d) The department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs established in a construction contract which are necessary for construction of a project, but do not include the cost of interest and financing and right-of-way acquisition, or costs related to operation, maintenance, repair or replacement of a project.

(e) The department may grant to a municipality not more than 50 percent of the eligible costs, including costs of obtaining federal waivers from the requirement for secondary treatment plants, which are not paid for by the federal government for solid waste processing or disposal facilities constructed after July 1, 1980. However, the department may grant a municipality up to 60 percent of the eligible costs not paid for by the federal government for a solid waste processing or disposal facility constructed after July 1, 1980, if the facility is used for resource recovery. The eligible costs of a solid waste processing or disposal facility are determined by the federal agency granting the most monetary assistance for construction of the facility. For a solid waste processing or disposal facility for which federal money is not available, the department shall determine the eligible costs in accordance with (d) of this section. A municipality shall construct solid waste processing or disposal facilities financed by grants under this section according to plans and specifications approved by the department. (§ 3 ch 120 SLA 1971; am §§ 2, 19 ch 220 SLA 1976; am §§ 30, 31 ch 168 SLA 1978; am §§ 1-4 ch 163 SLA 1980)