

SB

303

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/25/08

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered SENATE BILL NO. 303

SB 303 SANITATION AND WATER GRANTS

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

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____


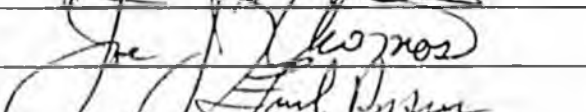
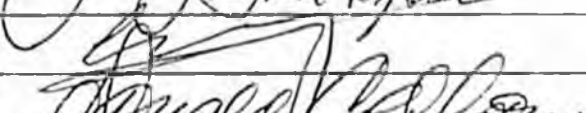
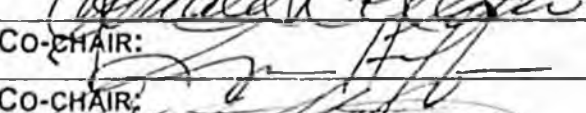


NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Dec		✓			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton Thomas			✓	
	Thomas Dyson			✓	✓
	Huggins	✓			
	Olson			✓	
CO-CHAIR: 		✓			
CO-CHAIR: 	SPICERMAN	✓			

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 303
(S) Publish Date: 3/25/08

Identifier (file name): SB303-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
Component: Facilities Construction
Sponsor: Senate Rules Committee
Requester: Resources, Finance 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	0.0

CAPITAL EXPENDITURES	3,720.8		0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (GF 1004)	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 HB311 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 # 1

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. SB 303

ANALYSIS CONTINUATION

FY2009 Projects	Current 50/50 Project Cost Sharing		Proposed 70/30 Project Cost Sharing		Difference Between 50/50 and 70/30 Project	
	State	Local	State	Local	State	Local
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 & Sewer Replacement Ph 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	\$69,269	\$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>FY 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>

LEGAL SERVICES

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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

<u>Community</u>	<u>Population</u>	<u>Incorp_Type</u>
Anchorage	282,813	Unified Home Rule Municipality
Juneau	30,650	Unified Home Rule Municipality
Fairbanks	30,552	Home Rule City
Sitka	8,833	Unified Home Rule Municipality
Ketchikan	7,622	Home Rule City
Kenai	6,864	Home Rule City
Wasilla	6,775	1st Class City
Kodiak	5,937	Home Rule City
Bethel	5,812	2nd Class City
Palmer	5,574	Home Rule City
Homer	5,454	1st Class City
Valdez	4,353	Home Rule City
Barrow	4,065	1st Class City
Unalaska	3,940	1st Class City
Unalaska	3,940	1st Class City
Soldotna	3,807	1st Class City
Nome	3,540	1st Class City
Petersburg	3,129	Home Rule City
Kotzebue	3,104	2nd Class City
Seward	2,627	Home Rule City
Dillingham	2,397	1st Class City
Cordova	2,211	Home Rule City
Wrangell	1,911	Home Rule City
North Pole	1,710	Home Rule City
Houston	1,537	2nd Class City
Hooper Bay	1,157	2nd Class City
Craig	1,105	1st Class City
Delta Junction	1,039	2nd Class City
Chevak	908	2nd Class City
Sand Point	890	1st Class City
Selawik	841	2nd Class City
Hoonah	829	1st Class City
King Cove	807	1st Class City
Emmonak	796	2nd Class City
Mountain Village	796	2nd Class City
Togiak	783	2nd Class City
Klawock	776	1st Class City
Akutan	741	2nd Class City
Point Hope	737	2nd Class City
Unalakleet	727	2nd Class City
Kwethluk	721	2nd Class City
Savoonga	712	2nd Class City
Alakanuk	663	2nd Class City
Quinhagak	648	2nd Class City
Gambell	643	2nd Class City
Noorvik	636	2nd Class City
Galena	636	1st Class City
Shishmaref	615	2nd Class City
Stebbins	612	2nd Class City
Kotlik	611	2nd Class City
Toksook Bay	598	2nd Class City

Fort Yukon	596 2nd Class City
Pilot Station	574 2nd Class City
Nenana	553 Home Rule City
Saint Mary's	551 1st Class City
Nunapitchuk	547 2nd Class City
Anderson	536 2nd Class City
Kake	536 1st Class City
Scammon Bay	520 2nd Class City
Wainwright	517 2nd Class City
Aniak	512 2nd Class City
Angoon	482 2nd Class City
Thorne Bay	482 2nd Class City
New Stuyahok	472 2nd Class City
Napaskiak	464 2nd Class City
Chefornak	460 2nd Class City
Saint Paul	460 2nd Class City
Kachemak	458 2nd Class City
Buckland	457 2nd Class City
Saint Michael	446 2nd Class City
Gustavus	441 2nd Class City
Manokotak	423 2nd Class City
Saxman	422 2nd Class City
Nuiqsut	417 2nd Class City
Kiana	401 2nd Class City
Kivalina	391 2nd Class City
Marshall	387 2nd Class City
Napakiak	370 2nd Class City
Koyuk	368 2nd Class City
Akiak	367 2nd Class City
Hydaburg	352 1st Class City
Russian Mission	329 2nd Class City
Brevig Mission	324 2nd Class City
McGrath	321 2nd Class City
Anaktuvuk Pass	299 2nd Class City
Elim	294 2nd Class City
Nulato	290 2nd Class City
Kaktovik	288 2nd Class City
Eek	287 2nd Class City
Seldovia	287 1st Class City
Ambler	277 2nd Class City
Upper Kalskag	271 2nd Class City
Lower Kalskag	269 2nd Class City
Tanana	261 1st Class City
Shungnak	260 2nd Class City
Huslia	259 2nd Class City
Teller	258 2nd Class City
Goodnews Bay	242 2nd Class City
Aleknagik	241 2nd Class City
Atkasuk	237 2nd Class City
Nightmute	237 2nd Class City
White Mountain	224 2nd Class City
Mekoryuk	217 2nd Class City

Shaktoolik	214	2nd Class City
Port Lions	211	2nd Class City
Holy Cross	204	2nd Class City
Nunam Iqua	201	2nd Class City
Nunam Iqua	201	2nd Class City
Kaltag	199	2nd Class City
Nondalton	196	2nd Class City
Ouzinkie	190	2nd Class City
Old Harbor	192	2nd Class City
Ruby	183	2nd Class City
Grayling	174	2nd Class City
Newhalen	167	2nd Class City
Coffman Cove	162	2nd Class City
Golovin	154	2nd Class City
Adak	146	2nd Class City
Wales	139	2nd Class City
Deering	138	2nd Class City
Kobuk	135	2nd Class City
Shageluk	124	2nd Class City
Saint George	120	2nd Class City
Whittier	117	2nd Class City
Ekwok	111	2nd Class City
Diomede	110	2nd Class City
Eagle	110	2nd Class City
Tenakee Springs	109	2nd Class City
Pelican	106	1st Class City
Chuathbaluk	99	2nd Class City
Nikolai	98	2nd Class City
Allakaket	94	2nd Class City
Arsen Bay	90	2nd Class City
Anvik	88	2nd Class City
Koyukuk	88	2nd Class City
Cold Bay	87	2nd Class City
Chignik	85	2nd Class City
Port Heiden	79	2nd Class City
Egegik	76	2nd Class City
Alka	73	2nd Class City
Clark's Point	69	2nd Class City
Hughes	68	2nd Class City
Pilot Point	66	2nd Class City
Port Alexander	64	2nd Class City
Kasaan	59	2nd Class City
False Pass	54	2nd Class City
Akhiok	44	2nd Class City
Platinum	38	2nd Class City
Kupreanof	32	2nd Class City
Bettles	25	2nd Class City

ALASKA STATE LEGISLATURE



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Senator Gary Stevens Senate Rules Chair

SPONSOR STATEMENT – SB 303

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

A population criterion that determines water quality project reimbursement rates was last reviewed in 1994. Since that time project costs have skyrocketed and create an undue hardship on cities with population levels close to 5,000. The combination of rising construction costs and increased water and sewer improvement needs has created a financial hardship on the citizens of Alaska's middle-sized municipalities.

As small municipalities continue to invest in economic development and community growth, the cost of improved water and sewer are a detriment to those considering moving to those communities. Cities with populations slightly above 5,000 must pay the additional 20% from their budgets meaning that the tax rates must be increased significantly to a few households, or other services may be passed over to accommodate for basic water and sewer needs.

Current law allows 85% state reimbursement for water / sewer projects for municipalities with a population of 1,000 or less. Municipalities with populations from 1,001 to 5,000 are eligible for 70% state reimbursement. And municipalities with 5,001 or higher are eligible for 50% state reimbursement.

There are eight municipalities that are impacted by the population limits set at 5,000: Sitka 8,833, Ketchikan 7,622, Kenai 6,864, Wasilla 6,775, Kodiak 5,937, Bethel 5,812, Palmer 5,574, and Homer 5,454. Municipalities with populations greater than 10,000 jump to municipalities with more than 30,000 and include Juneau, Fairbanks and Anchorage.

Increasing the limit for the 1,001 to 5,000 population to be 1,001 to 10,000 would help eight municipalities to afford water and sewer projects.

Ginger Blaisdell

From: Easton, Dan (DEC) [dan.easton@alaska.gov]
Sent: Wednesday, February 06, 2008 4:33 PM
To: Ginger Blaisdell
Cc: Griffith, Bill (DEC sponsored)
Subject: FW: here comes the request I warned you about
Attachments: Senator Green Report.xls

Ginger -- I hope the attached spreadsheet and the below e-mail from Bill Griffith answer your questions.

I would only add to Bill's response to question 2. that funds are almost always quickly obligated through grant agreements and rarely (if ever) lapse, though it can be a number of years before they are completely expended. As Bill explains, that's because the projects take years to complete and funds are disbursed as costs are incurred over the duration of the construction project.

Please let me know if you have other questions or if we can help. -- Dan.

From: Griffith, Bill (DEC sponsored)
Sent: Wednesday, February 06, 2008 2:23 PM
To: Kent, Lynn J T (DEC)
Cc: Easton, Dan (DEC)
Subject: RE: here comes the request I warned you about

Lynn - I've attached a spreadsheet showing the projects that would potentially be affected by the change being discussed.

In addition, these are our initial responses to the questions posed by Ginger:

1. What, if any, programmatic impacts would this population change create?

- Assuming this change was applied only to projects funded in FY09 and later, there would be no programmatic impacts. Projects are administered the same way, regardless of the percentage of local matching funds.

- If the change was applied retroactively to projects originally funded in FY07 or FY08, complications would be created. Existing grant agreements would require amendments; accounting and funding adjustments would need to be made; and we would need to figure out how to deal with cities and projects that have already been substantially completed under the original match ratio and grant agreement.

2. Was all state funding expended in FY07 for water/sewer projects? Have we typically lapsed/carried forward funds for this program?

- State funding for FY07 (and FY08) has been partially expended. For projects that had designs in place, or where designs were completed quickly, some or all of the funding has been expended. In other cases, the design is still in progress, and little or no funding has been expended. These capital projects typically require 1 - 5 years to complete, so funding is almost always expended over several fiscal years.

Please let me know if there are any additional questions.

Bill

2/8/2008

From: Ginger Blaisdell [mailto:Ginger_Blaisdell@legis.state.ak.us]
Sent: Tuesday, February 05, 2008 11:27 AM
To: Easton, Dan (DEC)
Subject: here comes the request I warned you about

We are looking at the state/local match rates for water/sewer project funding population breakout listed in AS 46.03.030 (e).

What would the funding impact be for ranked projects for FY07 and FY08 for communities in the 1,001-5,000 population if the population criteria were changed to 1,001-10,000 population?

What if any programmatic impacts would this population change create?

Was all state funding expended in FY07 for water/sewer projects? Have we typically lapsed/carried forward funds for this program?

Please call if you have any questions – 465-5038.
Ginger

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
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March 21, 2008

Senator Charle Huggins, Chair
Senate Resources Committee
Room 119
State Capitol
Juneau, Alaska

RE: SB 303 – An Act relating to certain grants awarded by the Department of Environmental Conservation

Dear Senator Huggins,

The Alaska Municipal League would like to go on record as being in favor of SB 303. Without passage of this bill, many municipalities will be negatively impacted. Communities that are growing will find themselves supporting infrastructure and utilities that supply more and more people, yet are eligible for less grant money from ADEC.

This bill's passage would positively impact Bethel, Palmer, Homer, Kenai, Ketchikan, Kodiak, the North Slope Borough, the Northwest Arctic Borough, Sitka, and Wasilla. There are a few communities that are right on the cusp of having their population reach over 5,000 people and those communities will be positively impacted soon; Valdez, Unalaska and Barrow.

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

Thank you for the privilege of commenting on this bill.

Sincerely,

A handwritten signature in cursive script that reads 'Kathie Wasserman'.

Kathie Wasserman
Executive Director