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SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 2/14/94

FURTHER: Finance

Date of 5-Day Notice: 2/17/94
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: _____

CRA Committee considered SB 330

"An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date."

and recommends:

replace with _____ CS _____ ()

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

same title
 new title
 technical title change
(HB only)

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DEP	2/15/94	φ	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Robin L. Traylor
Erwin A. Johnson (needs vsw amendment)

Reed E. O'Connell, D. Pers
Chair: Signature and Recommendation

DEPT. OF ENVIRONMENTAL CONSERVATION

**Department Position Paper
SB 330**

" An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date."

Legislative Intent:


SB 330 would amend the statutes governing two funding programs administered by the Department of Environmental Conservation: Municipal Matching Grants and the Alaska Clean Water Fund. The intent of the bill is to: (1) improve existing funding alternatives available to incorporated communities; (2) provide a more equitable method for assisting mid-sized communities with populations ranging from 1,000 to 5,000; (3) expand loan eligibility similar to the Alaska Clean Water Fund to include drinking water projects; (4) enable Alaska to take advantage of federal capitalization grants to the drinking water loan program; and (5) clarify confusing and redundant language contained in the programs' existing statutes (AS 46.03.030 and AS 46.03.032).

Bill/Program Effects:

SB 330 would allow the Department of Environmental Conservation to better assist incorporated communities in financing the planning, design, and construction of water, sewerage, and solid waste systems. Financing programs are available to meet the needs of the State's larger urban communities and smaller unincorporated rural communities. However, incorporated "mid-sized" communities with population bases of 1,000 to 5,000 are not eligible to participate in the Village Safe Water program yet do not have the financial resources to pay one-half of a project's cost as currently required under the Municipal Matching Grants program. By increasing the percent of project costs eligible for grant funding to more closely parallel those allowed under AS 37.06, these communities will be better able to finance the sanitation needs of their residents. SB 330 would also position the State to take advantage of a proposed federal capitalization program by establishing a Drinking water revolving loan fund. Congress is expected to pass authorization language for the program this session. This program would provide communities with a predictable, perpetual and, eventually, self-sustaining financial resource for water supply projects.

The Alaska Department of Environmental Conservation strongly supports SB 330 in its entirety.

This legislation would have a zero fiscal impact on the State's Operating Budget.



Keith Kelton, Director
Division of Facility Construction
and Operation

2-17-94
Date

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 330

Revision Date: _____
Title: Water Quality Funds and Grants
Sponsor: Senator Halford
Requestor: Senator Phillips

Department Affected: Environmental Conservation
BRU: Facility, Construction, and Operation
Component: Facility, Construction, and Operation

CCOMPONENT SERIAL NO. 637

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0

Estimate of any current year (FY94) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0

ANALYSIS: (Attach a separate page if necessary.)

No overall fiscal impacts are anticipated. No new positions will be created. As a result of the Drinking Water Loan Fund portion of the bill, the funding sources for existing personnel will be shifted to the revolving loan fund from a federal grant program, which is being discontinued.

Prepared by: Bob Poe, Director
Division: Information and Administrative Services

Phone: 465-5010
Date: 2/15/94

Approved by Commissioner: Asa R. Tompkins
Agency: Department of Environmental Conservation

Date: 2/15/94

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ALASKA STATE LEGISLATURE
Senator Rick Halford
President of the Senate

FEB 13 1993

While in Session:
State Capitol
Juneau, AK 99801-1182
907-465-4958

While in Interim:
P.O. Box 670190
Chugiak, AK 99567
907-694-4958

MEMORANDUM

TO: Senator Randy Phillips, Chair
Community and Regional Affairs Committee

FROM: Senator Rick Halford *Rick Halford*

DATE: February 14, 1994

SUBJECT: Request for a Hearing

I respectfully request Senate Bill 330 relating to water quality funds and grants be scheduled for a hearing in Senate C&RA at your earliest convenience.

Thank you.



ALASKA STATE LEGISLATURE

Senator Rick Halford

President of the Senate

MEMORANDUM

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State Capitol
Juneau, AK 99801-1182
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907-694-4958

TO: Senator Randy Phillips, Chair
Senator Robin Taylor
Senator Loren Lemar
Senator Al Adams
Senator Fred Zharoff

FROM: Senator Rick Halford
Sponsor

DATE: February 15, 1994

SUBJECT: Sponsor Statement for Senate Bill 330

Senate Bill 330 proposes modifications to two statutes administered by the Division of Facility Construction and Operation within the Department of Environmental Conservation; AS 46.03.030 (Municipal Matching Grants) and AS 46.03.032 (Alaska Clean Water Fund).

By way of background, in 1987 I sponsored Senate Bill 167 which created the Alaska Clean Water Fund (ACWF) to provide low interest loans for the construction of municipal wastewater projects. This program, capitalized 83 percent by the federal government, was designed to replace the EPA construction grants program. Since the ACWF can only finance wastewater projects, the Legislature also created a separate account for excess State appropriations to provide loans for water supply and solid waste projects. This account has never been capitalized. The ACWF as presently capitalized can provide loans only for wastewater projects.

SB 330 provides funding assistance through grants and loans to Alaska's incorporated municipalities for the construction of water, wastewater and solid waste improvements. By amending AS 46.03.030, the flexibility of funding alternatives available to incorporated governments will be increased. Changes to AS 46.03.032 will position the State to take advantage of a new federal loan program for construction of water supply systems. This legislation is now pending in Congress and by passing this bill this session, it will enable the State to participate at the earliest possible opportunity.

Congress is also presently considering several bills for the re-authorization of the Safe Water Drinking Act. These bills all contemplate a loan program for the construction of water supply projects. It is proposed that federal appropriations and the corresponding State match will be used to capitalize an Alaska Drinking Water Fund.

The proposed changes to AS 46.03.032 clarify the relationship of the ACWF to the account and establishes a parallel Alaska Drinking Water Fund and account. Again, early action by the Legislation allows the State to receive federal funding as soon as it is available.

I request the committees' favorable consideration of Senate Bill 330.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 18, 1994

SUBJECT: Sectional Summary of SB 330; An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date. (Work Order No. 8-LS1739\E)

TO: Senator Rick Halford

FROM: George Utermohle *GU*
Legislative Counsel

You have requested a sectional summary of SB 330; An Act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water account; and providing for an effective date.

A sectional summary of a bill is not an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 of the bill repeals and reenacts AS 46.03.030(b) to set out the purposes for which grants may be made to municipalities: a water quality enhancement project; a public water supply, treatment, or distribution system; a wastewater collection, treatment, or discharge system; or a solid waste processing, disposal, or resource recovery system.

Section 2 of the bill makes technical amendments to AS 46.03.030(c).

Section 3 of the bill amends AS 46.03.030(d) to change the definition of eligible costs of projects that can be funded by grants under AS 46.03.030.

Section 4 of the bill repeals and reenacts AS 46.03.030(e) to set out that portion of the eligible costs of a project that may be funded by grants under AS 46.03.030.

Section 5 of the bill adds new subsections to AS 46.03.030 specifying what types of funds may be used to match grants under AS 46.03.030 and requiring that the Department of Environmental Conservation must approve project plans and specifications before construction of the project may begin.

Section 6 of the bill amends AS 46.03.032(d) to change the purposes for which the Alaska clean water fund may be used.

Sections 7, 8, and 9 of the bill make minor technical changes to AS 46.03.032(f), (g), and (l), respectively.

Section 10 of the bill amends AS 46.03.032(m) to require that annual repayments of principal on loans from the Alaska clean water fund must commence within one year after completion of the project for which the loan is made.

Section 11 of the bill adds a new section to AS 46.03 to create the Alaska clean water account as a separate account in the state treasury. The account may be used for the same purposes as the Alaska clean water fund. Repayments of principal on loans from the account shall be deposited in the Alaska clean water fund. Interest payments on loans made from the account are dedicated back to the account.

Section 12 of the bill adds a new section to AS 46.03 to create the Alaska drinking water fund as a separate fund in the state treasury. The Department of Environmental Conservation may adopt regulations to ensure that it administers the fund in a manner consistent with federal law.

Section 13 of the bill adds a new section to AS 46.03 to create the Alaska drinking water account as a separate account in the state treasury. The account may be used for the same purposes as the Alaska drinking water fund. Repayments of principal on loans from the account shall be deposited in the Alaska drinking water fund. Interest payments on loans made from the account are dedicated back to the account.

Section 14 of the bill repeals AS 46.03.030(f) and 46.03.032(n).

Section 15 of the bill allows the Department of Environmental Conservation to retain certain regulations relating to water quality enhancement, water supply, wastewater, and solid waste system grants, the Alaska clean water fund, or the Alaska clean water account until the effective date of regulations adopted by the department to implement changes made by this Act.

Section 16 of the bill provides that, except for secs. 12 and 13, the bill takes effect July 1, 1994.

Senator Rick Halford
February 18, 1994
Page 3

Section 17 of the bill provides that secs. 12 and 13, relating to the Alaska drinking water fund and the Alaska drinking water account, take effect on the effective date of a federal law allowing the state to participate in federal capitalization grants to finance projects related to drinking water.

GU:pl
94-129.plm

CITY of HOONAH

P.O. Box 360
Hoonah, Alaska 99820
(907) 945-3663
FAX (907) 945-3445

February 23, 1994

Randy
TO: Senator Randy Phillips, Chairman
Senate Community & Regional Affairs Committee

Albert
FROM: Albert W. Dick
Mayor

SUBJECT: SB 330 - An act relating to water quality enhancement, water supply, wastewater, and solid waste grants; the Alaska clean water fund; the establishment of the Alaska clean water account, the Alaska drinking water fund, and the Alaska drinking water; and providing for an effective date.

The City of Hoonah strongly supports SB 330 in it's entirety.

The City of Hoonah has been operating at 97% water treatment capacity for some time and is desperately in need of a new water treatment system which will allow it to treat a larger capacity of water, meet DEC/EPA regulations pertaining to the treatment of water and provide for future expansion of the City. This is more important as the U. S. Forest Service expands it's office and housing base in the community. It is getting more difficult for us to stay in compliance during peak periods when the Hoonah Cold storage is running.

This system was originally installed by Indian Health Service some time ago. They have indicated that they would help us out anyway they can to get a new system on line. The City like most small communities does not have the funds to install this system, would be able to handle 15% of the cost. That is why we are requesting support of this bill especially as it pertains to Sec. 4. AS46.03.030(e)(2)(A) 85 percent of the eligible costs for a municipality with a population of 1,000 persons or less; and Sec. 5 AS46.03.030(g) the match required under this section may include (1) federal funds; or (2) state funds, other than those funds received under this section.

AWD:rgp

cc: Mackie, Zharoff, Halford

Qinarmiut Corporation

GENERAL DELIVERY
TUNTUTULIAK, ALASKA 99680

(907) 256-2315 FAX (907) 256-2441

February 18, 1994

Representative Lyman Hoffman
House of Representatives
State Capitol
Juneau, Alaska 99801-1182

Honorable Representative Hoffman:

We are writing to you to ask for your help in solving a technical land problem that we have encountered in our efforts to seek improvements to our overall water and sewer conditions in Tuntutuliak. We are awaiting the results of an Attorney General's opinion on whether A.S. 44.47.150 allows the State Municipal Lands Trustee to accept subsurface estate conveyances from ANCSA Regional Corporations, and if not, we would like you to introduce legislation to add such a provision.

The Village of Tuntutuliak received a combination State/Federal EPA grant to prepare a water and sewer feasibility study. The study, which was completed in December, 1993, recommended the development of a phased implementation of sanitation facilities according to need and economic capacity. The course of action advised the abandonment of the existing honey bucket system, the development of a flush tank and haul system which would eventually be converted to a pressurized or vacuum sewer system, the construction of a new sewage lagoon and solid waste disposal site, and improvements to the existing washeteria and summer water distribution system. Another recommendation was to seek diversified funding to upgrade existing boardwalks and construct additional boardwalks and new gravel roads. These upgrades are needed to implement an effective haul system and access.

As background, Tuntutuliak is a community of approximately 325 people. Households do not have running water or flush toilets and must rely on rain barrels or the washeteria for their summer water supply. Ice is obtained from ponds, lakes and the Kinak River during the winter. Individuals must travel by snowmachines 1/2 to 20 miles to get ice. Boardwalks are 3 to 4 feet wide and in disrepair, and the existing dumpsite is unsuitable. The community has experienced health problems and hardship due to the lack of these basic amenities.

As part of the study, the Qinarmiut Corporation and the Tuntutuliak Traditional Council identified appropriate sites for the needed improvements. Since the land considered for development is owned by Qinarmiut Corporation, the Corporation decided in March, 1993 to convey the land (including the dumpsite and sewage lagoon) needed for the project to the State Municipal Land Trustee under ANCSA Section 14(c)(3). This action was necessary to fulfill site control requirements for the funding of the project. In our efforts to comply with State and Federal requirements for public project development, we have encountered a technical problem in the conveyance of at least two parcels of land needed for the project.

When the sewage lagoon and dumpsite are built, they will encroach into the subsurface estate belonging to Calista Corporation. The sewage lagoon and dumpsite will cover approximately 7.60 acres.

Calista requires that the subsurface estate of such sites be acquired from them through exchange or sale before construction can occur. Calista has established formal procedures with other agencies such as the U.S. Public Health Service and State Department of Transportation and Public Facilities for the acquisition of the subsurface estate of projects funded by their agencies. PHS negotiated an agreement with Calista for subsurface acquisitions and amended their manuals and procedures accordingly. Calista states that they have not negotiated agreements with Village Safe Water in the past but will need to in order to address State projects under construction in their region. Similar agreements have been worked out with Alaska Energy Authority for bulk fuel storage.

In incorporated communities, the City or Borough purchases the subsurface estate from the appropriate Regional Corporation, so the land is owned in fee simple. In the Calista Region, there is no Borough, and Traditional and IRA Councils are the recognized forms of Government in unincorporated communities. The Tuntutuliak Traditional Council (TTC) is formally recognized by the State of Alaska as the Appropriate Village Entity, who is responsible for overseeing 14(c)(3) decisions. Traditional Councils or IRA Councils cannot own 14(c)(3) land because State Law only recognizes cities and boroughs as instrumentalities of the State for the purposes of 14(c)(3).

The State maintains that A.S. 44.47.150(a)(2) provides that the Commissioner "may...accept, administer and dispose of land conveyed in trust by a state or federal agency and by the dissolution of a municipality...". As we understand, the law as it is written appears to say that the MLT would only be able to acquire land from a State or Federal agency like DOT or PHS, not Calista. In a meeting held on April 26, 1993 between Calista, DCRA's Deputy Director and staff of the MLT Program, DCRA recognized that they would probably need to introduce legislation to allow the State MLT to accept title from a Regional Corporation. They also believed that they would have to obtain a legal opinion from the State Attorney General's office. This opinion was formally requested on May 26, 1993 (copy enclosed). It is now nearing the end of February, and the State AG's office has still not responded despite numerous phone calls from the State MLT.


If legislation is needed, it must be passed before the legislature adjourns in May. If the State legislature appropriates funds for the construction of the needed sewer and water projects in Tuntutuliak, we hope to begin construction in the summer. However, in the absence of the proper site control for the subsurface estate, even if funding for the sewer and water improvements are appropriated during the 1994 legislative session, construction of the project may not occur.

We are in dire need of improving the health situation of our community. We do not want to see this critical project held up because of a technical problem with State law. We ask for

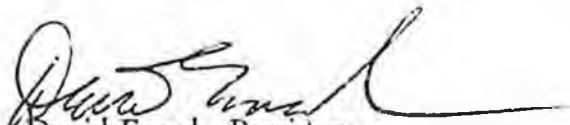
Page three

your help in asking the AG's office to respond to DCRA's request for an opinion on the issue and/or by introducing language to amend A.S. 44.47.150 to add a provision to allow the acceptance of subsurface estate conveyance from ANCSA Regional Corporations. Thank you for your assistance.

Sincerely,



Robert Enoch, President
Qinarmiut Corporation

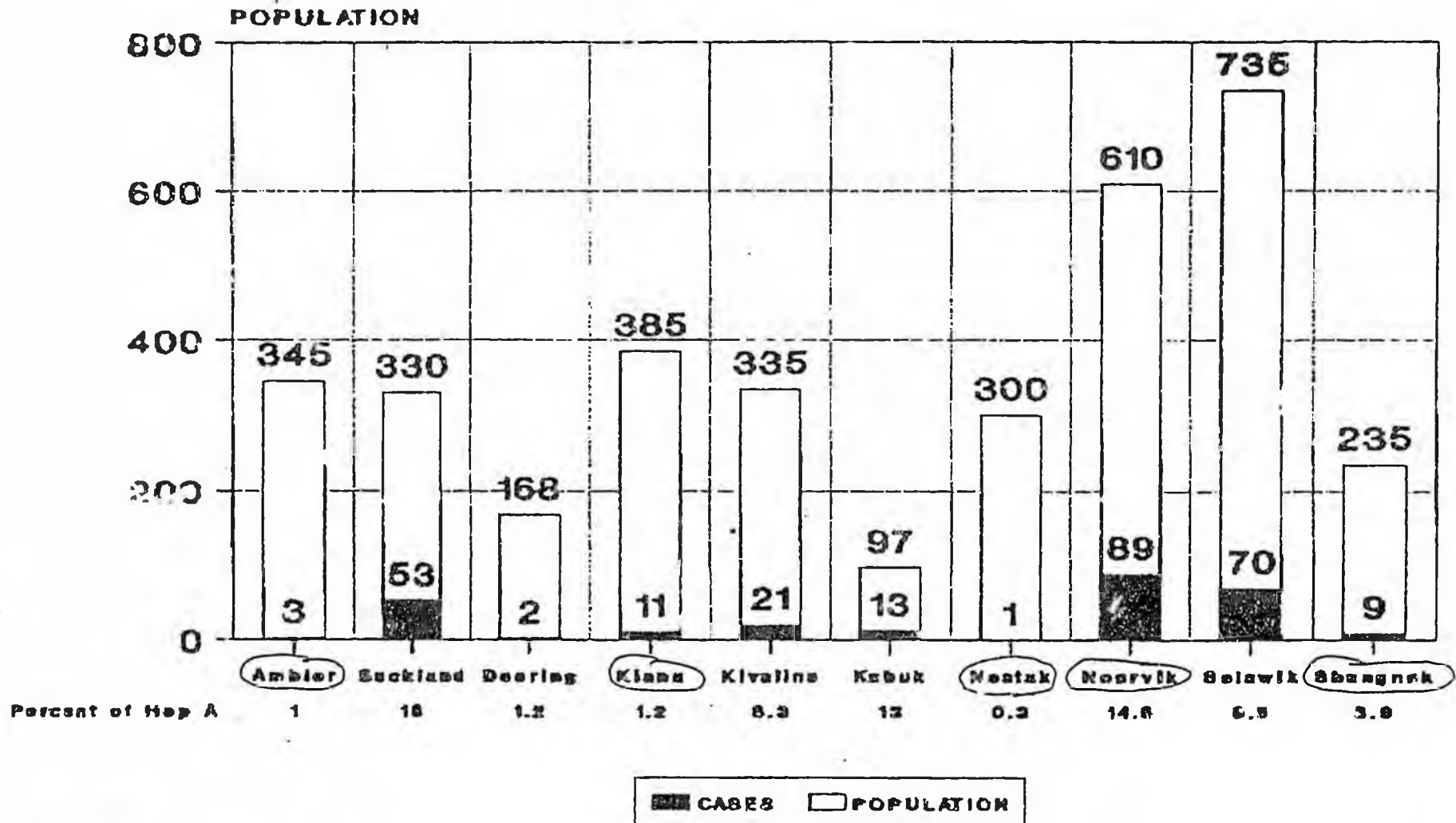


David Enoch, President
Tuntutuliak Traditional Council

Enclosures

cc: Governor Hickel, Bush Caucus, DCRA Standing Committee, Calista, AFN, DCRA

Hepatitis A



Ambler, Kiassa, Neatak, Noorvik and Shungnak all have community water and sewer facilities