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Offered: 5/9/86

Original sponsor: Faiks

1 IN THE SENATE

BY THE RULES COMMITTEE

2

CS FOR SENATE BILL NO. 411 (Rules)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to road maintenance service areas."

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

8 * Section 1. AS 19.30.260 is amended to read:

9 Sec. 19.30.260. PURPOSE. The purpose of AS 19.30.260 - 19.30.-
10 320 is to facilitate funding for the upgrading, reconstruction, re-
11 habilitation, or paving of existing subdivision roads within a road
12 maintenance service area established under AS 29.35.450 or under a
13 home rule charter. Grants to road maintenance service areas under
14 AS 19.30.260 - 19.30.320 are limited to those road maintenance service
15 areas that have a population less than 30,000.

16 * Sec. 2. AS 19.30.280(b) is amended to read:

17 (b) A municipality shall establish design standards for con-
18 struction in a road maintenance service area. An application for a
19 grant for improving an existing road under this section which is
20 constructed after the effective date of this Act [JULY 1, 1984] may
21 not be granted by the department until the existing road meets the
22 minimum design standards of the municipality.

23 * Sec. 3. AS 19.30.290(b) is amended to read:

24 (b) Construction under AS 19.30.260 - 19.30.320 shall be admin-
25 istered by the municipality in which the road maintenance service area
26 is located. Road construction within the road maintenance service
27 area may be performed by the municipality.

28 * Sec. 4. AS 19.30.310 is amended to read:

29 Sec. 19.30.310. REPORT. No later than October [AUGUST] 1 of

1 each year, a municipality that has received money under AS 19.30.270
2 shall submit a report to the department showing the use of the money
3 by the municipality during the preceding fiscal year. No later than
4 December 1 of each year, the department shall prepare and submit to
5 the governor a report showing the use of the money allocated under
6 AS 19.30.270 during the preceding fiscal year.

7 * Sec. 5. AS 19.30.320(1) is amended to read:

8 (1) "construction" or "road improvement" has the meaning
9 given in AS 19.45.001 and includes utility and drainage costs but does
10 not include financing [EXCLUDES FINANCIAL] costs, right-of-way costs
11 except costs of acquiring easements to widen existing roads, and new
12 road construction except for realignment of the road bed within the
13 right-of-way;

14 * Sec. 6. AS 19.30.320(3) is amended to read:

15 (3) "municipality" means an organized borough of any class,
16 a unified municipality, or a city of any class, that has road con-
17 struction and [OR] maintenance powers;

Alaska Grain
Reserve Prog.
(loans)

SENATE BILL NO. 405, (see page 171). Reported back to the Senate March 17 by Resources recommending it do pass. Concurring: Sturgulewski (Chair), Coghill, Fahrenkamp and Zharoff. To Finance.

Road Maint'nce
Service Areas
(grants to)

SENATE BILL NO. 411, (see page 173). Reported back to the Senate March 21 by Community & Regional Affairs recommending it be replaced with a substitute and that it do pass. Concurring: DeVries (Chair), Strugulewski and Coghill. Not concurring: V. Fischer had no recommendation. To Transportation. The committee also attached an analysis from the Department of Transportation:

The proposed bill revised AS 19.30 in five areas:

- 1) AS 19.30.260 and 19.30.280 prohibit funding in those road improvement areas that are financed through the issuance of municipal debt. For clarity, the addition to 19.30.260 should read as follows: Grants to road maintenance service areas under AS 19.30.260-19.30.320 are limited to those road maintenance service areas in which road improvement was not financed through the issuance of municipal debt during the three previous fiscal years.
- 2) AS 19.30.290(b) clarifies the fact that road construction can be performed by the municipality.
- 3) AS 19.30.310 changes the due date for reports. This change does not adversely affect the department's capability to submit a combined annual report to the Governor by December 1.
- 4) AS 19.30.320(1) clarifies acceptable expenditures related to road improvements by expanding the definition.
- 5) AS 19.30.320(3) clarifies the definition and requirements of a municipality and should be revised as follows to reflect the powers necessary to qualify for a road improvement grant:

(3) 'municipality' means an organized borough of any class, a unified municipality, or a city of any class, that has road construction and [OR] maintenance powers.

The C&RA substitute limits grants to road maintenance service areas to those road maintenance service areas in which road improvement (was "maintenance") was not financed through the issuance of municipal debt during the three previous fiscal years. Municipalities would be required to show the sources of funds used for road improvement (rather than "maintenance") within each road

page 356

maintenance service area during the prior three fiscal years.

C&RA also changes definition of "municipality" to mean "an organized borough of any class, a unified municipality, or a city of any class, that has road construction and maintenance powers" (was "road construction or maintenance powers.")

Claims Against
the State
(judicial
review)

SENATE BILL NO. 412, (see pages 174;280). Reported back to the Senate March 21 by Judiciary recommending it do pass. Concurring: Kelly (Vice Chair), Faiks, Ziegler and Halford. To Rules.

AK Minerals
Commission
(establishing)

SENATE BILL NO. 418, (see page 176). Reported back to the Senate March 20 by Resources recommending it be replaced with a substitute and it do pass. Concur-

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : _____

REQUEST

Bill/Resolution No.: SB 411
 Title: An act relating to road maintenance service areas
 Sponsor: Falks
 Requestor: DEVRIES
 Date of Request: March 11, 1986

FISCAL DETAIL

Agency Affected: DOT&PF
 BRU: Capital Program
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

ATTACHED

Prepared by: Charles D. Karella Phone: 465-2171
 Division: Plans, Programs, and Budget Date: 3/13/86

Approved by Commissioner: [Signature] Date: 3/14/86
 Agency: Transportation and Public Facilities

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB411

ANALYSIS

The proposed bill is strictly a housekeeping measure and has no fiscal impact on either the operating or capital budget. No additional positions are required.

The proposed bill revised AS 19.30 in five areas:

- 1) AS 19.30.260 and 19.30.280 prohibit funding in those road improvement areas that are financed through the issuance of municipal debt. For clarity, the addition to 19.30.260 should read as follows: Grants to road maintenance service areas under AS 19.30.260 - 19.30.320 are limited to those road maintenance service areas in which road improvement was not financed through the issuance of municipal debt during the three previous fiscal years.
- 2) AS 19.30.290(b) clarifies the fact that road construction can be performed by the municipality.
- 3) AS 19.30.310 changes the due date for reports. This change does not adversely affect the departments capability to submit a combined annual report to the Governor by December 1.
- 4) AS 19.30.320(1) clarifies exceptable expenditures related to road improvements by expanding the definition.
- 5) AS 19.30.320(3) clarifies the definition and requirements of a municipality and should be revised as follows to reflect the powers necessary to qualify for a road improvement grant:
 - (3) "municipality" means an organized borough of any class, a unified municipality, or a city of any class, that has road construction and [OR] maintenance powers.

Alaska State Legislature

CO-CHAIRMAN
FINANCE COMMITTEE

907-465-3740



JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

Senate

March 11, 1986

MEMORANDUM

TO: Senator DeVries, Chairman
Senate Community and Regional Affairs Committee

FROM: Senator Jan Faiks

SUBJECT: Request for Committee Substitute and Background
on Senate Bill 411

Alaska Statutes 19.30.260 through 19.30.320 contain legislation which I introduced during the Thirteenth Legislature. This legislation was intended to facilitate the funding of road improvements to outlying areas through the establishment of road maintenance service areas - "RMSA's".

This bill will make changes to the RMSA program in order to bring it into line with the original intent of this legislation and to help the Department of Transportation and Public Facilities implement this program.

The original intent of the program was to provide road improvement funds to those outlying districts which do not have access to such funds. Since the program came into being, however, some RMSA's have been established within road service areas which already have improvement funds available to them. These funds are raised upon the issuance of municipal debt, i.e., the selling of general obligation bonds.

Those RMSA's within the Anchorage Roads and Drainage Service Area (ARDSA) are an example. In FY 1985, ARDSA sold approximately \$15 million worth of general obligation bonds for road improvements within its boundaries. In the same year, at least \$317,357 was granted by the RMSA program for road improvements to service areas within its boundaries. This represents about 10% of the total \$3,000,000 distributed by the RMSA program that year.

OUT OF SESSION

206-448-8337

In other words, about 1/10th of the money under this state program was given to service areas which already had improvement funds available to them, instead of being reserved for those areas which have no other funding sources. This was certainly not the intent of my legislation two years ago.

Sections 1 and 2 of this bill will solve this problem by excluding from the RMSA program any service area whose road improvements have been financed by the issuance of municipal debt during the preceding three years.

The remaining sections of the bill contain amendments which were proposed by the Department of Transportation and Public Facilities. These are offered to help the Department administer the RMSA program.

Section 3 makes it clear that road improvements may be performed by municipal forces as well as private contractors. Section 4 changes the reporting date to October 1st so that it is consistent with the reporting date for the 5-year plan in AS 19.30.280 and the Local Service Roads and Trails program. This will simplify the administration of both programs by the municipalities.

Section 5 clarifies that financing costs are excluded, but that costs to realign and widen existing roads are included for program funding. Finally, Section 6 expands the definition of municipality to make it consistent with more common terminology in our statutes.

Since this bill was introduced, I have discovered several changes which are needed to further accomplish these goals. I offer them to you as a possible committee substitute for this bill. These changes are:

1. On page 1, line 15, the word "maintenance" should be changed to "improvement". "Maintenance" is not proper here because I have been advised that road maintenance can never be funded through municipal debt.

2. On page 2, line 29, replace the word "or" with the word "and" since some municipalities possess maintenance powers but not construction powers.

Thank you.

Article 4. Road Maintenance Service Areas.

Section	Section
260. Purpose	300. Maintenance
270. Allocation of money	310. Report
280. Eligibility	320. Definitions
290. Administration	

Effective date of article. — Section 2, ch. 56, SLA 1984, provides "This Act takes effect July 1, 1984."

Sec. 19.30.260. Purpose [Effective January 1, 1986]. The purpose of AS 19.30.260 — 19.30.320 is to facilitate funding for the upgrading, reconstruction, rehabilitation, or paving of existing subdivision roads within a road maintenance service area established under AS 29.35.450 or under a home rule charter. (§ 1 ch 56 SLA 1984; am § 47 ch 74 SLA 1985)

Effect of amendments. — The 1985 substituted "AS 29.35.450" for "AS amendment, effective January 1, 1986, 29.63."

Sec. 19.30.270. Allocation of money. (a) During each fiscal year each municipality shall receive money from the department that has been appropriated or otherwise designated for expenditure for road improvements within the municipality, based on the total road mileage in each road maintenance service area in the municipality. The amounts that are available shall be distributed pro rata among eligible municipalities.

(b) Money allocated to a municipality under this section shall be disbursed by the municipality for road maintenance service areas based on a first come, first served priority of road maintenance service area applications, subject to a 50 percent match by each road maintenance service area.

(c) Money allocated under this section shall be available for expenditure in the road maintenance service area for which the funds are authorized for a period of five years after the end of the fiscal year for which the funds are authorized. Money allocated for a road maintenance service area that is unexpended and unobligated at the end of the five-year period shall be used for other road maintenance service areas in the same municipality in accordance with AS 19.30.260 — 19.30.320. If there are no other road maintenance service areas in the municipality for which the money can be used, the municipality shall remit the unexpended and unobligated money to the department and it shall lapse into the general fund.

(d) Fifty percent of the cost of construction in a road maintenance service area shall be paid by the road maintenance service area through road improvement district assessments, grants, or other appropriate financing means. (§ 1 ch 56 SLA 1984)

Sec. 19.30.280. Eligibility. (a) [Effective January 1, 1986] After establishing a road maintenance service area under AS 29.35.450, under a home rule charter, a municipality may apply to the department for a grant as money is available for road improvement subject to regulations adopted by the department to carry out the provisions of AS 19.30.260 — 19.30.320. The department shall require a municipality to submit a five-year plan for the upgrading, reconstructing, rehabilitating, or paving of maintenance service area roads for approval before October 1 of each fiscal year.

(b) A municipality shall establish design standards for construction in a road maintenance service area. An application for a grant to improve an existing road under this section which is constructed after July 1, 1984 may not be granted by the department until the existing road meets the minimum design standards of the municipality. (§ 1 ch 56 SLA 1984; am § 48 ch 74 SLA 1985)

Effect of amendments. — The 1985 substituted "AS 29.35.450" for "AS 29.63" amendment, effective January 1, 1986, in the first sentence of subsection (a).

Sec. 19.30.290. Administration. (a) A contract entered into by a municipality for road construction within a road maintenance service area for which funds allocated to the municipality under AS 19.30.260 — 19.30.320 are used shall be awarded only on the basis of the lowest responsible bid by a bidder meeting established criteria of responsibility.

(b) Construction under AS 19.30.260 — 19.30.320 shall be administered by the municipality in which the road maintenance service area is located. (§ 1 ch 56 SLA 1984)

Sec. 19.30.300. Maintenance. The road maintenance service area shall be responsible for maintaining roads constructed under AS 19.30.260 — 19.30.320. The road maintenance service area may contract with a municipality for maintenance of the roads. (§ 1 ch 56 SLA 1984)

Sec. 19.30.310. Report. No later than August 1 of each year, a municipality that has received money under AS 19.30.270 shall submit a report to the department showing the use of the money by the municipality during the preceding fiscal year. No later than December 1 of each year, the department shall prepare and submit to the governor a report showing the use of the money allocated under AS 19.30.270 during the preceding fiscal year. (§ 1 ch 56 SLA 1984)

Sec. 19.30.320. Definitions. In AS 19.30.260 — 19.30.320

(1) "construction" or "road improvement" has the meaning given in AS 19.45.001 and includes utility and drainage costs but excludes financial costs, right-of-way costs, and new road construction;

(2) "department" means the Department of Transportation and Public Facilities;

(3) "municipality" means a municipality that has road construction or maintenance powers;

(4) "subdivision" has the meaning given in AS 40.15.190(2). (§ 1 ch 56 SLA 1984)

STATUTES