

S B

8 8

JK

DATE: 2/3/93

FURTHER: FINANCE

Date of 5-Day Notice: 2/11/93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: ~~2/11/93~~ 3-9-93

CRA Committee considered SENATE BILL NO. 88

"An Act relating to grants to municipalities, named recipients, and unincorporated communities; establishing capital project matching grant programs for municipalities and unincorporated communities; establishing a local share requirement for capital project grants to municipalities, named recipients, and unincorporated communities; and providing for an effective date."

and recommends:

[] replace with _____ CS SB 88 (CRA)

- [] same title
- [] new title
- [] technical title change (HB only)

[] attaches amendment(s)

[] adopts _____ Letter of Intent

[] further referral to the _____

[] do pass

[] do not pass

[] no recommendation

individual recommendations

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal	Department	Date	Zero	Fiscal
Dept Comm	1/27/93	0	applies CS				
Dept Labor	1/24/93	0	applies CS				
Dept. Environ & Nat	1/28/93	0	applies CS				
Dept Com + Reg Aff	2/3/93	122.7	applies CS				
Dept Com + Reg Aff	2/26/93	10.0	applies CS <u>new</u>				
Dept of Admin	1/26/93	259.7	applies CS				

new ✓

[] Appropriation No Fiscal Note

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

DO PASS:

OTHER RECOMMENDATIONS:

Adrian Taylor - award

Rick Halford, do not pass unless amended

Paul J. Hancock No Rec

C. Ross E. Kelly - Do Pass
Chair: Signature and Recommendation

Revision Date: _____ Dept. Affected: Community and Regional Affairs
 Title: Capital Project Matching Grants BRU: Administration and Support
 Component: Administrative Services
 Sponsor: Governor
 Requestor: _____ COMPONENT SERIAL NO. 684

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	97.7	102.6	107.7	113.1	118.8	124.7
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	6.0	6.0	6.0	6.0	6.0	6.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	13.0	1.0	1.0	1.0	1.0	1.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	122.7	115.6	120.7	126.1	131.8	137.7

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:	1004	1004	1004	1004	1004	1004
----------------------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	122.7	115.6	120.7	126.1	131.8	137.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	122.7	115.6	120.7	126.1	131.8	137.7

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

Estimate of current (FY93) Impact \$ _____

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Remond Henderson Phone: 465-4708
 Division: Administrative Services Date: 2/26/93
 Approved by ^{Deputy} Commissioner: [Signature] Date: 2/26/93
 Agency: Community and Regional Affairs

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

Position Title Grant Administrator III		No. of Positions 1	Range / Step 19A	Barg. Unit CGU
Time Status Full-time	Staff Months 12	Location Jumeau		Election District 4
TYPE OF EXPENDITURE		Amount	Justification 1. Write and implement state regulations pertaining to all legislative grants designated to the department 2. Supervise grants section totalling 2 staff positions 3. Recommend, develop and implement changes in program operations, internal procedures, operational guides, etc. 4. Trains and provides technical assistance to departmental Local Government Specialists doing on-site monitoring on behalf of grants section through workshops and individual contacts. 5. Negotiate, write, and administer grant agreements which includes identifying specific project requirements (permits, site control, match, etc.) 6. Prepare grant closures and ensure that the terms and conditions of the grant agreements and match have been met and that all funds are expended in accordance with state law and departmental policy. (continued on next page)	
Salary		44,976		
Benefits		16,704		
Premium Pay				
Other				
Total Personal Services		61,680		
Travel		5,000		
Contractual		5,000		
Commodities		500		
Equipment		8,000		
Other				
Total Cost		18,500		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1001	80,180		
LA Receipts	1007			
CH Receipts	1061			
Other				

Request For
New Position

AGENCY Community and Regional Affairs
 BRU Administration and Support
 COMPONENT Administrative Services

FY 94

Page 1 of 2
 Revised Date: _____

Page 2 - Grant Administrator III

7. Conduct in-depth review of progress and financial reports submitted by grantees and resolve any problems.

ADDITIONAL
EXPLANATION
FORM

AGENCY Comm. & Reg. Affairs
BRU Admin & Support
COMPONENT Administrative Svcs.

Page	2	of 2
Revised Date		

FY 94

Position Title Accounting Clerk III		No. of Positions 1	Range / Step 10A	Org. Unit GGU
Time Status PFT	Staff Months 12	Location AWA		Election District
TYPE OF EXPENDITURE		Amount	Justification It is expected that 20 - 40 Capital Matching Grants and 60 - 100 local share requirements will be handled by this position. An in-depth review of matching requirements will be done of all grantees before processing payments. Prepare financial status report for managers and grant administrator. Make AKSAS adjustments and report any problems to supervisors. It is necessary to purchase personal computer and related equipment to support the activities of this position.	
Salary		24,756		
Benefits		11,280		
Premium Pay				
Other				
Total Personal Services		36,036		
Travel		-0-		
Contractual		1,000		
Commodities		500		
Equipment		5,000		
Other		-0-		
Total Cost		6,500		
FUNDING SOURCE FOR TOTAL COST		42,536		
Federal Receipts	1002			
G. E. Match	1003			
General Fund	1004	42,536		
LA Receipts	1007			
CHP Receipts	1061			
Other				

**Request For
New Position**

AGENCY Community & Regional Affairs
 BRU Administration and Support
 COMPONENT Administrative Services

FY 94

Page 1 of 1
 Revised Date: _____

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB88

Revision Date: _____ Dept. Affected: Community & Regional Affairs
 Title: Capital Project Matching Grants BRU: Local Government Assistance
 Component: Training & Development

Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 672

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	10.0	10.0	10.0	10.0	10.0	10.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:	1004	1004	1004	1004	1004	1004
----------------------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	10.0	10.0	10.0	10.0	10.0	10.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	10.0	10.0	10.0	10.0	10.0	10.0

POSITIONS:

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

Estimate of current year (FY93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

This amended request for \$5,000 in contractual and \$5,000 in travel will be divided equally among MRAD's five regional offices. This will provide a little over \$80 per month for additional telephone, postage, and copier expense and funds for approximately two trips per field office.

Prepared by: Remond Henderson Phone: 465-4708
 Division: Administrative Services Date: 2/26/93
 Approved by Commissioner: Deputy Commissioner [Signature] Date: 2/26/93
 Agency: Dept. of Community & Regional Affairs

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 6
Bill Version: SB 88
(S) Publish Date: 2-3-93

Revision Date: _____
Title: Establishing the Capital Matching Grants Program
Sponsor: Rules
Requestor: Governor

Department Affected: Commerce and Economic Development
BRU: All
Component: _____
COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year (FY 93) impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Guy Bell, Director
Division: Administrative Services

Phone: 465-2505
Date: January 27, 1993

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

[Signature]
Date: 1-28-93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

FISCAL NOTE

No. 5 ¹⁴
Version: SB 88

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO : (S) Publish Date: 2-3-93

Revision Date: _____
Title: "An Act relating to ... capital project
matching grant programs ..."
Sponsor: Rules Committee
Requestor: Governor

Department Affected: Labor
BRU: All
Component: All

COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipt's						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: David Teal, Director Phone: 465-5981
 Division: Administrative Services Date: 1/28/93
 Approved by Commissioner: Charles W. Mahlen
 Agency: Department of Labor Date: 1/28/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SB 88
BILI (S) Publish Date: 2-3-93

Revision Date: _____
Title: Capital Matching Grants
Sponsor: Governor
Requestor: Governor

Department Affected: Environmental Conservation
BRU: Facilities, Construction & Operation
Componen: Facilities Construction

COMPONENT SERIAL NO. 673

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

1002 FEDERAL RECEIPTS	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF MATCH	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/PROGRAM RECPT	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS: NONE

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ NONE

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Janice Adair
Division: Commissioner's Office

Phone: 465-5010
Date: 1/28/93

Approved by Commissioner: *Janice Adair*
Agency: Department of Environmental Conservation

Date: 1/28/93

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

The capital matching grants bill does not impact the three (3) capital construction grant programs currently within the Department of Environment Conservation's authority.

AS 46.03.030 establishes a 50% matching program for municipalities for the construction of public water supplies, treatment and distributions systems and public sewage collection, and treatment and discharge facilities.

AS 46.03.032 establishes the Alaska Clean Water fund to meet federal matching requirements for sewer facility construction as well as a State Clean Water Fund (which has not been capitalized) to fund both solid waste management and public drinking water facilities.

AS 46.07 establishes the Village Safewater program. AS 46.07.040 specifically states that "A contribution toward the cost of the construction of a facility may not be required from its users."

None of these statutes are amended or repealed by the proposed legislation.

Before DEC will forward any request for a capital construction project on to OMB for funding consideration, we actively work with the local governments in both the municipalities and the villages to ensure the project is supported, and can be operated and maintained by the community. We have long considered the ability and willingness of the community to financially support both the operations and maintenance of the facility as the kind of support that is indicative of a successful village project.

FISCAL NOTE

No. 3

Bill Version: SB 88

(S) Publish Date: 2-3-93

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Revision Date: _____

Title: 'An Act relating to grants to municipalities

Sponsor: Rules

Requestor: _____

Department Affected: Administration

BRU: Administrative Services

Component: Administrative Services

COMPONENT SERIAL NO. 46

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	225.4	225.4	225.4	225.4	225.4	225.4
TRAVEL	15.0	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL	3.5	3.5	3.5	3.5	3.5	3.5
SUPPLIES	.8	.8	.8	.8	.8	.8
EQUIPMENT	15.0	3.0	3.0	2.0	2.0	2.0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	259.7	247.7	247.7	246.7	246.7	246.7

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	259.7	247.7	247.7	246.7	246.7	246.7
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	259.7	247.7	247.7	246.7	246.7	246.7

POSITIONS:

FULL-TIME	4.0	4.0	4.0	4.0	4.0	4.0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary.)
See attached.

Prepared by: Sharon Barton, Director
Division: Administrative Services

Phone: 465-2277
Date: _____

Approved by Commissioner: Nancy Bear Userra
Agency: Administration

Date: 1/26/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

ANALYSIS

Four permanent full-time positions will be added to the one existing Grant Administrator position to create a grants section within the Department of Administration, Division of Administrative Services.

The four new positions are:

Administrative Officer III (21 A)

This position will oversee the section and write regulations for the existing Municipal Grant Program and the new Capital Project Matching Grant Program.

Internal Auditor III (19 A)

This position will be responsible for auditing grantees use of grant funds and would determine the validity of each grantees' proposed match.

Grant Administrator II (17 A)

This position will manage the new Capital Project Matching Grant Program.

Accounting Clerk III (10 A/B)

This position will assist in the processing of grant agreements and payments.

New computer equipment will be purchased for each of the four new positions.

Travel funding is requested for on-sight auditing.

Revision Date: _____ Dept. Affected: _____
 Title: Capital Project Matching Grants BRU: Local Government Assistance
 Component: Training & Development
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 672

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	108.4	113.8	119.5	125.5	131.8	138.4
TRAVEL	27.5	27.5	27.5	27.5	27.5	27.5
CONTRACTUAL	16.8	16.8	16.8	16.8	16.8	16.8
SUPPLIES	3.4	2.2	2.2	2.2	2.2	2.2
EQUIPMENT	5.0	1.0	1.0	1.0	1.0	1.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	161.1	161.3	167.0	173.0	179.3	185.9

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:	1004	1004	1004	1004	1004	1004
----------------------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	161.1	161.3	167.0	173.0	179.3	185.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	161.1	161.3	167.0	173.0	179.3	185.9

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

Estimate of current (FY93) Impact \$ None

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Remond Henderson Phone: 465-4708
 Division: Administrative Services Date: 2/2/93
 Approved by Commissioner: [Signature] DEPUTY COMMISSIONER Date: 2/2/93
 Agency: Community and Regional Affairs

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

Position Title Planner II		No. of Positions 1	Range Step 17/A	Barg. Unit GGU
Time Status FT	Staff Months 12	Location Anchorage		Election District
TYPE OF EXPENDITURE		Amount	Justification	
Salary			<p>One new community planning/land management position is needed to accomplish the program purposes of "improving the process for making grants for capital projects by providing a more orderly and thoughtful planning process that involves the local community..." and enhancing "the roll of communities in initializing and prioritizing the construction of capital projects."</p> <p>The position will target the unincorporated communities and smaller municipalities. It will be able to assist 8 to 12 communities prepare community development strategies and capital project plans. This represents about 10 to 15 percent of the communities who do not have local staff to prepare community development and capital project plans sufficient to accomplish the purposes of this program.</p> <p>The Planner II will also provide the assistance required to acquire and verify the land ownership and value used as local match. This service can be provided for most DCRA and DOA administered grants provided the additional travel funds for existing land management positions are included.</p> <p>The position was not included in the previous fiscal note for similar legislation last year because, prior to FY93 cuts, staff were available to accomplish the above purposes at the levels proposed.</p> <p style="text-align: right;">continued on next page</p>	
Benefits				
Premium Pay				
Other				
Total Personal Services		54,182		
Travel		12,500		
Contractual		8,400		
Commodities		1,750		
Equipment		2,500		
Other				
Total Cost		79,332		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	79,332		
I-A Receipts	1007			
CIP Receipts	1061			
Other				

**REQUEST
FOR
NEW
POSITION**

AGENCY Community & Regional Affairs
 BRU Local Government Assi.
 COMPONENT Training & Development

PAGE 1 OF 2

FY 94

Position Title Local Government Specialist III		No. of Positions 1	Range / Step 17 / A	Org. Unit GGU
Employee Status FT	Staff Months 12	Location Anchorage		Election District
TYPE OF EXPENDITURE		Amount	Justification A new Local Government Specialist (LGS) position to assist the unincorporated communities do the financial planning and management necessary to secure the financial match and to achieve and demonstrate the financial ability to operate and maintain the facility. This LGS will be able to assist 8 to 12 communities with capital project planning. This represents about 11 to 20 percent of unincorporated communities who require assistance to do effective financial planning and management. This position was not included in the previous Fiscal Note for similar legislation last year because, prior to FY 93 cuts, staff were available to adequately accomplish the above purposes. Additional travel is also included to support existing LGS positions travel to assist communities. These funds were not requested last year, but the 20 percent cut in travel funds drastically reduced staff ability to travel to communities to provide assistance. The new position will be located in Anchorage.	
Salary				
Benefits				
Pension Pay				
Other				
Total Personal Services	54,182	54182		
Travel		15000		
Contractual		8400		
Commodities		1700		
Equipment		2500		
Other				
Total Cost		81782		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	81782		
FA Receipts	1007			
CF Receipts	1061			
Other				

**Request For
New Position**

AGENCY Dept Community and Regional Affairs

Local Government Assistance

COMPONENT Training and Development

FY 94

Page 1 of 1

Revised Date: _____

(continued Planner II)

Additional travel is also included to support existing land management positions travel to assist communities. These funds were not requested last year, but the 20 percent cut in travel funds drastically reduced staff ability to travel to communities to provide assistance.

The new position will be located in anchorage.

REQUEST
FOR
NEW
POSITION

AGENCY Community & Regional Affairs
BRU Local Government Assistance
COMPONENT Training & Development

Page 2 of 2

FY94

FISCAL NOTE

Revision Date: _____ Dept. Affected: Community and Regional Affairs
 Title: Capital Project Matching Grants BRU: Administration and Support
 Component: Administrative Services
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 684

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	97.7	102.6	107.7	113.1	118.8	124.7
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	6.0	6.0	6.0	6.0	6.0	6.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	13.0	1.0	1.0	1.0	1.0	1.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	122.7	115.6	120.7	126.1	131.8	137.7

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:	1004	1004	1004	1004	1004	1004
----------------------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	122.7	115.6	120.7	126.1	131.8	137.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	122.7	115.6	120.7	126.1	131.8	137.7

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

Estimate of current (FY93) impact \$ None

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Ronald Henderson Phone: 465-4708
 Division: Administrative Services Date: 2/2/93
 Approved by Commissioner: [Signature] DEPUTY COMMISSIONER Date: 2/2/93
 Agency: Community and Regional Affairs

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

Position Title Grant Administrator III		No. of Positions 1	Range / Step 19A	Barg. Unit CGU
Time Status Full-time	Staff Months 12	Location Jumeau		Election District 4
TYPE OF EXPENDITURE		Amount	Justification 1. Write and implement state regulations pertaining to all legislative grants designated to the department 2. Supervise grants section totalling 2 staff positions 3. Recommend, develop and implement changes in program operations, internal procedures, operational guides, etc. 4. Trains and provides technical assistance to departmental Local Government Specialists doing on-site monitoring on behalf of grants section through workshops and individual contacts. 5. Negotiate, write, and administer grant agreements which includes identifying specific project requirements (permits, site control, match, etc.) 6. Prepare grant closures and ensure that the terms and conditions of the grant agreements and match have been met and that all funds are expended in accordance with state law and departmental policy. (continued on next page)	
Salary		44,976		
Benefits		16,704		
Premium Pay				
Other				
Total Personal Services		61,680		
Travel		5,000		
Contractual		5,000		
Commodities		500		
Equipment		8,000		
Other				
Total Cost		18,500		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	80,180		
LA Receipts	1007			
CIP Receipts	1061			
Other				

**Request For
New Position**

AGENCY Community and Regional Affairs
URU Administration and Support
COMPONENT Administrative Services

FY 94

Page 1 of 2
Revised Date: _____

Page 2 - Grant Administrator III

7. Conduct in-depth review of progress and financial reports submitted by grantees and resolve any problems.

ADDITIONAL
EXPLANATION
FORM

AGENCY Comm. & Reg. Affairs

BRU Admin & Support

COMPONENT Administrative Svcs.

FY 94

Page 2 of 2

Revised Date

MUNICIPALITY OF ANCHORAGE

Municipal Manager's Office
Post Office Box 196650
Anchorage, Alaska 99519-6650
(907) 343-4433

TELECOPIER COVER LETTER
TELECOPIER NUMBER: (907) 343-4110

DATE: 2-22-93

TOTAL NUMBER OF PAGES: 2 (including cover letter)

TO: Shorley - Rep. Phillips

FROM: Ann Wilkey

PHONE NUMBER: 343-4467

COMMENTS:

**Municipality
of
Anchorage**



OFFICE OF THE MAYOR

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-4431

TOM FINK,
MAYOR

February 22, 1993

Senator Randy Phillips
State Capitol
Juneau, Alaska 99801

Re: SB 88, Grants to Municipalities
SB 89, Capital Project Matching Grant Programs


Dear Senator Phillips:

The Municipality of Anchorage supports the concept of a capital matching grant program. We would prefer a 75/25 matching program.

SB 88 proposes a 70/30 ratio which would change to 50/50 after July 1, 1994. We oppose this provision in the bill and urge you to strike this language from the bill.

We also support the intent of SB 89, which would appropriate \$65 million dollars for the capital matching program. However, Anchorage's share of this amount is far short of the amount we have budgeted for our capital program. Our April 1993 bond package general government projects. In addition to the MOA's general government needs, there are very significant dollar needs for utilities and schools. Obviously, all of Alaska's capital needs cannot be met by this appropriation. It is a step in the right direction, assuming that a larger pool of money will be available for other capital expenditures.

Sincerely,


Tom Fink
Mayor

#1

8-GS1018VA.1

Cook

2/16/93

AMENDMENT

*Adopted w/o
objection*

OFFERED IN THE SENATE

BY SENATOR PHILLIPS

TO: SB 88

Page 5, after line 7:

Insert a new bill section to read:

"* Sec. 8. AS 37.05.321 is amended by adding a new subsection to read:

(b) No more than 10 percent of the total amount of money spent on a capital project funded in whole or in part with money granted under AS 37.05.315 - 37.05.317 may be used for administrative expenses."

Renumber the following bill sections accordingly.

Page 7, line 4, after "state.":

Insert "No more than 10 percent of the total amount of money spent on a capital project funded in whole or in part with money appropriated under this subsection may be used for administrative expenses."

Page 9, line 22, after "state.":

Insert "No more than 10 percent of the total amount of money spent on a capital project funded in whole or in part with money appropriated under this subsection may be used for administrative expenses."

Page 13, line 10:

Delete "sec. 8"

Insert "sec. 9"

Page 13, line 13:

Delete "sec. 8"

Insert "sec. 9"

Amendment #1
Page 2

Page 13, line 18:

Delete "sec. 11"

Insert "sec. 12"

A M E N D M E N T

not offered & not adopted

OFFERED IN THE SENATE

BY SENATOR PHILLIPS

TO: SB 88

Page 10, lines 20 - 21:

Delete "(1) or (2) of"

Page 10, line 21:

Delete "(3)"

Insert "(2)"

Page 10, lines 24 - 25:

Delete "if the effective date of the appropriation from which the grant or draw is funded is no later than July 1, 1994,"

Page 10, line 26:

Delete "30"

Insert "25"

Page 11, lines 3 - 12:

Delete all material.

Renumber remaining paragraphs accordingly.

Page 12, lines 9 - 11:

Delete "if the effective date of the appropriation from which the grant or draw is funded is no later than July 1, 1994, and eight percent if the effective date is after July 1, 1994"

**Municipality
of
Anchorage**



OFFICE OF THE MAYOR

P.O. BOX 198650
ANCHORAGE, ALASKA 99519-8650
(907) 343-4431

TOM FINK,
MAYOR

February 22, 1993

Senator Randy Phillips
State Capitol
Juneau, Alaska 99801

Re: SB 88, Grants to Municipalities
SB 89, Capital Project Matching Grant Programs

Dear Senator Phillips:

The Municipality of Anchorage supports the concept of a capital matching grant program. We would prefer a 75/25 matching program.

SB 88 proposes a 70/30 ratio which would change to 50/50 after July 1, 1994. We oppose this provision in the bill and urge you to strike this language from the bill.

We also support the intent of SB 89, which would appropriate \$65 million dollars for the capital matching program. However, Anchorage's share of this amount is far short of the amount we have budgeted for our capital program. Our April 1993 bond package general government projects. In addition to the MOA's general government needs, there are very significant dollar needs for utilities and schools. Obviously, all of Alaska's capital needs cannot be met by this appropriation. It is a step in the right direction, assuming that a larger pool of money will be available for other capital expenditures.

Sincerely,

Tom Fink
Mayor

SENATE BILL NO. 88

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/3/93
Referred: CRA, FIN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to grants to municipalities, named recipients, and unincorporated
2 communities; establishing capital project matching grant programs for municipalities
3 and unincorporated communities; establishing a local share requirement for capital
4 project grants to municipalities, named recipients, and unincorporated communities;
5 and providing for an effective date."

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

7 * Section 1. PURPOSE. (a) The legislature recognizes the continued need for state-
8 funded capital projects (1) that are of regional or statewide significance, (2) that meet basic
9 needs, such as educational facility projects constructed under AS 14.11 and village safe water
10 projects, or (3) for which costs will exceed the amount available to a municipality or a
11 community under the capital project matching grant program. The legislature also recognizes
12 the continued need for legislatively directed funding of other capital projects.

13 (b) It is the purpose of this Act to

1 (1) provide a capital project funding system that is equitable to municipalities,
2 unincorporated communities, and named grant recipients throughout the state;

3 (2) enhance the role of communities in initiating and prioritizing the
4 construction of capital projects;

5 (3) encourage a sense of local ownership in capital projects by requiring local
6 participation in the funding of those projects; and

7 (4) improve the process for making grants for capital projects by providing a
8 more orderly and thoughtful planning process that involves the local community, the executive
9 branch, and the legislature.

10 * Sec. 2. AS 36.10.180(a) is amended to read:

11 (a) The preferences established in AS 36.10.150 - 36.10.175 apply to work
12 performed

13 (1) under a contract for construction, repair, preliminary surveys,
14 engineering studies, consulting, maintenance work, or any other retention of services
15 necessary to complete a given project that is let by the state or an agency of the state,
16 a department, office, state board, commission, public corporation, or other
17 organizational unit of or created under the executive, legislative, or judicial branch of
18 state government, including the University of Alaska and the Alaska Railroad
19 Corporation, or by a political subdivision of the state including a regional school board
20 with respect to an educational facility under AS 14.11.020;

21 (2) on a public works project under a grant to a municipality under
22 AS 37.05.315 or AS 37.06.010;

23 (3) on a public works project under a grant to a named recipient under
24 AS 37.05.316;

25 (4) on a public works project under a grant to an unincorporated
26 community under AS 37.05.317 or AS 37.06.020; and

27 (5) on any other public works project or construction project that is
28 funded in whole or in part by state money.

29 * Sec. 3. AS 37.05.315(a) is amended to read:

30 (a) When an amount is appropriated or allocated as a grant to a municipality,
31 the Department of Administration shall promptly notify the municipality of the

1 availability of the grant. When the Department of Administration receives an
2 agreement executed by the municipality which provides that the municipality (1) will
3 spend the grant for the purposes specified in the appropriation or allocation; (2) will
4 allow, on request, an audit by the state of the uses made of the grant; and (3) assures
5 that, to the extent consistent with the purpose of the appropriation or allocation, the
6 facilities and services provided with the grant will be available for the use of the
7 general public, the Department of Administration shall pay the grant directly to the
8 municipality. The agreement executed by a municipality under this section shall be
9 on a form furnished by the Department of Administration and shall be executed within
10 60 days after the effective date of the appropriation or allocation. As provided in
11 AS 37.06.030, for each grant to a municipality under this section for a capital
12 project, as defined in AS 37.07.120, the municipality shall contribute a local share
13 of the cost of the capital project for which the grant is made.

14 * Sec. 4. AS 37.05.316(a) is amended to read:

15 (a) When an amount is appropriated or allocated to a department as a grant for
16 a named recipient that is not a municipality, the department to which the appropriation
17 or allocation is made shall promptly notify the named recipient of the availability of
18 the grant and request the named recipient to submit a proposal to provide the goods
19 or services specified in the appropriation act for which the appropriation or allocation
20 is made. At the same time, the department may issue a request for proposals from
21 other qualified persons to provide the same goods or services in the same area. The
22 department shall award the grant to the named recipient unless the Office of the
23 Governor, with due regard for the local expertise or experience of those making
24 proposals, determines that an award to a different party would better serve the public
25 interest. If the grant is awarded to a party other than that named by the legislature,
26 the basis of that action shall be stated in writing at the time the grant is issued and a
27 copy of the written statement shall be sent to the Legislative Budget and Audit
28 Committee. A grant agreement must be executed within 60 days after the effective
29 date of the appropriation or allocation. As provided in AS 37.06.030, for each grant
30 made under this section for a capital project, as defined in AS 37.07.120, the
31 named grant recipient shall contribute a local share of the cost of the capital

1 project for which the grant is made.

2 * Sec. 5. AS 37.05.317(a) is amended to read:

3 (a) When an amount is appropriated or allocated as a grant under this section
4 to an unincorporated community, it shall be disbursed as follows:

5 (1) Within 45 days after the effective date of the appropriation or
6 allocation, the Department of Community and Regional Affairs shall notify the
7 governing body of the unincorporated community, if any, that a grant is available.

8 (2) The Department of Community and Regional Affairs shall
9 determine if there is a qualified incorporated entity in the community area that will
10 agree to receive the grant and administer it, subject to terms generally applicable to
11 private grantees. If there is more than one such entity, the Department of Community
12 and Regional Affairs shall select the most qualified and the grant shall be awarded to
13 that incorporated entity for the purposes specified in the appropriation act. However,
14 the Department of Community and Regional Affairs shall give preference to a
15 nonprofit corporation organized by a community for receipt of the grant.

16 (3) If there is no incorporated entity qualified to receive the grant, the
17 grant may not be awarded [DEPARTMENT OF COMMUNITY AND REGIONAL
18 AFFAIRS SHALL ADMINISTER THE PROGRAM AS SPECIFIED IN THE
19 APPROPRIATION ACT DIRECTLY OR THROUGH AGENTS OR CONTRACTORS
20 WITH WHOM IT MAY CONTRACT IN THE COMMUNITY AREA].

21 * Sec. 6. AS 37.05.317 is amended by adding a new subsection to read:

22 (c) As provided in AS 37.06.030, for each grant to an unincorporated
23 community under this section for a capital project, as defined in AS 37.07.120, the
24 incorporated entity to whom the grant is awarded shall contribute a local share of the
25 cost of the capital project for which the grant is made.

26 * Sec. 7. AS 37.05.318 is repealed and reenacted to read:

27 Sec. 37.05.318. ADOPTION OF REGULATIONS. (a) The Department of
28 Administration for grants under AS 37.05.315, the Department of Community and
29 Regional Affairs for grants under AS 37.05.317, and a department that administers a
30 grant under AS 37.05.316

31 (1) may adopt regulations that impose additional requirements or

1 procedures to implement, interpret, make specific, or otherwise carry out the applicable
2 provisions of AS 37.05.315 - 37.05.317 for grants administered by the department;

3 (2) shall adopt regulations providing for periodic audits of the use of
4 money for grants administered by the department, including audit of the department's
5 determination of the value of, and adequacy of the verification of the actual use of,
6 locally funded or contributed labor under AS 37.06.030 on capital projects funded
7 under AS 37.05.315 - 37.05.317.

8 * Sec. 8. AS 37 is amended by adding a new chapter to read:

9 CHAPTER 06. CAPITAL PROJECT MATCHING GRANT PROGRAMS.

10 Sec. 37.06.010. MUNICIPAL CAPITAL PROJECT MATCHING GRANT
11 PROGRAM. (a) The municipal capital project matching grant program is established
12 in the department. Grants to municipalities under this program shall be administered
13 as provided in this section.

14 (b) The municipal capital project matching grant fund is established in the
15 department and consists of appropriations to the fund. Appropriations to the fund do
16 not lapse except as provided in (f) of this section. The money in the fund is held by
17 the department in custody under this subsection for each municipality. The department
18 shall establish, for each municipality, an individual grant account within the fund. As
19 provided in this subsection, each fiscal year the department shall allocate, to the
20 individual grant accounts, appropriations to the fund. The department shall credit
21 interest earned on money in an individual grant account to that account. Except as
22 provided in (c) of this section, the amount allocated under this subsection to an
23 individual grant account in a fiscal year is determined by multiplying the total amount
24 appropriated to the fund during that fiscal year by a fraction,

25 (1) the numerator of which equals

26 (A) for a municipality with a population under 1,000, the
27 amount equal to that population multiplied by 1.5;

28 (B) for a municipality with a population of at least 1,000 but
29 less than 5,000, the amount equal to that population multiplied by 1.4;

30 (C) for a municipality with a population of at least 5,000 but
31 not greater than 10,000, the amount equal to that population multiplied by 1.2;

1 (D) for a municipality with a population of over 10,000, the
2 amount equal to that population; and

3 (2) the denominator of which equals the sum of the numerators
4 calculated for all municipalities under (1)(A) - (D) of this subsection.

5 (c) A minimum of \$25,000 shall be allocated to each municipality's individual
6 grant account each fiscal year under (b) of this section. The department shall reduce
7 allocations under (b) of this section on a pro rata basis, based upon the population of
8 the municipalities, if necessary to fund the minimum amount for each municipality.
9 If appropriations are not sufficient to fully fund the minimum amount for each
10 municipality, the amount appropriated shall be allocated equally among the
11 municipality individual grant accounts.

12 (d) By October 1 of each fiscal year, each municipality shall submit to the
13 governor a prioritized list of capital projects and estimated costs to be financed with
14 money from the municipality's individual grant account established under (b) of this
15 section. The list must include the amount and source of the local share required by
16 AS 37.06.030. The governor shall include in the capital improvements program
17 presented to the legislature under AS 37.07.060 the projects submitted by each
18 municipality that the governor recommends for funding. If, in the capital
19 improvements program, the governor includes projects in other than the priority order
20 submitted by a municipality, the governor shall provide the legislature with a written
21 statement of the reasons for that action.

22 (e) The legislature may make appropriations, from a municipality's individual
23 grant account established under (b) of this section, to the municipality for capital
24 projects under this section. Subject to appropriations under this subsection and to the
25 local share requirements of AS 37.06.030, each municipality may draw amounts from
26 its individual grant account for planning, design, and construction of a capital project,
27 in accordance with an appropriation for that project. In accepting a draw, the
28 municipality covenants with the state that it will operate and maintain the capital
29 project for which the draw is used for the practical life of the project, and that the
30 municipality will not rely on the state to operate or maintain the capital project or pay
31 for its operation or maintenance. This requirement does not apply to use of money

1 from a draw for repair or improvement of an existing facility that is operated or
2 maintained by the state at the time that the draw is made if the repair or improvement
3 for which the draw is used will not substantially increase the operating or maintenance
4 costs to the state. The municipality, and its agents, contractors, and subcontractors
5 shall comply with the hiring preferences under AS 36.10 in hiring employees to be
6 paid wholly or in part with money from a draw.

7 (f) A municipality shall repay to the department money drawn from its
8 individual grant account if substantial, ongoing work on the capital project is not
9 started within five years after the effective date of the appropriation from which the
10 draw is funded. Money repaid shall be deposited into the general fund. Money from
11 an allocation to a municipality's individual grant account that has not been drawn out
12 by the municipality within five years after the effective date of the appropriation from
13 which the allocation is funded lapses into the general fund.

14 (g) For purposes of this section, in calculating the population of a borough the
15 population of each city in the borough is excluded. The determination of population
16 shall be based upon data used by the Department of Community and Regional Affairs
17 under AS 14.17.140, AS 29.45.110, and AS 29.60.140 - 29.60.150.

18 (h) The provisions of AS 37.05.321 apply to a grant and draws made under
19 this section, and to earnings from the grant and draws.

20 (i) In this section, unless specified otherwise, "department" means the
21 Department of Administration.

22 Sec. 37.06.020. UNINCORPORATED COMMUNITY CAPITAL PROJECT
23 MATCHING GRANT PROGRAM. (a) The unincorporated community capital project
24 matching grant program is established in the department. Grants to unincorporated
25 communities under the program shall be administered as provided in this section.

26 (b) The unincorporated community capital project matching grant fund is
27 established in the department and consists of appropriations to the fund.
28 Appropriations to the fund do not lapse except as provided in (h) of this section. The
29 money in the fund is held by the department in custody under this subsection for each
30 unincorporated community eligible for an allocation under this subsection. The
31 department shall establish an individual grant account within the fund for each

1 unincorporated community that was entitled to receive state aid under AS 29.60.140
2 during the preceding fiscal year. As provided in this subsection, each fiscal year the
3 department shall allocate, to the individual grant accounts, appropriations to the fund.
4 An unincorporated community is eligible for an allocation in a fiscal year if the
5 community was eligible to receive state aid under AS 29.60.140 during the preceding
6 fiscal year. The department shall credit interest earned on money in an individual
7 grant account to that account. Except as provided in (c) of this section, the amount
8 allocated under this subsection to an individual grant account in a fiscal year is
9 determined by dividing the total amount appropriated to the fund during that fiscal year
10 by the number of unincorporated communities eligible for an allocation during that
11 fiscal year.

12 (c) A minimum of \$25,000 shall be allocated to each eligible unincorporated
13 community's grant account each fiscal year under (b) of this section. If appropriations
14 are not sufficient to fully fund the minimum amount for each eligible unincorporated
15 community, the amount appropriated shall be allocated equally among the eligible
16 unincorporated communities.

17 (d) The department shall designate, in each eligible unincorporated community,
18 an incorporated nonprofit entity or a Native village council that agrees to receive and
19 spend grant money allocated to the unincorporated community's individual grant
20 account under (b) of this section. If there is more than one qualified entity in a
21 community, the department shall designate the entity that the department finds most
22 qualified to make draws from that unincorporated community's individual grant
23 account and spend the money. If there is no qualified incorporated nonprofit entity or
24 Native village council in an unincorporated community that will agree to receive and
25 spend money allocated to the community under (b) of this section, draws may not be
26 made from the unincorporated community's individual grant account and the amount
27 allocated to the account lapses into the general fund.

28 (e) By October 1 of each fiscal year, the incorporated nonprofit entity or
29 Native village council designated by the department under (d) of this section shall
30 submit to the governor a prioritized list of capital projects and estimated costs to be
31 financed with money from the community's individual grant account established under

1 (b) of this section. The list must include the amount and source of the local share
2 required by AS 37.06.030. The governor shall include in the capital improvements
3 program presented to the legislature under AS 37.07.060 the projects submitted by
4 designated entities under this subsection that the governor recommends for funding.
5 If, in the capital improvements program, the governor includes projects in other than
6 the priority order submitted by a designated entity, the governor shall provide the
7 legislature with a written statement of the reasons for that action.

8 (f) The legislature may make appropriations, from an unincorporated
9 community's individual grant account established under (b) of this section, for the
10 unincorporated community for capital projects under this section. Subject to
11 appropriations under this subsection and to the local share requirements of
12 AS 37.06.030, an entity designated by the department under (d) of this section may
13 draw, on behalf of the unincorporated community, amounts from that community's
14 individual grant account for planning, design, and construction of a capital project, in
15 accordance with an appropriation for that project. In accepting a draw, an entity
16 designated by the department under (d) of this section acknowledges that the state is
17 not responsible for operating or maintaining a capital project for which the draw is
18 used, or for paying for its operation or maintenance. The acknowledgment does not
19 apply to use of money from a draw for repair or improvement of an existing facility
20 that is operated or maintained by the state at the time that the draw is made if the
21 repair or improvement for which the draw is used will not substantially increase the
22 operating or maintenance costs to the state. The designated entity, and its agents,
23 contractors, and subcontractors shall comply with the hiring preferences under
24 AS 36.10 in hiring employees to be paid wholly or in part with money from a draw.

25 (g) An entity designated by the department under (d) of this section that is a
26 Native village council may not draw money from an unincorporated community's
27 individual grant account unless the council waives immunity from suit for claims
28 arising out of activities of the council related to the draw. A waiver of immunity from
29 suit under this subsection must be on a form provided by the Department of Law.
30 Neither this subsection nor any action taken under it enlarges or diminishes the
31 governmental authority or jurisdiction of a Native village council.

1 (h) An entity designated by the department under (d) of this section shall repay
2 to the department money it has drawn from an unincorporated community's individual
3 grant account if substantial, ongoing work on the project is not started within five
4 years after the effective date of the appropriation from which the draw is funded.
5 Money repaid shall be deposited into the general fund. Money from an allocation to
6 an unincorporated community's individual grant account that has not been drawn out
7 by a designated entity within five years after the effective date of the appropriation
8 from which the allocation is funded lapses into the general fund.

9 (i) The limitations of AS 44.47.140 do not apply to a grant made under this
10 section.

11 (j) The provisions of AS 37.05.321 apply to a grant and draws made under this
12 section, and to earnings from the grant and draws.

13 (k) In this section, unless specified otherwise, "department" means the
14 Department of Community and Regional Affairs.

15 Sec. 37.06.030. LOCAL SHARE REQUIREMENTS. (a) For each capital
16 project grant for a municipality under AS 37.05.315, each draw made by a
17 municipality under AS 37.06.010, and each grant made to a named grant recipient
18 under AS 37.05.316, the municipality or named grant recipient shall contribute a local
19 share to the cost of the capital project for which the grant or draw is made. The
20 amount of the local share equals the local share percentage as calculated under ^{(1) or}
21 ⁽²⁾ of this subsection, divided by the state share percentage as calculated under ⁽²⁾
22 ⁽³⁾ of this subsection, multiplied by the amount of the grant or draw. For purposes of this
23 subsection,

24 ~~§~~ (1) [§] [if the effective date of the appropriation from which the grant or
25 draw is funded is no later than July 1, 1994,] the local share percentage is

26 (A) [30] ²⁵ percent for a municipality with, or a named grant
27 recipient located in a municipality with, a population of 5,000 or more;

28 (B) 15 percent for a municipality with, or a named grant
29 recipient located in a municipality with, a population of 1,000 - 4,999;

30 (C) five percent for a municipality with, or a named grant
31 recipient located in a municipality with, a population of under 1,000;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

(D) five percent for a named grant recipient located in an unincorporated community;

(2) if the effective date of the appropriation from which the grant or draw is funded is after July 1, 1994, the local share percentage is

2090

(A) 50 percent for a municipality with, or a named grant recipient located in a municipality with, a population of 5,000 or more;

(B) 25 percent for a municipality with, or a named grant recipient located in a municipality with, a population of 1,000 - 4,999;

(C) eight percent for a municipality with, or a named grant recipient located in a municipality with, a population of under 1,000;

(D) eight percent for a named grant recipient located in an unincorporated community;

(3)² the state share percentage equals one minus the local share percentage;

(4)³ the local share to be contributed by a municipality may be satisfied with (A) federal, municipal, or local money; (B) labor used directly in the construction of the project, land, materials, or equipment; the department shall determine the value of a contribution under this subparagraph; (C) money from another nonstate source; (D) money received by the municipality under AS 29.60.010 - 29.60.375; (E) state taxes refunded or reimbursed to the municipality whose use for the purposes of this subsection is not prohibited; and (F) allocations of state aid for the costs of school construction debt under AS 14.11.100; except as provided in this paragraph, the local share may not be satisfied with money from, or with the portion of an asset that was obtained with money from, an appropriation, allocation, entitlement, grant, or other payment from the state;

(5)⁴ the local share to be contributed by a named grant recipient may be satisfied from (A) federal, municipal, or local money; (B) labor used directly in the construction of the project, land, materials, or equipment; the department shall determine the value of a contribution under this subparagraph; or (C) money from another nonstate source; the local share may not be satisfied with money from, or with the portion of an asset that was obtained with money from, an appropriation,

1 allocation, entitlement, grant, or other payment from the state;

2 (b) For each grant to an unincorporated community under AS 37.05.317 and
3 each draw made under AS 37.06.020, the incorporated entity or Native village council
4 that receives the grant or makes the draw shall contribute a local share of the cost of
5 the capital project for which the grant or draw is made. The amount of the local share
6 equals the local share percentage as calculated under (1) of this subsection, divided by
7 the state share percentage as calculated under (2) of this subsection, multiplied by the
8 amount of the grant or draw. For purposes of this subsection,

9 (1) the local share percentage is 5 percent if the effective date of the
10 appropriation from which the grant or draw is funded is no later than July 1, 1994, and
11 8 percent if the effective date is after July 1, 1994;

12 (2) the state share percentage equals one minus the local share
13 percentage;

14 (3) the local share may be satisfied from (A) federal or local money;
15 (B) locally funded or contributed labor used directly in the construction of the project,
16 land, materials, or equipment; the department shall determine the value of a
17 contribution under this subparagraph; (C) money from another nonstate source; or (D)
18 money received by the unincorporated community under AS 29.60.010 - 29.60.375;
19 except for money received under AS 29.60.010 - 29.60.375, the local share may not
20 be satisfied with money from, or with the portion of an asset that was obtained with
21 money from, an appropriation, allocation, entitlement, grant, or other payment from the
22 state.

23 (c) For purposes of (a) of this section, in calculating the population of a
24 borough the population of each city in the borough is excluded. The determination of
25 population shall be based upon data used by the Department of Community and
26 Regional Affairs under AS 14.17.140, AS 29.45.110, and AS 29.60.140 - 29.60.150.

27 Sec. 37.06.080. ADOPTION OF REGULATIONS. (a) The Department of
28 Administration for grants under AS 37.06.010 and the Department of Community and
29 Regional Affairs for grants under AS 37.06.020

30 (1) may adopt regulations that impose additional requirements or
31 procedures to implement, interpret, make specific, or otherwise carry out the applicable

1 provisions of this chapter for grants administered by the department:

2 (2) shall adopt regulations providing for periodic audits of the use of
3 money for grants administered by the department under this chapter, including audit
4 of the department's determination of the value of, and adequacy of the verification of
5 the actual use of, locally funded or contributed labor on projects funded by a grant
6 under this chapter.

7 Sec. 37.06.090. DEFINITION. In this chapter, "capital project" means the
8 same as in AS 37.07.120.

9 * Sec. 9. TRANSITION. Notwithstanding the date set out in AS 37.06.010(d), enacted by
10 sec. 8 of this Act, for capital project grants under AS 37.06.010 for fiscal year 1994 each
11 municipality shall submit to the governor its prioritized list by March 1, 1993, or by the
12 effective date of this Act, whichever is later. Notwithstanding the date set out in
13 AS 37.06.020(e), enacted by sec. 8 of this Act, for capital project grants under AS 37.06.020
14 for fiscal year 1994 the incorporated entity or Native village council designated by the
15 Department of Community and Regional Affairs for each unincorporated community shall
16 submit to the governor its prioritized list by March 1, 1993, or by the effective date of this
17 Act, whichever is later.

18 * Sec. 10. IMPLEMENTATION; APPLICABILITY. (a) Notwithstanding sec. 11 of this
19 Act, a grant for a capital project may not be disbursed or drawn upon under AS 37.05.315 -
20 37.05.317 or AS 37.06, as amended or enacted by this Act, until after June 30, 1993.

21 (b) The changes made by this Act do not apply to a grant awarded under AS 37.05
22 before the effective date of this Act.

23 * Sec. 11. This Act takes effect immediately under AS 01.10.070(c).

DRAFT

SENATE RECORDS OFFICE
ROUTE SLIP

TO: Shirley DATE: 3-4-93
COMMITTEE: Senators C + RA

- Approved as is Approved with changes
 For your files For your information

REMARKS:

Draft of 2-23-93 mtg.

FROM: Loren PHONE: 465-2870

SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE
February 23, 1993
9:02 a.m.

DRAFT

MEMBERS PRESENT

Senator Randy Phillips, Chairman
Senator Robin Taylor, Vice Chairman
Senator Rick Halford

MEMBERS ABSENT

Senator Al Adams
Senator Fred Zharoff

COMMITTEE CALENDAR

SENATE BILL NO. 33

"An Act relating to grants for local emergency planning committees and emergency response organizations; and providing for an effective date."

SENATE BILL NO. 35

"An Act providing immunity for the Alaska State Emergency Response Commission, the local emergency planning committees, the Hazardous Substance Spill Technology Review Council, and their members for official actions; and providing for an effective date."

SENATE BILL NO. 88

"An Act relating to grants to municipalities, named recipients, and unincorporated communities; establishing capital project matching grant programs for municipalities and unincorporated communities; establishing a local share requirement for capital project grants to municipalities, named recipients, and unincorporated communities; and providing for an effective date."

SENATE BILL NO. 89

"An Act making appropriations for capital project matching grant programs; and providing for an effective date."

PREVIOUS SENATE COMMITTEE ACTION

SB 33 - No previous action to record.

SB 35 - No previous action to record.

SB 88 - See Community & Regional Affairs minutes dated 2/16/93, 2/18/93..

SB 89 - See Community & Regional Affairs minutes
dated 2/16/93, 2/18/93.

WITNESS REGISTER

Annette Kreitzer, Staff to Senator Loren Leman
State Capitol
Juneau, AK 99801-1182

POSITION STATEMENT: Offered information on SB 33 &
SB 35

Michael Conway, Director
Division of Spill Prevention
Department of Environmental Conservation
410 Willoughby Ave., Suite 105
Juneau, AK 99801-17795

POSITION STATEMENT: Testified in support of SB 33

Jeff Morrison, Legislative Liaison
Administrative & Support Services Division
Department of Military & Veterans Affairs
P.O. Box 110900
Juneau, AK 99811-0900

POSITION STATEMENT: Testified in support of SB 33

Marie Sansone, Assistant Attorney General
Department of Law
P.O. Box 110300
Juneau, AK 99811-0300

POSITION STATEMENT: Present to answer questions on
SB 33 & SB 35

Jack Fargnoli, Senior Policy Analyst
Office of Management & Budget
P.O. Box 110020
Juneau, AK 99811-0020

POSITION STATEMENT: Offered information on SB 88 &
SB 89

ACTION NARRATIVE

TAPE 93-8, SIDE A

Number 001

The Senate Community & Regional Affairs Committee was called
to order by Chairman Randy Phillips at 9:02 a.m.

CHAIRMAN RANDY PHILLIPS introduced SB 33 (GRANTS FOR LOCAL EMERGENCY PLANNING) as the first order of business.

ANNETTE KREITZER, staff to Senator Loren Lemam, stated Senator Lemam introduced SB 33 at the requests of the Department of Environmental Conservation and the Department of Military and Veterans Affairs. She explained the legislation clarifies the granting authority for DEC and DMVA for what they are trying to do to meet their responsibilities under the Super Fund Act. It will allow DEC to award grants to form local emergency planning committees and will allow DMVA to award grants for disaster planning and response.

Ms. Kreitzer directed attention to a proposed committee substitute. She said after the original bill was drafted, it was brought to the sponsor's attention that the bill didn't do exactly what these departments needed.

Number 055

MICHAEL CONWAY, Director of the Division of Spill Prevention and Response, Department of Environmental Conservation, stated the department's support for the legislation. He said this will give them the opportunity to streamline their ability to do business with local emergency planning committees (LEPCs).

Number 067

JEFF MORRISON, Legislative Liaison, Department of Military and Veterans Affairs, voiced the department's support for SB 33, saying it expedites their ability to administratively handle the money dealing with LEPC's. He directed attention to the draft committee substitute, noting one of the significant

changes is the addition of subsection (b) in Section 1. The original legislation just addressed training grants, and the new subsection allows the LEPC's to contract for developing plans as well as training.

Number 098

MARIE SANSONE, Department of Law, stated she was present to answers questions from the committee.

Number 103

SENATOR TAYLOR moved that CSSB 33 (CRA) be adopted. Hearing no objection, it was so ordered.

SENATOR TAYLOR moved that CSSSB 33 (CRA) be passed out of committee with individual recommendations. Hearing no objection, it was so ordered.

Number 122

CHAIRMAN RANDY PHILLIPS introduced SB 35 (IMMUNITY FOR ACTIONS TAKEN UNDER AS 46.13) as the next order of business.

ANNETTE KREITZER, staff to Senator Loren Leman, explained the legislation was introduced at the request of the Department of Environmental Conservation. It addresses liability of volunteers and state officials who serve on the Alaska State Emergency Response Commission, the local emergency planning committees, and the Hazardous Substance Spill Technology Spill Council.

Ms. Krietzer noted that staff from the Department of Law was present to respond to questions.

Number 150

SENATOR TAYLOR voiced his concern that the legislation would be granting a complete blanket of immunity for all members participating in the review of and approval of the local emergency plans, the commission that establishes it, the members of the council, or even the local emergency planning committees. At the same time, we have strict liability for damage claims against companies that have ever existed in Alaska law, and yet we are giving the people who administer it a complete blanket of immunity, he said.

CHAIRMAN PHILLIPS stated SB 35 would be held until the Thursday meeting to give the committee the opportunity to take a closer look at it.

#

#SB88

#SB89

CHAIRMAN PHILLIPS brought SB 88 (CAPITAL PROJECT GRANTS) and SB 89 (APPROP: CAPITAL PROJECT MATCHING GRANTS) before the committee as the next order of business.

JACK FARGNOLI, Senior Policy Analyst, Office of Management and Budget, presented a brief recap on the provisions of SB 88, which is a high priority of Governor Hickel.

The Governor has proposed in the appropriation bill, SB 89, a total of \$67 million for funding, which, under the provisions of the appropriation bill, would be split \$65.3 million for municipalities and \$1.7 million for unincorporated communities. Under both of those programs, there would be matching grant provisions that are broken down by the sizes of the communities involved, such that each time a grant or

part of a grant was drawn from the communities accounts that will be created, the communities would be responsible for putting up a match. The match could be in dollars or it could be in-kind.

Mr. Fagnoli said the primary intent in introducing the legislation is to help encourage and maximize the influence of the local communities themselves in the identification and prioritization of their projects. The Governor would propose those projects in their same priority order in his capital budget each year, subject to the total amount of appropriations available, and then transmit those projects as part of his capital budget to the legislature for consideration. A separate provision of the bill provides that if he for any reason departs from the priority order that is identified by local communities themselves, then he would explain in writing to the legislature his reasons for doing so.

Mr. Fagnoli reiterated that it is the Governor's sense that this is important both for the process it creates and the attention it gives to local priorities.

Mr. Fagnoli related that Shelby Stastny, Director of the Office of Management and Budget, was unable to attend the hearing because he was in a meeting with Governor Hickel.

Number 270

SENATOR TAYLOR referred to page 11, lines 3 through 11, which relates to the local share percentage. He said the population in Wrangell is very similar to Barrow and the North Slope Borough. One mill in Wrangell generates about \$75,000 total, whereas one mill in the North Slope generates several million.

He said the percentile is based merely upon population and totally disregards the tax base of the community and its ability to pay. He then suggested putting this on a mill equivalency basis. JACK FARGNOLI said in the earlier versions of the bill that were in the last two sessions, there was a rather elaborate set of formulas to deal with the fiscal capacity of the different communities just to capture those kinds of differences. The decision was made this year that the desirability of simplifying the bill for purposes of ease of understanding and ease of administration would outweigh those concerns. The bill was changed to a flat three-tiered structure, grouping them by population, knowing that in some cases there would be those kind of discrepancies. He added that Senator Taylor's point was well taken and he had no reason to disagree with it.

Number 325

SENATOR HALFORD commented that any time we try to classify by some arbitrary standard, we run the risk of discriminating unfairly. He asked if they had considered using the same match percentage across the state. JACK FARGNOLI acknowledged that they had, and their conversations indicated pretty strongly that then you wouldn't be dealing simply with the polarities between the extreme cases, so they departed from that rather early. SENATOR HALFORD said if he were to support the bill, he thinks equity is a far better way to simplify it. He suggested it should simply say that the match initially is 10 percent and the match at the second tier is 20 percent, and leave the provisions that do provide some kind of cost of living differential and who is eligible for a match in the bill. JACK FARGNOLI responded that he thought they would be willing to make that change.

Number 345

CHAIRMAN RANDY PHILLIPS stated that he was considering offering an amendment that would limit the projects for \$1 million to a community. It limits that community or the non-organized area, or the organization that is doing it to 10 percent for administrative costs. JACK FARGNOLI said that they wouldn't have a problem with that change.

Number 360

SENATOR TAYLOR suggested that within the percentiles that there be some significant readjustments and that it be based on a mill equivalency basis, or perhaps a combination of population and mill equivalency. He also said he was not willing to accept the Department of Community and Regional Affairs' formula.

SENATOR HALFORD said that if we're trying to find a real formula that reflects ability to pay, then it has to be mill rate per capita.

Number 387

CHAIRMAN RANDY PHILLIPS stated SB 88 and SB 89 would be back before the committee at the Thursday, February 25 meeting.

There being no further business to come before the committee, the meeting was adjourned at 9:30 a.m.

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 23, 1993

SUBJECT: Capital Project Matching Grant Program (SB 88)

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

FROM: Tamara Brandt Cook
Director *TBC*

In reviewing SB 88 introduced by the Governor, I have discovered a possible legal problem. In AS 37.060.010(b) a capital project matching grant fund is established. Appropriations to the fund are allocated to individual grant accounts and interest earned on money in an individual grant account is to be credited to that account. The same system appears in AS 37.06.020(b) for the unincorporated community capital project matching grant fund. The problem presented by this approach is the question of whether interest earned on money appropriated to a fund may be retained in that fund without an appropriation.

In an opinion concerning the dedicated funds prohibition of the state constitution, November 30, 1982, the Attorney General noted that the retention of interest earned on the principal of a fund could be subject to attack. The opinion notes at page 16,

A difficulty that arises from the view that the dedicated funds prohibition is not applicable to interest or investment income on separate funds is that it permits steadily increasing amounts of money to be received and used by state departments and agencies without legislative control through the annual budget process. . . (W)e doubt that a blanket exception for derivative income would be approved by the courts.

Of course, this issue could be avoided if the legislature appropriates interest income on an annual basis to the two capital project matching grant funds. The language of the two sections in this bill could be amended to direct the administering departments to identify the amount of interest income involved, so that the legislature may consider appropriating that income back to the funds.

TBC:pl
93-124.plm



AML POSITION ON MATCHING CAPITAL GRANTS

The Alaska Municipal League supports the concept of matching grant programs for capital purposes provided that such programs meet the criteria set forth below: *

1. Provide project determination at the local level,
2. Provide a minimum entitlement that is meaningful, i.e., not less than \$50,000 per municipality per year,
3. Provide equitable distribution of funds according to population, services provided, and/or need,
4. Provide for differentials in construction costs, urban vs. rural,
5. Provide for accountability, and
6. Require a local contribution (local match) which is a weighted local contribution based on local wealth (ability to pay). Local governments should be able to use as match the value of municipal land or other assets, and/or any funds available to them from any source not limited by other law or contract.

*From AML Resolution 93-8, adopted November 14, 1992 (attached).

As a matter of general policy, the League supports a statutorily enacted block grant program which deals with local concerns regarding adequacy and certainty of funding, coupled with a recognition of local need and ability to pay.

In reviewing SB 88, we see that it meets, in whole or in part, some, but not all of these criteria. The amount to be provided as a minimum is less than adequate, and the matching requirements contained in the bill do not fully recognize limitations on community ability to pay. The value of local administrative expense does not seem to be recognized as a match element, and local government would also wish to be able to use any funds from local, state or federal sources as match.

Additionally, some of the flexibility now available in Section 315 grants, the legislature's discretionary grants to municipalities, will be lost if new statutory match requirements are imposed on that program as well as on grants under the proposed new program. The League is also concerned that the present bar against administrative regulations on Section 315 grants would be repealed under SB 88.

AML continues to support the concept of matching capital grants as an additional form of financial assistance for local government and hopes that legislation more closely conforming to the criteria set forth in AML Resolution 93-8 will ultimately be enacted.

Resolution of the Alaska Municipal League

Resolution No. 93-8

**A RESOLUTION SUPPORTING LEGISLATION TO
ESTABLISH A CAPITAL PROJECT MATCHING
GRANT PROGRAM FOR MUNICIPALITIES, PROVIDED
THAT CERTAIN CONDITIONS ARE MET**

WHEREAS, the Alaska Municipal League is an organization composed of member local governments working together to seek improvements to Alaskan local government operations, and

WHEREAS, 112 Alaskan local governments are members of the Alaska Municipal League, and

WHEREAS, the Alaska Municipal League, through a general membership vote on its policy statement, supports "block grants" to local governments (*Alaska Municipal League Policy Statement, 1993, Part I, B.6*), and

WHEREAS, Governor Hickel has proposed legislation to establish a capital project matching grant program for municipalities and that legislation was considered by the 17th Legislature in the form of SB 141, and

WHEREAS, the final version of SB 141 considered by the 17th Legislature, CS SB 141 (Finance), provided for a formula-driven capital project matching grant program that 1) provided for an allocation of state funds to local governments based on a weighted population factor and 2) required a local match based on a weighted population factor and a local wealth factor, and

WHEREAS, the Alaska Municipal League with this resolution establishes criteria for evaluating the proposed capital grant matching program, which criteria are as follows:

1. Provide project determination at the local level,
2. Provide a minimum entitlement that is meaningful,
3. Provide equitable distribution of funds according to population, services provided, and/or need,
4. Provide for the differentials in construction costs, urban versus rural,
5. Provide for accountability, and
6. Require a local contribution (local match) which is a weighted local contribution rate based on local wealth (ability to pay),

and

WHEREAS, an additional concern of the League is that there exists some confusion in AS 29 about which funds received by a borough can be spent for the benefit of which population sectors (i.e., areawide, non-areawide, or service area functions), and thus the legislation considered as CS SB 141 (Finance) would require some modification to make it perfectly clear that monies received by a borough may be spent on any capital project or capital improvement related to functions that the borough is legally empowered to exercise, and

WHEREAS, the League believes that a local government should be entitled to use any asset, including its land and labor, to satisfy the local share requirement for a matching grant program, and

WHEREAS, a local government does not segregate revenue sources other than those specifically designated for specific purposes by a granting agency and once revenues from all sources have lapsed into a local government's fund balance, they become part of the co-mingled fund balance, which is "local revenue" if appropriated at a later date, and

WHEREAS, therefore the provision of the legislation considered as CS SB 141 (Finance) that stated ". . . local share may not be satisfied with money from appropriations, allocations, entitlements, grants, or other payments from the state" would impose standards on local governments that contradict the standards established for a number of local government revenue sources, e.g., reimbursement for cash payments for school construction, reimbursement for school construction debt, shared taxes such as the fisheries and aviation fuel taxes, and national forest receipts, and

WHEREAS, the Alaska Municipal League desires to support the capital grant program as proposed by the Governor, but feels that certain modifications to legislation considered as CS SB 141 (Finance) in 1992 are necessary to address the concerns outlined above;


NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League supports the intent of the legislation formerly considered as CS SB 141 (Finance) with the following amendments:

1. Increase the minimum entitlement to local governments to \$50,000 and provide that each local government will share equally in any percentage reduction if the appropriation level for the program is less than \$63 million, with an absolute floor of \$25,000 per municipality,
2. Add a provision stating that monies received by a borough may be spent on any capital project or capital improvement related to functions that the borough is legally empowered to exercise,

3. Provide that land and other assets of the municipality may be used to satisfy the local share requirement,
4. Provide that municipalities may use as a match any funds available to them that were not received from the state or federal government for specific named projects or programs or from legislative appropriations made directly or indirectly for the purpose of providing matching funds for grants made under the capital matching grants program.


BE IT FURTHER RESOLVED that the Alaska Municipal League is ready to work with the Governor and the Alaska Legislature to gain adoption of legislation that will provide for a matching capital grant program that meets the criteria outlined above.

Adopted this 13th day of November 1992 in Juneau, Alaska.



Willie Goodwin, Jr., President

ATTEST:



Kent E. Swisher, Executive Director

Capital Project Matching Grant Program
(HB 124-125, SB 88-89)

OVERVIEW

PURPOSES:

- To emphasize local selection and prioritization of community-based capital projects.
- To encourage the selection of high-quality capital projects by establishing a local stake in their success.
- To leverage the effectiveness of State funds by making limited capital budget dollars go farther.

MAIN ELEMENTS:

- Creates a statewide block grant program for local capital projects, with local matching funds requirements.
- Applies the same match requirements to other existing capital project grant programs for municipalities, named recipients and unincorporated communities.
- Establishes a rational process for the review and evaluation of community-based capital project proposals, involving communities, the Legislature and the Governor.

KEY PROVISIONS:

- The Governor must propose funding for projects in his capital budget proposal in the order of priority selected by the communities, subject to available funding, or explain in writing to the Legislature his reasons for departing from communities' stated preferences.
- The FY 1994 proposed funding level for the program is \$67 million.
- Grant funds are allocated annually to all municipalities in the state (based on population and size factors), and to all unincorporated communities eligible for revenue sharing.
- The maximum grant allocation for a community is determined by the program's annual funding level; the minimum is \$25,000.
- Matching funds requirements are based on community population. The maximum local share is 30 percent of total project cost, rising to 50 percent after two years; the minimum is 5 percent, rising to 8 percent.
- Communities may accumulate their annual grant amounts for up to five years, to facilitate the development and financing of larger projects.

Office of the Governor
State of Alaska

CAPITAL PROJECT MATCHING GRANT PROGRAM

(HB 124 - SB 88)

QUESTIONS AND ISSUES

General

- ***The current system for funding discretionary capital project grants works fine, and in many cases already includes local financial participation.***

While some capital projects proposed by communities do include local financial participation, State funding dollars would go much farther if all such projects included local matching funds. Additionally, the current process frequently is haphazard, with projects selected as often for political reasons as for their merit or real need, which makes it difficult for communities to conduct effective planning.

- ***What commitment is there from the Governor that this matching grant proposal will work, when other programs predicated on local participation may not be adequately funded or are being cut back (e.g. municipal assistance)?***

The proposed matching grant program is one of the highest priorities of the administration. While funding for all programs is subject to the availability of revenue for appropriation, funding for this program will be strongly supported by the Governor because of the program's likely effectiveness in optimizing local capital development decisions and in leveraging State development funding.

- ***The proposed program may put too much power into the hands of State's municipalities.***

This is unlikely, as the proposed program deals primarily with relatively smaller capital projects. Given that major capital projects will continue to be funded through other mechanisms, and that boroughs and municipalities would be encouraged under the program to work together in the selective planning and implementation of projects, it seems more likely that the proposed program would tend to engender or reinforce an equitable share of local roles and responsibilities.

Funding

- ***The possibility exists that, in any given year, inadequate funding for the program may result in no projects at all getting built; i.e., communities may have to "bank" their grant awards until sufficient large amounts of funding can be accumulated.***

The possibility of inadequate funding levels for capital projects, such as is neither increased nor diminished by the proposed program.

Costs

- ***Funding grant projects in all municipalities and unincorporated communities will create a large deferred maintenance problem, statewide, because communities will not have enough money to provide maintenance.***

It is not expected that the proposed program will either diminish or exacerbate existing problems of deferred facilities maintenance. Since communities will be contributing their own money to projects under this program, however, and since the program will enhance communities' ability to adequately plan for projects, it is expected that the maintenance costs of new facilities will tend to receive their proper attention before construction is undertaken.

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

ALASKA GOVERNMENT
GENERAL FUND 88811000
807 488 3800

February 3, 1993

The Honorable Ramona L. Barnes
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Barnes:

In accordance with art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing capital project matching grant programs for municipalities and unincorporated communities, and establishing local share requirements for other capital project grants to municipalities, named recipients, and unincorporated communities.

The capital project matching grant programs and the local share requirements for other capital project grants have two main objectives. One objective is to encourage a sense of local ownership in capital projects by requiring municipalities, unincorporated communities, and named grant recipients to participate financially in them. This local participation will help grantees to determine their highest priorities and help ensure that only the most important and cost-effective projects are undertaken. The second objective is to leverage the use of state money in the financing of capital projects, which will be a particularly important policy to adopt given the expected decline of state revenue in the future. In addition, the new capital project matching grant programs for municipalities and unincorporated communities provide an orderly and thoughtful planning and review process that involves local communities, the executive branch, and the legislature.

There is a distinction between the new capital project matching grant programs and the new local share requirements for other capital project grants. It is intended that the new matching grant programs be used for relatively small capital projects proposed by municipalities and unincorporated communities, and that the new local match requirements for municipalities, named recipients, and unincorporated communities apply to other types of larger capital projects funded through grants made under AS 37.05.315 - 37.05.317.

The focus of this bill is the proposed new capital project matching grant programs in AS 37.06. Much like a block grant program, these programs would establish

The Honorable Ramona L. Barnes

Page 2

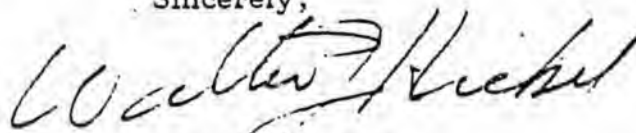
two funds (one with individual accounts for all municipalities and one with individual accounts for all unincorporated communities participating in the state's revenue-sharing program) from which small-scale capital projects can be funded by project-specific appropriations. (I am also transmitting a companion bill making appropriations to the two funds, as the first step in this funding process.) The projects would be selected and prioritized at the local level, well before each year's legislative session, and a prioritized project list would be submitted to the governor for inclusion in the capital improvements program. The governor would provide the legislature with reasons for any differences between the local list and the capital improvements program submitted to the legislature. In each case, the projects funded by the appropriations would be subject to local financial match requirements, including allowances for in-kind matching contributions. In addition, under the bill the same local match requirements and in-kind allowances would be extended to all grants currently made to municipalities, named recipients, and unincorporated communities under AS 37.05.315 - 37.05.317.

My Office of Management and Budget has prepared a section-by-section description of the bill which is available for your review.

The net effect of the bill is that all capital project grants to municipalities, named recipients, and unincorporated communities would be subject to local financial match requirements, regardless of whether they are funded through the capital project matching grant programs established by this bill or under the existing provisions of AS 37.05.315 - 37.05.317 as amended by this bill.

This bill is important because it expands the role of local communities in determining the capital improvements and capital projects that will best suit their local needs. It is also important because of the precedent it sets in requiring a local stake in capital projects and because it allows limited state financial resources to support a greater number of needed capital projects than otherwise would be possible. For all of these reasons, I seek and encourage your support for this bill.

Sincerely,



Walter J. Hickel
Governor

Capital Project Matching Grant Program
Office of the Governor

HB 124 / SB 88 - SECTIONAL ANALYSIS

SECTION ONE

This section of the bill sets out the purpose of the legislation. Generally, the purpose includes acknowledgement of the continuing need for funding certain kinds of capital projects through other mechanisms than the proposed capital project matching grant program - - e.g., large or regional projects, projects dealing with basic needs such as education or safe water, or projects whose costs exceed the amounts available under the proposed new program.

Specifically, the bill's purpose is to provide an equitable capital project funding system, enhance the role of communities in initiating and prioritizing their capital projects, encourage a sense of local ownership in capital projects through required cost sharing, and provide a more orderly and thoughtful process for the review and evaluation of capital projects.

SECTION TWO

This section of the bill amends AS 36.10.180(a) to make the hiring preferences set out in AS 36.10.150 - .175 apply to grant projects funded through the municipal and unincorporated community portions of the proposed capital project matching grant program (proposed AS 37.06.010 and AS 37.06.020, respectively, as set out in Section 8 of the bill).

These hiring preferences already apply to the existing municipal, named recipient and unincorporated community grant programs under AS 37.05.315, -.316 and -.317, respectively, which are otherwise amended in Sections 3-5 of the bill.

The provisions of AS 36.10.150 - .175 include hiring preferences for qualified residents of identified "zones of underemployment" (§150), for qualified residents of identified "economically distressed zones" (§160), for "economically disadvantaged minority residents" (§170), and for "economically disadvantaged female residents" (§175).

SECTION THREE

This section of the bill amends subsection (a) of AS 37.05.315, the existing statute for grants to municipalities, to require a local financial match for capital project grants funded under that program. (The match provisions are set out in proposed AS 37.06.030 in Section 8 of the bill.)

As defined in AS 37.07.120, "capital projects" and "capital improvements" mean an allocation or appropriation item for an asset with an anticipated life exceeding one year and a cost exceeding \$25 thousand, and include land acquisition, construction, structural improvement, engineering and design for the project, and equipment and repair costs.

SECTION FOUR

This section of the bill amends subsection (a) of AS 37.05.316, the existing statute for grants to named recipients, to require a local financial match for capital project grants funded under that program. (The match provisions are set out in proposed AS 37.06.030 in Section 8 of the bill.)

SECTION FIVE

This section of the bill amends subsection (3) under AS 37.05.317(a) to stipulate that, if no qualified incorporated entity exists to receive a grant to an unincorporated

community under this section, the grant may not be awarded. At present, under the existing provisions of subsection (3), the Department of Community and Regional Affairs must administer such a grant project directly or through its contractors. The amendment is proposed, here, because it would not be appropriate under such conditions to require a financial match from the Department.

SECTION SIX

This section of the bill adds a new subsection (c) to AS 37.05.317, the existing statute for grants to unincorporated communities, to require a local financial match for capital project grants funded under that program. (The match provisions are set out in proposed AS 37.06.030 in Section 8 of the bill.)

SECTION SEVEN

This section of the bill repeals the existing prohibition (AS 37.05.318 - Further Regulations Prohibited) against the promulgation of regulations for grants to municipalities, named recipients and unincorporated communities under AS 37.05.315 - .317, and replaces it with a set of provisions allowing the promulgation of regulations for those grant programs.

The existing provisions of .318 prohibit state agencies from adopting regulations or imposing additional requirements or procedures to implement, interpret, make specific, or otherwise carry out the provisions of AS 37.05.315 - .317, unless required by the federal government for participation in federal programs.

The new set of regulatory provisions set out in this section of the bill stipulates that the Department of Administration (for grants to municipalities under AS 37.05.315), the departments administering grants to named recipients (under AS 37.05.316) and the Department of Community and Regional Affairs (for grants to unincorporated communities under AS 37.05.315) may promulgate regulations, require reports, conduct audits, etc., for purposes of conducting those programs and carrying out the provisions of AS 37.05.315 - .317.

The regulatory provisions set out in this section of the bill also stipulate that these same departments shall promulgate regulations providing for periodic audits of grants made under AS 37.05.315 - .317, and specifically including audit of the departments' methods used to value any contributed labor used to satisfy the local matching share, as well as their methods of confirming that such contributed labor actually was used.

SECTION EIGHT

This section of the bill adds a new Chapter 6 to Title 37 of Alaska's Statutes, setting out the provisions of the proposed capital project matching grant programs. (Technically, there are two separate and distinct matching grant programs - - one for municipalities, and one for unincorporated communities.)

The proposed Chapter 6 includes five sections of statutes:

- Sec. 37.06.010 sets out the proposed Municipal Capital Project Matching Grant Program;
- Sec. 37.06.020 sets out the proposed Unincorporated Community Capital Project Matching Grant Program;

Sec. 37.06.030 sets out the local matching share requirements for the two programs, above

(plus an equivalent set of local match requirements for grants made to municipal, unincorporated community and named grant recipients under the existing provisions of AS 37.05.315 - .317 as amended in Sections 3, 4 and 6 of this bill, respectively);

- Sec. 37.06.80 provides for the adoption of regulations for the two programs, above; and,
- Sec. 37.06.090 provides a definition of "capital project".

Sec. 37.06.010 - Municipalities

Subsection (a) establishes the Municipal Capital Project Matching Grant Program in the Department of Administration (DOA).

Subsection (b) creates a municipal capital project matching grant fund within DOA, consisting of appropriations to the fund, and provides that appropriations to the fund do not lapse except as provided in (f) of this section. Also provided is that DOA shall establish accounts within the fund for every municipality, that annual appropriations to the fund shall be allocated by formula to each municipality's account, and that interest earnings for each account shall be retained in and become part of each account's balance.

The formula set out in (b) for allocating annual lump-sum appropriations to the fund into the municipalities' accounts stipulates that each municipality shall receive a share of the annual lump-sum appropriation which is equivalent to its population's portion of the sum of all municipal populations in the state, after first adjusting upwards the population counts of smaller municipalities.

The factors by which municipal populations are adjusted are 1.5 for those with populations under 1,000; 1.4 for those of 1,000 - 4,999; 1.2 for those of 5,000 - 10,000; and, 1.0 for those of more than 10,000. These factors are proposed in order to account for the disadvantages which smaller municipalities generally experience relative to larger municipalities regarding their fiscal capacity (including debt capacity and access to capital), their unit costs of constructing capital projects, and their ability to achieve economies of scale in undertaking capital projects and improvements.

(The basis for the population data to be used under this subsection is explained in Subsection (g), below.)

"Municipality", as referred to in the bill, is intended to include all political subdivisions incorporated under the laws of Alaska that are home rule or general law cities, home rule or general law boroughs, or unified municipalities, per AS 29.71.800(13).

Under the approach taken in this section of the bill, incorporated boroughs are the instrumentalities for receiving and administering grants for projects affecting unincorporated communities that lie within borough boundaries; i.e., unincorporated communities which are not eligible for revenue sharing.

Subsection (c) sets a minimum grant amount of \$25,000 for each municipality, subject to available appropriations, with allocations to be reduced pro rata by population if necessary to provide at least the minimum amount to each municipality. If the annual lump-sum appropriation to the fund does not permit at least the minimum amount for each municipality, then it is divided equally among all municipalities.

Subsection (d) requires municipalities to submit their prioritized requests for capital project grants to the Governor each year by October 1, along with information about their local matching shares. The Governor is required to recommend projects from these lists in his or her annual proposed capital budget, and to inform the Legislature in writing if the projects proposed for a municipality differ in order of priority from the priority originally submitted by the municipality.

Subsection (e) stipulates that funds may not be withdrawn by municipalities from their accounts except in accordance with subsequent project-specific appropriations, and that such draws are subject to the local financial match requirements in proposed AS 37.06.030. (Also stipulated are the same covenants governing municipal responsibility for maintaining and operating capital project facilities, and the same hiring preference provisions, which are required at present for grants to municipalities funded under AS 37.05.315.)

Subsection (f) requires municipalities to repay money drawn from their accounts if substantial ongoing work on the respective projects involved does not begin within five years, with all such repayments being deposited in the general fund. Also, if money in a municipality's account is not drawn on for five years, the money lapses into the general fund.

Subsection (g) stipulates that the population data to be used in making allocations among municipalities in Subsection (b), above, are to be those employed in the State's municipal assistance and revenue sharing programs. To avoid double counting, it also is stipulated that for purposes of this subsection the population of a borough (which legally is a municipality) excludes the population of each city within that borough.

Subsection (h) makes the provisions of AS 37.05.321, prohibiting the use of grant money for legislative lobbying, applicable to grants made under this section.

Subsection (i) defines the use of the word "department" in this section as meaning the Department of Administration.

Sec. 37.06.020 - Unincorporated Communities

Subsection (a) establishes the Unincorporated Community Capital Project Matching Grant Program in the Department of Community and Regional Affairs (DCRA).

Subsection (b) creates an unincorporated community capital project matching grant fund within DCRA, consisting of appropriations to the fund, and provides that appropriations to the fund do not lapse except as provided in (h) of this section. Also provided is that DCRA shall establish accounts within the fund for every unincorporated community eligible for revenue sharing in the current fiscal year, that annual appropriations to the fund shall be allocated in equal proportions to each eligible community's account, and that interest earnings for each account shall be retained in and become part of each account's balance.

(An eligible unincorporated community is defined in the bill as any place in the unorganized borough that is not incorporated as a city and in which 25 or more persons reside as a social unit, per AS 29.60.140(b). This is the definition used in the Department of Community and Regional Affairs' state revenue sharing program.)

(Under the approach taken in this section of the bill, incorporated boroughs are the instrumentalities for receiving and administering grants for projects affecting unincorporated communities that lie within borough boundaries; i.e., unincorporated communities which are not eligible for revenue sharing.)

Subsection (c) sets a minimum grant amount of \$25,000 for each unincorporated community, subject to available appropriations. If the annual lump-sum appropriation to the fund does not permit at least the minimum amount for each eligible community, then it is divided equally among all the eligible unincorporated communities.

Subsection (d) provides that DCRA shall determine and designate the entity entitled to represent an unincorporated community for purposes of implementing grants made under this section. (This process is the same as the one currently used in the State revenue sharing program.)

If no qualified entity exists or none is willing, money may not be withdrawn from the community's account and the money allocated to the account lapses into the general fund.

Subsection (e) requires unincorporated communities (i.e., their designated representative entities) to submit their prioritized requests for capital project grants to the Governor each year by October 1, along with information about their local matching

shares. The Governor is required to recommend projects from these lists in his or her annual proposed capital budget, and to inform the Legislature in writing if the projects proposed for an unincorporated community differ in order of priority from the priority originally submitted by the community.

Subsection (f) stipulates that funds may not be withdrawn by unincorporated communities from their accounts except in accordance with subsequent project-specific appropriations, and that such draws are subject to the local financial match requirements in proposed AS 37.06.030. (Also stipulated are the same covenants governing unincorporated communities' responsibility for maintaining and operating capital project facilities, and the same hiring preference provisions, which are required at present for grants to unincorporated communities funded under AS 37.05.317.)

Subsection (g) stipulates that Native village councils acting as unincorporated community representatives under Subsection (d), above, must waive immunity from suit or claims arising from their activities related to grants or draws made under this section. (This is the same provision currently applied to grants made to unincorporated communities under the existing provisions of AS 37.05.317.)

Subsection (h) requires unincorporated communities to repay money drawn from their accounts if substantial ongoing work on the respective projects involved does not begin within five years, with all such repayments being deposited in the general fund. Also, if money in a community's account is not drawn on for five years, the money lapses into the general fund.

Subsection (i) stipulates that the limitations of AS 44.47.140 (powers and duties of DCRA), prohibiting DCRA from operating a rural program costing in excess of \$100 thousand per year, do not apply to grants made under this section.

Subsection (j) makes the provisions of AS 37.05.321, prohibiting the use of grant money for legislative lobbying, applicable to grants made under this section.

Subsection (k) defines the use of the word "department" in this section as meaning the Department of Community and Regional Affairs.

Sec. 37.06.030 - Local Share Requirements

Subsection (a) stipulates that a local matching share is required for all grants to municipalities made under the existing provisions of AS 37.05.315 or under the new program provisions of AS 37.06.010, and all grants to named recipients made under the existing provisions of AS 37.05.316 - - i.e., that each time a municipal or named recipient grantee wishes to draw funds against its allocation, for a project or projects for which it has received a project-specific appropriation, it must make a matching contribution per the provisions set out in this subsection.

The amount of the local share is defined in this subsection as the local share percentage (as specified in this subsection) divided by the state share percentage (defined in this subsection as 1 minus the local share percentage), multiplied by the amount of the grant or draw. Defining the local share in this way essentially means that the local percentage share is the percentage of the total project cost which is to be borne by the grantee.

For appropriations with effective dates no later than July 1, 1994, the local percentage shares for municipalities of various population sizes are:

<u>Share</u>	<u>Population</u>
30 percent	5,000 or more
15 percent	1,000 - 4,999
5 percent	less than 1,000

After two years, i.e., for appropriations with effective dates after July 1, 1994, the local percentage shares for municipalities of these population sizes are:

<u>Share</u>	<u>Population</u>
50 percent	5,000 or more
25 percent	1,000 - 4,999
8 percent	less than 1,000

For named grant recipients, the provisions in this subsection stipulate that the local share percentage shall be equal to that of the community in which the named grant recipient is located, with the additional stipulation that named grant recipients located in unincorporated communities will have a local share percentage of 5 percent for grant funds appropriated with effective dates no later than July 1, 1994, and 8 percent for grant funds appropriated with effective dates after July 1, 1994. (These latter rates are the same as those established for unincorporated communities in Subsection (b) of this

section.)

For municipalities, directly contributed labor, material, equipment, etc., money from non-state sources, funds received through the State municipal assistance and revenue sharing programs, shared state taxes (not otherwise prohibited), and state-reimbursed school construction debt money may constitute the local share. No other money from state sources, including the state-financed portion of assets obtained in part with state funds, may be used as an in-kind contribution towards fulfilling the local matching share.

The same provisions for in-kind matches are permitted under this subsection for named grant recipients, with the exceptions of municipal assistance and revenue sharing, shared taxes, and school construction debt.

In all instances, the Department of Administration shall determine the value of in-kind match contributions for municipalities, and the relevant department administering a named recipient grant shall determine the value of in-kind match contributions for those types of grants.

Subsection (b) stipulates that a local matching share is required for all grants to unincorporated communities made under the existing provisions of AS 37.05.317 or under the new program provisions of AS 37.06.020 - - i.e., that each time an unincorporated community or its designated recipient entity wishes to draw funds against its allocation, for a project or projects for which it has received a project-specific appropriation, it must make a matching contribution per the provisions set out in this subsection.

As with municipalities under Subsection (a), above, the amount of the local share is defined in this subsection as the local share percentage (as specified in this subsection) divided by the state share percentage (defined in this subsection as 1 minus the local share percentage), multiplied by the amount of the grant or draw. Defining the local share in this way essentially means that the local percentage share is the percentage of the total project cost which is to be borne by the grantee.

For appropriations with effective dates no later than July 1, 1994, the local percentage shares for unincorporated communities is 5 percent, rising to 8 percent for grant funds from appropriations with effective dates after July 1, 1994.

The in-kind match provisions for unincorporated communities are the same as those for named grant recipients, except that unincorporated communities may use their state revenue sharing funds for match purposes.

In all instances, Department of Community and Regional Affairs shall determine the value of in-kind match contributions for unincorporated communities or their designated entities.

Subsection (c) stipulates that, for purposes of determining the municipal population thresholds used for matching in Subsection (a) of this section, the population data to be used are those employed in the State's municipal assistance and revenue sharing programs. Similarly, to avoid double counting, it also is stipulated that for purposes of this subsection the population of a borough (which legally is a municipality) excludes the population of each city within that borough.

Sec. 37.06.080 - Regulations

This section provides the Department of Administration and the Department of Community and Regional Affairs with the authority to promulgate regulations for grants made to municipalities and named recipients, and for grants made to unincorporated communities, respectively, under the proposed AS 37.06.010 and .020.

Essentially, these provisions allow the departments to promulgate regulations, require reports, conduct audits, etc., for purposes of conducting the program and carrying out the provisions of this section of the bill. Specifically, this subsection requires that such audits must address the departments' methods used to value any contributed labor used to satisfy the local share, as well as their methods of confirming that such contributed labor actually was used.

Sec. 37.06.090 - Definition

This section provides the same definition of "capital project" for the new Chapter 6 as that used in the existing provisions of AS 37.05.315 - .317; i.e., an asset with a life span of more than one year and costing at least \$25 thousand (as defined in AS 37.07 120).

SECTION NINE

This section of the bill establishes a first-year (FY 1993) transition schedule for implementing the capital project matching grant programs for municipalities and unincorporated communities (under AS 37.06.010 and AS 37.06.020, respectively, in Section 8 of the bill).

For this initial year of the programs only, this section requires that municipalities and unincorporated communities or their representative entities must submit their prioritized list of proposed capital projects to the Governor by March 1, 1993, or by the effective date of the bill, whichever is later. (The date for all ensuing years would be October 1, as set out in Section 8 of the bill.)

SECTION TEN

This section of the bill stipulates that capital project grants made under the existing provisions of AS 37.05.315-.317 (to municipalities, named recipients and unincorporated communities) as amended by this bill, and grants made under AS 37.07.06 as proposed by this bill, may not be disbursed or drawn upon until after June 30, 1993. This reason for this provision is to allow the departments affected by this bill to have time for developing and promulgating interim regulations before disbursements and draws begin.

SECTION ELEVEN

This section of the bill provides for an immediate effective date.