

CS HB

89

SENATE COMMITTEE REPORT

FURTHER:

2/26/87

DATE TURNED INTO OFFICE 3/3/87

Mr. President:

FINANCE Committee considered CSHB 89(Fin) efd fld

making a special appropriation for disaster relief; appropriating the balance of the budget reserve fund to the general fund.

and recommended:

- replace with SCS for CS FOR HB 89 (Finance) )  same title
- or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title
- attached amendment(s) and
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_
- letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)  
 new  updated or  previous  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

[Signature]  
[Signature]  
[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OTHER RECOMMENDATIONS

Paul Frick No Rec  
Rich Kelly (No Rec)  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

[Signature] DO PASS  
 Chairman signature and recommendation

Committee Backup Attached

Original sponsor: Rules/Governor

Funding Information

General Fund	\$ 5,875,000
Other Funds	-0-
	<u>\$ 5,875,000</u>

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SCS FOR CS FOR HOUSE BILL NO. 89 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for disaster  
7 relief; appropriating the balance of the budget  
8 reserve fund to the general fund; and providing for  
9 an effective date."

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

11 \* Section 1. The sum of \$5,875,000 is appropriated from the budget  
12 reserve fund (AS 37.05.156) to the disaster relief fund (AS 44.19.048).

13 \* Sec. 2. The intent of the legislature in enacting sec. 1 of this Act  
14 is to ratify a transfer of money from the budget reserve fund to the disas-  
15 ter relief fund that was made under AS 26.23.020(g)(2) and 26.23.050(a).  
16 This funding was needed for disaster relief purposes during the North Slope  
17 Borough, Cordova, Kotzebue, Matanuska-Susitna Borough, and Kenai Peninsula  
18 Borough disasters.

19 \* Sec. 3. The balance of the budget reserve fund (AS 37.05.156) on the  
20 effective date of this Act is appropriated to the general fund.

21 \* Sec. 4. Section 1 of this Act is retroactive to September 1, 1986.

22 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

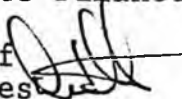
STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

MEMORANDUM

March 3, 1987

SUBJECT: SCS CSHB 89(Fin)  
TO: Senators Bennett and Binkley  
Co-chairmen, Senate Finance  
FROM: David R. Dierdorff   
Revisor of Statutes

Enclosed is the draft committee substitute requested for your committee. This memo is to remind you that the title change required by the addition of sec. 5 (effective date) would require the adoption of SCR 17, which is in your committee.

DRD:mkr  
m9/081

Enclosure

STATE OF ALASKA  
THE LEGISLATURE

POUCH V STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 2, 1987

SUBJECT: Budget Reserve Fund (HB 81)

TO: Representative Al Adams, Chair  
House Finance Committee

FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

HB 81, introduced by request of the governor, provides that the commissioner of administration may transfer money from the budget reserve fund to the general fund to pay state budget appropriations made from the general fund when the unexpended balance of the general fund is insufficient to pay the appropriations. The money transferred is to be repaid into the budget reserve fund as soon as there is enough money in the general fund to permit this. You have asked me whether HB 81 violates Article IX, Section 13 which provides

SECTION 13. EXPENDITURES. No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

HB 81 might well be subject to challenge under Article IX, Section 13, the outcome of which cannot be determined with certainty. However, I believe that the bill would probably survive that challenge and be upheld for two main reasons. First, the budget reserve fund itself is nothing more than an account in the general fund to which money is specifically appropriated. (AS 37.05.156(a)) Secondly, money from the budget reserve fund may be expended only pursuant to appropriations. HB 81 shifts the funding source from the general fund at large to a specific account in the general fund, but does not actually permit money to leave the treasury unless it has been appropriated. As such it can be

Representative Adams  
February 2, 1987  
Page 2

defended as an accounting device rather than an expenditure of unappropriated state funds.

You have also asked whether HB 81 appears to be sensible as a policy matter. This is not something I would normally comment on except as specifically requested. With respect to HB 81 I do have one observation. The budget reserve fund appears to have been set up as a "savings account". Despite language that might suggest the contrary, the legislature has the power to appropriate money into and out of the fund at will under its broad "power of the purse". (Zerbetz v. Alaska Energy Center, 708 P.2d 1270 (Alaska 1985)) Therefore, the budget reserve fund serves as a self imposed device to enable the legislature, and the executive branch, to set aside some money and protect it from expenditure in the usual course of things. To the extent that expenditure can be done automatically, that is to say, without a special appropriation of money from the fund, the budget reserve fund loses value as a savings device. If the fund can be invaded to cover general fund obligations with no particular action on the part of the legislature, why not leave the money in the general fund to begin with?

Please let me know if I can be of further assistance with this bill.

TBC:mkr  
m8/079

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

DECLARATION OF A DISASTER EMERGENCY

WHEREAS, beginning in late December 1986, the water and sewer system in the City of Kotzebue began to freeze up;

WHEREAS, the City has to use sea water for fire fighting;

WHEREAS, the City is consuming water at such a rate that they will be completely out of water before spring;

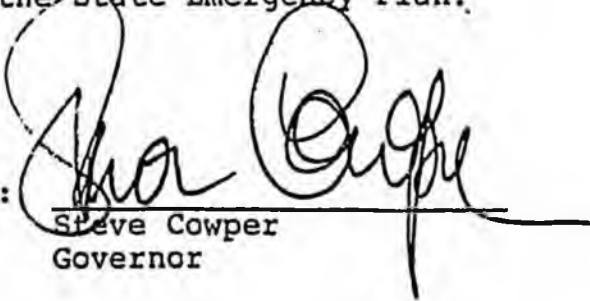
WHEREAS, the City has a health hazard due to sewage spills; and

WHEREAS, the City of Kotzebue has declared a disaster situation which is beyond the City's ability to provide relief to the residents of Kotzebue, and has requested a State Disaster Declaration in order to provide assistance.

NOW, THEREFORE, on this 5th day of February 1987, under the authority granted by the Alaska Statutes, Section 26.23.20, I hereby declare that a condition of disaster exists in the City of Kotzebue, and is of sufficient severity and magnitude to warrant a disaster declaration in order to provide assistance.

FURTHER, the Director, Alaska Division of Emergency Services, is hereby authorized to utilize funds made available for these purposes in such amounts as considered necessary for disaster assistance and for necessary administrative and disaster management expenses. The Director, Alaska Division of Emergency Services, is further authorized to task, as necessary, the state departments and agencies to provide assistance as tasked in the State Emergency Plan.

By:

  
Steve Cowper  
Governor

# MEMORANDUM

State of Alaska

TO: Ray Price  
Special Assistant  
Office of the Governor  
Juneau

FROM: Ervin Paul Martin, Director  
Division of Emergency Services  
Department of Military  
and Veterans Affairs  
Wasilla

DATE: February 3, 1987

FILE NO:

TELEPHONE NO: 376-2337

SUBJECT: Kotzebue Water and Sewer  
Disaster

## BACKGROUND

On January 27, 1987, we received a call from Mike Scott, City Manager of Kotzebue, reporting freezing problems with the water and sewer system in Kotzebue. An Emergency Management Officer, accompanied by Jim Patterson of Village Safe Water and Simon Mawson, Area Sanitarian, Department of Environmental Conservation from Nome went to Kotzebue January 29. The following is a summary of their findings.

## THE PROBLEM

The water and sewer system is freezing in a number of places. As of January 29, 24 homes were without water service and 34 were without sewer service. The first priority is to stop the water leakage to make sure the pump capacity is not exceeded which would exhaust the stored water and freeze the entire system. Even if the system does not freeze the Lake storage will be exhausted before spring. On January 29, the City declared a state of disaster emergency exists and requested the Governor to take any and all action to rectify this situation and relieve this state of emergency.

## THE CAUSE

1. A severe cold spell of several weeks of lower than normal temperatures.
2. Lack of funds necessitated the layoff of public works employees which left the City without necessary manpower to respond rapidly enough to an increased number of freezeups in both mains and service lines of the water and sewer system.

## THE IMPACT

1. Spills of sewage increases the possibility of disease spreading. A threat to public health exists due to the frozen water lines to homes requiring the use of a "honey bucket" pickup system.
2. Due to the water system leaks, the City has only a two day supply of water available. The City continues to lose a minimum of 9,000 gallons of water a day.
3. The City will have to use sea water for fire fighting.

THE NEED

The City has sufficient equipment to repair the frozen line. THEY NEED MONEY for labor. The estimate developed by ADES, DEC and the City Public Works department is:

\$400,000.00 to shut off the houses know to be frozen - NEEDED IMMEDIATELY.  
\$590,000.00 for repair of the damage to these homes next summer.

RECOMMENDATION

1. That the Governor declare a disaster emergency for Kotzebue.

OTHER CONSIDERATIONS:

1. FEMA has been contacted for a preliminary opinion. FEMA Region X Director advises that the limited amount of funds required would preclude federal involvement.

(11) prepare, for issuance by the governor, orders, proclamations, and regulations as necessary or appropriate in coping with disasters;

(12) cooperate with the federal government and any public or private agency or entity in achieving any purpose of this chapter and in implementing programs for disaster prevention, preparedness, response and recovery;

(13) develop and carry out procedures and policies to effectively employ disaster relief funds made available by the governor's authority or by special legislative action; these procedures shall include application and documentation by disaster victims or applicants, review, verification and funding approval, and processing of appeals;

(14) do other things necessary or proper for the implementation of this chapter. (§ 3 ch 104 SLA 1977)

**Sec. 26.23.050. Financing.** (a) It is the intent of the legislature, and declared to be the policy of the state, that funds to meet disaster emergencies will always be available.

(b) Whenever, and to the extent that, money is needed to cope with a disaster, the first recourse shall be to funds regularly appropriated to state and local agencies. The second recourse shall be to funds available in the disaster relief fund. If money available from these sources is insufficient, and if the governor finds that other sources of money to cope with the disaster are not available or are insufficient, the governor may, notwithstanding any limitation imposed by AS 37.07.080(e), transfer and spend money appropriated for other purposes or, in situations involving natural disasters, borrow from the United States government or other public or private sources for a term not to exceed two years.

(c) Nothing in this section limits the governor's authority to apply for, receive, administer, and spend grants, gifts, or payments from any source, to aid in disaster prevention, preparedness, response, or recovery. (§ 3 ch 104 SLA 1977)

**Sec. 26.23.060. Local and interjurisdictional disaster agencies and services.** (a) Each political subdivision in the state is within the jurisdiction of, and shall be served by, the Alaska division of emergency services. An incorporated municipality also may be served by a local or interjurisdictional agency responsible for disaster preparedness and coordination of response.

(b) Each borough may maintain a disaster agency, or participate in a local or interjurisdictional disaster agency which, except as otherwise provided in this chapter, has jurisdiction over and serves the entire borough.

(c) Each political subdivision which does not have a disaster agency and has not made arrangements to secure or participate in the services of such an agency shall designate a liaison officer to facilitate the

# MEMORANDUM

# State of Alaska

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

DATE: October 28, 1986

FILE NO.:

THRU:

TELEPHONE NO.: 249-1565

SUBJECT: Disaster Relief Fund

*Richard L. Rountree*  
FROM: MG Edward G. Pagano  
The Adjutant General  
Department of Military  
and Veterans Affairs

The Department of Military and Veterans Affairs requests that you enact the transfer of \$4.885 million to the Disaster Relief Fund. This amount is necessary to fund the State portion of the recent disaster declarations on the North Slope and in Southcentral Alaska. The federal government is expected to contribute approximately \$15.0 million for the disasters. A funding breakout by disaster is listed below:

	<u>Total</u>	<u>Public Assistance</u>	<u>Temp Housing</u>	<u>Individual Family Grant</u>	<u>Admin</u>
Mat-Su Borough	4,005,000	1,500,000	325,000	1,800,000	380,000
Kenai Peninsula Borough	8,850,000	7,000,000	270,000	1,000,000	580,000
Cordova	250,000	245,000			5,000
Kotzebue	940,000	900,000			40,000
North Slope Borough	<u>7,163,000</u>	<u>7,139,000</u>			<u>24,000</u>
TOTAL	21,208,000	16,784,000	595,000	2,800,000	1,029,000

Most programs will be paid on a 75/25 federal/state ratio. There are some projects, however, which the federal government will not support at the 75% level. For that reason, we are requesting 30% of the total be supported by the State allowing for a 5% contingency for items not reimbursed by the federal government. This Department's request of \$4.885 million is calculated below:

Total Disaster Declaration	21,208,000
State of Alaska Portion	30%
	<u>6,362,400</u>
Amounts already declared from Disaster Relief Fund (see attachment)	<u>1,477,500</u>
DMVA Transfer Request	4,884,900

Your earliest approval of this request is appreciated. If you have any questions or require additional information, please contact Richard Rountree, Director/ASSD at 465-4600.

EGP/lm  
Attachment

# MEMORANDUM

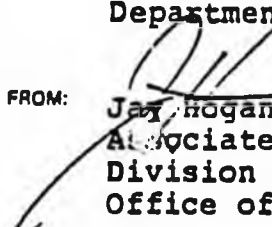
# State of Alaska

TO: Tom Haas  
State Accountant  
Division of Finance  
Department of Administration

DATE: October 30, 1986

FILE NO: TB35

TELEPHONE NO: 465-3568

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

SUBJECT: Disaster Relief Fund

Pursuant to Alaska Statutes 26.23.050, financing to meet disaster emergency, a transfer of \$4.885 million should be made from the Budget Reserve Fund, Alaska Statute 37.05.156, to the Disaster Relief Fund, Alaska Statute 44.19.048.

Introduced: 1/30/87  
Referred: Finance

wo0807h

<u>Funding Information</u>	
General Fund	\$ -0-
Other Funds	4,885,000
	<u>\$ 4,885,000</u>

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 89

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation for disaster  
7 relief; and providing for an effective date."

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11 \* Sec. 2. The intent of the legislature in passing this Act is to  
12 ratify a transfer of money from the budget reserve fund to the disaster  
13 relief fund that was made under AS 26.23.020(g)(2) and 26.23.050(a). This  
14 funding was needed for disaster relief purposes during the North Slope  
15 Borough, Cordova, Kotzebue, Matanuska-Susitna Borough, and Kenai Peninsula  
16 Borough disasters.

17 \* Sec. 3. Section 1 of this Act is retroactive to September 1, 1986.

18 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

RESPONSE TO LEGISLATIVE FINANCE COMMITTEE PERTAINING TO DISASTER RELIEF

## Alaska Statute 26.23 Alaska Disaster Act

26.23.020 provides "The governor is responsible for meeting the dangers presented by disasters to the state and its people.

26.23.040 The Alaska Division of Emergency Services (ADES) is responsible for prompt and effective response to disasters and emergency relief through the prevention and minimization of injury and damage caused by disasters. Disaster emergencies are those events which threaten life, property, public health and safety of the people.

The following procedural steps would apply:

- Assessment: Step 1 in the process is when a local government jurisdiction informs ADES, the Governor, or a state legislator that a disaster emergency exists which negatively impacts the health, safety and welfare of its citizens and response resources to contain and/or terminate the incident are beyond local capabilities.
- Step 2 is where ADES, in cooperation with local government officials and state agencies (DEC-Village Safe Water, Alaska Power Authority, etc.) and federal agencies (Public Health Service, etc.) evaluate the situation (preferably through field surveys) to ascertain the extent and impact of the situation.
- Step 3 is the compilation of the information in the form of a situational assessment, list of alternatives and recommended course of action for the governor's consideration.
- Step 4 is the implementation of the governor's decision at the lowest possible cost to the state.
- Normally we use the Disaster Relief Fund to terminate pain and suffering, and the threat to life and property through activation of state, local and private resources. First we determine if another agency or program provides suitable relief without a formal disaster declaration. If insurance is available, the division will pursue reimbursement to the Disaster Relief Fund after the emergency situation is terminated; if a loan is the most appropriate response and the local government has the revenue resources to reimburse the Disaster Relief Fund, the division pursues the loan process; and last, if neither insurance is available or a loan is inappropriate, the division will implement a grant to the local government to terminate the disaster impact.

## II.

### FEDERAL CRITERIA FOR FEDERAL DISASTER DECLARATIONS

1. What is the impact and extent on the local community.
2. What can the state do (resources available) to respond to the disaster and how quickly can they bring the resources to bear to terminate and recover from the disaster.

There is no specific written policy or dollar amounts associated with federal disaster declarations but the federal government must be convinced that the disaster is beyond the resources of the state and the state has committed all available state resources before requesting federal assistance.

### III.

#### KOTZEBUE - WATER AND SEWER DISASTER

In addition to the ADES memo describing the situation, listing the alternatives, and recommending a course of action, there were several telephone calls between ADES and the governor's office predicated on numerous meetings and telephone conversations between ADES, Kotzebue city officials, and representatives from DEC-Village Safe Water and the federal public health service in determining whether an emergency existed which could deteriorate into expanded disaster conditions if immediate action was not initiated.

Health officials determined that a significant health hazard would threaten the residents of Kotzebue if emergency resources were not committed in response to the situation.

This is a two phase disaster:

Phase I: Terminate the emergency through employment of labor sufficient to thaw the ground, dig up broken mains and seal off the broken lines to prevent further loss of potable water and sewage seepage into the ground which is threatened with saturation.  
Estimated cost - \$400K

Phase II: Correct the situation next spring/summer by repairing and replacing broken water and sewer mains and lines.  
Estimated cost - \$590K

This is not the first water/sewer failure that has been declared under the Alaska Disaster Relief Act (e.g. Haines, Thorne Bay, etc.). In the first eight weeks of this administration, ADES has received eight requests for disaster assistance. Only two requests have resulted in state disaster declarations. The other six incidents were referred to more appropriate programs administered by other state agencies.

**DEPT. OF ENVIRONMENTAL CONSERVATION**  
VILLAGE SAFE WATER

**STEVE COWPER, GOVERNOR**

276-8583  
437 E Street  
Suite 200  
Anchorage, AK  
99501

February 2, 1987

Mr. Pat Brunson  
Emergency Disaster Manager  
Alaska Division of Emergency Services  
P.O. Box 2267  
Palmer, AK 99645

RE: Relief Assistance Funding Estimate for  
Kotzebue Utility Freezeups, Kotzebue, Alaska

Dear Mr. Brunson:

Pursuant to our discussions with the City's Public Works Department personnel during the field trip to Kotzebue on January 29, 1987, we are providing you a "rough" estimate of the costs entailed in the enclosed summary.

Apparently, the people of Kotzebue who have water and sewer services to their homes/businesses were impacted by the severe cold weather since early January 1987. The milestone data upon which the water system was affected by an unprecedented number of service freeze-ups was January 4th. The broken multiple water service pipeline at the Technical Center was observed on that day after a report of cessation of water service was received on December 24, 1986.

Given the conditions of an emergency as discussed on January 30th, and lacking a criteria by which new threats to the water and sewer system may be evaluated, we find that the following circumstances are occurring in the community:

- Water service pipelines are being shut off at the water mains where water service has been reported to have elapsed. This involves excavating through frozen ground to the service-to main pipe connection and turning off the water valve (i.e. the pitorifica corporation stool). Water service is not restored to the household via repair of the service pipeline due to sub-zero temperatures. Water service to homes without pipeline delivery due to cut-off will not be restored until

Pat Brunson, ADES  
February 2, 1987  
Page Two

the summer. Sewer service being purveyed by the "water carrying" sewer pipeline, from the houses without water service, is usually impacted. Thaw machines are being utilized to open up backed-up sewer service lines to homes.

- Provisions for hauling potable water to homes for purposes of drinking, cooking, cleaning and other hygienic needs has been necessitated. It follows that household sewerage removal via honeybuckets has been initiated as a matter of public health.
- Reduced fire protection due to lower than usual water piping pressures (caused by the apparent leaks in the water system) and the marginally acceptable water storage level in the tank (due to an inability to maintain an increase of water flow from Vortac Lake via the treatment plant) poses a potential threat to the safety of residents from accidental fires.
- The inability of the water system's main distribution pipeline loops to maintain sufficient water through repairs of mainlines and/or disconnects of service lines to sustain sufficient return flows has jeopardized the marginally sound operation of the piping. Continued increased usage by homeowners of the practice of "wasting water" to save their water service pipelines has inadvertently put the water main lines at risk of freezing up on the return side of the loop.
- The increased pumping flow of raw water from Vortac Lake to provide sufficient water supply to serve the community is at long term risk of depleting the available unfrozen water storage capacity of the lake. A water balance computer analysis under three (3) flow scenarios indicates that water will be depleted by April 15th, April 21st or April 24th without replenishment from Devils Lake until May at the earliest. Lack of fresh water supply would necessitate saving the costly water system with salt water supply. The repercussions of salt water contact with copper service pipelines and household plumbing appurtenances would be significant (i.e. corrosion of lines leading to water leaks, etc.).

Given these circumstances, we prepared a scope of work, assumptions and cost estimate in Kotzebue with assistance of Simon Mawson, Environmental Engineer with NRO office of ADEC in Nome and other Public Work's employees as outlined in the enclosed summary. This summary listing describes each item, delineates the cost for each item and presents our best guess of the actual effort

Pat Brunson, ADES  
February 2, 1987  
Page Three

required to perform the work based upon our brief field review of water records and service line work order books. In addition, you should anticipate incurring some costs due to the developmental nature of identifying the problem with replenishing Yortac Lake from Devils Lake in April 1987. It is difficult to quantify these additional costs.

This rough estimate of costs required to complete the work specified for service pipeline disconnect and implementation of rudimentary haul system approach to continuing a relief assistance is \$374,680 (Sum of items 1 and 2). To replace the service pipelines in the summer of 1987 and loss of water to date, it will cost approximately another \$615,800 (Sum of items 3 and 4).

Due to the complex marginal nature of some of the mechanical works in the water supply, water treatment plant and water distribution system built at Kotzebue over the past several decades, we cannot warrant our figures based upon the one-day trip there. However, if you require further technical assistance in managing a detailed assessment of the utility system's condition, we are available to discuss these efforts with you.

Sincerely,



James L. Patterson  
Village Safe Water Engineer

JLP:bk  
Enclosure - " 1987 Summary, Kotzebue Relief Project, Rough Cost Estimate"  
cc: Mike Scott, City Manager, City of Kotzebue

FEB 17 '87 13:09 CITY-OF-KOTZEBUE

# STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

STEVE COWPER, GOVERNOR

TO: BILL MORGAN

DATE: 2-2-87

FROM: SIMON MAWSON

FEB 4 1987

FILE: 400.07.01

PHONE: 443-2600

SUBJECT: CITY OF  
KOTZEBUE EMERGENCY

On 1-29-87 I flew to Kotzebue with Jim Patterson (A.D.E.C./ V.S.W.) and Pat Brunson (A.D.E.S.). The trip was made at the request of the Alaska Division of Emergency Services (A.D.E.S.). Our job was to provide A.D.E.S. with technical information to assist them with their decision as to whether

or not they should recommend to the Governor's Office that an emergency existed in the City.

We met with the following people:

Mike Scott City Manager  
Bill Zacheus City Administrator  
John Ward  
York Mendenhall Public Works Director  
Denny McConnell Water Plant Supervisor

The City is requesting an Emergency Declaration because of problems with their water supply and distribution system. These problems have apparently

been caused by unseasonably cold January weather.

Kotzebue's water supply and distribution system is composed of the following elements. There are two water storage lakes on the bluff to the east of the city. A pumphouse in Vortec Lake (one of the storage lakes) pushes water about 2 1/2 miles to the city's water treatment plant, here the water is treated (physical/chemical) and then transferred to a 40 foot

high, 1 1/2 million gallon welded steel water storage tank. Water from the storage tank is distributed to water users by means of five circulating mains.

On 12/24/86 a problem was observed which affected the "Uptown Loop", one of the circulating mains. A 2" supply line to the Kotzebue Technical center with a 3/4" return was found to be frozen. Sometime between 12/24/86 and 1/4/87 the line broke. This break allowed a substantial quantity of water to leak. The leaking water resulted in reduced water pressure in the rest of the circulating "Uptown Loop". The reduced water pressure caused the freeze up of 28 other service connects. When the service connects freeze they typically break and will leak until a city crew is able to shut them off at the main.

The Kotzebue Public Works Department estimates that it takes a 3 man crew and a piece of equipment an average of 12 hours to shut off a service connect at the main. This is because the shut-off valve must be located in

frozen ground. Typically it is not cost effective to repair service connects until the ground is thawed.

The cities priority is to stop as many water leaks as possible. This is important for two reasons. The first is that if the cities capacity to pump water is exceeded, there is a net loss in the water level in the steel storage tank. This could result in a freeze up of the entire city system if the tank water supply was exhausted. The second reason is that the lake storage volume could be prematurely used up before breakup when spring run off recharges the lakes. Water leaks must be repaired at a sufficient rate to avoid these circumstances.

Additional problems include the reduction in fire protection and emergency water storage that occurs as the tank level drops. Honeybucket service must be provided to those homes without water. Food service establishments cannot operate without water. The city is liable for the cost of repairing those service connects which have been damaged as a result of low pressures in the main.

cc. Pat Brunson A.D.E.S  
Jim Patterson A.D.E.C./V.S.W.  
Mike Scott Kotzebue City Manager

1987  
SUMMARY  
KOTZEBUE RELIEF PROJECT  
"ROUGH" COST ESTIMATE  
by  
Village Safe Water Program

Scope of Work:

Initial work requires 58 water and sewer service lines to be shutoff and thawed out, respectively. This will alleviate the problem with a continuation of water leaks due to frozen and broken water service lines endangering the water system's supply. Thawing sewer lines will allow households to mitigate the chances of backed-up sewers creating a public health emergency. Suspension of piped delivery of water and piped collection of human wastes from homes necessitates implementation of a public water haul and honeybucket haul system(s).

Final work consists of restoring service via reconstructing the 58 water and sewer service lines in the summer of 1987. Loss of water to the system due to leaks has cost the City, in terms of pumping, treatment and service, some financial setback as enumerated.

Assumptions:

- For every water line service that has to be shutoff, there is a sewer line service that will be thawed and shutoff.
- For every frozen sewer line service thawed, there will be a need to replace it this summer.
- For every frozen water line service shutoff, there will be a need to replace it this summer.
- No house called in for water service (restoration and/or shutoff) than sewer service. Each water and/or sewer work order is a different house.
- The cost of treatable potable water in Kotzebue is 1¢ per gallon.
- The cost of providing honeybucket haul is \$30 per house per month.

1987 Kotzebue Relief Project  
 Summary Cost Estimate  
 VSW Anchorage Office  
 Page Two of Two

Detailed Cost Estimate

<u>Item No.</u>	<u>Quantity</u>	<u>Description</u>	<u>Unit Cost</u>	<u>Cost Totals</u>
1.	58 water and sewer services	Restore and/or shutoff services	\$6,280 per service	\$ 364,240
2.	58 water and sewer services	Implement water and sewer haul system (6 months)	30 per month per service	\$ 10,440
3.	58 water and sewer services	Restore water and sewer pipeline services	10,100 per service	\$ 585,800
4.	120,000 gallons per day, lost water	Operational Cost of water lost (25 days)	0.01 per gallon	\$ 30,000

"Rough" Total: \$ 990,490

Rounded Total: \$ 990,000

(Nearest \$1,000)

RESPONSE TO LEGISLATIVE FINANCE COMMITTEE PERTAINING TO DISASTER RELIEF

LIST OF DISASTER QUESTIONS ASKED AT LAST MEETING:

1. Are the affected people using honeybuckets now? Yes
  - Is this a threat to public health? Yes
  2. Why is this a disaster and not regular water and sewer maintenance? Magnitude of the problem is beyond local, routine resources.
  3. Does the City of Kotzebue have insurance to cover this? No
  4. Are we helping individuals do repair inside of their homes? No
  - Do they have insurance to cover these repairs? N/A
  5. Have the feds declared this a disaster? No; does not qualify under federal criteria.
  6. What are the details of the disaster? See Attachment One
  7. What are the federal and state standards and guidelines for declaration of a disaster? See Attachment Two
  8. What additional information did the Governor have when he declared the disaster? Several telephone conversations with the Division of Emergency Services.
  9. What state agencies participated in this disaster? Alaska Division of Emergency Services, Alaska Dept. of Environmental Conservation-Village Safe Water.
  10. Representative Frank questioned the computed hourly rate of labor at \$174.44 per hour based on the following information:
    - City of Kotzebue estimates 3 man crew + equipment an average of 12 hours to shut off a service connect at the man = 36 man-hours per service disconnect.
    - Alaska Dept. of Environmental Conservation, Village Safe Water "Rough" Cost Estimate reflected \$6,280 per service.
    - \$6,280 per service ÷ 36 man-hours per service = \$174.44 hourly rate for labor based on the information presented.
- It must be stated the information and initial "Rough" Cost Estimate was not a detailed analysis of actual labor and equipment committed to the project. The following revised figures presented below are based upon a telephone conversation between personnel from ADES, DEC-Village Safe Water, and the City of Kotzebue:
- Jim Patterson, DEC-Village Safe Water, used Simon Mawson's figures in the "Rough" Cost Estimate in

10. (Continued)

computing Item No. 1 relating to per service shut-off/disconnect at \$6,280 per service.

° Simon Mawson "estimated" in the field it would cost a total of \$1480 per service of a hydroject-sewer thawing machine, with 2 operators (at \$185/hour X 8 hours), PLUS a backhoe with operator at \$2700 per service at \$225 per hour for 12 hours, PLUS a three-man labor crew at \$900 per service based on \$25 per hour per man for 12 hours (3 x 12 x \$25). Mr. Mawson incorrectly computed the backhoe with operator and 3-man labor crew at \$400 per hour instead of the actual \$300 per hour and added that to the sewer thawing machines with 2 operators cost.

\* The revised, corrected cost estimate is as follows:

- ° 3-man labor crew @ \$25 per hour per man X 12 hours = \$900 per service
- ° One sewer thawing machine with 2 operators @ \$185 per hour X 8 hours = \$1480 per service
- ° One backhoe with operator @ \$225 per hour X 12 hours = \$2700 per service
- ° Total per service estimate: \$5,080

This recomputation revises downward the original estimate from \$6280 per service X 58 broken lines for a total of \$364,240, to a \$5080 per service X 58 broken lines for a revised total of \$294,640.

## Attachment One - Details of Kotzebue Disaster

The people of Kotzebue who have water and sewer services to their homes and businesses were impacted by the severe cold weather since early January 1987. The milestone date upon which the water system was affected by an unprecedented number of service freeze-ups was January 4th. The broken multiple water service pipeline at the Technical Center was observed on that day after a report of cessation of water service was received on December 24, 1986.

Given the conditions of an emergency as discussed on January 30th, and lacking a criteria by which new threats to the water and sewer system may be evaluated, we find that the following circumstances are occurring in the community:

- Water service pipelines are being shut off at the water mains where water service has been reported to have elapsed. This involves excavating through frozen ground to the service to main pipe connection and turning off the water valve (i.e. the pitorifica corporation stop). Water service is not restored to household via repair of the service pipeline due to sub-zero temperatures. Water service to homes without pipeline delivery due to cut-off will not be restored until the summer. Sewer service being purveyed by the "water carrying" sewer pipeline, from the houses without water service, is usually impacted. Thaw machines are being utilized to open up backed-up sewer service lines to homes.
- Provisions for hauling potable water to homes for purposes of drinking, cooling, cleaning and other hygienic needs has been necessitated. It follows that household sewerage removal via honeybuckets has been initiated as a matter of public health.
- Reduced fire protection due to lower than usual water piping pressures (caused by the apparent leaks in the water system) and the marginally acceptable water storage level in the tank (due to an inability to maintain an increase of water flow from Vortac Lake via the treatment plant) poses a potential threat to the safety of residents from accidental fires.
- The inability of the water system's main distribution pipeline loops to maintain sufficient water through repairs of mainlines and/or disconnects of service lines to sustain sufficient return flows has jeopardized the marginally sound operation of the piping. Continued increased usage by homeowners of the practice of "wasting water" to save their water service pipelines has inadvertently put the water main lines at risk of freezing up on the return side of the loop.
- The increased pumping flow of raw water from Vortac Lake to provide sufficient water supply to serve the community is at long term risk of depleting the available unfrozen water storage capacity of the lake. A water balance computer analysis under three (3) flow scenarios indicates that water will be depleted by April 15th, April 21st or April 24th without replenishment from Devils Lake until May at the earliest. Lack of fresh water supply would necessitate saving the costly water system with salt water supply. The repercussions of salt water contact with copper service pipelines and household plumbing appurtenances would be significant (i.e. corrosion of lines leading to water leaks, etc.).

## Attachment Two - Federal and State Criteria for Disaster Declarations

### Federal Criteria for Disaster Declarations

1. What is the magnitude of the event on the local community?
2. What can the state do (resources available) to respond to the disaster and how quickly can they bring the resources to bear to terminate and recover from the disaster.

There is no specific written policy or dollar amounts associated with federal disaster declarations but the federal government must be convinced that the disaster is beyond the resources of the state and the state has committed all available state resources before requesting federal assistance.

### State Criteria for Disaster Declarations

1. Is the magnitude of the event beyond the capability of local resources?
2. Has the local jurisdiction committed all available local resources in response to the event?
3. Has the local jurisdiction formally declared a disaster beyond the capability of local resources and requested state assistance?
4. The State must verify there is a threat to life and property and the event endangers the health, safety and welfare of the public affected.
5. The State must verify the extent of the event to be beyond local resources.
6. The State must acknowledge a responsibility for the welfare of the affected public and commit state resources to handle the event through a formal State Disaster Declaration.
7. If the magnitude of the incident is determined to be beyond the capability of state resources, the State must formally declare a disaster and submit a written request for federal assistance via a federal disaster declaration.

SOUTHCENTRAL AND NORTH SLOPE STORM DISASTERS

STATUS AS OF FEBRUARY 3, 1987

	<u>Total</u>	<u>Public Assistance</u>	<u>Temp Housing</u>	<u>Individual Family Grant</u>	<u>Administration</u>
Mat-Su Borough	4,005,000	1,500,000	325,000	1,800,000	380,000
Expended and Encumbered	1,394,740	1,171,920	-0-	194,920	27,900
Balance	2,610,260	328,080	325,000	1,605,080	352,100
Federal	2,803,500				
State	1,201,500				
Kenai Peninsula Borough	8,850,000	7,000,000	270,000	1,000,000	580,000
Expended and Encumbered	4,079,170	3,902,470	-0-	142,390	34,310
Balance	4,770,830	3,097,530	270,000	857,610	545,690
Federal	6,195,000				
State	2,655,000				
Kotzebue	940,000	900,000	N/A	N/A	40,000
Expended and Encumbered	171,540	168,600			2,940
Balance	768,460	731,400			37,060
Federal	658,000				
State	282,000				
North Slope Borough	7,163,000	7,139,000	N/A	N/A	24,000
Expended and Encumbered	3,160	-0-			3,160
Balance	7,159,840	7,139,000			20,840
Federal	5,014,100				
State	2,148,900				
Cordova	250,000	245,000	N/A	N/A	5,000
Expended and Encumbered	60	-0-			60
Balance	249,940	245,000			4,940
Federal	175,000				
State	75,000				

**MEMORANDUM****State of Alaska**

**TO: Jay Hogan, Associate Director  
Division of Budget Review  
Office of Management & Budget**

**DATE: October 28, 1986**

**FILE NO.:**

**THRU:**

**TELEPHONE NO.: 249-1565**

**SUBJECT: Disaster Relief Fund**

*For Richard Rountree*  
**FROM: MG Edward G. Pagano  
The Adjutant General  
Department of Military  
and Veterans Affairs**

The Department of Military and Veterans Affairs requests that you enact the transfer of \$4.885 million to the Disaster Relief Fund. This amount is necessary to fund the State portion of the recent disaster declarations on the North Slope and in Southcentral Alaska. The federal government is expected to contribute approximately \$15.0 million for the disasters. A funding breakout by disaster is listed below:

	<u>Total</u>	<u>Public Assistance</u>	<u>Temp Housing</u>	<u>Individual Family Grant</u>	<u>Admin</u>
Hat-Su Borough	4,005,000	1,500,000	325,000	1,800,000	380,000
Kenai Peninsula Borough	8,850,000	7,000,000	270,000	1,000,000	580,000
Cordova	250,000	245,000			5,000
Kotzebue	940,000	900,000			40,000
North Slope Borough	<u>7,163,000</u>	<u>7,139,000</u>			<u>24,000</u>
<b>TOTAL</b>	<b>21,208,000</b>	<b>16,784,000</b>	<b>595,000</b>	<b>2,800,000</b>	<b>1,029,000</b>

Most programs will be paid on a 75/25 federal/state ratio. There are some projects, however, which the federal government will not support at the 75% level. For that reason, we are requesting 30% of the total be supported by the State allowing for a 5% contingency for items not reimbursed by the federal government. This Department's request of \$4.885 million is calculated below:

Total Disaster Declaration	21,208,000
State of Alaska Portion	<u>30%</u>
	<u>6,362,400</u>
Amounts already declared from Disaster Relief Fund (see attachment)	<u>1,477,500</u>
DMVA Transfer Request	4,884,900

Your earliest approval of this request is appreciated. If you have any questions or require additional information, please contact Richard Rountree, Director/ASSD at 465-4600.

EGP/lm  
Attachment

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

DECLARED DISASTERS

Mat-Su Borough	400,000
Kenai Peninsula Borough	250,000
Cordova	27,500
Kotzebue	400,000
North Slope Borough	<u>400,000</u>
TOTAL	1,477,500

(10/28/86)

SOUTHCENTRAL AND NORTH SLOPE STORM DISASTERS

STATUS AS OF FEBRUARY 3, 1987

	<u>Total</u>	<u>Public Assistance</u>	<u>Temp Housing</u>	<u>Individual Family Grant</u>	<u>Administration</u>
Mat-Su Borough	4,005,000	1,500,000	325,000	1,800,000	380,000
Expended and Encumbered	1,394,740	1,171,920	-0-	194,920	27,900
Balance	2,610,260	328,080	325,000	1,605,080	352,100
Federal	2,803,500				
State	1,201,500				
 Kenai Peninsula Borough	 8,850,000	 7,000,000	 270,000	 1,000,000	 580,000
Expended and Encumbered	4,079,170	3,902,470	-0-	142,390	34,310
Balance	4,770,830	3,097,530	270,000	857,610	545,690
Federal	6,195,000				
State	2,655,000				
 Kotzebue	 940,000	 900,000	 N/A	 N/A	 40,000
Expended and Encumbered	171,540	168,600			2,940
Balance	768,460	731,400			37,060
Federal	658,000				
State	282,000				
 North Slope Borough	 7,163,000	 7,139,000	 N/A	 N/A	 24,000
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Balance	7,159,840	7,139,000			20,840
Federal	5,014,100				
State	2,148,900				
 Cordova	 250,000	 245,000	 N/A	 N/A	 5,000
Expended and Encumbered	60	-0-			60
Balance	249,940	245,000			4,940
Federal	175,000				
State	75,000				

## MEMORANDUM

State of Alaska

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

DATE: October 28, 1986

FILE NO.:

THRU:

TELEPHONE NO.: 249-1565

SUBJECT: Disaster Relief Fund

*for EGP/1m*  
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The Adjutant General  
Department of Military  
and Veterans Affairs

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Mat-Su Borough	4,005,000	1,500,000	325,000	1,800,000	380,000
Kenai Peninsula Borough	8,850,000	7,000,000	270,000	1,000,000	580,000
Cordova	250,000	245,000			5,000
Kotzebue	940,000	900,000			40,000
North Slope Borough	<u>7,163,000</u>	<u>7,139,000</u>			<u>24,000</u>
TOTAL	21,208,000	16,784,000	595,000	2,800,000	1,029,000

Most programs will be paid on a 75/25 federal/state ratio. There are some projects, however, which the federal government will not support at the 75% level. For that reason, we are requesting 30% of the total be supported by the State allowing for a 5% contingency for items not reimbursed by the federal government. This Department's request of \$4.885 million is calculated below:

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EGP/1m  
Attachment

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
DECLARED DISASTERS

Mat-Su Borough	400,000
Kenai Peninsula Borough	250,000
Cordova	27,500
Kotzebue	400,000
North Slope Borough	<u>400,000</u>
TOTAL	1,477,500

(10/28/86)

<u>Date</u>	<u>Disaster</u>	<u>Cause</u>	<u>Total</u>	<u>Public Assistance</u>	<u>Individual Family Grants</u>	<u>Temporary Housing</u>	<u>Administration</u>
<u>FY86 07/01/85 - 06/30/86</u>							
07/85	Pitka Point Sewage System	flood	50,000	40,000			10,000
07/85	Bethel Erosion	flood	500,000	480,000			20,000
08/85	Gambell Power System	fire	400,000	335,000	35,000		30,000
10/85	Cordova Water System	landslide	25,000	22,000			3,000
11/85	Manokotak Power System	fire	70,000	63,000			7,000
11/85	Thorne Bay Water System	freeze up	265,000	245,000			20,000
12/85	Metlakatla Power System	dry reservoir	120,000	110,000			10,000
12/85	Unalaska Flood	winter storm	280,000	260,000			20,000
01/86	Thorne Bay Bridge Collapse		25,000	22,000			3,000
03/86	Venetie Power Failure		55,000	50,000			5,000
03/86	Pelican School Roof	wind storm	130,000	125,000			5,000
05/86	Crown Point Chemical	train accident	980,000	200,000	250,000	450,000	80,000
05/86	Napakia Relocation	erosion	15,000	15,000			-0-
Total FY86			2,915,000	1,967,000	285,000	450,000	213,000
<u>FY87 07/01/86 - 06/30/87</u>							
09/86	North Slope Wind Storm	winter storm	7,163,000	7,139,000			24,000
09/86	Barrow Wind Storm	winter storm	300,000	276,000			24,000
09/86	Wainwright Wind Storm	winter storm	50,000	35,000			15,000
10/86	Kotzebue Wind Storm	winter storm	940,000	900,000			40,000
10/86	Mat-Su Wind Storm	winter storm	4,005,000	1,500,000	1,800,000	325,000	380,000
10/86	Kenai Peninsula Wind Storm	winter storm	8,850,000	7,000,000	1,000,000	270,000	580,000
10/86	Cordova Wind Storm	winter storm	250,000	245,000			5,000
10/86	Aniak Sewer System		52,500	50,000			2,500
01/87	Venetie Power System	fire	86,000	83,000			3,000
01/87	Hazard Mitigation	federal requirement	150,000	150,000			-0-
02/87	Kotzebue Water System	freeze up	990,000	980,000			10,000
Total FY87, year-to-date			22,836,500	18,358,000	2,800,000	595,000	1,083,500
			Federal (14,845,500)				

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS  
 HISTORICAL DATA ON DECLARED DISASTERS  
 FISCAL YEAR 1984 TO PRESENT

<u>Date</u>	<u>Disaster</u>	<u>Cause</u>	<u>Total</u>	<u>Public Assistance</u>	<u>Individual Family Grants</u>	<u>Temporary Housing</u>	<u>Administration</u>
<u>FY84 07/01/83 - 06/30/84</u>							
09/83	Cordova Water System	flash flood	200,000	193,000			7,000
11/83	Chefornak Power System		50,000	44,000			6,000
03/84	Unalakleet Water System	freeze up	1,000,000	990,000			10,000
03/84	Mountain Village Water System	freeze up	1,000,000	985,000			15,000
03/84	Elim Water System	freeze up	480,000	474,000			6,000
04/84	Kotzebue Water System	freeze up	1,419,000	1,408,000			11,000
05/84	Cold Bay Power		3,000				3,000
06/84	Alakanuk Flood	spring thaw	550,000	540,000			10,000
06/84	Emmonak Flood	spring thaw	33,000	30,000			3,000
	Total FY84		4,735,000	4,664,000			71,000
<u>FY85 07/01/84 - 06/30/85</u>							
07/84	Cold Bay Power System		740,000	500,000			240,000
08/84	Russian Mission Power	fire	165,000	161,000			4,000
11/84	Southeast Storm	winter storm	1,000,000	775,000	200,000		25,000
01/85	Haines Sewer System	excessive rains	1,600,000	1,590,000			10,000
02/85	Savoonga Water System	freeze up	370,000	363,000			7,000
03/85	Gambell Fuel	inadequate storage	35,000	34,000			1,000
05/85	Buckland Flood	spring thaw	160,000	150,000			10,000
05/85	Kobuk Flood	spring thaw	35,000	30,000			5,000
05/85	Anvik Flood	spring thaw	35,000	20,000	10,000		5,000
05/85	Pilot Station Flood	spring thaw	50,000	43,000			7,000
06/85	Emmonak Flood	spring thaw	75,000	68,000			7,000
06/85	McGrath/Sleetmute/Red Devil	spring thaw	70,000	62,000			8,000
06/85	St. Paul Breakwater - Loan, repaid by Risk Management		3,400,000	3,400,000			
	Total FY85		7,735,000	7,196,000	210,000		329,000

Original sponsor: Rules/Governor

Funding Information

General Fund	\$ 5,875,000
Other Funds	-0-
	<u>\$ 5,875,000</u>

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 89 (Finance)(efd fld)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act making a special appropriation for disaster  
7 relief; appropriating the balance of the budget  
8 reserve fund to the general fund."  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
10 \* Section 1. The sum of \$5,875,000 is appropriated from the budget  
11 reserve fund (AS 37.05.156) to the disaster relief fund (AS 44.19.048).  
12 \* Sec. 2. The intent of the legislature in enacting sec. 1 of this Act  
13 is to ratify a transfer of money from the budget reserve fund to the disas-  
14 ter relief fund that was made under AS 26.23.020(g)(2) and 26.23.050(a).  
15 This funding was needed for disaster relief purposes during the North Slope  
16 Borough, Cordova, Kotzebue, Matanuska-Susitna Borough, and Kenai Peninsula  
17 Borough disasters.  
18 \* Sec. 3. The balance of the budget reserve fund (AS 37.05.156) on the  
19 effective date of this Act is appropriated to the general fund.  
20 \* Sec. 4. Section 1 of this Act is retroactive to September 1, 1986.

DOA - Peska

(PREPARED 2/17/87)

	TODAY	IF BUDGET RESERVE IS RELEASED
TOTAL ASSETS	1,970.7	1,970.7
TOTAL LIABILITIES	257.9	257.9
TOTAL FUND EQUITY (6/30/86)	1,712.8	1,712.3
LEGAL RESERVES		
RAILBELT ENERGY RESERVE FUND	(281.0)	(281.0)
BUDGET RESERVE FUND	(431.5)	0.0
TOTAL LEGAL RESERVES	(712.5)	(281.0)
RESERVES FOR PRIOR YEAR APPROPRIATIONS		
ENCUMBRANCES	(401.5)	(401.5)
CONTINUING - OPERATING	(22.2)	(22.2)
CONTINUING - CAPITAL	(537.0)	(537.0)
TOTAL RESERVES FOR PRIOR YEAR APPROP.	(960.7)	(960.7)
ACCOUNTING RESERVES AND RESTRICTIONS		
RESTRICTED FOR NON-LIQUID INVESTMENTS	(131.7)	(131.7)
RESTRICTED FOR DEFERRED COMPENSATION	(66.6)	(66.6)
LOANS TO OTHER JURISDICTIONS	(12.3)	(12.3)
RETIREMENT AND OTHER RESERVES	(25.0)	(25.0)
TOTAL ACCOUNTING RESERVES & RESTRICTIONS	(235.6)	(235.6)
AVAILABLE FOR APPROPRIATION (6/30/86)	(196.0)	235.5
FY 87 ESTIMATED REVENUE (DOR 30% CASE \$1,334.2, ADJ. \$247.8)	1,582.0	1,582.0
APPROPRIATIONS		
FY 87 OPERATING	(2,169.9)	(2,169.9)
FY 87 CAPITAL PROJECTS	(337.6)	(337.6)
FY 87 LOAN PROGRAMS	(61.0)	(61.0)
FY 86 SUPPLEMENTALS	(10.0)	(10.0)
ADJUST FOR FY 86 EFFECTIVE DATES	122.2	122.2
SHEFFIELD OPERATING RESTRICTIONS	195.3	195.3
TOTAL APPROPRIATIONS	(2,261.0)	(2,261.0)
ESTIMATED UNRESTRICTED GF SHORTFALL - FY 87	(875.0)	(443.5)
SHEFFIELD RESTRICTIONS		
CAPITAL	213.4	213.4
LOANS	6.1	6.1
TOTAL RESTRICTIONS	219.5	219.5
ESTIMATED UNRESTRICTED GF SHORTFALL AFTER SHEFFIELD RESTRICTIONS	(655.5)	(224.0)

37.05.152

§ 37.05.153

PUBLIC FINANCE

§ 37.05.156

is determined to be available for lapse at the end of the fiscal year. (§ 1 ch 17 SLA 1986)

appropriation

Revisor's notes. — Enacted as AS SLA 1986, makes this section effective 37.05.156. Renumbered in 1986. April 24, 1986, in accordance with AS Effective dates. — Section 2, ch. 17, 01.10.070(c).

shall be fund:

Sec. 37.05.153. Railbelt energy fund. There is established in the general fund the Railbelt energy fund. The fund consists of money appropriated to it by the legislature. The Department of Revenue shall manage the fund. Interest received on money in the fund shall be accounted for separately and may be appropriated into the fund annually. The legislature may appropriate money from the fund to assist in meeting Railbelt energy needs. (§ 1 ch 29 SLA 1986)

030(c);

enterprises

Revisor's notes. — Enacted as AS 44.25.050. Renumbered in 1986. Effective dates. — Section 2, ch. 29, SLA 1986, makes this section effective May 24, 1986, in accordance with AS 01.10.070(c). Cross references. — For railbelt energy council formed to review railbelt energy problems and needs, see ch. 30, SLA 1986, in the Temporary and Special Acts.

the funds of revenue at fund.

Sec. 37.05.155. [Renumbered as AS 37.05.151.]

establishing agencies for

Sec. 37.05.156. Budget reserve fund; Appropriation limit. (a) There is established as a separate fund in the state treasury the budget reserve fund. The budget reserve fund consists of appropriations to the fund. Money received by the state that is subject to the appropriation limit under (b) of this section and that exceeds that limit, may be appropriated to the budget reserve fund.

at bene-

(b) Except for appropriations to the permanent fund or for Alaska permanent fund dividends, appropriations to the budget reserve fund, appropriations of revenue bond proceeds, appropriations required to pay the principal and interest on general obligation bonds, and appropriations of money received from a nonstate source in trust for a specific purpose, including revenue of a public enterprise or public corporation of the state that issues revenue bonds, appropriations from the treasury made in a fiscal year may not exceed appropriations made in the preceding fiscal year by more than five percent plus the change in population and inflation since the beginning of the preceding fiscal year. For purposes of applying this limit an appropriation is considered to be made in the fiscal year in which it is enacted and a reappropriation remains attributed to the fiscal year in which the original appropriation is enacted. The determination of the change in population for purposes of this subsection shall be based on an annual estimate of population by the Department of Labor. The determination of the change in inflation for purposes of this subsection shall be based

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on the Consumer Price Index for all urban consumers for Anchorage prepared by the United States Bureau of Labor Statistics. The amount of money received by the state that is subject to the appropriation limit includes the balance in the general fund carried forward from the preceding fiscal year.

(c) If the legislature determines that the money subject to the appropriation limit received by the state in a fiscal year is less than the maximum permitted to be appropriated under (b) of this section, up to 25 percent of the balance of the budget reserve fund may be appropriated to the general fund.

(d) The Department of Revenue shall manage and invest assets of the budget reserve fund in the manner set out for the management and investment of the assets of the general fund under AS 37.10.070. Income from investment of the budget reserve fund may be appropriated to the fund each year by law.

(e) Notwithstanding other provisions of this section, appropriations may be made from the budget reserve fund needed by the governor to meet a disaster. In this subsection, "disaster" has the meaning given in AS 26.23.230. (§ 1 ch 58 SLA 1986)

**Effective dates.** — Section 4, ch. 58. SLA 1986 provides that this section SLA 1986, provides: "This Act takes effect July 1, 1986." "applies to fiscal year 1988 and fiscal years thereafter."

**Editor's notes.** — Section 3, ch. 58.

*Sec. 37.05.159. Reserve for emergency operating expenses account. [Repealed, § 2 ch 58 SLA 1986.]*

**Sec. 37.05.165. Petty cash accounts [Effective July 1, 1987].** The Department of Administration shall determine the amount of the petty cash accounts needed by each state agency and inspect the petty cash accounts at least once each year to determine that the total plus amounts of receipts for unreplenished disbursements is equal to the fixed sum of cash set aside. Shortages in petty cash accounts are a personal liability of the responsible head of the agency to whom the account is set aside. The department shall adopt necessary regulations governing use and replenishment of petty cash funds. (§ 38 ch 106 SLA 1986)

**Revisor's notes.** — Enacted as AS 37.05.232. Renumbered in 1986. SLA 1986, makes this section effective July 1, 1987.

**Effective dates.** — Section 69, ch. 106.

## POTENTIAL PENALTIES FOR DELAYED PAYMENTS

1. If a major payroll is not met on time, penalties would accumulate at the rate of approximately \$400,000 per day. Generally, penalty pay may occur if warrants are not mailed 4 work days prior to the end of the pay period. For the monthly payroll the pay period ends on the last working day of the month. For the hourly payroll, the pay periods are the 15th and the last working day of the month.
2. Lease payments for State office space generally does not have a monetary penalty for the first 60 days of most leases. The primary exception is the Frontier Building lease in Anchorage which has a penalty of \$8,300 if payment is not made within 3 days of the 1st of each month.
3. Payments to vendors must be paid within 30 days of the invoice day or the date the goods and services are received. We estimate that if payments were delayed for one week the interest penalty would amount to approximately \$78,500. A two week delay would cost approximately \$287,870 and three weeks would cost \$628,000.
4. Delay of non covered payments such as school foundation program, municipal grants and other recipients of assistance payments do not generally carry a penalty to the state for delayed payment. However it is important to note that most school districts, grantees, and recipients of assistance payments depend and scheduled pay days for meeting their individual obligations. A delay in payment by the state would most likely result in costs to these third parties.

	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	TOTAL	EXCLUSIONS	TOTAL SUBJECT TO PENALTY
1 Office of the Governor	387,874	581,775	895,715	469,347	591,924	537,147		537,147
2 Department of Administration	7,077,149	25,172,812	7,872,671	7,618,953	6,251,996	10,798,578 [1]	5,399,289	5,399,289
4 Department of Law	2,961,832	2,895,487	2,072,935	1,837,102	1,273,689	2,208,209		2,208,209
5 Department of Revenue	1,241,492	3,825,685	9,436,470	3,266,758	3,788,767	4,299,834		4,299,834
6 Department of Education	68,941,864	51,997,857	65,157,169	58,653,570	53,619,682	59,553,968 [2]	47,189,826	12,364,082
7 Dept of Health and Social Services	6,134,155	10,473,836	15,988,743	9,430,059	13,591,915	11,123,740 [3]	5,561,870	5,561,870
8 Department of Labor	1,122,602	950,537	769,567	619,118	558,338	804,032		804,032
9 Dept Commerce and Economic Devel.	12,491,975	10,095,875	9,813,098	7,324,773	9,656,286	9,858,491		9,858,491
10 Department of Mil. and Vet. Affairs	836,164	986,740	578,191	523,845	895,185	764,425		764,425
11 Department of Natural Resources	3,760,674	9,268,445	8,395,415	5,937,633	3,624,127	6,197,019		6,197,019
12 Department of Fish & Game	3,598,631	4,058,526	3,592,698	2,643,713	3,522,690	3,465,216		3,465,216
13 Department of Public Safety	3,131,399	5,552,020	4,994,565	3,507,664	3,114,991	4,060,170		4,060,170
14 Dept. of Environmental Conserv.	4,528,060	1,219,925	744,582	2,390,233	1,659,568	2,106,490		2,106,490
15 Department of Corrections	5,189,918	3,723,859	5,272,996	7,674,668	5,643,589	5,501,008		5,501,008
16 Dept. of Community & Regional Affairs	10,228,915	15,527,317	10,322,976	20,223,253	22,013,784	15,663,249 [4]	7,831,625	7,831,625
17 DOT/PF	59,643,743	101,737,567	86,607,273	81,090,564	74,318,133	80,679,456 [5]	30,000,000	50,679,456
18 Alaska State Legislature	2,074,339	5,452,226	1,068,385	879,863	647,378	2,024,439		2,024,439
19 State Bond Committee	463	14,161	4,742	1,067	1,255	4,326		4,326
20 Alaska Court System	1,211,899	2,695,447	2,579,787	2,337,167	1,887,215	2,124,285		2,124,285
	194,382,458	256,142,169	236,077,588	215,698,743	206,568,763	221,773,944	95,982,610	125,791,335

21 DAYS 23 DAYS 28 DAYS 24 DAYS 24 DAYS 24 DAYS 24 DAYS

AVG. PAYMENTS PER DAY INTEREST RATE INTEREST PER DAY

DOT/PF	50,679,456 / 20 DAYS	2,533,973	0.00875	22.172
OTHER AGENCIES	75,111,879 / 20 DAYS	3,755,594	0.01500	56.334
TOTAL	125,791,335	6,289,567		78.506

[1] ADJUSTED FOR LEASE PAYMENTS NOT ON SCHEDULED PAYMENTS AND NOT SUBJECT TO INTEREST PENALTY  
 [2] SCHOOL FOUNDATION PAYMENTS NOT SUBJECT TO INTEREST PENALTY  
 [3] ESTIMATE OF EXCLUDED PAYMENTS  
 [4] ESTIMATE OF EXCLUDED PAYMENTS  
 [5] ESTIMATED SEASONAL ADJUSTMENT ON DOT CONTRACTS

[A] PAYMENTS ON DOT CONTRACTS SUBJECT TO 10.5 % AFTER 30 DAYS.  
 [B] INTEREST PENALTY FOR OTHER VENDOR PAYMENTS AT 18 % FOR PAYMENTS OVER 30 DAYS.

PREPARED BY: DIVISION OF FINANCE  
 DEPARTMENT OF ADMINISTRATION

## DAYS DELAYED

DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	DAY	TOTAL
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
1	5,234															5,234
2	10,468	5,234														15,702
3	15,702	10,468	5,234													31,404
4	20,936	15,702	10,468	5,234												52,340
5	26,170	20,936	15,702	10,468	5,234											73,510
6	31,404	26,170	20,936	15,702	10,468	5,234										109,914
7	36,638	31,404	26,170	20,936	15,702	10,468	5,234									146,552
8	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234								183,424
9	47,106	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234							235,530
10	52,340	47,106	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234						287,870
11	57,574	52,340	47,106	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234					345,444
12	62,808	57,574	52,340	47,106	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234				408,252
13	68,042	62,808	57,574	52,340	47,106	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234			476,294
14	73,276	68,042	62,808	57,574	52,340	47,106	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234		549,570
15	78,510	73,276	68,042	62,808	57,574	52,340	47,106	41,872	36,638	31,404	26,170	20,936	15,702	10,468	5,234	628,080

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 29, 1987

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf.

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a special appropriation bill to provide money to cover the state's share of disaster relief for several areas affected by disasters several months ago. The federal government is expected to contribute approximately 15 million dollars for these disasters. The areas covered are the Matanuska-Susitna Borough, the Kenai Peninsula Borough, Cordova, Kotzebue, and the North Slope Borough.

AS 26.23.020(g)(2) provides that the governor may "use all available resources of the state government and of each political subdivision of the state as reasonably necessary to cope with the disaster emergency." In addition, AS 26.23.050(a) provides that "it is the intent of the legislature, and declared to be the policy of the state, that funds to meet disaster emergencies will always be available." Acting under those statutes, the Sheffield Administration transferred money from the budget reserve fund to the disaster relief fund to deal with those emergencies. It is now advisable to ratify that transfer by expressly appropriating the necessary amount, and I encourage your prompt action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper  
Governor