

**HB**

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# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

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February 21, 2001

The Honorable Dave Donley  
The Honorable Pete Kelly  
The Honorable Eldon Mulder  
The Honorable Bill Williams  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Dear Finance Committee Co-Chairs:

Attached are budget amendments for the Governor's FY2002 operating and capital budgets. A spreadsheet summarizes the amendments for easier reference.

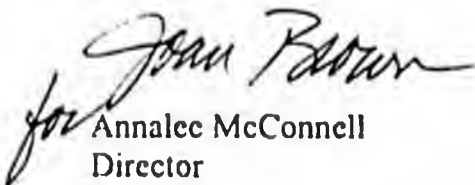
Some of the key operating budget amendments include general funds in the amounts of \$8 million to implement the Education Funding Task Force recommendations that do not require statutory changes, \$3.5 million to help the state retain employees and fill critical vacancies in jobs where federal and private sector salaries are much higher than the state's (primarily nurses, petroleum engineers and geologists), \$1 million to replace lost federal funds in Corrections and nearly \$1 million to implement redistricting. The Court System has requested \$3.7 million for increased security in courthouses around the state.

The major capital amendments include updates for the gas pipeline development project, a suicide prevention program and additional federal funds such as \$5.3 million to improve public safety, \$8 million to implement the Pacific Salmon Treaty and \$62.7 million for the surface transportation program. There are also \$17.1 million in federal and other funds for airport improvement projects.

Back-up material is attached in the sequence of the spreadsheet.

If you have any questions, please call me (465-4660) or Joan Brown (465-4681).

Sincerely,



Annalee McConnell  
Director

Attachments  
cc: David Teal, Legislative Finance

**Governor's FY2002 Capital Budget Amendments**

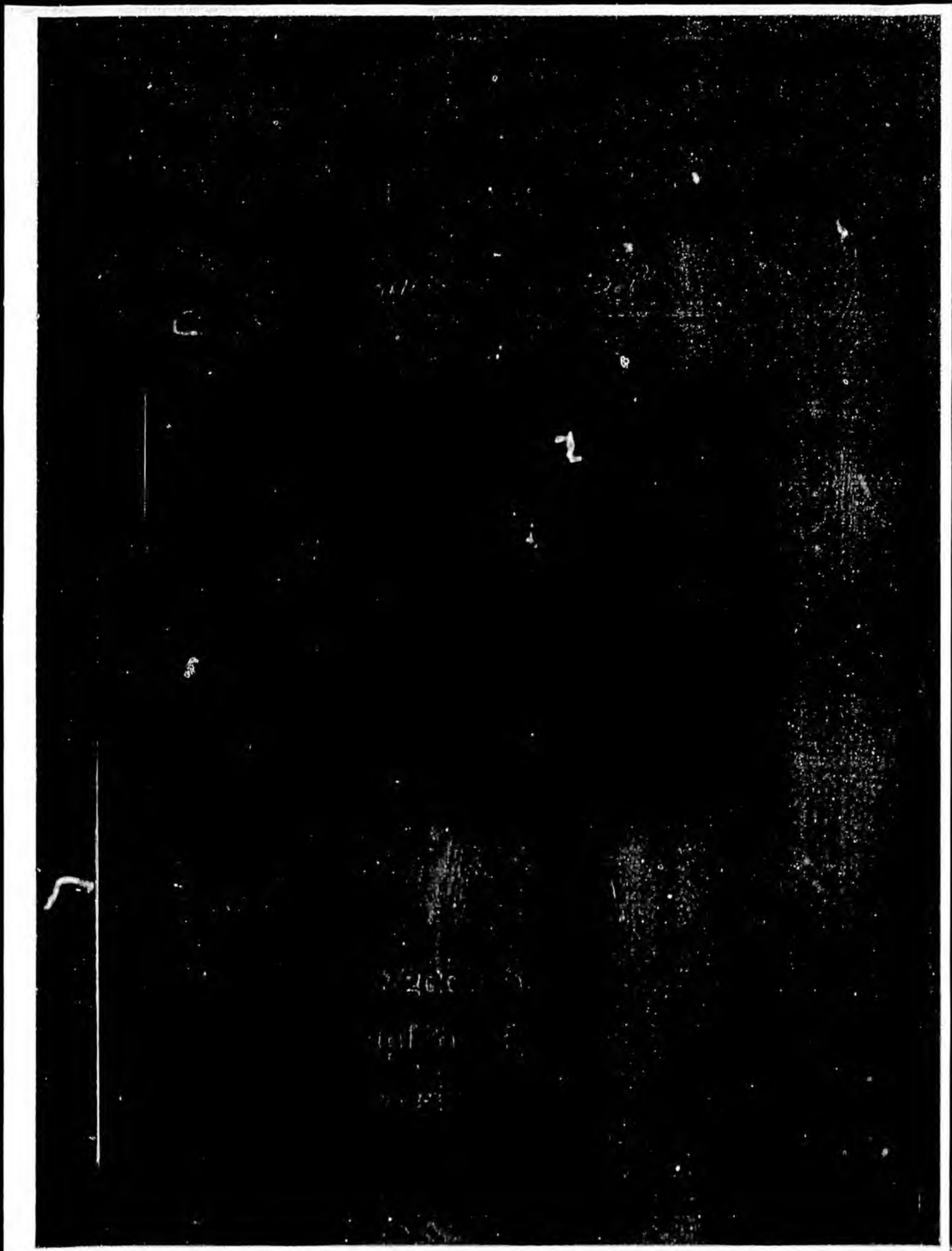
	A	B	C	D	E	F	G	H
1	Department	BRU/ Component	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	Community & Ec Dev	Comm & Bus Dev	Increase federal receipts and GF match for Denali Commission and FEMA projects.	150.0	5,000.0			5,150.0
3	Community & Ec Dev	Language	TAPL funds for petroleum remediation at rural Alaska bulk fuel facilities.		2,150.0			2,150.0
4	Community & Ec Dev	Named Grants	Arctic Winter Games- Travel to games in Greenland.	50.0				50.0
5	Education		Correct narrative in Design for Museum and Archives Building Expansion project					0.0
6	Governor	Elections	Expansion of AccuVote Elections System.	298.6				298.6
7	Governor		Pacific Salmon Recovery.		8,000.0			8,000.0
8	Health & Social Srvc	Alaska Temporary Assistance Program	Use remaining ATAP block grant funds in the capital and operating budget - projected to eliminate the balance at the end of FY2002.	(1,973.6)				(1,973.6)
9	Health & Social Srvc	Alaska Psychiatric Institute	Appropriate funds for API replacement through Certificates of Participation authorized in HB 130/SB 96.			36,550.0	COP Lease Purchase	36,550.0
10	Health & Social Srvc	Svcs / Chronically Mentally Ill	One-time public sector contribution for Anchor Arms project to provide transitional housing for clients of service providers.			200.0	MHTAAR	200.0
11	Health & Social Srvc		Suicide prevention program, including 600.0 for Galena Health Clinic mental health unit.	925.0				925.0
12	Health & Social Srvc		Developmental Disabilities Systems Reform Initiative.	750.0				750.0
13	Health & Social Srvc		Reduce MHTAAR funding from 500.0 to 400.0 in Deferred Maintenance and ADA Improvements for Providers project.			(100.0)	MHTAAR	(100.0)
14	Military & Veterans' Affairs	Army National Guard	Planning and design of Bethel Amory. Project may be combined with federal initiative for Vocational Residential Learning Center.	750.0				750.0
15	Natural Resources	Forest Management & Development	Change title of Kenai Borough Spruce Beetle Task Force Implementation - project to "National Fire Plan: Managing Impacts of Wildfires on Communities and the Environment." Broaden scope to include new funds available for various highly populated areas of the state.		3,480.0	928.0	Statutory Designated Program Rcpts	4,388.0
16	Natural Resources	Oil & Gas Development	Seismic Data Acquisition - change description to clarify statutory requirements for purchasing seismic data for state-owned land vs. need to purchase data on land not owned by the state.					0.0
17	Natural Resources	Parks & Recreation Management	Chena Pump Road Boat Launch River Access Purchase - cost of purchasing easement from Mental Health Land Trust reduced per recent appraisal.	(48.5)				(48.5)
18	Natural Resources	Parks & Recreation Management	Forest Legacy Federal Grant Program - funding for the acquisition of forested privately owned land (from willing sellers) within State Parks and other publicly held forested areas.		500.0			500.0
19	Natural Resources	Recorder's Office	Equipment Upgrades & Historic Records Improved Access - purchase equipment and film historic records for preservation. Request contingent on legislative funding change to receipt supported services.			225.0	Receipt Supported Svcs	225.0
20	Natural Resources	State Pipeline Coordinator's Office	Gas Pipeline Project - Update costs and work plan for full scale gas pipeline effort. Assumes fees will cover costs once application is received in December. Includes language to allow for fund change of up to \$1m from SDPR to GF if the application is received later.	1,692.8		5,273.4	Statutory Designated Program Rcpts	6,966.2
21	Public Safety		Law Enforcement Photo Network to provide access to Alaska booking, driver and ID photographic information throughout the state.		1,300.0			1,300.0
22	Public Safety		Train Village Public Safety Officers (VPSOs), Village Police Officers (VPOs) and Tribal police officers and provide emergency response equipment.		1,800.0			1,800.0
23	Public Safety		Pass-through grants to communities for Technology, Policing and Enforcement Initiatives under Community Oriented Policing Services (COPS) grant program.		2,200.0			2,200.0
24	Revenue	Child Support Enforcement Division	Correct Election District to statewide - Child Support Enforcement Caseload Management System Modification Project.					0.0
25	Revenue	Permanent Fund Divident Division	Correct Election District to statewide - Permanent Fund Dividend Appeals Process Streamline project.					0.0
26	Transportation		Airport Improvement Program Amendments.		10,763.0	6,346.4	Various	17,109.4
27	Transportation		Surface Transportation Program Amendments.		63,210.5			63,210.5
28	Transportation		Reduce MHTAAR funding from 250.0 to 150.0 in DOT/PF Coordinated Transportation project.			(100.0)	MHTAAR	(100.0)
29	University		Out-year funding added for Telecommunications Equipment Improvements project					0.0
30	Municipal Capital Matching Grants		Technical Correction to Election District: Anchorage 2001 Major Facility Upgrade Projects					0.0

**Governor's FY2002 Capital Budget Amendments**

	A	B	C	D	E	F	G	H
1	Department	BRU/ Con.ponent	Description	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	Municipal Capital		Technical Correction to Election District: Anchorage Eagle River/Chugiak Road and Drainage					0.0
31	Matching Grants		Rehabilitation					0.0
	Municipal Capital		Technical Correction to Election District: Anchorage Girdwood Road Service Area (RSA)- Road					0.0
32	Matching Grants		and Drainage System Rehsbilitation					0.0
	Municipal Capital		Technical Correction to Election District: Anchorage Elmore Road Upgrade- Huffman Road to					0.0
33	Matching Grants		Dearmoun Road					0.0
	Municipal Capital		Technical Correction to Election District: Anchorage Fire Department and Emergency Medical					0.0
34	Matching Grants		Services Communications Upgrade					0.0
	Municipal Capital		Technical Correction to Election District: Anchorage Renovation of Existing Fire Facilities					0.0
35	Matching Grants							0.0
	Municipal Capital		Technical Correction to Election District: Anchorage Alaska Center for the Performing Arts					0.0
36	Matching Grants		Rehearsal Hall Construction and Design					0.0
	Municipal Capital		Technical Correction to Election District: Anchorage Americans Disabilities Act: Improvements					0.0
37	Matching Grants		to Parks and Recreation Facilities					0.0
	Municipal Capital		Add Fort Yukon Community Roads and Fire Upgrades				33.0 Muni Match	33.0
38	Matching Grants							
	Municipal Capital		Delete Project: Nunam Iqua (former name Sheldon Point) Boardwalk Renovation				(10.0) Muni Match	(10.0)
39	Matching Grants							
	Municipal Capital		Add White Mountain Community Facility Upgrades				25.0 Muni Match	25.0
40	Matching Grants							
	Unincorporated Community Capital		Add Slana Community Building Improvements				10.0 Uninc Match	10.0
41	Matching Grants							
	Unincorporated Community Capital		Add Slana Community Road Improvements				15.0 Uninc Match	15.0
42	Matching Grants							
43			<b>Total Capital Budget Amendments</b>	<b>2,594.3</b>	<b>83,383.5</b>	<b>48,395.8</b>		<b>150,373.6</b>

## Governor's FY2002 Capital Amendments

<b>Department</b>	<b>Backup Replacement Instructions</b>	<b>Amendments</b>
Administration	Replace Project Review Listing report and new Project Listing with Funding Detail report	no
Community and Economic Development	Replace complete department section	yes
Corrections	Replace Project Review Listing report and new Project Listing with Funding Detail report	no
Education and Early Development	Replace Project Review Listing report, new Project Listing with Funding Detail report and add one project to project backup	no
Environmental Conservation	Replace Project Review Listing report and new Project Listing with Funding Detail report	no
Fish and Game	Replace Project Review Listing report and new Project Listing with Funding Detail report	no
Office of the Governor	Replace complete department section	yes
Health and Social Services	Replace complete department section	yes
Labor and Workforce Development	Replace Project Review Listing report and new Project Listing with Funding Detail report	no
Law	N/A	N/A
Military and Veterans' Affairs	Replace complete department section	yes
Natural Resources	Replace complete department section	yes
Public Safety	Replace Project Review Listing report, new Project Listing with Funding Detail report, and add three projects end of existing project backup	yes
Revenue	Replace complete department section (Election District corrections only)	yes
Transportation and Public Facilities	Replace complete department section; (which now includes a Project Comparison Report between Gov's 2002 and Gov's 2002 Amended)	yes
University of Alaska	Replace complete department section	yes
Court System	Replace Project Review Listing report and new Project Listing with Funding Detail report	no
Legislature	N/A	N/A
Municipal Capital Matching Grants (AS 37.05.316)	Replace complete section (except for grant applications).	yes
Unincorporated Community Capital Matching Grants (AS 37.06.020)	Replace complete section (except for grant applications).	yes



# Capital Budget

## FY2002 Capital Projects Narrative

### 6 Year Capital Budget Plan

## FY2002 Capital Projects List

## FY2001 Capital Projects List

## FY2000 Capital Projects List

## FY1999 Capital Projects List

## FY1998 Capital Projects List

## FY1997 Capital Projects List


# Capital Budget

The Capital Budget is a plan for the distribution of AHFC's financial resources for items that have an anticipated life exceeding one year, and the cost exceeds \$25,000. Unlike the Operating Budget which lapses at the end of one year, capital budget appropriation lapse only if funds remain after the project is completed, and/or if funds are lapsed administratively or legislatively, usually after five years.

AHFC Capital Improvement Projects (CIP) reflect the needs of the Corporation and the pursuit of its mission through the Goals and Objectives of the Corporation's Strategic Plan. The Corporate departments have reviewed prior year's Capital budgets to determine if there are any unfinished projects/programs that are on going, need additional funds to be completed, or should be extended.

This Capital Budget was developed by AHFC staff and recommended for inclusion in the Governor's budget submission to the Legislature. Each project/program has been reviewed and prioritized by the Budget and Housing Policy Committee and presented to the Board of Directors for approval. The Board passed a resolution on November 11, 2000 approving this budget and instructed the Executive Director to submit the budget to the Governor's Office of Management and Budget (OMB) through the Department of Revenue.

### FY2002 Budget Summary Request

		FY 2002 Draft Capital Budget Proposal			
		Federal	Other	Corp	Total
<b>Programs/Projects</b>					
1	Supplemental Housing Development Program			\$6,000.0	\$6,000.0
2	Low Income Weatherization Program	\$1,400.0		\$4,000.0	\$5,400.0
3	Paxton Manor Replacement - Suka ***New***			\$1,001.0	\$1,001.0
4	Chugach View Renovation Ph. II - Anch (Senior)	\$2,000.0		\$1,607.0	\$4,007.0
5	Senior Citizens Housing Development Program			\$1,472.2	\$1,472.2
6	Sr. & Statewide Deferred Maint. & Renovation	\$500.0		\$2,000.0	\$2,500.0
7	HUD Capital Fund Program (CFP) formerly (CGP)	\$3,500.0			\$3,500.0
8	HUD Federal HOME Grant Program	\$3,000.0		\$700.0	\$3,700.0
9	Federal & Other Competitive Grants	\$3,000.0		\$1,250.0	\$4,250.0
10	Competitive Grants for Public Housing	\$700.0		\$200.0	\$1,000.0
11	Energy Efficiency Monitoring Research			\$300.0	\$300.0
12	State Energy Program (SEP) Special Projects	\$150.0		\$30.0	\$180.0
1-MII	Homeless Assistance Program		\$200.0	\$250.0	\$450.0
1-MII	Beneficiary & Special Needs Housing			\$1,500.0	\$1,500.0
<b>Total AHFC's Project Capital Budget:</b>		<b>\$14,350.0</b>	<b>\$300.0</b>	<b>\$9,250.2</b>	<b>\$24,900.2</b>
<b>AHFC Funding for Other State Projects</b>					
1-MII	Housing Modification Program - Special Needs		\$150.0	\$100.0	\$250.0
	Water Sewer Waste (WSW)			\$20,000.0	\$20,000.0
<b>Total AHFC Capital Project Funding:</b>		<b>\$14,350.0</b>	<b>\$450.0</b>	<b>\$9,350.2</b>	<b>\$25,150.2</b>
<b>Transfer Type Funding</b>					
	U.S. Smokeless Tobacco Tax (1997 - 1999)			\$1,000.0	\$1,000.0
	State Capital Project Bond (1999 - 2000)			\$20,000.0	\$20,000.0
	State Debt Retirement Fund			\$4,000.0	\$4,000.0
<b>Total Other (Transfer Type) Funding:</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$25,000.0</b>	<b>\$25,000.0</b>
<b>Total AHFC Funding</b>		<b>\$14,350.0</b>	<b>\$450.0</b>	<b>\$10,000.2</b>	<b>\$25,150.2</b>
<b>Total AHFC Funding Cap</b>				<b>\$10,000.0</b>	
<b>Over/Under</b>				<b>\$0.0</b>	

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## 1. Supplemental Housing Development Program

Historical Category:	Housing / Social Services
Location:	Statewide
Election District:	Statewide
Project Type:	Construction
Estimated Project Dates:	7/01/2001 – 6/30/2006
FY2002 Request:	\$6,000,000 Corporate Receipts
FY2002 Funding:	\$ Corporate Receipts

The purpose of the program is to supplement federal housing funds provided to Regional Housing Authorities to ensure safe, decent, affordable housing throughout Alaska.

The projected outcomes are:

- Construction of 320 affordable homes in 20 urban and rural communities for 320 families;
- On-site water and sewer facilities;
- Roads to project sites;
- Electrical distribution systems;
- Energy-efficient design features in homes;
- Leverage \$4.0 million in Indian Health Service/Public Health funds for offsite water and sewer facilities.

Supplemental Housing Development Program utilizes Corporate (AHFC) funds to supplement Federal (HUD) funds to construct decent, safe and sanitary housing through regional housing authorities established under AS 18.55.996. Funds are used to cover housing development costs related to water distribution, sewer hookups, electrical distribution systems, road construction to project site, site development, and energy efficiency improvements. State laws limits the use of these funds to 20% of the HUD's total development cost per unit. These funds are also prohibited from being used for administrative or other costs of the housing authority.

#### Funding History:

FY2001	\$3,900,000	Corporate Receipts
FY2000	\$3,868,000	Corporate Receipts
FY1999	\$4,000,000	Corporate Receipts
FY1998	\$6,000,000	Corporate Receipts
FY1997	\$7,000,000	Corporate Receipts
FY1996	\$10,000,000	Corporate Receipts

#### Program Description:

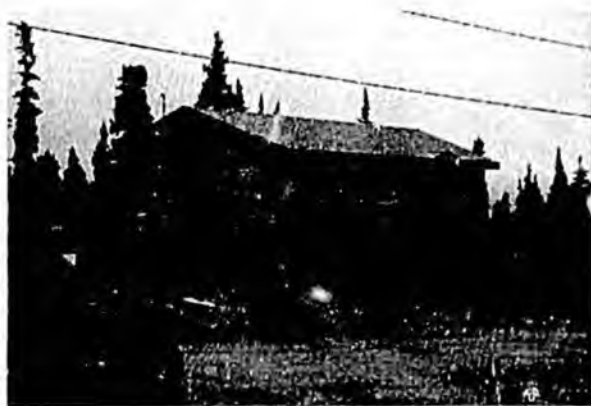
AHFC is limited by State statute to contributing 20% of HUD's Total Development Cost (TDC) of a project.

Funds are used for on-site water and sewer facilities, roads to project sites, electrical distribution systems, and energy-efficient design features in homes constructed by the regional housing authorities. HUD regulations prohibit the use of development funds for construction of access roads, electrical distribution systems and certain other infrastructure costs.

Since its inception, the State has appropriated more than \$100 million to augment over \$500 million in HUD funds and \$50 million in Public Health Services funds to build a total of 6,373 houses in 250 communities.

Supplemental Housing Grant funds reinvest funds into communities by creating 300 local jobs statewide, creating nearly 100 training and apprenticeship opportunities in local labor pools, and through the purchase of supplies from local vendors.

**Elim Project – Bering Straits Regional Housing Authority: FY98 Funding**



## 2. Low-Income Weatherization Program

<b>Historical Category:</b>	<b>Housing / Social Services</b>	
<b>Location:</b>	Statewide	
<b>Election District:</b>	Statewide	
<b>Project Type:</b>	Renovation and Remodeling	
<b>Estimated Project Dates:</b>	7/01/2001 – 6/30/2006	
<b>FY2002 Request:</b>	<b>\$1,400,000 Federal Receipts</b>	
	<b>\$4,000,000 Corporate Receipts</b>	
 <b>FY2002 Funding:</b>	<b>S</b>	<b>Federal Receipts</b>
	<b>S</b>	<b>Corporate Receipts</b>

The purpose of the program is to provide cost effective energy improvements to homes of low-income families.

The projected outcomes are:

- Improved resident health and safety;
- Replacement of over 500 unsafe heating systems;
- Install smoke detectors in over 700 homes;
- Carbon monoxide detectors installed in 350 homes;
- Serve 4000 Alaskans and over 1100 homes.

Low-Income Weatherization Program utilizes Federal U. S. Department of Energy (DOE) and Corporate (AHFC) funds to assist low- and moderate-income families attain decent, safe and affordable housing through the weatherization and rehabilitation of existing homes. Many homes in Alaska cannot maintain a healthy indoor temperature of 70 degrees during our long winter months.

### Funding History:

FY2001	\$1,400,000	Federal Receipts
FY2001	\$2,000,000	Corporate Receipts
FY2000	\$1,400,000	Federal Receipts
FY2000	\$1,000,000	Corporate Receipts
FY1999	\$4,200,000	Federal Receipts (Stripper Funds)
FY1999	\$1,000,000	Corporate Receipts
FY1998	\$1,200,000	Federal Receipts
FY1998	\$4,000,000	Corporate Receipts
FY1997	\$500,000	Federal Receipts
FY1997	\$6,500,000	Corporate Receipts
FY1996	\$2,400,000	Federal Receipts
FY1996	\$5,000,000	Corporate Receipts

### Program Description:

Weatherization is a cost-effective service that improves the standard of living for 4000 Alaskans annually, without expenditures from the general fund. The benefits are based on 1100 homes completed, with expenditures of about \$5.4 million. Waiting lists for the five sub-contractors providing weatherization services exceeds 500 people who have applied and are eligible. Weatherization improves residents' health and safety through the replacement of over 500 unsafe heating systems per year, carbon monoxide problems abated and carbon monoxide detectors installed in 350 homes, handrails and steps repaired, moisture and mold problems abated reducing asthma triggers. Drafts are reduced and comfort increased - especially important for infants, elderly and disabled people.

Weatherization provides for fire safety through furnace and electrical repairs, education (move combustibles from heat, flammable liquids stored properly, etc.) chimney and wood-stove repairs and egress windows installed during bedroom window replacements.

Weatherization improves building stock, increases durability, and reduces maintenance through moisture reductions. These improvements reduce rot and mildew, and potential ice dam problems through sealed attics and adequate insulation.

Weatherization produces energy savings of 23% on average according to Oak Ridge National Laboratory. This program helps make utility bills more manageable for low-income consumers, leaving more cash available for other necessary expenses. It also reduces Public Housing expenditures, cash outflow for working poor clients and fuel and maintenance on generators in villages. It can stretch limited Power Cost Equalization dollars, and help with reduced utility arrearages, which lower the burden on other ratepayers through fewer disconnects and unpaid bills.

Weatherization providers have emerged as leaders in developing new building science technologies. Skills among weatherization workers are highly developed and are transferred to private sector through word of mouth, formal training and career progression.

**Regional Funding Allocation**

Northern .....	10.55%	.....\$569,700
Western.....	10.57%	.....\$570,780
Southwestern .....	7.29%	.....\$393,660
Interior.....	6.59%	.....\$355,860
Fairbanks.....	14.40%	.....\$777,600
Southcentral (not Anchorage) .....	13.09%	.....\$706,860
Anchorage .....	26.47%	.....\$1,429,380
Southeast (not Juneau).....	6.26%	.....\$338,040
Juneau City and Borough .....	4.78%	.....\$258,120

**Before**



**After**



### 3. Paxton Manor Replacement

Historical Category:	Housing / Social Services
Location:	Sitka
Election District:	Sitka
Project Type:	Construction
Estimated Project Dates:	7/01/2001 – 6/30/2006
FY2002 Request:	\$2,401,000 Corporate Receipts
FY2002 Funding:	\$ Corporate Receipts

The purpose of the program is to provide funds for the replacement of 24 units of family housing in Sitka.

The projected outcomes are:

- Improve living environment for residents;
- Reduce long-term operating and maintenance costs;
- Provide a multi-purpose building to include a community room, office and maintenance shop;
- Landscaping, picnic tables and park benches to provide recreational opportunities for residents;
- Provide improved energy efficiencies;
- Add ADA compliant units.

Paxton Manor Replacement - (Sitka) utilize Corporate (AHFC) funds to complete the replacement of 24 units (built in 1965). Completion includes the construction of a new multi-purpose building (including property management office space, maintenance shop, and a community room.) The living conditions for residents will be improved by providing energy efficient units, fixing property drainage problems, and adding more ADA compliant units. Federal funds from the HUD Capital Fund Program (CFP) will also be used to complete this project.

**Funding History:**

FY2002	\$1,522,300	Federal Receipts - Capital Fund Program (CFP)
FY2001	\$2,595,568	Federal Receipts - Capital Fund Program (CFP)

**Project Description:**

There are a total of 24 units in 12 duplexes, one maintenance shop, and a separate maintenance storage area within the Paxton Manor development. The units are in close proximity on two sites: three duplexes are located on DeArmond Street, one duplex is located on New Archangel Street, and eight duplexes are located on Andrews Street. One of the Andrews duplexes houses the office/maintenance shop and another one houses the maintenance storage area.

The Paxton Manor housing development was built in 1965 and has had limited modernization since that time. Aluminum siding, aluminum casement windows, and insulated steel doors were installed approximately 15 years ago. All components are showing signs of corrosion. The roofs are 10-15 years old and were installed without draft stops in the attic.

The buildings were constructed on driven wooden pilings and wood beams. Splices and shims have altered some of the wood pilings. Some of the beams were either cut or installed inappropriately and there is evidence of rot in the beams and piles. In addition to the exterior corrosion, the building interiors are generally in poor condition. The electrical, mechanical, and plumbing systems are all in fair to poor condition and at the end of their useful lives. The kitchen range exhaust hoods are in poor condition. There are many abandoned bathroom exhaust fans with non-insulated ducts. The units do not meet current building and fire codes. None of the units are ADA compliant. The parking areas are gravel with undefined spacing and there are no curbs or gutters to control surface drainage.

A professional site assessment was completed in 1999 to address physical condition, 50-year life expectancy, code compliance, Americans with Disabilities Act (ADA) compliance, and energy efficiency. The site assessment looked at all aspects of the facility and recommended replacement over renovation because the cost is approximately the same. The construction project includes complete demolition of 12 duplexes, construction of six new four-plexes, and a new multi-purpose building, which includes an office, maintenance space, and community room for the residents. Two of the new units will be fully ADA compliant.

The rationale for the decision to demolish existing units and build new replacement units is based upon a variety of factors, including:

- Modernization costs exceed 90% of the HUD Total Development Cost (TDC) threshold applicable to the Sitka area. This is the criteria HUD applies in sanctioning an agency's decision to replace instead of renovate.
- Long-term viability (30-year life expectancy) is not fully attainable with modernization.
- Recurring site drainage problems cannot be cured with renovation.
- New construction will provide more energy-efficient units.
- New construction will provide units configured to more closely match the needs of the families on the current waiting list.
- New construction will provide two ADA compliant units.

The Corporate funds in this request will be combined with Federal funds received in FY01 CFP 501 (\$2,595,568) and Federal funds being requested in FY02 under CFP 502 (\$1,522,300). The total projected cost of replacing this project is \$6,518,858.



## 4. Chugach View Renovation - Phase II

### Anchorage Senior Units

Historical Category:	Housing / Social Services	
Location:	Anchorage	
Election District:	Anchorage Area-wide	
Project Type:	Renovation and Remodeling	
Estimated Project Dates:	7/01/2001 – 6/30/2006	
FY2002 Request:	\$2,697,000 Corporate Receipts \$2,000,000 Federal Receipts	
FY2002 Funding:	\$	Corporate Receipts
	\$	Federal Receipts

The purpose of this project is to complete the major renovation, including building improvements, and to ensure code compliance, for 120 senior housing units in Chugach View.

The projected outcomes are:

- Complete interior renovation;
- Improved accessibility of the building at all units;
- Increased ventilation and heat recovery;
- Remodel all kitchen and bathrooms with new appliance and fixtures;
- Increased lighting with energy efficient fixtures for comfort, safety and security;
- Improved resident living environment; and
- Reduced long-term operating costs.

Chugach View Renovation - Phase II (Anchorage) utilizes Corporate (AHFC) and Federal funds for Phase II of the major renovation of Chugach View. (Phase I was funded in FY2001). Chugach View is a 120 unit low-income senior housing complex across from the senior center in Anchorage. Phase II will complete interior renovations to all kitchens and bathrooms, and install new appliances and fixtures. In addition, ventilation and heat recovery systems will be installed, lighting will be improved, and accessibility features added.

#### Funding History:

FY2001	\$2,000,000 Bond Proceeds
FY2001	\$2,000,000 Federal Receipts

#### Project Description:

Chugach View is a three-story, senior housing facility constructed in 1977. The building consists of 120 one-bedroom units divided into four 30-unit bays, situated around common corridors with common resident areas and laundry rooms on each of the three floors. The first floor has a large community room, kitchen, waiting room, office and shop area. The second and third floors have open community areas. The facility was built using wood frame construction.

No major interior renovation work has been done in this facility since it was constructed. The exterior siding was replaced with metal lap siding in 1990. Most of the furnishings, equipment, components, and systems are now worn and in need of replacement.

In 1998, a professional site assessment was completed for Chugach View which addressed code compliance, 30-year life expectancy, physical condition, hazardous material abatement, and energy efficiency. It was found that Chugach View does not fully comply with the current Uniform Building Code (UBC) or the current State of Alaska Building Energy Efficiency Standards (BEES). Most of the building components, finishes, equipment, and systems are 23 years old, worn and approaching the end of their useful life. For these reasons, the site assessment recommended that Chugach View undergo a

major renovation to ensure its functional use for an additional 30 years. When compared to an estimated replacement cost of over \$11 million, renovation is the more cost-effective option.

This request represents Phase II of a two-phase modernization effort for Chugach View. Phase I renovation funding was approved in FY2001 to complete the total project design and fund selected code compliance, common area, and building exterior work. The Phase II request funds interior renovation work, which includes repair/repainting of walls and ceiling; new carpet/vinyl flooring; replacement of all unit swing doors; and remodeling unit kitchens and bathrooms. Also included are the replacement of common area and individual units' light fixtures, and mechanical upgrades to boiler systems, baseboard heating, common area ventilation, and the domestic hot water system.

Code compliance and energy work will be funded in both Phase I and II, as required for construction. This type of work includes elevator upgrades; facility-wide fire/smoke penetration repairs; and sprinkler system upgrades. Environmental work includes removal of asbestos-containing materials and lead-based paint abatement. Energy work includes building-wide insulation upgrades and air penetration sealing. ADA compliance is addressed with new handicapped ramps, replacement of interior/exterior doors and hardware, and remodeling of unit and common area bathrooms and kitchens for required accessibility under ADA.



**5. Senior Citizen's Housing Development Fund (SCHDF)**

Historical Category:	Housing / Social Services
Location:	Statewide
Election District:	Statewide
Project Type:	Transitional
Estimated Project Dates:	7/01/2001 – 6/30/2006
FY2002 Request:	\$1,472,200 Corporate Receipts
FY2002 Funding:	\$ Corporate Receipts

The purpose of the program is to provide funds for the development of senior citizen housing.

The projected outcomes are:

- Purchase of building sites;
- Site preparation;
- Purchase building materials;
- Construction;
- Rehabilitation, including accessibility modifications;
- Preparation of plans and specifications;
- Project feasibility studies;
- Appraisals; and
- Other pre-development activities.

Senior Citizens Housing Development Program utilizes Corporate (AIHC) funds to grant to municipalities and public or private non-profit corporations, in conjunction with other agencies, for the development of senior citizen housing. Funds can be used for the purchase of building sites, site preparation, materials, construction, and rehabilitation. Awards are made on a competitive basis, contingent on Legislative approval. Funds may provide funding for non-profit organizations to pay for preparation of plans and specifications, project feasibility studies, appraisals, site preparation and other pre-development activities.

**Funding History:**

FY2001	\$2,253,500	Corporate Receipts
FY2000	\$0	Program Not Funded; however:
FY2000	\$278,000	Talkeetna Senior Housing funded with Corporate Receipts
FY1999	\$2,050,000	Corporate Receipts
FY1998	\$0	Program Not Funded; however:
FY1998	\$248,000	Elders Services, Inc. funded with Corporate Receipts
FY1998	\$281,700	Homer Seniors funded with Corporate Receipts
FY1998	\$625,000	North Pole Seniors, Inc. funded with Corporate Receipts
FY1998	\$675,000	Palmer Seniors funded with Corporate Receipts
FY1997	\$1,750,000	Corporate Receipts
FY1996	\$750,000	Corporate Receipts

**Program Description:**

These funds are used to support the development of housing for the fastest growing segment of the Alaskan population, persons 60 years of age and older. A statewide needs assessment done in 1996 showed that there was a demand for an additional 1,000 units of senior housing. This number is projected to increase by an additional 3,300 by the year 2010. This program targets the housing needs of both low-income and middle-income seniors, as well as, assisting home-owners improve accessibility in their homes insuring safety and the ability to stay in their residence.

This request is based on the estimated demand for senior housing during the FY2002 application cycle for the SCHDF program. Program funds are used only to fund the development "GAP", i.e., the amount necessary to make the project financially feasible - or the difference between all other funding sources which can be expected to be contributed (including loan funds) and the cost to develop the project.

Any remaining unused funds will be made available under the FY2003 funding cycle. Requested funds are to be used to support senior housing with gap funds for acquisition, rehabilitation, accessibility modifications, and/or new construction of senior housing.

Awards are made on a competitive basis contingent on Legislative approval.

Applications				Grant	Total	Grant Cost
Location:	Score	Feasibility	Sponsor	Amount	Develop. Cost	# Units Per Unit
Soldotna	79.11	17.50	Banner House	\$700,000	\$2,137,525	16 \$43,750
Homer	57.00	16.00	Homer Senior Citizens	\$172,182	\$898,423	6 \$78,697
Statewide			Home Modifications for Seniors	\$250,000		
Statewide			Predevelopment Grants	\$19,818		
<b>Total Senior Housing Development:</b>				<b>\$1,472,000</b>		

**6. Senior and Statewide Deferred Maintenance and Renovation**

Historical Category:	Housing / Social Services
Location:	Statewide
Election District:	Statewide
Project Type:	Deferred Maintenance
Estimated Project Dates:	7/01/2001 – 6/30/2006
FY2002 Request:	\$500,000 Federal Receipts \$2,000,000 Corporate Receipts
FY2002 Funding:	S Federal Receipts S Corporate Receipts

The purpose of this project is to reduce deferred maintenance and address small renovation projects, in accordance with AHFC's 10 year plan, at several facilities utilized by senior citizens and low-income families.

The projected outcomes are:

- Provide building security/accessibility modifications for the physically challenged;
- Make energy efficiency upgrades;
- Make mechanical system upgrades;
- Perform site improvements and general physical upgrades.

Senior & Statewide Deferred Maintenance & Renovation utilize Corporation (AHFC) and Federal funds to reduce deferred maintenance at several facilities utilized by senior citizens and low-income families. General physical upgrades are needed in addition to specific security and accessibility modifications.

**Funding History:**

FY2001	\$500,000	Federal Receipts
FY2001	\$1,022,000	Corporate Receipts
FY2001	\$800,000	Bond Proceeds
FY2000	\$500,000	Federal Receipts
FY2000	\$1,690,500	Corporate Receipts
FY1999	\$450,000	Federal Receipts
FY1999	\$1,000,000	Corporate Receipts
FY1998	\$988,900	Federal Receipts
FY1998	\$1,000,000	Corporate Receipts
FY1997	\$1,000,000	Federal Receipts
FY1997	\$1,000,000	Corporate Receipts
FY1996	\$500,000	Corporate Receipts

**Program Description:**

Building security and accessibility modifications are needed to ensure resident safety and security and to comply with current ADA standards at facilities throughout the state.

Mechanical and energy systems upgrades are needed to improve system efficiency, prevent costly winter failure and reduce maintenance expense.

Site improvements will be undertaken at several facilities statewide to provide parking lot and sidewalk upgrades, foundation repair, fence, storage sheds and landscaping.

Major general physical upgrades are needed in various senior and family units to repair or replace roof systems, doors, windows, kitchen and bathroom improvements, interior painting and community room upgrades.

Location		Priority	Description of Work	Project Total	Accumulated Total	Funding Source
Headquarters	Statewide	X	Administrative cost	515,834	515,834	Corporate Receipts
Swan Lake	Sitka	1	General Physical Upgrades	193,010	708,844	Corporate Receipts
Cedar Park	Juneau	2	General Physical Upgrades	122,049	830,893	Corporate Receipts
Beringvue	Nome	3	Site Improvements	20,000	850,893	Corporate Receipts
Schoenbar Park	Ketchikan	4	Mechanical Systems Upgrade	27,992	878,885	Corporate Receipts
Riverbend	Juneau	5	Mechanical Systems Upgrade	72,213	951,098	Corporate Receipts
AFIC	Anchorage	6	Security System Upgrade	98,675	1,049,773	Corporate Receipts
Birch Park	Fairbanks	7	General Physical Upgrades	5,143	1,054,916	Corporate Receipts
Riverbend	Juneau	8	Site Improvements	5,771	1,060,687	Corporate Receipts
Etolin Height	Wrangell	9	Site Improvements	4,138	1,064,825	Corporate Receipts
Riverbend	Juneau	10	Mechanical Systems Upgrade	5,435	1,070,260	Corporate Receipts
Johnson Heights	Anchorage	11	Site Improvements	13,783	1,084,043	Corporate Receipts
Alpine Terrace	Anchorage	12	General Physical Upgrades	2,406	1,086,449	Corporate Receipts
Ptarmigan Park	Anchorage	13	General Physical Upgrades	191,383	1,277,832	Corporate Receipts
Golden Ages	Fairbanks	14	Site Improvements	13,711	1,291,543	Corporate Receipts
Birch Park I	Fairbanks	15	Site Improvements	77,036	1,368,579	Corporate Receipts
Birch Park II	Fairbanks	16	Site Improvements	23,642	1,392,221	Corporate Receipts
Birch Park I	Fairbanks	17	General Physical Upgrades	13,984	1,406,205	Corporate Receipts
Williwa Manor	Wasilla	18	General Physical Upgrades	197,657	1,603,862	Corporate Receipts
Etolin Heights	Wrangell	19	Site Improvements	6,305	1,610,167	Corporate Receipts
Etolin Heights	Wrangell	20	Site Improvements	7,943	1,618,110	Corporate Receipts
Geneva Woods	Juneau	21	General Physical Upgrades	3,150	1,621,260	Corporate Receipts
Johnson Heights	Anchorage	22	General Physical Upgrades	13,055	1,634,315	Corporate Receipts
Alpine Terrace	Anchorage	23	Site Improvements	3,762	1,638,077	Corporate Receipts
Loussac Manor	Anchorage	24	Mechanical Systems Upgrade	22,806	1,660,883	Corporate Receipts
AFIC	Anchorage	25	General Physical Upgrades	69,528	1,730,411	Corporate Receipts
Birch Park I	Fairbanks	26	General Physical Upgrades	80,907	1,811,318	Corporate Receipts
Birch Park II	Fairbanks	27	General Physical Upgrades	22,382	1,833,700	Corporate Receipts
Williwa Manor	Wasilla	28	General Physical Upgrades	31,020	1,864,720	Corporate Receipts
Glacier View	Seward	29	General Physical Upgrades	67,088	1,931,808	Corporate Receipts
Etolin Heights	Wrangell	30	Mechanical Systems Upgrade	68,192	2,000,000	Corporate Receipts
Alpine Terrace	Anchorage	1	Mechanical Systems Upgrade	287,539	287,539	Federal Receipts
Glacier View	Seward	2	Security System Upgrade	5,250	292,789	Federal Receipts
Alpine Terrace	Anchorage	3	General Physical Upgrades	3,672	296,461	Federal Receipts
Alpine Terrace	Anchorage	1	Mechanical Systems Upgrade	203,539	500,000	Federal Receipts

**7. HUD Capital Fund Program (formerly CGP)**

**Historical Category:** Housing / Social Services  
**Location:** Statewide  
**Election District:** Statewide  
**Project Type:** Renewal and Replacement  
**Estimated Project Dates:** 7/01/2001 – 6/30/2006  
**FY2002 Request:** \$3,500,000 Federal Receipts  
**FY2002 Funding:** S Federal Receipts

The purpose of this program is to renovate and modernize public housing units.

The projected outcomes are:

- Replacement of Paxton Manor units in Sitka;
- Installation of storage sheds and screen doors at Birch Park in Fairbanks;
- Interior modernization and site work at Spruce Park Q Building in Fairbanks and New Willow in Anchorage;
- Replacement of kitchen cabinets in Cedar Park Annex A Building in Juneau;
- Installation of playground fence and storage sheds at Beringvue in Nome;

HUD Capital Fund Program (CFP) (formerly CGP) utilizes Federal (HUD) grant that provides Public Housing Authorities with funds each year to help renovate and modernize public housing units. Funds also provide for administrative expenses, tenant-education projects, drug elimination/safety projects and management improvements.

Funding History: Formerly funded under the Comprehensive Grant Program (CGP):

FY2001	\$3,500,000	Federal Receipts
FY2000	\$2,800,000	Federal Receipts
FY1999	\$2,900,000	Federal Receipts
FY1998	\$3,100,000	Federal Receipts
FY1997	\$3,521,600	Federal Receipts
FY1996	\$4,326,000	Federal Receipts

**Program Description:**

The federal government, through the U.S. Department of Housing and Urban Development (HUD), provides Public Housing Authorities with money each year to renovate and modernize their public housing through the Capital Improvements Fund. To access this money, each PHA, with the active involvement of residents and local government officials, must develop a comprehensive (five-year) plan detailing modernization needs within the PHA's housing inventory and establishing a timetable for meeting those needs. The dollar amount of the annual grant is established by a formula using a number, configuration, and size of the PHA's low rent units. The annual grant also provides funds for administrative expenses, tenant-education projects, drug-elimination/safety projects, and management improvements.

Projects funded by this year's allocation include:

- Replacement of Paxton Manor units in Sitka
- Installation of storage sheds and screen doors at Birch Park in Fairbanks
- Installation of playground fence and storage sheds at Beringvue in Nome
- Interior modernization and site work at Spruce Park Q Building in Fairbanks
- Replacement of kitchen cabinets in Cedar Park Annex A Building in Juneau
- Interior modernization and site work at New Willow in Anchorage

Also included are funds to provide operation and management improvements, such as PHA staff training; residents' training; training for low-income businesses; and upgrades to the information system and area-wide network enhancements at low rent developments.

The funds for the Paxton Manor request will be combined with \$2,565,568 appropriated in FY2001 under CFP 501 and with the current FY2002 Corporate request of \$2,401,000. The total cost of this replacement project is \$6,518,858.



Alaska State Legislature  
HOUSE OF REPRESENTATIVES  
Committee on Finance

SCHEDULE  
HOUSE FINANCE COMMITTEE  
WEEK OF APRIL 2 – APRIL 6, 2001  
\* (indicates first public hearing)

Room 519 Capitol Building  
Meetings convene at 1:30 p.m. (unless otherwise indicated)

April 2, 2001 - Monday

1:30 p.m.

HB 162-ABSENCES UNDER LONGEVITY BONUS PROGRAM  
SB 112-LONG-TERM CARE OMBUDSMAN; MENTAL HLTH AUTH  
Bills previously heard/scheduled.

*shur*

April 3, 2001 - Tuesday

1:30 p.m.

HB 47-APPROP: GOVERNOR'S CAPITAL BUDGET IT  
Bills previously heard/scheduled.

April 4, 2001 - Wednesday

1:30 p.m.

HB 102-THEFT OF PROPELLED VEHICLES  
SB 58-ADD PHYSICIAN ASST TO STATE MEDICAL BOARD  
SB 137-ALASKA HUMAN RESOURCE INVESTMENT COUNCIL  
Bills previously heard/scheduled.

*shur*

April 5, 2001 - Thursday

1:30 p.m.

Bills previously heard/scheduled.

April 6, 2001 - Friday

1:30 p.m.

HB 116-SUPPLEMENTAL APPROPRIATIONS/AMEND APPROP.  
Bills previously heard/scheduled.

**8. HUD Federal HOME Grant Program**

Historical Category:	Housing / Social Services	
Location:	Statewide	
Election District:	Statewide	
Project Type:	Renewal and Replacement	
Estimated Project Dates:	7/01/2001 – 6/30/2006	
FY2002 Request:	\$750,000	Corporate Receipts
	\$3,050,000	Federal Receipts
FY2002 Funding:	S	Corporate Receipts
	S	Federal Receipts

The purpose of this program is to expand the supply of affordable, low- and moderate-income housing and to strengthen the ability of the State to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing.

The projected outcomes are:

- Fund the development gap for affordable rental housing projects, i.e. the difference between project cost and all other sources of funds which are expected to be contributed to the project, including any loan funds that the project's cash flow can support.
- Fund the cost of moderate rehabilitation to homes owned and occupied by lower-income families.
- Fund a portion of the costs associated with the purchase of a modest home by lower-income families.
- Fund a portion of the operating costs of Housing and Community Development (HCD) organizations that are developing affordable housing for lower-income families, and
- Other housing needs as specified in the HCD plan and as authorized by HUD under 24 CFR Part 92.

HUD Federal HOME Program utilizes Federal (HUD) with Corporate matching (AHFC) funds for the HOME Investment Partnership Program. The purpose of the HOME program is to expand the supply of affordable, low- and moderate- income housing and to strengthen the State's ability to design and implement strategies to achieve an adequate supply of safe, energy-efficient, and affordable housing. The Municipality of Anchorage has their own separate HOME program.

**Funding History:**

FY2001	\$3,053,000	Federal Receipts
FY2001	\$750,000	Corporate Receipts
FY2000	\$3,000,000	Federal Receipts
FY2000	\$750,000	Corporate Receipts
FY1999	\$3,000,000	Federal Receipts
FY1999	\$750,000	Corporate Receipts
FY1998	\$3,000,000	Federal Receipts
FY1998	\$750,000	Corporate Receipts
FY1997	\$3,000,000	Federal Receipts
FY1997	\$750,000	Corporate Receipts
FY1996	\$3,000,000	Federal Receipts
FY1996	\$750,000	Corporate Receipts

**Program Description:**

These funds are used to support the development of affordable housing for lower-income families.

The \$3,800,000 request is based on the block grant amount to be received from HUD (\$3,000,000) and the required 25% matching funds to be provided by AHFC, plus program income (\$50,000) accumulated by the program to be used, as mandated by HUD, as additional federal HOME program funds.



Cordova Mews, Cordova FY1996



Mooring Estates, Soldotna FY1996



Raven Estates, Fairbanks FY1995

## 9. Federal and Other Competitive Grants

<b>Historical Category:</b>	Housing / Social Services	
<b>Location:</b>	Statewide	
<b>Election District:</b>	Statewide	
<b>Project Type:</b>	Health and Safety	
<b>Estimated Project Dates:</b>	7/01/2001 – 6/30/2006	
<b>FY2002 Request:</b>	\$1,250,000	Corporate Receipts
	\$3,000,000	Federal Receipts
<b>FY2002 Funding:</b>	S	Corporate Receipts
	S	Federal Receipts

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs, and supportive services, of low-income and special needs groups; such as senior citizens, the mentally ill, disabled or the homeless. AHFC will also apply for energy related grants as they relate to housing. When required, AHFC will provide the needed matching funds. Some of the funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

The projected outcomes are:

- HUD Supportive Housing;
- Housing Opportunities for Persons With AIDS (HOPWA);
- USDA Housing Preservation Grant Program; and
- Grant Match Program;

Federal and Other Competitive Grants utilizes Federal (HUD) and Corporate match (AHFC) grant funds. AHFC will apply for grants that target the housing needs of low income and special needs groups; such as senior citizens, the mentally ill, disabled or the homeless. AHFC will also apply for energy related grants as they relate to housing. When required, AHFC will provide the needed matching funds. Some of the grant funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

AHFC will make application, as appropriate, to private institutions or foundations to study and/or address such issues as housing delivery systems, safe and viable neighborhoods, homelessness and aging in place. When required, AHFC will provide matching funds to non-federal grants that target the housing needs of low-income and special needs groups such as senior citizens, the mentally ill, disabled, or homeless.

### Funding History:

FY2001	\$1,500,000	Federal Receipts
FY2001	\$1,250,000	Corporate Receipts
FY2000	\$1,500,000	Federal Receipts
FY2000	\$750,000	Corporate Receipts
FY1999	\$3,000,000	Federal Receipts
FY1999	\$500,000	Corporate Receipts
FY1998	\$3,000,000	Federal Receipts
FY1998	\$500,000	Corporate Receipts
FY1997	\$3,000,000	Federal Receipts
FY1997	\$1,000,000	Corporate Receipts
FY1996	\$3,400,000	Federal Receipts
FY1996	\$2,100,000	Corporate Receipts

**Program Description:**

This program also allows AHFC to apply for and receive Federal, state and other grants that target the housing needs and supportive services of low-income and special needs groups such as mentally ill, homeless or disabled persons. Numerous federal and private foundations incorporate a matching cash contribution requirement in their competitive grant programs. The AHFC grant match program has been vital to attracting outside funding into Alaska to meet the housing needs of these special populations. Most of the Federal funds received, as well as the Corporate match funds are customarily passed through to local non-profit or municipal sub-grantee agencies who deliver the housing and related supportive services. Examples of programs with match components include HUD Supportive Housing, Housing Opportunities for Persons With AIDS, and the USDA Housing Preservation Grant Program.

## 10. Competitive Grants for Public Housing

<b>Historical Category:</b>	<b>Housing / Social Services</b>	
<b>Location:</b>	Statewide	
<b>Election District:</b>	Statewide	
<b>Project Type:</b>	Health and Safety	
<b>Estimated Project Dates:</b>	7/01/2001 – 6/30/2006	
<b>FY2002 Request:</b>	\$250,000	Corporate Receipts
	\$750,000	Federal Receipts
 <b>FY2002 Funding:</b>	 S Corporate Receipts	
	S	Federal Receipts

The purpose of this program is to allow AHFC to apply for HUD, other federal agency, and private foundation grants that target the housing needs of low-income and special needs groups, such as senior citizens, the mentally ill, disabled, or the homeless who are eligible for public and/or assisted housing. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families attain economic self-sufficiency. When required, AHFC will provide the needed match.

The projected outcomes are:

- Match Requirements for Federal Grants such as:
  - Drug Elimination Program;
  - FSS Coordinator;
  - Senior Services Coordinator.

Competitive Grants for Public Housing utilizes Federal (HUD) and Corporate match (AHFC) grant funds. AHFC will apply for HUD grants that target the housing needs of low-income and special needs groups, such as senior citizens, the mentally ill, disabled, or the homeless. AHFC will also apply for grants to prevent crime and substance abuse in public housing and assist public housing families in attaining economic self-sufficiency. When required, AHFC will provide the needed match. Some of the funds received will be passed through to local non-profit sub-grantee organizations that deliver housing and/or services.

**Funding History:**

FY2001	\$750,000	Federal Receipts
FY2001	\$250,000	Corporate Receipts
FY2000	\$750,000	Federal Receipts
FY2000	\$250,000	Corporate Receipts
FY1999	\$750,000	Federal Receipts
FY1999	\$250,000	Corporate Receipts
FY1998	\$2,000,000	Federal Receipts
FY1998	\$250,000	Corporate Receipts
FY1997	\$2,500,000	Federal Receipts
FY1997	\$500,000	Corporate Receipts
FY1996	\$2,277,000	Federal Receipts
FY1996	\$723,000	Corporate Receipts

**Program Description:**

AHFC will apply for grants and utilize those grant funds to target services to families and persons who are eligible for public and/or assisted housing. Grant funds within this category may be used to prevent and reduce crime and substance abuse in public housing and to aid PHD-assisted families to attain economic self-sufficiency. This programs also help implement welfare reform efforts of the state. Where required as a condition of funding, AHFC may provide the needed match. Examples of previous grantors include the Robert Wood Johnson Foundation, the Department of Education, U.S. Dept. of Housing and Urban Development and the U.S. Dept. of Health and Human Services. This line item also enables AHFC to receive additional housing assistance from HUD in the form of Section 8 housing vouchers. Some of the funds received may be passed through to local non-profit or government agencies to deliver the appropriate services throughout the state.

## 11. Energy Efficiency Monitoring Research

Historical Category:	Housing / Social Services
Location:	Statewide
Election District:	Statewide
Project Type:	Health and Safety
Estimated Project Dates:	7/01/2001 – 6/30/2006
FY2002 Request:	\$300,000 Corporate Receipts
FY2002 Funding:	\$ Corporate Receipts

The purpose of this project is to conduct research, analysis, information dissemination and interchange among members of the industry, as well as, between the industry and the public.

### The projected outcomes are:

- Conduct research, analysis, information dissemination and interchange among members of the industry, and between the industry and the public.
- Gather data and perform analysis of geographically diverse area energy efficient designs for homes.
- Monitoring homes for energy usage, comfort levels, durability, occupant health, and economic benefits of efficiency features.

Builder & Rater Education Program utilizes Corporate (AHFC) and Federal funds to promote energy efficient construction throughout Alaska. This program focuses on training builders, energy raters and consumers in northern building science, development of educational materials relative to northern building science, and to encourage builders to build homes that are built to a high-energy efficiency standard.

### Funding History:

FY2001	\$450,000	Corporate Receipts
FY2001	\$500,000	Federal Receipts
FY2000	\$0	Corporate Receipts – requested but not funded.

### Program Description:

Homebuilding associations around the State have approached AHFC about providing grants towards research and information projects of interest to the industry. In particular, monitoring and testing of energy efficiency designs, products, and construction technology testing are areas where little is being done in Alaska. Considering the diverse building conditions and requirements across the state, the homebuilding industry has indicated they would like to see research and testing of energy efficiency designs in different regions in the state.

AHFC is required by state law to purchase homes that meet minimum energy efficiency standards, and the Corporation has established and funded incentive programs for increased energy efficiency in homes. Currently, Corporate arbitrage dollars are used to offer reduced interest rates on homes that meet or exceed energy rating criteria. Yet, little information is currently available about the cost benefits to the homeowner over time from these programs or how effective certain energy efficiency designs have been across Alaska's climate regions.

Funds requested here would be to conduct research, analysis, and information dissemination and interchange among members of the industry, as well as, between the industry and the public. Through competitive procedures, an entity would be selected to provide the following:

Data gathering, as well as, analysis of energy efficient designs for homes. Alaska has a wide range of climates and temperatures, with everything from coastal rain forests to arctic tundra. Energy efficiency designs and technologies for

homes need to address conditions in each of these regions across the state.

Homes with different energy efficiency designs would be monitored for energy usage, comfort levels, durability, occupant health, and economic benefit of efficiency features. Different regions of Alaska would be monitored along with different energy efficiency designs.

Activities should have a high level of effectiveness and success based on three reasons:

1. Programs and projects will be results oriented. Home building is a practical activity. Monitoring research and analysis should seek workable answers to real problems of home building and to real ways to improve homes across Alaska. Future trends and developing technologies need to be considered, with an emphasis on the impact that such trends and technologies will have on the way the homes are actually built.
2. Contact with the real world of home building needs to exist by having some ties to the state home building industry. In addition to a statewide association, local home building associations exist in Anchorage, the Kenai Peninsula, Ketchikan, Juneau, Interior Alaska, Mat-Su, and Kodiak. These associations could provide a grassroots network of cooperating builders. When research is launched, builders would be expected to provide direction on specific questions, technologies, designs, and to cooperate in studies and field tests.
3. Research & analysis flow directly into the building industry and the public. Monitoring results would be expected to help link the research and product development communities with the practitioners who put methods into practice and products into use. The involvement of the building industry is intended to increase builders confidence in the findings. All results and analysis would be publicized and disseminated throughout the housing industry, creating a favorable climate for the adoption of desirable changes.

## 12. State Energy Program (SEP) Special Projects

<b>Historical Category:</b>	Housing / Social Services	
<b>Location:</b>	Statewide	
<b>Election District:</b>	Statewide	
<b>Project Type:</b>	Health and Safety	
<b>Estimated Project Dates:</b>	7/01/2001 – 6/30/2006	
<b>FY2002 Request:</b>	\$30,000	Corporate Receipts
	\$150,000	Federal Receipts
 <b>FY2002 Funding:</b>	 S Corporate Receipts	
	S Federal Receipts	

The purpose of this program is to allow the State to participate in special project grants offered by the Federal Department of Energy to promote energy related technologies and research.

The projected outcomes are advancements in:

- Building technologies;
- Renewable energy for remote areas, and/or
- Codes and Standards;
- Transportation technologies.
- Wind and Power technologies;

State Energy Program (SEP) Special Projects utilizes Federal (DOE) and Corporate match funds for State Energy Program (SEP) special projects such as: building technologies, Codes and Standards, Wind and Power technologies, renewable energy for remote areas or transportation technologies.

#### Funding History:

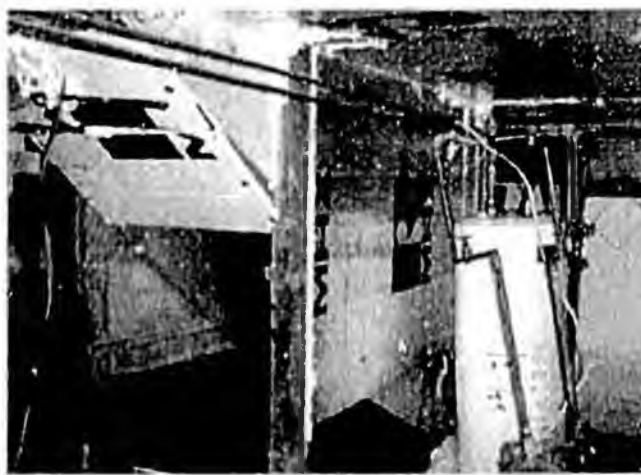
FY2001 150,000 Federal Receipts

FY2001 30,000 Corporate Receipts

Prior funding for this program has been included in past operating budgets under Revised Program (RPL) process.

#### Program Description:

The Department of Energy provides competitive grants to State Energy Programs for specific activities including, building technologies, Codes and Standards, Wind and Power technologies, renewable energy for remote areas, transportation technologies. DOE solicitations for these special projects occur typically in January or February. Awards are made in June. AHFC has been successful in obtaining special projects awards for wind monitoring, codes and standards, and a seafood processing audit program. Approximately \$14 million dollars are made available annually for these types of grants to all states on a competitive basis.



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## 1. Homeless Assistance Program Mental Health Bill

<b>Historical Category:</b>	<b>Housing / Social Services</b>	
<b>Location:</b>	Statewide	
<b>Election District:</b>	Statewide	
<b>Project Type:</b>	Transitional	
<b>Estimated Project Dates:</b>	7/01/2001 – 6/30/2006	
<b>FY2002 Request:</b>	\$250,000	Corporate Receipts
	\$200,000	Mental Health Trust Fund Receipts
<b>FY2002 Funding:</b>	S	Corporate Receipts
	S	Mental Health Trust Fund Receipts

The purpose of this program is to support programs that prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless.

The projected outcomes are:

- Prevent near homeless individuals and families from becoming homeless.
- Provide homeless individuals and families assistance to obtain safe, sanitary shelter.

Homeless Assistance Program utilizes Corporate (AHFC) funds to grant to local communities/agencies to help develop programs to prevent homelessness by providing assistance to families in imminent danger of becoming homeless, or those who are currently homeless. Corporate funds will be matched by Mental Health Trust Authority funds. Both funds will be combined and administered as one program by AHFC.

#### Funding History:

FY2001	\$250,000	Corporate Receipts
FY2001	\$200,000	Mental Health Trust Fund Receipts
FY2000	\$250,000	Corporate Receipts
FY2000	\$200,000	Mental Health Trust Fund Receipts
FY1999	\$250,000	Corporate Receipts
FY1998	\$250,000	Corporate Receipts
FY1997	\$250,000	Corporate Receipts
FY1996	\$250,000	Corporate Receipts (funded under the former Emergency Housing Assistance Program)

#### Program Description:

Established in 1992, this program enables hundreds of homeless and/or near homeless families to obtain or retain safe and sanitary shelter each year. Alaska Mental Health Trust beneficiaries appear to be at a disproportionately higher risk of becoming homeless than other Alaskans. Individuals with mental illness, chronic alcoholism with psychosis, or dual diagnoses are at particularly high risk. The Homeless Assistance Program (HAP) provides grants to assist non-profit organizations, local governments and regional housing authorities in addressing the emergency needs of homeless and near-homeless Alaskans. During the last two competitive rounds, the total amount of HAP grant requests received by AHFC has averaged \$1.5 million annually. The most recent grantees in Fairbanks, Homer, Kodiak, Wasilla, Juneau and

Unalaska have utilized HAP funds to expand shelter facilities, develop supportive transitional housing, provide case management and rental assistance services.

For Fiscal Year 2002, AHFC is requesting authorization for expenditure of Corporate receipts which will be matched by funds from the Mental Health Trust Authority (AMHTA). Both funds will be combined and administered as one program by AHFC.

<b>Applicant</b>	<b>Community</b>	<b>Score</b>	<b>Amount Requested</b>
Salvation Army – Mckinnell Shelter.....	Anchorage.....	91.00 .....	\$216,200
CSS – Brother Francis Shelter.....	Kodiak .....	89.00 .....	\$56,060
CSS – Clare House .....	Anchorage.....	87.75 .....	\$42,228
CSS – Brother Francis Shelter.....	Anchorage.....	86.50 .....	\$24,128
Saint Vincent dePaul .....	Juneau .....	85.75 .....	\$90,300
Unalaskans S.A.F.V. ....	Aleutians .....	85.50 .....	\$36,912
CSS – Brother Francis Shelter.....	Anchorage.....	83.00 .....	\$200,000
Safe & Fear-Free Environment .....	Dillingham .....	80.25 .....	\$20,533
Kids Are People, Inc. ....	Mat-Su .....	79.25 .....	\$294,610
Advocates for Victims of Violence .....	Valdez.....	78.50 .....	\$18,365
Fairbanks Native Association.....	Fairbanks .....	75.50 .....	\$51,398

**Total Qualified Applicant Requests: \$1,050,734**

<b>Applicant</b>	<b>Services Provided</b>
Salvation Army.....	For shelter operations and case management services
CSS – Brother Francis Shelter.....	For homeless prevention and housing placement services
CSS – Clare House .....	For shelter operations and housing placement services
CSS – Brother Francis Shelter.....	For shelter operations and housing placement services
Saint Vincent dePaul .....	For homeless prevention and housing placement services
Unalaskans S.A.F.V. ....	For shelter operations and housing placement services
CSS – Brother Francis Shelter.....	For construction of a new emergency shelter facility
Safe & Fear-Free Environment .....	For renovation of the emergency shelter kitchens
Kids Are People, Inc. ....	For youth shelter operations and case management services
Advocates for Victims of Violence .....	For ADA modifications in the shelter bathrooms
Fairbanks Native Association.....	For emergency shelter upgrades

## 2. Beneficiary and Special Needs Housing Mental Health Bill

Historical Category:	Housing / Social Services	
Location:	Statewide	
Election District:	Statewide	
Project Type:	Health and Safety	
Estimated Project Dates:	7/01/2001 – 6/30/2006	
FY2002 Request:	\$1,500,000	Corporate Receipts
FY2002 Funding:	S	Corporate Receipts

The purpose of this program is to provide funds for Alaskan non-profit service providers and housing developers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska.

**The projected outcomes are:**

- Congregate housing for people with mental illness or developmental disabilities;
- Supportive housing, including assisted living, for people with mental illness, developmental disabilities, or multiple disorders;
- Transitional housing with support services for newly recovering alcoholics and addicts.

Beneficiary & Special Needs Housing utilizes Corporate (AHFC) funds for a continuing program to serve populations with special housing needs. The Department of Health and Social Services (DHSS) and AHFC jointly operate this program. The program provides funds to Alaskan non-profit service providers to increase housing opportunities for Mental Health Trust beneficiaries and other special needs populations throughout the state. The funds will be used for two purposes: housing development and residential accessibility modifications.

**Funding History:**

FY2000	\$1,700,000	Corporate Receipts
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*Prior to FY2000 this program was part of DHSS's Beneficiary and Special Needs Housing Program:*

FY1999	\$1,200,000	Corporate Receipts
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FY1998	\$1,200,000	Corporate Receipts
--------	-------------	--------------------

FY1997	\$1,500,000	Corporate Receipts
--------	-------------	--------------------

FY1996	\$1,200,000	Corporate Receipts
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**Program Description:**

The program provides funds to Alaskan nonprofit service providers and housing developers to increase housing opportunities to Alaska Mental Health Trust beneficiaries and other special needs populations throughout Alaska. In FY02, as in FY01, the funds will continue a demonstration project to divert individuals from institutions into community-based assisted living.

The demand for special needs housing remains critical. The downsizing of and the over-use of institutions requires an immediate solution in finding appropriate housing with supports for individuals with substantial impairments. Additionally, Federal funding for housing remains flat for Alaska. When Congress enacts new housing legislation, Alaska's funding may substantially decline due to formula funding based upon population.

To optimize leveraging of these funds with other Federal grant and tax credit programs and to expedite the release of funding to non-profit housing developers, AHFC will administer these housing development funds. This will also administratively streamline housing development projects, which also intend to borrow money from AHFC. Typically, most special needs housing in Alaska is financed by AHFC. The use of funds will remain a collaborative process among the Trust, AHFC, DHSS, DOC, and the four Boards.

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# Six Year Plan



Capital Budget Estimations for FY2002 Through FY2007  
\*\*\*\* Draft @ December 15, 2000\*\*\*\*

Programs/Projects	Funding Source	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1 Supplemental Housing Development Program	Corporate	\$6,000.0	\$8,000.0	\$9,000.0	\$10,000.0	\$12,000.0	\$12,000.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2 Low Income Weatherization Program	Corporate	\$4,000.0	\$6,000.0	\$7,000.0	\$8,000.0	\$10,000.0	\$10,000.0
	Federal	\$1,400.0	\$1,400.0	\$1,400.0	\$1,400.0	\$1,400.0	\$1,400.0
3 Paxton Manor Replacement	Corporate	\$2,301.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
4 Chugach View Renovation Ph. I & II Anchorage (Senior)	Corporate	\$2,697.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Federal	\$2,000.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
5 Senior Citizens Housing Development Program	Corporate	\$1,472.2	\$10,000.0	\$10,000.0	\$12,000.0	\$12,000.0	\$12,000.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
6 Sr. & Statewide Deferred Maint. & Renovation	Corporate	\$2,000.0	\$2,000.0	\$2,000.0	\$1,000.0	\$500.0	\$500.0
	Federal	\$500.0	\$500.0	\$0.0	\$0.0	\$0.0	\$0.0
7 Pacific Terrace Replacement Phase I & II - Kodiak	Corporate	\$0.0	\$4,200.0	\$4,454.0	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$300.0	\$0.0	\$0.0	\$0.0	\$0.0
8 Sea View Terrace Renovation - Ketchikan (Senior)	Corporate	\$0.0	\$4,567.5	\$0.0	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
9 HUD Capital Fund Program (CFP) formerly (CGP)	Corporate	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Federal	\$3,500.0	\$3,500.0	\$3,500.0	\$3,500.0	\$3,500.0	\$3,500.0
10 HUD Federal HOME Grant Program	Corporate	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0
	Federal	\$3,050.0	\$3,159.0	\$3,212.0	\$3,265.0	\$3,318.0	\$3,371.0
11 Federal & Other Competitive Grants	Corporate	\$1,250.0	\$1,250.0	\$1,250.0	\$1,250.0	\$1,250.0	\$1,250.0
	Federal	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
12 Competitive Grants for Public Housing	Corporate	\$250.0	\$250.0	\$250.0	\$250.0	\$250.0	\$250.0
	Federal	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0
13 Community Project Retrofit	Corporate	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
14 Energy Efficiency Monitoring Research	Corporate	\$100.0	\$750.0	\$1,000.0	\$1,000.0	\$1,500.0	\$2,000.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
15 State Energy Program (SEP) Special Projects	Corporate	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0
	Federal	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0
16 Emergency Housing Assistance	Corporate	\$0.0	\$750.0	\$750.0	\$750.0	\$750.0	\$750.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
1 MHI - Homeless Assistance Program	Corporate	\$200.0	\$800.0	\$800.0	\$800.0	\$800.0	\$800.0
	MHIF	\$200.0	\$200.0	\$200.0	\$200.0	\$200.0	\$200.0
2 MHI - Beneficiary & Special Needs Housing	Corporate	\$1,500.0	\$2,100.0	\$2,200.0	\$2,300.0	\$2,400.0	\$2,400.0
	MHIF	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
3 MHI - Housing Modification Program - Special Needs	Corporate	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0
	MHIF	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0	\$150.0
a Sunset View Renovation (Senior)	Corporate	\$0.0	\$0.0	\$2,955.6	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
c Central Terrace/Fairmont - Ph. III - VII	Corporate	\$0.0	\$2,900.0	\$2,740.0	\$1,423.4	\$0.0	\$0.0
	Federal	\$0.0	\$50.0	\$0.0	\$2,301.6	\$0.0	\$0.0
d Glacier View Renovation - Seward (Senior)	Corporate	\$0.0	\$2,500.0	\$0.0	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
e Chugach Manor Renovation Phase I & II - Anchorage (Sr.)	Corporate	\$0.0	\$1,000.0	\$1,000.0	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Corporate	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	Federal	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Corporate Funded Capital Budget:</b>	Corporate	\$22,260.2	\$19,517.5	\$18,277.6	\$19,655.4	\$42,130.0	\$42,830.0
<b>Total Federal Funded Capital Budget:</b>	Federal	\$14,350.0	\$13,159.0	\$12,012.0	\$14,266.6	\$12,118.0	\$12,118.0
<b>Total MHIF Funded Capital Budget:</b>	MHIF	\$350.0	\$350.0	\$350.0	\$350.0	\$350.0	\$350.0
<b>Total AHFC's Project Capital Budget:</b>		\$35,000.2	\$30,036.5	\$28,639.6	\$31,370.0	\$54,798.0	\$55,298.0
<b>AHFC Funding for Other State Projects</b>							
19 Water Sewer Waste (DCU) Pioneer Home Other	Corporate	\$28,999.8	\$2,452.5	\$3,722.1	\$12,246.6	\$9,670.0	\$9,170.0
<b>Transfer Type Funding</b>							
20 T-UT Student Hsg D&M Services (FY1999 - FY2004)	Corporate	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0	\$1,000.0
21 State Capital Project Bonds (FY1999 - FY2008)	Corporate	\$11,000.0	\$80,000.0	\$80,000.0	\$5,718.0	\$80,000.0	\$80,000.0
22 State Debt Retirement Fund	Corporate	\$6,000.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total AHFC Funding</b>	Corporate	\$103,000.0	\$107,000.0	\$103,000.0	\$107,000.0	\$103,000.0	\$103,000.0
<b>Total AHFC Funding Capital Over/Under</b>	Corporate	\$103,000.0	\$107,000.0	\$103,000.0	\$107,000.0	\$103,000.0	\$103,000.0
	Corporate	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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	Governor's				Legislature's					
	FY2002 Capital Budget Request				FY2002 Capital Budget					
	@ December 15, 2000				@ December 15, 2000					
	Federal	Other	Copy	Total	Federal	Other	Copy	Total	Diff	
<b>Programs/Projects</b>										
1			\$4,000.0	\$6,000.0						
2	\$1,400.0		\$4,000.0	\$5,400.0						
3			\$2,401.0	\$2,401.0						
4	\$2,000.0		\$2,697.0	\$4,697.0						
5			\$1,472.2	\$1,472.2						
6	\$500.0		\$2,000.0	\$2,500.0						
7	\$0.0		\$0.0	\$0.0						
8			\$0.0	\$0.0						
9	\$3,500.0			\$3,500.0						
10	\$3,050.0		\$750.0	\$3,800.0						
11	\$3,000.0		\$1,250.0	\$4,250.0						
12	\$750.0		\$250.0	\$1,000.0						
13			\$0.0	\$0.0						
14			\$300.0	\$300.0						
15	\$150.0		\$0.0	\$180.0						
16			\$0.0	\$0.0						
1		\$200.0	\$250.0	\$450.0						
2			\$1,500.0	\$1,500.0						
<b>Total AHFC's Capital Project Budget:</b>										
	\$14,350.0	\$200.0	\$22,900.2	\$37,450.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
<b>AHFC Funding for Other State Projects</b>										
3		\$150.0	\$100.0	\$250.0						
			\$0.0	\$0.0						
			\$0.0	\$0.0						
<b>Water Sewer Waste (DEC) &amp; Other</b>										
			\$28,999.8	\$28,999.8						
			\$0.0	\$0.0						
			\$0.0	\$0.0						
			\$0.0	\$0.0						
			\$0.0	\$0.0						
			\$0.0	\$0.0						
<b>Total AHFC Capital Project Funding:</b>										
	\$14,350.0	\$350.0	\$23,000.0	\$37,700.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
<b>Transfer Type Funding</b>										
CAA Student Loan Debt Service (FY1999 - FY2004)										
			\$1,000.0	\$1,000.0			\$1,000.0	\$1,000.0	\$0.0	
State Capital Project Bonds (FY1992 - FY2000)										
			\$4,000.0	\$4,000.0			\$4,000.0	\$4,000.0	\$0.0	
State Debt Retirement Fund										
			\$6,000.0	\$6,000.0			\$6,000.0	\$6,000.0	\$0.0	
<b>Total Other (Transfer Type) Funding:</b>										
	\$0.0	\$0.0	\$11,000.0	\$11,000.0	\$0.0	\$0.0	\$11,000.0	\$11,000.0	\$0.0	
<b>Total AHFC Funding:</b>										
	\$14,350.0	\$350.0	\$34,000.0	\$48,700.0	\$0.0	\$0.0	\$11,000.0	\$59,700.0	\$0.0	
<b>Total AHFC Funding (cap. &amp; op. projects)</b>										
			\$0.0	\$0.0			\$11,000.0	\$11,000.0	\$0.0	

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		FY 2001 Draft Capital Budget Proposal				SH192, HH312, HH313 & HH281				
		@ December 15, 1999				FY2001 Capital Budget				
		Federal	Other	Corp.	Total	Federal	Other	Corp.	Total	Diff
<b>Programs/Projects</b>										
1	Supplemental Housing Development Program			\$6,000.0	\$6,000.0			\$3,900.0	\$3,900.0	(\$2,100.0)
2	Low Income Weatherization Program	\$1,400.0		\$4,000.0	\$5,400.0	\$1,400.0		\$2,000.0	\$3,400.0	(\$2,000.0)
3	Senior Citizens Housing Development Program			\$2,253.5	\$2,253.5			\$2,253.5	\$2,253.5	\$0.0
4	Sr. & Statewide Deferred Maint. & Renovation	\$500.0		\$2,000.0	\$2,500.0	\$500.0	\$800.0	\$1,022.2	\$2,322.2	(\$177.8)
5	Evak Manor Renovation - Cordova			\$1,600.0	\$1,600.0		\$1,600.0	\$0.0	\$1,600.0	\$0.0
6	Central Terrace/Fairmont - Ph. III			\$2,072.0	\$2,072.0			\$715.0	\$715.0	(\$1,357.0)
7	Clungach View Renovation Ph. I - Anch (Senior)	\$2,000.0		\$2,000.0	\$4,000.0	\$2,000.0	\$2,000.0	\$0.0	\$4,000.0	\$0.0
8	Sea View Terrace Renovation - Ketchikan (Senior)			\$600.0	\$600.0			\$0.0	\$0.0	(\$600.0)
9	HUD Capital Fund Program (CFP) formerly (CGP)	\$3,500.0		\$3,500.0	\$3,500.0	\$3,500.0		\$3,500.0	\$3,500.0	\$0.0
10	HUD Federal HOME Grant Program	\$3,053.0		\$750.0	\$3,803.0	\$3,053.0		\$750.0	\$3,803.0	\$0.0
11	Federal & Other Competitive Grants	\$1,500.0		\$1,250.0	\$2,750.0	\$1,500.0		\$1,000.0	\$2,500.0	(\$250.0)
12	Competitive Grants for Public Housing	\$750.0		\$250.0	\$1,000.0	\$750.0		\$250.0	\$1,000.0	\$0.0
13	Energy Efficiency Monitoring Research	\$500.0		\$450.0	\$950.0	\$500.0		\$450.0	\$950.0	\$0.0
14	Builder & Rater Education Program			\$200.0	\$200.0			\$0.0	\$0.0	(\$200.0)
15	State Energy Program (SEP) Special Projects	\$150.0		\$30.0	\$180.0	\$150.0		\$30.0	\$180.0	\$0.0
16	Homeless Assistance Program		\$200.0	\$250.0	\$450.0		\$200.0	\$250.0	\$450.0	\$0.0
17	Beneficiary & Special Needs Housing			\$1,500.0	\$1,500.0			\$1,500.0	\$1,500.0	\$0.0
<b>Total AHFC's Capital Project Budget:</b>		<b>\$13,353.0</b>	<b>\$1,000.0</b>	<b>\$25,205.5</b>	<b>\$39,558.5</b>	<b>\$13,353.0</b>	<b>\$4,600.0</b>	<b>\$24,120.7</b>	<b>\$32,073.7</b>	<b>(\$6,654.8)</b>
<b>AHFC Funding for Other State Projects</b>										
18	Housing Modification Program - Special Needs		\$150.0	\$100.0	\$250.0		\$150.0	\$100.0	\$250.0	\$0.0
19	Fbks Reopen Falckenkamp Residential Facility			\$395.0	\$395.0			\$395.0	\$395.0	\$0.0
20	API Stop Gap Repairs			\$154.5	\$154.5			\$154.5	\$154.5	\$0.0
21	Water Sewer Waste (DEE)			\$24,306.9	\$24,306.9			\$27,400.3	\$27,400.3	\$3,093.4
22	Pioneer Homes (DDA)			\$1,318.1	\$1,318.1			\$600.0	\$600.0	(\$718.1)
23	Dept. of Corrections							\$1,160.0	\$1,160.0	\$1,160.0
24	Dept. of Education							\$217.6	\$217.6	\$217.6
25	Dept. of Health & Social Services							\$6,114.4	\$6,114.4	\$6,114.4
26	University of Alaska							\$1,607.6	\$1,607.6	\$1,607.6
<b>Total AHFC Capital Project Funding:</b>		<b>\$13,353.0</b>	<b>\$150.0</b>	<b>\$25,000.0</b>	<b>\$38,703.0</b>	<b>\$13,353.0</b>	<b>\$4,750.0</b>	<b>\$22,700.0</b>	<b>\$28,103.0</b>	<b>\$4,600.0</b>
<b>Transfer Type Funding</b>										
27	UAA Student Hsg. Debt Service (FY1999 - FY2004)			\$1,000.0	\$1,000.0			\$1,000.0	\$1,000.0	\$0.0
28	State Capital Project Bonds (FY1999 - FY2004)			\$14,992.5	\$14,992.5			\$14,992.5	\$14,992.5	\$0.0
29	State Debt Retirement Fund			\$15,007.5	\$15,007.5			\$15,007.5	\$15,007.5	\$0.0
<b>Total Other (Transfer Type) Funding:</b>		<b>\$0.0</b>	<b>\$0.0</b>	<b>\$17,000.0</b>	<b>\$17,000.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$17,000.0</b>	<b>\$17,000.0</b>	<b>\$0.0</b>
<b>Total AHFC Funding:</b>		<b>\$13,353.0</b>	<b>\$150.0</b>	<b>\$42,000.0</b>	<b>\$55,703.0</b>	<b>\$13,353.0</b>	<b>\$4,750.0</b>	<b>\$39,700.0</b>	<b>\$45,103.0</b>	<b>\$4,600.0</b>
<b>Total AHFC Funding Cap. Over (Under):</b>					<b>\$0.0</b>			<b>\$0.0</b>		

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Governor's

FY2000 CAPITAL BUDGET Request  
Draft @ December 15, 1998

SB 32 / HB50/HB51/HB52  
@ May 18, 1999

	FY2000 CAPITAL BUDGET Request Draft @ December 15, 1998				SB 32 / HB50/HB51/HB52 @ May 18, 1999				
	Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
1 Supplemental Housing Development Program			\$9,000.0	\$9,000.0			\$3,868.0	\$3,868.0	(\$5,132.0)
2 Low Income Weatherization Program	\$1,400.0		\$4,000.0	\$5,400.0	\$1,400.0		\$1,000.0	\$2,400.0	(\$3,000.0)
3 Senior Citizens Housing Development Program			\$4,000.0	\$4,000.0			\$0.0	\$0.0	(\$4,000.0)
3a Talkeetna Senior Housing			\$0.0	\$0.0			\$278.0	\$278.0	\$278.0
4 Parkview Manor Renovation Ph. II - Anchorage			\$3,000.0	\$3,000.0			\$3,000.0	\$3,000.0	\$0.0
5 Mountain View - Juneau Phase II (Senior Units)			\$3,917.0	\$3,917.0			\$3,917.0	\$3,917.0	\$0.0
6 Sr. & Statewide Deferred Maint. & Renovation	\$500.0		\$3,500.0	\$4,000.0	\$500.0		\$1,690.5	\$2,190.5	(\$1,809.5)
7 Riverbend Multi Purpose Building			\$500.0	\$500.0			\$0.0	\$0.0	(\$500.0)
8 HUD Comprehensive Grant Program (CGP)	\$2,800.0		\$0.0	\$2,800.0	\$2,800.0		\$0.0	\$2,800.0	\$0.0
9 Public Housing Environ. Cleanup/Abatement			\$303.0	\$303.0			\$303.0	\$303.0	\$0.0
10 Central Terrace Fairmount - Ph. III			\$724.0	\$724.0			\$0.0	\$0.0	(\$724.0)
11 Southall Manor Renovation			\$4,715.0	\$4,715.0			\$4,715.0	\$4,715.0	\$0.0
12 HUD Federal HOME Grant Program	\$3,000.0		\$50.0	\$3,050.0	\$3,600.0		\$50.0	\$3,650.0	\$0.0
13 Federal & Other Competitive Grants	\$1,500.0		\$1,250.0	\$2,750.0	\$1,500.0		\$50.0	\$2,250.0	(\$500.0)
14 Competitive Grants for Public Housing	\$50.0		\$250.0	\$300.0	\$50.0		\$250.0	\$300.0	\$0.0
15 Energy Efficiency Monitoring Research			\$150.0	\$150.0			\$0.0	\$0.0	(\$150.0)
16 Bulder & Rater Education Program			\$300.0	\$300.0			\$0.0	\$0.0	(\$300.0)
17a Homeless Assistance Program	Memorial Health Bill	\$200.0	\$250.0	\$450.0		\$200.0	\$250.0	\$450.0	\$0.0
18a Beneficiary & Special Needs Housing	Memorial Health Bill		\$1,700.0	\$1,700.0			\$1,700.0	\$1,700.0	\$0.0
<b>Total FY2000 AHFC's Project Capital Budget:</b>	<b>\$9,950.0</b>	<b>\$200.0</b>	<b>\$38,609.0</b>	<b>\$48,659.0</b>	<b>\$9,950.0</b>	<b>\$200.0</b>	<b>\$22,471.5</b>	<b>\$32,621.5</b>	<b>(\$16,037.5)</b>
<b>AHFC Funding for Other State Projects</b>									
19a								\$0.0	\$0.0
19a	Memorial Health Bill		\$250.0	\$250.0			\$250.0	\$250.0	\$0.0
20			\$18,241.0	\$18,241.0			\$29,916.8	\$29,916.8	\$16,675.8
21			\$1,000.0	\$1,000.0			\$1,000.0	\$1,000.0	\$0.0
<b>Total AHFC Capital Project Funding:</b>	<b>\$9,950.0</b>	<b>\$200.0</b>	<b>\$41,000.0</b>	<b>\$48,350.0</b>	<b>\$9,950.0</b>	<b>\$200.0</b>	<b>\$51,438.3</b>	<b>\$61,788.3</b>	<b>\$13,438.3</b>
<b>Transfer Type Funding</b>									
22			\$18,000.0	\$18,000.0			\$18,000.0	\$18,000.0	\$0.0
23			\$17,444.0	\$17,444.0			\$17,444.0	\$17,444.0	\$0.0
24			\$14,350.0	\$14,350.0			\$14,350.0	\$14,350.0	\$0.0
25							\$0.0	\$0.0	\$0.0
<b>Total (Other (Transfer Type) Funding:</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$50,000.0</b>	<b>\$50,000.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$50,000.0</b>	<b>\$50,000.0</b>	<b>\$0.0</b>
<b>Total AHFC FY2000 Funding:</b>	<b>\$9,950.0</b>	<b>\$200.0</b>	<b>\$101,000.0</b>	<b>\$118,659.0</b>			<b>\$101,438.3</b>		
<b>Total AHFC FY2000 Funding Cap:</b>			<b>\$101,000.0</b>				<b>\$101,438.3</b>		
<b>Over (Under)</b>			<b>\$0.0</b>				<b>\$0.0</b>		

\* Includes PMA Inflation Point

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Governor's

**FY99 CAPITAL BUDGET Request**  
 @ December 15, 1997

**SB 231 / HB 326 / HB 325**  
 @ June 23, 1998

Programs/Projects	FY99 CAPITAL BUDGET Request				SB 231 / HB 326 / HB 325				
	Federal	Other	Corp	Total	Federal	Other	Corp	Total	Diff
1 Supplemental Housing Development Grant			\$9,000.0	\$9,000.0			\$4,000.0	\$4,000.0	(\$5,000.0)
2 Central Terrace Fairmount - Ph. II	\$1,300.0		\$864.0	\$2,164.0	\$1,300.0		\$0.0	\$1,300.0	(\$864.0)
3 AHFC Mainframe Software - Upgrade/Replace	\$250.0		\$165.0	\$415.0	\$250.0		\$165.0	\$415.0	\$0.0
4 Low Income Weatherization	\$1,200.0		\$6,900.0	\$8,100.0	\$4,200.0	(Other - Budget Program 10,000.0)	\$1,000.0	\$5,200.0	(\$2,900.0)
5 Sr. & Statewide Deferred Maint. & Renovation	\$450.0		\$1,700.0	\$2,150.0	\$450.0		\$1,000.0	\$1,450.0	(\$670.0)
6 Senior Citizens Housing Development Program			\$2,050.0	\$2,050.0			\$2,050.0	\$2,050.0	\$0.0
7 Homeless Assistance Program			\$1,250.0	\$1,250.0			\$250.0	\$250.0	(\$1,000.0)
8 HUD Comprehensive Grant Program	\$2,900.0			\$2,900.0	\$2,900.0			\$2,900.0	\$0.0
9 HUD Federal HOME Grant	\$1,000.0		\$750.0	\$1,750.0	\$1,000.0		\$750.0	\$1,750.0	\$0.0
10 Public Housing Environ. Cleanup/Abatement			\$1,000.0	\$1,000.0		\$1,000.0	\$0.0	\$1,000.0	\$0.0
11 Mountain View - Juneau - Phase I (Senior Units)			\$2,120.0	\$2,120.0			\$2,120.0	\$2,120.0	\$0.0
12 Parkview Manor - Anchorage	\$1,000.0		\$2,500.0	\$3,500.0	\$1,000.0		\$2,500.0	\$3,500.0	\$0.0
13 Energy Conservation Retrofit			\$500.0	\$500.0			\$0.0	\$0.0	(\$500.0)
14a Federal & Other Competitive Grants	\$1,000.0		\$1,250.0	\$2,250.0	\$1,000.0		\$500.0	\$1,500.0	(\$750.0)
14b Transitional Housing			\$250.0	\$250.0			\$0.0	\$0.0	(\$250.0)
15 Competitive Grants for Public Housing	\$750.0		\$250.0	\$1,000.0	\$750.0		\$250.0	\$1,000.0	\$0.0
16 Oil Overcharge Settlement (PVE)	\$2,500.0			\$2,500.0	\$0.0			\$0.0	(\$2,500.0)
17 Alaska Craftman & Home Energy Rating Prog.			\$450.0	\$450.0			\$500.0	\$500.0	(\$50.0)
<b>Total FY99 AHFC's Project Capital Budget:</b>	<b>\$16,150.0</b>	<b>\$0.0</b>	<b>\$12,599.0</b>	<b>\$48,749.0</b>	<b>\$16,850.0</b>	<b>\$1,000.0</b>	<b>\$14,889.0</b>	<b>\$32,739.0</b>	<b>(\$16,214.0)</b>
<b>AHFC Funding for Other State Projects</b>									
18 Beneficiary & Spec. Needs Hg. Prog (DHSD)			\$7,000.0	\$7,000.0			\$7,000.0	\$7,000.0	(\$0.0)
19 Pioneer Homes Domestic Units (DOA)			\$200.0	\$200.0			\$200.0	\$200.0	\$0.0
20 Vocational Assist Home Modifications (DOE)			\$750.0	\$750.0			\$700.0	\$700.0	(\$50.0)
21 Pioneer Homes Health on Duty Repairs (DOA)			\$700.0	\$700.0			\$0.0	\$0.0	(\$700.0)
22 Water/Sewer/Water (DEC)			\$18,151.0	\$18,151.0			\$18,793.0	\$18,793.0	\$642.0
23 Electronic Access to Property Files (DEC)			\$200.0	\$200.0			\$0.0	\$0.0	(\$200.0)
24 Forestry Office Equipment (DNR)			\$0.0	\$0.0			\$750.0	\$750.0	\$750.0
25 Emergency and Non-Routine Repairs (DOT/FF)			\$0.0	\$0.0			\$500.0	\$500.0	\$500.0
26 University (Statewide Museum) (UAI)			\$0.0	\$0.0			\$500.0	\$500.0	\$500.0
27 Boys and Girls Club (DOA)			\$0.0	\$0.0			\$200.0	\$200.0	\$200.0
28 Home's Fire Truck (DOA)			\$0.0	\$0.0			\$750.0	\$750.0	\$750.0
29 2036 Rural Hse			\$0.0	\$0.0			\$77,448.0	\$77,448.0	\$77,448.0
30 UAA Student Hg. Debt Service (2001 FY99)			\$7,000.0	\$7,000.0			\$7,000.0	\$7,000.0	\$0.0
Debt Service by FY99 Capital Projects			\$0.0	\$0.0			\$7,000.0	\$7,000.0	\$7,000.0
Remainder to Transfer			\$10,000.0	\$10,000.0			\$7,000.0	\$7,000.0	(\$3,000.0)
<b>Total FY99 Other Funding:</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$7,000.0</b>	<b>\$7,000.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$30,113.0</b>	<b>\$30,113.0</b>	<b>\$23,113.0</b>
<b>Total AHFC FY99 Funding:</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$19,599.0</b>	<b>\$65,749.0</b>	<b>\$0.0</b>	<b>\$1,000.0</b>	<b>\$14,902.0</b>	<b>\$36,902.0</b>	<b>(\$28,847.0)</b>
<b>Total AHFC FY99 Funding:</b>			<b>\$10,000.0</b>	<b>\$10,000.0</b>			<b>\$10,000.0</b>	<b>\$10,000.0</b>	<b>\$0.0</b>
Grand Totals:			<b>\$0.0</b>	<b>\$0.0</b>			<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>

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February 27, 1997

July 1, 1997

	FY98 CAPITAL BUDGET REQUEST					FY98 CAPITAL BUDGET HB 75, HB 76 & SB107				
	Federal	State	Corp	Corp Match	Total	Federal	State	Corp	Total	Diff
1 Central Terrace Fairmount Rec Center - Ph 1			\$1,500.0		\$1,500.0			\$1,500.0	\$1,500.0	\$0.0
2 AHFC Computer Mainframe - Renovation			\$350.0		\$350.0			\$104.2	\$104.2	(\$245.8)
3 Homeless Assistance Program			\$750.0		\$750.0			\$750.0	\$750.0	(\$500.0)
4 Low Income Weatherization	\$1,200.0		\$6,527.5		\$7,727.5	\$1,200.0		\$4,000.0	\$5,200.0	(\$2,527.5)
5 Supplemental Housing Development Program			\$8,000.0	\$8,000.0	\$8,000.0			\$6,000.0	\$6,000.0	(\$2,000.0)
6 Public Housing Environmental Cleanup/Abates			\$1,000.0		\$1,000.0			\$500.0	\$500.0	(\$500.0)
7 Senior and Statewide Deferred Maintenance	\$500.0		\$2,000.0		\$2,500.0	\$500.0		\$1,000.0	\$1,500.0	(\$1,000.0)
10 Spruce Park Renovation - Fashbark	\$350.0		\$7,000.0		\$7,350.0	\$350.0		\$7,000.0	\$7,350.0	\$0.0
11 Senior Citizens Housing Development Program			\$2,300.0		\$2,300.0			\$0.0	\$0.0	(\$2,300.0)
Elder Services, Inc								\$200.0	\$200.0	\$200.0
Homer Seniors, Inc								\$201.7	\$201.7	\$201.7
North Pole Seniors, Inc								\$625.0	\$625.0	\$625.0
Palmer Senior Citizens, Inc								\$675.0	\$675.0	\$675.0
12 HUD Comprehensive Grant Program	\$3,100.0				\$3,100.0	\$3,100.0			\$3,100.0	\$0.0
13 HUD Federal HOME Grant	\$3,000.0		\$750.0	\$750.0	\$3,750.0	\$3,000.0		\$750.0	\$3,750.0	\$0.0
14 Federal & Other Competitive Grants	\$3,000.0		\$1,500.0	\$2,000.0	\$4,500.0	\$3,000.0		\$500.0	\$3,500.0	(\$1,000.0)
15 Oil Overcharge Settlement (PVE)	\$2,500.0	Other			\$2,500.0	\$0.0			\$0.0	(\$2,500.0)
16 Competitive Grants for Public Housing	\$2,000.0		\$1,000.0	\$1,000.0	\$3,000.0	\$2,000.0		\$250.0	\$2,250.0	(\$750.0)
17 Energy Conservation Refracts			\$530.0		\$530.0			\$450.0	\$450.0	(\$80.0)
18 Alaska Craftsman Home Program			\$300.0		\$300.0			\$0.0	\$0.0	(\$300.0)
19 Energy Rated Homes of Alaska Program			\$300.0		\$300.0			\$0.0	\$0.0	(\$300.0)
<b>Total FY98 AHFC's Project Capital Budget</b>	<b>\$16,137.0</b>	<b>\$0.0</b>	<b>\$14,007.5</b>	<b>\$0.0</b>	<b>\$30,144.5</b>	<b>\$14,210.0</b>	<b>\$0.0</b>	<b>\$24,214.0</b>	<b>\$38,452.0</b>	<b>(\$12,493.5)</b>
<b>Other Agency Funding</b>										
DHSS - Poverty & Spec Needs Hrg Program			\$1,000.0		\$1,000.0			\$1,000.0	\$1,000.0	(\$0.0)
DCA - Pioneer Homes Demolition Unit			\$50.0		\$50.0			\$50.0	\$50.0	(\$0.0)
DHSS - Home Outlets			\$200.0		\$200.0			\$200.0	\$200.0	(\$0.0)
DHSS - Trust Repairs			\$150.0		\$150.0			\$150.0	\$150.0	(\$0.0)
DHSS - General Relief Assistance								\$500.0	\$500.0	(\$500.0)
Municipal Meeting Grants								\$1,000.0	\$1,000.0	(\$1,000.0)
Dept of Administration								\$200.0	\$200.0	(\$200.0)
Dept of Commerce & Economic Development								\$75.0	\$75.0	(\$75.0)
Dept of Community & Regional Affairs								\$200.0	\$200.0	(\$200.0)
Dept of Education								\$500.0	\$500.0	(\$500.0)
DCH Housing Satisfaction Program			\$14,000.0		\$14,000.0			\$14,000.0	\$14,000.0	(\$0.0)
Dept of Health & Social Services								\$2,100.0	\$2,100.0	(\$2,100.0)
DHSS - Johnson Food Center								\$1,500.0	\$1,500.0	(\$1,500.0)
Dept of Military & Veteran Affairs								\$1,500.0	\$1,500.0	(\$1,500.0)
Dept of Natural Resources								\$1,500.0	\$1,500.0	(\$1,500.0)
Dept of Transportation								\$7,100.0	\$7,100.0	(\$7,100.0)
University of Alaska								\$50.0	\$50.0	(\$50.0)
Legislature								\$30.0	\$30.0	(\$30.0)
Pioneer Homes Renovation, Repair & Maintenance			\$50.0		\$50.0				\$0.0	(\$50.0)
DCR - MHC Reports, Promotions and Equipment			\$50.0		\$50.0				\$0.0	(\$50.0)
DCR - AHFC Roof Repair			\$50.0		\$50.0				\$0.0	(\$50.0)
DCR - Financial Rehab Home Audit - Totals			\$50.0		\$50.0				\$0.0	(\$50.0)
<b>Total FY98 Other Agency Funding</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$18,125.0</b>	<b>\$0.0</b>	<b>\$18,125.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$18,250.0</b>	<b>\$18,250.0</b>	<b>\$0.0</b>
<b>Import Transfers of AHFC Funds</b>										
Project Transfer for Funding Community to State			\$10,000.0		\$10,000.0			\$10,000.0	\$10,000.0	\$0.0
State Mortgage Insurance Fund Transfer								\$21,000.0	\$21,000.0	\$0.0
HAA Shared Hrg Costs Service (Start FY97)					\$0.0				\$0.0	\$0.0
<b>Total FY98 Capital Budget and Transfers</b>	<b>\$16,137.0</b>	<b>\$0.0</b>	<b>\$14,007.5</b>	<b>\$0.0</b>	<b>\$30,144.5</b>	<b>\$14,210.0</b>	<b>\$0.0</b>	<b>\$24,214.0</b>	<b>\$38,702.0</b>	<b>(\$7,493.5)</b>
<b>FY97 Supplemental Appropriations</b>										
Alaska Craftsman Home Program								\$0.0	\$0.0	\$0.0
Energy Rated Homes of Alaska Program								\$0.0	\$0.0	\$0.0
<b>Grand Total FY98 Legislation</b>	<b>\$16,137.0</b>	<b>\$0.0</b>	<b>\$14,007.5</b>	<b>\$0.0</b>	<b>\$30,144.5</b>	<b>\$14,210.0</b>	<b>\$0.0</b>	<b>\$24,214.0</b>	<b>\$38,702.0</b>	<b>(\$7,493.5)</b>
<b>FY98 Legislative Cap on Corporate Funds</b>										
Revolving Funds Under the Legislative Cap			\$10,000.0		\$10,000.0			\$10,000.0	\$10,000.0	\$0.0

\* Includes Interest Rates, Payroll & Social Security & PFR Lockbox Funds

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(Released 1/31/95)

© June 7, 1996 & May 14, 1997 (SB 107)

	FY97 CAPITAL BUDGET REQUEST					FY97 CAPITAL BUDGET SB 136 & CS 1005 - June 6, 1996				
	Federal	Other	Corp	Corp Match	Total	Federal	Other	Corp	Total	Diff
1 Riverbend Construction	\$69		\$3,284.3		\$3,291.2	\$69		\$3,284.3	\$3,291.2	\$0.0
2 Golden Towers Renovation			\$6,093.5		\$6,093.5			\$6,093.5	\$6,093.5	\$0.0
3 Low Income Weatherization	\$1,800.0		\$8,500.0		\$10,300.0	\$500.0		\$6,500.0	\$7,000.0	(\$3,300.0)
4 Supplemental Housing Development Fund	\$50,000.0*		\$10,235.0	* \$10,000.0	\$10,235.0			\$7,000.0	\$7,000.0	(\$3,235.0)
5 DEC housing Sanitation Program			\$7,030.0		\$7,030.0			\$15,116.0	\$15,116.0	\$8,086.0
6 Environmental Cleanup/Abatement			\$1,000.0		\$1,000.0			\$500.0	\$500.0	(\$500.0)
7 Senior and Statewide Deferred Maintenance	\$1,000.0		\$3,026.0		\$4,026.0	\$1,000.0		\$1,000.0	\$2,000.0	(\$2,026.0)
8 Senior Citizens Housing Development Program			\$3,567.0		\$3,567.0			\$1,750.0	\$1,750.0	(\$1,817.0)
9 Homeless Assistance Program			\$1,200.0		\$1,200.0			\$250.0	\$250.0	(\$950.0)
10 HUD Comprehensive Grant Program	\$3,521.6				\$3,521.6	\$3,521.6			\$3,521.6	\$0.0
11 HUD Federal HOME Grant	\$3,000.0		\$750.0	* \$750.0	\$3,750.0	\$3,000.0		\$750.0	\$3,750.0	\$0.0
12 Federal Competitive Grants	\$3,000.0		\$1,000.0		\$4,000.0	\$3,000.0		\$1,000.0	\$4,000.0	\$0.0
13 Federal Competitive Grants - Public Housing	\$2,500.0		\$500.0		\$3,000.0	\$2,500.0		\$500.0	\$3,000.0	\$0.0
14 Energy Conservation Retrofit			\$500.0		\$500.0			\$450.0	\$450.0	(\$50.0)
15 DHSS Beneficiary & Spec Needs Hsg Program	Mental Health	\$250.0	\$1,500.0		\$1,750.0	Mental Health	\$0.0	\$1,500.0	\$1,500.0	(\$250.0)
16 Oil Overcharge Settlement (PVE)	\$3,000.0	Drugs			\$3,000.0	\$600.0	Drugs		\$600.0	(\$2,400.0)
17 Other Competitive Grants			\$500.0		\$500.0			\$0.0	\$0.0	(\$500.0)
18 AHFC Computer Mainframe - Renovation			\$330.0		\$330.0			\$0.0	\$0.0	(\$330.0)
19 AHFC Telephone System Replacement			\$380.0		\$380.0			\$300.0	\$300.0	(\$80.0)
20 Pre-Development Grant			\$500.0		\$500.0			\$0.0	\$0.0	(\$500.0)
21 Statewide Housing Needs Assessment Study			\$100.0		\$100.0			\$0.0	\$0.0	(\$100.0)
22 Statewide Research & Testing			\$100.0		\$100.0			\$0.0	\$0.0	(\$100.0)
23 Alaska Coalition on Housing & Homelessness			\$150.0		\$150.0			\$0.0	\$0.0	(\$150.0)
24 Statewide Housing Forum			\$60.0		\$60.0			\$0.0	\$0.0	(\$60.0)
25 Pioneer Homes Renovation, Repair & Modification	Mental Health	\$271.9	\$2,589.3		\$2,861.2	Mental Health	\$0.0	\$2,589.3	\$2,589.3	(\$271.9)
26 Bethel Sea Wall								\$1,615.0	\$1,615.0	\$1,615.0
27 Valdez - Harborview Study								\$250.0	\$250.0	\$250.0
Total Corp Match (Included in Corp Funding)				* \$10,750.0						
<b>Total FY97 Capital Budget</b>	<b>\$17,820.5</b>	<b>\$521.9</b>	<b>\$52,895.1</b>		<b>\$71,245.5</b>	<b>\$14,120.5</b>	<b>\$0.0</b>	<b>\$50,440.1</b>	<b>\$64,576.6</b>	<b>(\$6,668.9)</b>
<b>Direct Transfers of AHFC Funds</b>										
Direct Transfer (including Dividend) to State			\$50,000.0		\$50,000.0			\$50,000.0	\$50,000.0	\$0.0
UAA Student Hsg Debt Service (Start FY99)					\$0.0				\$0.0	\$0.0
<b>Total FY97 Capital Budget and Transfers</b>	<b>\$17,820.5</b>	<b>\$521.9</b>	<b>\$102,895.1</b>		<b>\$121,245.5</b>	<b>\$14,120.5</b>	<b>\$0.0</b>	<b>\$100,440.1</b>	<b>\$114,576.6</b>	<b>(\$6,668.9)</b>
<b>FY96 Legislative Budget &amp; Audit</b>										
<b>FY97 Supplemental Appropriations</b>										
Designated Grants								\$600.0		
Carryforward to FY98 Appropriations								\$1,951.9		
<b>FY97 Legislative Budget &amp; Audit</b>										
<b>Grand Total FY97 Legislation</b>	<b>\$17,820.5</b>	<b>\$521.9</b>	<b>\$102,895.1</b>		<b>\$121,245.5</b>	<b>\$14,120.5</b>	<b>\$0.0</b>	<b>\$100,000.0</b>	<b>\$114,576.6</b>	<b>(\$6,668.9)</b>
<b>FY97 Legislative Cap on Corporate Funds</b>								<b>\$100,000.0</b>		
<b>Remaining Funds Under the Legislative Cap</b>								<b>\$0.0</b>		

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**Tobacco Settlement Payment Securitization**  
**March, 2001**



**State of Alaska**

**3-29-01**

# Overview of the Tobacco Settlement



- **The Master Settlement Agreement (“MSA”)**
  - Benefits of the MSA
  - MSA Payments and Adjustments
  - Total MSA Payments to the State of Alaska
- **Options for spending Settlement Money**
- **How Securitization works**
  - Benefits
  - Risks and Costs
  - Uses of Bond Proceeds
  - Summary of NTSC 2000 transaction and 2001 proposal
- **General Obligation vs. Tobacco Revenue Bonds**

# The Master Settlement Agreement (“MSA”)



- **The MSA was signed on November 23, 1998 and included 46 states, five U.S. territories, the District of Columbia, and the four largest cigarette manufacturers.**
  - **The MSA requires the Participating Manufacturers (“PM”) to make unadjusted payments exceeding \$6.2 billion over the next 40 years, with additional payments in perpetuity.**
  - **Florida, Minnesota, Mississippi and Texas reached their own settlement agreements with the cigarette manufacturers.**
  - **Payments are for recovery of all claims and costs of the states.**
- **Most cigarette manufacturers are now parties to the MSA.**
  - **The Original Participating Manufacturers (“OPM”), Philip Morris, R.J. Reynolds, Brown & Williamson and Lorillard comprise approximately 96% of the domestic cigarette market.**
  - **24 other manufacturers (Subsequent Participating Manufacturers “SPM”) have also signed the agreement.**
  - **In total, the PMs comprise approximately 99.7% of the domestic cigarette market, indicating that the MSA is acceptable to the tobacco industry.**

# Benefits of the MSA



- **From the State's perspective:**
  - Alaska should receive large cash payments annually in perpetuity;
  - The MSA is an industry-wide settlement with payments based on total domestic cigarette shipments nationwide;
  - The MSA has been financed by higher cigarette prices, making it similar to an excise tax on cigarettes.
- **From the PM's perspective:**
  - They are released from past, present, and future smoking-related claims of the States;
  - The cost of the settlement is spread out over many years and passed on to consumers through higher prices;
  - They pay in proportion to their market share.

# MSA Payments



- **MSA payments are based on domestic cigarette shipments.**
  - Payments are recalculated each year, based on relative U.S. market share, and are subject to other adjustments.
  - Payments can fluctuate significantly based on cigarette consumption in the U.S.
  - If cigarette brands are sold, payment obligations follow the brands to the new manufacturer.
- **Payments are adjusted annually for several factors, including inflation and volume of domestic cigarette shipments.**
- **Payments are allocated to states based upon percentages specified in the MSA.**
  - Alaska's Initial and Annual Payment percentage is .3414187%

# MSA Payments

(continued)



- There are three types of payments to the states under the MSA:

## Initial Payments

- Up front payments made by the OPM through 2003;

## Annual Payments

- Annual payments made by the OPM and SPM based on market share, in perpetuity;

## Strategic Contribution Payments

- Payments in 2008-2017 to reimburse states for their contributions to the legal costs associated with the MSA.



# MSA Payment Adjustments

- The MSA Payments are adjusted each year for a number of factors.
- The adjustments apply to certain payments. Some adjustments are expected to have little or no impact on Alaska's payments. However, other adjustments could be significant.

Adjustment	Initial Payments	Annual Payments	Strategic Payments
Inflation Adjustment		X	X
Volume Adjustment	X	X	X
Previously-Settled States Reduction		X	
Non-Participating Manufacturer Adjustment		X	X
Non-Settling States Reduction	X	X	X
Offset for Miscalculated or Disputed Payments	X	X	X
Federal Tobacco Legislation Offset		X	X
Litigating Releasing Parties Offset		X	X
Offset for Claims-Over		X	X

# Total MSA Payments to the State of Alaska



*(Without any offsets, reductions or adjustments other than the previously settled states reduction)*

Payment Type	Scheduled		Amount	Aggregate Amount
	Date of Payment			
Annual Payment	(04/15/01)		13,358,196	13,358,196
Initial Payment	(01/10/02)		7,254,157	7,254,157
Annual Payment	(04/15/02)		17,267,462	17,267,462
Initial Payment	(01/10/03)		7,224,048	7,224,048
Annual Payment	(04/15/03)		17,195,793	17,195,793
Annual Payments	(04/15/04)	through (04/15/07)	Various	87,206,129
Annual Payments	(04/15/08)	through (04/15/17)	Various	244,340,648
Strategic Contribution Pmnts.	(04/15/08)	through (04/15/17)	Various	147,674,050
Annual Payments	(04/15/18)	through (04/15/25)	Various	246,950,976
Total to be received through 04/15/2025			\$	<u>788,471,459</u>

Summary of amounts to be received through 04/15/2025	
Initial Payments	\$ 14,478,205
Strategic Contribution Payments	\$ 147,674,050
Annual Payments	\$ 626,319,204
	<u>\$ 788,471,459</u>

# Options for spending Settlement Money



- The MSA Payments can be utilized to accomplish many different objectives. Some of the popular strategies being employed by other states are:
  - Spend as you go. This strategy, as its name states, would include MSA Payments reflected in annual budgets as the funds have been or are scheduled to be received;
  - Trust built over time. This approach would work like the Permanent Fund, with the MSA Payments deposited to the Trust and a portion of income from the Trust used in future years for targeted expenditures;
  - Securitization. This approach involves borrowing money with the MSA Payments as collateral and source for repayment of bonds. The proceeds from the issuance of the bonds could be spent or put into a trust fund/endowment.

# Tobacco Transactions

## completed and anticipated



• TSASC (NYC)	\$ 709,280	November, 1999
• Various NY Counties	1,391,247	1999 to 2001
• TCPFA (CA)	45,000	December, 1999
• North Dakota	32,095	March, 2000
• Alabama	50,000	September, 2000
• NTSC (AK)	116,050	October, 2000
• Puerto Rico	397,005	October, 2000
• Washington D.C.	521,105	March, 2001
• TSRMA (SC)	934,530	March, 2001
• Guam/US VI	47,000	2nd Quarter, 2001
• Various CA Counties	830,000	**Delayed
• Iowa	600,000	Late, 2001
• Arkansas	60,000	Late, 2001
• Nevada	200,000	Late, 2001

# NTSC

\$116,050,000

## Tobacco Settlement Asset-Backed Bonds, Series 2000



	<u>Serial Bonds</u>	<u>2022 Term Bond</u>	<u>2031 Term Bond</u>
Legal Final Maturity	2013	2022	2031
Projected Final Turbo Redemption	2013	2011	2015
Projected Average Life (Years)	N/A	7.00	13.30
Yield	5.55%-6.00%	6.22%	6.60%

	<u>Series 2000 Actual</u>	<u>Series 2001 Proposed</u>
Gross Bond Proceeds	\$ 116,050,000	\$ 160,305,000
Debt Service Reserve Fund	(11,324,015)	(13,332,920)
Capitalized Interest Account	(7,602,640)	0
Cost of Issuance	(2,845,579)	(2,808,200)
Original Issue Discount	(877,766)	(16,763,880)
Deposit for Operating Expenses	(400,000)	(400,000)
Net Bond Proceeds	<u>\$ 93,000,000</u>	<u>\$ 127,000,000</u>
Percentage of MSA Sold	40%	40%
First Payment from MSA	FY 2002	FY 2002
Final Payment from MSA (projected)	FY 2015	FY 2023

# How Securitization Works



- **Securitization, in the case of the tobacco settlement, is the process of issuing bonds that are backed by the MSA Payments.**
- **The State sells all or a portion of their expected tobacco payment funding stream to a special-purpose entity (in this case, the Northern Tobacco Securitization Corporation, NTSC), whose sole purpose is to issue bonds backed by those payments. NTSC, not the State or AHFC, would be the sole entity legally responsible for paying the debt service on the bonds.**

# How Securitization Works



- **The State and AHFC are legally separate from NTSC and, therefore, would not put their own credit ratings at risk through the tobacco bond issuance. This mechanism affords the State and AHFC protection from problems resulting from reduced, stalled, or halted payment streams from the MSA.**
- **Securitization provides a sizeable, up-front payment, rather than smaller payments spread over a number of years.**
  - **For immediate, pressing needs or special projects, securitization provides access to cash now. This approach is no different than borrowing money based on your future earnings to purchase a house, and paying it back over the next 30 years.**

# Benefits of Securitization



- **Securitization transfers the risks associated with the MSA Payments to the buyers of the bonds, including:**
  - Reductions in cigarette sales;
  - Bankruptcy of any or all of the PMs;
  - Invalidation of the MSA.
  - A possible increase in the federal cigarette tax;
  - Individual lawsuits against the industry and states; and
  - The impact of the additional volume reductions attributable to national smoking prevention and public education campaigns and significant additional restrictions related to the tobacco industry's marketing, advertising, and lobbying.

# Uses of Bond Proceeds



- On what and how the money is spent determines the tax status of the bonds. Tax-exempt bonds generally have lower interest costs than taxable bonds, reducing the cost of the financing to the State.
- If Bond Proceeds are spent on qualifying capital projects or other qualifying expenditures, interest paid on them will be exempt from federal income taxes.
- If Bond Proceeds are spent on operating items, or the earnings of a trust/endowment fund created with Bond Proceeds are invested in taxable securities yielding above the cost of the bonds, the interest paid to holders of the bonds will be taxable.

# **General Obligation vs. Tobacco Revenue Bonds**



**Even though General Obligation Bonds have lower interest costs than Revenue Bonds, there are compelling reasons to use Revenue Bonds:**

- **There is a limited amount of G.O. bond capacity available to the State.**
- **By not selling the revenue stream to bondholders, the state is, in effect, holding an investment in the Tobacco Industry, exposing the State to unnecessary industry concentration, credit concerns and illiquidity.**
- **Revenue bonds are generally issued with debt service payable only from the revenue source identified. This makes them attractive to issuers where revenue streams are uncertain.**

*In the opinion of Wohlforth, Vassar, Johnson & Brecht, A Professional Corporation, Bond Counsel, and Kutak Rock LLP, Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2000 Bonds (defined below) (i) is excluded from gross income for Federal income tax purposes and (ii) is not treated as a specific preference item to be included in calculating the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended, on individuals and corporations; but such interest is included in calculating the "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax on such corporations. In the opinion of Bond Counsel, under existing laws, interest on the Series 2000 Bonds is free from taxation by the State of Alaska except for transfer, inheritance and estate taxes. See "TAX MATTERS."*

**\$116,050,000**

**Northern Tobacco Securitization Corporation  
Tobacco Settlement Asset-Backed Bonds, Series 2000**

Northern Tobacco Securitization Corporation ("NTSC") is a nonprofit corporation organized as a subsidiary of the Alaska Housing Finance Corporation ("AHFC"). As a subsidiary of AHFC, NTSC is a government instrumentality of, but separate and apart from, the State of Alaska (the "State").

The Tobacco Settlement Asset-Backed Bonds, Series 2000 (the "Series 2000 Bonds") are to be issued pursuant to an Indenture and a Series 2000 Supplemental Indenture, each dated as of October 1, 2000 (collectively, the "Indenture"), and each between NTSC and U.S. Bank Trust National Association, Seattle, Washington, as indenture trustee (the "Trustee"). The Indenture does not permit NTSC to issue any additional series of bonds secured by a pledge of the Pledged Receipts, other than those which may be issued for refunding purposes. See "THE SERIES 2000 BONDS—Additional Refunding Bonds."

The Series 2000 Bonds are being issued to finance NTSC's purchase of the "Pledged Receipts" consisting of 40% of all amounts required to be paid to the State beginning January 10, 2002 under the Master Settlement Agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), 46 states and six other U.S. jurisdictions in November 1998 in settlement of certain smoking-related litigation. Pledged Receipts derive from certain initial payments, annual payments and strategic contribution fund payments (such payments as more fully defined herein, the "TSRs") to be made by the PMs under the MSA. Under applicable Alaska statutes, the claim of NTSC to that portion of the TSRs being sold to NTSC is on a parity with the claim of the State to ownership of the remaining 60% of all amounts required to be paid to the State beginning January 10, 2002 under the MSA.

**Payment of the Series 2000 Bonds is dependent on receipt of TSRs. The amount of TSRs actually collected is dependent on many factors including cigarette consumption and the financial capability of the PMs. See "RISK FACTORS" for a discussion of certain factors that should be considered in connection with an investment in the Series 2000 Bonds.**

The Series 2000 Bonds will be secured by and payable solely from (i) the Pledged Receipts and investment earnings on accounts pledged with respect to the Series 2000 Bonds under the Indenture (as more fully defined herein, the "Collections"), (ii) amounts held in a certain reserve account established for the Series 2000 Bonds under the Indenture (the "Series 2000 Reserve Account") and (iii) amounts held in the other funds and accounts established for the Series 2000 Bonds under the Indenture.

Interest on the Series 2000 Bonds will be payable on each June 1 and December 1, commencing June 1, 2001.

The Series 2000 Bonds shall consist of Serial Bonds and Term Bonds. The Series 2000 Bonds maturing on June 1, 2008 through June 1, 2013, inclusive, shall be "Serial Bonds" and shall each be referred to herein as a "Serial Maturity" and, collectively, as the "Serial Maturities". All other Series 2000 Bonds shall be "Term Bonds" and shall be subject to mandatory redemption according to the schedule of amortization payments (the "Sinking Fund Payments"). Interest payments, and Serial Maturities and Sinking Fund Payments (together, "Principal Installments"), will be paid from Collections and, if necessary, the Series 2000 Reserve Account. In addition, 100% of all Surplus Collections (as defined herein), if any, shall be applied to the special mandatory par redemption ("Turbo Redemptions") of the Term Bonds. Surplus Collections, if any, will be applied to the Turbo Redemption of the Term Bonds in ascending order of maturity and such Turbo Redemptions will be credited against Sinking Fund Payments for any particular Term Bond in ascending order of Sinking Fund Payment Dates.

Due to NTSC's covenant to apply all Surplus Collections to Turbo Redemptions, it is expected that receipt of principal on the Term Bonds will be substantially earlier than the schedule of Sinking Fund Payments.

Certain of the Series 2000 Bonds are subject to redemption and prepayment, as described herein.

**See Inside Front Cover for Dated Date, Maturity Schedule, Interest Rates and Prices or Yields**

The Series 2000 Bonds shall not be a debt of AHFC or the State nor shall AHFC or the State be liable thereon. NTSC shall not have the power to pledge the credit, the revenues or the taxing power of the State or the credit or revenues of AHFC, and neither the credit, nor the revenues nor the taxing power of the State or the credit or revenues of AHFC shall be, or shall be deemed to be, pledged to the payment of any of the Series 2000 Bonds. NTSC has no taxing power.

**Bear, Stearns & Co. Inc.  
Lehman Brothers**

**Morgan Stanley Dean Witter  
Salomon Smith Barney**

The Series 2000 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Wohlforth, Vassar, Johnson & Brecht, A Professional Corporation, Anchorage, Alaska, Bond Counsel, and to the confirmation of certain tax matters by Wohlforth, Vassar, Johnson & Brecht, A Professional Corporation, and Kutak Rock LLP, Special Tax Counsel, and to certain other conditions. Certain legal matters will be passed on for the State by the Attorney General of the State and for the Underwriters by their counsel, Hawkins, Delafield & Wood, New York, New York. It is expected that delivery of the Bonds will be made to DTC in New York, New York, on or about October 26, 2000.

October 13, 2000

# Alaska Marine Highway System



The MV *E. L. Bartlett* Entering Drydock, Fall 2000, Seward Ship's Drydock

Seward, Alaska

## **FY 2002 Capital Improvement Project Funding Request**

# STATE OF ALASKA

## DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

ALASKA MARINE HIGHWAY SYSTEM/GENERAL MANAGER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE  
JUNEAU, ALASKA 99801-7898  
PHONE: (907) 465-3959  
TTY/TDD: (907) 465-3652  
FAX: (907) 465-2474

January 23, 2001

Dear Alaska State Legislator,

Enclosed is AMHS's annual request for state Capital Improvement Project funds. These funds keep our ships and shore facilities in operation.

The lion's share of our CIP funds is used to overhaul all of our nine ships annually. Overhaul work is done to meet mandatory inspection, repair, and maintenance requirements established by maritime governing bodies. The ship is taken out of service and brought to a shipyard. Major work is done on the hull, propulsion system, steering system, engines, generators, ballast tanks and void spaces, pumps and piping, sewage systems, navigation and communications equipment, lifesaving and firefighting equipment, and anchoring system.


So too, our ferry terminals, docking facilities, and staging areas require constant upkeep to offset the ravages of saltwater, time, and hard use. Every year some of our CIP funds are earmarked for maintenance of these shore facilities.

Just as the ships must meet requirements geared toward safety the crew who operate our ships must meet stringent safety standards. AMHS is working to comply with a series of international maritime regulations called Standards for Training, Certification, and Watchkeeping for Seafarers (STCW). Part of our CIP funding will be used to continue our STCW training. We have a compliance deadline of February 1, 2002. There will be no exceptions, delays, or compromises. If we are not successful in fulfilling this unfunded mandate by February 1, 2002, we will be forced to cease operating all of our vessels.

As always, our annual CIP funding is inadequate to maintain our fleet or shore facilities over the long term. Proper management calls for maintenance work we simply cannot afford to do. You will find several projects mentioned in the enclosed report for which we need funding beyond the amount we have requested.

U.S. flag passenger ships must meet the highest standards in the world for safety and seaworthiness. AMHS is proud its ships meet these standards. Legislative support in the form of CIP funding is essential for our continued ability to meet the standards that permit us to operate.

Sincerely,



Captain George A. Capacci  
General Manager

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The Alaska Marine Highway System requests the following FY 2002 Capital Improvement Project funds:

Annual vessel overhaul and shore facilities maintenance program	\$4,180,000
Standards for Training, Certification, and Watchkeeping for Seafarers	<u>620,000</u>
	\$4,800,000

## Annual Vessel Overhaul and Shore Facilities Maintenance Programs

Funding requested: \$4,180,000

### Introduction

Each of the nine vessels in the AMHS fleet undergoes an annual overhaul. Overhaul is inspection, repair, and maintenance that cannot be performed while the vessel is operating. An overhaul period of approximately six weeks is set aside and the ship is brought to a shipyard for this work.

Overhaul work is performed in the off season when we are able to take ferries out of service for extended periods. AMHS operates the ferries with an aggressive schedule during the peak season. The minimal time spent in port while vessels are in service is insufficient to perform any major maintenance.

Two agencies guide most of the work we do: The American Bureau of Shipping (ABS) and the United States Coast Guard (USCG).

Work required by both ABS and the USCG is focused on goals of safety and seaworthiness. None of this work is discretionary.

### American Bureau of Shipping

ABS is a nongovernmental classification society. It determines whether a vessel is seaworthy for its classification. Based on a rigorous inspection schedule for various items of vessel equipment and systems, ABS determines that each of our vessels is either in class or out of class. If the vessel is in class, it is insurable. The world's major insurers of marine vessels rely on ABS determinations to judge whether a vessel is an acceptable insurance risk.

Inspection is central to the ABS function. ABS inspects to determine what must be repaired or replaced. Drydocking, when the vessel is brought completely out of the water so that the hull can be inspected and repaired, is one of the single most expensive overhaul items. It can cost \$20,000 to drydock a ship and \$1,000 for each day it remains in drydock. ABS credits two drydockings every five years. Other major ABS requirements are annual hull inspections not in drydock and load line inspections of some of our vessels.

These inspections are thorough. For example, all vessel equipment must be inspected every five years. Much of the equipment (including the main propulsion engines) must be completely dismantled for the inspections. Dismantling a main propulsion engine solely to permit ABS inspections requires the work of several skilled engineers for several weeks.

Repair standards are equally thorough. If a repair is made to the hull, ABS requires that the repair materials meet ABS requirements for thickness; that they are manufactured to ABS specifications and tested by ABS at the steel rolling mill; and that ABS certifies the welding

procedure, welding rods, and the qualifications of the persons doing the welding. The final work must also meet ABS approval.

AMHS pays all costs of ABS inspections.

#### United States Coast Guard

The USCG enforces even more stringent standards of safety and seaworthiness than ABS. Standards are set by a variety of federal and international laws. Some of the sources of these laws are the Code of Federal Regulations, the International Maritime Organization, Safety of Life at Sea (international standards that apply to our five SOLAS-classed vessels that make port calls at Prince Rupert), and MARPOL (an international organization that regulates oil pollution and waste disposal).

USCG and ABS requirements overlap. For some items, such as tailshaft approval, ABS has more stringent standards. The USCG, which also requires tailshaft approval, will generally accept ABS's determination. For other items, such as lifesaving and firefighting equipment, the USCG has the more extensive (and, therefore, governing) requirements.

For example, ABS requires that each vessel be drydocked twice every five years. This is the world standard. However, U.S. flag ships are more highly regulated. They have more required inspections than the foreign flag cruise ships that visit Southeast Alaska. The USCG requires that U.S. flag passenger vessels be drydocked every 12 months (for our five SOLAS-class vessels that call in Prince Rupert), every 18 months (for our other vessels except the Bartlett), or twice every five years for the Bartlett (because it has no overnight accommodations). Our challenge is to coordinate the ABS and USCG drydockings to minimize the total number needed.

At the end of the overhaul period, the vessel and its assigned crew undergo a USCG inspection normally lasting several days. Passing this inspection results in a certificate of inspection (COI), which permits the vessel to operate for the next year. The vessel cannot be placed back in service without a current COI.

AMHS pays all costs of USCG inspections.

#### Other work

In addition to work done to satisfy ABS and the USCG, we perform work recommended by equipment manufacturers to comply with our warranties and as a sound equipment management practice. While we have no choice in work required by ABS and USCG, and consequently we cannot control these costs, we have some discretion about the work that is merely prudent. For example, neither ABS nor USCG requires that the hull be painted, and we could sail with badly damaged paint. However, paint protects the vessel from deterioration. In the long term, the value of asset protection greatly outweighs the cost of the work.

A variety of other work is done to satisfy a variety of other requirements. The Federal Communications Commission annually inspects and recertifies our communications equipment and safety communications equipment. We add safety items such as non-skid surfacing in

passenger areas. We make modifications to meet the Americans with Disabilities Act and state OSHA requirements.

#### Objectives of the annual overhaul program

- Perform required safety-related maintenance according to ABS and USCG rules and policies
- Perform hull maintenance to prevent steel wastage or deterioration
- Perform major machinery maintenance according to manufacturers' recommendations
- Provide economically sound fleet management through timely and prudent maintenance, which extends the life of the vessel and its components
- Provide a healthy physical environment for the crew and passengers
- If any additional funding is available, make improvements to the vessel to take advantage of new technologies and to increase efficiency

#### Typical overhaul work accomplished

The specific work done on a vessel during a given overhaul period depends on the requirements that apply to that vessel and available funds. Following are typical overhaul work items.

#### *Drydocking*

- Inspection/repairs of all sea valves and sea chests
- Repairs/painting of hull coating system
- Inspections/repairs to propulsion system (propellers, shafting, seals, bearings)
- Inspections/repairs to steering systems/ rudders
- Inspections/repairs to bow thrusters
- Inspections/repairs to hull cathodic protection system.
- Inspections/repairs to all ballast tanks and void spaces.
- Sea chest cleaning/painting
- Hull thickness gauging

#### *Engine Department*

- Main engine overhaul and maintenance
- Diesel generator overhaul and maintenance
- Sewage system cleaning
- Cleaning of galley exhaust vent ducting
- Elevator maintenance, inspections, and repairs
- Piping repairs
- Major overhauls of pumps and other auxiliary equipment
- Replacement of wasted steel
- Maintenance and cleaning of HVAC systems

### *Deck Department*

- Lifesaving equipment yearly maintenance (USCG required)
  - Liferaft inspection and repacking
  - Lifeboat inspection/ repairs
  - Lifejacket inspections
  - Rescue boat inspections
  - Evacuation chutes inspection and repacking
- Firefighting equipment yearly maintenance (USCG required)
  - Fire hose testing
  - Fire damper testing and repairs
  - Portable fire extinguisher testing and recharging
  - Fixed fire extinguishing system testing
  - Sprinkler system testing and repairs
  - Fire and smoke alarm systems
- Inspection and repairs to weathertight doors to vessel (vessel side and stern doors)
- Inspection and repairs to windows and doors within vessel.
- Electronic equipment maintenance and recalibration (navigation equipment and communication equipment)
- Compass adjustment/ maintenance
- Anchors, chains, lines, and winch maintenance

### *Passenger Services Department*

- Stateroom repairs and maintenance
- Galley equipment repairs/maintenance
- Carpet and upholstery cleaning/maintenance
- Crew quarters repairs and upkeep

### Need for increased funds

In the past few years, we have had to focus our CIP overhaul funds increasingly on the required items and defer much of the discretionary work. The cost of required work has increased. Our CIP budget has not.

The addition of the M/V Kennicott to the fleet in 1998 was a major cause of the cost increase for required work. When the Kennicott was added, no funds were added to our CIP budget to provide for its annual overhaul. We now overhaul nine vessels with an annual budget that originally covered eight vessels. Due to her size and her increased complexity, the Kennicott is, and is expected to remain, one of our most expensive vessels to overhaul. The Kennicott's impact on our budget will worsen this year. The Kennicott warranty ended in December 1999; all repairs formerly covered by warranty are now the state's obligation.

Another source of increased costs for required work is maintenance of new systems and equipment (primarily safety related) required to be added to the vessels. While federal funds provide the systems and equipment, state CIP funds must be used to maintain them. Perhaps

the greatest cause of increased overhaul costs is the simplest: as vessels age, the amount and cost of required maintenance increases.

Our deferred maintenance items have begun to accumulate. Year by year, we opt not to perform all prudent preservation. Examples: (1) Ballast tanks need to be recoated as rust develops and the steel wastes. We have been recoating ballast tanks on a reduced schedule that does not adequately protect them from further wasting. (2) We often remove and replace engine parts, main shafts, and propellers that are economical to rebuild, yet for lack of funds we place them in storage without rebuilding them. (3) Car decks used to be routinely painted every year. We no longer paint them at all; car decks rust very slowly.

Year by year, we allow the appearance of the vessels to deteriorate. In spring 2000, we removed floor coverings from an area of the Malaspina and found the steel plating underneath had significant wasting. After repairing the wasted steel, there were no funds to replace the floor covering. On many vessels, passenger areas that are subject to heavy traffic have torn or heavily patched furniture and wall coverings.

State CIP funds for significant improvements to our vessels dropped from the budget sheet many years ago.

Priority work to be done if increased funds are made available

If additional funds are appropriated, AMHS will perform the following priority work:

1. Increase the frequency of ballast tank recoatings sufficiently to halt deterioration.  
Estimated annual cost: \$200,000.
2. Repair and rebuild major spare parts such as main shafts and propellers in our storage warehouse so that these critical parts are ready for use when needed.  
Estimated total cost: \$200,000.
3. Upgrade all fleet vessels' sewage systems to take advantage of the lessons the manufacturer has learned since the original systems were installed. These upgrades would reduce maintenance and better treat the effluent that we are pumping overboard. In the case of the Taku, we would be able to treat the gray water (water from sinks and showers) rather than pumping it overboard untreated as we are doing now.  
Estimated total cost: \$500,000.
4. Upgrade electronic communications between ship and shore to bring the fleet fully up to contemporary standards. Building on the existing system would allow AMHS eventually to streamline the flow of supply requisitions, crew timesheets, reports, etc. from ship to shore, and the flow of updated policies, crew training and qualification records, safety updates, and responses to supply needs from shore to ship.  
Estimated total cost: \$250,000.

### Shore facilities maintenance

CIP funds also provide for the maintenance of our shore facilities. Our twenty state-owned shore facilities, scattered from Homer to Ketchikan, consist of the terminal buildings, transfer bridges (vehicle ramps), mooring structures, and staging areas. Like our vessels, our shore facilities are subjected to hostile weather and the corrosive effects of salt air and water. Maintenance of these complex facilities is necessary to ensure passenger and vehicle safety, protection of the state's assets, and compliance with the Americans with Disabilities Act.

The demand for shore facilities maintenance dollars has increased in the past few years. We have added a new terminal building in Homer, replaced the Cordova building, and rebuilt the Petersburg building. Each of these improvements adds more complex systems and equipment to be maintained.

We have two shore facilities maintenance issues coming up in the near future:

1. The Ketchikan warehouse needs to be upgraded to make more efficient use of space and to create a storage area for spare tailshafts. We are consolidating our Bellingham and Ketchikan warehouses, with a goal of vacating our leased Bellingham warehouse as a cost-saving measure. The warehouses are used primarily for fleet spare parts.

Estimated total cost: \$200,000.

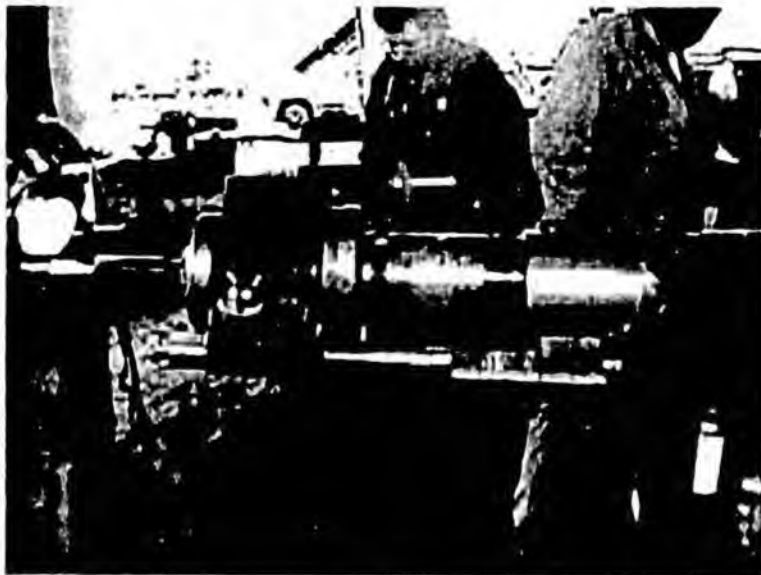
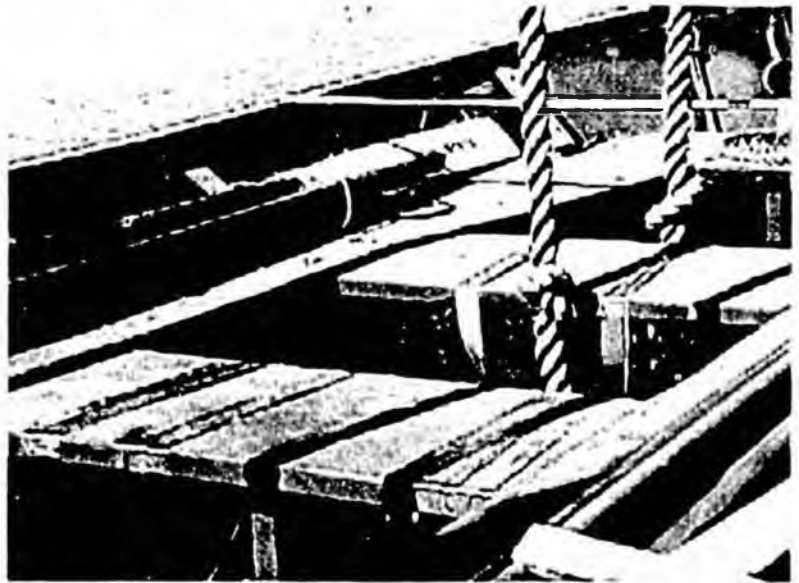
2. The Ketchikan vessel maintenance building, which houses the port engineer and staff, was recently found to require extensive replacement of exterior wall support structure, insulation, and siding. Although the building is currently deemed safe for occupancy, this work cannot be deferred. This would also be an ideal time to add sufficient space for the fleet library of engineering manuals and vessel record drawings, space for the port engineer who is transferring from Bellingham, and space for a small fleet crew training room.

Estimated total cost: \$250,000.



**Left:** Solarium of the *M/V E. L. Bartlett*, Fall 2000. Windows have been removed due to severe rust in steel frames. Repair of frames proved cost prohibitive, so window openings were covered over with steel plate.

**Right:** Lifeboat on *M/V E. L. Bartlett*, Fall 2000. Plywood seating around hull was soft from decay and was replaced.



**Left:** *M/V E. L. Bartlett*, Fall 2000. Completion of the machining of the upper bearing surface of the rudder stock.



**Left:** Ballast tank #2 on *M/V Columbia*, Fall 1999. Ballast tanks are filled with seawater to increase vessel stability. This tank is one of approximately twenty on the *Columbia*. Ballast tanks need periodic sandblasting and painting to slow the wasting of steel caused by the corrosive effects of seawater. AMHS is unable to maintain an adequate program of blasting and painting ballast tanks because of a lack of funds.

**Right:** *M/V Kennicott*, Spring 1999, on floating drydock at Alaska Ship and Drydock, Ketchikan. The cost of putting the *Kennicott* into drydock is about \$20,000 plus \$1,000 for each day she remains drydocked.



**Left:** *M/V Matanuska*, Fall 2000. Preparing to remove a propeller blade in order to inspect hub clearances and repair leaking seals.

## Standards of Training, Certification, and Watchkeeping for Seafarers (STCW)

Funding requested: \$620,000

This proposed project is to implement the safety enhancement program mandated by the Code of Federal Regulations by February 1, 2002, and for the Alaska Marine Highway System (AMHS) to comply fully with the International Maritime Organization (IMO) and US Coast Guard (USCG) mandated STCW regulations. Without this project the AMHS will be forced to cease service on all of its vessels for lack of adequately trained officers and crewmembers.

### History

"Standards of Training, Certification, and Watchkeeping for Seafarers" (STCW) is a series of international regulations signed by the U.S. and all other major maritime nations. STCW regulations set qualifications for masters, officers, watchkeeping personnel, and all shipboard personnel involved with the safe operation of the vessel or prevention of pollution. These personnel must demonstrate the highest practicable standards of crew competence in an effort to minimize human error as a major cause of maritime casualties. STCW regulations require AMHS to establish procedures to document that fully qualified and trained personnel are routinely assigned to our roll-on/roll-off passenger ships. A key tenet of the STCW code is that license and certificate applicants will have to demonstrate their proficiency in the skills needed for the particular position, in addition to passing their usual written examination.

An action and implementation plan to comply with the STCW code has been developed outlining detailed lists of special training for AMHS crews and key implementation dates. AMHS, in concert with an experienced marine training consultant, has developed a strategy to provide STCW compliant training for many crewmembers onboard our vessels. Through a combination of computer-based training (CBT) modules and instructor-led companion training, approximately 80 new hires were effectively trained in basic safety training (BST) in spring 1999, and again in spring 2000, and joined the fleet. CBT kiosks have been purchased and installed in Juneau, Ketchikan, Anchorage, and Cordova, and aboard eight ships providing the opportunity for 700 existing employees to meet BST training requirements. Crowd management, passenger safety, cargo and hull integrity, and proficiency in the use of survival craft CBT modules are also being developed and installed to meet the training requirement by February 1, 2002. A vessel-specific training CBT module for contractors and other employees (not crewmembers) riding AMHS vessels has been developed and installed also.

### Proposed work

The STCW action plan identifies 17 different training courses that are needed for various segments of AMHS crews. Several are appropriate for CBT training and practical demonstration of skills right onboard the vessels, offering a significant cost savings in travel, per diem, and salary, but due to required proctoring and special certification procedures, many will need to be done ashore. Some courses of instruction still require a traditional instructor-led course in a classroom setting, such as bridge resource management, automatic radar plotting, global

maritime distress, and train the trainer. These will be conducted along with fast rescue boat and the practical portion of BST through contractor support in a phased approach to permit training of existing crews and new hires to new STCW standards by the deadline of February 01, 2002.

AMHS plans to carry out more than half of the required STCW training using CBT on the installed computer kiosks with documentation performed by instructor-led, train the trainer qualified AMHS officers, and combined with the practical portion of this training, additional equipment for firefighting and first aid certification will be required. The remainder of STCW training will be given using traditional instructor-led format. (Case studies on American Airlines reported that CBT, as compared with the traditional instructor-led classroom training, could reduce the training cost by 50%. Also CBT could achieve an equal or higher quality level of learning while its content was typically delivered in 40-60% less time than instructor-led training).

The current implementation costs for the STCW are as follows:

1. Cost of software development and hardware installation for the CBT is \$2,513,000 (federal participation).
2. Cost for BST training (CBT and Practical for new hires; Practical training only for current employees) is \$765,000 (not federal aid eligible).
3. Cost of instructor-led training tuition is \$225,000 (not federal aid eligible).
4. Cost of employee travel and per diem for instructor-led training is \$250,000 (not federal aid eligible).
5. Items 1-4 yield a total implementation cost of \$3,753,000.

The costs for the CBT program and some of its practical training are eligible for FHWA participation, and are being requested. However, AMHS's request for FHWA assistance with instructor-led classroom training and some of the practical training has been officially denied as non-participation for federal funds and must therefore be funded with state funding. AMHS and the American shipping community have only recently become fully aware of the magnitude of this professional training issue.

This project is to fund half of those non-participating training expenses of \$1,240,000, or \$620,000, during FY 2002. AMHS is reasonably confident that it can fund the routine level of annual STCW training with a nominal increase to its operating base once this large backlog of current required training is accomplished.

## Alaska Marine Highway System Vessel Information Table

<i>Updated November 2000</i>	Columbla***	Matanuska	Malaspina***	Taku	Aurora***	Leconte	Tustumena***	Bartlett***	Kennicott
DATE COMPLETED	1974	1963	1963	1963	1977	1974	1964	1969	1998
LENGTH (feet)	418	408	408	352	235	235	296	193	382
BEAM (feet)	85	74	74	74	57	57	59	53	85
DISPLACEMENT - Long tons	7773	5569	5552	4283	2121	2152	3067	1570	7503
LOADED DRAFT	17'-6 3/4"	16'-11 5/8"	16'-11 3/8"	16' -11"	13'-10 7/8"	13'-10 7/8"	14'-4 1/2"	13'-3"	17'-6"
INT'L TONNAGE: Gross (cubic capacity) Net	13,009 4,932	9,214 3,824	9,121 3,667	7,302 2,496	3,124 987	3,124 987	4,529 1,451	2,045 582	12,035 3,790
DOMESTIC Tonnage: Gross (cubic capacity) Net	3,946 2,683	3,029 1,235	2,928 1,253	2,624 1,494	1,280 453	1,328 566	4,593 1,377	933 384	9,978 7,354
HORSEPOWER	12,350	7,400	8,000	8,122	4,300	4,300	5,100	3,468	13,380
SERVICE SPEED (knots)	17.3	16.5	16.5	16.5	14.5	14.5	13.3	12	16.75
FUEL CONSUMPTION (GPH)*	450	240	270	270	180	180	140	170	360
CREW CAPACITY	66	50	50	42	24	24	37	24	56
PASSENGER CAPACITY (U.S.C.G. authorized)	530 (winter) 971 (sum)	498 (winter) 745 (sum***)	516 (winter) 701 (sum)	500	300	300	220	236	748 - SE 500-SW
PASSENGER CAPACITY** AMHS Booking Limits	500 (winter) 625 (sum)	498	500	450	250	250	210	190	748 - SE 500-SW
Staterooms - 4 berth	61	4	54	9	n/a	n/a	8	n/a	48
Staterooms - 3 berth	9	23	0	0	n/a	n/a	0	n/a	0
Staterooms - 2 berth	20	80	28	33	n/a	n/a	17	n/a	56
Staterooms - Handicap (4 b)	0	0	0	0	0	n/a	0	n/a	3
Staterooms - Handicap (2 b)	1	1	1	2	n/a	n/a	1	n/a	2
TOTAL STATEROOMS	91	108	83	44	0	0	26	0	109
TOTAL BERTHS	313	247	274	106	n/a	n/a	68	n/a	320
Vehicle Capacity**** (linear ft.) (approx. number of vehicles)	2,680 134	1,760 88	1,760 88	1,380 69	680 34	680 34	720 36	580 29	1,600 80
MAX # OF VANS** AMHS Booking Limits	16	10	15	7	8	10	10	7	20

\* Gallons per hour fuel consumption figures are averages based on calendar year 1996 weekly engineering reports, and include fuel usage to generate heat and electricity.

\*\* These capacity figures represent functional booking limits, not Coast Guard authorized capacity. \*\*\* Domestic Only \*\*\*\* Vehicle capacity is measured in 20-foot units of car deck space.

## legislative fiscal analyst overview of the governor's FY02 request

### Debt Obligations

Total State debt service obligations for FY02, excluding corporate debt such as that of AHFC and AIDEA, amount to \$147,803,900. This is an overall increase of \$35,686,100 from FY01. Debt service paid with general funds increased by \$28,561,700 to \$41,492,300.

In FY01, \$4 million was withdrawn from the Alaska Debt Retirement Fund (ADRF) to fund employee labor cost increases. For FY02, the Governor proposes capitalizing the ADRF with a combination of \$34,401,400 general funds and \$6,000,000 of the AHFC dividend.

School Debt Reimbursement requirements have increased \$4,201,600 to a total of \$57,020,500. The Governor proposes funding school debt reimbursement with \$29,049,100 in School Funds<sup>1</sup> and \$27,971,400 from the ADRF.

Lease purchase and lease obligations have increased by \$3,121,700 to a total of \$19,520,900. Lease purchase obligations include the following (all proposed to be paid from the ADRF): Palmer Airport Fire Facility - \$766,800; Spring Creek Correctional Facility - \$4,021,600; Palmer Courthouse - \$415,800; Kenai Courthouse - \$563,000; Anchorage Times Building - \$789,700; Soldotna DOT Maintenance Facility - \$637,300; Anchorage Health Lab - \$2,261,300; Fairbanks Courthouse - \$2,894,500; Trustee Fees - \$80,000. Additionally, the Governor proposes appropriating \$7,090,900 of general funds to the Department of Administration for lease payments to the Municipality of Anchorage and AHFC.<sup>2</sup>

The \$103,000,000 AHFC dividend, is used as follows:

- \$37.988 million will be retained by the corporation to pay debt service on the bonds issued for \$224.4 million in capital projects (Sec. 2(c), Ch. 129, SLA 1998).
- \$1 million will pay debt service on the University of Alaska's Anchorage dormitory (Ch. 26, SLA 1996).
- \$6.012 million will pay debt service on \$73 million of bonds issued for renovation of University facilities, and for construction, maintenance and renovation of ports, harbors, and AHFC facilities (Sec. 10, Ch. 130, SLA 2000 - HB 281).
- \$6 million will capitalize the ADRF. *proposed*
- \$52 million will pay for capital projects proposed in the Governor's capital bill.

Ch. 130, SLA 2000 (HB 281) redirects 40% of the tobacco settlement revenue stream to pay debt service on \$93 million in bonds issued for school construction.

*Legislative Fiscal Analyst Comment: The \$169 million of capital projects funded with a combination of the newly created Tobacco Revenue Bonds and AHFC Revenue Bonds have a long-term impact on the general fund. The tobacco bonds are secured by 40% of Alaska's revenue stream from the class action tobacco settlement with Phillip Morris. This revenue (approximately \$10.5 million for FY02) is diverted from the general fund and earmarked for bond redemption. Similarly, increased AHFC revenue bonding for capital projects has reduced the AHFC dividend available for non-debt purposes. Of the \$103 million annual AHFC dividend, only \$58 million is transferred to the treasury in FY02. As debt service requirements increase, additional general fund appropriations are required to fund programs and the ADRF.*

<sup>1</sup> The School Fund consists of all proceeds derived from the payment of taxes, fees, penalties and license fees under the Cigarette Tax Act (AS 43.50.010-180). Its intended purpose is funding new school construction.

<sup>2</sup> The Municipality of Anchorage issued municipal bonds to pay for the construction of the Anchorage jail. The bonds are secured by lease payments from the State of Alaska for use of the jail. In a similar fashion, AHFC purchased the Robert B. Atwood building for approximately \$39 million in cash and then issued revenue bonds secured by the building itself and lease payments from the State. OMB classifies both these transactions as debt service. Legislative Finance agrees with OMB on the Atwood building, but classifies the Anchorage jail agreement as a lease and places it in "agency operations" row of the fiscal summary because Anchorage will retain ownership of the facility upon termination of the agreement. The transaction appears as debt service in the bill and in the table below, and will be counted as debt service in Legislative Finance reports until the legislature reclassifies the transaction.

Endowment Fund Earnings = 7.0%  
 PCE Fund Earnings = 5.0%  
 PCE Expenditure = \$14.6 Million for FY00  
 PCE Expenditure = \$15.7 Million Thereafter  
 Endowment Value 2/1/01 = \$100,887,951

## POWER COST EQUALIZATION FY 2000 - Subsequent Years (\$ Thousands)

	Deposit Date	Fiscal Year 2000	2001	2002	2003	2004	2005	2006	2007	2008	Subsequent Years
<b>Endowment Fund</b>											
CBR	7/1/2000		100,000								
Four Dam Pool Debt Service	8/1/2001			9,000							
Four Dam Pool Sale	12/31/2001			81,000							
<i>Terrace Lake out of operation</i>											
<i>Sale of 4 dam pool</i>											
Mkt Value Increase for Fiscal Year			2,977	10,405	13,227	13,210	13,203	13,198	13,197	13,196	13,196
Transfer to PCE Fund			7,062	13,348	13,466	13,307	13,268	13,213	13,203	13,199	13,197
Balance -- End of Fiscal Year			95,915	182,971	182,732	182,635	182,570	182,555	182,548	182,546	182,545
<b>PCE Fund</b>											
Carryforward		2,345	6,293	1,402							
Fast Track Supplemental -- AIDEA		3,600									
Four Dam Pool Debt Service		5,516	10,377								
Transfer from Endowment Fund				7,062	13,348	13,466	13,307	13,268	13,213	13,203	13,199
Earnings -- PCE Fund		227	432	382	382	382	382	382	382	382	382
NPR-A		9,163									
<b>Other Funds -- Needed to reach \$15,700</b>				6,854	1,970	1,852	2,011	2,050	2,105	2,115	2,119
Available for PCE Expenditure		20,851	17,102	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700
PCE Expenditure		14,558	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700
3/14/2001											
PCE Endow W4			1,546.3								
			→ 201.3								
<i>Reduced from 7,200</i>											

## Summary of FY '01 and FY '02 PCE Funding Changes

### FY 01

Funding Available	\$15,700.0
Supplemental	\$1,546.3
Total FY 01 PCE Requirement	\$17,246.3

### FY 02

Transfer from PCE Endowment	
Fund to PCE Fund	\$7,062.0
Carry Forward from FY 01	\$1,402.0
PCE Fund Earnings	\$382.0
Balance Required for FY 02	\$6,854.0 (reduced from \$7,800.0)
Total FY 02 PCE Requirement	\$15,700.0

Endowment Fund Earnings = 7.0%  
 PCE Fund Earnings = 5.0%  
 PCE Expenditure = \$14.6 Million for FY00  
 PCE Expenditure = \$15.7 Million Thereafter  
 Endowment Value 2/1/01 = \$100,887,951

## POWER COST EQUALIZATION FY 2000 - Subsequent Years (\$ Thousands)

	Deposit Date	Fiscal Year	Subsequent Years									
		2000	2001	2002	2003	2004	2005	2006	2007	2008	Years	
<b>Endowment Fund</b>												
CBR	7/1/2000		100,000									
Four Dam Pool Debt Service	8/1/2001				9,000							
Four Dam Pool Sale	12/31/2001				81,000							
<i>Terror Lake out of operation</i>												
<i>Sale of 4 dam pool</i>												
Mkt Value Increase for Fiscal Year			2,977	10,405	13,227	13,210	13,203	13,198	13,197	13,196	13,196	
Transfer to PCE Fund			7,062	13,348	13,466	13,307	13,268	13,213	13,203	13,199	13,197	
Balance -- End of Fiscal Year			95,915	182,971	182,732	182,635	182,570	182,555	182,548	182,546	182,545	
<b>PCE Fund</b>												
Carryforward		Fiscal Year 2000	2,345	6,293	1,402							
Fast Track Supplemental -- AIDEA			3,600									
Four Dam Pool Debt Service			5,516	10,377								
Transfer from Endowment Fund					7,062	13,348	13,466	13,307	13,268	13,213	13,203	
Earnings -- PCE Fund			227	432	382	382	382	382	382	382	382	
NPR-A			9,163									
<b>Available for PCE Expenditure</b>												
			20,851	17,102	15,700	15,700	15,700	15,700	15,700	15,700	15,700	
<b>PCE Expenditure</b>												
3/14/2001			14,558	15,700	15,700	15,700	15,700	15,700	15,700	15,700	15,700	
PCE Endow W4				1,546.3								
			17,246.3									
<i>Reduced from 7,800</i>												

## Narrative for PCE Spreadsheet W4

March 14, 2001  
Alaska Energy Authority

[Note: Unless otherwise stated, dollar figures shown below are expressed in thousands. For example, "\$3,600" = \$3.6 million.]

- A. Power Cost Equalization (PCE) projections require the consideration of two separate funds:
1. The Power Cost Equalization Endowment Fund (the "Endowment Fund") established in AS 42.45.070.
  2. The Power Cost Equalization and Rural Electric Capitalization Fund (the "PCE Fund") established in AS 42.45.100.

The Endowment Fund was created by Ch. 60, SLA 00, and was initially funded by an appropriation of \$100 million from the Constitutional Budget Reserve.

Earnings from the Endowment Fund may be appropriated annually to the PCE Fund, from which actual PCE expenditures are made.

- B. Spreadsheet W4 is divided into two halves:
1. The upper half shows the Endowment Fund.
  2. The lower half shows the PCE Fund.
- C. The "Fiscal Year 2000" column shows the following historical information:
1. The Endowment Fund entries are blank because the Endowment Fund did not come into existence until July 1, 2000 – the beginning of FY2001.
  2. PCE Fund income is shown as follows (all figures in thousands):
    - a. \$2,345 beginning balance carried forward from FY1999.
    - b. \$3,600 supplemental appropriation passed by the 2000 Legislature.
    - c. \$5,516 in debt service receipts from the Four Dam Pool. This amount equaled 60% of total debt service from the Four

Dam Pool received in that year and was deposited in the PCE Fund in accordance with former AS 42.45.050.

- d. \$227 in PCE Fund interest earnings. AS 42.45.100 provides that interest earnings of the PCE Fund remain with the Fund.
- e. \$9,163 appropriated from the NPR-A special revenue fund.

The sum of these deposits – \$20,851 – is shown on the spreadsheet as the amount "Available for PCE Expenditure."

- 3. \$14,558 is the amount that was actually expended on PCE. FY 2000 was the first fiscal year following substantial changes to the PCE formula that were enacted by the 1999 Legislature. Although AEA initially projected that \$15.7 million would be needed to fully fund the revised formula, the actual requirement in FY 2000 turned out to be approximately \$1.1 million less. As a result, the PCE Fund balance carried forward into FY 2001 (\$6,293) is approximately \$1.1 million higher than initially projected.

D. The Fiscal Year 2001 column shows the following information and projections:

- 1. \$100,000 from the Constitutional Budget Reserve was deposited in the Endowment Fund in July 2000 – i.e. the beginning of FY2001.
- 2. AS 42.45.080 provides that the Commissioner of Revenue will invest the Endowment Fund "in a manner likely to achieve at least a seven percent nominal return over time." While this is the long term expectation, actual results may vary. As of February 1, 2001, the value of the Endowment Fund reported by the Commissioner of Revenue was \$100,888. This represents an annualized rate of return of only 1.5% over the first 7 months of the fiscal year and reflects the poor performance of the financial markets during that period of time.
- 3. For projection purposes, spreadsheet W4 assumes that the Endowment Fund will realize 7% annualized earnings compounded monthly from February 1, 2001 forward. Based on this assumption, the projected "Market Value Increase" in the Endowment Fund for all of FY2001 is \$2,977.
- 4. Ch. 60, Sec. 14, SLA 00 – the legislation that established the Endowment Fund – defines the allowable amount that may be

appropriated from the Endowment Fund during each of the initial two years of its existence. For the FY2002 budget, that amount equals 7% of the market value of the Endowment Fund on February 1, 2001. 7% of \$100,888 equals \$7,062. This is the anticipated amount to be appropriated this year from the Endowment Fund to the PCE Fund to help fund PCE in FY2002.

5. After this appropriation is made, and given the assumption of \$2,977 in earnings for the Endowment Fund during FY2001, the balance of the Endowment Fund on June 30, 2001, is projected to be \$95,915.
5. Turning now to the PCE Fund, the FY2001 beginning balance carried forward from the prior year was \$6,293.
6. \$10,377 in debt service from the Four Dam Pool was deposited in the PCE Fund on August 1, 2000. This is equal to 100% of Four Dam Pool debt service for power consumed during FY2000, all of which was deposited in the PCE Fund per HB447 enacted by the 2000 Legislature.
7. \$432 is the projected amount of interest earnings on the declining PCE Fund balance during FY2001, assuming an average interest rate of 5%.
8. The sum of these deposits – \$17,102 – is shown on the spreadsheet as the amount "Available for PCE Expenditure."
9. \$15,700 was appropriated for PCE during FY2001 and AEA projects that the entire amount will be expended. PCE outlays are projected to be significantly higher than last year primarily due to higher fuel prices.

The estimated PCE Fund carryforward into FY2002 is therefore \$1,402.

E. The Fiscal Year 2002 column shows the following projections:

1. All debt service from the Four Dam Pool for power consumed during FY 2001 will be deposited in the Endowment Fund per AS 42.45.070(4). The projected amount shown on spreadsheet W4 (\$9,000) is less than the amount of debt service paid in the prior year (\$10,377) due primarily to an expected reduction in power

- sales from the Terror Lake project, which was under repair and therefore offline for part of the year.
2. The sale of the Four Dam Pool is projected to close on December 31, 2001. At that time, an estimated \$81,000 will be deposited to the Endowment Fund based on the following agreements and expectations contained in the MOU between AEA and the purchasing utilities:
    - a. \$73,000 is the base purchase price for the projects.
    - b. In addition, the uncommitted balance of an existing Insurance Fund will be released to the State. This amount is estimated at \$13,000, which, in combination with the base price, would result in a total expected payment of \$86,000.
    - c. A credit against the purchase price of \$5,000 was provided in exchange for agreement by the utilities to relinquish \$20 million in loan funds that had previously been appropriated for the proposed Swan-Tyee intertie. The net deposit to the Endowment Fund is therefore estimated at \$81,000.
  3. FY2002 earnings of \$10,405 are projected based on a 7% rate of return on the Endowment Fund balance. Note that the \$81,000 portion of that balance from the Four Dam Pool sale will not be deposited until mid-way through FY2002 since, consistent with the MOU and as stated above, the expected date of closure for the sale is December 31, 2001.
  4. Per Ch. 60, SLA 00, the amount to be appropriated from the Endowment Fund by the 2002 legislature is equal to 7% of the Endowment Fund balance on February 1, 2002. The amount of this appropriation is projected to be \$13,348, and would be available for PCE in FY2003.
  5. Turning finally to the PCE Fund in FY2002, the beginning balance carried forward is projected to be \$1,402.
  6. As discussed above, it is anticipated that this Legislature will appropriate \$7,062 from the Endowment Fund to the PCE Fund to be used for PCE in FY2002.
  7. PCE Fund interest earnings at an assumed 5% rate during FY2002 are projected to yield \$382.

8. An additional \$6,854 would be needed from the General Fund or other sources if PCE outlays during FY2002 are to be funded at the \$15,700 level.
- F. The 2003 Legislature is expected to appropriate money from the Endowment Fund for the FY2004 PCE budget. Ch. 60, SLA 00 provides that 7% of the average market value of the Endowment Fund for the previous 3 fiscal years may be appropriated annually for PCE beginning with the FY2004 budget. There are two provisos, however, as follows:
1. The time period prior to the closing of the Four Dam Pool sale is to be excluded from the calculation of the Endowment Fund's average value.
  2. This method of calculating the intended appropriation from the Endowment Fund will be effective for the FY 2004 budget assuming the Four Dam Pool sale closes during FY2002. If the closing date of the sale is delayed beyond FY2002, this method of calculation is deferred accordingly.

In spreadsheet W4, the projected transfer from the Endowment Fund at the end of FY2003, for deposit in the PCE Fund at the start of FY2004, is \$13,466. This is equal to 7% of the projected average monthly market value of the Endowment Fund during the 6-month period from January 1, 2002 (the presumed date of the \$81,000 deposit from the Four Dam Pool sale) to July 1, 2002.

- G. If PCE expenditures are to be maintained over the long term at the \$15.7 million level, then approximately \$2.0 million per year will be needed from a source other than the Endowment Fund or PCE Fund earnings beginning in FY2003 based on these assumptions and projections.

# Into the Heart of Sorrow

The author discovers through her spiritual practice that from the labor of grief something beautiful can be born. BY ANNE CUSHMAN

**O**N A COOL, BRILLIANT MORNING TWO SUMMERS ago, high thunderclouds just gathering over distant peaks, my husband and I hiked into the Desolation Wilderness to scatter our baby daughter's ashes.

Lou's family has a tiny cabin on Echo Lake, high in the Sierra Nevada mountains. His grandfather built the cabin as a refuge when he came back from World War I: no electricity, a woodstove for heat, propane for cooking, kerosene lamps. The only access is by boat. We had gone there for a week to grieve and heal: nights, a requiem of stars and wind and woodsmoke; days, of chilly sun and wildflowers.

On our fourth day there, we tucked into my daypack the little urn of Sierra's ashes, a ceramic jar painted with forget-me-nots that we had gotten for a wedding present. We rowed our canoe across Echo Lake and hiked for an hour into the pine forest. We climbed over a rocky ridge to a tiny, deserted lake set in a basin of mountains with snowy peaks and blue sky reflected in its dark waters. At our feet, a waterfall tumbled down a ribbon of foaming white. This is where we wanted Sierra's body to return to the earth.





Sierra died while she was still inside me, a few days before she was due to be born. Doctors induced labor, and I gave birth to her body early on the morning of Mother's Day. My midwife washed her, dressed her, and brought her to me and Lou, wrapped in a soft blue blanket. She had a round face; dark brown hair; a sweet, sad mouth; the delicate, long-fingered hands of an artist. Her eyes were shut, as if she were taking a nap.

No one could tell us why Sierra had died. Her body was in perfect condition, with no sign of any problem whatsoever. An autopsy revealed a healthy placenta, a healthy umbilical cord, a healthy baby. It was possible, the obstetrician said, that her umbilical cord had somehow become pinched as she dropped into position for birth, cutting off the flow of oxygen. But in the end, all anyone could offer us were statistics: that about one in 250 pregnancies ends in a full-term stillbirth. And that about half the time, no one can figure out what went wrong.

This is not the story I thought I would be writing. I've been a Buddhist and a yoga practitioner for 17 years. I had planned a home birth with a wonderful German midwife named Angelika, who told me that childbirth would take my spiritual practice to a whole new level. I'd even arranged to write an article for *Yoga Journal* on "the yoga of giving birth."

But I'm writing this story instead.

**L**OU TOOK A PICTURE OF ME doing yoga on our patio just two days before Sierra died. I'm sitting on my mat in a wide-legged straddle, wearing maternity leggings and a purple T-shirt stretched snug over my bulging belly. I am reaching toward the camera, my arms stretched wide as though I want to embrace the whole world. I am laughing. I look unbelievably happy.

I had done yoga daily throughout my pregnancy. I'd had no morning sickness, no back pain, no swollen feet, no varicose veins. It felt natural to lift up into Elbow Balance at five months or to flow through a modified Sun Salutation at eight and a half, legs spread wide to make room for my baby.

As I grew closer to my due date, I felt my expectations changing. It changed physically, of

course; I chose and modified every pose to serve the child kicking and squirming inside me. Its emotional tone changed even more dramatically. It became softer, gentler, more meditative; my awareness spiraled deep inside, centering on the warm glow in my heart and belly. With every posture, I felt like I was bowing down in awe before the mysterious power of life.

When I looked into classic yogic and Buddhist texts to see what they had to say about the miracle of bringing new life into the world, I didn't find much encouragement. I looked up "birth" in the indexes of a dozen books: All I could find were references on how to avoid getting born again.

In classic yogic thought, after all, the only way to achieve lasting happiness is to break our attachment to the world of flesh and bones—to cease to chase after the taste of strawberries, the smell of roses, the touch of a lover's mouth on the skin at the base of the neck. All these things will

die and rot, the yogis remind us; the body is just a temporary vehicle, discarded like worn-out clothes when the spirit moves on. We should seek our refuge in a larger Self, beyond our personal identities, cravings, fears, and dreams.

In India I'd met yogis,

living in caves in the Himalayas, meditating naked and ash-smeared by the funeral pyres in Benares, the city of death; wandering as beggars from town to town, their only possessions a staff and a metal tiffin-*tin*. To prove their scorn for the body, they take ascetic vows—sleeping in slings hung from trees or holding a hand in the air for years at a stretch until the arm withers to a twig. They leave their families, change their names, and never speak of their past.

Before he left his family and palace in pursuit of enlightenment, the great yogi known as the Buddha, or Awakened One, had a son; he named him *Rahula*, which literally means "letter."

But as I sat in meditation, hands cupping my belly, I found myself wondering. After all, most of the great yogis were men; they had never been pregnant, never been mothers. Once you've felt that hurricane of life swelling up from nowhere inside your womb, can you speak the same way about detachment from the world? Would you want to?

Following an impulse I couldn't quite name, I



The author practicing yoga on her deck at home during her last week of pregnancy.

dictable, unencumbered by intellect: She loved to play when Lou rapped my belly; she perked up when I ate a cookie; she fell asleep during yoga, rocked by the gentle sway of my body.

**B**eing a yogi doesn't mean you have to renounce the world, I kept remembering. The Buddha taught that we shouldn't shun the world any more than we should cling to it. Instead, we should greet every part of our lives with an awake and compassionate heart. The yoga tradition offers an alternative to the ascetic path: the vision of Tantra, a radical and influential movement that emerged in both Hindu and Buddhist yoga at the start of the first millennium. The world is not a trap to be escaped, say the Tantrists. Rather, it's the sacred dance of the God and Goddess—the formless Divine taking shape again and again, as mountains and creeks and redwood trees and exploding galaxies. The world of jasmine and broken

bottles, of waterfalls and rotting bones, cannot be separated from the Ultimate Reality—they are one and the same.

Out of the vision of Tantra emerged the practices of hatha yoga: the study of body and breath in the service of spiritual awakening. In hatha yoga, our bodies

do matter. The incarnate details of our lives are important: the flow of blood and subtle energies, how we move, how we breathe, how we sit and stand and twist and bend.

When we flow through our yoga poses, when we sit in meditation and watch the mystery of breath coming in and out, we are celebrating the embodied Divine. This human body, this human life, is where we know love, where we touch the Infinite.

I knew, of course, that my spiritual practice would not protect me from disaster. Practice is not magic—meditation and yoga are not the equivalent of slipping a \$20 bill to some divine maitre d' to insure a prime seat in the cosmic restaurant.

We may come to yoga seeking the godlike beauty and eternal youth promised in the fourteenth-century *Hatha Yoga Pradipika* or the delectable stress and tight abs promised by modern fitness magazines, but scratch the surface of the teachings and we find another, deeper message: “Those who are born, die,

—MIMI, JUNE 2008

very pose to temporarily retired my Buddha statue from my altar. Inside me. Its crying home in the pouring rain from a daylong dramatic retreat, I stopped at a garage sale in my neighborhood and spotted a statue of Kuan Yin, the warm glowing Buddhist goddess of compassion, her arms stretched in blessing. Sierra wants this, I thought, I felt like I took it home to her room, overlooking her car and bassinet.

**W**E SPENT THE LAST week of Sierra's life getting ready for her birth. Lou and I went shopping with his mother for the last items we needed: little footy pajamas and nightgowns; flannel receiving blankets decorated with bears and balloons; knit booties and caps; tiny cotton T-shirts; eco-sensitive diaper covers with names like “to cease” and “bottoms”; We puzzled over the bewildering array of baby items: Did we want the one that looked like a faux fur evening purse or the one disguised as a business briefcase? His mother and I laughed at him, but Lou insisted on buying a tiny electric heater for warming up disposable baby wipes. “I don't want her little bottom getting cold,” he insisted.

I had already rounded up the home birth supplies my midwife had ordered: cord clamps, sterile gloves, plastic king-size sheets, hydrogen peroxide, hot water bottle, cotton balls, olive oil, sanitary pads, sitz bath herbs. I planned to labor in our garden, attended by lavender, irises, hummingbirds, and quail. I planned to deliver in our king-size bed, with the view of the giant eucalyptus through the window. “The room you give birth in,” my midwife told me, “will forever be a little piece of heaven.”

Back from our shopping, Lou and I lay on the bed and played our favorite game: Watch Anne's Belly. My skin rippled and bulged like a sheet pulled over a kitten. Little knobs—feet? hands? knees?—cruised the surface. Wherever we pressed our hands, we were met with eager pokes of curiosity and greeting. Lou put his face close to my navel. “Daddy loves you,” he crooned. “Who's Daddy's little girl?” She kicked him in the nose.

We marveled at how much we already loved a person whose face we had never seen. We felt like we knew her essential nature: passionate, curious, friendly, energetic. Her rhythms were simple, pre-

Once you've felt that hurricane of life swelling up from nowhere inside your womb, can you speak the same way about detachment from the world? Would you want to?

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is certain, and certain is birth to one who has died. Therefore, in connection with a thing that is inevitable, you should not grieve," the god Krishna tells Arjuna in the *Bhagavad Gita*.

Since the time of the Buddha, in monasteries around the world, monks and nuns have recited the Five Remembrances, a stern incantation of life's inevitable losses. I first recited them over 10 years ago in Thich Nhat Hanh's Zen center in the south of France. It was a cool June morning, the sun rising over fields of sunflowers. I was 27 years old.

"I am of the nature to get sick. There is no way to avoid getting sick," we intoned. The meditation hall was a former stable, cool and dark, its walls built of rugged grey stone worn smooth by rivers that have long since dried up. "I am of the nature to grow old. There is no way to avoid growing old." After each recitation, a bell was struck, a cool, silvery note. "I am of the nature to die. There is no way to avoid

death." Lou and I had spent the night in my tiny yellow tent on the edge of the plum orchard, our sleeping bags zipped together. "All that I love and everyone that is dear to me are of the nature to change. There is no way to avoid being separated from them."

By the time Sierra died, I had heard these teachings a thousand times. I had thought I understood them.

But understanding and experience are not the same thing.

I remember this: Six years ago, a close friend was diagnosed with inoperable lung cancer. He was a writer who'd written the seminal work on Buddhism in America; he'd been practicing Tibetan Buddhism for 25 years, doing elaborate practices and visualizations to prepare for the transition through the bardos.

We sat together in a Japanese restaurant. Tears were in his eyes. He looked at me over his udon noodles. "You'd think, after all that practice, that I wouldn't be so scared," he said.

I WAS DOING MY morning yoga when I first suspected that something had gone wrong.

I was lying on my side on my yoga mat on our patio, gently stretching in the pale gold sun. Just a few more days, I was thinking. Just a few more days until I can hold her in my arms.

It wasn't unusual for Sierra to sleep through my yoga practice. But it struck me that I hadn't felt her move since I woke up. I put my hand on my belly, pressed gently on a little knee.

It didn't push back.

An hour later, I was in the hospital, lying on an examining table, a lab technician sliding a transducer back and forth through the cold jelly on my abdomen. The doctor peered at the ultrasound screen.

"There's no evidence of movement," he said. He looked at the screen, not at me. "I can't find a heartbeat." Through my fog of terror, it took me a while to understand what he was saying. I kept

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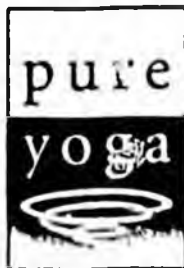


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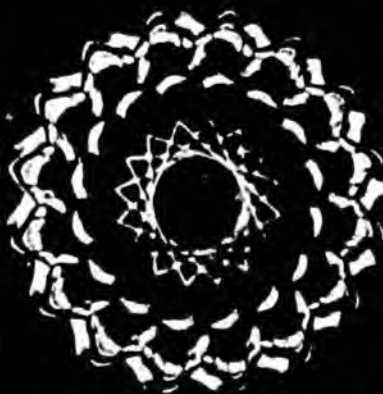
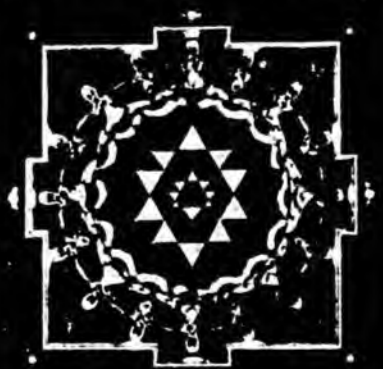


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hoping he meant something else.

I sat on the table and shuddered, silent, for the last minutes it took Lou to get to the hospital. He burst into the examining room, his face wrenched with fear and hope. That's when I finally said it: "Our baby's dead."

We clung to each other and wailed.

**A** BABY WHO IS DEAD MUST still be born.

The labor and delivery room was on the 15th floor of the hospital. Lou told me it had a view of trees and the ocean; I couldn't see them, because I had cried my contact lenses out of my eyes.

The doctor painted my cervix with misoprosotol, to start it dilating. The induced contractions came on fast and hard, with a drugged intensity—every two minutes a deep convulsion of pain, a vice tightening in my belly.

As soon as the epidural kicked in, I went numb from the waist down. An IV in my arm dripped Pitocin to keep my contractions coming, fentanyl, to help me relax.

I labored all night, drugged, in the dark, my legs numb weights on the table, the contractions faint sensations, a physical report from a distant country. A catheter tube dangled between my legs; a rubber cuff on my arm swelled to take my blood pressure automatically every 15 minutes.

By dawn, I was fully dilated. A nurse propped me up with my feet in stirrups, an electronic contraction monitor strapped to my belly. "I don't know how I am going to get through this," I told my midwife. She said, "You will just have to gather up the pieces of your heart in your two hands and hold them."

"Push," the nurse and the midwife chanted. "Push push push push push—Stop. Now push. Push push push—" I held my breath, drew my belly in hard, reached my hands to the sky for strength.

as in a yoga pose. I kept my eyes closed. I didn't want to see what was happening.

Afterward, Lou told me, "I watched her come out. She was covered in water and blood. The cord was amazing: thick and strong and dark and coiled. I kept hoping they would say they had made a mistake, it was a medical miracle, she'd just been in some sort of neonatal coma. I was still hoping that when she came out, she would start to cry."

**W**E CAME HOME from the hospital without Sierra. We left her body in the morgue. And

in the middle of all the grief and rage and horror and disbelief—that persistent feeling that the universe had made a terrible error, that I'd somehow been sent somebody else's life, and that my own

wonderful life was actually waiting for me somewhere, if only I knew who to call—in the midst of all that, I was stunned at how viscerally, physically I missed her. My belly was shriveled and empty, like a deflated balloon. My breasts

were swollen with milk. I was bleeding as if I had had a baby, but there was no baby, and my body did not understand where she was.

They forgot to remind me in the hospital that my milk would come in. I was stunned when I looked in the mirror and saw my breasts, immense and blindly eager. To stop the milk, my midwife came to the house and bound my breasts tightly to my chest.

She told me to sip sage tea, a bitter brew that tasted like an evergreen forest, but I wasn't allowed to drink more than two cups of liquid a day. I lay on the couch with icepacks piled on my chest, thirsty and cold and heartbroken.

I asked my best friend to call the hospital to find out if I could hold Sierra again before the cremation. But they told her that the autopsy had been very thorough and that Sierra was "not viewable."

That night I dreamed that her body had been brought to me in a cardboard box, all in pieces, and I was trying to put her back together again.

A FRIEND WHO IS A woodworker built us a tiny redwood casket, held together with wooden pegs instead of nails, so it would burn completely. We asked him to carve a circle on the lid enclosing three intersecting spirals. It's a traditional Japanese symbol of Buddhism's Three Treasures: the Buddha, the awakened heart; the Dharma, the path of truth; and the Sangha, the loving community. Lou took the casket into his workroom and slowly, painstakingly outlined the carving with black paint, so it stood out like a brand.

The crematorium was a huge, industrial hangar: unpainted cinderblock walls, gritty cement floor, a row of steel ovens the size of garages. The oven we'd been assigned was already roaring because they have to be preheated; it was like standing next to a jet about to take off. It had huge rolling steel doors plastered with orange signs: "Danger! Hot!"

We were met there by Wendy and Fu, the two women Zen priests who had performed our wedding at Green Gulch Zen Center. They set up a small altar outside the mouth of the oven, with flowers and a redwood seed and a statue of the Jizo Bodhisattva, the guardian of children who have died. They lit incense and chanted while Lou and I wept.

Lou and I put our hands on Sierra's casket and told her how much we loved her and how much joy she had brought us.

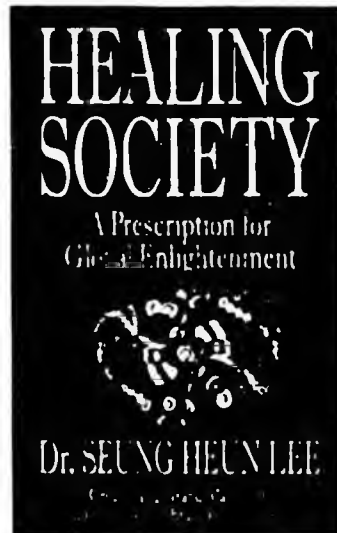
"You have been such a happy, bright spirit," I said. "I'll see you in everything happy and bright for the rest of my life." Lou traced the entwined spirals on the casket lid.

"This is me," he said. "This is your mom. And this is you. And this"—tracing the large circle around the outside—"is love. You will always be part of our family."

Then Lou and I stepped inside the railing, up to a panel of lights and buttons and dials on the side of the oven. I pushed the green button labeled "Door Open."

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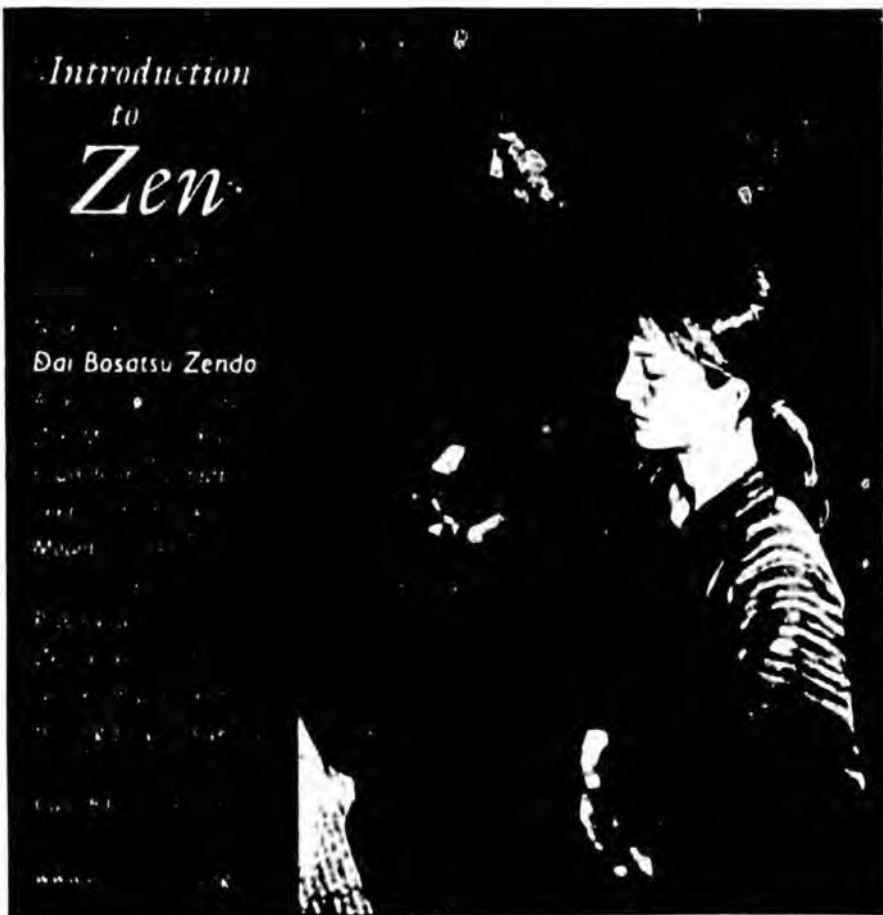


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INTO THE HEART OF SORROW

The steel door rolled up to a blast of heat and an orange glow. A pock-faced man in a plexiglass safety mask and metal mittens picked up the casket and placed it in the oven.

We began to chant the Heart Sutra: "Form is emptiness, emptiness is form. Form is not other than emptiness, emptiness not other than form." It's Buddhism's fundamental creed, a statement of impermanence and interdependence: All forms are temporary, and nothing is separate from anything else. Clouds become rain, water is sucked up by plants, plants are eaten by people, people disintegrate back into water and dirt. Things that seem separate dissolve into one another and disappear.

The chant is a somber, slow, monotone drone: "Therefore in emptiness there is neither form, nor feelings, nor perceptions, nor mental formations, nor consciousness. No eyes, or ears, or nose, or tongue, or body, or mind. No form, no sound, no smell, no taste, no touch." I had forgotten to close the oven door. The attendant touched a button, and the great steel doors rolled down.

The end of the chant is a mantra in Pali, the vernacular language of India at the time of the Buddha: "Gate, gate, paragate, parasangate, bodhi svaha... Gone, gone, all gone beyond, gone beyond the beyond, had the goer."

We chanted the Heart Sutra over and over as Sierra burned. Then we changed to a different kind of chant, at my request. "You are my sunshine," we sang, "my only sunshine. You make me happy when skies are grey..."

She was just a baby, after all. I couldn't bear the thought of sending her off in to the great beyond with only monastic texts to sing her to sleep. We sang "Rock-a-Bye Baby," and "Row, Row, Row Your Boat," and "Yellow Submarine," and "Frere Jacques," and "Itsy-Bitsy Spider."

This is an image I will never forget: the Zen priest, Fu, in her black robes and shaved head, with one hand on her hip and the other arm arced like a spout, singing "I'm a Little Teapot" - "just tip me over and pour me out" - as the crematorium oven roared behind her.

...that's a Zen story about an enlightened master weeping at the death of his baby son. His disciples came to him, bewildered. "Master," they said, "Why do you weep? I thought you told us that this world was an illusion."

"Yes," the teacher replied. "And the death of a child is the saddest illusion of all."

I used to think that spiritual practice would be a way of lessening the pain of grief; that I could escape into some Self, some detached witness consciousness that is beyond the world, from which I would watch my life dispassionately, like a movie I could turn off at any moment.

But in fact we are attached to life by a tie as primal as the umbilical cord, thick and dark and coiled and throbbing with blood. I would never want to be so detached, so cut off from that primal pulse, that I did not mourn my daughter's death.

And I don't think that's what the yogis meant—that we should use practice as a kind of spiritual epidural to anesthetize us from the pain of our lives.

For me, as it turned out, practice was not a way of stepping out of the pain, but a way of walking right straight into it, of feeling it fully, of letting it rip through my body and heart. And this is how I want my practice to be. This is where I want to practice—not just on a cushion in a temple smelling of sandal wood, not just on a plastic mat in a mirror-walled studio, but in this animal body oozing blood, tears, and mother's milk.

"...if you miss your anger," my friends would ask, in the weeks after Sierra died. "Are you doing your meditation?"

I didn't know whether to answer, "No, not at all," or "Yes, all the time."

I spent very little time on the mat. There's nothing like death to put an asana practice in perspective. In the face of unimaginable loss, I could derive little

comfort from the perfection of my Triangle Pose.

But my years of practice had given me one simple gift: the intention to rest in the moment with what was happening, breath by breath. For years I've asked myself, through meditation and yoga, to rest in sensation: to hold an intense pose and feel the burn of the muscles without moving away from it; to sit without moving in the meditation hall as waves of anger or fear or boredom crash over me. Now I could use this training to receive the grief welling up inside me—and let it tear on through me.

For me, grief wasn't a constant pain; it came in vast, convulsing contractions, like labor. A florist's truck would arrive with another bouquet of flowers, the delivery man averting his eyes as he handed them over and escaped as fast as he could, because he'd figured out by

now that it wasn't good news. And I'd look at another bunch of roses or amaryllis or orchids, exquisite, sweet-scented. I would look at my whole house filling up with flowers in glass vases, already starting

For me, practice was not a way of stepping out of the pain but a way of walking right straight into it, letting it rip through my body and heart.

to die, instead of with smelly diapers and the sound of a baby crying. I'd remember the unbearable beauty of Sierra's face and her tiny curled hands. And I'd want to smash the vase of flowers against the wall.

So I'd let in that wave of pain—even though it was so intense I thought it would split me in two—because I learned that, like vomiting, it was better to let it happen than to try to avoid it. And I found that I could feel it, breath by breath, that one breath at a time, it was bearable. Then the wave would pass, and I'd be lying on the beach, gasping and exhausted, but more alive than before.


And in those moments I'd see that grief and joy are inextricably intertwined. My sorrow was a way of touching a truth that the world is both fleeting and infinitely precious. "Look deeply, and you will see that you are weeping for that which has been your delight," wrote the

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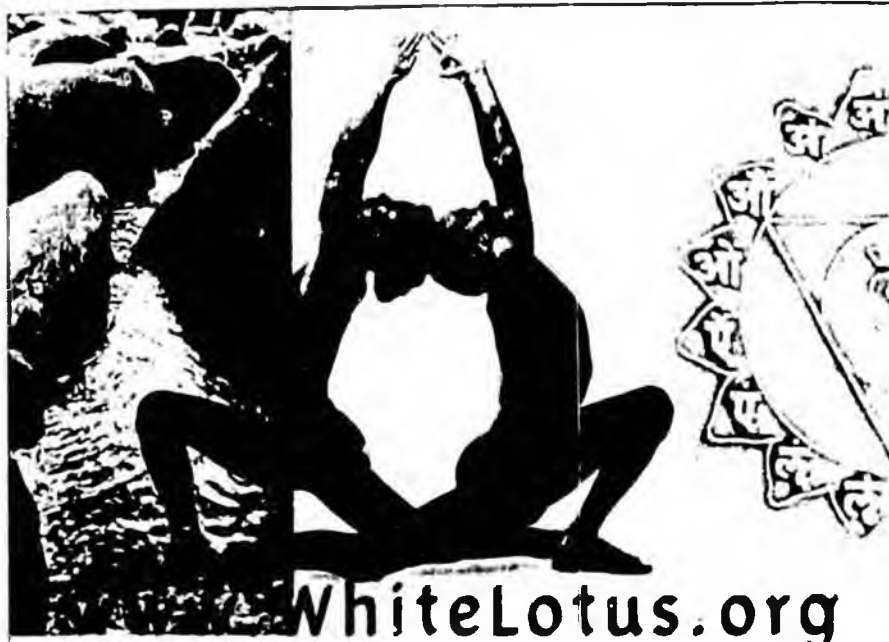
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**HOLISTIC LIFE**

INTO THE HEART OF SORROW

poet Kahlil Gibran. The Zen master Issan wrote this poem after the death of his child: "Dew evaporates, and all the world is dew; so dear, so refreshing, so fleeting."

**I** ONCE HEARD Thich Nhat Hanh say, "I would not want to live in a place where there is no suffering, because suffering breeds compassion." True, our grief shows us how we are "attached." But it also shows us the glorious part of our attachment — that we are woven into the fabric of the world, that we are linked to everything that is.

I don't believe my true Self is outside the world. I believe it is part of it. I believe my true Self shines in the apple trees, in the hummingbirds, in my baby's body, in the blood and sweat of child-birth, in the tears that come when I lose someone I love. It shines in the compassion that springs forth in our hearts in the presence of pain, as naturally as a mother's milk lets down when a baby cries.

For my spiritual practice, I don't want to step away from the world. I want to step closer, take it in my arms, cradle it close to my heart, like a mother holds her child.

After all, my loss is one little drop in a world full of pain. Around the world the week that Sierra died, human beings were facing unimaginable suffering. Bombs were falling on Kosovo. Mothers and fathers were mourning their lost children in Bosnia, in Rwanda, in Littleton, Colorado. They were mourning their children blown apart by bombs, drowned in flooded rivers, shot in gang warfare, wasted away on drugs.

Since Sierra died, I've heard the stories of countless grieving parents. I've heard of babies who lived a few hours and died in their mother's arms. I've heard of babies who stopped breathing in their cribs, and no one ever knew why. I've heard of children taken by cancer, by car wrecks, by murder.

Every one of us has faced or will face terrible losses in our lives. Our dreams will shatter, our loved ones will die, our bodies will slowly fall apart. The question for me is this: Can I allow my practice to

Take me right into the heart of this sorrow? To feel the pain and the grief? And by going through it, open into something larger?

THREE WEEKS AFTER Sierra died, I did yoga on our patio again. Above my mat, two wren-tits pecked in the birdfeeder hung in the branches of our apple tree. A hummingbird darted in and out of the bottlebrush.

I made my way slowly through the poses, as if I were walking through an earthquake-damaged house, lovingly assessing the damage. Afterward I lay on my back in Corpse Pose, watching a blue jay spray a shower of seeds to the ground. Looking at the beauty around me, I felt as if I were peering on the edge of an abyss into which every now and then someone I loved would silently tumble.

The yogis had it right: The world is impermanent. But it is also a sacred blessing. To hold both of those truths in our hearts at the same time is the razor's edge of practice.

Lying there, I saw that I had two possible responses to Sierra's death. One was to contract in terror, to try to cling more closely to what is precious, wrap my hand tight around it, never let it go. An ultimately futile gesture, since it would all inevitably slip away.

The other was to cherish what was precious breath by breath, with an open hand, knowing it could be snatched away at any moment and that it would ultimately be gone forever. To cherish each moment, knowing that each day is a gift and a blessing, that there may not be any more.

The yogis had it right: The world is impermanent. But the world is also a sacred blessing. To hold both of those truths in our hearts at the same time is the razor's edge of practice.

Yes, there is tremendous grief in Sierra's loss. I will never stop missing her. I

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will carry her in my heart for the rest of my life.

But despite all the sorrow, what I have ultimately been left with is a sense of joy, of the precious miracle of incarnation. Of the way love is not bound by time and space. Of how the value of a life has nothing to do with how long it lasts. And of how the rippling effect of a person's life goes on and on, long after he or she is gone. Sierra is not with me in her physical form, and I am so sorry. I miss her deeply. But she is definitely still here.

She is here in the way Lou and I wrap our arms around each other in the night or the way one of us will say "Drive carefully" as the other leaves on an errand. She is with me in the way my heart softens when I see someone suffer. I see her in everything delicate and precious: a baby quail, the broken shell of a snail, a hummingbird flitting through the spray of a garden hose.

And although I would give back all of these lessons in a second to have Sierra with me in physical form again, I see that this is a real and lasting legacy. And ultimately, it's the only way any of us live on: in the way the world is different for our having been.

We have converted Sierra's nursery into a meditation room. Hanging in the corner is a mobile of paper cranes made by three of her cousins to commemorate her death. There's a little altar covered in Indian silk, with the statue of Kuan Yin and an incense burner made from the urn we used to hold her ashes. On the altar, in a white frame painted with morning glories, are Sierra's tiny, delicate footprints: tracks in purple ink on a piece of paper, already starting to fade.

AS SIERRA'S, US THAT bright summer day, we scattered Sierra's ashes in the lake. We carried her little urn down to the base of the waterfall, to the spot where the stream poured into

the lake. Lou reminded me of what one Zen master said when he was asked about reincarnation: just, "First the stream, then the waterfall, then the stream again."

There were wildflowers all around. We sat in the grass with her urn between us, and cried as we said goodbye to her, and told her how sorry we were that she couldn't stay with us. We told her how beautiful it was there, with the flowers and the water and the snowtipped mountains and the thunderclouds just starting to gather, and a whole forest full of animals, so she wouldn't be lonely.

The ashes were different than I had thought they would be. I thought they would be gray and gritty, like fireplace sweepings. But they were like a little bag of broken shells, creamy white and pale yellow, with recognizable bits of bone, including a tiny little femur head the

size of my fingertip.

They clinked against one another when we scooped our hands in to the plastic bag. I thought the stream would carry them off right away, but they sank to the bottom and were swept up against a rock. They

lay there in a little white heap on the black granite, with the water rushing over them. They were still there when we left.

Now when I think of Sierra, which is every few minutes, sometimes I remember her as a squirming, kicking presence in my bulging belly, and sometimes as a beautiful dark-haired baby, lying still in my arms with her eyes closed, and sometimes as a little pile of white bones at the bottom of a stream.

The night after we scattered her ashes, the Perseid meteor showers came. I stepped out of our cabin into the windy night and looked up—flashes of light coming out of nowhere, streaking across a sky full of stars, and vanishing into the infinite darkness. ■

*Ann, a widower, and his wife, a Buddhist, visit Sierra's grave in July 1999.*

**Subject: Education in House Finance on Thursday**

**Date: Tue, 20 Mar 2001 08:21:34 -0900**

**From: Joan Brown <Joan\_Brown@gov.state.ak.us>**

**Organization: Alaska Office of the Governor**

**To: Louanne T Christian <Louanne\_Christian@legis.state.ak.us>**

**Peter H Ecklund <Peter\_Ecklund@legis.state.ak.us>**

Can these folks use the call-in number of 888-262-1555 for Thursday's capital budget hearing or do they need to go to the LIO?

1. Hal Spackman, Director of Mt. Edgecumbe in Sitka - 966-3201
2. Fred Esposito, Director of AVTEC in Seward - 224-4159
3. Yvonne Chase, Deputy Commissioner - Early Development 269-4607