

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2529 SCOMM 111: DEFERRED MAINTENANCE TASK FORCE, 1997

- 1 (i) active member;
- 2 (ii) inactive member;
- 3 (iii) vested member;
- 4 (iv) deferred vested member;
- 5 (v) non-vested member;
- 6 (vi) disabled member;
- 7 (vii) retired member;
- 8 (viii) an elected public officer under AS 39.35.381;
- 9 (C) does not include
 - 10 (i) former members;
 - 11 (ii) persons compensated on a contractual or fee basis;
 - 12 (iii) casual or emergency workers or nonpermanent
 - 13 employees as defined in AS 39.25.200;
 - 14 (iv) persons covered by the Alaska Teachers' Retirement
 - 15 System except as provided under AS 39.35.131 and 39.35.381, or
 - 16 persons covered by the optional university retirement program;
 - 17 (v) employees of the Alaska Marine Highway
 - 18 Authority [DIVISION OF MARINE TRANSPORTATION] engaged
 - 19 in operating the state ferry system who are covered by a union or group
 - 20 retirement system to which the state makes contributions;
 - 21 (vi) justices of the supreme court or judges of the court
 - 22 of appeals or of the superior or district courts of Alaska;
 - 23 (vii) the administrative director of courts appointed
 - 24 under art. IV, sec. 16 of the state constitution unless the director
 - 25 becomes a member under AS 39.35.158; and
 - 26 (viii) members of the elected public officers' retirement
 - 27 system (former AS 39.37);
 - 28 (D) may include employees of the Alaska Marine Highway
 - 29 Authority [DIVISION OF MARINE TRANSPORTATION] excluded under
 - 30 (C)(v) of this paragraph provided that
 - 31 (i) the State of Alaska formally agrees to their inclusion

1 through the process of collective bargaining; and

2 (ii) no collective bargaining agreement has the effect of
3 obligating contributions made by the state under AS 39.30.150 in the
4 event the state resumes participation in the federal social security
5 system;

6 * Sec. 28. AS 39.50.200(b) is amended by adding a new paragraph to read:

7 (56) Alaska Marine Highway Authority (AS 19.55.010).

8 * Sec. 29. AS 44.42.020(a)(1) is amended to read:

9 (1) plan, design, construct, and maintain all state modes of
10 transportation and transportation facilities and all docks, floats, breakwaters, buildings,
11 and similar facilities, except that departmental planning, design, construction, or
12 maintenance of transportation modes or facilities under the jurisdiction of the
13 Alaska Marine Highway Authority is subject to direction by the Alaska Marine
14 Highway Authority;

15 * Sec. 30. AS 44.42.020(a)(7) is amended to read:

16 (7) manage, operate, and maintain state transportation facilities and all
17 docks, floats, breakwaters, and buildings, including all state highways, vessels,
18 railroads, pipelines, airports, and aviation facilities, except that the department is not
19 responsible for management or operation of transportation facilities under the
20 jurisdiction of the Alaska Marine Highway Authority or for management,
21 operation, or maintenance of vessels or equipment under the jurisdiction of the
22 Alaska Marine Highway Authority;

23 * Sec. 31. TRANSFER OF APPROPRIATIONS, EMPLOYEES, AND ASSETS TO
24 ALASKA MARINE HIGHWAY AUTHORITY. (a) Employees of the Department of
25 Transportation and Public Facilities assigned to the management, operation, and maintenance
26 of the Alaska marine highway system on the effective date of this section are transferred to
27 the Alaska Marine Highway Authority as state employees of the authority. The commissioner
28 of transportation and public facilities shall determine which employees are transferred to the
29 authority. An employee who is transferred to the authority under this subsection shall
30 continue to participate without interruption in the supplemental employee benefits program
31 under AS 39.30.150 - 39.30.180 and in the public employees' retirement system under

1 AS 39.35 if the employee was a participant in these programs on the day before the employee
2 was transferred to the authority.

3 (b) During the term of a collective bargaining agreement that applies to employees
4 who are transferred to the Alaska Marine Highway Authority and that is in effect on the
5 effective date of this section, nothing in this Act terminates or modifies recognition of the
6 exclusive bargaining representative for those employees or that collective bargaining
7 agreement. The Alaska Marine Highway Authority shall abide by the collective bargaining
8 agreements that are in effect for employees transferred to the authority on the date of transfer.
9 A collective bargaining agreement covering employees transferred under this Act shall remain
10 in effect for the term of the agreement unless the agreement is renegotiated by the Alaska
11 Marine Highway Authority and the exclusive bargaining representative. The legislature finds
12 that the community of interest of shore-based employees of the Alaska Marine Highway
13 Authority is substantially different from the community of interest of the employees of the
14 executive branch in the classified service. Accordingly, the shore-based employees of the
15 Alaska Marine Highway Authority are severed from their recognized collective bargaining
16 units in effect on the effective date of this section on expiration of the collective bargaining
17 agreement in effect on the effective date of this section for their unit. The severed units shall
18 continue as units of the Alaska Marine Highway Authority with the exclusive representative
19 in place at the time of the severance until actions under AS 23.40.070 - 23.40.260 (Public
20 Employment Relations Act) change the units or representatives.

21 (c) The unexpended and unobligated balances of operating and capital appropriations
22 for the Department of Transportation and Public Facilities, Alaska marine highway system,
23 shall be transferred to the Alaska Marine Highway Authority.

24 (d) The personal property assets and real property assets, including ferries, equipment,
25 buildings, and associated facilities, of the Department of Transportation and Public Facilities,
26 Alaska marine highway system, shall be transferred to the Alaska Marine Highway Authority.

27 * Sec. 32. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA MARINE
28 HIGHWAY AUTHORITY. (a) Notwithstanding AS 19.55.020(b), added by sec. 2 of this
29 Act, and AS 39.05.055, the initially appointed members of the board of directors of the Alaska
30 Marine Highway Authority shall be appointed by the governor to terms as follows: one
31 member serves for one year, one member serves for two years, one member serves for three

1 years, one member serves for four years, and two members serve for five years.

2 (b) The governor shall appoint the initial members of the board of directors of the
3 Alaska Marine Highway Authority, as provided for under AS 19.55.020(a), added by sec. 2
4 of this Act, before December 1, 1997.

5 * Sec. 33. AS 19.65.011, 19.65.020, 19.65.030; and AS 39.25.110(16) are repealed.

6 * Sec. 34. Section 5, ch. 94, SLA 1992, is repealed.

7 * Sec. 35. Sections 1, 21, 22, 32, and 34 of this Act take effect immediately under
8 AS 01.10.070(c).

9 * Sec. 36. Except as provided in sec. 35 of this Act, this Act takes effect January 1, 1998.

8

Alaska State Legislature

Committee Membership

Senate Finance
Senate Resources
Senate Rules
Legislative Budget & Audit



Senator John Torgerson

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Sponsor Statement - SB 28 Unincorporated Community Matching Grants

The purpose of the capital project matching grant program is to:

- (1) provide a capital project funding system that is equitable to municipalities and unincorporated communities throughout the state;
- (2) enhance the role of communities in initiating and prioritizing the construction of capital projects;
- (3) encourage a sense of local ownership in capital projects by requiring local participation; and
- (4) improve the process for making grants for capital projects by providing a more orderly and thoughtful planning process that involves the local community, the executive branch, and the legislature.

SB 28 revises the **Unincorporated Community Capital Project Matching Grant Program** by:

- Expanding the program to include unincorporated communities within boroughs and unified municipalities
- Changing the grant amount from an automatic minimum of \$25,000 per year to a maximum of \$25,000 per year, based on approved projects;
- Requiring borough assembly approval of an unincorporated community's nonprofit entity and its list of requested project;
- Revising the timeline of grants from automatically receiving funds and then applying for grants to first applying for grants and then receiving funds for approved projects; and
- Maintaining local share requirements of 5 percent for unincorporated communities in the unorganized borough but requiring that unincorporated communities within boroughs provide the same local share percentage as their borough; and
- Changing the time in which unexpended and unobligated funds are spent from five years to four years.

SB 28: 1/31/97: mj

Representing the Kenai Peninsula

SENATE BILL NO. 28

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATOR TORGERSON

Introduced: 1/13/97

Referred: CRA, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the unincorporated community capital project matching grant
2 program; and providing for an effective date."

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

4 * Section 1. AS 37.06.020(b) is amended to read:

5 (b) The unincorporated community capital project matching grant fund is
6 established in the department and consists of appropriations to the fund. Appropriations
7 to the fund do not lapse except as provided in (h) of this section. The money in the fund
8 is held by the department in custody under this subsection for each unincorporated
9 community eligible for an allocation under this subsection. The department shall
10 establish an individual grant account within the fund for each eligible unincorporated
11 community [THAT WAS ENTITLED TO RECEIVE STATE AID UNDER
12 AS 29.60.140 DURING THE PRECEDING FISCAL YEAR]. As provided in this
13 subsection, each fiscal year the department shall allocate, to the individual grant
14 accounts, appropriations to the fund. An unincorporated community is eligible for an
15 allocation in a fiscal year if the requirements of (d) are met and the community was

1 a place in the state in which 25 or more individuals resided as a social unit
 2 [ELIGIBLE TO RECEIVE STATE AID UNDER AS 29.60.140] during the preceding
 3 fiscal year. The department shall credit interest earned on money in an individual grant
 4 account to that account. Except as provided in (c) of this section, the amount allocated
 5 under this subsection to an individual grant account in a fiscal year is the amount
 6 needed to fund the projects presented to the legislature under (e) of this section
 7 [DETERMINED BY DIVIDING THE TOTAL AMOUNT APPROPRIATED TO THE
 8 FUND DURING THAT FISCAL YEAR BY THE NUMBER OF UNINCORPORATED
 9 COMMUNITIES ELIGIBLE FOR AN ALLOCATION DURING THAT FISCAL
 10 YEAR].

11 * Sec. 2. AS 37.06.020(c) is amended to read:

12 (c) A maximum [MINIMUM] of \$25,000 may [SHALL] be allocated to each
 13 eligible unincorporated community's grant account each fiscal year under (b) of this
 14 section. If appropriations are not sufficient to fully fund the [MINIMUM] amount for
 15 each eligible unincorporated community, the amount appropriated shall be allocated on
 16 a pro rata basis [EQUALLY] among the eligible unincorporated communities. If
 17 appropriations exceed the amount necessary to fully fund the amount for each
 18 eligible unincorporated community, the excess amount lapses into the general fund.

19 * Sec. 3. AS 37.06.020(d) is amended to read:

20 (d) The department shall designate, in each eligible unincorporated community,
 21 a [AN INCORPORATED] nonprofit corporation [ENTITY OR A NATIVE VILLAGE
 22 COUNCIL] that agrees to receive and spend grant money allocated to the unincorporated
 23 community's individual grant account under (b) of this section. If the community is
 24 located in a borough or a unified municipality, the department may only designate
 25 the corporation that has been approved by the assembly and the department must
 26 have written evidence of that approval. If there is more than one qualified
 27 corporation [ENTITY] in a community in the unorganized borough, the department
 28 shall designate the corporation [ENTITY] that the department finds most qualified to
 29 make draws from that unincorporated community's individual grant account and spend
 30 the money. If there is no qualified [INCORPORATED] nonprofit corporation [ENTITY
 31 OR NATIVE VILLAGE COUNCIL] in an unincorporated community that will agree to
 32 receive and spend money allocated to the community under (b) of this section, draws

1 may not be made from the unincorporated community's individual grant account and the
 2 amount allocated to the account lapses into the general fund. A corporation qualifies
 3 for designation under this subsection only if it

4 (1) was formed to serve a public or civic purpose;

5 (2) is registered and in good standing with the Department of
 6 Commerce and Economic Development;

7 (3) agrees to use the grant money for a public purpose;

8 (4) provides the residents of the community with a public facility or
 9 service;

10 (5) has held a public meeting to give residents of the community the
 11 opportunity to express their preferences and ideas for use of the grant money; and

12 (6) agrees to make a facility provided with grant money available to
 13 every person in the community.

14 * Sec. 4. AS 37.06.020(e) is amended to read:

15 (e) By October 1 of each fiscal year, the [INCORPORATED] nonprofit
 16 corporation [ENTITY OR NATIVE VILLAGE COUNCIL] designated by the
 17 department under (d) of this section shall submit to the governor a prioritized list of
 18 capital projects and estimated costs to be financed with money from the community's
 19 individual grant account established under (b) of this section. The list must include the
 20 amount and source of the local share required by AS 37.06.030. If the community is
 21 located in a borough or unified municipality, the list is subject to approval of the
 22 assembly and must be accompanied by written evidence of that approval. The
 23 governor shall include in the capital improvements program presented to the legislature
 24 under AS 37.07.060 the projects submitted by designated corporations [ENTITIES]
 25 under this subsection that the governor recommends for funding. If, in the capital
 26 improvements program, the governor includes projects in other than the priority order
 27 submitted by a designated corporation [ENTITY], the governor shall provide the
 28 legislature with a written statement of the reasons for that action.

29 * Sec. 5. AS 37.06.020(h) is amended to read:

30 (h) A corporation [AN ENTITY] designated by the department under (d) of this
 31 section shall repay to the department money it has drawn from an unincorporated
 32 community's individual grant account if substantial, ongoing work on the project is not

1 started within four [FIVE] years after the effective date of the appropriation from which
 2 the draw is funded. Money repaid shall be deposited into the general fund. Money from
 3 an allocation to an unincorporated community's individual grant account that has not
 4 been drawn out by a designated corporation [ENTITY] within four [FIVE] years after
 5 the effective date of the appropriation from which the allocation is funded lapses into the
 6 general fund.

7 * Sec. 6. AS 37.06.030(b) is amended to read:

8 (b) For each draw made by a corporation [AN ENTITY OR COUNCIL] under
 9 AS 37.06.020, the nonprofit corporation [INCORPORATED ENTITY OR NATIVE
 10 VILLAGE COUNCIL] that makes the draw shall contribute a local share of the cost of
 11 the capital project for which the draw is made. The amount of the local share for an
 12 unincorporated community in a borough or unified municipality is the amount of
 13 the local share for that borough or unified municipality as calculated under (a) of
 14 this section. The amount of the local share for an unincorporated community in the
 15 unorganized borough equals the local share percentage as calculated under (1) of this
 16 subsection, divided by the state share percentage as calculated under (2) of this
 17 subsection, multiplied by the amount of the draw. For purposes of this subsection,

18 (1) the local share percentage is five percent;

19 (2) the state share percentage equals one minus the local share
 20 percentage;

21 (3) the local share may be satisfied from (A) federal or local money; (B)
 22 labor, materials, or equipment used directly in the construction of the project, or land,
 23 including land transferred by the state; the department shall determine the value of a
 24 contribution under this subparagraph; (C) money from another nonstate source; (D)
 25 money received by the unincorporated community under AS 29.60.010 - 29.60.375; or
 26 (E) money obtained from the sale or lease of land or other assets transferred by the state;
 27 except as provided in this paragraph, the local share may not be satisfied with money
 28 from, or with the portion of an asset that was obtained with money from, an
 29 appropriation, allocation, entitlement, grant, or other payment from the state.

30 * Sec. 7. TRANSITION. A Native village council that has made a draw before the effective
 31 date of this Act from an unincorporated community's individual grant account for a capital
 32 project that has not been completed by the effective date of this Act may continue to make

- 1 draws for that project. For purposes of this section, AS 37.06.020(b) - (e) and (g) and
- 2 37.06.030(b) apply as they read immediately before the effective date of this Act.
- 3 * Sec. 8. AS 37.06.020(g) is repealed.
- 4 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

9



ALASKA STATE LEGISLATURE
SENATOR RANDY PHILLIPS
SENATE DISTRICT L

SESSION
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SB 36 Sponsor Statement

I introduced Senate Bill 36, "An Act relating to the public school foundation program." to make a number of changes to the public school foundation system. The funding system for education in Alaska has not been changed since 1987.

Senate Bill 36 makes fundamental changes in the way education is funded in Alaska.

- **More total money is made available for K-12 education.**
- **The disparity in funding between the richest and the poorest school districts is reduced.**
- **The local tax burden for education is made more equitable.**
- **Additional funding is given to school districts based on the number of students.**
- **Additional funding for single site schools is included in the formula.**
- **Categorical funding for gifted and talented and bilingual students is changed to reduce the incentives to abuse the current system.**

Overview SB 36

- Provides that the Department of Education shall reimburse school districts at the same rate for pupil transportation regardless of whether the district contracts for the transportation or provides it with district owned school busses.
- Defines "unhoused students" to include students that are housed in temporary relocatable facilities for the purpose of providing capital improvement project grants.
- The local contribution requirement is changed from 4 mills or 35% of basic need to 4.5 mills equivalent tax effort.
- Requires municipal school districts to contribute the amount that 4.5 mills equivalent tax effort generates over basic need to the public school foundation account.
- A funding community must have at least **10 students** in average daily membership.
- Allows a school district to offset a reduction of five percent or more in elementary and secondary school instructional units that the district is to receive under the foundation formula.
- Eliminates instructional units for funding communities with less than ten ADM.
- The single site school districts with an ADM of 900 or less shall receive between 6 and 12 percent additional K-12 units. Currently additional support for single site schools is funded outside the formula.
- Bilingual education instructional units are no longer weighted by language dominance and receive .021 instructional units per student. Current regulations provide weights from .1 to 1 in five categories which are multiplied times .042 instructional units.
- Special Education Funding for gifted and talented students is funded based on 4.5% of ADM in each school district.
- Adds Supplemental Equalization Aid, a formula that provides additional state aid to school districts based on ADM and assessed value per ADM.
- Changes the date for making student counts

Senate Bill 36. Sec. 1

Anchorage School District:

**FY96 Total pupil transportation expenditures
as stated in district audit special revenue fund:** **\$11,211,243**

**Less: Total contracted transportation
(includes in lieu of agreements (\$24,081) and
district deducts* for hazard and kindergarten routes)** **(6,079,071)**

\$5,132,172

Add: Vehicle depreciation (from statement of operations) **413,570**

\$5,545,742

**Less: Reimbursement under current method
(66.83% of total costs as stated on the district's pupil
transportation statement of operations for district-
operated services, \$5,904,409)** **(3,945,917)**

Difference Between Current and Proposed Method **\$1,599,825**

FY97 3% increase	\$1,647,820
FY98 3% increase	\$1,697,254
FY99 3% increase	\$1,748,172
FY00 3% increase	\$1,800,617
FY01 3% increase	\$1,854,636
FY02 3% increase	\$1,910,275
FY03 3% increase	\$1,967,583

Assumptions:

Includes all costs incurred by Anchorage School District for to/from school transportation except for contracted transportation expenses. If contract administration costs are not included, reimbursement would be reduced approximately \$204,000 based on June 1996 Altman, Rogers study.

*** Deducts are the district's share of hazard and kindergarten routes. Per A.S. 14.09.010(c), the cost of transporting students on hazard routes is shared equally between the district and the state. Routes which transport only kindergarten students are not eligible for state reimbursement per 4 AAC 27.010(c).**

LEGAL SERVICES

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MEMORANDUM

January 22, 1997

SUBJECT: Sectional Summary of SB 36

TO: Senator Randy Phillips
Attn: Jerry Burnette

FROM: Michael F. Ford *M. F.*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Requires the Department of Education to reimburse school districts for pupil transportation costs at the same level, whether transportation is by contract or by district owned school vehicles.

Section 2. Would require that only students in temporary facilities that are also relocatable would qualify as unhoused students for purposes of qualifying for state education grant funds.

Section 3. Provides that the school foundation account includes municipal contributions made under AS 14.17.025(i).

Section 4. Requires that the required local contribution for a city or borough school district is the equivalent of a 4.5 mill tax levy on real and personal property in the district, except that if the tax levy is greater than the district's basic need as determined under AS 14.17.021(c), then the local contribution is equal to the amount of the district's basic need determined under AS 14.17.021(c).

Section 5. Under subsection (i), a city or borough school district that is required to make a local contribution under AS 14.17.025(a)(2), is also required to pay into the public school foundation account an amount determined by subtracting the amount determined under AS 14.17.025(a)(2) from the amount determined under AS 14.17.025(a)(1). Under (j), a city

or school district is also required to make a supplemental local contribution under AS 14.17.065(a)(1)(B), under sec.13.

Section 6. Requires that a funding community with each school district consist of at least 10 students. Adds a new funds category for gifted and talented education under (a)(5), as required by sec. 12. Also under (b), a district is allowed to avoid a reduction in state funding by using the previous fiscal year as a base year and offsetting the reduction by certain percentages, if the districts instructional units decrease by five percent or more.

Section 7. Repeals funding for schools that have less than 10 students in grades K-12.

Section 8. Provides additional funding for a district that consists of one funding community and has 900 or less students.

Section 9. Technical amendment.

Section 10. Technical amendment.

Section 11. Provides that for bilingual education, each student generates 0.021 instructional units in additional funding.

Section 12. Establishes a formula for determining education funding for gifted and talented students.

Section 13. Provides state funds for operation of a school district in addition to the funds provided under the existing foundation program. The additional funding is calculated under a formula set out under (a) of this section.

Section 14. Changes the deadline for submission of student count estimates and clarifies what fiscal year applies to the estimates.

Section 15. Authorizes the commissioner of education to allow a district to use a different counting period in the same school year for purposes of determining average daily membership.

Section 16. Allows the Department of Education to immediately adopt regulations to implement this Act.

Section 17. Effective date for sec. 16.

Section 18. Effective date for all sections except sec. 16.

ALASKA DEPARTMENT OF EDUCATION
PROJECTED FY98 FOUNDATION PROGRAM
SB36

North Slope

Section 5

Basic Need	<u>\$20,066,560</u>
Required Local 4.5 mills	<u>54,585,520</u>
Public School Foundation Account	<u>\$34,518,960</u>

The Basic Need listed above includes all amendments listed in SB36.

The excess revenue that 4.5 mills generates over Basic Need is deposited
in the Public School Foundation Account.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 36

Revision Date: _____
Title: An Act relating to transportation of public school
students; relating to school construction grants; etc.
Sponsor: Senator Phillips
Requester: _____

Department Affected: Education
BRU: K-12
Component: Pupil Transportation

COMPONENT SERIAL NO. 144

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	\$1,697.3	\$1,748.2	\$1,800.6	\$1,854.6	\$1,910.3	\$1,967.6
MISCELLANEOUS						
TOTAL OPERATING	\$1,697.3	\$1,748.2	\$1,800.6	\$1,854.6	\$1,910.3	\$1,967.6

CAPITAL EXPENDITURES	0.0					
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CHANGE IN REVENUES	0.0					
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	\$1,697.3	\$1,748.2	\$1,800.6	\$1,854.6	\$1,910.3	\$1,967.6
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	\$1,697.3	\$1,748.2	\$1,800.6	\$1,854.6	\$1,910.3	\$1,967.6

POSITIONS:

FULL-TIME	0					
PART-TIME	0					
TEMPORARY	0					

Estimate of current year (FY97) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

The fiscal impact noted above is based on the assumption that Anchorage School District would be reimbursed for all costs associated with to/from school transportation, including contract administration costs of approximately \$204,000, but not including deducts from contracted transportation for hazardous or kindergarten routes. An inflation factor of 3% is assumed for FY99 through FY03.

Prepared by: Bill Wright, Pupil Transportation Administrator
Division: Education Support Services
Approved by Commissioner: Shirley J. Holloway, Ph. D.
Agency: Department of Education

Phone: 465-8687
Date: 1/30/97
Date: _____

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ALASKA DEPARTMENT OF EDUCATION
PROJECTED FY98 FOUNDATION PROGRAM
SB36

	Section 4	Impact Aid Adjustment	Section 6 & 7	Section 6b	Section 8	Section 11	Section 12	REAA State Aid	Section 13	Total FY98 Impact
ALASKA GATEWAY	0	0	(111,630)	0	0	99,430	8,540	(30)	486,952	483,262
ALEUTIAN REGION	0	0	0	0	61,610	0	3,050	530	18,522	83,712
ALEUTIANS EAST	(46,273)	(29,672)	0	0	0	0	28,670	0	179,985	132,710
ANCHORAGE	(6,647,533)	(582,190)	0	0	0	(1,781,810)	161,040	0	22,433,157	13,582,664
ANNETTE ISLANDS	0	0	0	0	161,040	0	12,200	1,415	391,608	566,263
BERING STRAIT	0	0	0	0	0	81,130	101,870	1,500	1,480,966	1,665,466
BRISTOL BAY	(93,757)	(17,213)	0	0	0	0	(18,300)	0	96,019	(33,251)
CHATHAM	0	0	0	0	0	0	21,350	175	297,499	319,024
CHUGACH	0	0	0	0	0	0	4,270	35	127,008	131,313
COPPER RIVER	0	0	(213,500)	227,530	0	0	52,460	540	580,929	647,959
CORDOVA	(83,091)	(1,857)	0	0	166,530	0	(78,080)	0	240,366	243,868
CRAIG	(39,335)	(1,612)	0	0	179,950	0	14,030	0	245,072	398,105
DELTA/GREELY	0	0	0	0	0	(40,870)	(4,270)	(370)	780,261	734,751
DENALI	(57,907)	(1,742)	0	0	0	0	(19,520)	0	182,784	103,615
DILLINGHAM	(67,595)	(25,031)	0	0	207,400	123,220	(56,730)	0	267,240	448,504
FAIRBANKS	(1,939,562)	(424,886)	0	0	0	(54,290)	(186,660)	0	8,224,320	5,618,922
GALENA	(8,854)	(7,422)	0	0	171,410	143,350	0	0	99,150	397,634
HAINES	(78,227)	(1,037)	0	0	0	0	31,720	0	190,051	142,507
HOONAH	(12,350)	(5,894)	0	0	128,100	42,090	20,130	0	195,990	368,066
HYDABURG	(2,949)	(236)	0	33,550	101,870	0	7,320	0	87,358	226,913
ITAROD	0	0	0	0	0	216,550	(12,200)	1,675	372,689	578,714
JUNEAU	(1,046,654)	(1,114)	0	0	0	9,150	(530,700)	0	2,344,024	774,706
KAKE	(8,706)	(7,307)	0	0	140,910	0	13,420	0	133,000	271,317
KASHUNAMIUT	0	0	0	0	154,940	231,800	22,570	3,360	215,208	627,878
KENAI	(1,857,100)	(5,002)	0	0	0	(453,230)	38,430	0	4,482,385	2,205,483
KETCHIKAN	(545,022)	(603)	0	0	0	(42,700)	140,910	0	1,205,719	758,304
KLAWOCK	(7,997)	(15,596)	0	0	155,550	0	(1,830)	0	161,150	291,277
KODIAK	(438,873)	(86,921)	0	0	0	(78,080)	63,440	0	1,358,342	817,908
KUSPUK	0	0	0	0	0	0	14,640	120	413,085	427,845
LAKE AND PENINSULA	(34,067)	(24,989)	0	0	0	5,490	20,130	0	316,505	283,069
LOWER KUSKOKWIM	0	0	(127,490)	0	0	(4,388,950)	104,920	(36,160)	2,888,682	(1,558,998)
LOWER YUKON	0	0	0	0	0	1,966,640	156,770	17,390	1,495,166	3,635,966
MAT-SU	(1,169,929)	(742)	0	0	0	204,960	112,850	0	6,849,212	5,996,351
NENANA	(8,265)	(284)	0	0	152,500	0	610	0	109,963	254,524
NOME	(76,855)	(2,036)	0	0	280,600	235,460	21,960	0	405,321	864,450

ALASKA DEPARTMENT OF EDUCATION
PROJECTED FY98 FOUNDATION PROGRAM
SB36

	Section 4	Impact Aid Adjustment	Section 6 & 7	Section 6b	Section 8	Section 11	Section 12	REAA State Aid	Section 13	Total FY98 Impact
NORTH SLOPE	(11,951,605)	0	0	0	0	0	0	0	0	(11,951,605)
NORTHWEST ARCTIC	(131,536)	(87,526)	0	0	0	803,980	89,060	0	1,197,668	1,871,646
PELICAN	(7,784)	0	0	0	51,240	0	3,050	0	15,683	62,189
PETERSBURG	(112,623)	(938)	0	0	212,890	0	(7,320)	0	360,197	452,206
PRIBILOF	0	0	0	0	0	214,720	3,050	1,790	187,998	407,558
SITKA	(291,651)	(10,175)	0	0	0	0	61,000	0	832,045	591,219
SKAGWAY	(173,890)	0	0	0	112,850	0	9,760	0	30,987	(20,293)
SOUTHEAST	0	0	(111,020)	353,190	0	0	17,080	2,125	308,568	569,943
SOUTHWEST	0	0	0	0	0	126,270	48,190	1,435	555,484	731,379
ST. MARY'S	(2,224)	(6,131)	0	0	145,790	137,250	7,320	0	103,796	385,801
TANANA	(2,950)	(3,689)	0	0	117,120	0	8,540	0	70,406	189,427
UNALASKA	(652,624)	(130)	0	0	192,150	0	13,420	0	81,497	(365,687)
VALDEZ	(2,461,003)	(20,106)	0	0	267,180	25,010	14,030	0	197,065	(1,977,824)
WRANGELL	(66,869)	(99)	0	0	148,840	0	20,740	0	290,820	393,432
YAKUTAT	(16,051)	(1,671)	0	0	139,080	0	9,760	0	101,500	232,618
YUKON FLATS	0	0	(124,440)	0	0	541,680	(6,100)	3,355	372,751	787,246
YUKON/KOYUKUK	0	0	0	0	0	410,530	30,500	3,610	551,338	995,978
YUPIIT	0	0	0	0	0	(19,520)	40,260	170	341,334	362,244
STATE ACS	0	0	0	0	0	0	74,542	0	0	74,542
MT. EDGE CUMBE	0	0	0	0	0	0	19,520	0	0	19,520
TOTALS	(\$30,141,711)	(\$1,373,851)	(\$688,080)	\$614,270	\$3,449,550	(\$1,240,740)	\$725,412	\$2,665	\$64,954,825	\$36,302,340

Section 4 - Amends AS 14.17.025(a), requires all municipal school districts to contribute the equivalent of 4.5 mills capped at Basic Need.

Impact Aid Adjustment - As local effort increases so does the deductible Impact Aid.

Section 6 - Amends AS 14.17.031(a), sets the minimum size of a funding community at 10 ADM.

Section 6(b) - Amends AS 14.17.031(b), changes the hold harmless provision from a decrease of 10% to 5% of K-12 units.

Section 7 - Amends AS 14.17.041(a), eliminated instructional units for funding communities less than 10 ADM.

Section 8 - Amends AS 14.17.041, adds a new table for single site school district units with less than 900 ADM.

Section 11 - Amends AS 14.17.047, amends bilingual education units to one weight of .021 for all students.

Section 12 - adds AS 14.17.048, establishes new instructional units for gifted and talented at 4.5% of ADM, weight factor of .025.

REAA State Aid - Changes in adjusted units result in changes to REAA supplemental state aid.

Section 13 - Amends AS 14.17, adds a new section AS 14.17.065. Supplemental Equalization Aid

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 36

1997 LEGISLATIVE SESSION

Revision Date: 1/31/97

Department Affected: Education

Title: An act relating to transportation of public school

BRU: K-12

students; relating to school construction grants;

Component: Foundation Program

Sponsor: Senator Phillips

Requester:

COMPONENT SERIAL NO. 141

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	36,302.3	36,542.3	36,782.3	37,022.3	37,262.3	37,502.3
MISCELLANEOUS						
TOTAL OPERATING	36,302.3	36,542.3	36,782.3	37,022.3	37,262.3	37,502.3

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	34,519.0	34,519.0	34,519.0	34,519.0	34,519.0	34,519.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,783.3	2,023.3	2,263.3	2,503.3	2,743.3	2,983.3
1005 GF/Program Receipts	34,519.0	34,519.0	34,519.0	34,519.0	34,519.0	34,519.0
1006 GF/MHTIA						
Other						
TOTAL	36,302.3	36,542.3	36,782.3	37,022.3	37,262.3	37,502.3

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary.)

Refer to the attached spreadsheets for sectional analysis of fiscal impact. Section 5 is reflected as general fund program receipts. If the state is unsuccessful in collecting the \$34.5 million general fund program receipts, the foundation program unit value would be prorated to approximately \$58,300, or an additional \$34.5 million in general funds would have to be appropriated to cover full entitlements for FY98. The increased cost over FY98 to the foundation program to implement the proposed changes is approximately \$240,000 annually, based on a 1.5% estimated enrollment increase for FY99 through FY04. 1.5% is an average increase for enrollment based on the last four years.

Prepared by: Eddy Jeans, School Finance Manager

Phone: 465-8679

Division: Education Support Services

Date: February 7, 1997

Approved by Commissioner: Shirley J. Holloway, Ph. D., Commissioner

Agency: Education

Date: February 7, 1997

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SENATE BILL NO. 36**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - FIRST SESSION****BY SENATORS PHILLIPS, Taylor, Halford****Introduced: 1/13/97****Referred: HESS, Finance****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to transportation of public school students; relating to school
2 construction grants; relating to the public school foundation program and to local
3 aid for education; and providing for an effective date."

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

5 * **Section 1.** AS 14.09.010(b) is amended to read:

6 (b) Each school district mentioned in (a)(1) of this section is entitled to receive
7 reimbursement from the state for the operation of the transportation system on a unit
8 cost basis determined by the department. In determining an appropriate amount of
9 eligible transportation reimbursement to a school district under this subsection, the
10 department shall provide [REVIEW] the same level of reimbursement for
11 transportation provided on a motor vehicle owned by the school district as [AND] for
12 transportation provided on a motor vehicle operated under a contract with the school
13 district.

14 * **Sec. 2.** AS 14.11.013(a) is amended to read:

1 (a) With regard to projects for which grants are requested under AS 14.11.011,
2 the department shall

3 (1) annually review the six-year plans submitted by each district under
4 AS 14.11.011(b) and recommend to the board a revised and updated six-year capital
5 improvement project grant schedule that serves the best interests of the state and each
6 district; in recommending projects for this schedule, the department shall verify that
7 each proposed project meets the criteria established under AS 14.11.014(b) and
8 qualifies as a project required to

9 (A) avert imminent danger or correct life-threatening situations;

10 (B) house students who would otherwise be unhoused; for
11 purposes of this subparagraph, students are considered unhoused if the students
12 attend school in temporary relocatable facilities;

13 (C) protect the structure of existing school facilities;

14 (D) correct building code deficiencies that require major repair
15 or rehabilitation in order for the facility to continue to be used for the
16 educational program;

17 (E) achieve an operating cost savings;

18 (F) modify or rehabilitate facilities for the purpose of improving
19 the instructional program;

20 (G) meet an educational need not specified in (A) - (F) of this
21 paragraph, identified by the department;

22 (2) prepare an estimate of the amount of money needed to finance each
23 project;

24 (3) provide to the governor, by November 1, and to the legislature
25 within the first 10 days of each regular legislative session, a revised and updated six-
26 year capital improvement project grant schedule, together with a proposed schedule of
27 appropriations.

28 * Sec. 3. AS 14.17.010(a) is amended to read:

29 (a) The public school foundation account is established. The account consists
30 of municipal contributions made under AS 14.17.025(i) and appropriations for
31 distribution to school districts, the state boarding school, and for centralized

correspondence study programs under this chapter.

* Sec. 4. AS 14.17.025(a) is amended to read:

(a) Local contributions to a city or borough school district

(1) shall ~~be~~ [INCLUDE AT LEAST THE LESSER OF

(1)] the equivalent of a 4.5 [FOUR] mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Community and Regional Affairs under AS 14.17.140 and AS 29.45.110; or

(2) if the amount determined under (1) of this subsection is greater than the district's basic need for the current fiscal year as determined under AS 14.17.021(c), shall be [35 PERCENT OF] the district's basic need for the current [PRECEDING] fiscal year, as determined under AS 14.17.021(c) [AS 14.17.021(b)].

* Sec. 5. AS 14.17.025 is amended by adding new subsections to read:

(i) A city or borough school district that is required to make a local contribution under (a)(2) of this section shall also pay into the public school foundation account an amount determined by subtracting the amount under (a)(2) of this section from the amount under (a)(1) of this section in that district.

(j) In addition to the amount contributed under (a) of this section, a city or borough school district shall make a local contribution that is equal to the amount determined under AS 14.17.065(a)(1)(B).

* Sec. 6. AS 14.17.031 is amended to read:

Sec. 14.17.031. Allowable instructional units. (a) The department shall adopt regulations defining funding communities within each district that reflect geographic and attendance area factors and that include at least 10 students in average daily membership. For the purpose of determining instructional units, students are counted in the district and the funding community from which they receive educational services. The total number of instructional units in a school district is the sum of the following units for each funding community within the district, as determined by the department:

(1) the number of units for elementary and secondary students determined under AS 14.17.041(a) or (b);

1 (2) the number of units for vocational education determined under
2 AS 14.17.043;

3 (3) the number of units for special education determined under
4 AS 14.17.045; [AND]

5 (4) the number of units for bilingual education determined under
6 AS 14.17.047; and

7 (5) the number of units for gifted and talented education
8 determined under AS 14.17.048.

9 (b) If the total elementary and secondary instructional units that a school
10 district is eligible to receive under (a) of this section decrease by five [10] percent or
11 more from one fiscal year to the next, the school district may use the last fiscal year
12 before the reduction as a base fiscal year and offset its reduction according to the
13 following schedule: (1) for the first fiscal year after the base fiscal year, the school
14 district is eligible to receive the total elementary and secondary instructional units
15 determined under (a)(1) of this section plus 75 percent of the difference in total
16 elementary and secondary instructional units between the base fiscal year and the first
17 fiscal year after the base fiscal year; (2) for the second fiscal year after the base fiscal
18 year, the school district is eligible to receive the total elementary and secondary
19 instructional units determined under (a)(1) of this section plus 50 percent of the
20 difference in total elementary and secondary instructional units between the base fiscal
21 year and the second fiscal year after the base fiscal year; (3) for the third fiscal year
22 after the base fiscal year, the school district is eligible to receive the total elementary
23 and secondary instructional units determined under (a)(1) of this section plus 25
24 percent of the difference in total elementary and secondary instructional units between
25 the base fiscal year and the third fiscal year after the base fiscal year. The schedule
26 established in this subsection is available to a school district for the three fiscal years
27 following the base fiscal year only if the total elementary and secondary instructional
28 units received by the school district under (a)(1) of this section for each fiscal year are
29 less than the total elementary and secondary instructional units received by the school
30 district in the base fiscal year. This subsection does not apply to a decrease in total
31 elementary and secondary instructional units resulting from a loss of enrollment that

occurs as a result of a boundary change under AS 29.

* Sec. 7. AS 14.17.041(a) is amended to read:

(a) For funding communities that have an average daily membership of less than 200 in grades K-6 or less than 200 in grades 7-12, combined elementary and secondary instructional units are determined under the following table:

ADM	No. Instructional Units
[1 - 10	2]
<u>10</u> [11] - 20	2 + ((ADM-10)/5)
21 - 60	4 + ((ADM-20)/8)
61 - 120	9 + ((ADM-60)/12)
121 - 525	14 + ((ADM-120)/15).

* Sec. 8. AS 14.17.041 is amended by adding a new subsection to read:

(e) A district with an ADM of 900 or less that consists of one funding community shall increase the elementary and secondary instructional units received under (a) or (b) of this section by multiplying the instructional units by a factor determined under the following table:

District ADM	Factor
1 - 250	1.12
251 - 525	1.08
526 - 900	1.06.

* Sec. 9. AS 14.17.045(a) is amended to read:

(a) An exceptional child, other than a gifted child, as both are defined in AS 14.30.350, who is enrolled in a special education program, approved by the department, on the last day of the counting period for which a determination is being made, generates [0.025 INSTRUCTIONAL UNITS IF THE CHILD RECEIVES GIFTED SERVICES,] 0.056 instructional units if the child receives resource services, 0.1 instructional units if the child receives self-contained services, or 0.333 instructional units if the child receives intensive or hospital/homebound services, as those categories of service are defined by the department by regulation, in the funding community in which the child is served. A child may be counted in one special education category only.

1 * **Sec. 10.** AS 14.17.045(b) is amended to read:

2 (b) Notwithstanding (a) of this section, in a district that offers a special
3 education program for exceptional children other than gifted children, as both are
4 defined in AS 14.30.350, each funding community receives a minimum of 0.25
5 instructional units for special education for each funding community in which such a
6 child is served or the district receives a minimum of 1.00 instructional units for special
7 education, whichever is greater.

8 * **Sec. 11.** AS 14.17.047 is amended to read:

9 **Sec. 14.17.047. Bilingual education instructional units.** A student for whom
10 an appropriate bilingual program must be provided under regulations adopted by the
11 department, and who is enrolled in a bilingual program, approved by the department,
12 as of the last day of the counting period for which a determination is being made,
13 generates, in the funding community in which the student is served, 0.021
14 instructional units [THE NUMBER OF BILINGUAL EDUCATION
15 INSTRUCTIONAL UNITS THAT IS THE PRODUCT OBTAINED BY
16 MULTIPLYING 0.042 BY THE STUDENT'S LANGUAGE DOMINANCE
17 CATEGORY WEIGHT UNDER DEPARTMENT REGULATIONS]. A funding
18 community in which a bilingual program approved by the department is operated
19 receives a minimum of 0.10 instructional units for bilingual education, or a district in
20 which a bilingual program is operated receives a minimum of 1.00 instructional units,
21 whichever is greater.

22 * **Sec. 12.** AS 14.17 is amended by adding a new section to read:

23 **Sec. 14.17.048. Gifted and talented instructional units.** Gifted and talented
24 instructional units for a funding community in a district are calculated by

25 (1) multiplying by .045 the elementary and secondary student
26 enrollment in the funding community on the last day of the student counting period
27 under AS 14.17.160; and

28 (2) multiplying the product obtained under (1) of this section by a
29 supplemental revenue weighting factor specified in regulations adopted by the
30 department.

31 * **Sec. 13.** AS 14.17 is amended by adding a new section to read:

1 **Sec. 14.17.065. Supplemental equalization aid.** (a) In addition to state
 2 foundation aid for which a district may qualify under AS 14.17.021, a school district
 3 is eligible to receive supplemental equalization funds as follows:

4 (1) in a city or borough school district, supplemental equalization aid
 5 is equal to a

6 (A) state share under the following formula:

7 funding = $V_s / (V_s + V_i) \times V_s \times 2.5 \text{ mills} \times \text{district ADM}$;

8 (B) local share under the following formula:

9 funding = $V_s \times 2.5 \text{ mills} \times \text{district ADM}$ - the amount
 10 determined under (A) of this paragraph;

11 (2) in a regional educational attendance area, supplemental equalization
 12 aid is equal to the amount determined under the formula provided under (1)(A) of this
 13 subsection in that regional educational attendance area.

14 (b) In this section,

15 (1) "Vi" means the amount determined by dividing the full and true
 16 value of the taxable real and personal property in the district as calculated under
 17 AS 14.17.140 and AS 29.45.110 by the district ADM for the same fiscal year for
 18 which the valuation of real and personal property was made;

19 (2) "Vs" means the amount determined by dividing the sum of the
 20 property valuations of all districts in the state by the total ADM of all districts in the
 21 state.

22 * **Sec. 14.** AS 14.17.080 is amended to read:

23 **Sec. 14.17.080. Student count estimates.** Each district shall prepare and
 24 submit to the department, by November 20 [OCTOBER 15] of each fiscal year, in the
 25 manner and on forms prescribed by the department, an estimate of its average daily
 26 membership and other student count data for the succeeding fiscal year, upon which
 27 computations can be made of the amount of estimated state foundation aid for which
 28 the district will be eligible under AS 14.17.021 in that fiscal year. In making this
 29 estimate for the succeeding fiscal year, the district shall consider its average daily
 30 membership in the current fiscal year, other student count data, the pattern of growth
 31 or decline in preceding years, and other pertinent information available to the district.

1 The preliminary reports required by this section are the basis for estimating the need
2 for state foundation aid for the next fiscal year.

3 * **Sec. 15.** AS 14.17.160(b) is amended to read:

4 (b) Upon written request and for good cause shown, the commissioner may
5 permit a district to use a 20-school-day counting period from the same school year
6 other than the periods set out in (a) of this section. However, the counting period must
7 be 20 consecutive school days.

8 * **Sec. 16.** TRANSITION: REGULATIONS. The Department of Education may
9 immediately proceed to adopt regulations necessary to implement this Act. The regulations
10 take effect under the Administrative Procedure Act, but not before July 1, 1997.

11 * **Sec. 17.** Section 16 of this Act takes effect immediately under AS 01.10.070(c).

12 * **Sec. 18.** Except as provided in sec. 17 of this Act, this Act takes effect July 1, 1997.

10



SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT

SSSB 37, Relating to the Education Facilities Financing Authority

It is the purpose of this Legislation to meet the following objectives:

- 1. Provide funding for critical rural and urban school construction and major maintenance projects and for University of Alaska capital projects which cannot otherwise be funded by appropriation under a balance-budget plan.**
- 2. Resume funding of net debt service for school bonds of organized municipalities under contractual 70: 30 reimbursement agreements, and provide for continuing this funding indefinitely without impacting the balanced budget plan.**
- 3. Establish a continuing mechanism by which future facility needs can be organized, evaluated, and funded while retaining legislative oversight and authorization.**
- 4. Fund necessary school construction by means more advantageous than G.O. Bonds. The drawbacks of the G. O. bonding option is that project funding is delayed until after a favorable election result in the fall of 1998 and then it is, in effect, a one shot affair.**

To accomplish these objectives, the legislation would establish the Education Facilities Finance Authority (EFFA) within the Department of Education, and the Education Facilities Fund ("EF Fund") as an asset of the authority. The EFFA would:

- 1. Sell EFFA bonds to directly finance construction of schools upon approval of specific projects by the Legislature. It is contemplated that this method of funding would be used primarily for construction of schools in rural jurisdictions with insufficient tax bases to issue bonds.**

2. Contract to pay up to 70% of net debt service on municipal bonds issued to finance municipal school facilities and up to 100% of net debt service on University of Alaska bonds, provided that each specific facility has been approved by the Legislature for a specified level of reimbursement.

3. Apply non-corpus balances of the EF Fund to debt service on EFFA bonds and to the specified percentage of net debt service under authorized reimbursement agreements for municipal school bonds and university bonds.

4. Pledge assets of the EF Fund as security for EFFA bonds for the EFFA's obligations under authorized reimbursement agreements for municipal school bond and University bond debt service.

The EF Fund would be managed by the Permanent Fund Corporation under its statutes, and would require no special or unique investment policy by the Permanent Fund. Initial capitalization would come from the constitutional budget reserve. Correspondingly, SB 111 was introduced to appropriate \$1.2 billion from the CBR to the fund.

The bill would initially authorize \$500 million worth of school construction and repair projects. \$285 million are for projects selected from the DOE priority lists for rural and small municipalities. \$135 million are for projects selected from priority lists submitted by large municipal school districts. The final \$80 million is for University of Alaska projects and a large backlog of deferred maintenance needs.

Future legislatures could continue to authorize more bonds and reimbursement agreements within the financial capabilities of the education facilities fund. The fund would have bonding capacity equal to or exceeding the initial capitalization, without risking the original corpus appropriated to it.

Under reasonable projections of future demands on the fund, the fund would continue to grow due to the fact that investments of the fund would yield more than would bonds issued by the EFFA and by municipalities and the University subject to reimbursement obligations.

REVISED SSSB 37

SUMMARY Alaska Education Facilities Financing Program

OBJECTIVES:

1. Provide for the funding of critical urban and rural school construction and major maintenance projects and University of Alaska capital projects when the projects are needed, but before they could be funded by appropriation under a balanced-budget plan.
2. Establish an on-going mechanism, under which projects could be funded indefinitely in an organized manner, under strict criteria and legislative authorization.
3. Protect a portion (\$1.2 billion) of the Constitutional Budget Reserve Account for future use. The corpus of the initial capitalization of the Education Facilities Fund could not be drawn -- A portion of the earnings from the fund would pay for the projects, and allow the fund to grow as well.

SUMMARY

1. Following the examples of AIDEA and AHFC, establish the Education Facilities Finance Authority as a paper corporation within the Department of Education, and the Education Facilities Fund ("EF Fund") as an asset of the authority. The EFFA would:

- Sell EFFA bonds to directly finance the State's share of construction and major maintenance for urban and rural school districts and the University of Alaska.
- The revised bill provides for \$607 million of EFFA bonds to fund the state's share of \$731 million of construction & maintenance over the next three years. Construction & maintenance activities could begin next spring.
- Apply a portion of non-corpus balances of the EF Fund to debt service on EFFA bonds.
- The balance of the earnings could be returned to the revenue stream as dividends or retained in the fund to increase earnings.

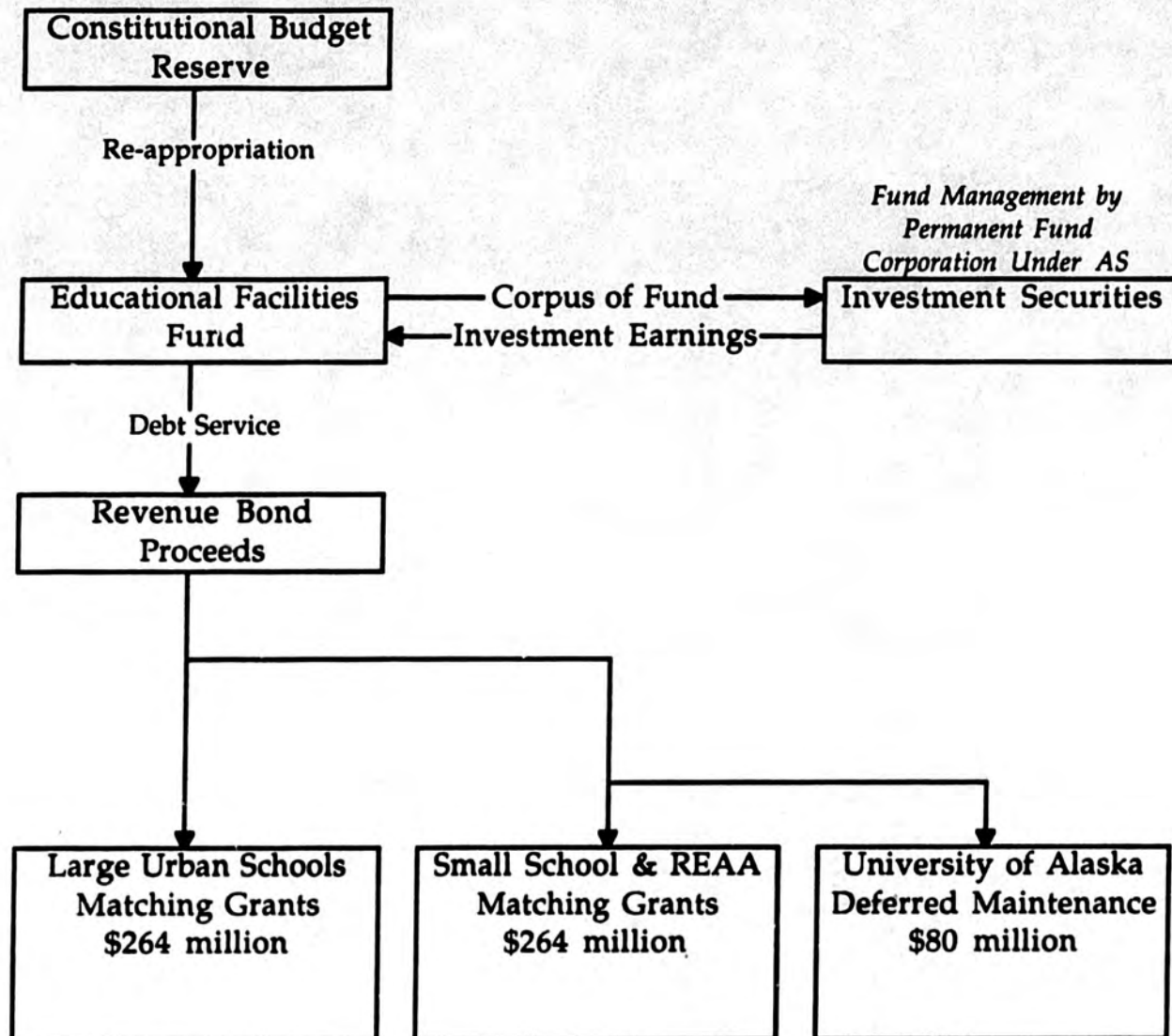
2. The Fund would be managed by the Permanent Fund Corporation under its statutes.

Future legislatures could continue to authorize more bonds or reimbursement agreements within the financial capabilities of the education facilities fund. The fund would have bonding capacity equal close to the initial capitalization, without risking the original corpus.

Under reasonable projections of future demands on the fund, it would continue to grow if investments of the fund yield more than bonds issued by the EFFA . This should occur with proper management of the authority.

April 21, 1997

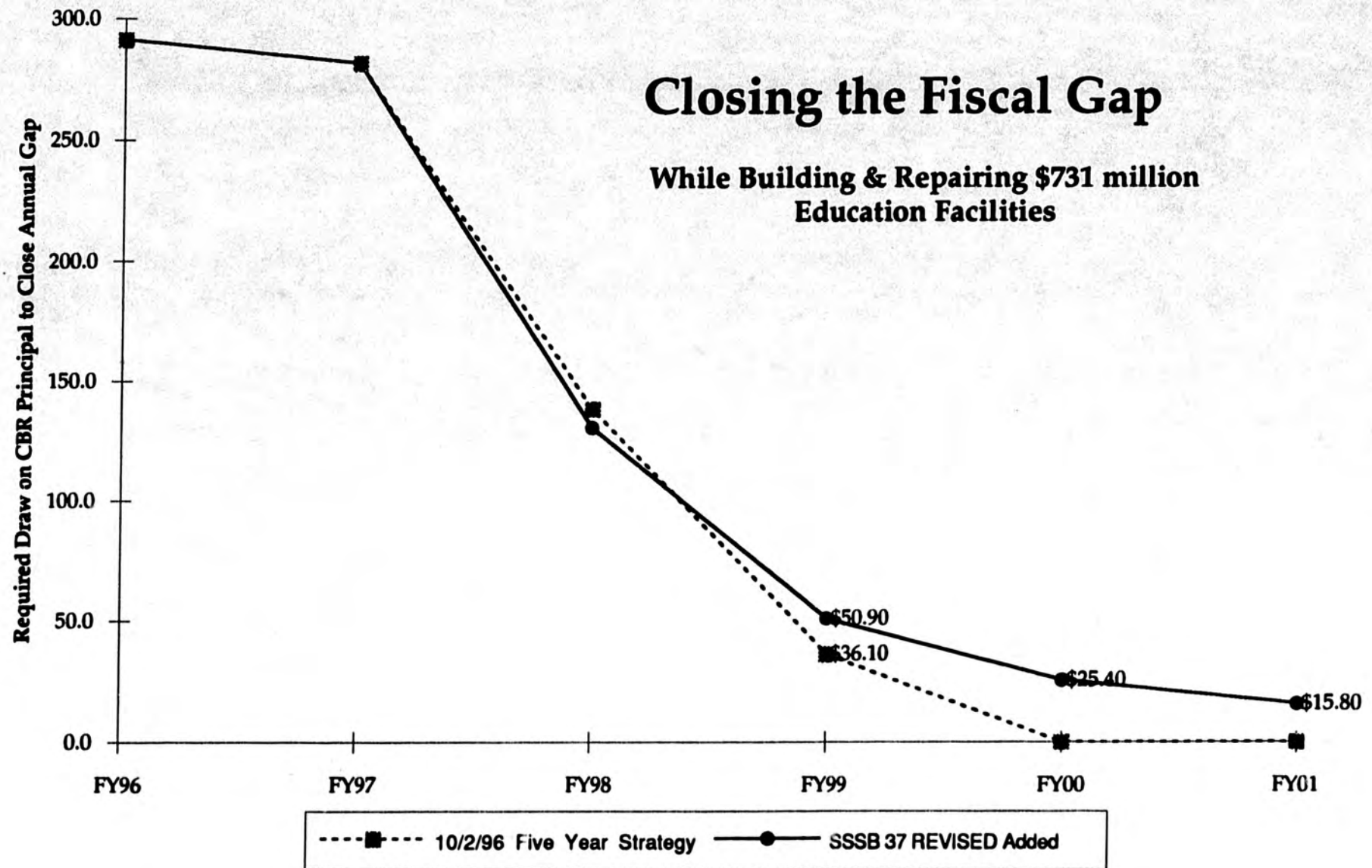
Education Facilities Financing Structure



\$264
+
\$80
\$344

Closing the Fiscal Gap

While Building & Repairing \$731 million
Education Facilities



ALASKA LEGISLATIVE MAJORITY - FIVE YEAR BUDGET STRATEGY as of October 2, 1996

WITH SSSB 37 REVISED (EDUCATION FACILITIES FUND)

(\$731 Million total projects over three years, with local match)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
Revenues						
1/Unrestricted Revenues	2,042.0	1,910.0	1,844.0	1,890.2	1,886.1	1,846.7
1/Other Sources/Adjustments	101.7	33.5	30.0	30.0	30.0	39.0
1/AHFC Dividend	70.0	50.0	72.1	74.3	76.5	78.8
1/AIDEA Dividend	0.0	15.0	25.6	26.5	28.0	28.4
2/EFFA Dividend (line 6b)	0.0	0.0	65.2	42.0	18.7	18.7
3/Projected CBRF Earnings	0.0	125.0	98.1	99.5	106.6	112.0
1/New Revenues	0.0	5.0	66.0	68.0	70.0	72.0
Total Revenues	2,213.7	2,138.5	2,201.0	2,230.5	2,215.9	2,195.6
(Total Revenues Projected in Five Year Budget Strategy)	2,213.7	2,138.5	2,221.8	2,274.0	2,270.0	2,240.0
Expenditures						
1/Operating	2,218.1	2,192.2	2,131.5	2,089.7	2,066.4	2,053.6
1/Debt Service	109.4	93.1	91.0	82.8	66.1	48.9
1/Capital	116.0	100.1	100.0	100.0	100.0	100.0
4/(Less) Programmed Capital Projects of EFFA	0.0	0.0	(28.6)	(28.6)	(28.6)	(28.6)
1/Specials/Transfers/Fund Capitalizations	18.6	15.4	17.5	17.5	17.5	17.5
1/Revised Programs/Supplementals	43.0	19.2	20.0	20.0	20.0	20.0
Total Expenditures	2,505.1	2,420.0	2,331.4	2,281.4	2,241.4	2,211.4
(Total On-Budget Expenditures Projected in Five Year Budget Strategy)	2,505.1	2,420.0	2,360.0	2,310.0	2,270.0	2,240.0
1/Expenditure Reduction from Previous FY		(85.1)	(88.6)	(50.0)	(40.0)	(30.0)
1/As a % of Total Expenditures		-3.40%	-3.66%	-2.14%	-1.75%	-1.34%
1/Projected Fiscal Gap/(Surplus) - from CBRF	291.4	281.5	138.2	36.1	0.0	0.0
(Projected Fiscal Gap in 10/2/96 Five Year Strategy)	291.4	281.5	138.2	36.1	0.0	0.0
CBRF Beginning Balance	2,135.4	2,499.6	1,368.1	1,387.8	1,486.9	1,561.5
1/Projected Earnings	124.6	125.0	98.1	99.5	106.6	112.0
1/Transfers to General Fund	0.0	(125.0)	(98.1)	(99.5)	(106.6)	(112.0)
5/Transfers to Education Facilities Fund	0.0	(1,200.0)	0.0	0.0	0.0	0.0
1/Additional Settlement Deposits	551.5	350.0	150.0	150.0	100.0	100.0
1/Net of Sweep Provisions	(20.5)	0.0	0.0	0.0	0.0	0.0
1/Principal to Full Fiscal Gap [Transfers (to)/from budget]	(291.4)	(281.5)	(130.3)	(50.9)	(25.4)	(15.8)
CBRF Ending Balance	2,499.6	1,368.1	1,387.8	1,486.9	1,561.5	1,645.7
6/Education Facilities Fund						
a/Beginning Balance	0.0	0.0	1,200.0	1,200.0	1,200.0	1,200.0
b/Transfer From CBRF/(To) Revenues, EFFA Dividend (line 2)	0.0	1,200.0	(65.2)	(42.0)	(18.7)	(18.7)
c/Earnings	0.0	0.0	88.5	88.5	88.5	88.5
d/Bond Proceeds	0.0	0.0	202.6	202.6	202.6	0.0
e/Debt Service	0.0	0.0	(23.3)	(46.5)	(69.8)	(69.8)
f/School Construction/Maintenance	0.0	0.0	(202.6)	(202.6)	(202.6)	0.0
Education Fac. Fund Ending Balance	0.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
7/Consolidated CBRF/Ed. Fac. Fund Balances	2,499.6	2,568.1	2,587.8	2,686.9	2,761.5	2,845.7
(1/CBRF Ending Balance projected in October 2 Budget Strategy)	2,499.6	2,568.1	2,579.8	2,693.8	2,807.5	2,933.7
8/Cumulative Gain/(Loss) in net Revenues with EF Fund	0.0	0.0	8.0	(6.9)	(46.0)	(88.0)
9/Cumulative Capital Assets Acquired (Construction/Maint.)	0.0	0.0	243.7	487.4	731.1	731.1
10/Total Capital and Cash Assets / CBRF	2,499.6	2,568.1	2,831.5	3,174.3	3,492.6	3,576.8
(1/CBRF Ending Balance projected in October 2 Budget Strategy)	2,499.6	2,568.1	2,579.8	2,693.8	2,807.5	2,933.7
11/Cumulative Gain/(Loss) with EF Fund	+0.0	+0.0	+251.7	+480.5	+685.1	+643.1

ALASKA LEGISLATIVE MAJORITY FIVE YEAR BUDGET STRATEGY
as of October 2, 1996

**Modified to Include \$731 million New School Construction and Deferred
Maintenance Using REVISED SSSB 37 Methodology**

- School Construction & Deferred Maintenance program modeled:

**School Construction and
Deferred Maintenance Funded**

FY 1998	\$243,696,067
FY 1999	\$243,696,067
FY 2000	<u>\$243,696,067</u>
Total	\$731,088,200

- General assumptions regarding the Education Facilities Fund:
 - Earnings will be the same as projected in the Five Year Strategy for the CBRF (7.17%, as projected by the Permanent Fund Corporation).
 - True interest cost of bonds will be that of 'AA-' rated bonds marketed in the US the week of 4/18/97. This is the likely rating for an uninsured Alaska Moral Obligation Bond.
 - Earnings not required to pay debt service are paid as Dividends to the State annually in order to consolidate them into the Five Year Strategy.

- Consolidation of the REVISED SSSB 37 program with the Five Year Budget Strategy included modifying the following lines of the Five Year Strategy model as described below:

1/ No modifications to assumptions or methodology in these lines. They are the same assumptions/methodology as in the original Five Year Strategy model.

2/ All earnings of the Education Facilities Finance Authority surplus to its debt service obligations are treated as Dividends to the State's general revenue stream.

3/ The Five Year Budget Strategy shows the earnings of the CBRF as revenues. This consolidation shows the earnings of the smaller CBRF.

4/ The Educational Facilities Finance Authority will fund projects that otherwise would be funded out of the annual Capital budget. This consolidation offsets the cost of these projects, assumed to be the average of the last three fiscal years (FY95, FY96 and FY97) capital budget items for school construction and deferred maintenance. This average is \$28.6 million annually.

5/ Line 5 shows the \$1.2 billion that would be transferred from the CBRF to the Ed. Fac. Fund by SSSB 37 and SB 111, the accompanying appropriation bill. This transfer ties to line 6b.

6/ This new section projects the operation of the Education Facilities Fund established by SSSB 37. In this consolidation, the Fund's earnings (line 6c) pay debt service on Authority bonds (line 6e), with the balance being transferred to general revenues in line "2/Education Facilities Financing Authority (EFFA) Dividend."

7/ Line 7 is the sum of "CBRF Ending Balance" and "Education Fac. Fund Ending Balance."

8/ Line 8 is the difference between the ending balance in the CBRF as projected in the Five Year Budget Strategy and the combined ending balances of the CBRF and the Ed. Fac. Fund.

9/ Line 9 is the total capital provided for school construction and deferred maintenance by the Education Facilities Finance Authority and required local match. In this example, the total is \$731.1 million, evenly split between FY98, FY99, and FY00.

10/ Line 10 is the sum of the combined ending balances of the CBRF and the Ed. Fac. Fund, plus the capital assets underwritten by the Education Facilities Finance Authority. (line 7 plus line 9)

11/ Line 11 is the difference between line 10 and the ending balance in the CBRF as projected in the Five Year Budget Strategy, and approximates the net gain in assets that occurs under REVISED SSSB 37 methodology.

This gain in assets is achieved by providing \$731 million of school construction & deferred maintenance during the 5-year budget strategy period for a net cash flow cost to the balance sheet of only \$88.0 million.

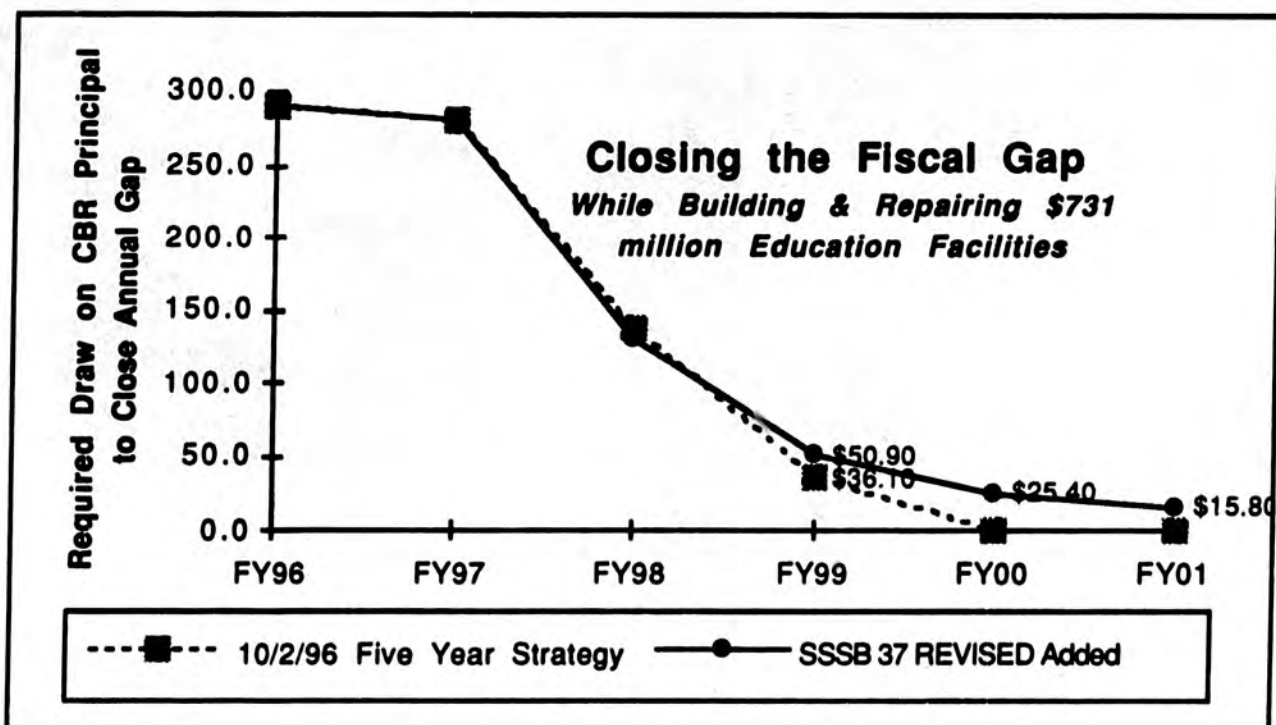
ALASKA LEGISLATIVE MAJORITY FIVE YEAR BUDGET STRATEGY
as of October 2, 1996

Modified to Include \$731 million New School Construction and Deferred
Maintenance Using REVISED SSSB 37 Methodology

Noteworthy Results:

• Adding the SSSB 37 EFA methodology does not significantly slow the reduction of the "fiscal gap." In short, SSSB 37 methodology can be readily meshed with the Five Year Strategy, without causing noticeable changes – while providing \$731 million in construction & major maintenance at the same time.

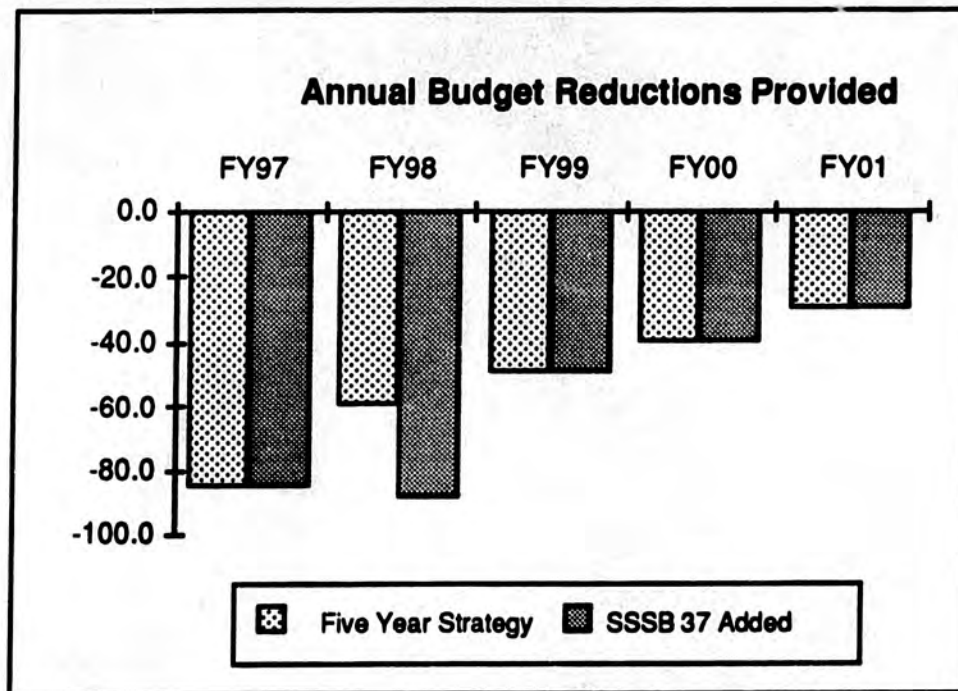
	Annual Fiscal Gap					
	<u><i>FY96</i></u>	<u><i>FY97</i></u>	<u><i>FY98</i></u>	<u><i>FY99</i></u>	<u><i>FY00</i></u>	<u><i>FY01</i></u>
10/2/96 Five Year Strategy	291.4	281.5	138.2	36.1	0.0	0.0
SSSB 37 REVISED Added	291.4	281.5	130.3	50.9	25.4	15.8



- Adding the SSSB 37 EFA methodology allows the FY98 budget to be cut by more than the Five Year Strategy, while still providing the identical services (because the Ed. Fac. Finance Authority provides deferred maintenance and construction that would otherwise be funded by the Capital budget).

Annual Budget Cuts - Same Services Provided

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Five Year Strategy	(85.1)	(60.0)	(50.0)	(40.0)	(30.0)
SSSB 37 Added	(85.1)	(88.6)	(50.0)	(40.0)	(30.0)



Annual Percent Budget Cuts - Same Services Provided

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Five Year Strategy	-3.40%	-2.48%	-2.12%	-1.73%	-1.32%
SSSB 37 Added	-3.40%	-3.66%	-2.14%	-1.75%	-1.34%

Education Facilities Fund

\$731 Million Scenario

12-Year Bond Maturities

<i><u>Year</u></i>	<i><u>Beginning Balance</u></i>	<i><u>Earnings</u></i>	<i><u>New Bonds</u></i>	<i><u>Debt Service</u></i>	<i><u>Ending Balance</u></i>	<i><u>Available for CBR Deposit</u></i>	<i><u>Remaining Capacity</u></i>
1998	\$1,200,000	\$120,000	\$202,602	\$23,265	\$1,296,735		\$842,433
1999	\$1,296,735	\$129,674	\$202,602	\$46,529	\$1,379,880		\$724,074
2000	\$1,379,880	\$137,988	\$202,602	\$69,794	\$1,448,074	\$750,138	\$593,879
2001	\$1,448,074	\$144,807	\$0	\$69,794	\$1,523,088	\$825,151	\$653,267
2002	\$1,523,088	\$152,309	\$0	\$69,794	\$1,605,603	\$907,666	\$718,594
2003	\$1,605,603	\$160,560	\$0	\$69,794	\$1,696,370	\$998,433	\$790,453
2004	\$1,696,370	\$169,637	\$0	\$69,794	\$1,796,213	\$1,098,276	\$869,499
2005	\$1,796,213	\$179,621	\$0	\$69,794	\$1,906,041	\$1,208,104	\$956,449
2006	\$1,906,041	\$190,604	\$0	\$69,794	\$2,026,851	\$1,328,914	\$1,052,093
2007	\$2,026,851	\$202,685	\$0	\$69,794	\$2,159,743	\$1,461,806	\$1,157,303
2008	\$2,159,743	\$215,974	\$0	\$69,794	\$2,305,923	\$1,607,987	\$1,273,033
2009	\$2,305,923	\$230,592	\$0	\$69,794	\$2,466,722	\$1,768,785	\$1,400,336
2010	\$2,466,722	\$246,672	\$0	\$46,529	\$2,666,865	\$2,201,574	\$1,742,972
2011	\$2,666,865	\$266,686	\$0	\$23,265	\$2,910,287	\$2,677,641	\$2,119,872
2012	\$2,910,287	\$291,029	\$0	\$0	\$3,201,315	\$3,201,315	\$2,534,462
2013	\$3,201,315	\$320,132	\$0	\$0	\$3,521,447	\$3,521,447	\$2,787,908
2014	\$3,521,447	\$352,145	\$0	\$0	\$3,873,592	\$3,873,592	\$3,066,699
2015	\$3,873,592	\$387,359	\$0	\$0	\$4,260,951	\$4,260,951	\$3,373,368

Assumes: \$731 Million construction/major maintenance financed over first three years, including local matches required.

12-year series of AA- bonds yield what they did week of April 18, 1997 (5.31% avg. to maturity).

Fund earnings average 10% during period.

April 22, 1997

Education Facilities Fund

"Billion Dollar Schools" Scenario

12-Year Bond Maturities

<u>Year</u>	<u>Beginning Balance</u>	<u>Earnings</u>	<u>New Bonds</u>	<u>Debt Service</u>	<u>Ending Balance</u>	<u>Available for CBR Deposit</u>	<u>Remaining Capacity</u>
1998	\$1,200,000	\$120,000	\$202,602	\$23,265	\$1,296,735		\$842,433
1999	\$1,296,735	\$129,674	\$202,602	\$46,529	\$1,379,880		\$724,074
2000	\$1,379,880	\$137,988	\$202,602	\$69,794	\$1,448,074		\$593,879
2001	\$1,448,074	\$144,807	\$80,000	\$78,980	\$1,513,902		\$573,267
2002	\$1,513,902	\$151,390	\$80,000	\$88,166	\$1,577,126		\$550,594
2003	\$1,577,126	\$157,713	\$63,566	\$95,465	\$1,639,373	\$684,718	\$542,087
2004	\$1,639,373	\$163,937	\$0	\$95,465	\$1,707,845	\$753,190	\$596,296
2005	\$1,707,845	\$170,784	\$0	\$95,465	\$1,783,164	\$828,509	\$655,925
2006	\$1,783,164	\$178,316	\$0	\$95,465	\$1,866,014	\$911,360	\$721,518
2007	\$1,866,014	\$186,601	\$0	\$95,465	\$1,957,150	\$1,002,496	\$793,670
2008	\$1,957,150	\$195,715	\$0	\$95,465	\$2,057,400	\$1,102,746	\$873,037
2009	\$2,057,400	\$205,740	\$0	\$95,465	\$2,167,675	\$1,213,020	\$960,341
2010	\$2,167,675	\$216,767	\$0	\$72,201	\$2,312,241	\$1,590,232	\$1,258,977
2011	\$2,312,241	\$231,224	\$0	\$48,936	\$2,494,529	\$2,005,166	\$1,587,477
2012	\$2,494,529	\$249,453	\$0	\$25,672	\$2,718,310	\$2,461,592	\$1,948,827
2013	\$2,718,310	\$271,831	\$0	\$16,485	\$2,973,656	\$2,808,801	\$2,223,710
2014	\$2,973,656	\$297,366	\$0	\$7,299	\$3,263,722	\$3,190,730	\$2,526,081
2015	\$3,263,722	\$326,372	\$0	\$0	\$3,590,094	\$3,590,094	\$2,842,255

Assumes: \$1.0 Billion construction/major maintenance financed over first six years, including local matches required.

12-year series of AA- bonds yield what they did week of April 18, 1997 (5.31% avg. to maturity).

Fund earnings average 10% during period.

April 22, 1997

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 37
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATOR MACKIE

Introduced: 2/27/97

Referred: CRA, HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Education Facilities Financing Authority; and providing**
2 **for an effective date."**

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

4 *** Section 1. FINDINGS.** The legislature finds that

5 (1) there is an urgent need for improvement to existing primary and secondary
6 school and university facilities and for new primary and secondary school and university
7 facilities throughout the state;

8 (2) the establishment of the Education Facilities Financing Authority as
9 provided in this Act will provide an effective means of financing school and university
10 facilities.

11 *** Sec. 2.** AS 44.27 is amended by adding new sections to read:

12 **Article 3. Education Facilities Financing Authority.**

13 **Sec. 44.27.100. Education Facilities Financing Authority.** The Education
14 Facilities Financing Authority is created as a public corporation of the state in the

1 Department of Education. The authority is an instrumentality of the state but has a
2 legal existence independent of and separate from the state and has continuing
3 succession until its existence is terminated by law. The authority is subject to
4 AS 37.07 (Executive Budget Act).

5 **Sec. 44.27.110. Board of directors.** The authority is governed by a board of
6 three directors, consisting of the commissioner of revenue, the commissioner of
7 education, and the commissioner of transportation and public facilities. The directors
8 are subject to AS 39.50 (conflict of interest). Before entering upon the duties of
9 office, a director shall take and subscribe to an oath to perform the duties faithfully,
10 impartially, and justly to the best of the director's ability. A record of the oath shall
11 be filed in the Office of the Governor.

12 **Sec. 44.27.120. Officers, quorum, and meetings.** (a) The board of directors
13 shall elect one of their number as chair. The board shall elect a secretary and a
14 treasurer who need not be directors, and the same person may be elected to serve both
15 as secretary and treasurer. The powers of the authority are vested in the board of
16 directors, and two directors of the authority constitute a quorum. Action may be taken
17 and motions and resolutions adopted by the authority at any meeting by the affirmative
18 vote of at least two directors. A vacancy in the directorship of the authority does not
19 impair the right of a quorum to exercise all of the powers and perform all of the duties
20 of the authority.

21 (b) The directors and officers of the authority may meet and transact business
22 by an electronic medium if (1) public notice of the time and locations where the
23 meeting will be held by an electronic medium has been given in the same manner as
24 if the meeting were held in a single location; (2) participants and members of the
25 public in attendance can hear and have the same right to participate in the meeting as
26 if the meeting were conducted in person; and (3) copies of pertinent reference
27 materials, statutes, regulations, and audio-visual materials are reasonably available to
28 participants and to the public. A meeting by an electronic medium as provided in this
29 subsection has the same legal effect as a meeting in person.

30 (c) The authority may appoint persons as employees it considers advisable and
31 may employ professional advisors, counsel, technical experts, agents, and others as

1 appropriate. The employees of the authority are in the exempt service under
2 AS 39.25.110.

3 **Sec. 44.27.130. Powers of the authority.** The authority may

- 4 (1) sue and be sued;
- 5 (2) adopt and alter an official seal;
- 6 (3) make and enforce bylaws and regulations for the conduct of its
7 business and for the use of its services and facilities;
- 8 (4) maintain an office at any place in the state;
- 9 (5) acquire, hold, use, and dispose of its income, revenue, funds, and
10 money;
- 11 (6) acquire, rent, lease, hold, use, and dispose of other personal
12 property for its purposes;
- 13 (7) subject to AS 44.27.160, issue revenue bonds or notes and provide
14 for and secure payment of the revenue bonds or notes, provide for the rights of their
15 holders, and purchase, hold, and dispose of any of its revenue bonds or notes;
- 16 (8) fix and revise from time to time and charge and collect fees and
17 charges for the use of its services or facilities;
- 18 (9) accept gifts or grants from the United States, or from any
19 governmental unit or person, carry out the terms or provisions or make agreements
20 with respect to the gifts or grants, and do all things necessary, useful, desirable, or
21 convenient in connection with procuring, accepting, or disposing of the gifts or grants;
- 22 (10) do anything authorized by AS 44.27.100 - 44.27.250, through its
23 officers, agents, or employees, or by contracts with a person;
- 24 (11) make, enter into, and enforce all contracts necessary, convenient,
25 or desirable for the purposes of the authority or pertaining to a purchase or sale of
26 bonds or other investments, or the performance of its duties and execution of any of
27 its powers under AS 44.27.100 - 44.27.250;
- 28 (12) purchase or hold bonds at prices and in a manner the authority
29 considers advisable;
- 30 (13) adopt and amend regulations by motion, by resolution, or in
31 another manner permitted under the bylaws of the authority;

1 (14) procure insurance against any losses in connection with its
2 property, operations, or assets in amounts and from insurers it considers desirable;

3 (15) to the extent permitted under its contracts with the holders of
4 bonds or notes of the authority, consent to modification of the rate of interest, time and
5 payment of installment of principal or interest, security, or any other term of a bond
6 or note, contract, or agreement of any kind to which the authority is a party; and

7 (16) do all acts and things necessary, convenient, or desirable to carry
8 out the powers expressly granted or necessarily implied in AS 44.27.100 - 44.27.250.

9 **Sec. 44.27.140. Issuance of bonds and pledges of assets.** (a) Subject to
10 AS 44.27.160, the authority may issue its bonds or notes in principal amounts
11 sufficient to provide funds for the construction of schools or school facilities that are
12 projects approved under AS 14.11.015(a) and authorized by the legislature.

13 (b) Subject to AS 44.27.170, the authority may enter into agreements providing
14 for financial covenants or pledging amounts to secure bonds of municipalities or the
15 University of Alaska and pay amounts for the following:

16 (1) the reimbursement up to 70 percent of net payments as determined
17 by the authority made by a municipality that is a school district for the retirement of
18 principal and interest on bonds issued to pay the cost of constructing school facilities
19 that are projects approved under AS 14.11.015(a);

20 (2) the reimbursement up to 100 percent of the net payments as
21 determined by University of Alaska for the retirement of principal and interest on
22 bonds issued to pay the cost of constructing university facilities.

23 (c) Bonds or notes may be issued or agreements made for a facility under (a)
24 and (b) of this section only when

25 (1) the legislature has authorized the facility and its construction cost;

26 (2) for agreements made under (b) of this section, the legislature has
27 authorized the percentage of reimbursement that the authority shall agree to reimburse
28 with respect to the facility; and

29 (3) the commissioner of education has certified that

30 (A) the facility is designed in accordance with the energy
31 performance standards adopted under AS 44.42.020(a); or

1 (B) the designer and constructor of the facility have certified
2 that the facility will be designed and constructed in accordance with the energy
3 performance standards and regulations adopted under AS 44.42.020(a).

4 (d) The authority may issue its bonds or notes in principal amounts that it
5 considers necessary to provide funds for

6 (1) payment, funding, or refunding of the principal of, or interest or
7 redemption premiums on, bonds or notes issued by it, whether the bonds or notes or
8 interest to be funded or refunded have or have not become due;

9 (2) the establishment or increase of reserves to secure or to pay bonds
10 or notes or interest on bonds or notes and all other costs or expenses of the authority
11 incident to and necessary or convenient to carry out its corporation purposes and
12 powers.

13 (e) The authority and a municipality or the authority and the University of
14 Alaska may enter into agreements as provided by law providing for financial covenants
15 or pledging amounts for the benefit of bondholders of a municipality or the University
16 of Alaska to secure the reimbursement of the net payments to be made by the
17 municipality or the University of Alaska.

18 (f) Except as otherwise provided in AS 44.27.100 - 44.27.250 or by the
19 authority, every issue of bonds or notes shall be payable out of the revenue or funds
20 of the authority, subject only to agreements with the holders of particular bonds or
21 notes pledging particular revenue or funds.

22 (g) Bonds shall be authorized by resolution of the authority and shall be dated
23 and mature as the resolution may provide, except that a bond may not mature more
24 than 15 years from the date of its issue. Bonds shall bear interest at rates, be in the
25 denominations, be in the form, either coupon or registered, carry the registration
26 privileges, be executed in the manner, be payable in the medium of payment, at the
27 place or places, and be subject to the terms of redemption that the resolution or a
28 subsequent resolution may provide. Bonds or notes may be sold at a public or private
29 sale.

30 (h) The authority may disburse funds necessary to comply with the
31 construction and reimbursement provisions of (a) and (b) of this section. The authority

1 shall administer the reimbursement payments authorized under (b) of this section and
 2 shall provide by regulation for the filing of applications for reimbursement, the form
 3 of proof of costs for which application for reimbursement is made, and other
 4 regulations necessary to administer this section. An agreement not to modify an
 5 appropriation for construction or reimbursement after bonds or notes have been issued
 6 for the purpose is valid. The authority shall exclude from the total school construction
 7 cost of the local district all state and federal funds included in these costs except funds
 8 provided under this section and AS 43.50.140. In approving applications for
 9 reimbursement under (b)(1) of this section, the authority shall offset against the amount
 10 of reimbursement authorized the amount of any funds distributed to the municipality
 11 in the second preceding fiscal year from the school fund provided for in AS 43.50.140.

12 **Sec. 44.27.150. Trust indentures and trust agreements.** (a) In the discretion
 13 of the authority, an issue of bonds may be secured by a trust indenture or trust
 14 agreement between the authority and a corporate trustee, including a trust company,
 15 bank, or national banking association, with corporate trust powers, located inside or
 16 outside the state, or by a secured loan agreement or other instrument or under a
 17 resolution giving powers to a corporate trustee by means of which the authority may

18 (1) make and enter into any and all the covenants and agreements with
 19 the trustee or the holders of the bonds that the authority may determine to be necessary
 20 or desirable, including, without limitation, covenants, provisions, limitations, and
 21 agreements as to

22 (A) the application, investment, deposit, use, and disposition of
 23 the proceeds of bonds of the authority or of money or other property of the
 24 authority in which it has an interest;

25 (B) the terms and conditions upon which additional bonds of the
 26 authority may be issued; and

27 (C) the vesting in a trustee of rights, powers, duties, funds, or
 28 property in trust for the benefit of bondholders, including the right to enforce
 29 payment, performance, and all other rights of the authority or of the
 30 bondholders, under any agreement of the authority;

31 (2) pledge, mortgage, or assign money, agreements, property, or other

1 rights or assets of the authority either presently in hand or to be received in the future,
2 or both; and

3 (3) provide for other matters of like or different character that in any
4 way affect the security or protection of the bonds.

5 (b) For the purpose of securing one or more issues of its bonds, the authority
6 may establish one or more special funds, called "capital reserve funds," and shall pay
7 into the capital reserve funds the proceeds of the sale of its bonds and other money
8 that may be made available to the authority for the purposes of those funds from
9 another source. The funds shall be established only if the authority determines that the
10 establishment would enhance the marketability of the bonds. Money held in a capital
11 reserve fund, except as provided in this section, shall be used as required solely for (1)
12 the payment of the principal of, and interest on, bonds or of the sinking fund payments
13 with respect to those bonds, (2) the purchase or redemption of bonds, or (3) the
14 payment of a redemption premium required to be paid when those bonds are redeemed
15 before maturity; however, money in a fund may not be withdrawn from it at any time
16 in an amount that would reduce the amount of that fund to less than the capital reserve
17 requirement set out in (2) of this subsection, except for the purpose of making, with
18 respect to those bonds, payment, when due, of principal, interest, redemption
19 premiums, and the sinking fund payments for the payment of which other money of
20 the authority is not available. Income or interest earned by, or increment to, a capital
21 reserve fund, due to the investment of the fund or any other amounts in it, may be
22 transferred by the authority to other funds or accounts of the authority to the extent
23 that the transfer does not reduce the amount of the capital reserve fund below the
24 capital reserve fund requirement under (c) of this section.

25 (c) If the authority decides to issue bonds secured by a capital reserve fund,
26 the bonds may not be issued if the amount in the capital reserve fund is less than an
27 amount that may be established by resolution of the authority, called the "capital
28 reserve fund requirement," unless the authority, at the time of issuance of the
29 obligations, deposits in the capital reserve fund from the proceeds of the obligations
30 to be issued or from other sources, an amount which, together with the amount then
31 in the fund, is not less than the capital reserve fund requirement.

1 (d) In computing the amount of a capital reserve fund for the purpose of this
2 section, securities in which all or a portion of the funds are invested shall be valued
3 by a reasonable method established by the authority by resolution. Valuation on a
4 particular date shall include the amount of any interest earned or accrued to that date.

5 (e) The chair of the authority shall annually, not later than January 2, make
6 and deliver to the governor and the legislature a certificate stating the amount, if any,
7 required to restore a capital reserve fund to the capital reserve fund requirement. The
8 legislature may appropriate the amount described in this subsection, and all money
9 appropriated during the then current fiscal year by the legislature for the restoration
10 shall be deposited by the authority in the proper capital reserve fund. Nothing in this
11 section creates a debt or liability of the state.

12 (f) If the authority decides to covenant to issue bonds secured by a capital
13 reserve fund, the bonds may not be issued until 10 days after the authority has mailed
14 notification to the state bond committee and the Legislative Budget and Audit
15 Committee by certified mail of its intention to establish a capital reserve fund to secure
16 the bond issue. The notification must include the amount of the capital reserve fund
17 to be established and the amount of bonds proposed to be issued. The notification
18 must be accompanied by an estimate by the authority of the need to withdraw money
19 from the capital reserve fund during the term of the bond issue, the amount that it may
20 be necessary to withdraw, and the time at which withdrawals are estimated to be
21 needed. The authority shall annually prepare a revised estimate, considering the same
22 factors, and a statement of all withdrawals that have occurred from the date of issuance
23 of the bonds to the end of the calendar year. The revised estimate and statement shall
24 be submitted to the state bond committee and the Legislative Budget and Audit
25 Committee by January 30 of the year following preparation of the revised estimate.

26 **Sec. 44.27.169. Bonding limitations.** The authority may not issue bonds or
27 make agreements under AS 44.27.140 unless the money in the education facilities fund
28 (AS 44.27.200) equals or exceeds \$1,200,000,000.

29 **Sec. 44.27.170. Bond reimbursement limitation.** The authority may not enter
30 into an agreement to reimburse a municipality or the University of Alaska for
31 payments made to retire principal and interest on bonds issued to construct education

1 facilities or University of Alaska facilities unless the money in the education facilities
2 fund (AS 44.27.200) equals or exceeds \$1,200,000,000 and the bonds issued by the
3 municipality or the University of Alaska comply with AS 44.27.140(g), except that the
4 bonds need not be authorized by the authority.

5 **Sec. 44.27.180. Nonliability on bonds.** (a) Neither the members of the
6 authority nor a person executing the bonds is personally liable on the bonds or is
7 subject to personal liability or accountability as a result of the issuance of the bonds.

8 (b) Bonds issued by the authority do not constitute an indebtedness or other
9 liability of the state or of a political subdivision of the state, except the authority.
10 Bonds shall be payable solely from the income and receipts or other funds or property
11 of the authority. The authority may not pledge the faith or credit of the state or of a
12 political subdivision of the state, except the authority, to the payment of a bond.

13 **Sec. 44.27.190. Pledge of the state.** (a) The state pledges to and agrees with
14 the holders of bonds issued under AS 44.27.100 - 44.27.250 that the state will not limit
15 or alter the rights and powers vested in the authority by AS 44.27.100 - 44.27.250 to
16 fulfill the terms of a contract made by the authority with the holders and that the state
17 will not in any way impair the rights and remedies of the holders until the bonds,
18 together with the interest on them with interest on unpaid installments of interest, and
19 all costs and expenses in connection with an action or proceeding by or on behalf of
20 the holders are fully met and discharged. The authority is authorized to use this
21 pledge and agreement of the state in agreements involving holders of bonds of the
22 authority.

23 (b) The pledge of the state is limited to the express provisions of (a) of this
24 section and is not a guarantee, surety, promise, undertaking, or assurance of repayment
25 or performance of any obligation of the authority.

26 **Sec. 44.27.200. Education facilities fund.** (a) The education facilities fund
27 is established in the authority. The fund consists of appropriations made to the fund
28 by the legislature, and, subject to appropriation, the income of the fund. The authority
29 may enter into agreements for financial covenants or pledge amounts in the fund that
30 exceed \$1,200,000,000 to secure the payment of bonds of the authority and may make
31 expenditures from the fund for the purposes of the agreements.

(b) The fund and any other funds of the authority shall be invested by the Alaska Permanent Fund Corporation as agent of the authority in the manner provided for assets of the permanent fund under AS 37.13.120 unless otherwise provided in a trust agreement securing bonds.

Sec. 44.27.210. Annual audit. The authority shall have its financial records audited annually by a certified public accountant. The legislative auditor may prescribe the form and content of the financial records of the authority and may have access to the records at any time.

Sec. 44.27.220. Annual report. Before March 1 of each year, the authority shall submit to the governor and the legislature a comprehensive report describing operations, income, and expenditures for the preceding 12-month period.

Sec. 44.27.250. Definitions. In AS 44.27.100 - 44.27.250, unless the context requires otherwise,

(1) "authority" means the Education Facilities Financing Authority established under AS 44.27.100;

(2) "bonds" means revenue bonds, notes, or other obligations of the authority issued under AS 44.27.100 - 44.27.250;

(3) "fund" means the education facilities fund established under AS 44.27.200.

* **Sec. 3.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(38) contracts of the Education Facilities Financing Authority (AS 44.27.100).

* **Sec. 4.** AS 39.25.110 is amended by adding a new paragraph to read:

(33) the employees of the Education Facilities Financing Authority.

* **Sec. 5.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(56) Education Facilities Financing Authority (AS 44.27.100).

* **Sec. 6. AUTHORIZATION OF FACILITIES.** (a) The Education Facilities Financing Authority established under AS 44.27.100, enacted in sec. 2 of this Act, is authorized under AS 44.27.140(a) to issue its bonds for construction of the following facilities at the following costs:

(1) Small Municipality or Rural

	District Name	Project/Location	Amount
1			
2	Kashunamiut	Chevak School replacement	\$ 25,506,000
3	Lower Yukon	Pilot Station K-12 expansion	18,036,000
4	Lower Yukon	Kotlik K-12 expansion	18,692,000
5	Chatham	Hobart Bay recovery of funds	59,000
6	Northwest Arctic	Buckland School remediation	14,304,000
7	Southwest Region	Togiak School replacement	27,687,000
8	Lower Kuskokwim	Newtok	4,941,000
9	Yukon Flats	Arctic Village K-12	2,762,000
10		remodel and expansion	
11	Iditarod	Takotna training center	1,123,000
12	Lower Yukon	Sheldon Point K-12 expansion	11,102,000
13	Bering Strait	Golovin	12,245,000
14	Denali	Tri-Valley addition and remodel	12,874,000
15	Bering Strait	Elim	12,198,000
16	Yupiit	Akiachak replacement/renovation	14,274,000
17	Bering Strait	Teller	12,146,000
18	Craig	New secondary	17,937,000
19	Kuspuk	Upper Kalskag	3,521,000
20	North Slope	Bulk fuel systems upgrade	6,012,000
21	Bering Straits	Diomedede structural remediation	346,000
22	Northwest Arctic	Kiana High School renovation	2,252,000
23	Southwest Region	Koliganek basement repair	1,368,000
24	Sitka	High school renovation	10,261,000
25	Delta/Greely	Delta roof repair and fire alarm	1,074,000
26		replacement	
27	Sitka	Baranof renovation	5,926,000
28	Hoonah	Roof, foundation, and fuel	1,294,000
29		tank replacement	
30	Lake & Peninsula	Pedro Bay renovation	1,008,000
31	Lake & Peninsula	District wide fuel system upgrade	1,250,000

1	Chatham	Tenakee retaining wall replacement	239,000
2	Northwest Arctic	Noorvik High School renovation	2,664,000
3	Cordova	School renovations	136,000
4	Chugach	Whittier drainage	145,000
5	Lake & Peninsula	District wide sprinkler systems	1,515,000
6	Annette Island	Major maintenance renovation	3,556,000
7	Pelican	Major maintenance	781,000
8	Lower Kuskokwim	Mikelnguut Elitnaurviat roof repair	1,384,000
9	Lower Kuskokwim	Bulk fuel tank repairs at 9 sites	3,160,000
10	Klawock	Major maintenance	2,034,000
11	Wrangell	Exterior windows	166,000
12	Alaska Gateway	Northway wastewater treatment	144,000
13	Haines	High school roof replacement	404,000
14	Galena	Roofing and sprinkler renovation	1,277,000
15	Lower Yukon	Hooper Bay major maintenance	1,607,000
16	Northwest Arctic	Ambler High School renovation	2,009,000
17	Annette Island	Asbestos abatement	118,000
18	Wrangell	Civil site work	89,000
19	Kake	District wide maintenance	3,001,000
20	Lower Kuskokwim	Nelson Island, Tooksook Bay roof repairs	998,000
21	Tanana	Electrical retrofit	278,000
22	Wrangell	Parking development	264,000
23	Iditarod	Lime Village oil spill remediation	396,000
24	Iditarod	Grayling bulk fuel storage	163,000
25	Northwest Arctic	Noatak major maintenance	254,000
26	Bristol Bay	Sprinkler system	2,551,000
27	Lower Kuskokwim	District wide water treatment: 8 sites	8,167,000
28	Southwest Region	Weather protection - 4 buildings	772,000
29	Alaska Gateway	Northway bulk fuel storage	178,000
30	Northwest Arctic	Shungnak major maintenance	380,000
31	Alaska Gateway	Mentasta bulk storage	562,000

1	Alaska Gateway	Northway soil remediation	3,798,000
2	Hydaburg	Heating system renovation	184,000
3	Nenana	Handicap access improvements	139,000
4	Nenana	Interior lighting	65,000
5	Hydaburg	Major maintenance	857,000
6	Chatham	Angoon High School major maintenance	302,000
7 (2)	Large Municipality		
8	School District	Project	Amount
9	Anchorage	Romig roof replacement	\$ 1,785,000
10	Anchorage	Birchwood roof replacement	960,000
11	Anchorage	Taku elementary addition and	6,200,000
12		replacement	
13	Anchorage	Muldoon new elementary school	12,704,000
14	Anchorage	Chugiak High School addition	9,500,000
15	Anchorage	Central Junior High renovation	8,000,000
16	Anchorage	Site acquisition: Muldoon middle and	2,850,000
17		Chugiak elementary schools	
18	Anchorage	Nunaka Valley renewal, programmatic,	5,400,000
19		and code upgrades	
20	Anchorage	Ocean View renewal, programmatic,	444,000
21		and code upgrades	
22	Fairbanks	Barnette School renovation	5,718,000
23	Fairbanks	Denali School renovation	8,807,000
24	Fairbanks	Hunter School renovation	3,195,000
25	Fairbanks	Nordale School renovation	9,299,000
26	Fairbanks	Physical plant renovation and addition	5,819,000
27	Fairbanks	Food service facility	4,828,000
28	Juneau	Marie Drake roof replacement	1,189,000
29	Juneau	Mendenhall River School roof	2,231,000
30		replacement	
31	Juneau	Auke Bay School roof replacement	848,000

1	Juneau	High school mechanical renovation	107,000
2	Juneau	Floyd Dryden School floor replacement	184,000
3	Juneau	High school overpass	202,000
4	Juneau	Gastineau School heating repairs	183,000
5	Juneau	Auke Bay School sewer treatment	112,000
6	Kenai	District wide handicap access	869,000
7		improvements	
8	Ketchikan	Houghtaling School renovation	3,339,000
9	Ketchikan	Valley Park School renovation	1,894,000
10	Matanuska-Susitna	Talkeetna School addition and	7,568,000
11		renovation	
12	Matanuska-Susitna	Ataska Middle School	30,526,000

13 (b) The Education Facilities Financing Authority is authorized under
 14 AS 44.27.140(b)(2) to agree to pay amounts and to pay amounts sufficient to reimburse 100
 15 percent of net payments, as determined by the authority, made by the University of Alaska
 16 for the retirement of principal and interest on bonds issued to pay the following costs of
 17 constructing the following university facilities:

18	Location	Project	Amount
19	Fairbanks	UAF deferred maintenance code compliance	\$35,000,000
20	Anchorage	UAA deferred maintenance code compliance	25,000,000
21	Southeast	UAS deferred maintenance code compliance	2,000,000
22	Statewide	System wide instructional equipment and	6,000,000
23		telecommunications	
24	Anchorage	UAA computer network improvements	1,500,000
25	Auke Cape	UAF School of Fisheries Auke Cape Facility	1,500,000
26	Anchorage	UAA Anchorage library facility	1,400,000
27	Anchorage	UAA museum planning/match	500,000
28	Sitka	UAS Sitka classroom renovations and	1,195,000
29		completion	
30	Statewide	System wide ADA compliance	1,000,000
31	Fairbanks	UAF facility and infrastructure renovation	1,000,000

1	Kachemak Bay	UAA Kachemak Bay renovation	200,000
2	Anchorage/Kodiak	UAA Anchorage and Kodiak renovation	2,005,000
3	Ketchikan	UAS Ketchikan Campus remodel/renovation	300,000
4	Bristol Bay	UAF Bristol Bay classroom addition	900,000
5	Statewide	UA Small Business Development programs	450,000

6 (c) The University of Alaska is authorized to issue bonds and enter into obligations
7 with the Education Facilities Financing Authority necessary to finance projects identified under
8 (b) of this section, as required under AS 14.40.253.

9 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

11

Alaska State Legislature

Senator Al Adams

WHILE IN SESSION
State Capitol
Juneau, Alaska 99801-1182
(907) 465-3707
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OUT OF SESSION
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Official Business

Sponsor Statement

SB 135

"An Act Relating to the participating share for school construction grants, and providing for an effective date"

SB 135 deals with the participating share that school districts are required to contribute as the "local match" for school construction projects.

SB 135 substitutes a three part means test for the existing waiver criteria. Under the provisions of SB 135, a school district must meet all three criteria established in the bill to have their participating share waived. The three part test consists of:

- (1) An assessed valuation per average daily membership of \$200,000 or less; (in existing law)
- (2) An unemployment rate in the district of 10% or more; and
- (3) An average per capita income for residents in the district that is 85% or less of the statewide average per capita income.

Although each of these measurements has it's own specific shortcomings, the combination of criteria provides the Commissioner of Education a pretty good idea of local economic circumstances. School construction projects are badly needed throughout the state. Passage of SB 135 would allow school construction to proceed in an equitable and expeditious manner.

SENATE BILL NO. 135

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATOR ADAMS

Introduced: 3/12/97

Referred: CRA, HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the participating share for school construction grants; and
2 providing for an effective date."

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

4 * **Section 1.** AS 14.11.008(d) is repealed and reenacted to read:

5 (d) The commissioner shall waive the district's participating share required
6 under this section if, in the calendar year in which the grant was received,

7 (1) the district has a full value per ADM of \$200,000 or less;

8 (2) the district has an unemployment rate of 10 percent or more; and

9 (3) the average per capita income of residents in the district is 85
10 percent or less of the state average per capita income.

11 * **Sec. 2.** This Act takes effect July 1, 1997.

12

SENATE BILL NO. 171**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - FIRST SESSION****BY SENATOR MILLER****Introduced: 4/11/97****Referred: Transportation, Finance****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska Capital Improvement Project Authority; relating
2 to the powers and duties of the Department of Transportation and Public
3 Facilities; and providing for an effective date."

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

5 ***Section 1.** AS 44.42 is amended by adding new sections to read:

6 **Article 2. Alaska Capital Improvement Project Authority.**

7 **Sec. 44.42.110. Alaska Capital Improvement Project Authority.** (a) There
8 is created in the Department of Transportation and Public Facilities the Alaska Capital
9 Improvement Project Authority.

10 (b) The authority consists of seven members. Members of the authority are
11 appointed by the governor and subject to confirmation by a majority of the members
12 of the legislature in joint session. The members serve for staggered five-year terms
13 and until a successor is appointed. A vacancy among the members of the authority
14 occurring other than by expiration of term shall be filled in the same manner as the

1 original appointment but only for the unexpired term and until a successor is
2 appointed. The members of the authority may be removed by the governor only for
3 cause.

4 (c) The governor shall appoint at least one member, but not more than two
5 members, of the authority from among the residents of each of the four judicial
6 districts in the state. Two members of the authority must have experience in the
7 operation, management, or use of modes of surface transportation facilities, including
8 highways, railroads, mass transportation facilities, or recreational transportation
9 facilities. Two members of the authority must have experience in the operation,
10 management, or use of modes of air transportation facilities, including airports,
11 commercial or private aviation facilities, or passenger or freight air services facilities.
12 Two members of the authority must have experience in the operation, management, or
13 use of modes of water-borne transportation facilities, including ports and harbors,
14 passenger or freight service facilities, recreational transportation facilities, or ferries.
15 One member of the authority must have experience in the operation, management, or
16 use of public buildings or public facilities other than transportation facilities.

17 (d) The members of the authority serve without compensation but are entitled
18 to per diem and travel expenses authorized for boards and commissions under
19 AS 39.20.180. The members of the authority shall comply with AS 39.50 (conflict of
20 interest).

21 (e) The members of the authority shall select a chair from among its members.
22 Four members of the authority constitute a quorum. The authority may take action
23 upon the affirmative vote of four of its members.

24 **Sec. 44.42.120. Powers and duties of the authority.** (a) The authority shall
25 review, revise as appropriate, and approve the following plans and programs prepared
26 by the department for capital improvement projects for the construction and
27 maintenance of transportation and public facilities constructed, operated, or maintained
28 by the department:

29 (1) construction and maintenance program for state-owned airports and
30 air navigation facilities under AS 02.15.065;

31 (2) construction and maintenance program for highways under

1 AS 19.10.140 and 19.10.150;

2 (3) five-year plan for local service roads and trails under AS 19.30.141;

3 (4) comprehensive plan for the Alaska marine highway system under
4 AS 19.65.011;

5 (5) construction and maintenance program for state-owned marine
6 facilities under AS 35.10.085;

7 (6) state transportation plan under AS 44.42.050;

8 (7) state public facilities plan under AS 44.42.055.

9 (b) Plans and programs approved by the authority shall be submitted to the
10 governor and legislature.

11 (c) The authority shall review, revise as appropriate, and approve the capital
12 improvement projects budget for transportation and public facilities prepared and
13 proposed by the department to implement the plans and programs approved by the
14 authority under (a) of this section. The department shall include in the proposed
15 budget submitted to the authority the projects to be undertaken during the following
16 two fiscal years and a ranking of priorities for the projects. The capital improvement
17 project budget approved by the authority shall be submitted to the governor for
18 inclusion in the state capital projects budget and to the legislature.

19 (d) The authority may submit proposals for capital improvement projects for
20 construction and maintenance of transportation and public facilities to the governor for
21 inclusion in supplemental or special appropriation bills.

22 (e) The authority may hire the minimum of staff, including a director,
23 necessary to efficiently perform the functions of the authority.

24 (f) The authority has independent fiscal, budgeting, and administrative powers
25 necessary to independently perform the functions of the authority. The authority is a
26 state agency for purposes of AS 37.07.

27 (g) The annual operating budget of the department is not subject to review or
28 approval under this section.

29 **Sec. 44.42.130. Fees; regulations.** (a) The authority shall set fees, charges,
30 tolls, and rentals for the use of toll facilities under AS 37.15.740 by regulations
31 adopted under AS 44.62 (Administrative Procedure Act).

1 (b) The authority shall establish standards for marking and posting highways,
2 for traffic control signals, and for determination of speed limits and speed zones by
3 regulations adopted under AS 44.62 (Administrative Procedure Act).

4 * **Sec. 2.** AS 02.15 is amended by adding a new section to read:

5 **Sec. 02.15.065. Construction and maintenance program for airports and**
6 **air navigation facilities.** (a) The department shall establish a continuing, long-range
7 planning procedure for construction and maintenance of state-owned airports and air
8 navigation facilities.

9 (b) The department shall prepare annually a capital improvement project
10 construction and maintenance program for state-owned airports and air navigation
11 facilities that, subject to appropriation by the legislature, must include the projects to
12 be undertaken by the department during the following construction season, must
13 establish project priorities, and must describe proposed capital improvement projects
14 for construction and maintenance of state-owned airports and air navigation facilities
15 for at least the next succeeding two fiscal years. The department may propose
16 increases, decreases, amendments, or revisions to the construction and maintenance
17 program from time to time as circumstances warrant. The capital improvement project
18 construction and maintenance program and changes to the program, as proposed by the
19 department, are subject to review, revision, and approval of the Alaska Capital
20 Improvement Project Authority.

21 (c) Before February 2 of each year, the department shall prepare a list of
22 capital improvement projects for construction and maintenance of airports and air
23 navigation facilities that have been either proposed by the department, approved by the
24 Alaska Capital Improvement Project Authority, or funded by an appropriation by the
25 legislature. The statement must set out a general itemization of the estimated cost for
26 each project and the total estimates of all projects.

27 (d) This section does not apply to the state-owned international airports at
28 Anchorage and Fairbanks.

29 * **Sec. 3.** AS 19.05.040 is amended to read:

30 **Sec. 19.05.040. Powers of department.** The department may

31 (1) acquire property;

A/0902.10

- 1 (2) exercise the power of eminent domain;
- 2 (3) take immediate possession of real property, or any interest in it
- 3 under a declaration of taking or by other lawful means;
- 4 (4) acquire rights-of-way for present or future use;
- 5 (5) control access to highways;
- 6 (6) regulate roadside development;
- 7 (7) preserve and maintain the scenic beauty along state highways;
- 8 (8) dispose of property acquired for highway purposes;
- 9 (9) accept and dispose of federal funds or property available for
- 10 highway construction, maintenance, or equipment;
- 11 (10) enter into contracts or agreements relating to highways with the
- 12 federal government, municipalities, a political subdivision, or with a foreign
- 13 government, if the contract is approved by the federal government;
- 14 (11) [ESTABLISH, LEVY, AND] collect tolls, fees, charges, and
- 15 rentals for the use of state roads, highways, bridges, tunnels, crossings, and causeways;
- 16 and
- 17 (12) exercise any other power necessary to carry out the purpose of
- 18 AS 19.05 - AS 19.25.

19 * Sec. 4. AS 19.10.040 is amended to read:

20 **Sec. 19.10.040. Uniform system of marking and posting.** The department
 21 shall classify, designate, and mark highways under its jurisdiction under standards
 22 adopted by the Alaska Capital Improvement Project Authority. The Alaska
 23 Capital Improvement Project Authority shall adopt regulations establishing
 24 standards for [AND SHALL PROVIDE] a uniform system of marking and posting
 25 these highways. The system of marking and posting must correlate with and, as far
 26 as possible, conform to the recommendations of the Manual on Traffic Control Devices
 27 as adopted by the American Association of State Highway Officials.

28 * Sec. 5. AS 19.10.050 is amended to read:

29 **Sec. 19.10.050. Traffic control signals.** The Alaska Capital Improvement
 30 Project Authority [DEPARTMENT] shall prescribe types of traffic control signals to
 31 regulate traffic on highways. These signals must correlate with and, as far as possible,

conform to the recommendations of the Manual on Uniform Traffic Control Devices as adopted by the American Association of State Highway Officials. The Alaska Capital Improvement Project Authority [DEPARTMENT] shall adopt uniform regulations for the placing and installation of traffic control signals.

* Sec. 6. AS 19.10.070 is amended to read:

Sec. 19.10.070. Speed limits and zones. The department may conduct investigations with the assistance of the Department of Public Safety and shall determine safe speed limits and safe speed zones on highways and other roadways under its jurisdiction in accordance with standards adopted by the Alaska Capital Improvement Project Authority.

* Sec. 7. AS 19.10.072(a) is amended to read:

(a) In determining safe speed limits and safe speed zones, the department shall comply with [CONSIDER] the standards adopted by the Alaska Capital Improvement Project Authority under this section. The Alaska Capital Improvement Project Authority shall adopt standards for determining safe speed limits and safe speed zones. In adopting the standards, the Alaska Capital Improvement Project Authority shall consider the following factors in the order of priority listed:

(1) neighborhood safety, including the presence of children and pedestrian traffic;

(2) the presence of schools, houses, parks, and crosswalks;

(3) the presence of driveways, parked vehicles, and multiple turn locations;

(4) that speed at which safe and prudent drivers could pass through the speed zone; [AND]

(5) the effectiveness of local enforcement of the speed zone; and

(6) other factors the Alaska Capital Improvement Project Authority considers appropriate.

* Sec. 8. AS 19.10.140 is amended to read:

Sec. 19.10.140. Long-range program for highway construction and maintenance. The [GOVERNOR SHALL REQUIRE THE] department shall [TO]

1 establish a continuing, long-range program for highway construction and maintenance.
 2 Subject to review, revision, and approval by the Alaska Capital Improvement
 3 Project Authority, the [THE] program must annually project proposed capital
 4 improvement projects for construction and maintenance of highways for not less than
 5 the next succeeding two [FIVE] years. A statement of the approved program shall
 6 be submitted by the governor to the legislature annually, and the approved long-range
 7 program shall include in detail the construction program proposed [PREPARED]
 8 under AS 19.10.150.

9 * Sec. 9. AS 19.10.150 is amended to read:

10 **Sec. 19.10.150. Construction program.** (a) Before February 2 of each year,
 11 the department shall prepare a statement showing what capital improvement projects
 12 for construction of highways have been either proposed [WORK HAS BEEN
 13 REQUESTED AND PROPOSED AND MAY BE UNDERTAKEN] by the department,
 14 approved by the Alaska Capital Improvement Project Authority, or funded by an
 15 appropriation by the legislature. The statement must set out [FORTH] a general
 16 itemization of the estimated cost for each project and the total estimates of all projects.

17 (b) The department shall prepare [ADOPT] a construction program which
 18 must include the projects to be undertaken by the department [IT] during the
 19 following construction season and must establish project priorities. The department
 20 may propose increases, decreases, amendments, or revisions of [INCREASE,
 21 DECREASE, AMEND, OR REVISE] the construction program from time to time as
 22 circumstances warrant. The construction program and changes to the program are
 23 subject to review, revision, and approval by the Alaska Capital Improvement
 24 Project Authority.

25 * Sec. 10. AS 19.10.180 is amended to read:

26 **Sec. 19.10.180. Request for public bids.** Requests for public bids are
 27 governed by AS 36.30 (State Procurement Code). The request for public bids may
 28 require the contractor to furnish equipment, labor, materials, and supplies for the
 29 project, or the request for bids [IT] may state that the department will furnish the
 30 materials and supplies. If the department elects to provide materials and supplies for
 31 a project, the department [IT] shall make the election before the department

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

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 2 Subject to review, revision, and approval by the Alaska Capital Improvement
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 14 approved by the Alaska Capital Improvement Project Authority, or funded by an
 15 appropriation by the legislature. The statement must set out [FORTH] a general
 16 itemization of the estimated cost for each project and the total estimates of all projects.

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 18 must include the projects to be undertaken by the department [IT] during the
 19 following construction season and must establish project priorities. The department
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 29 project, or the request for bids [IT] may state that the department will furnish the
 30 materials and supplies. If the department elects to provide materials and supplies for
 31 a project, the department [IT] shall make the election before the department

1 releases the request for bids [DO SO AT THE TIME IT ADOPTS THE
 2 CONSTRUCTION PROGRAM]. The department shall acquire these materials and
 3 supplies under AS 36.30 by requesting bids for them according to the class, type, and
 4 nature of the materials and supplies. The contract for materials and supplies may be
 5 awarded either upon the basis of delivery to the construction project directly or to a
 6 central storehouse or storehouses maintained by the department. Those materials and
 7 supplies so purchased by the department may be delivered to the project site without
 8 expense to the contractor, or the department [IT] may sell the materials and
 9 supplies [THEM] to the contractor at cost and make the materials and supplies a part
 10 of the construction cost.

11 * Sec. 11. AS 19.30.141 is amended to read:

12 **Sec. 19.30.141. Acquisition and construction programs.** Before October 1
 13 of each fiscal year, each local government eligible for allocation of funds under
 14 AS 19.30.131 shall submit to the commissioner [FOR APPROVAL] a five-year plan
 15 for the acquisition and construction of local service roads and trails. Before
 16 December 1 of each fiscal year, the commissioner shall submit to the Alaska Capital
 17 Improvement Project Authority for review, revision, and approval [GOVERNOR]
 18 a five-year plan for the acquisition and construction of local service roads and trails,
 19 including the approved local government programs. An organized borough shall
 20 include in its five-year plan local service road acquisition and construction programs
 21 for all cities other than home rule cities within the boundaries of the borough. The
 22 commissioner shall include in the five-year plan local service road and trail acquisition
 23 and construction within the unorganized borough. The five-year plan approved by
 24 the Alaska Capital Improvement Project Authority shall be submitted to the
 25 governor and the legislature.

26 * Sec. 12. AS 19.65.011 is amended to read:

27 **Sec. 19.65.011. Comprehensive long-range plan.** The Department of
 28 Transportation and Public Facilities shall prepare a comprehensive long-range plan for
 29 the development and improvement of the Alaska marine highway system and shall
 30 revise and update the plan at least every five years. The department shall submit the
 31 comprehensive long-range plan and revisions and updates of the plan to the Alaska

1 **Capital Improvement Project Authority for review, revision, and approval. The**
2 **department shall submit the approved plan to the legislature.**

3 * **Sec. 13.** AS 30.15.010 is amended to read:

4 **Sec. 30.15.010. State grants for port facilities construction.** To the extent
5 funds are appropriated by the legislature, or from the proceeds from the sale of bonds,
6 the state may make grants to municipalities to finance a portion of the cost of
7 constructing local, regional, or state port facilities. The state shall participate only in
8 those projects approved by the governor on recommendation of the commissioner **and**
9 **the Alaska Capital Improvement Project Authority.**

10 * **Sec. 14.** AS 35.10 is amended by adding a new section to article 2 to read:

11 **Sec. 35.10.085. Construction and maintenance program for marine**
12 **facilities.** (a) The department shall establish a continuing, long-range planning
13 procedure for construction and maintenance of state-owned marine facilities, including
14 harbors, docks, breakwaters, and waterways.

15 (b) The department shall prepare annually a capital improvement project
16 construction and maintenance program for state-owned marine facilities that, subject
17 to appropriation by the legislature, must include the projects to be undertaken by the
18 department during the following construction season, must establish project priorities,
19 and must describe proposed capital improvement projects for construction and
20 maintenance of state-owned marine facilities for at least the next succeeding two fiscal
21 years. The department may propose increases, decreases, amendments, or revisions to
22 the construction and maintenance program from time to time as circumstances warrant.
23 The capital improvement project construction and maintenance program and changes
24 to the program, as proposed by the department, are subject to review, revision, and
25 approval of the Alaska Capital Improvement Project Authority.

26 (c) Before February 2 of each year, the department shall prepare a list of
27 capital improvement projects for construction and maintenance of marine facilities that
28 have been either proposed by the department, approved by the Alaska Capital
29 Improvement Project Authority, or funded by an appropriation by the legislature. The
30 statement must set out a general itemization of the estimated cost for each project and
31 the total estimates of all projects.

1 * Sec. 15. AS 35.10.100 is amended to read:

2 **Sec. 35.10.100. Determining need and priority of projects.** The department
3 shall prepare the preliminary determination of need for each project of the type
4 described in AS 35.10.090 and its feasibility and appropriateness through
5 representations and data submitted to it by the residents of each community desiring
6 a project, and from other information available to it. The department shall submit the
7 preliminary determination for each project to the Alaska Capital Improvement
8 Project Authority. The Alaska Capital Improvement Project Authority may
9 approve and make the final determination of those projects, and their order or priority
10 for which application is made.

11 * Sec. 16. AS 35.15.020 is amended to read:

12 **Sec. 35.15.020. Request for public bids.** The solicitation of bids for
13 construction of public works is governed by AS 36.30 (State Procurement Code). The
14 request for bids may require the contractor to furnish equipment, labor, materials, and
15 supplies for the project, or the request for bids [IT] may state that the department will
16 furnish the materials and supplies. If the department elects to provide materials and
17 supplies for a project, the department [IT] shall make the election before the
18 department releases the request for bids [AT THE TIME IT ADOPTS THE
19 CONSTRUCTION PROGRAM]. The department shall acquire these materials and
20 supplies under AS 36.30 by requesting bids for them according to the class, type, and
21 nature of the materials and supplies. The contract may be awarded either upon the
22 basis of delivery to the construction project directly or to a central storehouse or
23 storehouses maintained by the department. Those materials and supplies so purchased
24 by the department may be delivered to the project site without expense to the
25 contractor, or the department [IT] may sell the materials and supplies [THEM] to
26 the contractor at cost and make the materials and supplies a part of the construction
27 cost.

28 * Sec. 17. AS 37.15.730 is amended to read:

29 **Sec. 37.15.730. Review of toll facility projects.** A toll facility may be
30 financed under AS 37.15.610 - 37.15.760 if the following conditions are met for that
31 toll facility:

(1) the department submits to the governor and the legislature a feasibility study reviewed and approved by the Alaska Capital Improvement Project Authority that finds that the toll facility is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(2) if financing in addition to revenue bonds is required to finance the toll facility, the department submits to the governor and legislature a finance plan reviewed and approved by the Alaska Capital Improvement Project Authority that includes an estimate of the total cost of the toll facility and a description of the sources of money that will be used to finance the total cost of the toll facility; and

(3) the office of management and budget reviews the feasibility study and the finance plan, if required, and reports its findings and recommendations to the governor and legislature not later than 90 days after the study and plan are received by the office.

* Sec. 18. AS 37.15.740 is amended to read:

Sec. 37.15.740. Toll facility charges. The Alaska Capital Improvement Project Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] shall fix [AND COLLECT] the fees, charges, tolls, and rentals for the use of state toll facilities. The Department of Transportation and Public Facilities shall collect the fees, charges, tolls, and rentals owing to [DERIVED BY] the state from the ownership, lease, use, and operation of the facilities authorized by AS 37.15.720 and 37.15.730 and improvements of the facilities. The amount of fees, charges, tolls, and rentals set by the authority shall [AS WILL] provide revenue sufficient to comply with all of the covenants of the bond resolution.

* Sec. 19. AS 37.15.760(7) is amended to read:

(7) "toll facilities" means highways, roads, bridges, tunnels, crossings, and causeways upon which tolls, charges, rentals, or other user fees are placed by the Alaska Capital Improvement Project Authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES].

* Sec. 20. AS 39.50.200(b) is amended by adding a new paragraph to read:

(56) Alaska Capital Improvement Project Authority (AS 44.42.110).

* Sec. 21. AS 44.42.020(a) is amended to read:

1 (a) The department shall

2 (1) plan, design, construct, and maintain all state modes of
3 transportation and transportation facilities and all docks, floats, breakwaters, buildings,
4 and similar facilities;

5 (2) study existing transportation modes and facilities in the state to
6 determine how they might be improved or whether they should continue to be
7 maintained;

8 (3) study alternative means of improving transportation in the state with
9 regard to the economic costs of each alternative and its environmental and social
10 effects;

11 (4) develop a comprehensive, long-range intermodal transportation plan
12 for the state;

13 (5) study alternatives to existing modes of transportation in urban areas
14 and develop plans to improve urban transportation;

15 (6) cooperate and coordinate with and enter into agreements with
16 federal, state, and local government agencies and private organizations and persons in
17 exercising its powers and duties;

18 (7) manage, operate, and maintain state transportation facilities and all
19 docks, floats, breakwaters, and buildings, including all state highways, vessels,
20 railroads, pipelines, airports, and aviation facilities;

21 (8) study alternative means of transportation in the state, considering
22 the economic, social, and environmental effects of each alternative;

23 (9) coordinate and develop state and regional transportation systems,
24 considering deletions, additions, and the absence of alterations;

25 (10) develop facility program plans for transportation and state
26 buildings, docks, and breakwaters required to implement the duties set out in this
27 section, including [BUT NOT LIMITED TO] functional performance criteria and
28 schedules for completion;

29 (11) supervise and maintain all state automotive and mechanical
30 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of
31 Fish and Game or the Department of Public Safety; for state vehicles maintained by

1 ~~1.1 of~~ the department, the department shall annually evaluate the cost, efficiency, and
2 ~~2.1 of~~ commercial availability of natural gas for automotive purposes, and the purpose for
3 which the vehicles are intended to be used, and convert or purchase vehicles to use
4 ~~4.1 of~~ [UTILIZE] natural gas whenever practicable; the department may participate in joint
5 ventures with public or private partners that will foster the availability of natural gas
6 for all automotive fuel consumers;

7 ~~7.1 of~~ (12) supervise aeronautics inside the state, under AS 02.10;

8 ~~8.1 of~~ (13) complete and maintain a current inventory of public facilities,
9 including a projection of the serviceability of the facilities and projections of
10 replacements and additions to facilities needed to provide the level of services
11 programmed by the various user agencies, for municipalities with populations
12 of less than 12,000 and for unincorporated communities, and perform those
13 duties on a cooperative basis with larger municipalities;

14 ~~14.1 of~~ (14) adopt energy performance standards for public facilities of the
15 state, the construction of which begins after July 1, 1980; the standards shall be based
16 on thermal and lighting energy standards established by the American Society of
17 Heating, Refrigeration and Air Conditioning Engineers as adapted for application in
18 high latitude, cold climate environs;

19 ~~19.1 of~~ (15) provide planning assistance, including [BUT NOT LIMITED TO]
20 energy audits and related technical services, to school districts and regional educational
21 attendance areas to develop and implement

22 ~~22.1 of~~ (A) standards for the design, construction, and operation of rural
23 educational facilities; and

24 ~~24.1 of~~ (B) energy conservation measures for rural educational facilities

25 ~~25.1 of~~ (16) implement the safety and financial responsibility requirements for
26 air carriers under AS 02.40.010 - 02.40.990;

27 ~~27.1 of~~ (17) inspect weights and measures;

28 ~~28.1 of~~ (18) submit to the Alaska Capital Improvement Project Authority
29 for review, revision, and approval

30 ~~30.1 of~~ (A) plans and programs prepared by the department that
31 are described under AS 44.42.120;

1 (B) proposed capital improvement project budgets to fund
 2 the plans and programs approved by the Alaska Capital Improvement
 3 Project Authority:

4 (19) provide assistance, information, staff, and other support
 5 requested by the Alaska Capital Improvement Project Authority.

6 * Sec. 22. AS 44.42.050(a) is amended to read:

7 (a) The commissioner shall develop annually a comprehensive, intermodal,
 8 long-range transportation plan for the state. In developing and revising the state plan,
 9 the commissioner shall consider means and costs of improving existing modes and
 10 facilities, state and federal subsidies, and the costs and benefits of new transportation
 11 modes and facilities. The commissioner shall also consider the recommendation of the
 12 Alaska Transportation Planning Council. The plan shall be submitted to the Alaska
 13 Capital Improvement Project Authority [GOVERNOR] for review, revision, and
 14 approval. The department shall submit the approved plan to [AND SUBMITTED
 15 BY] the governor and to the legislature.

16 * Sec. 23. AS 44.42.050(c) is amended to read:

17 (c) Copies of the plan and revisions of the plan, as approved by the Alaska
 18 Capital Improvement Project Authority [REVISED], shall be kept on file as a
 19 public document in the office of the commissioner and at each regional office of the
 20 department.

21 * Sec. 24. AS 44.42.050(d) is amended to read:

22 (d) The plan must include a description of projects planned for design and
 23 construction for the following two fiscal years. The description is in addition to the
 24 long-range programs [PLAN] required by (a) of this section and by AS 02.15.065,
 25 AS 19.10.140, and AS 35.10.085. The description must include an itemization of the
 26 estimated cost for each project and the total cost of all projects. The commissioner
 27 shall propose and forward to the Alaska Capital Improvement Project Authority
 28 [GOVERNOR] for review, revision, and approval [AND INCLUSION,
 29 AS APPROVED, IN THE CAPITAL BUDGET] a construction program that includes
 30 the projects to be undertaken during the following two fiscal years, including
 31 recommended project priorities. The Alaska Capital Improvement Project

1 Authority shall submit the approved construction program to the governor for
2 inclusion in the capital budget and to the legislature. Funds for transportation
3 construction projects and necessary contingencies shall be itemized as allocations
4 within the bill for the General Appropriations Act.

5 * Sec. 25. AS 44.42.055(b) is amended to read:

6 (b) In developing and biennially revising the facility procurement plan, the
7 commissioner shall

8 (1) request and receive on an annual basis from all state agencies a
9 projection of the anticipated facility needs of the agency for the next annual capital
10 improvement program;

11 (2) consult with officials and representatives of municipalities, the
12 federal government, interested corporations and other organizations concerning public
13 facility needs in the state;

14 (3) develop specific facility procurement plans for projects in each of
15 the following categories:

16 (A) sewage and other wastewater collection, treatment, and
17 disposal facilities;

18 (B) water source, treatment, and distribution facilities;

19 (C) solid waste collection and disposal facilities;

20 (D) hazardous and toxic waste collection and disposal facilities;

21 (E) electrical generation and distribution systems;

22 (F) health care and social services facilities;

23 (G) educational facilities;

24 (H) transportation facilities;

25 (I) public safety and justice facilities;

26 (J) recreational facilities;

27 (K) sanitation facilities; and

28 (L) cultural facilities;

29 (4) prepare recommendations to accommodate the various levels of
30 service identified by state agencies and other parties with respect to the services
31 described in (3) of this subsection, to include

- 1 (A) current and future facility needs;
 2 (B) space standards and design guidelines for the appropriate
 3 facility types;
 4 (C) maintenance and operations standards for the appropriate
 5 facility types;
 6 (D) construction techniques and contracting methods;
 7 (E) facility project budget requirements; and
 8 (F) relative costs of identified alternatives (life cycle cost
 9 analysis) including but not limited to the installation and operation of energy
 10 systems that are not dependent on oil or gas for water heating, space heating
 11 and cooling requirements, and for the generation of electrical or mechanical
 12 power;
 13 (5) identify common public facility needs among the various user
 14 agencies; [AND]
 15 (6) submit its findings, plans, and recommendations to the Alaska
 16 Capital Improvement Project Authority for review, revision as appropriate, and
 17 approval; and
 18 (7) submit the approved findings, plans, and recommendations to
 19 the governor and to the appropriate state agency to facilitate the development of
 20 agency capital improvement budget requests.

21 * Sec. 26. AS 44.42.900 is amended by adding new paragraphs to read:

22 (4) "authority" means the Alaska Capital Improvement Project
 23 Authority;

24 (5) "capital improvement project" means a project with a cost
 25 exceeding \$10,000 to acquire or improve a transportation or public facility with an
 26 anticipated life exceeding one year; in this paragraph, "project" includes land
 27 acquisition, construction, repair, or structural improvement of a facility, engineering
 28 and design for a facility, and acquisition or repair of equipment.

29 * Sec. 27. AS 44.47.092 is amended to read:

30 **Sec. 44.47.092. Land use planning and state facility procurement plan.**

31 The department shall make recommendations to the Department of Transportation and

1 Public Facilities, to the Alaska Capital Improvement Project Authority, and to
2 appropriate program agencies concerning the effect upon the comprehensive plan or
3 other land use plans or proposals of municipalities and unincorporated communities
4 with respect to the facility procurement plan required to be prepared in accordance
5 with AS 35.10.170 and AS 44.42.055.

6 * **Sec. 28. SAVINGS CLAUSE.** (a) Litigation, hearings, investigations, and other
7 proceedings pending under a law amended or repealed by this Act, or in connection with
8 functions transferred by this Act, continue in effect and may be continued and completed
9 notwithstanding a transfer or amendment or repeal provided for in this Act.

10 (b) The regulations adopted by the Department of Transportation and Public Facilities
11 that relate to functions transferred by this Act remain in effect and may be implemented and
12 enforced by the department until the Alaska Capital Improvement Project Authority adopts its
13 own regulations under AS 44.42 and those regulations take effect.

14 * **Sec. 29. INITIAL APPOINTMENT OF MEMBERS OF THE ALASKA CAPITAL**
15 **IMPROVEMENT PLANNING AUTHORITY.** Notwithstanding AS 44.42.110, added by
16 sec. 1 of this Act, the governor shall designate persons initially appointed to serve as members
17 of the Alaska Capital Improvement Project Authority to terms as follows: one person to a one-
18 year term, one person to a two-year term, two persons to a three-year term, one person to a
19 four-year term, and two persons to a five-year term.

20 * **Sec. 30.** This Act takes effect July 1, 1997.

13

HOUSE CONCURRENT RESOLUTION NO. 8
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE PHILLIPS

Introduced: 2/7/97

Referred: State Affairs

A RESOLUTION

1 Creating the Deferred Maintenance Task Force.

2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 WHEREAS the maintenance costs for public facilities represent a significant expense
4 of state government; and

5 WHEREAS a substantial amount of maintenance costs for public facilities have been
6 deferred from previous years; and

7 WHEREAS these deferred maintenance costs should be addressed in a comprehensive
8 manner that gives due regard both to the importance of preserving the value of the facilities
9 with proper maintenance and to the restricted availability of funds to meet maintenance needs;

10 BE IT RESOLVED that the Alaska State Legislature establishes the Deferred
11 Maintenance Task Force to make recommendations to the Governor and the legislature on how
12 to address the deferred maintenance needs of public facilities, including transportation
13 facilities, educational facilities, and the other types of public facilities described and defined
14 in AS 44.42.055; and be it

15 FURTHER RESOLVED that the task force shall consist of the following ten voting
16 members:

17 (1) five members of the House of Representatives appointed by the Speaker