

S B

59

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: SB 59
Bill Version: _____
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
Title: An Act... Awards of Federal Funds to BRU: DOT&PF Capital Budget
Municipalities for Road Projects... Component: DOT&PF Capital Budget
Sponsor: Senators Torgerson & Taylor
Requester: _____ Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
-----------------------------	------------------	------------------	------------------	------------------	------------------	------------------

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
SB 59 requires that the local government sponsor provide the local match for their project. This will have the effect of reducing state local match need by approximately \$1.5M per year.

Key points: the state cannot "grant" Federal Highway funds; DOT&PF remains "on the hook" and responsible for the satisfaction of federal requirements. The state can obligate the local sponsor to meet those requirements through a project agreement, but cannot transfer the ultimate responsibility for proper use of the funds. The engineering capability of most Alaska communities is very modest; the federal requirements are substantial. Our experience is that local staff have basically no experience meeting federal environmental (NEPA) and federal right-of-way acquisition requirements.

The result is that both the local sponsor and DOT must exercise project oversight, which expands the cost of the project administration and construction engineering. For projects that have problems, this duplication of oversight is substantial, leaving less of the project funds to be used for actual construction than would be the case if DOT&PF administered the project.

Prepared by: Thomas Brigham, Director Phone 465-6978
Division: Planning, DOT&PF Date/Time 3/15/01 11:55pm
Approved by: Joseph L. Perkins, Commissioner Date _____
Agency: DOT&PF

For distribution information, call the Governor's Legislative Office



ALASKA STATE LEGISLATURE

SENATOR JOHN TORGERSON

- ◆ CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
- ◆ CHAIR, SENATE RESOURCES COMMITTEE

Session:

State Capitol, Room 427, Juneau, AK 99801
Telephone 907/465-2828 Fax 907/465-4779

District:

45457 Kenai Spur Hwy.; Suite 101B, Soldotna, AK 99669
Telephone 907/260-3042 Fax 907/260-3044

SB 59 – FEDERAL FUNDS TO MUNICIPALITIES FOR ROADS

Sponsor Statement

SB 59 establishes a new Municipal Road Projects Program (MRPP) that directly awards up to \$20 million of federal funds to municipalities for re-construction or construction projects that are eligible for federal funding.

The Department is responsible for developing a project application that sets out all information that will be requested by the Department. The municipality is required to provide the federal match and the project must qualify for federal funding. The municipality must comply with all federal requirements for receipt and expenditures of the funds.

The department also develops priorities for all municipal road projects, but is required to assign a higher priority to projects that involve reconstruction of current state maintained roads when the municipality agrees to accept maintenance responsibility at the completion of the project. The municipality becomes responsible for all aspects of the project, including the match requirements for the federal funding. This will also reduce the state's road maintenance costs when roads are transferred to a municipality.

The bill provides for a system so a municipality can be the recipient of federal funds and provide necessary improvements for local roads. This process is currently in place in many states and in fact, Alaska is one of very few states that do not provide for pass through funding to local governments.

I urge your support for this bill.

JT/mj: SB 59 (S-CRA) SS 3-15-01

REPRESENTING THE KENAI PENINSULA

*Anchor Point Bear Creek Clun Gulch Cooper Landing Crown Point Fritz Creek Happy Valley Halibut Cove Homer Hope Kachemak City Kachemak Selo
Kasilof Lowell Point Moose Pass Nanwalek Nikolaevsk Ninilchik Port Graham Soldotna Seward Seldovia Soldotna Stariski Sterling Voznesenka*



ALASKA STATE LEGISLATURE

SENATOR JOHN TORGERSON

- ◆ CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
- ◆ CHAIR, SENATE RESOURCES COMMITTEE

Session:

State Capitol, Room 427, Juneau, AK 99801
Telephone 907/465-2828 Fax 907/465-4779

District:

45457 Kenai Spur Hwy.; Suite 101B, Soldotna, AK 99669
Telephone 907/260-3042 Fax 907/260-3044

SB 59 – Federal Funds to Municipalities for Roads Sectional Analysis

Sec. 1: This adds a new Article 4 – Awards of Federal Funds to Municipalities for Road Projects to AS 19.05.

New 19.05.150

- (a) Authorizes a program for federal fund awards, maximum \$20 million, to municipalities for roads, subject to appropriations.
- (b) Language that the awards do not lapse under AS 37.25.010.

New 19.05.155

Sets out the process by which a municipality applies to the department for the federal money for a road project. Requires that the municipality provide the matching funds and that they agree to comply with all federal regulations. Requires the department to not accept applications unless the project qualifies for federal funding.

New 19.05.160

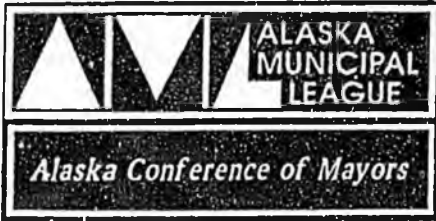
- (a) Authorizes the department to set a priority process for projects, but requires a higher priority be assigned to reconstruction/rehabilitation of a road that will be transferred to a municipality for maintenance.
- (b) Requires the department to include the municipal road projects in the STIP in priority order established above, unless a project is prohibited under federal law.

Sec. 2: Effective date of the bill.

JT/mj: SB 59(S-CRA) SA: 3-15-01

REPRESENTING THE KENAI PENINSULA

*Anchor Point Bear Creek Clum Gulch Cooper Landing Crown Point Fritz Creek Happy Valley Halibut Cove Homer Hope Kachemak City Kachemak Selo
Kasilof Lowell Point Moose Pass Nunwalek Nikoluevsk Ninilchik Port Graham Ruzdolna Seward Seldovia Soldotna Stariski Sterling Voznesenka*



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907)586-1325, Fax (907)-463-5480

February 21, 2001

Senator John Torgerson
State Capitol
Juneau, AK 98111

Re: **SB 59** "relating to awards of federal funds to municipalities for road projects"

Dear Senator Torgerson,

Today the Alaska Municipal League Legislative Committee Public Works and Infrastructure Subcommittee **voted unanimously to support SB 59**. Members commented that they are often frustrated by the State process to set local road construction priorities and that this bill provides an optional tool for a municipality to better serve the needs of its citizens.

This bill was discussed as part of a general devolution of responsibilities to municipalities that may improve local service, but may also contribute toward increased local taxes. The subcommittee suggested that the legislature also consider increasing road revenue sharing back to its statutory level of \$2500 per mile (currently it is less than \$500), creation of a municipal dividend, or similar measure to provide additional resources.

Thank you for your efforts on behalf of municipalities.

Sincerely,

Kevin Ritchie
Executive Director