

Introduced: 1/14/85
Referred: Finance

1 IN THE HOUSE

BY LARSON AND GRUSSENDORF

2 HOUSE BILL NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state grants for capital proj-
7 ects."

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

9 * Section 1. AS 37.05.315(c) is amended to read:

10 (c) In accepting a grant of money for construction of a public
11 facility, a municipality covenants with the state that it will pay at
12 least 10 percent of the total cost of the project, operate and main-
13 tain the facility for the practical life of the facility and that the
14 municipality will not look to the state to operate or maintain the
15 facility or pay for its operation or maintenance. This requirement
16 does not apply to a grant of money for repair or improvement of an
17 existing facility operated or maintained by the state at the time the
18 grant is accepted if the repair or improvement for which the grant is
19 made will not substantially increase the operating or maintenance
20 costs to the state.

21 * Sec. 2. AS 37.05.316 is amended to read:

22 Sec. 37.05.316. GRANTS TO NAMED RECIPIENTS. When an amount is
23 appropriated or allocated to a department as a grant for a named
24 recipient which is not a municipality, the department to which the
25 appropriation or allocation is made shall promptly notify the named
26 recipient of the availability of the grant and request the named
27 recipient to submit a proposal to provide the goods or services spec-
28 ified in the appropriation act, or both, for which the appropriation
29 or allocation is made. At the same time, the department may issue a

1 request for proposals from other qualified persons to provide the same
2 goods or services, or both, in the same area. The department shall
3 contract with the named recipient unless the Office of the Governor,
4 with due regard for any local expertise or experience among those
5 making proposals, determines that an award of the contract to a dif-
6 ferent party would better serve the public interest. If the contract
7 is awarded to another party than that named by the legislature, the
8 basis of that action shall be stated in writing at the time the grant
9 is issued and a copy of the written statement shall be sent to the
10 Legislative Budget and Audit Committee. A contract shall be executed
11 within 60 days after the effective date of the appropriation or allo-
12 cation. The purchase of the goods or services, or both, shall be in
13 accordance with AS 37.05.230(1)(B). A contract for construction of a
14 public facility shall provide that the named recipient shall pay at
15 least 10 percent of the total cost of the project.

16 * Sec. 3. AS 37.05.317 is amended to read:

17 Sec. 37.05.317. GRANTS TO UNINCORPORATED COMMUNITIES. When an
18 amount is appropriated or allocated as a grant under this section to
19 an unincorporated community, it shall be disbursed as follows:

20 (1) Within 45 days after the effective date of the appro-
21 priation or allocation, the Department of Community and Regional
22 Affairs shall notify the governing body of the unincorporated communi-
23 ty, if any, that a grant is available.

24 (2) The Department of Community and Regional Affairs shall
25 determine if there is a qualified incorporated entity in the community
26 area that will agree to receive the grant and administer it, subject
27 to terms generally applicable to private grantees. If there is more
28 than one such entity, the Department of Community and Regional Affairs
29 shall select the most qualified and the grant shall be awarded to that

1 incorporated entity for the purposes specified in the appropriation
2 act. However, the Department of Community and Regional Affairs shall
3 give preference to a nonprofit corporation organized by a community
4 for receipt of the grant.

5 (3) If there is no incorporated entity qualified to receive
6 the grant, the Department of Community and Regional Affairs shall
7 administer the program as specified in the appropriation act directly
8 or through agents or contractors with whom it may contract in the
9 community area.

10 (4) If the grant is for construction of a public facility,
11 the recipient of the grant shall agree to pay at least 10 percent of
12 the total cost of the project unless the project is administered by
13 the Department of Community and Regional Affairs under (3) of this
14 section.

ALASKA STATE LEGISLATURE

14th Legislature FIRST Session

HOUSE BILL NO. 41

By LARSON, GRUSSENDORF

An Act relating to state grants for capital projects."

State Grants

Introduced in the House 1/14...., 1985.

HISTORY IN THE HOUSE

19	85	Read first time and referred to Committee on												
Jan.	14	FINANCE												
		Reported back with recommendation that												
		Read second time and												
		Read third time and												
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		Reported correctly engrossed												
		Signed by Speaker												
		Sent to Senate												
CHIEF CLERK OF THE HOUSE														

HISTORY IN THE SENATE

19		Read first time and referred to Committee on												
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		Signed by President												
		Returned to House												
SECRETARY OF THE SENATE														

HISTORY IN THE HOUSE

19		Received from Senate
		Concurred in Senate amendment thus adopting: VOTE
		Failed to concur in Senate amendment; asked Senate to recede VOTE
		Senate receded from amendment VOTE
		Senate failed to recede from amendment VOTE
		CC appointed by House
		CC appointed by Senate
		CC adopted by House VOTE
		CC adopted by Senate VOTE
		To enrolling Reported correctly enrolled Sent to Governor by Governor
		Filed with Lt. Governor
		Chapter No.

Alaska State Legislature

RONALD L. LARSON
DISTRICT 16B

POUCH V
JUNEAU, ALASKA 99811
(907) 465-3727



BOX 53
PALMER, ALASKA 99645
(907) 745-3826

House of Representatives

MEMORANDUM

DATE: FEB. 6, 1985

TO: HOUSE FINANCE COMMITTEE MEMBERS

FROM: REPRESENTATIVE RON LARSON *R.L.*

RE: HB 41: PUBLIC FACILITIES GRANTS; 90/10 FORMULA

House bill 41 is an attempt to more clearly define the degree of local responsibility and state responsibility in relation to local requests for state grants for local capital construction projects. Local governments and private non-profit organizations working through their local government or appropriate state agency will then know what their local effort will have to be in order to qualify for a state grant if the legislature approves such a request.

Basically HB 41 is an attempt to re-establish local responsibility in the state appropriation process of granting state capital project money for local capital projects originating by request of local governments, their agencies or non-profit organizations within their boundaries.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

To: House Finance Committee

From: Scott A. Burgess, Executive Director



Date: February 6, 1985

Subject: HB 41 - State grants for capital projects (10%)

The League has no formal position on HB 41 and requiring communities to pay at least 10% of the total cost of a capital project; however, the legislation raises several concerns on behalf of municipalities across Alaska. Municipalities and the people of Alaska have benefited from the capital projects that have been funded by the State over the years. While the municipalities have received capital funds to build these projects, they have also been receiving State Revenue Sharing and Municipal Assistance funds to help them operate and maintain these projects while holding down taxes. The projects have provided for basic needs of Alaskans, provided jobs, and stimulated private development, increasing the tax base.

While the job is not done, and municipalities will not jump at the "opportunity" to pay 10% of the project cost, the municipalities do recognize the realities of declining revenues. The municipalities have been willing to tax themselves to maintain and operate its facilities and provide needed services. The League would also be willing to work with the Legislature and the Administration in coming up with a fair and equitable method of addressing how the State and municipalities can continue to serve the needs of Alaskans in the face of declining revenues. While HB 41 proposes one method of providing for the funding of capital needs and assuring local commitment to the projects, I raise some concerns that the League hopes will be addressed by the Committee in their hearings on HB 41; again, without speaking for or against the bill.

1. Impact on smaller municipalities: Concern has been raised by some municipal officials that many communities, while they have the need for water, sewers, schools etc., they do not have the tax base or local funds to come up with the 10%. Will the effect of HB 41 be to have only the larger municipalities competing and receiving capital projects?

2. At least 10%: What is the intent of "at least" 10%? Who would determine more than 10% was require to be paid by a municipality?

3. Local priorities: While seldom refused by the community, not all projects funded by the State were top priorities of that community in their capital improvement programs. Would a community be required to use the money it could set aside for its priorities on a unrequested project?

4. Pass through grants: Many capital project funding is passed through the local municipalities to private organizations. Would the local municipality be responsible for the 10% of these projects?

5. Budget cycle: Local budgets and tax rates are developed, approved and "put to bed" before the Legislative session is over. If a project is funded which the municipality did not anticipate, the municipality could not come up with the funds until the following year, perhaps delaying the construction of the project for a year.

6. Definition of 10%: There would have to be a definition of the 10% e.g. in-kind funds etc., and, also, a definition of the "cost of the project" to equitably assess ~~the~~ 10% to be paid by a community.

While the League does not mean to criticize the sponsor's interest in creating fiscal responsibility and of sharing the burden of providing for the needs of Alaskans, the proposed legislation does raise, at least, the concerns above. The League has always been willing to work with the Legislature and the Governor to improve the capital improvement project identification and funding process to be fair and fiscally responsible, and still meet the needs of our communities and their residents.

Thank you.

League of Women Voters of Alaska

CAPITAL BUDGET PROCESS

Statement of position:

The League of Women Voters of Alaska believes that prudent capital spending by the State of Alaska requires realistic budget preparation, clear project definition, use of standardized criteria for determination of need, and public involvement. In order to promote the judicious management of the capital budget process and capital projects, the League supports the following:

1. Establishment and implementation of consistently applied statutory criteria for defining and prioritizing all proposed capital projects;
2. Recognition and documentation of the effect of capital expenditures on the operating budgets and bonding capabilities of state and local government;
3. Public understanding of and involvement in the capital budget preparation process;
4. Financial participation by local governments in the funding of requested capital projects;
5. Utilization of a single procedure for the proposal and evaluation of potential capital improvement projects; and
6. Accountability for the expenditure of capital funds in accordance with public and legislative intent.

Any spending limit should be in statutory, not constitutional, form and be based on the future availability of funding for the operation and maintenance of state-financed capital improvement projects.

Amplification:

- Implicit in this position statement is the need for a clearly stated definition of the type of expenditure that qualifies for funding from the state's capital budget.
- The definition of "capital improvement project" should not include a fixed dollar threshold.
- All proposed capital improvement projects should:
 1. Be submitted through appropriate executive branch agencies;
 2. Be subjected to uniform criteria for evaluating the economic and program feasibility of that project;

3. Be included in a single appropriation bill, logically formatted, to clearly show the total capital budget commitment for that legislative session; and

4. Have publicly accessible and understandable documentation showing the total projected life-cycle costs, scope, need and local support for the project and how the project fits into the projected goals of the requesting agency or political subdivision.

- The statutory criteria established for judging the merit of a proposed capital improvement project should apply at all levels of government and include:

1. That the project be for public, not private, purposes;
2. That the project have a high degree of public support as manifested through the public hearing process, and as verified by the commitment of the local governmental body to pay for a percentage (e.g., ten per cent) of the initial project costs (design, construction and equipment) and to operate and maintain the project;
3. That the project be economically feasible, and so documented;
4. That the project be consistent with the stated goals over time (e.g., five years) of the requesting agency or entity;
5. That the project be the best solution to a stated need;
6. That no (or inadequate) other money is available to fund the project;
7. That life, health, safety and educational needs take priority over other less basic needs; and
8. That project funding not adversely affect the state or local governments' future bonding capabilities.

PREPARED TESTIMONY ON HB 41

Department of Community & Regional Affairs

"An Act relating to state grants for capital projects."

By Larson and Grussendorf

Thank you for this opportunity to speak to your committee on HB 41, a bill to require most recipients of capital improvement grant funds to provide a 10% match toward the construction of the project or purchase of the equipment. This bill has direct impact on municipalities and in turn the Department of Community and Regional Affairs. Most grants to municipalities are channeled through the Department of Administration while this Department administers legislative grants made to unincorporated communities. Based on our involvement with and concern for local governments, the Department has reviewed this bill with considerable interest and I would like to share our comments with the committee.

In general, the Department is very supportive of the concept and intent of this bill. The Department believes that a local contribution toward the construction of capital improvements is a good way to insure community support for State funded

projects. Most projects are also administered at the local level, and if the municipality or community has a financial stake in a project there could also be improved oversight and management of the construction work. The Department has recognized these and other benefits of local contribution toward construction projects and major equipment purchases and has maintained a local contribution provision in the administration of the Rural Development Assistance (RDA) grant program which it has administered for the last 14 years and the Community Development Block Grant (CDBG) a Federal grant-in-aid program which the Department also administers. This local effort can be in the form of cash or in-kind contributions, but the factor of local support, as demonstrated through the level of local contribution toward the project is viewed as a vital criterion in the course of reviewing and ranking RDA and CDBG requests.

I am sure the provision providing for a 10% match will have an effect similiar to that of the RDA and CDBG programs even though the grant processes are different. Only priority requests that enjoy broad based support within a community should surface and demand the attention of the Legislative and the Executive branches of government. The match requirement may also have the beneficial effect of forcing local governments to more fully consider maintenance and operation costs down the road and keep an expensive mistake from occurring.

The Department does have a couple of concerns that I would hope this committee could review and, if shared, perhaps address. First, while a 10% local match requirement appears on its face to be an equitable and realistic level of local contribution there may need to be additional flexibility given to address circumstances where a local government lacking a tax base can still receive assistance for health or public safety facilities with a smaller level of local contribution.

I believe a total waiver of any local match should be a rare occurrence, but perhaps a smaller local match should be allowable if the municipality can demonstrate a true hardship in meeting the 10% match requirement. This hardship should be tied to legitimate circumstances where no tax base or other form of local funding contribution exists. One way to provide this flexibility would be to give the discretion to grant this waiver reducing the level of local contribution to an amount less than 10% should rest with the Commissioner of the Department administering the grant. The burden of proof to demonstrate the need for this waiver should rest with the grant recipient.

While some would argue that this opens the door for abuse, the Department believes that this flexibility is needed to deal with the real life circumstances that exist in much of rural Alaska. Some level of local contribution should exist for all

projects and the granting of waivers should be approached conservatively. These instructions could be given either in the bill itself or through legislative intent language.

The second concern is found in Section 3 of the bill. This problem is tied again to flexibility. The new language added at the end of this section allows the 10% match to be waived if the project is to be administered directly by this Department.

Since the Department of Community and Regional Affairs is not staffed sufficiently to directly administer capital improvement projects we tend to try to find some entity in the community to take responsibility for construction management. This group is typically a traditional Native council that is not incorporated as a nonprofit corporation. This group acts as the agent or contractor as provided for in AS 37.05.317(3). Therefore, this provision establishes a "loophole" or disparity between recipients, which does not consider the ability of a community or group to pay for a portion of the construction. This disparity could be construed as an incentive to disincorporate as a nonprofit organization established for purposes of receiving and administering grants. Under agent or contractor status the 10% contribution would not be required, while as nonprofit corporation the grant recipient would be required to make this local match.

The Department does not believe the disparity created between a grant to a community with a nonprofit as opposed to one without such an organization is good idea. The insertion of language granting some level of discretion for good cause as mentioned earlier would be an acceptable way to address this problem. This would allow all unincorporated communities to be treated fairly based on the extent of their need and the level of the resources available to put toward construction projects.

In closing, the move to requiring local contribution for public construction projects is a good step. However, the Department believes in a State as varied and different as ours that flexibility is important in fairly implementing a provision like that contained in HB 41. The intent of the measure can be carried out and the benefits of requiring a local contribution toward projects can be maintained, but we must also be sure that this provision does not spell the end to much needed services and facilities in some of the State's poorer areas.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH B
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ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

March 14, 1985

The Honorable Al Adams
Alaska State House
Pouch V
Juneau, AK 99811

RE: REQUEST FOR INFORMATION ON UNINCORPORATED COMMUNITIES FOR
PURPOSES OF HB 41

Dear Representative Adams:

In reference to the Finance Committee's request of February 6,
I have provided the following information regarding
unincorporated communities.

1. Number of unincorporated communities: 74
2. Number of unincorporated communities with IRA
Councils: 12, including:

Atka, Kwigillingok, Metlakatla, Minto, Nikolski,
Noatak, Perryville, Stevens Village, Tanacross,
Tatitlek, Tetlin, and Venetie.
3. Number of those unincorporated communities with
Traditional Tribal Councils: 43, including:

Beaver, Birch Creek, Cantwell, Chalkyitsik,
Chignik, Lagoon, Chignik Lake, Chistochina,
Chitina, Circle, Copper Center, Crooked Creek,
Dot Lake, Eagle, Egegik, False Pass, Gulkana,
Healy Lake, Iguigig, Iliamna, Ivanof Bay,
Kokhanak, Koliganek, Kongiganek, Levelock, Lime
Village, Manley Hot Springs, Mentasta, Nelson
Lagoon, Northway, Oscarville, Pedro Bay, Pilot
Point, Pitkas Point, Rampart, Red Devil,
Sleetmute, Stony River, Takotna, Tazlina, Telida,
Tok, Tuntutuliak, and Twin Hills.
4. Money paid to unincorporated communities through
the Revenue Sharing Program: \$1,557,372 (FY 84
figures).

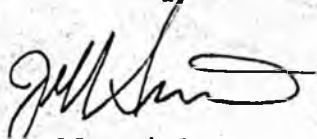
The Honorable Al Adams
March 14, 1985
Page Two

5) Capital Funds to unincorporated communities:
(See Attachment 1).

During the February 6 committee meeting, Representative Frank also inquired about the flexibility which HB 41 might deny the unincorporated communities. At that time, I suggested that the bill should provide flexibility in applying the 10% grantee participation payment. Because of the varied economic climates throughout the State, the bill may benefit from a more thorough study of the percentage capital payment requirement; a flat 10% payment by the grantee may not be responsible, or realistic, depending on the grantee's specific economic situation. This is something our Department hopes the Finance subcommittee would look into further.

If you need any additional information, please contact our office. We are now doing specific research for the Federal-State-Tribal Relations Task Force on the open and closed grants to IRA and Traditional Tribal Councils which our Department administers. This information will be part of the packet that the Task Force will consider in making recommendations to the Governor on State-Tribal relations. The information may also be of interest to the Finance Committee. Please let us know if we could provide you with our grant research.

Sincerely,



Jeff Smith
Deputy Commissioner

cc: The Honorable Steve Frank
The Honorable John Ringstad
The Honorable Al Adams
The Honorable Jim Duncan
The Honorable Ronald Larson
The Honorable Mike Szymanski
The Honorable Sam Cotten
The Honorable John Binkley
The Honorable Pat Pourchot
The Honorable Steven Rieger
The Honorable Rick Uehling
Alaska State House

ALL C&RA OUTSTANDING GRANTS
AND CAPITAL PROJECTS

YEAR	COLLO CODE	PROJECT	1/31/85 PBA BALANCE	1/31/85 PBA ENCUMBRANCE BALANCE
?	21-19-8-001	Tanacross Track Complex	49,500.00	
FY83	21-19-8-002	Beaver Library Books		1,000.00
FY83	21-19-8-003	Manley Library & Clinic		46,250.00
FY84	21-19-8-005	Klukwan Artifact Storage	1,100.00	
FY80	21-22-6-020	Juneau Residential Care Unit		174,460.00
FY85	21-29-2-010	Enep'ut Children's Center	65,000.00	
FY85	21-29-2-016	Weatherization/Energy Assist	5,700,000.00	
FY85	21-29-6-003	Low Income Multi-Housing	1,580,000.00	
FY85	21-29-6-011	Norton Sound Sr. Cit. Fac.	1,625,000.00	
FY85	21-29-6-012	Sr. Citizen Housing Develop.	6,000,000.00	
FY85	21-29-8-011	Community Profiles	400,000.00	
FY85	21-29-8-014	Anch. Salvation Army	1,000,000.00	
FY82	21-39-8-001	Manley Clinic/Library Bldg.		70,000.00
FY85	21-39-8-015	Arctic Village Clinic	100,000.00	
FY83	21-49-8-001	Birch Creek Water		2,990.00
FY84	21-49-8-007	Evansville Well	30,000.00	
FY84	21-49-8-008	Stoney River Well		2,000.00
FY84	21-49-8-011	Birch Creek Water		75,000.00
FY84	21-49-8-012	Minto Water & Sewer Phase I		40,000.00
FY83	21-49-8-201	Lake Kalskag Rec. Area		24,500.00
FY84	21-59-8-009	Delta Junction Landfill		400,000.00
FY84	21-59-8-010	Ester VFD Apparatus/Equip.	35,000.00	
FY84	21-59-8-013	Copper Center Fire Equip.	20,000.00	
FY84	21-72-1-068	Regional Resource Develop.	30,000.00	
FY85	21-72-1-072	Public Smoking	5,000.00	
FY85	21-72-2-058	Enep'ut Childrens Center	85,000.00	
FY85	21-72-2-060	S.E. Alaska Youth Equip		25,000.00
?	21-72-8-544	Portage Creek Storage		37,705.16
FY84	21-72-8-589	Anch. Neighborhood Housing		28,415.00
FY80	21-72-8-601	Newhalen Wind		2,144.27
FY80	21-72-8-602	Pedro Bay Dump	180.70	
FY81	21-72-8-605	Kipnuk D-B Cat		15,924.00
FY81	21-72-8-607	Kwigillingok D-C Cat		18,577.57
FY81	21-72-8-608	VFD Equip/Mapping		59,814.00
FY81	21-72-8-609	Mauneluk Sawmill	1,006.75	
FY81	21-72-8-610	Nikolai Electrification	142.96	
FY81	21-72-8-611	Girdwood Ambulance	460.87	
FY81	21-72-8-613	Buckland Generator	9,432.43	
FY83	21-72-8-618	Tatitlek Mun. Equip	20,000.00	
FY83	21-72-8-620	Koliganek Comm. Hall		99,000.00
FY84	21-72-8-627	Gustavus Roads Upgrade	31,929.34	
FY84	21-72-8-629	Tatitlek Combined Facility	250,000.00	
FY84	21-72-8-632	Anch. Hispanic Culture Ctr		300,000.00
FY84	21-72-8-635	Alaska Med. Housing Facility		20,000.00
FY84	21-72-8-636	Remote Shelter Const.	60,000.00	

YEAR	COLLO CODE	PROJECT	1/31/85 PBA BALANCE	1/31/85 PBA ENCUMBRANCE BALANCE
FY82	21-72-8-641	Circle Electric		81,700.00
FY82	21-72-8-645	Noatak Youth Center		18,750.00
FY82	21-72-8-646	Petroleum Health Study	12,000.00	
FY82	21-72-8-647	Copper River Basin	454.77	
FY84	21-72-8-658	Arctic Village Elect.		50,000.00
FY84	21-72-8-659	Tetlin Street Lights	3,000.00	
FY84	21-72-8-660	Chicken Well & House	25,000.00	
FY85	21-72-8-665	Angoon Ferry Terminal	30,000.00	
FY85	21-72-8-666	Bidarki-Cordova Youth	40,000.00	
FY85	21-72-8-669	Klukwan Development	55,000.00	
FY85	21-72-8-672	Moose Pass Repair/Equip.	30,000.00	
FY85	21-72-8-673	Cantwell Landfill	100,000.00	
FY85	21-72-8-677	Gulkana Campground	25,000.00	
FY85	21-72-8-679	Tetlin Clinic	25,000.00	
FY85	21-72-8-680	Tok Clinic	25,000.00	
FY85	21-72-8-681	Tuntutuliak Hall		225,000.00
FY85	21-72-8-682	Iliamna Clinic	40,000.00	
FY85	21-72-8-684	Karluk Street Lighting		27,000.00
FY85	21-72-8-688	Kuskokwim Agriculture		33,000.00
FY85	21-72-8-694	Kongiganek Terminal	40,000.00	
FY85	21-72-8-695	Halibut Cove Well	40,000.00	
FY85	21-72-8-696	McGrath Library	330,000.00	
FY85	21-72-8-697	Thorne Bay	40,000.00	
FY85	21-72-8-700	Deltana Rika Laundry	220,000.00	
FY80	21-73-2-136	Lime Village Wind	45,237.22	
FY80	21-73-2-137	Sheldon Point Elect.	5,170.85	7,199.38
FY81	21-73-2-151	Alternative Energy Admir.	9,694.03	
FY81	21-73-2-152	Alternative Energy Power Factor		16,032.21
FY81	21-73-2-153	Alaska Wind Demo Monitor		1,706.39
FY81	21-73-2-154	Wind Energy Curriculum	1,000.00	
FY81	21-73-2-157	C.O. Energy		12,261.40
FY81	21-73-2-158	Media Information	2,740.00	
FY82	21-73-2-167	Pilgrim Hot Springs	12,318.98	
FY82	21-73-2-172	Peat In Southcentral	4,414.77	
FY85	21-79-2-014	Telida Electrification	25,000.00	
FY83	21-79-8-010	Atqasuk Teen Rec Bldg	37,500.00	
FY84	21-79-8-017	Takotna Multi-Facility	150,000.00	
FY84	21-79-8-018	Tyonek Comm. Facility	140,000.00	
FY84	21-79-8-019	Tyonek Sawmill Repairs	10,000.00	
FY84	21-79-8-028	Rampart Electrification		10,000.00
FY84	21-79-8-029	Arctic Village Elect.		50,000.00
FY84	21-78-8-031	Kongiganek Electrification	50,000.00	
FY84	21-79-8-032	Kwigillingok City Officer	100,000.00	
FY84	21-79-8-033	Oscarville Comm. Center		15,000.00
FY85	21-79-8-041	Circle Planning-Design	240,000.00	
FY85	21-79-8-042	Noatak Erosion Control	6,000.00	
FY85	21-79-8-044	Minto Water & Sewer		200,000.00
FY85	21-79-8-055	Tanacross Laundromat	32,500.00	
FY85	21-79-8-061	Takotna Septic Tanks	150,000.00	
FY85	21-79-8-063	Kipnuk Landfill Road	292,000.00	

<u>YEAR</u>	<u>COLLO CODE</u>	<u>PROJECT</u>	<u>1/31/85 PBA BALANCE</u>	<u>1/31/85 PBA ENCUMBRANCE BALANCE</u>
FY85	21-79-8-064	Ugashik Low Tractor	25,000.00	
FY85	21-79-8-075	Tok Clinic/Ambulance Bldg	40,000.00	
FY85	21-79-8-082	Copper Center Water/Sewer	24,000.00	
FY85	21-79-8-084	Tanacross Village Street Lights	30,000.00	
FY85	21-79-8-085	Tetlin Landfill	60,000.00	
FY85	21-79-8-087	Telida Electrification	20,000.00	
FY83	21-79-8-502	Koliganek Truck/Bulldozer		1,205.00
FY83	21-79-8-504	Koliganek Voc Agri Training		18,000.00
FY83	21-79-8-522	Koliganek Mun Options		63,000.00
FY85	21-79-8-523	Yukon-Kuskokwim	1,508,300.00	
FY83	21-89-8-002	Dot Lake Roads		40,800.00
FY83	21-89-8-005	Twin Hill Road Project	200,000.00	
FY83	21-89-8-008	Medfra Air/Ground Radio		362.50
FY84	21-89-8-017	Port Protection Marine	20,000.00	
FY84	21-89-8-018	Elfin Cove Boardwalk		35,000.00
FY84	21-89-8-020	Ester Loop Road	22,000.00	
FY84	21-89-8-028	Eagle Road Improv	10,900.00	
FY84	21-89-8-031	Evansville Truck	17,000.00	
FY84	21-89-8-034	Portage Heavy Equip	100,000.00	
FY84	21-89-8-040	Eagle Road Upgrade	10,000.00	
FY85	21-89-8-046	Tetlin Airport	35,000.00	
FY85	21-89-8-065	Tok Airport Upgrade	87,300.00	
FY85	21-89-8-066	Arctic Village Road	50,000.00	
FY85	21-89-8-201	Oscarville Loading Facility	200,000.00	
Department Totals			21,952,283.67	2,348,796.88

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 41
 Title: Match Requirements for State Grants
 Sponsor: Rep. Larson & Grussendorf
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: DOT&PF
 Program Category Affected: Transportation
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Only negligible costs will be incurred by this agency if this bill becomes law. There already exist, grants administrators in each region who are capable of handling the few grants to named recipients which pass through the department.

Prepared By: Carol Taylor

Phone: 465-4070

Division: Plans and Programs

Date: 1/22/85

Approved by Commissioner: Wm S. Spahr

Date: 1/24/85

Agency: Department of Transportation & Public Facilities

Distribution (by Agency preparing fiscal note):

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

7/1/84



Dept. of Transportation & Public Facilities

Position Paper

BILL NO: House Bill No. 41

APPROVED: R. J. Knapp
for Commissioner

TITLE: Match Requirements for State Grants

DATE: 1-23-85

House Bill 41 proposes changing the Legislative grant provisions of AS 37.05 to require all grant recipients except unincorporated communities to pay 10% of the total cost of construction for a public facility. We assume the purpose of this bill is to encourage some cost containment by requiring incorporated municipalities to share in the cost of the project and thereby creating an incentive to develop needed, economical, and high priority projects. AS 37.05 now requires the grant recipient to assume the full maintenance and operation burden for the public facility throughout its remaining life. The cost burden for maintenance and operations far exceeds 10% of the construction cost for most facilities such that the inclusion of a 10% local match for all grants will only marginally increase the total cost impact to a local community upon accepting a municipal grant. Thus, the added incentive for cost containment to be produced by the 10% match requirement is very modest when compared to the incentives produced by the existing maintenance and operations requirement.

Similar grant fund type programs which require local match (e.g., road maintenance service areas) have pointed to a number of interesting loop-holes to the concept of local match. The local match need not be raised through local taxation or user fees and can be provided to the community by the Legislature in the form of other grants. In addition, grant administration procedures would need to be altered to assure that indeed the community has made available the 10% match at the time the grant is awarded. A promise to provide a match without proof of it having been provided at the time of the grant award places a burden of audit on the State.

Finally, not all communities have the same ability to raise local match. Larger incorporated communities with well established tax bases should find no problem in raising 10% match for most public facilities. Smaller communities could have a very hard time raising the 10% match from local sources for even the most modest public facilities for their community. Thus the bill could tend to discriminate against smaller, less wealthy rural communities.

While the bill may not achieve the impact we assume is desired, any bill attempting to provide some measure of cost containment, particularly in the grant side of the capital budget, is supported by this Department.

For further information call Susan Fleischhauer at 465-3900.

Introduced: 1/14/85
Referred: Finance

1 IN THE HOUSE

BY LARSON AND GRUSSENDORF

2

HOUSE BILL NO. 41

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state grants for capital proj-
7 ects."

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

9 * Section 1. AS 37.05.315(c) is amended to read:

10 (c) In accepting a grant of money for construction of a public
11 facility, a municipality covenants with the state that it will pay at
12 least 10 percent of the total cost of the project, operate and main-
13 tain the facility for the practical life of the facility and that the
14 municipality will not look to the state to operate or maintain the
15 facility or pay for its operation or maintenance. This requirement
16 does not apply to a grant of money for repair or improvement of an
17 existing facility operated or maintained by the state at the time the
18 grant is accepted if the repair or improvement for which the grant is
19 made will not substantially increase the operating or maintenance
20 costs to the state.

21 * Sec. 2. AS 37.05.316 is amended to read:

22 Sec. 37.05.316. GRANTS TO NAMED RECIPIENTS. When an amount is
23 appropriated or allocated to a department as a grant for a named
24 recipient which is not a municipality, the department to which the
25 appropriation or allocation is made shall promptly notify the named
26 recipient of the availability of the grant and request the named
27 recipient to submit a proposal to provide the goods or services spec-
28 ified in the appropriation act, or both, for which the appropriation
29 or allocation is made. At the same time, the department may issue a

1 request for proposals from other qualified persons to provide the same
2 goods or services, or both, in the same area. The department shall
3 contract with the named recipient unless the Office of the Governor,
4 with due regard for any local expertise or experience among those
5 making proposals, determines that an award of the contract to a dif-
6 ferent party would better serve the public interest. If the contract
7 is awarded to another party than that named by the legislature, the
8 basis of that action shall be stated in writing at the time the grant
9 is issued and a copy of the written statement shall be sent to the
10 Legislative Budget and Audit Committee. A contract shall be executed
11 within 60 days after the effective date of the appropriation or allo-
12 cation. The purchase of the goods or services, or both, shall be in
13 accordance with AS 37.05.230(1)(B). A contract for construction of a
14 public facility shall provide that the named recipient shall pay at
15 least 10 percent of the total cost of the project.

16 * Sec. 3. AS 37.05.317 is amended to read:

17 Sec. 37.05.317. GRANTS TO UNINCORPORATED COMMUNITIES. When an
18 amount is appropriated or allocated as a grant under this section to
19 an unincorporated community, it shall be disbursed as follows:

20 (1) Within 45 days after the effective date of the appro-
21 priation or allocation, the Department of Community and Regional
22 Affairs shall notify the governing body of the unincorporated communi-
23 ty, if any, that a grant is available.

24 (2) The Department of Community and Regional Affairs shall
25 determine if there is a qualified incorporated entity in the community
26 area that will agree to receive the grant and administer it, subject
27 to terms generally applicable to private grantees. If there is more
28 than one such entity, the Department of Community and Regional Affairs
29 shall select the most qualified and the grant shall be awarded to that

1 incorporated entity for the purposes specified in the appropriation
2 act. However, the Department of Community and Regional Affairs shall
3 give preference to a nonprofit corporation organized by a community
4 for receipt of the grant.

5 (3) If there is no incorporated entity qualified to receive
6 the grant, the Department of Community and Regional Affairs shall
7 administer the program as specified in the appropriation act directly
8 or through agents or contractors with whom it may contract in the
9 community area.

10 (4) If the grant is for construction of a public facility,
11 the recipient of the grant shall agree to pay at least 10 percent of
12 the total cost of the project unless the project is administered by
13 the Department of Community and Regional Affairs under (3) of this
14 section.