

HB

369

ALASKA STATE LEGISLATURE
Rep. Carl Gatto



MEMORANDUM

Date: March 13, 2008

TO: Representative Anna Fairclough,
Co-Chair, House Community & Regional Affairs Committee

From: Representative Carl Gatto

Re: Request for Hearing, House Bill 369

Enclosed you will find a committee packet for HB 369 "An Act relating to certain grants awarded by the Department of Environmental Conservation." A sponsor statement, bill, and other supplemental material are attached.

I would appreciate a hearing before your Community & Regional Affairs Committee at the earliest convenience.

Please contact my staff member, Rick VanderKolk at ext. 5025, with any questions or comments regarding this request.

Thank you for your consideration.

Alaska State Legislature

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600 E. Railroad Ave
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Session:
Alaska State Capitol, Rm 108
Juneau, AK 99801-1182

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Representative Carl Gatto
Co-Chair, House Resources Committee
District 13 - Palmer

SPONSOR STATEMENT HB 369

"An Act relating to certain grants awarded by the Department of Environmental Conservation."

House Bill 369 amends the state's municipal match rate formula for water quality enhancement, water supply, sewage, and solid waste project grants. Under current law ((AS 46.030(e)(2)) the percentage of municipal grant eligibility is based on population:

- 85% for 1,000 residents or fewer
- 70% for 1,001 – 5,000 residents
- 50% for those municipalities with more than 5,000 residents

House Bill 369 proposes amending the state-match formula to:

- 85% for 1,000 residents or fewer
- 70% for 1,001 – 10,000 residents
- 50% for those municipalities with more than 10,000 residents

The proposed change recognizes a number of Alaska's cities that do not have an adequate, growing tax base to absorb 30% of water treatment project costs:

1. Sitka	8,833
2. Ketchikan	7,622
3. Kenai	6,864
4. Wasilla	6,775
5. Kodiak	5,937
6. Bethel	5,812
7. Palmer	5,574
8. Homer	5,454

The intent of HB369 is to not only restore some equity in state-match funding among our cities but to also reward our communities in their efforts to foster economic development.

Amending the population threshold requirement for grant eligibility does not necessitate conforming changes elsewhere in statute. According to DEC, this bill will not impose any other programmatic impacts.

Your support for this proposal is requested and appreciated.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm 329

MEMORANDUM

February 7, 2008

SUBJECT: Determination of certain grant amounts awarded by the Department of Environmental Conservation (Work Order No. 25-LS1445\A)

TO: Senator Lyda Green
Attn: Ginger Blaisdell

FROM: Alpheus Bullard *AB*
Legislative Counsel

This memorandum accompanies the draft bill you requested.

Ginger Blaisdell of your office had asked if the formula employed in determining what percentage of a municipal water quality enhancement, water supply, sewage, or solid waste project's cost could be met by a grant made by the Department of Environmental Conservation under AS 46.03.030(e)¹ was found elsewhere in the Alaska statutes.

Under AS 46.03.030(e)(2) the percentage of a municipal project's costs eligible for a grant is based on community population size. For a community with a population of (1) 1,000 persons or less, a grant is not to exceed 85 percent of a project's eligible costs, (2) 1,001 to 5,000 persons, a grant is not to exceed 70 percent of a project's eligible costs, and (3) 5,000 persons or more, a grant is not to exceed 50 percent of a project's eligible costs (unless the project relates to certain solid waste processing or disposal systems, in

¹ AS 46.03.030(e) provides in relevant part,

[a] grant under [AS 46.03.030] to a municipality for a project funded by an appropriation made by the legislature . . . may not exceed

(A) 85 percent of the eligible costs for a municipality with a population of 1,000 persons or less;

(B) 70 percent of the eligible costs for a municipality with a population of 1,001 to 5,000 persons; and

(C) 50 percent of the eligible costs for a municipality with a population greater than 5,000 persons; however, if a municipality with a population greater than 5,000 persons seeks a grant for a project that relates to a solid waste processing or disposal system that incorporates resource recovery, the department may provide a grant for up to 60 percent of the eligible costs of the project.

Senator Lyda Green
February 7, 2008
Page 2

which case the Department of Environmental Conservation may provide a grant for up to 60 percent of the project's eligible costs).

While community population size is a factor in the determination of other grants, the 85, 70, 50/60 percent formula for communities of 1,000 or fewer, 1,001 to 5,000, and 5,000 or more persons is unique to AS 46.03.030.

Changing what percentage of project costs are eligible for a grant under AS 46.03.030 does not necessitate conforming changes elsewhere in the Alaska statutes.

If you have any questions, please do not hesitate to contact me.

ALB:lmb
08-016.lmb

Enclosure

Senator Green Report

		Current 50/50 Project Cost Sharing		Proposed 70/30 Project Cost Sharing		Difference Between 50/50 and 70/30 Project Sharing	
		State	Local	State	Local	State	Local
SFY 2007 Projects							
Homer	Water Treatment Plant Upgrades	\$1,062,727	\$1,062,727	\$1,487,818	\$637,636	\$425,091	-\$425,091
Ketchikan	Tongass Avenue Water and Sewer Phase 3	\$1,884,179	\$1,884,179	\$2,637,851	\$1,130,507	\$753,672	-\$753,672
Palmer	Steel Water Main Replacement Phase 5	\$1,016,964	\$1,016,964	\$1,423,750	\$610,178	\$406,786	\$406,786
Sitka	Kimsham Landfill Closure	\$1,220,356	\$1,220,356	\$1,708,498	\$732,214	\$488,142	-\$488,142
<i>SFY 2007 Total</i>		<i>\$5,184,226</i>	<i>\$5,184,226</i>	<i>\$7,257,916</i>	<i>\$3,110,536</i>	<i>\$2,073,690</i>	<i>-\$2,073,690</i>

SFY 2008 Projects							
Homer	Water Treatment Plant Upgrade Phase 3	\$1,310,160	\$1,310,160	\$1,834,224	\$786,096	\$524,064	-\$524,064
Kenai	Water Treatment Plant Upgrades Phase 3	\$648,945	\$648,945	\$908,523	\$389,367	\$259,578	-\$259,578
Ketchikan	Disinfection By-Products Reduction Project	\$3,347,500	\$3,347,500	\$4,686,500	\$2,008,500	\$1,339,000	-\$1,339,000
Kodiak	Aleutian Homes Water and Sewer Replacement, Phase 2	\$1,525,400	\$1,525,400	\$2,135,560	\$915,240	\$610,160	-\$610,160
Palmer	Water Main Replacement, Phase 5	\$1,035,000	\$1,035,000	\$1,449,000	\$621,000	\$414,000	-\$414,000
Sitka	Cove Lift Station Replacement	\$155,300	\$155,300	\$217,420	\$93,180	\$62,120	-\$62,120
Sitka	Japonski Island Submarine Water Crossing	\$776,300	\$776,300	\$1,086,820	\$465,780	\$310,520	-\$310,520
Sitka	Water Distribution System Improvements	\$466,785	\$466,785	\$653,499	\$280,071	\$186,714	-\$186,714
Wasilla	Garden Terrace Water Main Extension, Phase 2	\$1,376,100	\$1,376,100	\$1,926,540	\$825,660	\$550,440	-\$550,440
<i>SFY 2008 Total</i>		<i>\$10,641,490</i>	<i>\$10,641,490</i>	<i>\$14,898,086</i>	<i>\$6,384,894</i>	<i>\$4,256,596</i>	<i>-\$4,256,596</i>

SFY 2009 Projects							
Homer	Water Treatment Plant Upgrade	\$1,236,000	\$1,236,000	\$1,730,400	\$741,600	\$494,400	-\$494,400
Kenai	New Water Transmission Main Phase II Wellhouse	\$698,625	\$698,625	\$978,075	\$419,175	\$279,450	-\$279,450
Kodiak	Aleutian Homes Water and Sewer Replacement, Phase 4	\$1,297,800	\$1,297,800	\$1,816,920	\$778,680	\$519,120	-\$519,120
Kodiak	Ultraviolet Secondary Water Treatment Facility	\$2,060,000	\$2,060,000	\$2,884,000	\$1,236,000	\$824,000	-\$824,000
Palmer	Steel Water Main Replacement Phase 6	\$1,369,793	\$1,369,793	\$1,917,710	\$821,876	\$547,917	-\$547,917
Palmer	Wastewater Treatment Plant Improvements Design	\$148,781	\$148,781	\$208,293	\$89,269	\$59,512	-\$59,512
Palmer	Southwest Utility Extension Phase II	\$1,766,605	\$1,766,605	\$2,473,247	\$1,059,963	\$706,642	-\$706,642
Wasilla	Mission Hills Water Extension	\$724,500	\$724,500	\$1,014,300	\$434,700	\$289,800	-\$289,800
<i>SFY 2009 Total</i>		<i>\$9,302,104</i>	<i>\$9,302,104</i>	<i>\$13,022,946</i>	<i>\$5,581,262</i>	<i>\$3,720,842</i>	<i>-\$3,720,842</i>



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February 20, 2008

Representative Carl Gatto
Room 108
State Capitol
Juneau, Alaska 99811

Dear Representative Gatto,

The Alaska Municipal League would like to thank you for the submission of HB 369. This bill is fully supported by the League and its municipal members. If this bill does not pass, it will severely impact many communities in Alaska that find themselves receiving less help in order to help more people.

This bill's passage would positively impact Bethel, Palmer, Homer, Kenai, Ketchikan, Kodiak, North Slope Borough, Northwest Arctic Borough Sitka, and Wasilla. There are a few communities that are right on the cusp of 5,000 people (Valdez, Unalaska and Barrow).

We think it is important that cities that thrive and grow their economy should be eligible for grant funds in an amount that allow them to provide for the additional people added to their population.

Again, we thank you for your attention to this important issue.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director

cc: House C&RA members
Bill Allen, City of Palmer

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB369
() Publish Date: _____

Identifier (file name): HB369-DEC-FC-03-21-08 Dept. Affected: Department of Environmental Conservation
Title: An Act relating to certain grants awarded by DEC RDU: Division of Water
Sponsor: Representative Gatto Component: Facilities Construction
Requester: House Community & Regional Affairs Component Number: 637

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required		Information				
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
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	0.0

CAPITAL EXPENDITURES	3,720.8		0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (1004 GF)	3,720.8		0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

Capital expenditures are based on the assumption that the bill will only affect grants made beginning in FY2009 and later, and will not affect grants made prior to FY2009. The FY2009 capital cost projection is based on the increased costs to the state associated with providing 70% of project costs, instead of 50% of project costs, for projects in communities with populations between 5,000 and 10,000 included in FY2009 capital budget bills HR311 and SB221.

Detailed information about FY2009 projects and increased costs to the state are included on the next page.

Prepared by: Lynn J. Tomich Kent, Director
Division: Water
Approved by: Dan Easton
Department of Environmental Conservation

Phone: 907-269-7599
Date/Time: 3/21/08 3:51 PM
Date: 3/21/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. HB369

ANALYSIS CONTINUATION

FY2009 Projects	Current 50/50 Project Cost Sharing		Proposed 70/30 Project Cost Sharing		Difference Between 50/50 and 70/30 Project	
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