

HB

650

SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER:

CS HB 650 (Loans)

BILL NAME:

State loan and grant programs

SPONSOR(S):

HSC - State Loans

RELATED BILLS PENDING:

DATE INTRODUCED:

3/22/84

REFERRALS:

Resources  
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR  
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR  
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE  
SUBSTITUTES DRAFTED:

\*Eliason per amendments

contact Rose Palmquist 561-5280

contact Alerie Stanton (Uehling's Loan Committee) for back-up

notify Richard Hanson, Tingit-Haida Gov. Relations 586-1432  
Kent Dawson

Kerttula

Offered: 3/22/84  
Referred: Finance

Original sponsor: House Special Committee  
on State Loans

Funding Information

General Fund \$152,000,000  
Other Funds 500,000  
\$152,500,000

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 650 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL.

6 For an Act entitled: "An Act making special appropriations for certain  
7 state loan and grant programs; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$16,000,000 is appropriated from the general  
11 fund to the Alaska housing finance revolving fund (AS 18.56.082).

12 \* Sec. 2 The sum of \$45,000,000 is appropriated from the general fund  
13 to the housing assistance loan fund in the Department of Community and  
14 Regional Affairs for non-conforming, rural, and non-owner occupied housing  
15 loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the  
16 home ownership assistance fund (AS 44.47.382).

17 \* Sec. 3 The sum of \$2,000,000 is appropriated from the general fund  
18 to the division of housing assistance in the Department of Community and  
19 Regional Affairs for a grant from the senior citizens' housing development  
20 fund for the Chugach View Senior Citizen Facility.

21 \* Sec. 4. The sum of \$2,000,000 is appropriated from the general fund  
22 to the division of housing assistance in the Department of Community and  
23 Regional Affairs for a grant from the senior citizens' housing development  
24 fund for the Norton Sound Health Corporation Senior Citizen Facility at  
25 Nome.

26 \* Sec. 5. The sum of \$7,000,000 is appropriated from the general fund  
27 to the division of housing assistance in the Department of Community and  
28 Regional Affairs for grants from the senior citizens' housing development  
29 fund.

S. Fin  
HB 511

Sec 17

Sec 16

Sec 19

Sec 23

Sec 21

10,900,000

*Sec 22*  
\* Sec. 6. The sum of \$9,500,000 is appropriated from the general fund  
2 to the division of investments, Department of Commerce and Economic Devel-  
3 opment, for the following purposes in the following amounts:

4	alternative technology and energy loan	\$2,400,000
5	program (AS 45.88)	\$1,000,000
6	commercial fishing loan program (AS 16.10.-	
7	300 - 16.10.370)	3,500,000
8	fisheries enhancement loan program	
9	(AS 16.10.500 - 16.10.620)	5,000,000

*Sec 23*  
\* Sec. 7. The sum of \$5,000,000 is appropriated from the general fund  
11 to the Department of Natural Resources for loans from the agricultural  
12 revolving loan fund (AS 03.10.040).

*Sec 24*  
\* Sec. 8. The sum of \$500,000 is appropriated from the general fund to  
14 the Alaska grain reserve loan fund (AS 03.12.040).

*Sec 25*  
\* Sec. 9. The sum of \$60,000,000 is appropriated from the general fund  
16 to the scholarship revolving loan fund (AS 14.40.751) for the student loan  
17 program.

*Sec 26*  
\* Sec. 10. The sum of \$500,000 in federal program receipts for student  
19 loans and scholarships is appropriated to the scholarship revolving loan  
20 fund (AS 14.40.751) for the student loan program.

*am # 3*  
\* Sec. 11. The sum of \$5,000,000 is appropriated from the general fund  
22 to the Department of Community and Regional Affairs for grants from the low  
23 cost and low income multiple family housing development fund (AS 44.47.-  
24 635).

\* Sec. 12. The appropriations made by this act are for the capitaliza-  
26 tion of loan and grant funds and do not lapse in accordance with AS 37.-  
27 25.010.

\* Sec. 13. This Act takes effect immediately in accordance with AS 01.-  
28 10.070(c).  
29

OF COUNSEL  
M. E. MONAGLE

ROBERTSON, MONAGLE, EASTAUGH & BRADLEY

R. E. ROBERTSON (1885-1961)  
F. O. EASTAUGH  
J. B. BRADLEY  
WILLIAM G. RUDDY  
JAMES F. CLARK  
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J. P. TANGEN  
HAROLD E. SLOW, JR.  
D. ELIZABETH CUADRA  
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April 20, 1984

JUNEAU OFFICE

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The Honorable Bettye M. Fahrenkamp, Chairman  
Senate Resources Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Re: CS HB 650

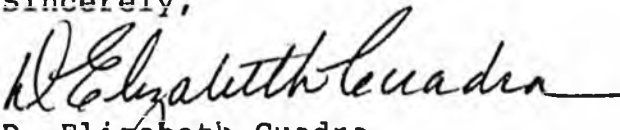
Dear Senator Fahrenkamp:

This will confirm that the City of Craig does in fact support the construction of the proposed Craig/Klawock intertie, and does request a Senate amendment to the subject bill that would include \$1.11 million in loan funds toward construction of the intertie.

We agree with the background information set forth in the April 18 letter to you from Loren J. Karro, Assistant Manager of Tlingit-Haida Regional Electrical Authority, in every respect.

If there is further information you or your staff would like to have on this matter, please feel free to contact David R. Palmer, City Administrator, City of Craig, phone 826-3275.

Sincerely,

  
D. Elizabeth Cuadra  
City Attorney, City of Craig

DEC:sd

cc: David R. Palmer  
Loren J. Karro

APR 23 1984



Official Business

# Alaska State Legislature

## Senate

### Office of the President

Pouch V  
State Capitol  
Juneau, Alaska 99811

#### MEMORANDUM

TO: Senator Bettye Fahrenkamp  
Chairman, Senate Committee on Resources

FROM: Senator Jay Kerttula  
Senate President

SUBJECT: CS HB 650 (Loans)

DATE: April 4, 1984

A handwritten signature in cursive script, appearing to read "Jay", written in black ink.

This morning I referred House Bill 650 to the Resources Committee for review.

The House approved the sum of \$5,000,000 to be appropriated to the Department of Natural Resources for the Agriculture Revolving Loan Fund. This is a 50% funding of the Governor's request. If this cut is maintained, it will severely impact agriculture development. The industry cannot afford to have a cutback of this magnitude at this stage of development.

*SANDBORN*

Please restore the appropriation to the \$10 million requested by the Administration and needed by the industry.

Thank you very much for your assistance.

*YH McKenzie*

APR 10 1984

3743 Rodey  
Jim Kelly

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 511 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for the operating and  
7 capital expenses of state government; and providing  
8 for an effective date."

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

10 \* Section 1. Included within the general fund amounts appropriated  
11 according to the schedules in this Act, the following amounts are from the  
12 unreserved special accounts in the general fund:

	Operating
14 Highway Fuel Tax Account	\$24,000,000
15 Aviation Fuel Tax Account	6,000,000

16 \* Sec. 2. Federal or other program receipts that exceed the amounts  
17 appropriated in this Act are appropriated conditioned upon compliance with  
18 the program review provisions of AS 37.07.080(h).

19 \* Sec. 3. If federal or other program receipts exceed the estimates  
20 appropriated by this Act, the appropriation from state funds for the af-  
21 fected program may be reduced by the amount of the excess if the reductions  
22 are not inconsistent with applicable federal statutes.

23 \* Sec. 4. If federal or other program receipts fall short of the esti-  
24 mates appropriated by this Act, the affected appropriation shall be reduced  
25 by the amount of the shortfall in receipts.

26 \* Sec. 5. Amounts equivalent to the amounts to be received in settle-  
27 ment of insurance claims for property losses are appropriated from the  
28 general fund to the affected agency for the purpose of replacing the facil-  
29 ity or service lost as a result of the incident giving rise to the

1 insurance claim.

2 \* Sec. 6. The amount required to pay interest on revenue anticipation  
3 notes issued by the commissioner of revenue under AS 43.08.010 is appropri-  
4 ated from the general fund to the Department of Revenue.

5 \* Sec. 7. The amount required to be paid by the state for the principal  
6 of and interest on all issued and outstanding state guaranteed bonds is  
7 appropriated from the general fund to the state bond committee to make all  
8 payments by the state required under its guarantee for principal and inter-  
9 est.

10 \* Sec. 8. The sum of \$95,000,000 is appropriated from the general fund  
11 to the Department of Education for school bond debt retirement.

12 \* Sec. 9. The sum of \$5,565,600 is appropriated from the international  
13 airports revenue fund to the state bond committee for payment of debt  
14 service and trustee fees.

15 \* Sec. 10. The sum of \$2,000,000 is appropriated from the general fund  
16 to the Department of Revenue for costs associated with the Oil and Gas  
17 Corporate Income Tax Case (Arco v. State) and oil and gas properties pro-  
18 duction tax cases for fiscal year 1985 and succeeding fiscal years.

19 \* Sec. 11. The sum of \$250,000 is appropriated from the general fund to  
20 the oil spill mitigation account (AS 46.03.758(k)) for the oil pollution  
21 control program.

22 \* Sec. 12. The income of the Alaska permanent fund allocated annually  
23 to pay permanent fund dividends as provided in AS 43.23.045(b) is appropri-  
24 ated to the dividend fund (AS 43.23.045(a)) for the payment of the 1984  
25 permanent fund dividend.

26 \* Sec. 13. The sum of \$7,985,700 is appropriated to the dividend fund  
27 (AS 43.23.045) from the net income of the Alaska permanent fund earned  
28 during the fiscal year ending June 30, 1983, for the payment of the 1984  
29 permanent fund dividend.

1 \* Sec. 14. The sum of \$10,442,000 is appropriated from the general fund  
2 to the Department of Education for the Tobeluk Consent Decree to be al-  
3 located as follows:

4 Akutan	677,000
5 Beaver	1,705,000
6 Birch Creek	250,000
7 Chalkyitsik	250,000
8 False Pass	785,000
9 Hooper Bay	600,000
10 Oscarville	275,000
11 Russian Mission	500,000
12 Stevens Village	500,000
13 Wales	1,700,000
14 Mentasta	1,600,000
15 Tetlin	1,600,000

16 \* Sec. 15. (a) The sum of \$1,000,000 is appropriated from the general  
17 fund to the Department of Transportation and Public Facilities, office of  
18 the commissioner, for the purpose of paying costs of extraordinary expenses  
19 incurred by the department for statewide emergency removal of snow and ice.

20 (b) Before an expenditure is made under the appropriation made by  
21 this section, the commissioner of the Department of Transportation and  
22 Public Facilities shall submit the proposed expenditure to the Legislative  
23 Budget and Audit Committee for review and comment along with a written  
24 statement of reasons for authorizing the expenditure.

25 \* Sec. 16. The unexpended and unobligated portion of the appropriation  
26 made in sec. 15 of this Act lapses into the general fund June 30, 1985.

27 \* Sec. 17. The sum of \$16,000,000 is appropriated from the general fund  
28 to the Alaska housing finance revolving fund (AS 18.56.082).

29 \* Sec. 18. The sum of \$45,000,000 is appropriated from the general fund

*cover urban housing too?*

1 to the housing assistance loan fund in the Department of Community and  
2 Regional Affairs for non-conforming, rural, and non-owner occupied housing  
3 loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the  
4 home ownership assistance fund (AS 44.47.382).

5 \* Sec. 19. The sum of \$2,000,000 is appropriated from the general fund  
6 to the division of housing assistance in the Department of Community and  
7 Regional Affairs for a grant from the senior citizens' housing development  
8 fund for the Chugach View Senior Citizen Facility.

9 \* Sec. 20. The sum of \$2,000,000 is appropriated from the general fund  
10 to the division of housing assistance in the Department of Community and  
11 Regional Affairs for a grant from the senior citizens' housing development  
12 fund for the Norton Sound Health Corporation Senior Citizen Facility at  
13 Nome.

14 \* Sec. 21. The sum of \$7,000,000 is appropriated from the general fund  
15 to the division of housing assistance in the Department of Community and  
16 Regional Affairs for grants from the senior citizens' housing development  
17 fund.

18 \* Sec. 22. The sum of \$10,900,000 is appropriated from the general fund  
19 to the division of investments, Department of Commerce and Economic Devel-  
20 opment, for the following purposes in the following amounts:

21	alternative technology and energy loan	
22	program (AS 45.88)	\$2,400,000
23	commercial fishing loan program (AS 16.10.-	
24	300 - 16.10.370)	3,500,000
25	fisheries enhancement loan program	
26	(AS 16.10.500 - 16.10.620)	5,000,000

27 \* Sec. 23. The sum of \$5,000,000 is appropriated from the general fund  
28 to the Department of Natural Resources for loans from the agricultural  
29 revolving loan fund (AS 03.10.040).

1 \* Sec. 24. The sum of \$500,000 is appropriated from the general fund to  
2 the Alaska grain reserve loan fund (AS 03.12.040).

3 \* Sec. 25. The sum of \$60,000,000 is appropriated from the general fund  
4 to the scholarship revolving loan fund (AS 14.40.751) for the student loan  
5 program.

6 \* Sec. 26. The sum of \$500,000 in federal program receipts for student  
7 loans and scholarships is appropriated to the scholarship revolving loan  
8 fund (AS 14.40.751) for the student loan program.

9 \* Sec. 27. The appropriations made by secs. 17 - 26 of this Act are for  
10 the capitalization of loan and grant funds and do not lapse in accordance  
11 with AS 37.25.010.

12 (SECTION 28 BEGINS ON PAGE 7)  
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AMENDMENTS MADE BY SENATE FINANCE TO SCS CSHB 511 (Finance)

1. Communicable Disease Control: Increase full time positions from 25.0 to 26.0.
2. Delete Section 12 of front section (Permanent Fund Dividend appropriations).
3. Addition of \$5 million appropriated to the Department of Community and Regional Affairs for the Low Income Multiple Family Loan Program.
4. <sup>Allocated</sup> ~~Addition~~ of \$800,000 to the Legislature's budget to be allocated among the 8 standing committees with the exception of the Finance Committee.
5. Adopted of intent language under Foundation Funding in Department of Education regarding cost of living increases for superintendents who do not reside in the district by which they are employed.

CITY OF THORNE BAY  
P.O. BOX 110  
THORNE BAY, ALASKA 99950  
(907) 828-3380

Sec 7

*SAMPRA*

*Eliason*

April 19, 1984

Senator Bettye Fahrenkamp  
Chairman, Senate Resources Committee  
Pouch V, M/S 300  
Juneau, Alaska 99811

Dear Senator Fahrenkamp,

I urge you to favorably consider the addition of Thorne Bays' Generator Loan Request included in HB 650 when it reaches your committee. This appropriation to the Alaska Power Authorities Power Project Loan Fund would correct an emergency situation currently being faced by the City of Thorne Bay, which owns and operates the Electric Utility in Thorne Bay.

This is the second year we have made this request and have Alaska Power Authorities support for this project. The amended priority list for the City reflects this project as number one.

Sincerely yours,

*Denis M. Kuntz*

Denis M. Kuntz  
Mayor

Enclosure

cc: Senator Richard Eliason  
Representative Peter Goll

DMK/slc

APR 27 1984

RESOLUTION 84-04-19-01

Capital Works Projects and Priorities

WHEREAS, The community of Thorne Bay was established in 1961 as a logging camp by Ketchikan Pulp Company; and,

WHEREAS, The City of Thorne Bay was incorporated as a City of the second class on July 13, 1982; and,

WHEREAS, Dynamic changes in the economic growth and opportunity of Thorne Bay necessitate a flexible Capital Improvement Program; and,

WHEREAS, The development of adequate public services to the existing townsite is an immediate short term priority; and,

WHEREAS, The development of the Tolstoi Industrial Park and related Port Facility is crucial to the survival and growth of the cities of Thorne Bay and Kasaan; and,

WHEREAS, An indepth and comprehensive planning and design effort is needed to assure economic growth and the creation of jobs for the citizens of Thorne Bay.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Thorne Bay, Thorne Bay, Alaska that the Thorne Bay Capital Works Program for FY 84/85 be amended as follows:

- Priority No. 1) Generator Loan  
2) Thorne Bay Municipal Project Planning & Design  
3) Sewer and Waer Treatment Plant Purchase and Upgrade  
4) Rainy Lane Utility Project  
5) Two small boat harbors  
6) Fire Station Renovation  
7) Tank Farm Purchase  
8) Prince of Wales Island Fairground

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF THORNE BAY, ALASKA, ON THIS 19 DAY OF APRIL 1984.

James A. Wilson  
Councilmember

H. J. Baxter Woodley  
Councilmember

Denis M. Kuntz  
Denis M. Kuntz, Mayor

Jarvis R. Reese  
Councilmember

Leanda M. Bludman  
Councilmember

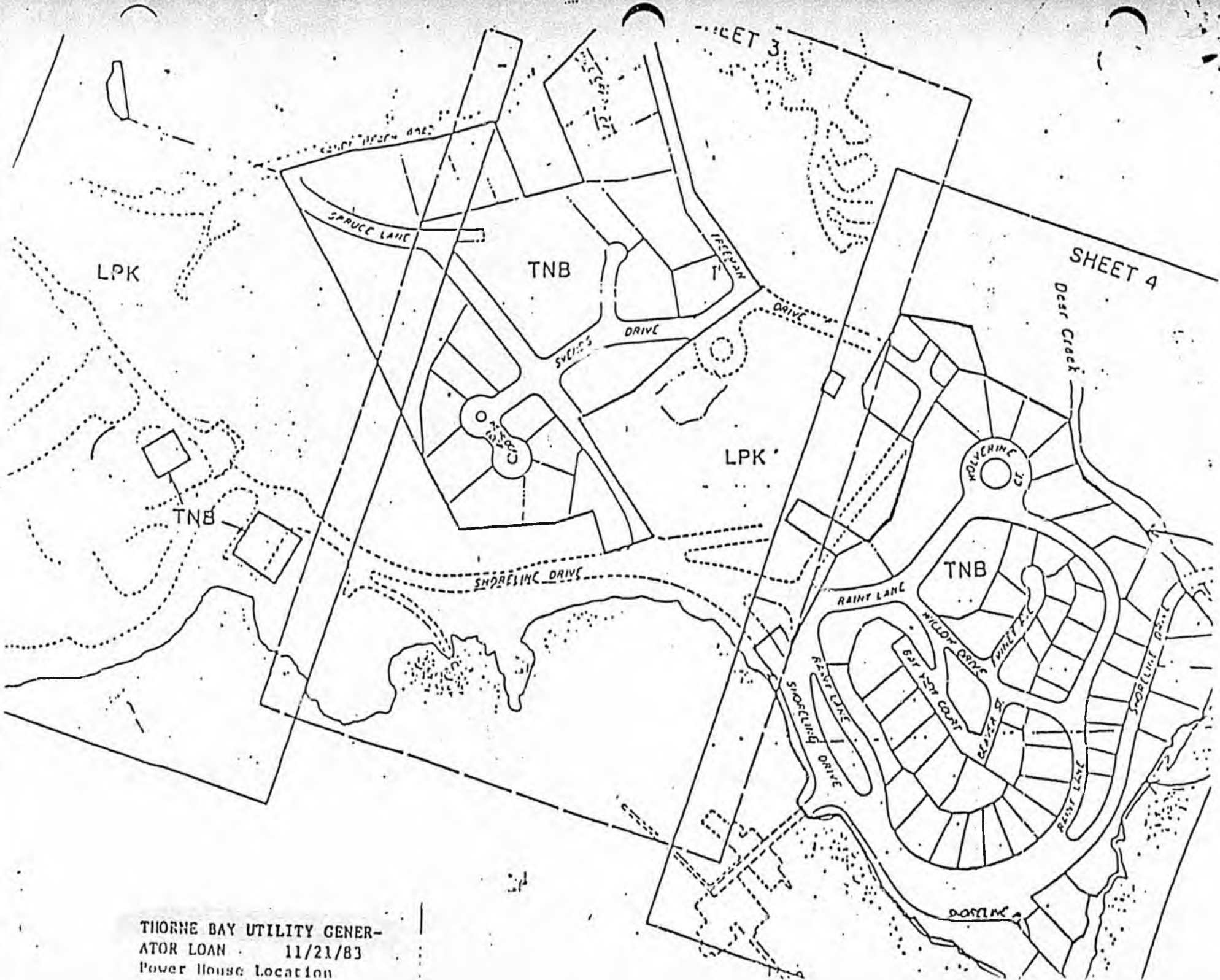
Resolution 84-04-19-01  
Capital Works Projects and Priorities

Bill McBarry  
Councilmember

Mary Lee Swann  
Councilmember

ATTEST:

Susan L. Chapin  
Susan L. Chapin, City Clerk



THORNE BAY UTILITY GENER-  
ATOR LOAN 11/21/83  
Power House Location

Loans Budget

CS HB 650 Sec 6

1. Fisheries Enhancement Loan Program addition of \$5,335,000 in general funds.

The Governor's original FY 85 budget request included no additional funding for the Fisheries Enhancement Loan Program with the intent that the Fisheries Mini-Cabinet should make a recommendation for program funding to be submitted as an FY 85 budget amendment. After an extensive review of anticipated program need in FY 85 for operating loans, capital improvements and new construction, it has been determined by the Mini-Cabinet that an additional \$5,335,000 in general funds will be required in FY 85. The Department of Commerce and Economic Development has prepared a detailed list of aquaculture associations identified for loans in FY 85 (copy enclosed).

2. Alaska Power Authority (APA) Power Project Loan for Thorne Bay in the amount of \$275,000 in general funds.

At its February 22, 1984 meeting, the APA Board of Directors was presented and approved a request in the amount of \$275,000 for a loan to the City of Thorne Bay from the Power Project Loan Fund. The purpose of the loan will be to purchase the City's existing electrical system from the Louisiana Pacific Corporation and to acquire a back-up diesel generator.

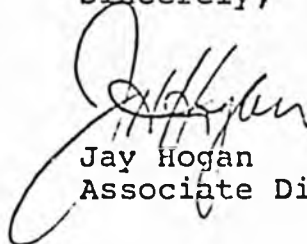
The City currently owes \$110,000 on its existing system which is drawing monthly payments of approximately \$1,050 pending the arrangement of long term financing. The City was incorporated in 1982, and was required at that time to purchase the electrical system, then owned by Louisiana Pacific Corporation. Because of its short period of existence and limited resources the City has requested this loan to reduce the financial burden of electrical generation on the residents of Thorne Bay.

Thorne Bay's existing electrical system consists of a 500 kilowatt generator, which has less than six months useful life remaining, without back-up. The unit previously used as a back-up is inoperative and cannot be overhauled. Furthermore, new loads which are coming on line will require additional capacity as soon as possible. The City is

March 8, 1984

planning to attempt to lease a 450 kilowatt diesel unit to provide power to the Forest Service and the Southeast Island School District. Availability of a State loan will enable the City of Thorne Bay to purchase the second diesel unit. Copies of the requests from the Alaska Power Authority and the City of Thorne Bay are enclosed.

Sincerely,



Jay Hogan  
Associate Director

ems/1669

Enclosures

cc: Senator Jalmar Kertulla  
President of the Senate

DRAFT

Funding Information

General Fund	91,275,000
Other Funds	1,375,000
	<u>92,650,000</u>

IN THE SENATE

BY THE RESOURCES COMMITTEE

SCS FOR CS FOR HOUSE BILL NO. 650 (Resources)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE - SECOND SESSION  
A BILL

For an Act entitled: "An Act making special appropriations for certain state loan and grant programs; and providing for an effective date.

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

\* Section 1. The sum of \$65,000,000 is appropriated from the general fund to the housing assistance loan fund in the Department of Community and Regional Affairs for non-conforming, rural and non-owner occupied housing loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the home ownership assistance fund (As 44.47.382).

\* Sec. 2. The sum of \$10,000,000 is appropriated from the general fund to the Department of Natural Resources for loans from the agricultural revolving loan fund (AS 03.10.040).

\* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to the Department of Natural Resources for the innovative gold recovery demonstration grant program and the placer mining water reduction loan program.

\* Sec. 4. The sum of \$2,000,000 is appropriated from the general fund to the Department of Environmental Conservation for the innovative pollution control demonstration grant program and the placer mining water recycling loan program.

\* Sec. 5. The sum of \$1,200,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Angoon.

\* Sec. 6. The sum of \$1,000,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Klawock.

\* Sec. 7. The sum of \$275,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to the City of Thorne Bay for the purchase and upgrade of the existing electric system in Thorne Bay.

\* Sec. 8. The sum of \$1,100,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to a qualified borrower to construct the Craig-Klawock electrical intertie.

\* Sec. 9. The sum of \$10,000,000 is appropriated from the general fund to the division of investments, Department of Commerce and Economic Development, for the fisheries enhancement loan program (AS 16.10.500 - 16.10.620).

\* Sec. 10. The appropriations made by this Act are for the capitalization of loan and grant funds and do not lapse in accordance with AS 37.25.010.

\* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.070(c).

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources SCS CS HB 650 (Resources)

Section 1 appropriates \$65 million (an increase over \$45 million contained in HB 511) for the Housing Assistance Loan Fund, which provides money to originate and purchase loans for rural housing and nonconforming urban housing. Based on past fiscal years' activities and loans in progress, the Department of Community and Regional Affairs projects financing approximately 726 new loans in FY 85, with \$65 million in new appropriation and \$1.95 in repaid principal and payoffs.

Sec. 2 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Agricultural Revolving Loan Fund. State agricultural land sale contracts include development requirements, for which loans from commercial sources are generally not available. The Department of Natural Resources anticipates loan demand of \$35 million in FY 85. As of April 25, 1984, \$12.7 million was available for loans from the fund.

Sec. 3 and 4 appropriate \$2 million to DNR for the innovative gold recovery grant program and the placer mining water reduction loan program, and \$2 million to DEC for the innovative pollution control grant program and the placer mining water recycling program. These programs will urge the development of new methods and procedures for gold recovery as a long range solution to the placer mining/water quality issue, and provide a source of needed information for making management decisions.

Sec. 5 and 6 provide funds for construction grants for senior citizen facilities in Klawock and Angoon. Both projects have received planning grants from the Senior Citizens' Housing Development Fund. Both projects have applied for HUD grants, which would provide a portion of the construction funds.

Sec. 7 appropriates \$275,000 as a loan for the purchase and upgrade of the existing electrical system in Thorne Bay. This community is dependent on diesel generation. The current generator has a six-month useful life remaining; no back-up system is available. This project has received a favorable recommendation from the Alaska Power Authority.

Sec. 8 appropriates \$1.1 million as a loan for construction of the Craig - Klawock electrical intertie. The tieline would allow the City of Craig to utilize the available excess capacity from Klawock's powerplant. This project has received a favorable recommendation from APA.

Sec. 9 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Fisheries Enhancement Loan Program, which provides loans for private non-profit hatcheries. The Department of Commerce and Economic Development anticipates loan demand of \$11.6 million in FY 85. The fund's current balance is \$11 million. A \$10 million loan currently in process will reduce the fund's balance to \$1 million.

Section 1

## FY'85 LOAN BUDGET SUMMARY

HOUSING ASSISTANCE LOAN FUND

\$66,950.0

The Housing Assistance Loan Fund was created to provide money to originate, purchase or participate in the purchase of loans for rural housing and nonconforming urban housing. Approximately 97% of all loans were made through a private financial institution and purchased by the Division. The remaining 3% were loans made directly to a borrower by the Division because no private financial institution was willing to service the borrower's area. The Division has total loans in excess of 1,500 which require computerized accounting. Payments are collected for 30 years and are received for principal, interest, taxes and insurance. Chapter 102, SLA 1983, Section 12, changed the fund to a revolving loan fund by allowing the Division to retain principal reductions which would include loan payoffs. In FY'85, less than 3% of the total funds available are resulting from principal repaid and the percentage will not increase markedly for the next 20 years when the loan amortization begins to favor larger principal reduction.

Based on past fiscal years' activities and loans in progress, the Division projects financing approximately 726 new loans in FY'85, with \$65.0 million in new appropriation and \$1.95 million in repaid principal and payoffs. By statute, a minimum of 80% of the funds will be utilized in rural Alaska with the remainder available for urban nonconforming properties. The Division is projecting 561 loans for rural housing and 165 loans for nonconforming housing in urban areas.

The \$54.96 million allocated to rural Alaskan properties in most cases represents the sole source of funds. These rural funds will construct approximately 228 new dwellings, finance the sale of 237 existing structures, renovate 60 existing structures and finance 160 rental units. It should be noted that the Division has made \$56.2 million in loans in FY'83 and has projected \$58.8 million for FY'84 with the potential to loan more if funds were made available. Both previous years reflect loan activities of about 28% above the general fund allocations, due to carry forward funding. However, the Division is not projecting any carry forward funding for FY'85.

It should be noted that the Division projects a demand for financing in FY'85 of \$77.2 million, and, at this level, the Division would only meet 30% of the demand. With very little other secondary financing available, many Alaskans could not enjoy the safety and affordability of housing now provided.



TITLE		LOCATION			AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT
HALF		STATEWIDE			85-1	Barbara Morse-Quinn - 272-4585
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND	56,200.0	66,700.0	77,200.0		TOTAL APPROPRIATIONS	140,000
TOTAL APPROPRIATIONS AND REQUESTS	45,000.0	45,000.0	65,000		TOTAL INTEREST RETAINED	-0-
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	*45,000.0	45,000.0	65,000		BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	140,000
GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? 2940.6 at SL 3	
OTHER						
TOTAL OTHER PROGRAM FUNDING	-0-	-0-	-0-		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES? 1048.7 program receipts at SL 3	
ESTIMATED CARRY FORWARD BALANCE	24,500.0	12,000.0				
INTEREST RETAINED			-0-			
PRINCIPAL REPAYED	-0-	1,800.0	1,950.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

The Housing Assistance Loan Fund was created to provide money to originate, purchase or participate in the purchase of loans for rural housing and nonconforming urban housing. Approximately 97% of all loans were made through a private financial institution and purchased by the Division. The remaining 3% were loans made directly to a borrower by the Division because no private financial institution was willing to service the borrower's area. The Division has total loans in excess of 1,500 loans which require computerized accounting. Payments are collected for 30 years and are received for principal, interest, taxes and insurance. Section 12, Chapter 102, SLA 1983 changed the fund to a revolving loan fund by allowing the Division to retain principal reductions which would include loan payoffs. In FY'85 less than 3% of the total funds available are resulting from principal repaid and the percentage will not increase markedly for the next 20 years when the loan amortization begins to favor larger principal reduction.

\*\$500.00 deposit - Title Loss Reserve Account

**L-1 LOAN PROGRAM DESCRIPTION**

AGENCY DCRA  
 CATEGORY Economic Development  
 PROGRAM Development  
 TITLE Housing Assistance

Page 1 of 5  
 Revised Date 10-4-83

**FY85 RECEIVED**  
 NOV 8 1983

000046

BUDGET REVIEW

Based on past fiscal years' activities and loans in progress, the Division projects financing in FY'85 approximately 726 new loans with \$65.0 million in new appropriation and \$1.95 million in repaid principal and payoffs. By statute a minimum of 80% of the funds will be utilized in rural Alaska with the remainder available for urban nonconforming properties. The Division is projecting 561 loans for rural housing and 165 loans for nonconforming housing in urban areas. The \$54.96 million allocated to rural Alaskan properties represents in most cases the sole source of funds. These rural funds will construct approximately 228 new dwellings, finance the sale of 237 existing structures, renovate 60 existing structures and finance 160 rental units. It should be noted that the Division has made \$56.2 million in loans in FY'83 and has projected \$58.8 for FY'84 with the potential to loan more if funds were made available. Both previous years reflect loan activities of about 28% above the general fund allocations due to carry forward funding. However, the Division is not projecting any carry forward fund for FY'85. It should be noted that in addition to benefits for individual property investors, the expenditure of these loan funds translates into direct employment opportunities for primary consumers in construction labor, materials suppliers, freight companies, and banks. Funds also indirectly impact the remaining local economy when the primary consumers expend their dollars for other living expenses in the community. Those people purchasing the structures enjoy the benefit of safe and adequate housing.

The analysis of the impact on the FY'85 program of receiving 75% of FY'84 general funds must also discuss the overall impact based on the other funds available during FY'84. The FY 84 general fund allocation of \$45 million and \$13.8 in carry forward funds and program receipts will finance 497 loans for rural housing and 151 loans for nonconforming in urban areas. At 75%, the FY'85 general fund allocation would be \$33.75 million plus \$1.95 million in other program receipts. As previously noted, the Division is not anticipating any carry forward funds from prior years. At 75%, the net dollar effect is a drop from \$58.8 million in FY'84 to \$35.7 million in FY'85 or about a 40% decrease in the total funding scope of the program. At this level it is estimated that the Division can finance approximately 387 loans of which about 299 loans would be for rural housing and 88 loans for urban nonconforming. The impact of this drop in funding, especially in relationship to new construction, would depress economic activity in mainly the regional centers.

AGENCY DCRA  
 CATEGORY Economic Development  
 PROGRAM Development  
 TITLE Housing Assistance

L1	<b>ADDITIONAL EXPLANATION FORM</b>
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Page	2	of	5
Revised Date	10-4-83		

**RECEIVED**  
 NOV 8 1983

000047 BUDGET REVIEW

The impact on the FY'85 program of receiving 50% of the FY'84 general funds is even more drastic. The FY'84 total allocation of \$58.8 million will finance about 648 loans. At 50% of the FY'84 general fund allocation, \$22.5 million from the general fund and \$1.95 million from program receipts would be available in FY'85. With no carry forward funds from prior years, at 50% level, the net dollar effect is a drop from \$58.8 million in FY'84 to \$24.45 million in FY'85, or a decrease of about 60% of the FY'84 total funds available. The results would be a dramatic decrease in the number of total loans made through the program from 648 in FY'84 to about 265 in FY'85. This compares to about 60 loans for FY'85 versus 151 loans in FY'84 for the urban nonconforming program. In Rural Alaska the number of loans would decrease from 497 in FY'84 to 205 loans in FY'85. This decrease would have a negative economic impact on the rural regional centers which could result in a carry over to Anchorage and Fairbanks economy since much of the supplies flow through there. It should be noted that the Division projects a demand for financing in FY'85 of \$77.2 million and at this level the Division would only meet about 30% of that demand. With very little other secondary financing available, many Alaskans could not enjoy the safety and affordability of housing now provided.

A table is attached which demonstrates the funds available, the allocation split, and loan distribution for FY 84, FY 85 proposed, FY 85 at 75% level and FY 85 at 50% level. Another table displays the funding levels versus the projected demand.

L1	<b>ADDITIONAL EXPLANATION FORM</b>	E3
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AGENCY	DCRA
CATEGORY	Economic Development
PROGRAM	Development
TITLE	Housing Assistance

Page	3	of	5
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<b>FY85</b> RECEIVED NOV 8 1983	D
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000043

BUDGET REVIEW

Section 2

Rich R. Uehling, ARLF  
376-3276  
\$12,728,974 currently available  
in fund 4/25/84.

March 6, 1984

The Honorable Rick Uehling  
Alaska State House  
Pouch V  
Juneau, Alaska 99811

Dear Representative Uehling:

As you know, the House Finance Subcommittee on Loans has recommended a \$5 million appropriation to the Agricultural Revolving Loan Fund in HB 650. The amount requested in the Governor's budget was \$13 million. In the subcommittee hearing on February 21, you requested that the Department of Natural Resources submit further justification for an appropriation in excess of \$5 million.

I would like to advise the committee that the Department wishes to amend the \$13 million request to \$11.6 million, and we will formally do so through the Governor's amendments to the budget this week. This action will bring the request within the \$75 million ARLF ceiling on total appropriations when added to the \$63.4 million previously appropriated.

Now, as to the justification for the additional \$6.5 million above the HB 650 level two things should be understood. First, State agricultural land sale contracts include development requirements as legal terms of the contract. If the purchaser fails to meet those requirements, the land will revert to State ownership. Second, the ARLF was established precisely because agricultural financing was, and is, not generally available from commercial sources in Alaska. Therefore, when DNR developed the annual budget request, we considered the projected loan demand arising from these land sale contracts. Then, recognizing the State's commitment to agricultural development, we ascertained other development and operating costs, not required by contract but essential to farm production, for which no commercial funds were available.

The Honorable Wick Uehling

-2-

March 6, 1984

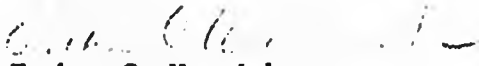
Based on this analysis, we arrived at the attached FY 85 loan fund potential demand.

Having determined potential demand, we then examined loan activity in the past year and factored in other specific information we may have on individual farm units and general trends in the industry.

If the ARLF appropriation is to be cut to \$5 million, it is very likely that some farmers will not be able to meet contractual requirements and DNR will be required to foreclose. The opportunity for production on other units may have to be foregone, forcing other farmers into bankruptcy. In other words, until such time as commercial financing is available to Alaskan farmers, the rate of development of Alaska's agriculture rests to a great extent on the level of funding of the ARLF.

I hope you will give this information serious consideration. My staff and I are available to discuss this request with you in detail at your convenience.

Sincerely,

  
Esther C. Wunnicka  
Commissioner

Attachment:

cc: James K. Barnett, Deputy Commissioner  
Bill Heim, Director, Division of  
Agriculture  
Mary Halloran, Director, Division  
of Management

FY 85 - AGRICULTURAL REVOLVING LOAN FUND  
POTENTIAL DEMAND

Pt. MacKenzie farm loans:

- 10 dairies at \$900,000 average (farm development and chattel loans) \$ 9,000,000
- 11 non-dairy parcels at \$350,000 each 3,850,000

Pt. MacKenzie consists of 19 dairy parcels and 12 non-dairy parcels, a total of 14,852 acres which are required by purchase contract to have 75% cleared and planted in crops by 1987. Development is underway, and major loan need is anticipated within the next 18 months. We expect loan requests from 21 parcels of the 31 in FY 85.

Delta I:

- 5 tracts still to be financed for farm development and chattel at \$500,000 each \$ 2,500,000
- 8 tracts at \$300,000 each (additional farm development and chattel) 2,400,000

Delta II:

- 12 farms at \$350,000 each (farm development and chattel loans) \$ 4,200,000

Red meat expansion financing:

- In response to the construction of the Palmer red meat slaughter facility, we expect development or expansion of 23 farms at approximately \$200,000 each. \$ 4,600,000

Horticulture:

- Over 200 growers are operating businesses within the State. ARLF regulations have been recently revised to authorize loans to this growing industry. HB 673 and SB 342 make the same revision in law. \$ 1,000,000

Processing loans:

- Vegetable vacuum coolers, Kenai and Fairbanks; meat processing, small scale truck, livestock buying and collection station \$ 1,000,000

As more small farm operations develop of the truck farm type, ARLF is receiving requests for small farmer operated processing facilities such as the lettuce vacuum coolers, requests for feed pelletizers, small scale specialized equipment for processing feeds, grains, or (non-red) meat.

Small farm financing in Talkeetna, Fairbanks, etc.	
- 40 small farms at \$20,000 each	\$ 2,800,000
Operating loans for FY 85:	
- Primary loan demand for planting occurs last quarter of year	<u>\$ 3,650,000</u>
TOTAL POTENTIAL DEMAND	\$35,000,000

March 14, 1984

Alaire Stanton  
 Administrative Assistant  
 Office of the Honorable Rick Uehling  
 Pouch V  
 Juneau, Alaska 99801

RE: Senior Citizen's Housing Development Fund

Dear Ms. Stanton:

The following projects have received planning grants from the Senior Citizen Housing Development Fund. These projects are in the process of being developed and the grant recipients are preparing to submit a grant application for construction funding.

LOCATION	SPONSOR	UNITS	CONSTRUCTION COST
<del>Anchorage</del>	<del>Cook Inlet Housing Auth</del>	<del>60</del>	<del>6,000,000</del> - Next year
<del>Anchorage</del>	<del>Meridian Living, Inc.</del>	<del>35</del>	<del>3,500,000</del> " "
Angoon HB 650	Tlingit-Haida Housing Auth	12	1,200,000 o/r
Dillingham HB 511	Bristol Bay Housing Auth	15	1,500,000 - H/K
Fairbanks HB 511	City of Fairbanks	25	2,500,000
Klawock HB 650	Tlingit-Haida Housing Auth	10	1,000,000 o/r
Metlakatla HB 511	City of Metlakatla	15	1,500,000 - HUD
Wasilla - HB 511	ASHA	15	1,500,000
Phase II			920,000
+ 2 Nome HB 511			
+ 2 Chugach HB 511			
TOTAL		187	* \$13,700,000

*Handwritten notes:*  
 1170 1000 vetoed  
 10 million last yr. went to Anch.  
 Still need to apply for construction grants.  
 + 2 in HB 691 redesignated

HB 691  
 Not ready  
 priority for funding this year

\*THIS IS THE TOTAL ESTIMATED COST OF DESIGN AND CONSTRUCTION.

Cook Inlet Housing Authority will not be requesting funding for the 60 unit intermediate care frail elderly project in FY '85. There is currently a \$746,000 appropriation in HB 691 for planning and design for the project.

It is possible that one or two of the projects will not be ready for construction funding in FY '85. We also expect approximately 2.5 million dollars in HUD construction funds to be available.

In addition to the above projects, the following planning grant requests have recently been received and are being reviewed:

HOMER PHASE II	KACHEMAK BAY SENIOR HOUSING, INC.
KAKE	TLINGIT-HAIDA HOUSING AUTHORITY
YAKUTAT	TLINGIT-HAIDA HOUSING AUTHORITY

The Housing Assistance Division has also been working with the communities of Haines and Lake, and we anticipate they will apply for planning grants in the near future.

I hope this answers your questions; if I can be of further help, please let me know.

Sincerely,

Nadine Winters  
Special Assistant

NW/mak

Section 7

# ALASKA POWER AUTHORITY

## MEMORANDUM

TO: Jay Hogan  
Associate Director  
Office of Management and Budget  
Division of Budget Review

DATE: February 27, 1984

THROUGH: Richard Lyon, Chairman  
Alaska Power Authority  
Board of Directors

FROM: Larry D. Crawford *LDC*  
Executive Director

SUBJECT: FY 85 Thorne Bay  
Loan Request

*AS Comm. 2/28/84*

*#2 Loans*

The Alaska Power Authority Board of Directors approved at their meeting on February 22 a request for an addition to FY 85 Power Authority budget of \$275,000 to the Power Project Loan Fund for a loan to the City of Thorne Bay. This memo requests the addition of the \$275,000 to the Governor's budget. In support of the request, the Power Authority supplies the attached information.

Attachments.

LDC/sc

## Thorne Bay Loan Request

Subsequent to preparation and submission of the Alaska Power Authority FY 85 budget, the City of Thorne Bay contacted the Department of Commerce and the Power Authority requesting \$275,000 be budgeted for a loan to purchase a new generator and to refinance\* an existing debt obligation to Louisiana Pacific Corporation resulting from the City's purchase of the existing electric system. The City has provided documents in support of this budget request, included here as attachments. Power Authority staff has talked to the City's utility manager and has confirmed the need for this loan. This request to add the loan request to the FY 85 budget does not constitute approval of the loan, but rather secures the appropriation which would fund the loan. The loan application would be subject to Power Authority loan review and award procedures.

The Power Project Loan Fund (AS 44.83.170) is the appropriate program for this loan. This loan program requires legislative action to dedicate funds for specific loans. There is presently no appropriation for a loan to the City of Thorne Bay in this program.

### KEY INFORMATION:

1. The City owes \$110,000 on the existing system. This amount due is drawing an interest payment of about \$1,050 per month.
2. The City was incorporated in 1982, at which time it was obliged to purchase the electric system. Due to the short period since incorporation, the City resources are limited, and refinancing of the present debt would allow a more reasonable rate of loan repayment.
3. The City is presently operating their 500 KW generator, which has less than six months useful life remaining, without back-up. The unit previously used for back-up is inoperative and cannot be overhauled.
4. New loads which have come on-line and which are about to come on-line require additional capacity as soon as possible. The City is planning to attempt to lease a 450 kw diesel unit as soon as possible to be able to provide power to the Forest Service and the Southeast Island School District. Availability of the State loan would allow purchase if the loan application is approved.
5. \$275,000 would be required to fund this loan.

\* Use of the term "refinance" is not accurate in this case, as the City of Thorne Bay is currently making payments for the use of the electrical system only pending the securing of long-term financing for the acquisition of the system.

## I. PROJECT DESCRIPTION

### THORNE BAY PUBLIC UTILITY GENERATOR LOAN

The City of Thorne Bay requests the State of Alaska appropriate \$275,000.00 to the Alaska Power Authority for the purpose of loaning the money to the City of Thorne Bay in order to purchase a new generator and to refinance a debt obligation to Louisiana Pacific Corporation for the purchase of remaining equity in the Thorne Bay Electrical System.

Monies borrowed from the Power Project Revolving Loan Fund would be used to purchase and install a 450KW diesel generator and associated control and switchgear; upgrade the Thorne Bay Power House to allow the existing system to accept the new generator and refinance \$110,000.00 currently owed to Louisiana Pacific for the remaining equity in the electrical system.

The City of Thorne Bay has determined this project to be economically feasible and will provide detailed financial and technical data to the Alaska Power Authority with the Power Project Revolving Loan Application.

## II. JUSTIFICATION FOR PROJECT

The City of Thorne Bay will have an additional load requirement when the Southeast Island School District and the U.S. Forest Service housing project come on line beginning in the spring of 1984. These two additional large customers will necessitate the use of the City's 500KW generator, which is the largest in the Power House; however, no back-up generator is available to handle the load in the event of a mechanical failure. The 500KW generator that will be used has approximately six (6) months of useful life left and the potential for breakdowns increase as the generator gets older. The Control Boards in the Power House need upgrading in order to improve the efficiency of the generating system and to allow for the addition of the new generator. A certain amount of upgrading is needed to accept the installation of the new generator.

Refinancing the loan would reduce the debt service payments, thereby providing additional funding needed to maintain and improve the distribution system.

The immediate benefits to the community would include an increase in efficiency of the generators, the ability to handle higher peak loads and lower debt service payments.

## III. SOCIO-ECONOMIC IMPACTS

Jobs created during the construction of this project will include two generator mechanics, one electrician, one cement mason, one carpenter and two laborers. Jobs created as a result of this

project will depend on the type of business served by the City. The social benefits for the community will include a higher quality and quantity of dependable power, increased City revenues from the sale of power and more jobs created as a result of new businesses.

IV. SITE-CONTROL DOCUMENT

The land on which the Power House is located is currently owned by the State of Alaska and has been selected for ownership by the City of Thorne Bay under the Municipal Land Selection Act.

No permits are needed for this project.

V. OPERATION AND MAINTENANCE

The actual operating and fuel costs will decrease on a per kilowatt basis due to the improved efficiency of the system. Maintenance costs will also decrease for the short term due to the same reasons. The cost of paying back the loan to the State of Alaska will be paid with revenues received from the sale of power to the new customers.

VI. PROJECT FUNDING

Purchase new 450KW generator	\$85,000.00
Purchase control board	25,000.00
Materials for renovation of power house	20,000.00
Upgrade existing control boards	10,000.00
Labor (1250 man hours)	25,000.00
Loan Payment to Louisiana Pacific	<u>110,000.00</u>
TOTAL	\$275,000.00

VII. PROJECT MANAGEMENT

The City of Thorne Bay will be the prime contractor and will perform all necessary purchasing, installation and administrative functions with existing personnel. The duration of the project will not exceed 180 days.



Section 8

Stamp

tingit & haida regional electrical authority

P.O. Box 2517 • Juneau, Alaska 99803 • (907) 789-3196



April 18, 1984

Eliason

The Honorable Bettye M. Fahrenkamp  
Chairman, Senate Resources  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

Presently before the Resources Committee is CSHB650, A Bill Providing for Special Appropriations for Certain State Loan and Grant Programs. The Tlingit-Haida Regional Electrical Authority is working with the Alaska Timber Corporation (Klawock, Alaska) and the Cities of Craig and Klawock in hopes of seeing a Senate amendment that would include \$1.11 million in loan funds as part of HB 650, for the construction of a 6.6 mile intertie between Craig and Klawock with necessary substations and metering.

This tieline would link together the electrical system at Klawock (served by the Tlingit-Haida Regional Electrical Authority) and the electrical system at Craig (presently served by Alaska Power and Telephone). The purpose of the tieline would be twofold.

First, the tieline would allow the City of Craig to utilize the available excess capacity from T-HREA's Klawock powerplant. A.P.&T. in Craig has had a serious service, safety and reliability problem, including fires in the Craig powerhouse just last month. T-HREA has the immediate ability to provide peaking reserves and emergency backup power to the besieged Craig utility system. Such an arrangement would benefit consumers at both ends of the tieline.

Secondly, the Alaska Timber Corporation mill outside of Klawock is able to immediately provide woodwaste generated power, if a tieline to carry this power was built. T-HREA has an existing contract to buy power, and is presently negotiating the rates for "avoided costs" savings; but the contract is dependant upon the tieline's construction. A.T.C. has offered to also provide power to Craig's A.P. & T plant; under both Federal and State regulations, the utility is required to honor such an arrangement as it offers "avoided costs" savings to its constituents.

The people of Craig and Klawock have long backed the construction of the proposed intertie, and utilizations of the mill's available woodwaste energy. Both communities are presently totally dependant upon small diesel generating units. It has long been T-HREA's policy to search for economically feasible alternate energy sources, to minimize the dependence on petroleum products and to help stabilize the steep electrical rates.

APR 23 1984

The Honorable Bettye Fahrenkamp  
April 18, 1984  
Page -2-

By building such an intertie, we would be helping not just the consumers in Craig and Klawock but, by virtue of T-HREA's postage-stamp rate, also consumers in Angoon, Hoonah, Kake and Kasaan.

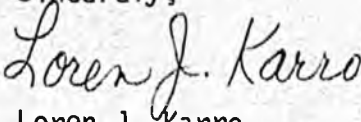
If engineering and construction began in late 1984, the line could be completed by late 1985 at a total cost of \$1,860,000. The State has \$750,000 from a previous appropriation available as an equity contribution and is requesting the balance of \$1,110,000 to be made available as a loan under the Power Project Loan Fund for the intertie. The APA included the loan funds in their FY 85 request, and they were approved by the Governor's office for inclusion in their budget. We met in April with Commissioner Lyons and Ray Gillespie, Director of Legislative Relations, and were assured of the Administrations support for the project. Our financial analysis shows the project to be economically feasible on its own merits. In addition, the intertie is an integral part of the Prince of Wales Island energy plan.

The APA has assured all parties that construction of the intertie would be contingent upon negotiation of contracts between the parties required, to assure reserves to pay back the loan. The Power Authority's processing of the loan application would include a thorough review of sales agreements between any of the above parties to the agreement and a review of revenues forecast.

Electrical energy sales in Klawock are heavily subsidized under the Power Cost Assistance Program. Any efforts to lower or stabilize electrical costs will also help save the State Subsidy monies. In this case, the loan will mean not only will the monies be repaid, but the resulting project will be providing long-term benefits; all while helping to minimize the P.C.A. subsidies required.

The loan fund amount was once a part of the Special Loan Committee Substitute for HB650, but was eliminated along with the Thorne Bay loan of \$275,000 to purchase electrical system components for their seriously failing plant. As I'm sure you realize, neither project was cut on the basis of their "lack of merit", and both have received the full support of the AIA and the Governor's office.

I hope that you seriously consider their inclusion in the loan fund package before your committee.

Sincerely,  
  
Loren J. Karro  
Assistant Manager

The Honorable Bettye Fahrenkamp  
April 18, 1984  
Page -3-

LJK:cmd

cc: The Honorable Richard Eliason  
The Honorable Peter Goll  
Mayor Robert George, Klawock  
Mayor Lee Axmaker, Craig  
Mayor Dennis Kuntz, Thorne Bay  
T-HREA Board of Commissioners  
Dave Palmer, City of Craig  
Brent Petrie, Alaska Power Authority  
Ed Head, Alaska Timber Corporation, Klawock  
Liz Caudra, Robertson, Monagle, Estauqh & Bradley  
Jim Benedict, Schwabe, Williamson, Wyatt, Moore & Roberts

DRAFT

<u>Funding Information</u>	
General Fund	91,275,000
Other Funds	<u>1,375,000</u>
	92,650,000

IN THE SENATE

BY THE RESOURCES COMMITTEE

SCS FOR CS FOR HOUSE BILL NO. 650 (Resources)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE - SECOND SESSION  
A BILL

For an Act entitled: "An Act making special appropriations for certain state loan and grant programs; and providing for an effective date.

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

\* Section 1. The sum of ~~\$65,000,000~~ \$65,000,000 is appropriated from the general fund to the housing assistance loan fund in the Department of Community and Regional Affairs for non-conforming, rural and non-owner occupied housing loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the home ownership assistance fund (AS 44.47.382).

\* Sec. 2. The sum of \$10,000,000 is appropriated from the general fund to the Department of Natural Resources for loans from the agricultural revolving loan fund (AS 03.10.040).

\* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to the Department of Natural Resources for the innovative gold recovery demonstration grant program and the placer mining water reduction loan program.

\* Sec. 4. The sum of \$2,000,000 is appropriated from the general fund to the Department of Environmental Conservation for the innovative pollution control demonstration grant program and the placer mining water recycling loan program.

\* Sec. 5. The sum of \$1,200,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Angoon.

\* Sec. 6. The sum of \$1,000,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Klawock.

\* Sec. 7. The sum of \$275,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to the City of Thorne Bay for the purchase and upgrade of the existing electric system in Thorne Bay.

\* Sec. 8. The sum of \$1,100,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to a qualified borrower to construct the Craig-Klawock electrical intertie.

\* Sec. 9. The sum of \$10,000,000 is appropriated from the general fund to the division of investments, Department of Commerce and Economic Development, for the fisheries enhancement loan program (AS 16.10.500 - 16.10.620).

\* Sec. 10. The appropriations made by this Act are for the capitalization of loan and grant funds and do not lapse in accordance with AS 37.25.010.

\* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.070(c).

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

SCS CS HB 650 (Resources)

Section 1 appropriates \$65 million (an increase over \$45 million contained in HB 511) for the Housing Assistance Loan Fund, which provides money to originate and purchase loans for rural housing and nonconforming urban housing. Based on past fiscal years' activities and loans in progress, the Department of Community and Regional Affairs projects financing approximately 726 new loans in FY 85, with \$65 million in new appropriation and \$1.95 in repaid principal and payoffs.

Sec. 2 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Agricultural Revolving Loan Fund. State agricultural land sale contracts include development requirements, for which loans from commercial sources are generally not available. The Department of Natural Resources anticipates loan demand of \$35 million in FY 95. As of April 25, 1984, \$12.7 million was available for loans from the fund.

Sec. 3 and 4 appropriate \$2 million to DNR for the innovative gold recovery grant program and the placer mining water reduction loan program, and \$2 million to DEC for the innovative pollution control grant program and the placer mining water recycling program. These programs will urge the development of new methods and procedures for gold recovery as a long range solution to the placer mining/water quality issue, and provide a source of needed information for making management decisions.

Sec. 5 and 6 provide funds for construction grants for senior citizen facilities in Klawock and Angoon. Both projects have received planning grants from the Senior Citizens' Housing Development Fund. Both projects have applied for HUD grants, which would provide a portion of the construction funds.

Sec. 7 appropriates \$275,000 as a loan for the purchase and upgrade of the existing electrical system in Thorne Bay. This community is dependent on diesel generation. The current generator has a six-month useful life remaining; no back-up system is available. This project has received a favorable recommendation from the Alaska Power Authority.

Sec. 8 appropriates \$1.1 million as a loan for construction of the Craig - Klawock electrical intertie. The tieline would allow the City of Craig to utilize the available excess capacity from Klawock's powerplant. This project has received a favorable recommendation from APA.

Sec. 9 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Fisheries Enhancement Loan Program, which provides loans for private non-profit hatcheries. The Department of Commerce and Economic Development anticipates loan demand of \$11.6 million in FY 85. The fund's current balance is \$11 million. A \$10 million loan currently in process will reduce the fund's balance to \$1 million.

Sandra



Funding Information	
General Fund	91,275,000
Other Funds	1,375,000
	<u>92,650,000</u>

<i>new funds</i>	
	31,200,000
	<u>1,375,000</u>
	32,575,000

IN THE SENATE

BY THE RESOURCES COMMITTEE

SCS FOR CS FOR HOUSE BILL NO. 650 (Resources)  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 THIRTEENTH LEGISLATURE - SECOND SESSION  
 A BILL

For an Act entitled: "An Act making special appropriations for certain state loan and grant programs; and providing for an effective date.

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

*OK*  
*CARA*

\* Section 1. The sum of ~~\$65,000,000~~<sup>65</sup> is appropriated from the general fund to the housing assistance loan fund in the Department of Community and Regional Affairs for non-conforming, rural and non-owner occupied housing loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the home ownership assistance fund (AS 44.47.382).

*Kerttula*  
*OK*

\* Sec. 2. The sum of \$10,000,000 is appropriated from the general fund to the Department of Natural Resources for loans from the agricultural revolving loan fund (AS 03.10.040).

*BF*

\* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to the Department of Natural Resources for the innovative gold recovery demonstration grant program and the placer mining water reduction loan program.

*B.F.*  
\* Sec. 4. The sum of \$2,000,000 is appropriated from the general fund to the Department of Environmental Conservation for the innovative pollution control demonstration grant program and the placer mining water recycling loan program.

*Eliason*  
\* Sec. 5. The sum of \$1,200,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Angoon. *OK*

*Eliason*  
\* Sec. 6. The sum of \$1,000,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Klawock. *OK*

*Eliason*  
\* Sec. 7. The sum of \$275,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to the City of Thorne Bay for the purchase and upgrade of the existing electric system in Thorne Bay.

*Eliason*  
\* Sec. 8. The sum of \$1,100,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to a qualified borrower to construct the Craig-Klawock electrical intertie. *OK*

*Dawson*  
\* Sec. 9. The sum of \$10,000,000 is appropriated from the general fund to the division of investments, Department of Commerce and Economic Development, for the fisheries enhancement loan program (AS 16.10.500 - 16.10.620). *OK*

\* Sec. 10. The appropriations made by this Act are for the capitalization of loan and grant funds and do not lapse in accordance with AS 37.25.010.

\* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.070(c).

Sandra

SCS CS HB 650 (Resources)

CoRA

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Ker-Hula  
\$75 million  
statutory limit  
on A.R.C.F.  
\$63.4 million  
previously  
appropriated  
New total  
\$74.4 million

Sec. 2 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Agricultural Revolving Loan Fund. State agricultural land sale contracts include development requirements, for which loans from commercial sources are generally not available. The Department of Natural Resources anticipates loan demand of \$35 million in FY 85. As of April 25, 1984, \$12.7 million was available for loans from the fund.

BF

Sec. 3 and 4 appropriate \$2 million to DNR for the innovative gold recovery grant program and the placer mining water reduction loan program, and \$2 million to DEC for the innovative pollution control grant program and the placer mining water recycling program. These programs will urge the development of new methods and procedures for gold recovery as a long range solution to the placer mining/water quality issue, and provide a source of needed information for making management decisions.

Eliason  
HB 511  
contains \$7 million  
back for Sr.  
housing plus  
\$2 million - Nome  
\$2 million - Chugach

Sec. 5 and 6 provide funds for construction grants for senior citizen facilities in Klawock and Angoon. Both <sup>facilities</sup> have received planning grants from the Senior Citizens' Housing Development Fund. Both projects have applied for HUD grants, which would provide a portion of the construction funds.

Eliason

Sec. 7 appropriates \$275,000 as a loan for the purchase and upgrade of the existing electrical system in Thorne Bay. This community is dependent on diesel generators that are in need of repair. This project has received a favorable recommendation from the Alaska Power Authority.   
*generators. The current generator has a six-month useful life remaining; no back-up system is available.*

Eliason

Sec. 8 appropriates \$1.1 million as a loan for construction of the Craig - Klawock electrical intertie. The tieline would allow the City of Craig to utilize the available excess capacity from Klawock's powerplant. This project has received a favorable recommendation from APA.

Dawson

Sec. 9 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Fisheries Enhancement Loan Program, which provides loans for private non-profit hatcheries. The Department of Commerce and Economic Development anticipates loan demand of \$11.6 million in FY 85. The fund's current balance is \$11 million. A \$10 million loan currently in process will reduce the fund's balance to \$1 million.

Section 9

FISHERIES ENHANCEMENT FUND  
FY 85 Appropriation Analysis

March 1, 1984 (approximate) Balance		\$11 million
Less: Esther Hatchery (Prince William Sound) <u>Loan in Process</u>		<u>\$10 million</u>
Approximate July 1, 1984		\$ 1 million
House version HB 650	+	<u>5 million</u>
(House) Approximate July 1, 1984		\$ 6 million
Request of Senate	+	<u>5 million</u>
Total July 1, 1984		\$11 million

Rationale:

The House passed version of HB 650 would fund only operational loans and construction loans for which applications have been received by the Department of Commerce as of February 15, 1984. An additional \$ 5 million would allow further small construction loans and would allow for moderate growth in statewide private non-profit hatchery capacity.

# STATE OF ALASKA

**DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT**  
DIVISION OF INVESTMENTS

BILL SHEFFIELD, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2510

February 14, 1984

Honorable Albert P. Adams  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Representative Adams:

I am responding to your staff's inquiry concerning the proposed FY '85 loan budget for the Fisheries Enhancement Revolving Loan Fund. We anticipate \$11.6 million to be available in the revolving loan fund to meet the following anticipated loan demand in FY '85. This information is based upon a letter survey of all private nonprofit hatchery permit holders.

Operation Loan Requests - During the start up period of each hatchery, until broodstock and surplus returns can be built to capacity, assistance in meeting the annual operating costs will be given in the form of operating loans. Without these loans most facilities would be forced to close their doors.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 80,000
Armstrong-Keta, Inc. (Port Armstrong)	251,000
Cook Inlet Aquaculture (Eklutna Lake)	130,000
Douglas Island Pink & Chum (Sheep Creek)	5,000
Kake Nonprofit Fishery (Gunnuk Creek)	170,000
Meyers Chuck Aquaculture Association	98,000
Nerka, Inc (Perry Island)	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	300,000
Northern Southeast Regional Aquaculture Association (Medvejie)	210,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	500,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	200,000
Tlingit Haida Fisheries (Sandy Bay)	230,000
Valdez Fisheries Development (Solomon Gulch)	450,000
Additional Requests and Increases	300,000
Total Operation Loans	<u>\$ 2,968,000</u>

Capital Improvement Loans - These loans are to be made to existing facilities who are building in phases or purchasing capital items to bring a facility to its maximum permitted potential.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 300,000
Armstrong-Keta, Inc. (Port Armstrong)	85,000
Cook Inlet Aquaculture (Eklutna Lake)	200,000
Kake Nonprofit Fishery (Gunnuk Creek)	85,000
Meyers Chuck Aquaculture Association	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	500,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	50,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	150,000
Valdez Fisheries Development (Solomon Gulch)	300,000
Total Capital Improvement Loans	<u>\$ 1,714,000</u>

Preconstruction Loans - These loans are made to preliminary permit holders who need engineering work done before ADF&G will issue a final permit.

<u>Facility Name</u>	<u>FY '85 Request</u>
Douglas Island Pink & Chum (Fish Creek)	\$ 100,000
Northern Southeast Regional Aquaculture Association (Medvejie)	125,000
Projects Receiving New Permits	104,000
Total, Preconstruction Loans	<u>\$ 329,000</u>

New Construction Loans - for the initial phase of new facilities.

<u>Facility Name</u>	<u>FY '85 Request</u>
Douglas Island Pink & Chum (Fish Creek)	\$ 3,000,000
Nerka, Inc (Perry Island)	861,000
Northern Southeast Regional Aquaculture Association (Medvejie)	1,500,000
Projects Not Yet Permitted	1,200,000
Total New Construction Loans	<u>\$ 6,561,000</u>

Summary

Operations	\$ 2,968,000
Capital Improvements	1,714,000
Preconstruction	329,000
New Construction	6,561,000
Total	<u>\$11,572,000</u>

February 14, 1984

Currently, all preconstruction and new construction has been placed on hold while Governor Sheffield's mini-cabinet on fisheries enhancement recommends what resources should be allocated to the Fisheries Enhancement Loan Program. This also includes two FY '84 new construction projects, one for Prince William Sound Aquaculture (Esther Lake) \$10,000,000, and one for Meyers Chuck Aquaculture Association, \$578,000. If all demand for preconstruction and new construction were funded, then a \$10.6 million appropriation would have to be requested for FY '85. The mini-cabinet is scheduled to make its recommendation to Governor Sheffield by early March.

If we can be of further assistance, please feel free to contact me.

Sincerely,



Paul B. Arnoldt  
Director

PBA/cw#26C1  
21084a

cc: Richard A. Lyon  
Lennie Boston  
Ben Harding  
Greg Baker

PROJECT DESCRIPTION

Operations

				FY 85	
Southern Southeast Aquaculture (102.0M)	2	\$ 590,000	720,000	98,196	
Northern Southeast Aquaculture (Salmon Creek) (30.8M)	1	\$ 220,000	300,000		
Northern Southeast Aquaculture (Medvejie) (23.6M)	1	\$ 200,000	210,000		
Valdez Fisheries Development (49.0M)	1	\$ 350,000	450,000		
Tlingit Haida Fisheries (25.0M)	1	\$ 230,000	230,000		
Armstrong Keta, Inc. (11.0M)	1	\$ 113,000	251,000		
Alaska Aquaculture Foundation (10.0M)	1	\$ 105,000	80,000		
Douglas Island Pink & Chum, Inc. (26.0M)	1	\$ 125,000	5,000		
Kake Nonprofit Fishery (5.0M)	1	\$ 100,000	170,000		
Cook Inlet Aquaculture (20.0M)	1	\$ 113,000	130,000		
Proposed New Projects (three)	3	\$ 300,000	300,000		
NERKA, INC. (3.0M)	1			44,000	
<b>TOTAL OPERATIONS - 13 loans</b>	<b>16</b>	<b>\$2,356,000</b>	<b>2,924,196</b>	<b>+44,000</b>	

200,000 WHITMAN LAKE  
200,000 WEST BAY

Capital Improvements

Northern Southeast Aquaculture (Salmon Creek) (30.8M)	1	\$ 50,000	500,000	85,000	
Northern Southeast Aquaculture (Medvejie)	1	\$ 70,000		12,375	
Prince William Sound Aquaculture		\$ 500,000			
Armstrong Keta, Inc. (11.0M)	1	\$ 215,000	85,000		
Alaska Aquaculture Foundation (10.0M)	1	\$ 40,000	200,000		
Southern Southeast Aquaculture (102.0M)	1	\$ 300,000	200,000		
<b>TOTAL CAPITAL IMPROVEMENTS - 6 loans</b>	<b>8</b>	<b>\$1,175,000</b>	<b>1,712,575</b>		

WHITMAN LAKE

Add cap items  
to make following  
capital projects  
work.

CATEGORY Development  
 AGENCY Commerce & Economic Development  
 PROGRAM Economic Development  
 1984

CONTINUATION  
 FROM:  
 Fisheries Enhancement

Page 3 of 4  
 Revised Date

FY 84

000377

PreConstruction

Armstrong Keta	1	\$ 15,000	125,000
Douglas Island Pink & Chum, Inc. (60,000)	1	\$ 100,000	100,000
Proposed New Projects (three)	3	\$ 104,000	104,000
<b>TOTAL PRECONSTRUCTION - 5 loans</b>	<b>5</b>	<b>\$ 219,000</b>	<b>329,000</b>

New Construction

Northern Southeast Aquaculture (Mesa) (20,000)	1	\$ 750,000	3,000,000
Southern Southeast Aquaculture (Vesport) (20,000)	1	\$ 5,000,000	1,500,000
Prince William Sound Aquaculture		\$ 10,000,000	861,000
Proposed New Projects (three)	3	\$ 1,200,000	1,200,000
<b>TOTAL NEW CONSTRUCTION - 6 loans</b>	<b>6</b>	<b>\$ 16,950,000</b>	<b>5,700,000 + 861,000</b>

Habitat Projects

Northern Southeast Aquaculture		\$ -300,000	
Cook Inlet Aquaculture		\$ 500,000	
<b>TOTAL HABITAT PROJECTS - 2 loans</b>	<b>2</b>	<b>\$ 800,000</b>	

Summary

Operations	16 (13 loans)	\$ 2,356,000	2,924,196
Capital Improvements	8 (.6 loans)	\$ 1,175,000	1,712,573
Preconstruction	5 (.5 loans)	\$ 219,000	329,000
New Construction	6 (.6 loans)	\$ 16,950,000	5,700,000
Habitat Projects	0 (.2 loans)	\$ 800,000	
<b>TOTAL FY '84</b>	<b>35 (32 loans)</b>	<b>\$ 21,500,000</b>	<b>10,665,569</b>

CATEGORY Development  
 AGENCY Commerce & Economic Development  
 PROGRAM Economic Development  
 1984

Page 4 of 4  
 Revised Date

**FY 84**  
 000278

CONTINUATION FROM:  
 Fisheries Enhancement

FY 85 FISHERIES ENHANCEMENT REVOLVING LOAN FUND OPTIONS

DRAFT

OPTION 1     \$10.6 million

NOT FOR  
PUBLICATION

Fully fund the departments FY 85 request, requiring that loans be approved only after extensive inter-agency review and only if the proposed project meets the more comprehensive criteria being developed by the fisheries mini-cabinet. An FY 85 appropriation of \$10.6 million combined with revolving loan funds carried forward will fund the following:

*See  
Revised*

Operations Loans (existing)	\$2,968,000
Capital Improvements (existing)	1,714,000
Preconstruction (new)	329,000
Operations/construction (new)	17,161,000

TOTAL AVAILABLE w/OPTION 1                     \$22,172,000

This option will fund the needs of existing facilities and provide funds for all new construction projects currently identified by the department including PWSAC's Esther Lake and Meyer's Chuck.

OPTION 2     \$5,335,000

*FY85*

Fund the revolving loan fund to provide for operations/capital improvements for existing facilities and for new construction for those projects for which applications have been received as of 2/15/84. As in Option 1, require that the department approve loans only after extensive interagency review and only if the project meets the more comprehensive criteria being established by the fisheries mini-cabinet. An FY 85 appropriation of \$3,710,000 combined with funds carried forward will fund the following:

*5.3  
3.0*

Operations Loans (existing)	\$2,968,000
Capital Improvements (existing)	3,339,000
Operations/construction (new)	10,600,000

TOTAL AVAILABLE w/OPTION 2                     \$16,907,000

This option will fund the needs of existing facilities but will provide new construction dollars for only PWSAC's Esther Lake and Meyer's Chuck. Projects for which applications are being prepared (Douglas Is. Pink & Chum [Fish Creek], ~~NSBA [Medveje]~~, and Nerka, Inc [Perry Is.] ) would not be funded.

DRAFT

OPTION 3    No Appropriation; Continue Moratorium

Make no appropriations to the revolving loan fund and continue the moratorium on new construction loans until the issues surrounding the state's continued investment in salmon enhancement are resolved. With no FY 85 appropriation, a continuing moratorium, and funds carried forward the following would be funded:

Operations Loans (existing)	\$2,968,000
Capital Improvements (existing)	1,714,000
Operations/construction (new)	0
 TOTAL AVAILABLE w/OPTION 3	 <u>\$4,682,000</u>

This option will fund the needs of existing facilities and new construction dollars for no new projects. Funding for PWSAC's Esther Lake and Meyer's Chuck would not be available. With this option, it is likely that some \$6,890,000 would carry forward in the fund until such time as the moratorium was lifted.

Additionally, the Division of Investments and Veterans Affairs recently conducted a letter survey of all permitted Private Nonprofit operators and Regional Associations to determine the estimated funding required, both operational and construction, to bring their permitted facilities up to full operational capacity. DOI/VA estimates from this survey that approximately \$12-13 million, over and above an FY 85 appropriation of \$10.6 million (OPTION 1), will be required to bring all permitted facilities up to their permitted capacities.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate Committee on Resources

### MINUTES

May 4, 1984  
2:11 pm

Beltz Room  
Room 211, Capitol

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### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice-chairman  
Senator Eliason  
Senator Paul Fischer  
Senator Vic Fischer  
Senator Sturgulewski

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### CALENDAR

HB 650, An Act making special appropriations for certain state loan and grant programs.

Hearing on the status of the Bristol Bay Cooperative Management Plan. TELECONFERENCED TO: Anchorage, Fairbanks, Kodiak and Dillingham.

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### HB 650

Senator Eliason moved to adopt SCS CSHB 650 (Resources) and to report it from committee with individual recommendations. There was no objection.

### Bristol Bay Cooperative Management Plan

Bob Arnold, Deputy Commissioner, Department of Natural Resources, spoke in support of the plan, and welcomed all comments.

Frank Rue, Division of Land and Water Management, Resource Allocations, Department of Natural Resources, reviewed changes made to the plan, its current status, and public hearings planned. He answered questions on mineral entry procedures in the area.

Don Glass, Alaska Oil and Gas Association, spoke in opposition to the plan, claiming it fails to provide a balance between resource conservation and development, fails to achieve the objectives of ANILCA, and circumvents existing legislative processes.

Debra Borah, Environmental Scientist, SOHIO, expressed concern that the plan is not balanced and does not accomplish what was mandated by ANILCA. She reviewed problems SOHIO has had obtaining permits for seismic survey work in the area.

Paula Easley, Resource Development Council, testified that although many of the Council's concerns had been met in this latest draft, she felt that a "mono-economy" was being forced on the area. She spoke in opposition to the 10-year moratorium on oil and gas drilling.

Jerry Liboff, Bristol Bay Native Association, testified that the plan adequately protects and provides for the development of the area's resources and urged implementation of the plan.

William Johnson, Director of Lands, Bristol Bay Native Corporation, testified that over the past three years much work and compromise has been done. He urged implementation of the plan as now drafted.

Jim Jinks, Executive Director, Alaska Miners Association, testified in opposition to the plan, expressing concern that the classification of land in the area was not properly done, that by designating fisheries as the primary use in the area other resource development would be hampered, and that existing statutes and regulations sufficiently protect the area.

Representative Hermann testified in support of the plan, and noted that upcoming hearings in Bristol Bay were planned for a time when many residents would be out fishing.

George Day, Public Affairs Manager, Chevron, USA, testified that the plan failed to balance developmental and environmental goals. He specifically opposed the 10-year moratorium on oil and gas drilling, the premature location of transportation corridors, and the conflicts with the existing state permitting process.

Phil Daniel, United Fishermen of Alaska, spoke in support of the plan, testifying that fishermen had made many compromises, and that in many areas oil and gas and mining are designated as primary uses.

Rick Davidge, Special Assistant to Assistant Secretary of the Interior, explained that federal law requires the Secretary to prepare a plan that protects the fish and wildlife of the area. The Governor has the opportunity to participate in the development of the plan. The U.S. Fish and Wildlife Service now feels that the fishery is not adequately protected.

Bruce Baker, Director of Habitat Division, Department of Fish and Game, testified that the Department supports the plan as drafted, and explained the use of the terms "critical", "essential", and "Critical Habitat".

The meeting adjourned at 4:26 pm.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

## Senate

### Committee on Resources

#### MINUTES

May 3, 1984  
3:12 pm

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice-chairman  
Senator Eliason  
Senator Paul Fischer  
Senator Sturgulewski

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#### CALENDAR

HB 650, An Act making special appropriations for certain state loan and grant programs.

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Bill Heim, Division of Agriculture, Department of Natural Resources, spoke in support of Section 2 of the proposed committee substitute which appropriates \$10 million to the agricultural revolving loan fund. This amount would be sufficient to meet loan demand and farm development schedules.

Jeff Smith, Deputy Commissioner, Department of Community and Regional Affairs, spoke in support of Section 1 of the proposed committee substitute which appropriates \$65 million to the housing assistance loan fund for non-conforming, rural and non-owner occupied housing loans. He testified that the additional \$7 million for senior citizen housing appropriated in HB 511 will be sufficient to build facilities in Angoon and Klawock.

Rose Palmquist, Older Persons Action Group, spoke in support of Sections 5 and 6 of the proposed committee substitute which appropriate \$1.2 million for a senior citizen facility at Angoon and \$1 million for a senior citizen facility at Klawock.

Senator Fahrenkamp spoke in support of Sections 3 and 4 of the proposed committee substitute, which appropriate a total of \$4 million for a placer mining research grant and loan program.

Senator Eliason spoke in support of Sections 5 and 6, and also Sections 7 and 8 which appropriate \$275,000 to the Alaska Power Authority for upgrade of Thorne Bay's electric system, and \$1.1 million to APA for construction of the Craig-Klawock electrical intertie.

The meeting adjourned at 4:03 pm.

*file HB 650*

**ALASKA STATE LEGISLATURE - SENATE**

SENATOR RICHARD I. ELIASON

LABOR AND COMMERCE COMMITTEE, CHAIRMAN  
RESOURCES COMMITTEE  
JUDICIARY COMMITTEE  
FISHERIES SUB-COMMITTEE



P.O. BOX 143  
SITKA, ALASKA 99835  
POUCH V  
JUNEAU, ALASKA 99911  
(907) 465-4916

MEMORANDUM

TO: Senator John Sackett, Chairman  
Conference Committee on HB 511

FROM: Sen. Dick Eliason *Dick*

DATE: May 17, 1984

RE: Scheduling of HB 650 in Senate Finance, and Addition of Intent Language to HB 511 in Conference Committee

As you know, most of the content of HB 650, the loans package bill, was included in the Senate version of the operating budget. This resulted in the lack of opportunity for amendments to HB 650, which several Senators had planned to handle in the Resources Committee, before the loans package was considered by the Finance Committee. Sen. Fahrenkamp did go ahead and hear the bill anyway, and we essentially gutted the bill of its original material and passed it from Committee as a collection of amendments to the loans package.

Four of the sections now in the Resources CS are loans appropriations for important things for my district. These are sections 5, 6, 7, and 8. I would very much appreciate this bill being scheduled at the earliest possible convenience for Finance Committee action. However, I did want to explain a possible alternate approach to two of the sections which could be handled through the inclusion of intent language in section 21 of HB511, thus eliminating the need for the two sections of HB 650 and reducing its fiscal note by \$2.2 million.

Sections 5 and 6 of CSHB 650 appropriate \$1.2 million for Angoon and \$1 million for Klawock for senior citizens housing. My original intent here was simply to reduce the \$7 million appropriation to the Senior Citizens Housing Development Fund by the total \$2.2 and add these two sections, essentially accomplishing an allocation of part of the total program funding to those two projects. Last year

MAY 18 1984

\$10 million was appropriated to the Fund. My district's projects would have had a chance at part of that funding under the criteria for dispersing the grants. However, at last session's conference committee, at the last moment, intent language was added to allocate the entire amount of the funding to Anchorage. What I want to do now is to insure that Angoon and Klawock, towns which are ready to move on their senior citizens housing projects, do not again lose out that way. In CSHB 650, the funding for these two projects shows up as additional to the \$7 million in the operating budget. But if the two were simply allocated as part of the \$7 million in HP 511, then the same thing will have been accomplished and I would then be happy to have sections 5 and 6 removed from HB 650.

Again, I would appreciate your consideration of scheduling HB650 for Finance Committee action soon, and the possibility of including the intent language in the budget for the two senior citizens housing projects.

Thank you.

<u>Funding Information</u>	
General Fund	76,275,000
Other Funds	1,375,000
	<u>77,650,000</u>

IN THE SENATE

BY THE RESOURCES COMMITTEE

SCS FOR CS FOR HOUSE BILL NO. 650 (Resources)  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 THIRTEENTH LEGISLATURE - SECOND SESSION  
 A BILL

For an Act entitled: "An Act making special appropriations for certain state loan and grant programs; and providing for an effective date.

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

\* Section 1. The sum of \$50,000,000 is appropriated from the general fund to the housing assistance loan fund in the Department of Community and Regional Affairs for non-conforming, rural and non-owner occupied housing loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the home ownership assistance fund (AS 44.47.382).

\* Sec. 2. The sum of \$10,000,000 is appropriated from the general fund to the Department of Natural Resources for loans from the agricultural revolving loan fund (AS 03.10.040).

\* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to the Department of Natural Resources for the innovative gold recovery demonstration grant program and the placer mining water reduction loan program.

\* Sec. 4. The sum of \$2,000,000 is appropriated from the general fund to the Department of Environmental Conservation for the innovative pollution control demonstration grant program and the placer mining water recycling loan program.

\* Sec. 5. The sum of \$1,200,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Angoon.

\* Sec. 6. The sum of \$1,000,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Klawock.

\* Sec. 7. The sum of \$275,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to the City of Thorne Bay for the purchase and upgrade of the existing electric system in Thorne Bay.

\* Sec. 8. The sum of \$1,100,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to a qualified borrower to construct the Craig-Klawock electrical intertie.

\* Sec. 9. The sum of \$10,000,000 is appropriated from the general fund to the division of investments, Department of Commerce and Economic Development, for the fisheries enhancement loan program (AS 16.10.500 - 16.10.620).

\* Sec. 10. The appropriations made by this Act are for the capitalization of loan and grant funds and do not lapse in accordance with AS 37.25.010.

\* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.070(c).

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



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## Senate

### Committee on Resources

#### MINUTES

May 4, 1984  
2:11 pm

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice-chairman  
Senator Eliason  
Senator Paul Fischer  
Senator Vic Fischer  
Senator Sturgulewski

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#### CALENDAR

HB 650, An Act making special appropriations for certain state loan and grant programs.

Hearing on the status of the Bristol Bay Cooperative Management Plan. TELECONFERENCED TO: Anchorage, Fairbanks, Kodiak and Dillingham.

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#### HB 650

Senator Eliason moved to adopt SCS CSHB 650 (Resources) and to report it from committee with individual recommendations. There was no objection.

#### Bristol Bay Cooperative Management Plan

Bob Arnold, Deputy Commissioner, Department of Natural Resources, spoke in support of the plan, and welcomed all comments.

Frank Rue, Division of Land and Water Management, Resource Allocations, Department of Natural Resources, reviewed changes made to the plan, its current status, and public hearings planned. He answered questions on mineral entry procedures in the area.