

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

HB 367 - HB 372 512 23

HB

367

# HOUSE COMMITTEE REPORT

FILE

(7)

Date Referred: January 8, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/6/90

The FINANCE Committee considered:

HB 367

HOUSE BILL NO. 367

APPROP: FORWARD FUNDING FOR EDUCATION ACCT

"An Act making special appropriations to the forward funding for education account, the budget reserve fund, and the public school trust fund; and providing for an effective date."

**RECOMMENDATIONS:**

- be replaced with CS HB 367 (FIN)  the same title
- a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check approp. column)

Do Not  
Pass    No Rec    Amend

[Signature] Swackhammer  
[Signature] Koponen  
[Signature] Uimer  
[Signature] Shultz  
[Signature] BROWN  
[Signature] Hoffman

(Check approp. column)	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Larson	✓		
<u>[Signature]</u> Rieger	✓		
<u>[Signature]</u> Phillips	✓		
<u>[Signature]</u> Wallis	✓		
<u>[Signature]</u> [Name]	✓		

[Signature] Hoffman  
 Chairman's Signature  
[Signature] Larson

Original sponsor(s): REP. ULMER

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 367 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the budget  
7 reserve fund, the public school trust fund, and the  
8 forward funding for education account; and providing  
9 for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 \* Section 1. The first \$526,315,790 received by the state on or after  
12 the effective date of this Act from the settlement or final judicial deter-  
13 mination of the Dinkum Sands case (United States v. Alaska) and the North  
14 Slope royalty case (State v. Amerada Hess, et al.) and not deposited into  
15 the Alaska permanent fund under AS 37.13.010(a)(1) or (2) or into the  
16 public school trust fund (AS 37.14.110) under AS 37.14.150, is appropriated  
17 as follows:

18 (1) 95 percent to the budget reserve fund (AS 37.05.540); and

19 (2) five percent to the public school trust fund (AS 37.14.110).

20 \* Sec. 2. That portion of the money received by the state on or after  
21 the effective date of this Act from the settlement or final judicial deter-  
22 mination of the Dinkum Sands case (United States v. Alaska) and the North  
23 Slope royalty case (State v. Amerada Hess, et al.) and not (1) deposited  
24 into the Alaska permanent fund under AS 37.13.010(a)(1) or (2) or into the  
25 public school trust fund (AS 37.14.110) under AS 37.14.150 or (2) appropri-  
26 ated to the budget reserve fund (AS 37.05.540) and the public school trust  
27 fund (AS 37.14.110) under sec. 1 of this Act, is appropriated to the for-  
28 ward funding for education account (AS 14.07.065) and designated for the  
29 fiscal year after the fiscal year in which the money is received.

1 \* Sec. 3. Section 1 of this Act takes effect immediately under AS 01.-  
2 10.070(c).

3 \* Sec. 4. Section 2 of this Act takes effect on the effective date of  
4 an Act enacted by the Sixteenth Alaska State Legislature establishing the  
5 forward funding for education account.

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# Alaska State Legislature

## HOUSE OF REPRESENTATIVES



### REPRESENTATIVE FRAN ULMER

#### MEMORANDUM

February 12, 1990

TO: Rep. Ron Larson, Co-Chair  
Rep. Lyman Hoffman, Co-Chair  
House Finance Committee

FROM: Rep. Fran Ulmer

RE: HB 367, making a special appropriation to the  
forward funding for education account

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HB 367 appropriates windfall revenues to the forward funding for education account. It is the companion bill to CSHB 189, creating the forward funding for education account, which was passed out of the House Finance Committee last session and is currently in Rules. The purpose of these two bills is to increase the continuity and stability of planning in local school districts by funding education from a reserve account one year in advance.

HB 367 makes a special appropriation to the forward funding for education account from windfall revenues the state may receive from the Dinkum Sands case and North Slope royalty case. Although estimates vary widely, the revenues to be received will be in excess of \$2 billion, far more than the \$600-\$700 million needed to fully fund the foundation formula program.

HB 367 is substantially similar to HB 190 from last session. That bill appropriated funds to the forward funding account after the amounts required by law to be deposited in the Permanent Fund and the public school trust fund. The balance of windfall revenues received would have gone to the budget reserve fund. See attached chart.

HB 367 revises that order of priorities by requiring the first \$500 million of windfall revenues (after the amounts required for the Permanent Fund and the public school trust fund) to go to the

District 4B — Juneau

P.O. Box V • Juneau, Alaska 99811-3100 • (907) 465-4947

House Finance Committee  
HB 367  
Page 2

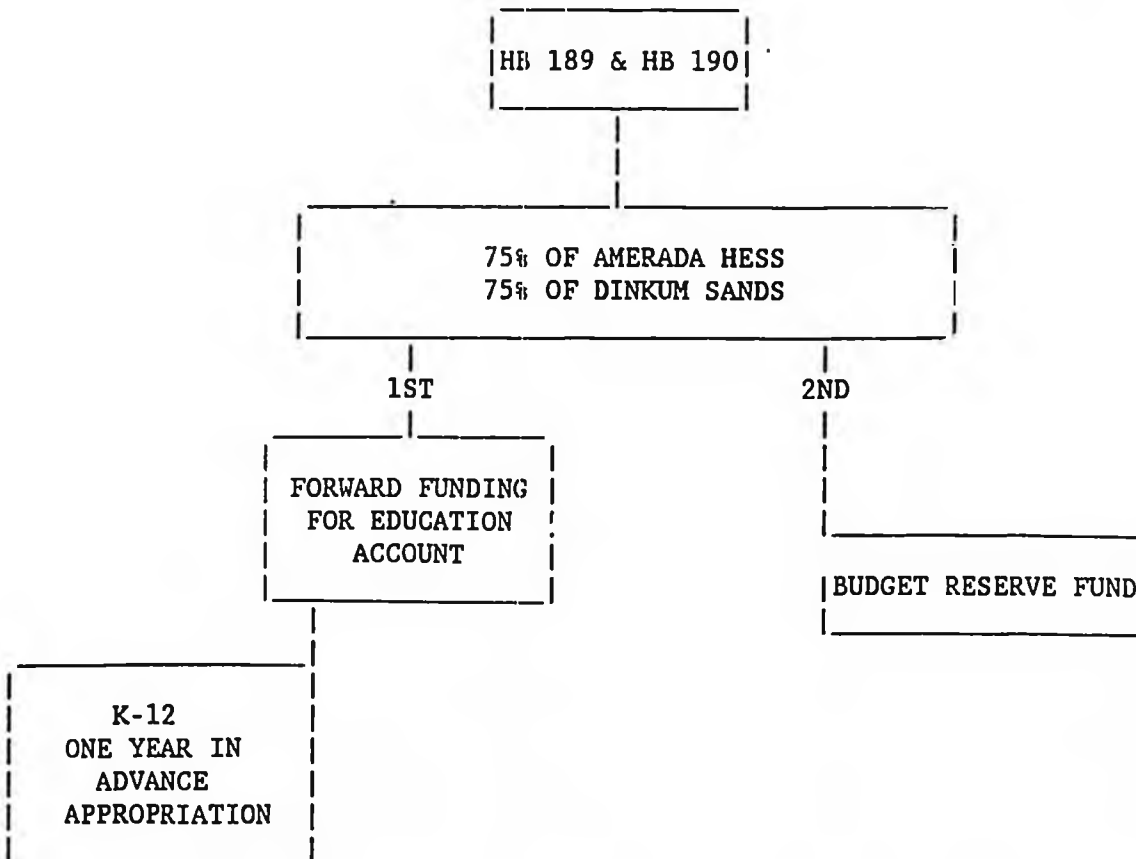
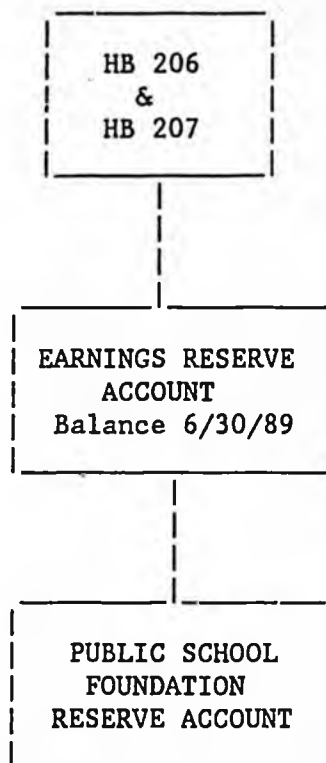
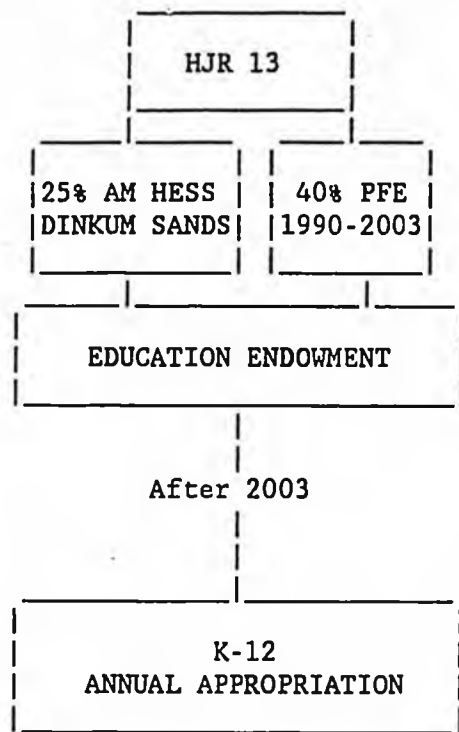
budget reserve fund, and the balance to the forward funding account. See attached chart for HB 367. This means that, in order for any funds to be deposited to the forward funding account, the state must receive over \$1 billion in windfall revenues. Of that \$1 billion, approximately \$500 million will have gone to the Permanent Fund, \$500 million to the budget reserve fund, and approximately \$5 million to the Public School Trust Fund.

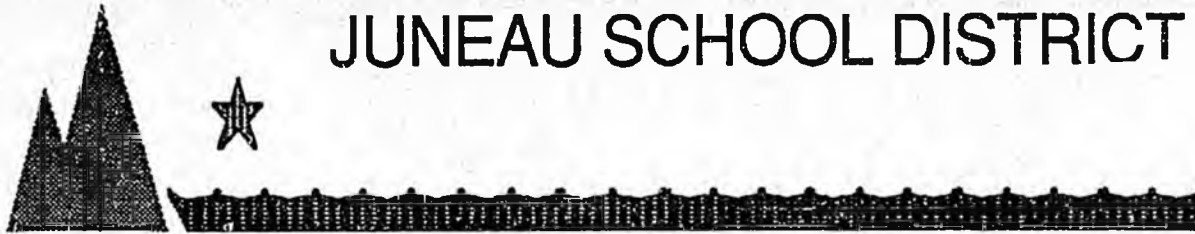
I have attached a Committee Substitute for HB 367 for your consideration. This substitute deletes section #1 of HB 367 which appropriates the balance of the Permanent Fund earnings reserve account to the forward funding for education account. In light of the findings of the hearings held by the Commission on the Future of the Permanent Fund, using the monies held in the earnings reserve account in this fashion is not consonant with public opinion and testimony given to that commission.

I urge your consideration of the attached CS for HB 367.

attachments  
FU/dl







10014 Crazy Horse Drive • Juneau, Alaska 99801 • (907) 586-2303

March 28, 1989

Representative Fran Ulmer  
Alaska State Legislature  
State Capitol  
P.O. Box V  
Juneau, AK 99811

Dear Representative Ulmer:

Enclosed please find the City and Borough of Juneau School District Board of Education Resolution #12-89, supporting forward funding for public education. As you are aware, forward funding would be a great asset to our District in terms of program planning and treatment of staff.

Please feel free to contact me if I can be of assistance.

Sincerely,

David Crosby, President  
Board of Education

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JUNEAU SCHOOL DISTRICT BOARD OF EDUCATION

RESOLUTION #12-89

A RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU SUPPORTING FORWARD FUNDING FOR PUBLIC EDUCATION.

WHEREAS, the right to a free education for every child has been universally recognized, and in Alaska is mandated by Article VII, Section 1 of the Alaska State Constitution; and

WHEREAS, education provides the opportunity for reaching personal fulfillment and economic self-sufficiency; and

WHEREAS, to fail to provide that opportunity penalizes not only the individual child, but also the society as a whole; and

WHEREAS, Federal revenues for education have become increasingly more unpredictable; and

WHEREAS, current state revenue has been unpredictable and future state oil revenues are projected to decrease with the gradual decline of Prudhoe Bay production, making State general fund support of public education more difficult and uncertain; and

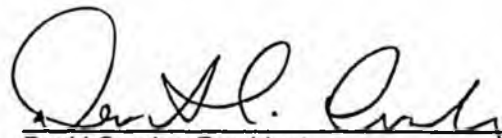
WHEREAS, dramatic swings in funding for education cause serious disruptions in the delivery of educational services to the great detriment of school age children in Juneau; and

WHEREAS, a fund which has been established from lapsed public school foundation and construction monies and money from the judicial decision on Dinkum Sands and North Slope royalty cases could provide critically important long-term, stable funding for public education in Alaska.

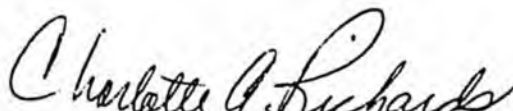
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

1. That the Board of Education of the City and Borough of Juneau supports and endorses HB189 and HB190 creating a "forward fund" for public education in the State of Alaska.
2. That this resolution shall be effective March 21, 1989.

Adopted this 21st day of March, 1989

  
David Crosby, President

Attest:

  
Charlotte Richards, Clerk



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

March 27, 1989

To: Representative Johnny Ellis, Chair  
Members, House HESS Committee

Re: House Bill No. 189: "An Act creating the forward funding for education account; providing for lapse of funds in the public school foundation account; and providing for an effective date."  
House Bill No. 190: "An Act making a special appropriation to the forward funding for education account; and providing for an effective date."

NEA-Alaska supports and encourages your favorable consideration of HB 189 and HB 190.

The concept of forward funding as provided for in HB 189 is essential if the continuity in planning, programs, and services is to be restored in public education in Alaska.

School districts and staff must know on something far better than a year to year basis the level of state support for public education. Under current practices longer range planning cannot be effective when a school district is not aware of funding levels until 2 or 3 months before the commencement of another school year.

Essential student programs and services are constantly being started, stopped, or reduced and frequently many certificated and non-certificated staff do not even know whether or not they will have employment until early in the school year.

Forward funding will put an end to much of the current instability in many school districts and, in doing so, enhance the quality of our programs.

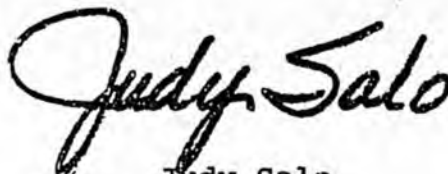
In addition to the appropriation from litigation settlements referenced in HB 190, we encourage that consideration be given to utilizing other revenue sources in establishing the forward funding account including but not limited to the permanent fund earnings reserve.

Thank you for your consideration of our position.

Respectfully submitted,



Bob Manners  
Executive Secretary



Judy Salo  
President

cc: Representative Fran Ulmer

HB

368

# HOUSE COMMITTEE REPORT

①

(11)

Date Referred: February 2, 1990

FURTHER REFERRALS:

Date of Committee Action: 2/14/90

The FINANCE Committee considered:

HB 368

HOUSE BILL NO. 368

CONSTRUCTION STNDS FOR AHFC HOUSING LOANS

"An Act relating to residential housing assistance provided by the Alaska Housing Finance Corporation."

**RECOMMENDATIONS:**

- [  ] be replaced with CS HB 3108 (FIN) [  ] the same title
- [ ] have attached amendment(s) [ ] a new title
- [  ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [ ] fiscal impact \_\_\_\_\_ [ ] fiscal note(s) \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_ [ ] zero fiscal note(s) \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_ [  ] zero fn/analysis 1/30/90 / REVENUE

**SIGNING DO PASS:**

**SIGNING:**  
(Check approp. column)

		DO NOT PASS	NO REC	Amend
<u>[Signature]</u> Hoffinan	<u>[Signature]</u> Koponen		No Rec	
<u>[Signature]</u> Larson	<u>[Signature]</u> Phillips		✓	
<u>[Signature]</u> Swackhammer	<u>[Signature]</u> Wallis		✓	
<u>[Signature]</u> Brown	<u>[Signature]</u> Rieger		✓	
<u>[Signature]</u> Barnes				

[Signature] Hoffman  
 Chairman's Signature  
[Signature] Larson

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

<sup>CC</sup> BILL VERSION: CSHB 368 (L & C)  
PUBLISH DATE: HOUSE 2/2/90

**FISCAL NOTE**

**REQUEST:**

Revised Date: \_\_\_\_\_  
 Title: Construction Stds for Housing Eligible for AHFC Financing  
 Sponsor: Rep. Swackhammer  
 Request: \_\_\_\_\_  
 Agency Afford: \_\_\_\_\_  
 BRU: Alaska Housing Finance Corporation  
 Component: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-

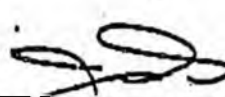
**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**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)

Prepared by: Judith DeSpain   
 Division: Alaska Housing Finance Corporation Phone: 561-1900  
 Date: 1/30/90

Approved by Commissioner: Hugh Malone  
 Agency: Department of Revenue Date: \_\_\_\_\_

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requester  
 Office of Management and Budget  
 Impacted Agency(ies)

Adopted

008518

**FISCAL ANALYSIS  
SB 368**

The cost to AHFC to implement the provisions of this legislation are negligible, as the onus for ensuring compliance rests with the lender, not AHFC. AHFC activity will be limited to the routine adding and publicizing of a new underwriting requirement which must be met by the lender before a commitment to purchase can be issued.

Inspections will be done by non-AHFC personnel. Costs of inspections ultimately will be borne by borrowers.

Original sponsor(s): REP. SWACKHAMMER, Navarre, Brown, Zawacki

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 368 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to residential housing assistance  
7 provided by the Alaska Housing Finance Corporation."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 18.56.088(c) is amended to read:

10 (c) The board may adopt regulations to carry out the purposes of  
11 this chapter, and shall adopt regulations necessary for the following  
12 purposes:

13 (1) determination of borrower eligibility including, but  
14 not limited to, income limitations and the determination of remote,  
15 underdeveloped or blighted areas of the state;

16 (2) loan guidelines and terms including but not limited to  
17 maximum loan amounts and required loan-to-value ratios, but excluding  
18 mortgage loan interest rates;

19 (3) characteristics of housing eligible for loans or pur-  
20 chase of loans, including compliance with the requirements of AS 18.-  
21 56.300; [AND]

22 (4) the qualifications of loan originators and servicers  
23 and the method of allocating amounts available for the purchase of  
24 loans; and [.]

25 (5) establishment of a procedure, including a fee schedule,  
26 for the commitment for one year or less of money for the purchase of  
27 an individual mortgage loan at a specific interest rate.

28 \* Sec. 2. AS 18.56 is amended by adding a new section to read:

29 Sec. 18.56.300. CONSTRUCTION STANDARDS FOR HOUSING ELIGIBLE FOR

1 PURCHASE OF LOANS. (a) The corporation may not make or purchase a  
2 housing loan for residential housing the construction of which begins  
3 after June 30, 1991, unless the seller of the mortgage loan complies  
4 with the provisions of this section and unless

5 (1) the unit is in compliance with the construction codes  
6 of the municipality, if the unit is located within a municipality that  
7 has adopted and enforces construction codes and each of those codes  
8 meets or exceeds the comparable standards for similar housing estab-  
9 lished by the state building code; or

10 (2) the unit is in compliance with the comparable standards  
11 for similar housing established by the state building code

12 (A) if the unit is located

13 (i) within a municipality whose construction  
14 codes do not meet the standards for similar housing estab-  
15 lished by the state building code;

16 (ii) within a municipality that does not enforce  
17 construction codes; or

18 (iii) outside a municipality; or

19 (B) as to each specific code within the construction  
20 codes of the municipality that has adopted and enforces con-  
21 struction codes if the specific code does not meet or exceed the  
22 comparable standard for similar housing established by the state  
23 building code.

24 (b) As a condition of a commitment to purchase or approve a loan  
25 under this section for residential housing the construction of which  
26 begins after June 30, 1991, the corporation shall require inspection  
27 of the unit of residential housing that is the subject of the loan.  
28 The inspection must be performed by a municipal building inspector or  
29 by a person who is approved or certified to perform residential

inspections by the International Conference of Building Officials or the International Association of Electrical Inspectors. The person who makes the inspection shall determine whether the construction conforms to relevant provisions of the construction codes of the municipality or of the state building code, as applicable, at each of the following stages of construction:

- (1) plan approval;
- (2) completion of footings and foundations;
- (3) completion of electrical installation, plumbing, and framing;
- (4) completion of installation of insulation;
- (5) final approval.

(c) An action for damages may not be maintained against

(1) a person performing an inspection under (b) of this section if the claim is based on the person's inspection or failure to inspect for a violation of the construction codes of the municipality or the state building code, as applicable, as a condition of approval of a housing loan under this chapter; or

(2) the corporation for

(A) the negligent inspection or failure to inspect by a person performing an inspection under (b) of this section; or

(B) committing to or approving a housing loan under this chapter without first securing a report based on the inspection made under (b) of this section.

(d) In this section,

(1) "construction codes" means, with reference to a municipality, the building, mechanical, plumbing, and electrical codes, or any of them that have been adopted and are enforced by the municipality;

(2) "state building code" means

(A) for building standards, the standards set out in the version of the Uniform Building Code adopted by the Department of Public Safety under AS 18.70.080, including the provisions of that code applicable to buildings used for residential purposes containing fewer than four dwelling units, notwithstanding the exclusion of those buildings from the Department of Public Safety's jurisdiction made by AS 18.70.080(a)(2);

(B) for mechanical standards, the standards set out in the version of the Uniform Mechanical Code adopted by the Department of Public Safety under AS 18.70.080, including the provisions of that code applicable to buildings used for residential purposes containing fewer than four dwelling units, notwithstanding the exclusion of those buildings from the Department of Public Safety's jurisdiction made by AS 18.70.080(a)(2);

(C) for plumbing standards, the minimum plumbing code adopted by the Department of Labor under AS 18.60.705; and

(D) for electrical standards, the minimum electrical standards prescribed by AS 18.60.580.

\* Sec. 3. AS 18.56.300(d)(2)(A) and (B), enacted by sec. 2 of this Act, are intended to assure that, for purposes of determining whether housing the construction of which begins after June 30, 1991, meets the building and mechanical standards under AS 18.56.300(a) and (b), enacted by sec. 2 of this Act, the standards set out in each of the following fully apply to residences containing fewer than four dwelling units, even though those residences are excepted from regulation by AS 18.70.080(a)(2):

(1) the Uniform Building Code, adopted for the state by 13 AAC 50.020(a);

(2) the Uniform Mechanical Code, adopted for the state by 13 AAC

50.020(b).

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House of Representatives

February 3, 1990

SECTIONAL ANALYSIS FOR CS FOR HOUSE BILL 368 (L&C)

SECTION ONE: Incorporates language that refers to new section (AS 18.56.300) that will be added to existing statutes.

SECTION TWO: New section added to AS 18.56.

(a) AHFC may not make or purchase a housing loan for residential housing constructed after June 30, 1991, unless the seller of the mortgage loan complies with the following provisions (as defined under AS 18.56.300):

- (1) Compliance with the construction codes of a municipality, if the building is within a municipality that has adopted and enforces a construction code that meets or exceeds the standards established by the state building code; or
- (2) Compliance with the standards established by the state building code if the residential unit is located within a municipality whose construction code does not meet the standards of the state building code, within a municipality that does not enforce a building code, outside a municipality or if a municipal code does not meet the standards as described in state building codes, then the specific state code will take precedence over the code adopted by a municipality.

(b) Requires that the inspection be performed by a municipal building inspector or by a person who is approved or certified by the International Conference of Building Officials. The person who is conducting the inspections will make a determination whether the construction conforms to municipal construction or state building codes at each of these stages of construction:

- (1) Plan approval;
- (2) Completion of footings and foundations;
- (3) Completion of electrical, plumbing and framing;
- (4) Completion of installation of insulation; and
- (5) Final approval.

(c) A hold harmless clause that protects the person conducting the inspection from claims for damages if the claim is based on the person's inspection or failure to inspect for a violation of the municipal code or the U.B.C. as a condition of approval of a housing loan.

(d) Definitions:

(1) Construction code refers to a municipality, the building, mechanical, plumbing and electrical codes or any of them that have been adopted and enforced by the municipality.

(2) State building code refers to the minimum building and mechanical code adopted by regulation by the Department of Public Safety under A.S. 18.70.080; minimum plumbing code adopted by the Department of Labor under A.S. 18.60.705; and the minimum electrical standards prescribed by A.S. 18.60.580.

REPRESENTATIVE  
C.E. "SWACK" SWACKHAMMER

# Alaska State Legislature



House of Representatives

SOLDOTNA  
312 TYEE STREET  
SOLDOTNA, ALASKA 99669  
(907) 262-7841

JUNEAU  
BOX V  
JUNEAU, ALASKA 99811  
(907) 465-2689

## SUMMARY OF LABOR AND COMMERCE AMENDMENTS TO HB 368

- \* Page 2, Line 1:  
Deleted "LOANS OR"

This deletion refers to the fact that the seller of the mortgage loan, rather than the borrower, is required to comply with the new section under AS 18.56.300.

- \* Page 2, Line 2:  
Deleted "the effective date of this section"  
Inserted "June 30, 1991,"

June 30, 1991, is the date the new construction standards will be effective. Housing constructed before this date is not subject to the new statutes.

- \* Page 2, Line 3:  
Deleted "borrower"  
Inserted "seller of the mortgage loan"

The impetus to insure the inspections are undertaken falls on the seller of the mortgage loan (basically the lending institutions) rather than the borrower. As AHFC suggested, it did not seem appropriate for the borrower to be held responsible for compliance of a law, when the borrower may have no interest or responsibility whatsoever in the construction of the housing units.

- \* Page 2, Line 4, after "section" :

Inserted "and unless"

This change reflects that subsection (b) is eliminated.

Page 2  
HB 368 amendment 6-1671Aa  
January 25, 1990  
Swackhammer

\* Page 2, lines 5-8:

Deleted all material.

The change limiting the effect of the new subsection under AS 18.56.300 to mortgages purchased for homes that are constructed after June 30, 1991. This makes subsection (b) obsolete.

\* Relettered the following subsections accordingly.

Again, due to the elimination of subsection (b).

\* Page 2, line 28:

Deleted "approval of"

Inserted "a commitment to purchase or approve"

Suggested language change by AHFC. When acting as a secondary lender, AHFC does not make the loan.

\* Page 2, line 28, after "loan":

Inserted "for residential housing that is constructed after June 30, 1991,"

Language to clarify that the bill impacts only those residential housing projects that are constructed after June 30, 1991.

\* Page 3, line 16:

Deleted "(c)"

Inserted "(b)"

Reference to amendment that eliminated subsection (b) on page 2.

REPAIRS DEEMED NECESSARY BY AHFC TO MAKE PROPERTIES  
"SAFE AND SANITARY"

1. NHN Josephine Dr., Nikiski  
Tr. 2B Blk 4 McCaughey Sub.

Repairs

1. Install handrails on decks	- \$	490.00
2. Replaced 3 bedroom windows to meet fire escape requirements	-	2,400.00
3. Drywall installed around breaker box to cover exposed wires	-	140.00
4. Correct improperly installed floor with only 6-8" of crawlspace resulting in dryrot	-	<u>26,000.00</u>
TOTAL	-	\$29,030.00

2. 37840 Dawn Dr., Ridgeway  
Carver Sub.

Repairs

1. Smoke detectors	- \$	50.00
2. Correct failing wood foundation not designed properly	-	<u>5,250.00</u>
TOTAL	\$	<u>5,300.00</u>

3. 36100 Kimberly Ct., K-Beach  
Hall Sub.

Repairs

1. Correct rear deck improperly installed resulting in frost heaves	- \$	80.00
2. Replace siding that was torn off back of house when deck heaved and pulled off house	-	120.00
3. Correct grading where within 6" of wood siding	-	150.00
4. Install foundation vents	-	120.00
5. Correct handrails to be safe	-	160.00
6. Replace sagging roof improperly	-	<u>10,970.00</u>
TOTAL		\$11,600.00

4. NHN Cottonwood, Nikiski  
Lake Salamatoff Sub.

Repairs

1. Rebuild spiral stairs to meet code requirements	- \$	400.00
2. Rebuild unsafe exterior decks	-	1,270.00
3. Install crawlspace vents	-	150.00
4. Correct wood to dirt contact on siding	-	360.00
5. Repair plumbing violations per State Plumbing inspection 36 violations. Repair.	-	<u>6,670.00</u>
TOTAL	\$	<u>8,850.00</u>

5. NHN Bennet Ct., K-Beach  
Hall Sub.

Repairs

1. Crawlspace vents	- \$	35.00
2. Exposed wiring to well	-	40.00
3. Complete grading to drain from house	-	545.00
4. Comple back porch & steps	-	310.00
5. Exposed wiring in gable ends	-	10.00
6. Correct electrical to be safe	-	1,536.00
7. Correct plumbing to code	-	990.00
8. Replace home-built wood trusses that were failing		<u>9,110.00</u>
TOTAL		<u>\$12,576.00</u>

Total Costs to Repair Above Houses - \$67,356.00

The following is a list of AHFC properties listed by Dick Mueller Realty, Inc. Because of structural problems, these properties are not in a saleable condition.

<u>Address</u>	<u>Problem</u>	<u>Date Listed</u>
000 Lake St., Soldotna	No Legal Access to Property	3-27-87
000 Gary Ct., Nikiski	No foundation, no well	1-13-88
000 Spruce Haven, N.K.	Poor foundation	10-23-87
000 Scout Lake, Sold.	Engineers Report Necessary	5-9-88
000 Lovers Loop, N.K.	Engineers Report Necessary	1-11-88
000 Sharkathmi, Sold.	Engineers Report Necessary	5-12-88
107 Walker Lane, Kenai	Engineers Report Necessary	11-29-88*
000 N. Spur Rd., N.K.	Engineers Report Necessary	12-1-88**
000 Riverview, Kenai	Unfinanceable, on bluff	6-20-88
000 Misty Place, Sold.	Residential in Commercial	11-28-86
000 Nichols, N.K.	Engineers Report Necessary	4-10-87
000 Marlene, N.K.	Community Well w/contaminant	9-13-87

\*Property listed, then taken off market because of condition

\*\*Property not listed yet, repairs have been finished, cost \$10,000+. Financing uncertain because of location in commercial area.

NOTE: Add on at least 6 months holding costs by servicing lender on the above properties and 3 months for holding by Dick Mueller Realty, Inc. before a listing could be signed.

USING APPROX. HOLDING COSTS ABOVE, THE TOTAL HOLDING COSTS TO AHFC ON THESE PROPERTIES SINCE THEY HAVE BEEN ACQUIRED AFTER FORECLOSURES, ADDING HOLDING AND LISTING TIME, IS APPROX. \$750,000.00. (Approx. cost per property per year \$20,000)

-6 of these have had offers rejected, 3 all cash. (MGIC has accepted, AHFC rejected in most cases.)  
 -On Sebald, AHFC is now deciding if they want to remove the structure. (Gary Ct.)

(MGIC Insured - 9

(Non-Insured - 2

Rep. C. T. Swackhammer

**RE: Legislation to require professional plan review and inspection of AHFC financed construction to protect the public safety.**

Dear Rep. Swackhammer,

Recent economic conditions have resulted in numerous foreclosures on residences financed by the Alaska Housing Finance Corporataion. Responsible action by various realtors who are marketing these houses for resale has revealed several instances of substandard and unsafe construction. As a consequence, large capital expenditures by AHFC have been required to bring these houses into conformance with normally accepted standards for durability and safety.

#### THE PROBLEM

I have been personally involved in the renovation of several such structures and have been amazed at the poor quality of construction and the waste of natural resources that was financed by AHFC. In many instances, structures less than 5 years old have required major structural renovation such as removing and replacing entire roof systems including trusses, decking, and roof coverings. Other instances have involved tearing out entire basement floors in order to replace decayed wood and prevent structural collapse.

Since public funds are involved, I believe that the State of Alaska has a dual responsibility to prevent the construction of of substandard AHFC structures in the future. First, the cost of bringing these structures up to acceptable standards 'after the fact' usually costs several times as much as it would have cost to do it right in the first place. Secondly, and by far more importantly, I believe that the State of Alaska has a fiduciary responsibility to the public to ensure that housing that is financed with public money is reasonably safe and has a normal service life. I am sure that research into this matter would reveal many legal precedents that firmly establish the right of the public to expect that housing financed in part by public funds will be safe and secure. By allowing substandard housing to be constructed under the auspices of AHFC financing, I believe that the State of Alaska will eventually be held liable for death and personal injury resulting from collapse of such structures, in addition to the current costs of associated with the renovation of substandard structures.

## **A SOLUTION**

Great strides can be made towards providing safer, more durable housing by adopting a generally accepted set of performance standards for AHFC financed construction and by requiring the implementation of those standards through a consistent plan review and construction inspection program by qualified Professional Engineers and Architects. Many municipalities in Alaska have adopted the Uniform Building Code to establish minimum life safety, durability and structural engineering requirements.

The effectiveness of the adoption of minimum standards is readily seen when the damage from the recent California earthquake, where relatively few structures failed and less than 200 people were killed, is compared to the damage caused by the 1985 Mexico City earthquake and the 1988 Armenian earthquake where absolute destruction was widespread and deaths numbered in the tens of thousands.

## **THE FUTURE**

Alaska is growing and as it grows we are using the resources to build the infrastructure upon which future generations will depend. Shortcuts today will shortchange our children. As responsible citizens it is our duty to make the highest and best use of limited resources for the benefit of those that follow. Now is the time to begin the process of insuring that our efforts of today will last to serve generations to come.

Please feel free to call me at 283-3583 during business hours or at 283-9506 after hours to discuss this further.

Sincerely,



Wm. J. Nelson, PE

HI

3E

SENATE FINANCE COMMITTEE REPORT

DATE: 3/7/90

FURTHER:

DATE TURNED INTO OFFICE: 4/6/90

The Finance Committee considered CSHB 368 (Judic)

Residential housing assistance provided by the Alaska Housing Finance Corporation.

and recommended:

- [ ] replace with CS
[ ] or adopt CS
[ ] attached amendment(s)
[ ] letter of intent adopted
[ ] same title
[ ] new title
[ ] technical title change (HB only)

[x] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

[ ] fiscal note(s) Dept/Date:

[ ] fiscal note(s) Dept/Date:

[ ] zero fiscal note(s)

[x] zero fiscal note(s) DOR-AHFC 1/30/90

[ ] appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Handwritten signatures: [unclear], [unclear], Paul Frank

Blank lines for other recommendations

1. [Signature] No Rez. -- 2. [Signature] DO PASS

**STATE OF ALASKA  
1990 LEGISLATIVE SESSION**

**BILL VERSION: CSHB 368 (L & C)  
PUBLISHED DATE: HOUSE 2/2/90**

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: \_\_\_\_\_  
 Title: Construction Stas for Housing Eligible for AHFC Financing **ARV: Alaska Housing Finance Corporation**  
 Sponsor: Rep. Swackhammer Components: \_\_\_\_\_  
 Requester: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**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)**

Prepared by: Judith DeSpain  Phone: 561-1900  
 Division: Alaska Housing Finance Corporation Date: 1/30/90

Approved by Commissioner: Hugh Malone Date: \_\_\_\_\_  
 Agency: Department of Revenue

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requester
- Office of Management and Budget
- Impacted Agency(ies)

**Adopted**

**FISCAL ANALYSIS  
SB 368**

The cost to AHFC to implement the provisions of this legislation are negligible, as the onus for ensuring compliance rests with the lender, not AHFC. AHFC activity will be limited to the routine adding and publicizing of a new underwriting requirement which must be met by the lender before a commitment to purchase can be issued.

Inspections will be done by non-AHFC personnel. Costs of inspections ultimately will be borne by borrowers.

Original sponsor(s): REP. SWACKHAMMER, Navarre, Brown, Zawacki

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 368 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to residential housing assistance  
7 provided by the Alaska Housing Finance Corporation."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 18.56.088(c) is amended to read:

10 (c) The board may adopt regulations to carry out the purposes of  
11 this chapter, and shall adopt regulations necessary for the following  
12 purposes:

13 (1) determination of borrower eligibility including, but  
14 not limited to, income limitations and the determination of remote,  
15 underdeveloped or blighted areas of the state;

16 (2) loan guidelines and terms including but not limited to  
17 maximum loan amounts and required loan-to-value ratios, but excluding  
18 mortgage loan interest rates;

19 (3) characteristics of housing eligible for loans or pur-  
20 chase of loans, including compliance with the requirements of AS 18.-  
21 56.300; [AND]

22 (4) the qualifications of loan originators and servicers  
23 and the method of allocating amounts available for the purchase of  
24 loans; and [.]

25 (5) establishment of a procedure, including a fee schedule,  
26 for the commitment for one year or less of money for the purchase of  
27 an individual mortgage loan at a specific interest rate.

28 \* Sec. 2. AS 18.56 is amended by adding a new section to read:

29 Sec. 18.56.300. CONSTRUCTION STANDARDS FOR HOUSING ELIGIBLE FOR

1 PURCHASE OF LOANS. (a) The corporation may not make or purchase a  
2 housing loan for residential housing the construction of which begins  
3 after June 30, 1991, unless the seller of the mortgage loan complies  
4 with the provisions of this section and unless

5 (1) the unit is in compliance with the construction codes  
6 of the municipality, if the unit is located within a municipality that  
7 has adopted and enforces construction codes and each of those codes  
8 meets or exceeds the comparable standards for similar housing estab-  
9 lished by the state building code; or

10 (2) the unit is in compliance with the comparable standards  
11 for similar housing established by the state building code

12 (A) if the unit is located

13 (i) within a municipality whose construction  
14 codes do not meet the standards for similar housing estab-  
15 lished by the state building code;

16 (ii) within a municipality that does not enforce  
17 construction codes; or

18 (iii) outside a municipality; or

19 (B) as to each specific code within the construction  
20 codes of the municipality that has adopted and enforces con-  
21 struction codes if the specific code does not meet or exceed the  
22 comparable standard for similar housing established by the state  
23 building code.

24 (b) As a condition of a commitment to purchase or approve a loan  
25 under this section for residential housing the construction of which  
26 begins after June 30, 1991, the corporation shall require inspection  
27 of the unit of residential housing that is the subject of the loan.  
28 The inspection must be performed by a municipal building inspector or  
29 by a person who is approved or certified to perform residential

1 inspections by the International Conference of Building Officials or  
2 the International Association of Electrical Inspectors. The person  
3 who makes the inspection shall determine whether the construction  
4 conforms to relevant provisions of the construction codes of the  
5 municipality or of the state building code, as applicable, at each of  
6 the following stages of construction:

- 7 (1) plan approval;
- 8 (2) completion of footings and foundations;
- 9 (3) completion of electrical installation, plumbing, and  
10 framing;
- 11 (4) completion of installation of insulation;
- 12 (5) final approval.

13 (c) A person may not bring an action for damages based on a duty  
14 imposed by (b) of this section to inspect a residential unit unless  
15 the action is for damages caused by gross negligence or intentional  
16 misconduct.

17 (d) This section does not apply to a housing loan made by the  
18 corporation under AS 18.56.106.

19 (e) In this section,

20 (1) "construction codes" means, with reference to a munic-  
21 ipality, the building, mechanical, plumbing, and electrical codes, or  
22 any of them that have been adopted and are enforced by the municipal-  
23 ity;

24 (2) "state building code" means

25 (A) for building standards, the standards set out in  
26 the version of the Uniform Building Code adopted by the Depart-  
27 ment of Public Safety under AS 18.70.080, including the pro-  
28 visions of that code applicable to buildings used for residential  
29 purposes containing fewer than four dwelling units,

1           notwithstanding the exclusion of those buildings from the Depart-  
2           ment of Public Safety's jurisdiction made by AS 18.70.080(a)(2);

3                   (B) for mechanical standards, the standards set out in  
4           the version of the Uniform Mechanical Code adopted by the Depart-  
5           ment of Public Safety under AS 18.70.080, including the pro-  
6           visions of that code applicable to buildings used for residential  
7           purposes containing fewer than four dwelling units, notwithstand-  
8           ing the exclusion of those buildings from the Department of  
9           Public Safety's jurisdiction made by AS 18.70.080(a)(2);

10                   (C) for plumbing standards, the minimum plumbing code  
11           adopted by the Department of Labor under AS 18.60.705; and

12                   (D) for electrical standards, the minimum electrical  
13           standards prescribed by AS 18.60.580.

14       \* Sec. 3. AS 18.56.300(e)(2)(A) and (B), enacted by sec. 2 of this Act,  
15       are intended to assure that, for purposes of determining whether housing  
16       the construction of which begins after June 30, 1991, meets the building  
17       and mechanical standards under AS 18.56.300(a) and (b), enacted by sec. 2  
18       of this Act, the standards set out in each of the following fully apply to  
19       residences containing fewer than four dwelling units, even though those  
20       residences are excepted from regulation by AS 18.70.080(a)(2):

21                   (1) the Uniform Building Code, adopted for the state by 13 AAC  
22       50.020(a);

23                   (2) the Uniform Mechanical Code, adopted for the state by 13 AAC  
24       50.020(b).

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 2, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/10/90

The FINANCE Committee considered:

HB 369

HOUSE BILL NO. 369

SUBSTANCE ABUSE GRANT FUND

"An Act creating the community action against substance abuse grant fund."

**RECOMMENDATIONS:**

- be replaced with CS HB 369 (FIN)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:  
(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) DHSS 3/2/90
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**  
(Check approp. column)

Do Not  
Pass      No Rec      Amend

\_\_\_\_\_  
Lynna Hoffman  
\_\_\_\_\_  
Ray Brown  
\_\_\_\_\_  
SWACKHAMMER  
\_\_\_\_\_  
KOPPEL  
\_\_\_\_\_  
LUMER  
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BARNES  
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Phillips  
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Rieger  
\_\_\_\_\_  
WALLIS  
\_\_\_\_\_  
Larson



\_\_\_\_\_  
Larson  
CO-Chairman's Signature  
\_\_\_\_\_  
Hoffman

FISCAL NOTE

REQUEST:

Revision Date: 1/8/90  
 Title: "An Act creating the community action BRU: Alcohol & Drug Services  
 against substance abuse grant fund"  
 Sponsor: Ellis; et al.  
 Requestor: \_\_\_\_\_  
 Agency Affected: Health & Social Services  
 Components: Grants

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

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)

HB 369 will not have an FY90 fiscal impact

Prepared by: Matthew C. Felix *Matthew C. Felix* Phone: 586-6201  
 Division: Office of Alcoholism and Drug Abuse Date: 2/26/90  
 Approved by Commissioner: Myra M. Munson *Myra M. Munson* Date: \_\_\_\_\_  
 Agency: Department of Health and Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

Original sponsor(s): REP. ELLIS, Finkelstein, Swackhammer, Navarre, Boyer, Brown, Ulmer, M.Davis, Koponen, Menard

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 369 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the community action against sub-  
7 stance abuse grant fund."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. PURPOSE. It is the purpose of this Act to provide a means  
10 for funding projects and programs to combat substance abuse that are initi-  
11 ated at the community level and that are uniquely designed to address the  
12 most pressing substance abuse problem in each community.

13 \* Sec. 2. AS 47.37 is amended by adding a new section to read:

14 Sec. 47.37.045. COMMUNITY ACTION AGAINST SUBSTANCE ABUSE GRANT  
15 FUND. (a) The community action against substance abuse grant fund is  
16 created as an account in the general fund. The fund consists of  
17 appropriations, grants, and contributions to the fund. The office may  
18 make grants from the fund to school districts, municipalities, non-  
19 profit organizations, local governing bodies of established villages,  
20 and community organizations established under municipal charter or  
21 ordinance.

22 (b) A school district, municipality, nonprofit organization,  
23 local governing body of an established village, or community organiza-  
24 tion may file an application with the office for a community action  
25 against substance abuse grant. The application must include a  
26 description of the purpose for which grant funds will be used, goals  
27 to be achieved by the program or project, methods of measuring achieve-  
28 ment of goals, a proposed budget, and statements of the need for and  
29 support of the proposed program or project.

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(c) Community action against substance abuse grant funds awarded under this section may be used for

(1) Police-In-School Liaison programs that are certified by the Alaska Police Standards Council;

(2) technical assistance for neighborhood based substance abuse prevention or treatment programs;

(3) coordinators for court ordered community service;

(4) preventative or educational programs for youth that involve the community, parents, youth, and local schools; or

(5) programs or projects that the office determines are effective in preventing or treating substance abuse at the community level.

(d) A proposed program or project that includes matching local funds or in-kind contributions shall have priority over a proposed program or project that does not include matching local funds or in-kind contributions. Grants awarded under this section are subject to the restrictions on use provided under AS 37.05.321.

(e) In this section,

(1) "established village" has the meaning given in AS 04.-21.080(b);

(2) "local governing body" has the meaning given in AS 04.-21.080(b);

(3) "nonprofit organization" means an organization that qualifies for exemption from taxation under 26 U.S.C. 501(c)(3) or (4) (Internal Revenue Code).

**YCPEC****YOUTH CRIME PREVENTION EDUCATIONAL COMMITTEE, INC.**

P.O. Box 110091 • Anchorage, AK 99511-0091 • 800 E. Dimond Blvd., Suite 3-584 • Anchorage, AK 99515

February 13, 1990

REC'D FEB 15 1990

EXPRESS MAIL

Representative Johnny Ellis  
Chair of the Alaska Legislative  
HESS Committee  
P. O. Box V  
Juneau, AK 99811

Jim

Dear Representative Ellis:

Thank you for the opportunity to participating in the teleconference in Anchorage on January 25, 1990. I hope that the broad based community support for the Police-in-School Liaison Program and for HB 369 is indicative of our community's concern for kids, drugs, alcohol. The partnership role that the Anchorage Police Department, the Anchorage School District and the entire community play increases our chance for success in combating this problem.

The Youth Crime Prevention Educational Committee [YCPEC] has taken a Statewide leadership role in advocating a participatory approach to substance abuse education. Police Departments, school districts, parent groups, social service agencies, professional organizations and business groups have been united not only in Anchorage, but throughout the State in developing strategies to help our State's youth develop a drug-free lifestyle. YCPEC is at the forefront of this effort.

This committee raises funds from local businesses and individuals to support it's activities, i.e., a Statewide training symposium for PSL officers and educators and other interested individuals involved in the program, provides materials for the PSL officers and additionally, provides the financial support for specialized training at seminars on an annual basis. These costs are exclusive of the funding for PSL officers to be placed in the schools.

We have conducted extensive research on the PSL Program at your recent request and are including the following enclosures:

**SPONSORS:**

ALASKA AIRLINES  
ALBAN & MORTON  
ALYESKA PIPELINE SERVICES, INC.  
ANCHORAGE POLICE DEPARTMENT  
A.P.D. EMPLOYEES ASSOCIATION  
ARCO

BIRCH, HORTON, BITTNER, INC.  
CORROON & BLACK CORPORATION  
DIMOND CENTER, LTD.  
ELECTRONICS SUPPLY CENTER, INC.  
FIRST NATIONAL BANK OF ANCHORAGE  
PEPSI COLA BOTTLING COMPANY

JIM PULVER  
SEALAND FREIGHT SERVICE, INC.  
STANDARD ALASKA PRODUCTION  
WAYNE'S JEWELERS  
CHARTER NORTH HOSPITAL

# YCPEC YOUTH CRIME PREVENTION EDUCATIONAL COMMITTEE, INC.

P.O. Box 110091 • Anchorage, AK 99511-0091 • 800 E. Dimond Blvd., Suite 3-584 • Anchorage, AK 99515

- [1] A listing of every school district throughout the State, indicating which communities have a junior high and a local police department;
- [2] A collective commentary of remarks made by Chiefs of Police throughout the State that we have interviewed about the Police-In-School Liaison Program.
- [3] Comments made by the Chiefs of Police relative to funding considerations under HB 369.
- [4] Our 1989-1990 budget for the PSL Committee.

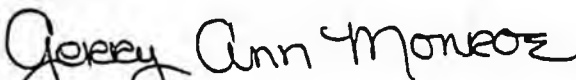
I would like to point out that this committee agrees with the Chiefs of Police throughout the State that some state agency other than the Department of Education be the conduit of fund distribution under HB 369. We are aware of several attempts by Police Departments to access drug education money for the PSL program from the Department of Education and the Governor's Office. Every grant was denied, even though the monies would have been used exclusively in the schools for drug education. The Department of Education funds schools - not police departments. The Department of Education in Juneau is not responsible to the needs of police departments doing drug education. Furthermore, since PSL officers are certified by the Alaska Police Standards Council, we feel they have a better idea of what constitutes a successful PSL program.

We feel that it would be most appropriate for funds designated to drug education and the Police-In-School Liaison Program be under the supervision of the Alaska Police Standards Council. We request your serious consideration of this matter.

Thank you once again for your support of our efforts in promoting a healthy drug-free youth population through an innovative community partnership model - the Police-In-School Liaison Program.

Very truly yours,

YCPEC



Gerry Ann Monroe  
Finance Chair

## SPONSORS:

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CHARTER NORTH HOSPITAL

ATTACHMENT 1

POLICE-IN-SCHOOL LIAISON PROGRAM  
SUMMARY SHEET  
LOCAL POLICE DEPARTMENTS

- 35 Junior Highs in Alaska w/co located police departments
- 21 Surveyed police departments
- 17 Interested police departments in PSL
  - 3 No Response (Haines, Valeez, North Pole)
  - 1 No police administrator (Bethel)
- (21)
- 9 Departments with PSL on staff of schools
- 11 PSL officers statewide

ATTACHMENT 2

STANDARDS CONSTITUTING A POLICE-IN-SCHOOL LIAISON PROGRAM (PSL)

- A. A formal agreement between local school district and local police department must exist. This memorandum of understanding (MOU) must specify:
  - 1. Required support - personnel, money, materials, etc.
  - 2. Operational procedures.
  - 3. Hours of operation.
  - 4. Program administration, management and supervision.
  - 5. Records keeping and reporting considerations.
  - 6. Mutual goals and objectives.
  - 7. Scope and intent of program concepts and activities.
- B. Primary focus of the PSL program is Education, Intervention, Counseling and Community Agency Networking on a full time basis.
- C. PSL program must have clearly defined goals that are common, despite their broad base nature, to police departments throughout the entire state who wish to participate in the crime prevention effort.
- D. Schools that host a PSL officer should have an evaluation instrument in place to measure the success of the PSL program in that respective community.
- E. Each PSL officer must possess or have:
  - 1. An intermediate level certification by the Alaska Police Standards Council (APSC)
  - 2. Have three years police experience.
  - 3. Completed a PSL certification program conducted by Anchorage Police Department or APSC.
- F. A standardized job description of a PSL officer should be developed. A standardized selection criteria for appointment as a PSL officer should be outlined by the APSC.
- G. PSL officers must demonstrate job proficiency in their education and intervention counseling role through a required continuing education process.

ATTACHMENT 3

FUNDING CONSIDERATIONS

A. The Alaska Police Standards Council rather than the Department of Education should be the Grants Administration Agency. The purpose of this recommendation is to:

1. Ensure quality control of PSL programs.
2. Ensure fair access to intended funds under HB 369(C)(3) police and school liaison programs.

All substance abuse education funds are now administered by Department of Education and local police departments have always been denied access to these funds.

- B. Priority should be given to police departments who have a PSL in place.
- C. Request for proposals should grant successful police department recipients for the PSL program a 24-36 month award rather than a 12 month award.

ATTACHMENT 4

YOUTH CRIME PREVENTION EDUCATIONAL COMMITTEE, INC.  
 PROPOSED 1989-1990 FISCAL YEAR BUDGET  
 [July 1, 1989 through June 30, 1990]

PROJECTED INCOME		
[Donations/Grants]	\$	49,010.00
		-----
TOTAL INCOME	\$	49,010.00

EXPENDITURES:

Operating Expense

Telephone	600.00	
Postage	1250.00	
Stationary	100.00	
Office Supplies/Equipment	250.00	
Bank Charges	50.00	
P. O. Box	25.00	
Dues	35.00	
		\$ 2,310.00

Training provided to PSL Officers [inclusive of lodging]		\$ 12,000.00
---	--	--------------

Educational Materials provided PSL Officers for Schools]		\$ 2,500.00
---	--	-------------

Public Information Materials		\$ 3,100.00
------------------------------	--	-------------

PSL SYMPOSIUM:

PSL Training Symposium Manuals and materials		\$ 2,500.00
Lodging [Officers/Educators]		12,000.00
Hospitality Room		400.00
Promotional Materials		1,500.00

Video taping Training Sessions	1,500.00
Honorarium for Keynote Speaker	2,500.00
Transportation	1,500.00
Lodging	700.00

PSL REGIONAL TRAINING:

Travel/Lodging	\$ 5,000.00
Training Materials	1,500.00

TOTAL EXPENDITURES	<hr/> \$ 49,010.00
--------------------	--------------------



TOM FINK  
MAYOR

# ANCHORAGE POLICE DEPARTMENT

4501 SOUTH BRAGAW STREET • ANCHORAGE, ALASKA 99507-1599  
TELEPHONE (907) 786-8500



REC'D FEB 17 1990

February 12, 1990

Jim

Representative Johnny Ellis  
Chairman, HESS Committee  
Alaska Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Representative Ellis:

Thank you for the opportunity extended to members of my staff to testify before the HESS Committee at the teleconference on January 25, 1990. We are extremely pleased at the initiative taken by members of the HESS Committee to address the lack of funding for local proactive programs targeting the epidemic spread of substance abuse.

The Anchorage Police Department has also taken the initiative in the development and implementation of a highly successful and nationally recognized chemical abuse crime prevention program based on a pro-active educational model - the Police-In-School Liaison Program (PSL). This PSL Program has been in operation in a partnership role with the Anchorage School District since 1984. However, with municipal funding at its current level we are unable to expand the program to the required seven officers that are needed - one for each junior high and feeder elementary system. The Anchorage Police Department has always paid the entire cost of this program without financial assistance from the Anchorage School District or benefit of state grants. Our department has written federal, state and local grants for this PSL program in the past.

My staff has compiled a report for your committee based on the questions you asked at the teleconference.

Attachment #1 is a listing of every school district throughout the state, indicating which communities have both a junior high/middle school and a local police department. It further indicates how many of these communities have a PSL program in place (modeled after Anchorage) and how many communities would like to start a PSL program.

Representative Johnny Ellis  
February 12, 1990  
Page Two

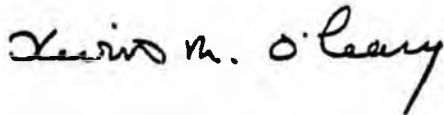
The second attachment is a collective commentary of remarks made by Chiefs of Police throughout the State that we surveyed as to their professional opinions about the Police-In-School Liaison Program.

The third attachment is comments made by the Chiefs of Police considering funding considerations under HB 369.

The fourth attachment is a survey report of 21 municipal police departments who have previously expressed an interest in starting a PSL program or who have a PSL in place within their community. The information gathered reflects how many PSL officers are needed by community and how many communities presently have PSL officers on staff. A column for cost by position is also provided.

I hope the information we have provided to your community answers the questions you posed at the teleconference. If any of my staff or I can be of further assistance, please contact Sergeant Jim Rehmann, PSL Program Supervisor at 786-8666 or 786-8699.

Sincerely,



Kevin M. O'Leary  
Chief of Police

KMO:d1

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C. Request for proposals should grant successful police department recipients for the PSL program a 24-36 month award rather than a 12 month award.

ATTACHMENT 4  
Municipal Police Department Survey Report  
Concerning the Police-In-School-Liaison Program

<u>City</u>	<u>Chief</u>	<u>PSL Need by Jr. High</u>	<u>Cost by Position</u>
Anchorage	Kevin O'Leary	7 - 2 PSL on staff	\$70,003
Bethel	No police administrator responded		
Cordova	Kevin Clayton	1 - No program in place	\$50,000
Dillingham	Glenn Herbst	1 - No program in place	
Fairbanks	Richard Cummings	3 - No program in place	\$65,000
Haines	No police administrator responded		
Juneau	Mike Gelston	2 - 1 PSL on staff	\$62,500
Kenai	Richard Ross	1 - 1/2 time position staff	
Ketchikan	Daniel Anslinger	1 - 1 PSL on staff	\$60,000
Kodiak	John Marshall	1 - 1 PSL on staff	\$64,000
Kotzebue	Ed Ward	1 - No program in place	\$65,000
North Pole	Lynn Lamm	No comments provided	
Nome	Robert Kauer	1 - 1 PSL on staff	\$65,000
North Slope Borough	Dennis Packer	1 - 2 PSL on staff	\$53,000
Palmer	Ron Otte	4 - No program in place	\$44,000
Petersburg	Robert Oszman	1 - No program in place	\$60,000
Sitka	John Marshall	1 - 1/2 position on staff	\$60,000
Soldotna	Walt Bonner	1 - No program in place	\$65,000
Unalaska	Mike Shetler	1 - No program in place	\$57,500
Valdez	No police administrator responded		
Wrangell	Brent Moody	1 - 1 PSL on staff	\$58,000

The above police departments surveyed because:

1. Each city has at least one Jr. High in their jurisdiction
2. Police Chiefs have previously expressed interest in PSL program
3. Police departments have sent PSL officers to train with APD-PSL officers
4. Police departments use materials from Anchorage PSL officers in their local schools
5. Police departments have PSL personnel certified by Alaska Police Standards Council

If you need more resources,  
let me know.



### 4 TYPES of STRATEGIES

- 1) Community
- 2) PARENT & FAMILIES
- 3) Schools
- 4) WORKPLACE

Within EACH of those CATEGORIES  
ARE A NUMBER of APPROACHES.

DHHS Publication No. (ADM) 84-1310  
Printed 1983

★ U.S. GOVERNMENT PRINTING OFFICE: 1983-429-090

11 (art 11/6/83)

# COMMUNITIES: WHAT YOU CAN DO ABOUT DRUG AND ALCOHOL ABUSE

National Institute on Drug Abuse

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Public Health Service  
Alcohol, Drug Abuse, and Mental Health Administration

## COMMUNITY STRATEGIES

Developing community projects on drugs and alcohol involves many segments of the community---civic, youth and voluntary organizations, as well as professional and medical associations, industry, government and the media. A community task force can consider some of the following ideas for action:

1. Youth Organizations. Establishment of youth programs that emphasize drug- and alcohol-free behavior is increasing. These organizations provide positive peer influence and drug- and alcohol-free social activities that many young people seek. Many of these groups focus on preventing drinking/drug-taking and driving fatalities.
2. Social Policies, Laws, and Regulations. Communities need to develop policies and norms that provide consistent messages about drugs and alcohol. This consistency requires considerable cooperation among parents, schools, law enforcement agencies, medical and other professional groups and the private sector and should include consideration of appropriate behavior and role modeling by adults as well as youth. Many communities are looking at the effect of changing laws and regulations with regard to drug and alcohol use among youth. Efforts to ban drug paraphernalia sales have been important to many communities. Research suggests that raising the minimum purchase age of alcoholic beverages, raising the price of alcoholic beverages, and not allowing youth to leave school grounds during the day may reduce alcohol-related traffic fatalities, health consequences, and vandalism.
3. Community-based Counseling. Community agencies may offer a range of services that includes development of positive skills for living as well as early intervention and treatment. Often these services focus on a number of closely associated problem areas such as drug and alcohol abuse, truancy, poor school performance, depression and violence. Through their knowledge of community resources, counselors may refer clients to other programs and resources.
4. Channel One. This program provides a seven-step process for assessing community needs and involving youth in constructive community service projects. An important element in the program is the role of private sector leadership. Many projects that result from the Channel One process are drug-specific (e.g., production of videotapes and drug information services), while others encourage community restoration and service projects.

Communities are rediscovering the great power they have to solve their own problems. Drug and alcohol abuse have created devastating consequences for youth and other age groups, and for the community as a whole. It is important for all parts of the community to come together to address the many factors and causes underlying drug and alcohol abuse. It is particularly important for young people themselves to become an active part in solutions to these problems.

The National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA) have defined four critical areas for prevention strategies: communities, parents and families, schools, and the workplace. These are not the only areas nor are the strategies listed inclusive of everything that can be done. It is hoped that the ideas and materials described will help communities make important decisions and take appropriate action.

William Pollin, M.D.  
Director  
National Institute on Drug Abuse

5. **Health promotion** - Many young people have developed health values, which communities can capitalize upon for prevention of drug, alcohol and other problems. Many youth have a high regard for their bodies and can be interested in programs which promote healthy lifestyles that are incompatible with drug and alcohol use. Highlighting health promotion techniques is an increasingly popular form of community action.
  
6. **Media.** The media can contribute positively or negatively to attitudes, perceptions, and knowledge about drugs and alcohol. Local newspapers and radio and television stations can be encouraged to deglamorize drug and alcohol use as well as to provide current and accurate information. Establishing good working relationships with the media can influence editorial policies and media coverage. Public service announcements can be another effective device for communicating positive health messages. Many groups question cigarette, alcohol and prescription drug advertising that may be directed to youth and other age groups.
  
7. **Networking.** With many public and private community groups becoming involved in drug and alcohol abuse prevention, it is critical for organizations to work together in order to develop consistent and comprehensive solutions. Effective local networks can be a means for making the most of available resources.

The following materials can help you with your action plan. Numbers 1 to 7 following titles refer to the strategies listed on pages 3 and 4.

Available from the National Clearinghouse for Drug Abuse Information (NCDAI): write to NCDAI, P.O. Box 416, Kensington, Maryland 20795.

Channel One: A Government/Private Sector Partnership for Drug Abuse Prevention (1,4,7)

Drug Abuse Prevention for Low-Income Communities: Manual for Program Planning (2,7)

Prevention Planning Workbooks. Vols. I and II (2,3,4,7)

Available from the National Clearinghouse for Alcohol Information (NCALI) P.O. Box 2345, Rockville, Maryland 20852:

Prevention Plus: Involving Schools, Parents, and the Community in Alcohol and Drug Education (2,3,4,5,6,7)

A Guidebook for Planning Alcohol Prevention Programs with Black Youth (2,3,4,5,7)

Is Beer a Four Letter Word? (2)

On the Sidelines: An Adult Leader Guide for Youth Alcohol Programs (2)

## PARENT AND FAMILY STRATEGIES

Parents and families are often the hardest hit by drug and alcohol problems in the community. But they are also often the most dedicated activists. Here are some ways to organize and take action:

1. Parent Support Groups. These groups are formed by parents for parents. Through support groups, parents help one another as they cope with the drug and alcohol problem in their homes and neighborhoods. Parent groups often develop guidelines for acceptable behavior (e.g., establishing curfews), chaperone social events for teenagers, and help other parents supervise young people's activities to ensure that they are free of drug and alcohol use.
2. Parent Action Groups. Often growing out of parent support groups, parent action groups work with Federal, State, and local governments, schools, law enforcement agencies, and businesses to influence social policies regarding drug and alcohol use. Examples include modifying school drug and alcohol policies, trying to eliminate sales of drug paraphernalia, demanding stricter enforcement of drug laws and stronger prosecution of offenders, raising the minimum purchase age for alcohol, and getting legislation and local ordinances passed that will safeguard children's health and well-being.
3. Family Life Skills Development. These strategies enable parents and children to communicate more effectively and learn personal and interpersonal skills. They are effective for both primary prevention and early intervention with drug and alcohol problems. Family life skills programs emphasize such important aspects of family health as positive role modeling and effective problem solving.
4. Parent Drug and Alcohol Education Programs. Through these programs parents learn about the pharmacology of drugs and alcohol and the harmful impact drugs and alcohol can have on one's health. Then, armed with this knowledge, parents can become influential partners with community prevention agencies concerned about drug and alcohol abuse by offering education courses and informational briefings in school or community settings.

The following materials can help you with your action plan. Numbers 1 to 4 following titles refer to strategies listed on page 6.

Available from the National Clearinghouse for Drug Abuse Information (NCDAI): write to NCDAI, P.O. Box 416, Kensington, Maryland 20795.

Parents, Peers and Pot II: Parents in Action (1,2)

Parents: What You Can Do About Drug Abuse (1,2)

For Parents Only (4)

Available from the Superintendent of Documents, Government Printing Office, Washington D.C. 20402:

Parents, Peers and Pot (1,2) (NS 017-024-00941-5)

Available from the National Clearinghouse for Alcohol Information (NCALI), P.O. Box 2345, Rockville, Maryland 20852.:

Prevention Plus: Involving Schools, Parents, and the Community in Alcohol and Drug Education (3,4)

On the Sidelines: An Adult Leader Guide for Youth Alcohol Programs (1)

Alcohol Health and Research World, Summer, 1982 (2)

## SCHOOL STRATEGIES

Doing something about drugs and alcohol in the schools is a big job. But individuals don't have to do it alone. Working together, parents, school administrators, town or city officials, professionals, and other concerned citizens can make a difference. Here are a few ideas for action:

1. School Policies. Clear policies regarding use and possession of drugs and alcohol both on and off school property are critical to all members of the school community. Parents, school officials, students, law enforcement officials, and drug and alcohol professionals should all be involved in the development of the policies to help make them the most effective. School policies can address such issues as enforcement, referrals for treatment when appropriate, and the comprehensiveness of drug/alcohol curricula. To have the greatest impact, once they are put in place, these policies should be fairly and uniformly enforced.
2. Positive Peer Programs. These programs utilize student peers as role models, facilitators, helpers and leaders for other school-age children, particularly in grades 7-12. Programs such as these can provide help to young people who are having problems, who are undergoing normal adolescent stresses and want to confide in someone, and who want to participate in school and community service activities. School administrators must be prepared to provide extensive support and guidance in order to ensure successful implementation of peer programs.
3. Peer Resistance Programs Relating to Cigarettes, Marijuana, and Alcohol. Peer resistance or "Saying No" programs have been developed to teach young people, primarily those in grades 7-10, to resist peer pressure to use cigarettes, marijuana, and alcohol. These programs generally help students learn that the use of cigarettes, marijuana, and alcohol is not nearly as common as they perceive, that "everybody" is not doing it, and that there are clear ways to say "no" when these substances are offered or made available. Specific techniques include role modeling, videotaped practice in saying "no," assertiveness training, public commitments not to use substances, and understanding advertising methods that promote cigarette and alcohol use.

4. Drug and Alcohol Information Programs - These programs vary widely and are designed to provide accurate and current information about drugs and alcohol and the potential health, social, and economic consequences associated with their use by young people. Also included is information about the impact of advertising and realistic information about the actual extent of drug and alcohol use. These programs may be taught by a variety of people, including health educators, teachers, recovering alcoholics, former drug abusers, community health care providers, and others.
5. Comprehensive Health Education Programs and Other School Curricula. Many curricula and materials attempt to increase students' knowledge about their own health as well as to help students assess their feelings and values. Such programs often emphasize communication skills, understanding and improving decisionmaking, and enhancing self-concept. They may be specific to different drugs, but they may also be "generic" in the sense of enhancing healthy, constructive lifestyles.
6. Student Assistance Programs. These programs can serve primary prevention purposes when set up for those who may be at high risk for developing drug, alcohol, and other problems, and can serve as an intervention tool with students who have already developed problems. Often modeled after Employee Assistance Programs (EAPs) in business and industry, they may use professional counselors to assist students in dealing with their problems. They also help students find needed services through referrals to local health and counseling agencies.
7. Alternatives Programs. Alternatives programs can provide specific activities and involvements that are healthy positive alternatives to drug use. To be most effective, alternatives should be planned for each individual, rather than for an entire group.

The following materials can help you with your action plan. Numbers 1 to 7 following titles refer to the strategies listed on pages 8 and 9.

Available from the National Clearinghouse for Drug Abuse Information (NCDAI): write to NCDAI, P.O. Box 416, Kensington, Maryland 20795.

Adolescent Peer Pressure - Theory, Correlates and Program Implications for Drug Abuse Prevention (2,3,5)

Peer Pressure: It's O.K. to Say No (3)

Saying No: Drug Abuse Prevention Ideas for the Classroom (5)

Chapter One: A Government/Private Sector Partnership for Drug Abuse Prevention (7)

Parents, Peers and Pot II: Parents in Action (1)

Available from the National Clearinghouse for Alcohol Information (NCALI), P.O. Box 2345, Rockville, Maryland 20852:

Prevention Plus: Involving Schools, Parents, and the Community in Alcohol and Drug Education (1,2,3,4,5,6,7)

Is Beer a Four Letter Word? (7)

On the Sidelines: An Adult Leader Guide for Youth Alcohol Programs (7)

Available from the Public Affairs Staff, Drug Enforcement Administration, 14th and Eye Streets N.W., Washington D.C. 20537:

School Drug Abuse Policy Guidelines (1)

## WORKPLACE STRATEGIES

Drugs and alcohol abuse pose a major problem to the workplace in terms of worker health and productivity. Below are listed some things that can be done:

1. Drug and Alcohol Policies. One important aspect of drug abuse prevention in the workplace is for employers and unions to have appropriate, clear, and fair policies relating to drug and alcohol use that are consistently enforced. Once the policies are in place, decisions about appropriate prevention and treatment programs can be made.
2. Employee Assistance Programs (EAPs). Many employers, both public and private, have formed programs that help troubled employees, including those with drug and alcohol problems. Employees may be referred by EAPs to other programs and community agencies where this is appropriate. Confidentiality is assured.
3. Family Programs. Drug and alcohol problems at the workplace can derive both from job-related problems and from problems outside the workplace. Where problems result from non-workplace issues, programs can be set up to work with the employee and his or her family. Many companies and unions have implemented policies such as flexible work schedules and maternity leave to help families.
4. Health Promotion. Larger companies in particular have developed programs to inform employees about general health issues and also provide opportunities (often at the workplace) to improve their fitness, nutrition, and other health-related behavior.
5. Drug Information and Education Programs. Accurate information about the negative health effects of drug and alcohol use is as important at the workplace as in the classroom. Educational programs provide positive reinforcement for non-use of drugs and alcohol in addition to offering information about such aspects of personal health as a "health risk inventory."

The following materials can help you with your action plan. Numbers 1 to 5 following titles refer to the strategies listed on page 11.

Available from the National Clearinghouse for Drug Abuse Information (NCDAI): write to NCDAI, P.O. Box 416, Kensington, Maryland 20795.

Preventing Drug Abuse in the Workplace (1,2,3,4,5)

Developing An Occupational Drug Abuse Program (1,2)

## RESOURCE ORGANIZATIONS

A number of important agencies/organizations that you may want to contact for further assistance are listed below.

For additional copies of this publication please write to:

National Clearinghouse for Drug Abuse  
Information (NCDAI)  
P.O. Box 416  
Kensington, Maryland 20795

- For more information about strategies listed in this booklet, write to:

The National Institute on Drug Abuse  
Prevention Branch, Room 11A-33  
5600 Fishers Lane  
Rockville, Maryland 20857

or

The National Institute on Alcohol Abuse  
and Alcoholism (NIAAA)  
Prevention Branch, Room 16C-14  
5600 Fishers Lane  
Rockville, Maryland 20857

- Every State and Territory has an ACTION agency that is responsible for volunteer activities. To locate the telephone number and address for your State ACTION office, either contact your State capitol or contact:

ACTION  
806 Connecticut Avenue, N.W.  
Washington, D.C. 20525

- For more information on the Federal Narcotics and Dangerous Drug Laws and the DEA public information and prevention program, write or call:

Drug Enforcement Administration  
Public Affairs Office  
1405 I Street, N.W.  
Washington, D.C. 20537  
202-633-1469

- Every State and Territory has an official agency that is responsible for the prevention and treatment of drug and alcohol problems. To locate the telephone number and address for your State agency either contact your State capitol or contact:

The National Association of State  
Alcohol and Drug Abuse Directors  
444 North Capitol St. N.W., Suite 530  
Washington, D.C. 20001  
202-783-6868

- For more information about starting parent groups, parent group networking and drug paraphernalia issues, write or call:

National Federation of Parents  
for Drug-Free Youth  
1820 Franwall Avenue, Suite 16  
Silver Spring, MD 20901  
301-649-7100

- For more information on forming parent groups, parent group networking, referrals, and drug information packets and newsletters, write or call:

Parents' Resource Institute  
for Drug Education (PRIDE)  
Robert W. Woodruff Bldg.  
100 Edgewood Avenue  
Suite 1216  
Atlanta, Georgia 30303  
800-241-9746

- For pamphlets and newsletters related to drug and alcohol issues for parents, professionals, and community leaders, write or call:

Committees of Correspondence  
24 Adams Street  
Danvers, Massachusetts 01923  
617-774-2641

- For publications and films on marijuana, cocaine and other drugs, write or call:

The American Council for Drug Education  
6193 Executive Boulevard  
Rockville, Maryland 20852  
301-984-5700

- For information on abstracts of current drug abuse articles, how to start a Families in Action Group, and answers to specific questions about drug abuse, call or write:

Families in Action  
Suite 300  
3845 N. Druid Hills Rd.  
Decatur, Georgia 30033  
404-325-5799

This booklet was developed by the Prevention Branch, Division of Prevention and Communications, National Institute on Drug Abuse, in collaboration with the the Prevention Branch, Division of Prevention and Research Dissemination, National Institute on Alcohol Abuse and Alcoholism; principal author: Dr. Stephen E. Gardner.

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Department of Health and Human Services  
Public Health Service  
Alcohol, Drug Abuse, Mental Health Administration

National Institute on Drug Abuse  
5600 Fishers Lane  
Rockville, MD 20857

Notes for Testimony - HB369  
Department of Education  
January 25, 1990

DRAFT

The Department believes there is a need for grant funds in this area. DOE has had limited experience with a similar program during the last 3 years. We have administered the Governor's Drug Free Communities Substance Abuse Prevention Grants, a federal program through the Drug-Free Schools and Communities Act of 1986. Federal intent mandates that 50+% of the funds go for programs for high risk youth; the remaining 49% may be used for a wide variety of purposes. This year, for the first time, 2.5% of these funds may be used for the administration of the program.

Funding priorities are established by the Governor's Interagency Coordinating Committee for Substance Abuse Prevention. Funding is offered through the competitive RFP process, and consistently attracts proposals in excess of the dollars available.

<u>Year</u>	<u>\$ Available</u>	<u># projects funded</u>	<u># not funded</u>
1987-88	239,326.	11	NA
1988-89	283,773.	7	NA
1989-90	426,383.	15	24

Requests for assistance that have not been funded during the last 3 years include requests for:

- trainer time for follow-up to newly trained teachers with additional mentoring services
- coordinator for district student assistance program
- additional training and support for in-school intervention teams
- additional teacher manuals for Here's Looking at You kits
- program funds for student directed activities
- parent group materials, training
- travel to special conferences and workshops for training
- school-police liaison programs
- DARE program materials and training
- Quest program materials and training
- neutral coordinator for interagency efforts
- development of public awareness media campaigns
- agency programs to address drug/alcohol abuse related issues, e.g. domestic violence
- high visibility speakers to kick off a prevention campaign

These requests have come from a variety of sources, including

- school districts (including Kenai, Petersburg, Fairbanks, Valdez, Bering Straits, Anchorage, Sitka, Nenana, Mat-Su)
- police departments
- women's shelter programs
- community organizations
- parent groups

DEPT

Specific comments on the bill as written concern two areas.

Section (a), page 1, line 18, 19: "The federal anti-drug committee within the Department of Education" is not accurate. The priorities for the Governor's Grants are determined by the Governor's Interdepartmental Coordinating Committee that is chaired by the Governor's Special Assistant. I would recommend a similar committee be intended, using the interagency model developed by DHSS/Division of Mental Health to direct the community based suicide prevention grants.

Section (c), page 2, lines 2,3,4: We recommend this list be expanded to include other projects, including:

- support for student assistance programs
- coordination of joint agency/organization projects to prevent drug and alcohol abuse
- public awareness campaign, especially for radio and TV, and targeting beer, wine coolers, inhalents, FAS/FAE
- parent support programs
- an "other needs as determined by the committee" category to respond to new areas of need.

# Washington claims a drug battle win

By DAVID AMMONS  
Associated Press

OLYMPIA — Washington has "turned the corner" in waging its war on drugs, with ordinary citizens and once-isolated local officials joining home-grown efforts to free their communities from the menace, proud state and local officials say.

Approaches are as varied as the communities themselves, ranging from picketing crack houses and painting over gang graffiti, to organizing block watches and plastering anti-drug messages all over town.

But Gov. Booth Gardner, in a one-year progress report to be released this week, warns that "we have a long and difficult battle in front of us."

"We've got to keep the pressure on, because this is a long-term problem," Gardner spokesman Dan Youmans added. "Last year, the big deal was drugs. We can't just move on to some other hot issue and forget how concerned we were. This can't be a one-shot deal."

The governor, who has called combatting the drug epidemic one of his top concerns, touts "community mobilization" as the best way to keep Main Street, Wash., on a wartime footing.

Translated, that means rank-and-file citizens join with police, schools, drug-and-alcohol treatment centers and other players to tailor a local plan of attack — and then get into the trenches.

"We're off to a good start in

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**South Seattle residents are targeting drug hot spots. Crime dropped more than 15 percent in one year, a thousand crack houses were closed and burglaries dropped by 26 percent.**

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our war on drugs," said Paul Dzedzic, the state's drug czar. "Of course we can't say we've solved the problem, but we have turned the corner. I'm flabbergasted with the progress that's being made out there.

"The real success story of the past year is that people have found each other. People are talking with each other, not staying isolated in their own fields of law enforcement or treatment or education or whatever. They're finding ways to make a difference."

"Building partnerships in the local level is the only way to effectively fight this war," Gardner adds in his progress report.

Frank Glaspey, coordinator of Yakima's Coalition for the War on Drugs, agreed. One of the success stories of the past year is that "all groups have stopped blaming others and pointing fingers, and they have given up turf issues to be part of the solution."

The community funds were a small fraction of the \$80 million war-on-drugs bill that passed the Legislature last year. The state is parceling out about \$3 million a year, with each county deciding

how best to use its money. The main state requirement is that all players pull together, Dzedzic said.

State officials are still compiling statistics to try to document the visceral feeling that community grants, education, treatment and law-enforcement improvements are making a big difference, he said.

"It's kind of ethereal, but I'm convinced that progress is being made," he said.

In Tacoma, more than 10,000 people have enlisted in the battle against drugs. The "Safe Streets" program, which will be featured on the "48 Hours" television show soon, has people painting over gang graffiti in inner-city houses, picketing crack houses, staging anti-drug marches, finding jobs for drug-prone youths and more.

The citizen movement has "constructively channeled anger and reduced fear," Safe Streets Director Lyle Quasim said.

In Yakima, considered one of the nation's main drug-distribution points, locals are fighting drugs in the workplace, blanketing the county with anti-drug material and sponsoring scores of

drug-awareness events. The local coalition held a conference called "Together We Draw the Line."

In Seattle, more than 250 people showed up on a rainy night for a "Unity in the Community" forum to brainstorm ideas.

South Seattle residents, in a program recently praised by federal drug chief William Bennett, are working with police on crime prevention, targeting drug hot spots. Crime dropped more than 15 percent in one year, a thousand crack houses were closed, and burglaries dropped by 26 percent, Bennett's office said.

"Taking the initiative to fight back against drugs gives the community dignity, pride and self-respect," said Jean Veldwyk and Norm Chamberlain, community organizers.

In many areas, townspeople take pictures of people who frequent crack houses and take down their license plate numbers.

In Burlington, the anti-drug group sponsored a weekly open-gym night at a local school.

Spokane's Substance Abuse Council has trained anti-drug volunteers and launched a public awareness campaign using the slogan "Drugs Are Garbage."

And in Yakima, a man called to complain to the coalition that every time he broke into a six-pack of beer, he had to justify his actions to his 6-year-old daughter.

**HB**

**372**

# HOUSE COMMITTEE REPORT

FILE

(11)

Date Referred: January 29, 1990

FURTHER REFERRALS:

Date of Committee Action: \_\_\_\_\_

The FINANCE Committee considered:

HB 372

HOUSE BILL NO. 372

STATE FERRY VESSEL REPLACEMENT FUND

"An Act relating to the Alaska marine highway system vessel replacement fund."

### RECOMMENDATIONS:

- be replaced with CS HB 372 (FIN)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis DOTPF
- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

### SIGNING DO PASS:

### SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

[Signature] SWACKHAMMER

[Signature] BROWN

[Signature] KOPONEN

[Signature] Ulmer

[Signature] BAINES

[Signature] RIEGER

[Signature] Larson

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Hoffmann		X	

[Signature] CARSON

Chairman's Signature [Signature] Hoffmann

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CD HB 372 (FIN)  
PUBLISH DATE:

REQUEST:

FISCAL NOTE

Revision Date:  
Title: "An Act relating to the Alaska Marine Hwy.  
System Vessel Replacement Fund"

Agency Affected: DOT&PF  
BRU: Marine Operation

Sponsor: Ulmer, Grussendorf, Goll  
Requestor:

Components: Southeast/Southwest  
Vessel Operations and  
Overhaul

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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:

Prepared by: John Halterman  
Division: Alaska Marine Highway System

Phone: 465-3950  
Date: March 9, 1990

Approved by Commissioner: Mark S. Hickey *MSH*  
Agency: Department of Transportation and Public Facilities

Date: 3/9/90

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Adopted

Fiscal Note - House Bill No. 372

The vessel replacement fund may well be essential if AMHS is to finance the construction of replacement or additional vessels, as well as major refurbishment projects for which federal funds are unavailable.

The minimum cost of a new or replacement vessel would be at least \$49 million. This could possibly be a Malaspina class vessel with oceangoing capability. In addition the limited expansion alternative in the draft System Plan anticipates two new feeder vessels under construction in fiscal years 1992 and 1994. The funding source contemplated for these feeder vessels is the Federal Highway Administration. However, other system demands for limited federal funds may make this difficult to fund in a timely manner. If this is the case the vessel replacement fund would be called upon to finance these vessels.

The sooner funds are deposited in this account, the better the system will be able to plan for needed replacements or additions to the fleet. AMHS and the Legislature need to explore the various options for additional revenue generation, such as rate increases, leasing of assets, direct appropriations, etc., which may be available to capitalize the fund. Further, the opportunities for innovative private/public financing should be explored.

AMHS has no current plans to retire any of the existing fleet, with the possible exception of the M/V CHILKAT. The system will be contracting surveys of all vessels in the fleet, except for the M/V CHILKAT. The results of those surveys will include an analysis of the costs associated with maintaining the vessels at their current service levels through the next twenty years. These will be compared with the cost of acquiring new vessels, less any resale value. The results of these surveys will form the basis of a much more detailed presentation of vessel replacement needs. We expect reports on the M/V TUSTUMENA, M/V COLUMBIA and M/V MALASPINA to be available in July of this year. The surveys of the remaining vessels will be available within approximately 30 days following next year's overhaul.

Department of Transportation  
and Public Facilities

March 9, 1990

Original sponsor(s): REP. ULMER, Grussendorf, Goll, Kubina, C.Davis,  
Navarre, Hudson

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 372 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska marine highway system  
7 vessel replacement fund."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 37.05 is amended by adding a new section to read:

10 Sec. 37.05.550. ALASKA MARINE HIGHWAY SYSTEM VESSEL REPLACEMENT  
11 FUND. (a) There is in the general fund the Alaska marine highway  
12 system vessel replacement fund. The fund consists of money appropri-  
13 ated to it by the legislature. The Department of Revenue shall manage  
14 the fund. Interest received on money in the fund shall be accounted  
15 for separately and may be appropriated into the fund annually. The  
16 legislature may appropriate money from the fund for refurbishment of  
17 existing state ferry vessels, acquisition of additional state ferry  
18 vessels, or replacement of retired or outmoded state ferry vessels.

19 (b) The legislature may appropriate to the fund money received  
20 by the state as Alaska marine highway system program receipts or from  
21 a settlement or final judicial determination of the Dinkum Sands case  
22 (United States v. Alaska) and the North Slope royalty case (State v.  
23 Amerada Hess, et al.) and not deposited into the Alaska permanent fund  
24 under AS 37.13.010(a)(1) or (2) or into the public school trust fund  
25 under AS 37.14.150.

## MARINE HIGHWAY FUND

DRAFT EXAMPLE  
ALASKA MARINE HIGHWAY SYSTEM FINANCIAL MODEL

(0000s)	FY 89 YR 1	FY 90 YR 2	FY 91 YR 3	FY 92 YR 4	FY 93 YR 5	FY 94 YR 6	FY 95 YR 7	FY 96 YR 8	FY 97 YR 9	FY 98 YR 10	FY 99 YR 11	FY 00 YR 12	FY 01 YR 13	FY 02 YR 14	FY 03 YR 15	FY 04 YR 16	FY 05 YR 17	FY 06 YR 18	FY 07 YR 19	FY 08 YR 20	Total
<b>Revenues<sup>1</sup></b>																					
Passenger Vehicles				13,426	13,829	14,244	14,671	15,111	15,564	16,031	16,512	17,008	17,516	18,043	18,585	19,142	19,717	20,308	20,917	21,545	331,277
Vans				12,634	13,013	13,403	13,805	14,220	14,648	15,088	15,538	16,004	16,484	16,978	17,488	18,013	18,553	19,110	19,683	20,274	311,733
Stewards				2,327	2,397	2,468	2,543	2,619	2,697	2,778	2,861	2,947	3,036	3,127	3,221	3,317	3,417	3,519	3,625	3,734	57,411
Total Revenues	35,252	35,252	35,252	36,310	37,399	38,521	39,676	40,867	42,093	43,356	44,656	45,996	47,376	48,797	50,261	51,769	53,322	54,921	56,569	58,266	895,910
CF Funding Base	64,843	65,213	65,538	31,000	31,000	31,000	31,000	31,242	31,648	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	723,484
CIP Funds <sup>2</sup>	1,263	1,269	1,276	1,282	1,288	1,295	1,301	1,308	1,314	1,321	1,328	1,334	1,341	1,348	1,354	1,361	1,368	1,375	1,382	1,389	21,483
AMHS Op Fund				0	0	62	2,332	6,265	0	0	0	0	0	0	0	0	0	0	0	0	3,659
<b>Total Op Bdgt Funding</b>	<b>66,106</b>	<b>66,482</b>	<b>66,814</b>	<b>68,592</b>	<b>69,687</b>	<b>70,878</b>	<b>74,310</b>	<b>74,681</b>	<b>75,055</b>	<b>75,676</b>	<b>76,984</b>	<b>78,330</b>	<b>79,717</b>	<b>81,149</b>	<b>82,615</b>	<b>84,130</b>	<b>85,690</b>	<b>87,294</b>	<b>88,931</b>	<b>90,635</b>	<b>1,543,793</b>
<b>Direct Expenses</b>																					
Taku	8,035	8,079	8,116	8,156	8,197	8,238	8,279	8,320	8,362	8,404	8,446	8,488	8,531	8,573	8,616	8,659	8,702	8,746	8,790	8,834	168,567
Malaspina	9,733	9,782	9,831	9,880	9,929	9,979	10,029	10,079	10,129	10,180	10,231	10,282	10,333	10,385	10,437	10,489	10,542	10,594	10,647	10,700	204,190
Malanuská	10,298	10,349	10,401	10,453	10,506	10,558	10,611	10,664	10,717	10,771	10,825	10,879	10,933	10,988	11,043	11,098	11,153	11,209	11,265	11,322	216,043
Chilkat	359	6	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	371
Columbia	6,838	6,871	6,905	6,938	6,972	6,808	6,840	6,874	6,908	6,943	6,977	7,012	7,047	7,083	7,118	7,154	7,189	7,225	7,262	7,298	139,259
Leconte	5,858	5,887	5,917	5,946	5,976	6,006	6,036	6,066	6,096	6,127	6,158	6,188	6,219	6,250	6,282	6,313	6,345	6,378	6,408	6,440	122,896
Aurora	5,379	5,406	5,435	5,464	5,493	5,523	5,553	5,582	5,612	5,642	5,672	5,703	5,733	5,764	5,795	5,826	5,857	5,888	5,920	5,951	120,799
Tustumena	5,698	5,726	5,755	5,783	5,812	5,841	5,871	5,900	5,929	5,959	5,989	6,019	6,049	6,079	6,110	6,140	6,171	6,202	6,233	6,264	119,529
Bartlett	3,656	3,674	3,692	3,711	3,729	3,748	3,767	3,785	3,804	3,823	3,842	3,862	3,881	3,900	3,920	3,939	3,959	3,979	3,999	4,019	76,689
New vessel #1	0	0	0	0	0	3,062	3,078	3,093	3,109	3,124	3,140	3,156	3,171	3,187	3,203	3,218	3,235	3,251	3,268	3,284	47,981
New vessel #2	0	0	0	0	0	0	3,078	3,093	3,109	3,124	3,140	3,156	3,171	3,187	3,203	3,218	3,235	3,251	3,268	3,284	44,518
<b>Total Direct Exps</b>	<b>55,653</b>	<b>55,976</b>	<b>56,256</b>	<b>56,532</b>	<b>56,814</b>	<b>60,161</b>	<b>63,539</b>	<b>63,857</b>	<b>64,176</b>	<b>64,497</b>	<b>64,820</b>	<b>65,144</b>	<b>65,470</b>	<b>65,797</b>	<b>66,126</b>	<b>66,457</b>	<b>66,789</b>	<b>67,123</b>	<b>67,458</b>	<b>67,796</b>	<b>1,260,441</b>
<b>Indirect Expenses</b>																					
Marine Ops, Indirect	3,981	4,001	4,021	4,041	4,061	4,082	4,102	4,122	4,143	4,164	4,185	4,206	4,227	4,248	4,269	4,290	4,312	4,333	4,355	4,377	83,518
Marine Administration	2,352	2,364	2,376	2,387	2,399	2,411	2,423	2,436	2,448	2,460	2,472	2,485	2,497	2,510	2,522	2,535	2,547	2,560	2,573	2,586	49,343
Marine Facilities CIP <sup>2</sup>	1,263	1,269	1,276	1,282	1,288	1,295	1,301	1,308	1,314	1,321	1,328	1,334	1,341	1,348	1,354	1,361	1,368	1,375	1,382	1,389	26,497
Cust Serv/AMHS mgmt	2,657	2,671	2,686	2,700	2,715	2,729	2,744	2,759	2,773	2,788	2,803	2,818	2,833	2,848	2,863	2,878	2,893	2,908	2,923	2,938	59,937
<b>Total Indirect Exps</b>	<b>10,453</b>	<b>10,505</b>	<b>10,558</b>	<b>10,611</b>	<b>10,664</b>	<b>10,717</b>	<b>10,771</b>	<b>10,824</b>	<b>10,879</b>	<b>10,933</b>	<b>10,988</b>	<b>11,043</b>	<b>11,098</b>	<b>11,153</b>	<b>11,209</b>	<b>11,265</b>	<b>11,321</b>	<b>11,378</b>	<b>11,435</b>	<b>11,492</b>	<b>219,295</b>
<b>Total Operating Exps</b>	<b>66,106</b>	<b>66,482</b>	<b>66,814</b>	<b>67,142</b>	<b>67,478</b>	<b>70,878</b>	<b>74,310</b>	<b>74,681</b>	<b>75,055</b>	<b>75,430</b>	<b>75,807</b>	<b>76,186</b>	<b>76,567</b>	<b>76,950</b>	<b>77,335</b>	<b>77,722</b>	<b>78,110</b>	<b>78,501</b>	<b>78,893</b>	<b>79,288</b>	<b>1,479,735</b>
To AMHS Op Fund > (Funding Less Exps)	0	0	0	1,449	2,309	0	0	0	0	246	1,176	2,144	3,149	4,194	5,280	6,408	7,580	8,796	10,058	11,367	64,058
<b>Capital Expenditures</b>																					
New or Replcmnt Vssls	0	0	898	8,975	898	8,975	3,000	0	49,000 <sup>3</sup>	0	0	0	0	3,000	0	49,000	0	0	0	0	123,745
Repr, Relb, Mod <sup>3</sup>	5,132	8,754	6,153	4,028	2,550	14,100	9,034	4,697	29,969 <sup>4</sup>	4,730	5,311	6,366	3,618	4,083	1,441	7,483	3,197	6,617	32,517	9,242	169,074
Shore Facilities	1,050	4,387	7,748	8,990	11,775	4,733	6,870	3,865	4,815	11,856	1,657	2,105	7,350	0	304	2,503	0	100	0	0	80,045
Other CIP and SIP	800	1,000	1,050	1,050	1,050	1,280	1,310	2,050	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	33,390
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
To Cap Reserve Fund >	0	0	8,000	8,000	6,000	8,000	8,000	8,000	0	8,000	8,000	8,000	8,000	8,000	8,000	2,345	0	2,112	1,266	235	94,198
<b>Total Cap Expendure</b>	<b>6,782</b>	<b>14,140</b>	<b>23,649</b>	<b>31,043</b>	<b>24,273</b>	<b>37,068</b>	<b>28,214</b>	<b>18,532</b>	<b>85,784</b>	<b>26,586</b>	<b>16,968</b>	<b>18,471</b>	<b>20,968</b>	<b>17,083</b>	<b>6,290</b>	<b>60,983</b>	<b>7,309</b>	<b>9,983</b>	<b>34,753</b>	<b>11,244</b>	<b>500,361</b>
<b>Capital Funding Source</b>																					
Federal Funding	9,651	10,722	11,246	18,191	11,526	23,251	15,392	7,122	28,346	12,886	3,761	9,635	9,881	3,254	1,391	7,935	2,547	4,951	24,934	7,087	213,729
Cap Reserve Fund	0	0	0	0	0	0	0	0	49,000	0	0	0	0	0	0	48,000	0	0	0	0	96,000
Liquidtn of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CF Capital Requirements</b>	<b>1,132</b>	<b>3,419</b>	<b>12,603</b>	<b>12,852</b>	<b>12,746</b>	<b>13,836</b>	<b>12,823</b>	<b>11,430</b>	<b>9,438</b>	<b>13,700</b>	<b>11,207</b>	<b>12,636</b>	<b>15,087</b>	<b>13,830</b>	<b>4,699</b>	<b>5,039</b>	<b>4,761</b>	<b>5,032</b>	<b>9,819</b>	<b>4,155</b>	<b>190,632</b>
<b>Net Cash Flow (Outl)</b>	<b>(30,723)</b>	<b>(33,379)</b>	<b>(42,889)</b>	<b>(42,403)</b>	<b>(41,537)</b>	<b>(44,898)</b>	<b>(46,155)</b>	<b>(43,937)</b>	<b>(41,086)</b>	<b>(44,453)</b>	<b>(41,030)</b>	<b>(41,692)</b>	<b>(42,938)</b>	<b>(40,635)</b>	<b>(30,619)</b>	<b>(29,620)</b>	<b>(28,182)</b>	<b>(27,236)</b>	<b>(30,761)</b>	<b>(23,788)</b>	<b>(747,961)</b>
Beginning Fund Balance	0	0	0	0	1,449	3,659	3,597	1,265	0	0	247	1,423	3,367	6,716	10,911	10,736	11,776	13,468	15,529	17,822	102,164
Contribution	0	0	0	1,449	2,309	0	0	0	0	246	1,176	2,144	3,149	4,194	5,280	6,408	7,580	8,796	10,058	11,367	64,058
To Cap Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,455	5,368	5,488	6,734	7,765	8,911	40,121
Ending Fund Balance	0	0	0	1,449	3,659	3,597	1,265	0	247	1,423	3,367	6,716	10,911	10,736	11,776	13,468	15,529	17,822	20,278	22,742	122,442
Cap Resv Fund Balance	0	0	8,000	16,000	24,000	32,000	40,000	48,000	0	8,000	16,000	24,000	32,000	40,000	48,000	5,368	13,368	21,368	29,368	38,279	483,750

1 Revenue changes are based on combined traffic and fare and annual increase of 1% revenues for 1989-91 not shown since AMHS fund revenue provisions begin in FY92.

2 These are CIP funds in the operating budget.

3 Some vehicle projects have been deleted from line 57 on the assumption that a vessel replacement project may occur in FY97.

4 If this project is for a replacement vessel rather than a new vessel, no additional operating funds will be required.

5 Total cap. req. net of 3 months' amortization over projects from line 56 which could not be done in those years due to lack of funding.

Revised 11-18-90

# Alaska State Legislature

## HOUSE OF REPRESENTATIVES



### REPRESENTATIVE FRAN ULMER

#### MEMORANDUM

TO: Rep. Lyman Hoffman and Rep. Ron Larson, Co-chairs  
Members, House Finance Committee

FROM: Rep. Fran Ulmer

DATE: February 20, 1990

RE: HB 372-relating to creation of a vessel replacement fund  
for the Alaska Marine Highway

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CSHB 372 (Trans) would create a vessel replacement fund within the general fund which would allow money to accumulate until such time as the replacement of vessels in the Alaska Marine Highway System (AMHS) is needed.

Because of the large capital outlay that will be needed to replace vessels in the future, I feel that a funding mechanism should be put in place now to help ensure that the financial commitment the state has made to the AMHS will continue.

The state experiences many problems as a result of our aging fleet, including significant time when vessels are being repaired and thus unable to meet schedules. The Department of Transportation and Public Facilities (DOT/PF) estimates that the average age of our fleet is 22 years, with the oldest ship having been built in 1963, and the newest in 1977. The cost of replacing smaller vessels may run from \$17 to \$25 million and estimates of replacing a larger vessel could run as high as \$59 million. The cost of replacing the entire fleet could be an astronomical \$270 million!

I am supporting the House Transportation CS which would allow this fund to be used for reburishing or making additions to existing vessels as well as for the purchase of new vessels.



**Dept. of Transportation & Public Facilities**

# POSITION PAPER

**BILL NO:** House Bill 372

**TITLE:** An Act Relating to the Alaska Marine Highway System Vessel Replacement Fund

*M&H*  
**APPROVED:** Mark S. Hickey  
Commissioner  
**DATE:** January 22, 1990

HR 372 establishes within the general fund an Alaska Marine Highway System vessel replacement fund. This fund is designed to allow the accumulation of capital to permit the timely replacement of vessels in the AMHS fleet.

AMHS is currently soliciting proposals to perform condition surveys on all vessels in the fleet. The average age of the fleet is approximately 22 years. The MALASPINA class vessels (TAKU, MALASPINA and MATANUSKA) are the oldest, having been built in 1963. The M/V AURORA is the newest ship, entering service in 1977. The condition surveys will review the maintenance and refurbishment requirements of the fleet in order to maintain the existing level of service for the next 20 years. This will allow us to then develop a cost comparison of refurbishment versus replacement. The current estimated replacement cost of the MALASPINA is approximately \$49-\$59 million. The LeCONTE class vessels have an estimated replacement cost of between \$17 and \$25 million and the TUSTUMENA is estimated to cost between \$24 and \$34 million to replace.

We assume the severe problems associated with finding temporary replacements for vessels undergoing major refurbishments, as in the case of the TUSTUMENA next year, require the consideration of at least one new vessel. This is particularly true if the condition surveys suggest the replacement of vessels in the existing fleet can be deferred. However, it is possible that the analysis will call for the replacement of at least one of the vessels as a least cost alternative to continued maintenance.

One of the significant issues which will have a bearing on this question is the cost of removing and replacing asbestos containing materials found in all of the vessels. As an example of the cost associated with this issue, a recent consultant's report commissioned to design a modernization project for the M/V MALASPINA estimated the cost at approximately \$7.0 million, 83% of which was for the removal and replacement of asbestos containing materials.

House Bill No. 372 (continued)

The existing fleet represents an initial investment of approximately \$60 million. The current estimated replacement cost of the fleet, excluding the M/V CHILKAT, is between \$270 million and \$340 million. Over the preceding 25 years many millions of additional dollars have been invested in maintaining and modernizing these vessels. These projects have included lengthening several ships, repowering both the main and auxiliary engines, as well as modernizing the passenger accommodations.

In the system plan which will be released shortly it is suggested that the requirements for similar projects to keep the fleet operating within current performance standards will require on the order of \$200 million additional investment. This is in addition to perhaps another \$100 million required to maintain and improve shore facilities at existing ports of call. These estimates do not reflect the cost of adding any vessels to the fleet.

In the past the majority of the funds used to refurbish and modernize the fleet have come from the Federal Highway Administration. In a typical year \$7-\$10 million have been spent on such projects. Given the growing financial demands of such projects and the possibility that Alaska's share of FHWA funds may be reduced in the future, it is reasonable to look for other alternatives, such as that embodied in this legislation, to meet future needs. This is not to say that there will not be a place for federal assistance.

The difficulty is that the construction of a new ship, for example, cannot be phased like many highway projects. Thus, a significant amount of funds is required to be committed when a ship construction contract is awarded. If \$40-\$50 million of FHWA funds were required to be dedicated to this purpose in a single year the impact on statewide highway projects would be enormous. However, there is a way to access federal funds over several fiscal years for a single project which we will be exploring with the Federal Highway Administration. In conjunction with funds made available from the subject vessel replacement fund, this may be another element of the solution to this looming problem.

# SOUTHEAST CONFERENCE

P.O. Box 22286

Juneau, Alaska 99802

January 25, 1990

The Honorable Richard Foster  
Chair, House Transportation Committee  
Room 17, Capitol Building  
Juneau, Alaska 99811

Dear Representative Foster:

The Southeast Conference, an organization representing the communities of Southeast Alaska, from governments to local businesses, is seriously concerned about the status of our Marine Highway.

Over the past five years, the Alaska Marine Highway System has experienced a decrease of 19% in general funding support to maintain its operations.

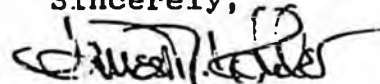
During that same time period the fleet of vessels has grown older and has reached the 20 - 30 year life span calculated for them when they were launched. Maintenance costs have increased and have placed a heavier burden on the Alaska Marine Highway System operating budget's decreasing resources. The net effect is the reduction in service to the communities and their businesses that rely on this highway for their economic and social linkage with each other and the rest of the state.

The SE Conference Board of Directors, on the recommendation of their AMHS Standing Committee, has adopted the following five planks as the SE Conference Platform relating to the Alaska Marine Highway System:

1. The passage of a supplemental appropriation for FY 90 for full funding of the Alaska Marine Highway System.
2. An increase in the FY 91 budget appropriation for the Alaska Marine Highway System to assure full service levels for the communities served by the System.
3. Allowing the Alaska marine Highway System to retain all the revenues it generates while maintaining a consistent level of general fund appropriation.
4. Completion of the AMHS Master Plan and allowing the Southeast Conference to be involved in the review and any modification of the Plan.
5. Creation of a Vessel Replacement Fund.

The Southeast Conference urges you to support HB No. 372 so that a vehicle for funding needed vessel replacement can be initiated this year.

Sincerely,



James M. Kohler  
Executive Director

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

CC

BILL VERSION: HB 372  
PUBLISH DATE: HOUSE 1/29/90

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: DOT&PF  
Title: An Act Relating to the Alaska Marine Highway System Vessel Replacement Fund BR#: Marine Operation  
Sponsor: Ulmer, Grussendorf, Goll Components: Southeast/Southwest  
Requestor: \_\_\_\_\_ Vessel Operations and Overhaul

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0	8,000.0

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)

Prepared by: John Halterman Phone: 465-3950  
Division: Alaska Marine Highway System Date: 1/22/90

Approved by Commissioner: Mark S. Hickey Date: 1/23/90  
Agency: Transportation and Public Facilities

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)

Fiscal Note - House Bill No. 372

The attached fiscal note for HB 372 contemplates the appropriation of \$8 million annually into the AMHS vessel replacement fund. The fund would be drawn upon when it was necessary to finance the construction of replacement or additional vessels, as well as for major refurbishment projects for which federal funds are unavailable. We understand the sponsor has suggested changes which would broaden the definition of "replacement" to include the latter types of projects. We support the inclusion of that language.

The amount of funds shown on the fiscal note are based upon a cash flow model we are developing which shows the financial effects of the legislation, as well as those resulting from the establishment of the Alaska Marine Highway System Fund. These concepts were combined with an analysis of a limited service expansion alternative discussed in the upcoming AMHS master plan. Under this scenario a new or replacement vessel would be financed in FY 97 in the amount of \$49 million. This would probably be a Malaspina class vessel with oceangoing capability. In addition this analysis indicates two new feeder vessels under construction in fiscal years 1992 and 1994. The funding source contemplated for these vessels is the Federal Highway Administration. This alternative, as well as other scenarios will be subjected to public and Legislative review prior to any action being taken.

The fiscal note indicates money flowing into the vessel replacement fund beginning in fiscal year 1991; the sooner funds are deposited in this account, the better the system will be able to plan for needed replacements or additions to the fleet. AMHS and the Legislature need to explore the various options for additional revenue generation, such as rate increases, leasing of assets, direct appropriations, etc., which may be available to capitalize the fund. Further, the opportunities for innovative private/public financing should be explored.

AMHS has no current plans to retire any of the existing fleet, with the possible exception of the M/V CHILKAT. The system is now soliciting proposals to conduct surveys of all vessels in the fleet, except for the M/V CHILKAT. The results of those surveys will include an analysis of the costs associated with maintaining the vessels at their current service levels through the next twenty years. These will be compared with the cost of acquiring new vessels, less any resale value. The results of these surveys will form the basis of a much more detailed presentation of vessel replacement needs. We expect reports on the M/V TUSTUMENA, M/V COLUMBIA and M/V MALASPINA to be available in July of this year. The surveys of the remaining vessels will be available within approximately 30 days following next year's overhaul.