

**SB**

**184**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

APR 18 2001

SENATE FINANCE  
COMMITTEE

DATE: April 9, 2001

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 18 April 2001

Finance Committee considered SENATE BILL NO. 184  
*CONSTRUCTION OF WATER & SEWAGE FACILITIES*

"An Act relating to user contributions toward the cost of construction of certain water and sewage facilities."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title
- House Bill:**  
 same title  
 technical title  
 new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DEC	4/11/01		✓	

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>		✓		
<i>[Signature]</i>		X		
<i>[Signature]</i>		X		
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

APR 18 2001

SENATE FINANCE  
COMMITTEE

SB 184

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Fiscal Note Number:

Bill Version:

( ) Publish Date:

Revision Date/Time (Note if correction):

Title: An Act relating to user contributions toward the cost of construction of certain water and sewage facilities.

Sponsor: Senate Finance

Requester: Senate Finance

Dept. Affected: Environmental Conservation

BRU: Facility Construction and Operation

Component: Facility Construction and Operation

Component Number: 637

## 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	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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## FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

## ANALYSIS: *(Attach a separate page if necessary)*

SB 184 removes the current explicit prohibition against requiring a local contribution to sanitation projects. Because the local contribution is discretionary under the bill, it will not necessarily invoke a policy or procedural change, or fiscal impacts.

Prepared by: Dan Easton  
 Division: Facility Construction and Operation  
 Approved by: Kurt Fredriksson  
 Agency: Department of Environmental Conservation

Phone 9070-465-5135  
 Date/Time 4/11/01 11:45 AM  
 Date 4/11/2001 2:15 PM

For distribution information, call the Governor's Legislative Office



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### Sponsor Statement

#### SB 184

#### **"User contributions toward the cost of construction of certain water and sewer facilities"**

Water and Sewer projects funded through the "Village Safe Water Act" (VSW) program benefits villages with between 25 and 600 residents within a two-mile radius, a second or first class city with not more than 600 residents. The program is sustained through federal dollars and the Alaska Housing Finance Corporation (AHFC) dividend payment to the state.

Current statutes actually prohibit any requirement of a local contribution in support of local water and sewer enhancements under this program. SB 184 does not mandate that local communities benefited by this program contribute a certain amount for local enhancements. It does, however, remove the barrier to local financial support of water and sewer construction costs under the VSW program.

Eligible VSW projects receive 2/3<sup>rd</sup> of the funding from the federal government with the remaining 1/3<sup>rd</sup> supplied with state AHFC dividend funding. There are many more communities that do not receive requested funding than do receive funding in any given year. There is just not enough funding to support all the requests for VSW projects. Local contribution toward these programs will free up additional money in order to fund some of the requests that currently go unfunded each year. The FY 01 VSW appropriation was for \$53.0 million. If local communities contributed just 5 percent toward the cost, there would have been an additional \$2.7 million available to fund additional community requests.

With passage of this bill, the Department of Environmental Conservation will be encouraged to draft regulations creating a framework for local participation in water and sewer construction projects funded by the VSW program.

DD/bc



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### Sectional Analysis

#### SB 184

**Section 1.** Removes the inability of communities to make local contributions toward the cost of the construction of a facility under village safe water grants.

*Rational: Even a small local contribution provides a sense of project ownership to the local community and frees up additional funding to be used on other "safe water" projects.*

DD/bc



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### Talking Points

#### SB184

#### **“User contributions toward the cost of construction of certain water and sewer facilities”**

- Current statutes actually prohibit any requirement of a local contribution in support of local water and sewer enhancements under this program.
- SB 184 does not mandate that local communities benefited by this program contribute a certain amount for local enhancements. It does, however, remove the barrier to local financial support of water and sewer construction costs under the VSW program.
- Water and Sewer projects funded through the “Village Safe Water Act” (VSW) program benefits villages with between 25 and 600 residents within a two-mile radius, a second or first class city with not more than 600 residents.
- Eligible VSW projects receive 2/3<sup>rd</sup> of the funding from the federal government with the remaining 1/3<sup>rd</sup> supplied with state AHFC dividend funding.
- There are many more communities that do not receive requested funding than do receive funding in any given year.
- Local contribution toward these programs will free up additional money in order to fund some of the requests that currently go unfunded each year.
- The FY 01 VSW appropriation was for \$53.0 million. If local communities contributed just 5 percent toward the cost, there would have been an additional \$2.7 million available to fund additional community requests.
- With passage of this bill, the Department of Environmental Conservation will be encouraged to draft regulations creating a framework for local participation in water and sewer construction projects funded by the VSW program.

DD/bc

## **Additional Information for SB 184**

**“User contributions toward the cost of construction of certain water and sewer facilities”**

**Alaska Statute 46.07.040 in its entirety to show what is and is not covered under a VSW grant**

### **AS 46.07.040. Construction of Facilities.**

(a) The commissioner shall provide for the construction of facilities under this chapter, and is authorized to provide for the construction by contract or through grants to public agencies or private nonprofit organizations, or otherwise. A contribution toward the cost of the construction of a facility may not be required from its users. Construction under this section by contract is governed by AS 36.30 (State Procurement Code).

(b) In the construction of a facility under this chapter, workers from the village in which the facility is being constructed shall be utilized to the maximum extent feasible.

(c) In (a) of this section, "cost of the construction of a facility" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project. These include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering, or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction, and improvement of real property, and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary.

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SENATE FINANCE  
COMMITTEE

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**CONSTRUCTION OF WATER & SEWAGE FACILITIES**

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- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
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**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DEC	4/11/01		✓	

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>		✓		
<i>[Signature]</i>		X		
<i>[Signature]</i>		X		
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

SENATE FINANCE COMMITTEE  
2000 COMMITTEE ACTION

Bill Number	SB 184		
Amendment			
Motion	move		
<u>Motion by</u>	Green		
<u>Objection by</u>	hoffman		
Removed			
<u>Second Objection by</u>	olson		
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Leman	✓		
Senator Olson			✓
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman			✓
Senator Green	✓		
Senator Hoffman			✓
Co-Chair Donley	✓		
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	6		
Nay	3		
Absent			
<u>MOTION</u>	Passes		

**SENATE BILL NO. 184**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

Introduced: 4/9/01  
Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to user contributions toward the cost of construction of certain water  
2 and sewage facilities."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* Section 1. AS 46.07.040(a) is amended to read:

5 (a) The commissioner shall provide for the construction of facilities under this  
6 chapter, and is authorized to provide for the construction by contract or through grants  
7 to public agencies or private nonprofit organizations, or otherwise. A contribution  
8 toward the cost of the construction of a facility may [NOT] be required from its users.  
9 Construction under this section by contract is governed by AS 36.30 (State  
10 Procurement Code).

# FISCAL NOTE

APR 18 2001

SENATE FINANCE  
COMMITTEE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

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Bill Version:

( ) Publish Date:

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Component: Facility Construction and Operation

Component Number: 637

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Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE**

(Thousands of Dollars)

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Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

SB 184 removes the current explicit prohibition against requiring a local contribution to sanitation projects. Because the local contribution is discretionary under the bill, it will not necessarily invoke a policy or procedural change, or fiscal impacts.

Prepared by: Dan Easton

Division: Facility Construction and Operation

Approved by: Kurt Fredriksson

Agency: Department of Environmental Conservation

Phone 9070-465-5135

Date/Time 4/11/01 11:45 AM

Date 4/11/2001 2:15 PM

For distribution information, call the Governor's Legislative Office

SENATE FINANCE COMMITTEE

S I G N - I N

SB 184-CONSTRUCTION OF WATER & SEWAGE FACILITIES

NAME: DAN EASTON Subject/Bill No: 184

Co./Dept./Title: DIRECTOR, FACILITY CONSTRUCTION Phone: 465-5135

Address: 410 WILKINSBY AVE., TUNEAU 99801 Zip: 99801

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_

Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions